

THE IMPACT OF PHYSICAL DOCUMENT UTILIZATION ON THE EFFECTIVENESS OF PUBLIC FINANCIAL ADMINISTRATION: A CASE STUDY OF BANK BJB KCP PEMKOT BANDUNG 1

Alya Ruina Antalina¹, Silvi Erli Nurhaviilah², Wafiq Meilani Walikarna³
alyaruinaantalina19@gmail.com*, silvierli11@gmail.com, meilaniwalikarna@gmail.com

Program Studi Akuntansi, Sekolah Tinggi Ilmu Ekonomi Ekuitas, Indonesia¹

Program Studi Akuntansi, Sekolah Tinggi Ilmu Ekonomi Ekuitas, Indonesia²

Program Studi Akuntansi, Sekolah Tinggi Ilmu Ekonomi Ekuitas, Indonesia³

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Abstract

Although the use of physical documents in administration has advantages in terms of legality and certain security aspects, on the other hand, it often raises various issues such as delays in the verification process due to manual input, the risk of document loss, as well as inefficiencies in time and cost. In fact, the development of digital systems somewhat encourages the transition towards a more effective and efficient financial administration system, but the reality is that many institutions use different applications that are not integrated with each other, and there are even some institutions that do not use digital systems, resulting in data duplication, inconsistency of information, and slowing down decision-making processes. Assessing the inefficiency of the impact of a digital system that is not yet evenly distributed, the digital system is implemented by government institutions which become the center of public financial administration, so that public financial administration is more structured by the government and reduces the risks from various parties. The overall use of the system can expedite the administration process as it is more effective and efficient, and the use of the system can also minimize the use of physical documents as examined through causal-comparative research methods. Public financial administration actually uses documents that slow down the administration process; manual verification, archiving of files, and the transfer of documents between units pose risks of duplication as well as delays. This finding is in line with a study at Bank BJB KCP Pemkot Bandung 1 which states that although physical documents are still procedurally used, the manual system negatively impacts the speed of administrative services.

Keywords: Effectiveness, Financial Administration, Physical Documents

*Correspondence Author



By Authors

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1. Introduction

In the ongoing era of modernization, technological advancements have made it easier for people to carry out various activities online in a more practical way. The development of information technology in the digitalization era has brought significant changes in various aspects of administrative management, including the management of public finance.

Public finance is the field of study that examines the economic activities of the government as a unit. According to Carl C. Plehm, public finance is the science that studies the use of government funds to meet the expenses of governmental activities. This definition equates public finance with terms such as state finance, public economics, and the economics of the public sector. According to Richard A. Musgrave, and in the view of Harvey S. Rosen, “public finance is the branch of economics that studies the taxing and spending activities of government.” The key issues in the study of public finance are not merely financial in nature, although they are related to financial aspects, but rather concern the core issues associated with real resources. Public finance employs both positive and normative analysis, with positive analysis emphasizing factual issues.

In line with Presidential Regulation No. 95 of 2018, the government encourages the creation of effective, transparent, and accountable governance to improve public services (Chumairoh & Widiyarta, 2024). However, despite the widespread adoption of digital technology, many institutions still rely on physical documents as the primary medium in public financial administration processes, from submission and verification to fund disbursement.

The use of physical documents in administration does have advantages in terms of legality and certain security aspects. However, it also often leads to various problems, such as delays due to manual data entry, potential administrative errors, disorganized document sequences due to improper filing, higher operational costs, and risks of damage or loss of documents. These issues can hinder the effectiveness of public services, especially as public demand for fast and transparent services continues to grow. This phenomenon reflects a gap between the demands of the digital era and the still predominantly conventional implementation, making it necessary to further examine the effectiveness of the current administrative system.

Bank BJB, Sub-Branch Office (KCP) Pemkot Bandung 1, as one of the regional financial institutions in West Java and Banten that plays a key role in supporting the public financial management of the Bandung City Government, serves as a concrete example of an institution that still predominantly uses physical documents, particularly in the administrative processes of fund disbursement and management through the Surat Perintah Pencairan Dana (SP2D) and standing instructions submitted by the Bandung City Government treasurer. This situation is relevant for further analysis, given the increasing need for public services while the system in use has not been fully integrated with advancing digital technology.

Therefore, this study aims to analyze the effectiveness of public financial administration that still relies on physical documents amid ongoing digitalization, using Bank BJB KCP Pemkot Bandung 1 as a case study. Through an in-depth analysis of the strengths, weaknesses, and challenges encountered in implementing the physical-based system, this research seeks to provide a comprehensive overview of the current level of effectiveness in public financial administration. Furthermore, the findings are expected to offer valuable insights for policymakers in their efforts to improve the quality of public financial governance while promoting a transition toward a more effective, efficient, and digitally integrated public financial administration system.

a. Risk Management

As stated in ISO 31000:2018, risk is defined as “the effect of uncertainty on the achievement of objectives.” In the process of public financial administration, data entry errors are one form of uncertainty that can affect organizational objectives, such as service speed, payment accuracy, and transparency in budget utilization.

