

THE EFFECTIVENESS OF RETAIL GOVERNMENT BOND ISSUANCE POLICY THROUGH THE ELECTRONIC SYSTEM AS AN INSTRUMENT OF STATE BUDGET FINANCING

Ita Yenny¹, Umanto²

Direktorat Jenderal Pengelolaan Pembiayaan dan Risiko, Kementerian Keuangan RI,
Jakarta, Indonesia¹

Fakultas Ilmu Administrasi, Universitas Indonesia, Depok, Indonesia²

ysihotang2@gmail.com¹, umanto@ui.ac.id

ABSTRACT

Since 2006, the issuance of Indonesia's retail government bonds, known as *Surat Utang Negara* (SUN) Ritel, has played an important role as an instrument in financing the budget deficit. This statement in line with the fluctuating budget deficit ratio due to the volatility in the global financial market, which necessitates the government's adoption of effective, efficient, prudent, market-deepening, and innovative financing management strategies. With the advancement of digital technology, governance in financing management needs to adapt to the modernization of administrative system, among other changes, through an electronic system, specifically the e-government platform. Consequently, the government has transitioned to issuing retail bonds online through an electronic system (e-Government Securities) within the domestic market. In light of this context, this study aims to analyze the effectiveness of the SUN Ritel issuance policy through an electronic system using the post positivism paradigm, employing interview data collection techniques and document studies. The authors utilize a theory for evaluating policy effectiveness based on five aspects: right policy, right implementation, right target, right environment, and right process. The results of the study demonstrate that the policy of issuing SUN Ritel electronically is conducted in an accountable and transparent manner, providing more effective services. Eventually, this policy exhibits improved effectiveness across all five aspects of the right policy.

Keywords: Policy Effectiveness; Governance; Budget Deficit Financing

INTRODUCTION

With the state budget deficit posture, the government has consequences for being responsible for finding sources of financing in order to meet the deficit figure. In general, financing for the budget deficit can be done by printing money, using foreign exchange reserves, foreign debt, and domestic debt (Fischer & Easterly, 1990). In the context of Indonesia, the Government seeks to meet the APBN financing target through debt and non-debt instruments, one of which is through the issuance of Retail Government Securities bonds (Barro, 2016).

Retail Government Securities is a bond issued by the Government specifically or only to individual Indonesian citizens. Retail Government Securities consists of conventional-based instruments, namely Retail Government Bonds and Sharia-based, namely Retail State Sharia Securities. There are 5 (five) types of instruments classified into Retail Government Securities, namely for SUN Ritel consisting of Obligasi Negara Ritel (ORI) and Savings Bond Ritel (SBR), and for Retail SBSN consisting of Sukuk Tabungan (ST), Sukuk Ritel (SR) and Sukuk Waqaf Ritel (SWR). The management of SUN Ritel is carried out by the Ministry of Finance of the Republic of Indonesia at the Directorate General of Financing and Risk Management (DJPPR). The task of DGT in carrying out the formulation and implementation of policies in the field of financing management and financial risk is based on Presidential Regulation No. 28 of 2015 concerning the Ministry of Finance, and Minister of Finance Regulation No. 217/PMK.01/2018 concerning Organization and Work Procedures of the Ministry of Finance with the latest amendments in accordance with PMK No. 229/PMK.01/2019.

The state budget deficit ratio continues to fluctuate from year to year. In 2022, State Revenue is estimated to reach IDR 1,8461.1 trillion with State Expenditure of IDR 2,714.2 trillion directed at the theme of continuing to handle the Covid-19 pandemic, community protection and structural reforms. From the composition of state revenue and state expenditure, the budget deficit

figure is IDR 868 trillion or a deficit of 4.85% of Gross Domestic Product (GDP). Meanwhile, during the Covid-19 pandemic (2019 to 2022), the state budget deficit was higher than in previous years. This is in line with the new policy set by the government in the form of easing the state budget deficit limit above 3%. The decline in the deficit figure in 2022 is in line with the government's efforts to gradually restore the fiscal deficit to the level of 3% of GDP (Treaty, 2016).



Figure 1 Development of Budget Deficit and Primary Balance

Source: November 2022 edition of the KiTa State Budget

One of the main issues related to the management of Government Securities is the high foreign or non-resident ownership of Government Securities. In the period 2007 to 2022, there was an increase in foreign ownership of domestic Government Securities instruments every year. In 2007, foreign ownership amounted to 16.36% of total domestic Government Securities or IDR 78.16 trillion. This figure continued to increase until it reached IDR836.15 trillion or 39.82% of total domestic Government Securities in 2017. However, since the issuance of Government Securities retail through an electronic system, the percentage of foreign ownership has decreased. In the period 2019 to 2022, the portion of foreign ownership has decreased to 14.36% or IDR762.19 trillion in 2022 from 38.57% or IDR1,061 trillion in 2019.

The high foreign ownership contributed to the increased volatility of the domestic bond market (Ebeke & Lu, 2015). This high level of non-resident ownership may raise concerns about the potential for sudden reversals in the bond market. The high portion of foreign ownership in the government securities market can also have implications for the economic system in a country, both in terms of inflation and currency exchange in the future. This condition occurred during the monetary crisis or financial crisis in 1998, which ultimately affected not only the bond market but also the entire financial sector in Indonesia.

Learning from this experience, the government needs to maintain the composition or limit foreign ownership and issue Government Securities Retail instruments in the domestic market with innovative and adaptive issuance methods. The policy of issuing Government Securities Retail instruments is part of the government's efforts to develop financial inclusion tools, develop the transformation of society towards investment-oriented, increase the role of individual citizens to deepen the domestic financial market, and expand the investor base. In 2023, the government set the portion of Retail Government Securities issuance at 10-16% of the total Government Securities issuance target.

By looking at the importance of Retail Government Securities as one of the sources of state budget financing, every process or governance and policy in the issuance of Retail Government Securities needs to be considered. Since the beginning of the issuance of Retail Government Securities in 2006 until 2017, the issuance mechanism is still done manually/offline or with an office-based approach. Although public interest continues to grow, the sale of Retail Government Securities which is still carried out conventionally is a challenge in the midst of the disruptive technology era. The high public interest can be seen from the increase in the number of retail investors. In the period 2016 to 2017, the number of retail investors per year experienced a steady increase, from 16,561 investors in 2006 to reach 45,298 in 2015.

In addition to the high level of foreign ownership and the conventional issuance system of Retail Government Securities, another challenge in Government Securities management relates to the high level of subscription and the uneven distribution of investors. In 2014, the level of subscription for the ORI011 series amounted to IDR 606 million/investor, with a minimum purchase of IDR 5 million per investor. Meanwhile, in terms of investor distribution, the distribution of Retail Government Securities is still relatively uneven, where until 2018 the number of investors from Central and Eastern Indonesia was only around 10%, with the majority of orders in the Java island region, which is around 80% with DKI Jakarta reaching almost 40%. Investors are still dominated by DKI Jakarta. Sales through Selling Agents are also considered less able to expand the investor base, due to the tendency of Selling Agents to prioritize priority customers.

The various challenges above ultimately require the Ministry of Finance to modernize the administrative system through the implementation of an e-Government platform, especially the issuance of Retail Government Securities through an electronic system. Since 2018, the Ministry of Finance has made policy innovations in the issuance of Government Securities Retail instruments which are carried out online using the e-Government Securities platform. The public can purchase Retail Government Securities anywhere and anytime online during the offering period. In addition, in terms of governance, the issuance of Retail Government Securities through an electronic system on the e-Government Securities platform is considered more accountable, transparent and provides more effective services. In this case, there is an increase in the cost-effectiveness of retail loans as a result of product and technological innovations, including electronic distribution and recording (Krupa & Velandia, 2017).