This risk arises from several factors inherent in physical documents, including:

- 1) Illegible handwriting, which leads to misinterpretation during manual data entry.
- 2) The physical condition of documents, which may be damaged, lost, or mixed with other documents.

- 3) The absence of a standardized single version, which allows the use of outdated or duplicate documents.

These factors can increase the probability of human error.

b. Information Systems

According to the information systems theory proposed by Stair and Reynolds (2016), an effective information system must rely on accurate, timely, and relevant data. Data input serves as the primary foundation for the integrity of an information system. If the data entered already contains errors from the outset, the system cannot produce reliable output.

The use of physical documents tends to create bottlenecks in the data input workflow. Physical documents cannot be processed automatically by the system and thus require human intervention. As a result, there is often a considerable time lag between when the information is written and when it is entered into the system. In addition, the likelihood of errors in reading or transcribing information is high, particularly when workloads are heavy or when the quality of human resources handling the process is inadequate.

Furthermore, digital systems cannot perform automatic verification if the data originates from unstructured sources such as physical documents. This condition can slow down the validation process and increase the likelihood of errors passing through to the next stage.

c. Modified Swiss Cheese Model (Systematic Errors in Manual Processes)

The theory of James Reason and Erik Hollnagel (2017), through the Modified Swiss Cheese Model, provides the understanding that errors do not occur solely due to a single mistake, but more often as the result of a combination of several weaknesses across multiple layers of defense. In this model, each layer of protection or control is likened to a slice of Swiss cheese, which contains holes. When these holes align, risks can pass through and lead to incidents.

In a system that relies on physical documents, these “holes” may take the form of:

- 1) The absence of a double-check validation system.
- 2) Inadequate training for data input.

- 3) The absence of standardized forms or document layouts.
- 4) The lack of integration between physical archives and digital systems.

When all these weaknesses occur simultaneously, the system becomes highly vulnerable to errors and administrative failures.

d. Principles of Good Governance (Accountability and Transparency)

The principles of good governance—which include accountability, transparency, efficiency, and effectiveness—are increasingly relevant in the management of public finance. The use of physical documents as the basis for fund disbursement often contradicts these principles. Physical documents are difficult to trace, cannot be accessed simultaneously by multiple parties, and cannot be audited automatically using digital technology.

When audits are conducted, the process of tracing physical documents requires significantly more time and effort compared to digital searches. This not only hampers accountability processes but also creates opportunities for potential data manipulation. In a modern work environment that demands speed, openness, and integrity, such manual methods hinder institutional progress.

Previous Studies and Hypothesis Development

The Effect of Physical Document Use on the Effectiveness of Public Financial Administration

Conventional archive management, which relies on physical documents, often causes various problems, including difficulties in ensuring data speed and accuracy. Surur (2021) notes that physical documents require large storage spaces, are vulnerable to loss and damage, and take considerable time to retrieve. In addition, manual systems are inefficient in distributing documents between individuals and organizational units. Missing or damaged documents hinder the inspection process and may lead to legal consequences, particularly when related to public finance.

Research conducted by Silvia, Christian, and Adnan (2025) shows that there is an effect of physical document use on the effectiveness of public financial administration. This finding indicates that the use of physical documents affects

the speed of administrative processes, as most of the work is carried out manually.

The results of this study are consistent with the findings of Silvia, Christian, and Adnan (2025) regarding the influence of physical document use on the effectiveness of public financial administration. Therefore, the first hypothesis formulated by the researcher is as follows:

H1: There is an effect of physical document use on the effectiveness of public financial administration.

2. Research Method

Research Design

The research design employed in this study is causal-comparative (ex post facto) research, a type of quantitative research aimed at examining cause-and-effect (causal) relationships between one or more variables without direct manipulation of the independent variable(s). Through the causal-comparative approach, this study seeks to reveal the level of effectiveness of physical document use on the performance of public financial administration.

Population and Sample

The population in this study comprises all employees working in the back-office division of fund administration and regional treasury services at Bank BJB KCP Pemkot Bandung 1, who are directly involved in handling the public financial documents of Bandung City, archiving, and administrative reporting. This population was chosen based on their experience and direct involvement in the use of physical documents in the administrative process of fund disbursement through the *Surat Perintah Pencairan Dana* (SP2D) and Standing Instruction.

The sampling technique used in this study is purposive sampling, which is a method of selecting research subjects based on specific criteria considered most relevant to the study's objectives. This approach was chosen because not all individuals in the population are directly involved in or have experience in managing physical documents within the public financial administration system. According to Sugiyono (2017:85), purposive sampling is a sampling technique

that involves selecting respondents based on certain considerations, where the respondents are believed to have sufficient understanding and empirical experience of the issues under study.