Nevertheless, efforts are still needed in order to conduct an evaluation to assess the extent to which the policy implementation has run in accordance with the expected results. This condition ultimately positions the importance of policy evaluation, one of which is measured using effectiveness criteria. Hasbi (2021) stated that effectiveness is a criterion to see whether the desired results are in accordance with the policy objectives. In line with this, Bryant & White (2018) stated that effectiveness shows how far public policy in its implementation is able to achieve the objectives of the policy.

To measure the effectiveness of a policy, Nugroho (2020) using the "five right", namely Right Policy, Right Implementation, Right Target, Right Environment and Right Process. Departing from this, this study aims to analyze the effectiveness of the policy of issuing SUN Ritel in the domestic market through an electronic system as an instrument of financing the state budget that has been implemented by the government since 2018, as mandated in Law No. 24 of 2002 concerning Government Securities and its derivative rules in PMK No 27 / PMK.08 / 2020 concerning Sales of Retail Government Securities in the Domestic Primary Market.

RESEARCH METHOD

This research uses a post-positivist paradigm where theory is used as a reference in answering research questions using qualitative data collection methods through interviews and document studies (Gunawan, 2022). Research begins with the presentation of a theory and then conducts data collection aimed at supporting or refuting the theory, after which the necessary revisions are made as improvements (Creswell & Creswell, 2017).

In this study, data collection was conducted through interviews with policy makers on the issuance of SUN Ritel at the Directorate of Government Securities, Directorate General of Financing and Risk Management, Ministry of Finance. The interview informants are the Section Head of Administration and Reporting of SUN Transactions, Section Head of Government Securities and Derivative Transaction Planning, and Section Head of Government Securities Regulation.

In addition, various documents regarding the issuance of SUN Ritel were also analyzed, consisting of data on reports on the results of SUN Ritel issuance, debt management strategy reports, statistical reports on SUN Ritel ownership, Minister of Finance Regulations, and related legislation. To analyze the effectiveness of the implementation of the policy of issuing Retail Government Securities online in the domestic market through an electronic system as an instrument of financing the state budget, this study uses 5 concepts from the "Five Right" effectiveness evaluation theory introduced by Nugroho (2020).

Table 1 Operationalization of Research Concepts

No	Dimensi	Indikator1
1	Right Policy	<ul style="list-style-type: none"> a. Improvement in the quality of the level of subscription from SUN Ritel investors, as seen from the average nominal value of SUN Ritel orders. b. Expanding the reach of the investor base in all regions of Indonesia, seen from the distribution of investors per region in Indonesia c. Successful financial inclusion program for market deepening, seen from: <ul style="list-style-type: none"> - ease of service to invest in SUN Ritel instruments - percentage of total investors who place orders d. Achievement of Awards
2	Right Implementation	The existence of cooperation with various parties both internal and external (stakeholders) in the issuance of online SUN Ritel
3	Right Target	<ul style="list-style-type: none"> a. The policy of issuing SUN Ritel through an electronic system in the domestic market does not overlap with the policies of other types of financing issuance such as issuance through Government Securities auctions, loans, direct Government Securities transactions and private placements. b. Retail investors who are ready to intervene c. The policy of issuing SUN Ritel through an electronic system is new or renewing the implementation of the previous policy, seen from: <ul style="list-style-type: none"> - there is a change in the role of the Selling Agent - changes in service procedures or procedures for implementing the SUN Ritel purchase policy
4	Right Environment	There is interaction between the policy implementer (SUN Directorate) with the policy environment and the external environment of the policy, which is seen from the interaction with the policy implementer with stakeholders, investors and other interest groups such as the mass media.
5	Right Process	<ul style="list-style-type: none"> a. Policy acceptance: there is an understanding of the policy of issuing SUN Ritel through an electronic system as a new process needed in the future.

- b. Policy adoption: the existence of acceptance from the public (investors) of the policy on the issuance of SUN Ritel through an electronic system as a new process needed in the future
- c. Strategic readiness: the readiness of the public to be involved in implementing the policy of issuing SUN Ritel through an electronic system

Source: Riant Nugroho (2011)

The operationalization of concepts in the research on the effectiveness of the implementation of the policy of issuing SUN Ritel online through an electronic system can be seen in Table 1.

RESULT AND DISCUSSION

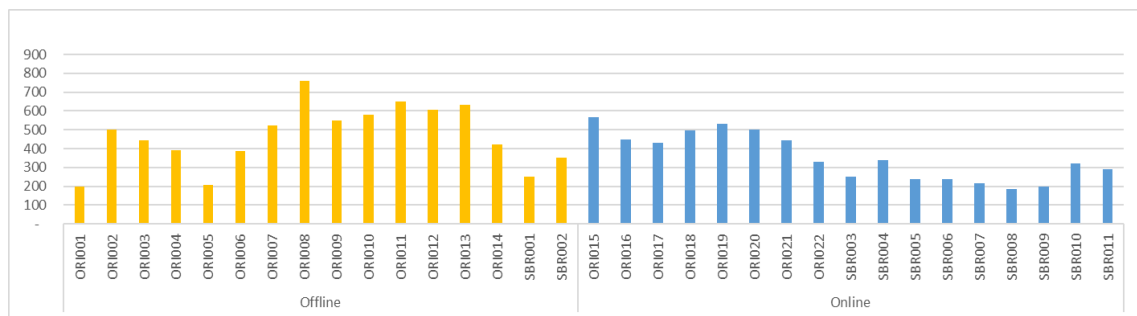
Based on document studies from various reports related to the issuance of SUN Ritel and direct interviews with policy makers at the Directorate of SUN, DJPPR of the Ministry of Finance, the effectiveness of the implementation of the policy of issuing SUN Ritel online through an electronic system is analyzed according to the dimensions of the criteria aspects as follows:

1. Right Policy

Appropriate policy is used to answer the question of whether the implementation of the policy of issuing SUN Ritel through an electronic system to individual Indonesian citizens in the domestic market is in accordance with the main objectives to be solved, namely improving the quality of the level of SUN Ritel investors, expanding the reach of the investor base and succeeding the financial inclusion program for market deepening, which all boils down to the ultimate goal of fulfilling the financing of the state budget deficit with innovative, creative, accountable management and becoming an adaptive policy. The following is an explanation of the description of these main objectives which are used as indicators in measuring the effectiveness of appropriate policies, as follows:

- a. Improving the quality of the level of clerks from SUN Ritel investors.

To see the effectiveness of the right policy on improving the quality of SUN Ritel investors, it is seen from the average nominal value of the order (the total nominal order divided by the total number of investors). The smaller the average order or purchase of this retail instrument indicates a better level of retail quality and the achievement of a large total investor in participating in SUN Ritel instrument.



Graph 1. Average Nominal Value of SUN Ritel Subscription
Source: Directorate of SUN, DJPPR MoF

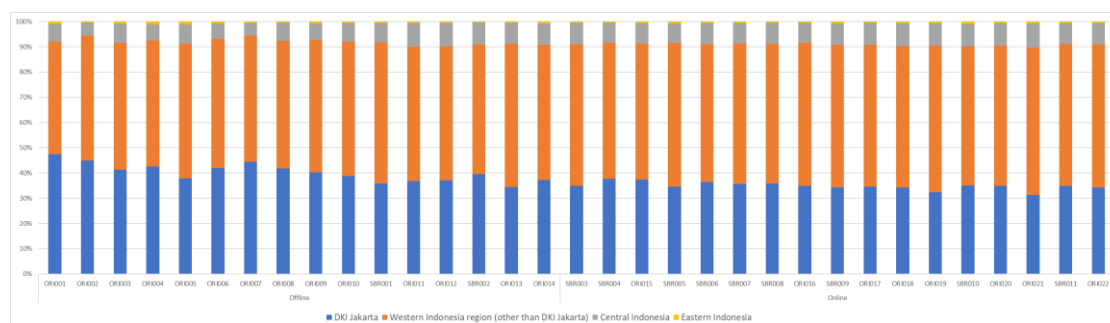
From Graph 1, when the issuance of Retail Government Securities is done offline, the average order value for each investor looks relatively large. The high average order value does not reflect the complexity of the Retail Government Securities instrument during that period. The average order value for the ORI012 series reached IDR 605 million while for the ORI013 series