Data Collection Technique

This research adopts a quantitative approach using primary data. The primary data collection method involves obtaining data directly from the first source or respondents in the field. Primary data is direct and original, meaning that it is collected by the researcher who is directly involved in answering the research problem.

3. Result and Discussion

In the process of public financial administration – particularly in the fund disbursement stage – data accuracy is a critical aspect. Documents such as the Surat Perintah Pencairan Dana (SP2D) and Standing Instruction should ideally be fully digitized to accelerate disbursement processes, minimize the risk of manual errors, and strengthen transparency. However, in practice, the fund disbursement process through SP2D and Standing Instruction still faces challenges, particularly due to reliance on physical/paper documents.

In the public financial administration practices at Bank BJB, various processes such as fund disbursement still predominantly use a physical document-based system. Each stage requires printing forms, obtaining manual signatures, multi-level verification, and manual archiving, all of which consume significant time and resources. Respondents in this study – comprising a portion of the employees – reported that administrative processes using physical documents often slow down workflows and cause task backlogs, particularly when transaction volumes increase.

In addition, manual document validation processes are vulnerable to human error, such as incorrect numerical entries, duplicate files, or loss of important documents. Several respondents stated that retrieving archived documents, especially older ones, takes considerable time due to the large volume of records and the absence of integration with a digital search system.

Three indicators of public financial administration effectiveness in this study are as follows:

1) Efficiency and Speed of Administrative Processes

Based on the findings, the use of physical documents as administrative proof—although tangible—actually slows down administrative workflows. Manual verification, file archiving, and inter-unit document transfers introduce risks of duplication and delays. This finding is consistent with the case of Bank BJB KCP Pemkot Bandung 1, where despite procedural adherence to physical documents, manual systems negatively affect the speed of administrative services.

2) Data Accuracy and Reliability

Interviews with administrative staff at the research site revealed that when standard operating procedures are followed optimally, physical documents can provide a reasonably good level of accuracy. However, the potential for document damage, loss, and recording errors is significantly higher compared to digital systems. Similar studies at Bank BJB KCP Pemkot Bandung 1 found that digitalization can improve data accuracy and streamline administrative workflows, even though its implementation remains limited.

3) Employee Perceptions of Effectiveness

The study found that the majority of employees perceive integrated digital systems as easier to access and more effective in reducing administrative errors. Many of them prefer electronic, integrated systems over conventional paper-based methods, which are considered burdensome and complicate document retrieval processes.

4. Conclusion

Based on the findings of this study on the effect of physical document use on the effectiveness of public financial administration, it can be concluded that manual, paper-based administrative systems are still widely implemented and remain legally recognized, yet they present various serious shortcomings in practice. This research takes a case study at Bank BJB Sub-Branch Office (KCP) Pemkot Bandung 1, an institution that plays a key role in managing the public finances of the Bandung City Government. In the processes of fund disbursement and reporting, this institution remains highly dependent on manual systems,

such as the use of the Surat Perintah Pencairan Dana (SP2D) and Standing Instruction issued by the city government treasurer.

Using a quantitative approach with a causal-comparative design, this study reveals that reliance on physical documents has a direct impact on the effectiveness of public financial administration. Several key constraints resulting from manual systems were identified, including slow verification processes, difficulties in document retrieval, the risk of archive loss or damage, and the potential for data duplication due to manual input and filing errors. The results indicate that administrative staff experience an additional workload in sorting and storing documents, which ultimately affects both service speed and data accuracy. This suggests that the problem lies not only with individuals, but also with systems and organizational structures that are not yet fully responsive to modern needs.

In terms of data reliability, physical systems tend to hinder validation and information processing. The conversion of physical data into digital systems requires manual intervention, which is prone to errors caused by fatigue, insufficient training, or heavy workloads. Interviews also revealed that the absence of standardized document formats and the lack of a double-check verification mechanism further increase the potential for human error. In this regard, James Reason's Swiss Cheese Model becomes relevant, explaining that errors often arise not solely from individual actions but from systemic weaknesses in the overall work process.

Furthermore, the findings indicate that most employees prefer digital systems, perceiving that information technology is more efficient, easier to use, and reduces the administrative workload that has long been considered burdensome. This positive attitude serves as valuable capital in preparing for the transition toward an integrated digital public financial administration system.

Overall, this research affirms that the use of physical documents significantly affects the effectiveness of public financial administration. High dependence on manual systems exacerbates obstacles to achieving the principles of good governance, such as efficiency, transparency, accountability, and effectiveness. Therefore, strong commitment from relevant institutions and policymakers is required to promote digital transformation in public financial management. This transformation is not only about the adoption of technology, but also includes governance reforms, capacity building for human resources,

and the establishment of modern, integrated procedural and document standards.

Thus, the results of this study are expected to contribute both theoretically, to the body of knowledge in public administration and information systems, and practically, as policy input to improve the quality of public financial administration services to become more efficient and accountable, in line with the demands of the current digital era.

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