it rose to IDR 631 million. The highest average order value in the ORI008 series reached IDR762 million and the lowest reached IDR198 million in the ORI001 series. This figure is still very far from the minimum order limit of IDR 5 million. Some selling agents even recorded average bookings above USD1 billion. This happens because generally the Selling Agents who offer SUN Ritel instruments only focus on their priority customers. However, since the issuance of SUN Ritel was carried out online through an electronic system, it can be seen that the average nominal value of SUN Ritel orders has decreased. The highest average order value was at IDR 568 million in the issuance of the ORI015 series and the lowest was IDR185 million in the issuance of SBR008.

The data shows that during the issuance of SUN Ritel online through an electronic system on the e- Government Securities platform, the order value per investor is relatively better and shows more retail than in the offline issuance of SUN Ritel, where the minimum nominal value of SUN Ritel purchases dropped to IDR1 million from IDR5 million during the offline issuance period.

b. Expanding the reach of the investor base in all regions of Indonesia.

To see the effectiveness of the right policy on expanding the affordability of SUN Ritel investors in each region of Indonesia, the distribution of investors per region in Indonesia is reviewed. Based on the regional distribution, the analysis of the percentage distribution of the number of SUN Ritel investors is divided into 4 regions, namely DKI Jakarta, Western Indonesia (other than DKI Jakarta), Central Indonesia, and Eastern Indonesia. The even distribution of SUN Ritel investors in all regions of Indonesia per series of SUN Ritel issuance indicates a better quality level of expansion of the reach of SUN Ritel investors.



Graph 2. Distribution of the Number of SUN Ritel Investors per Region in Indonesia
Source: Directorate of SUN, DJPPR MoF

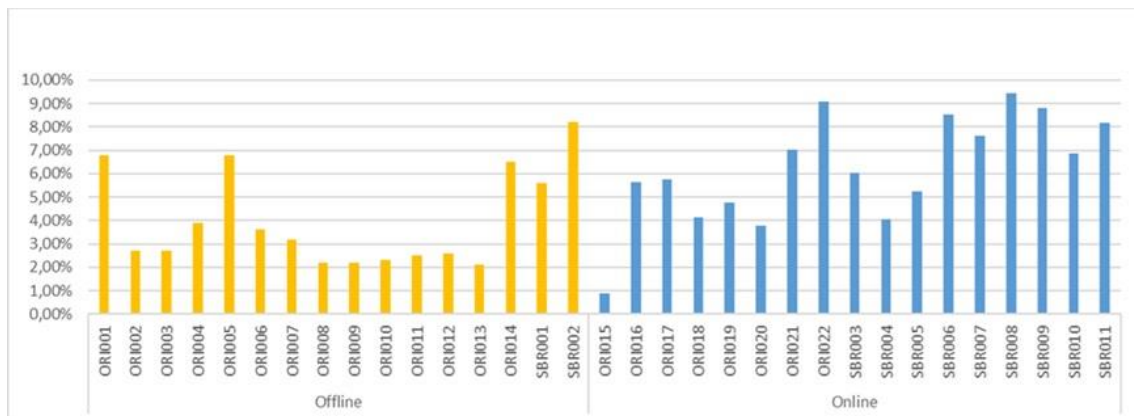
In Graph 2, when the issuance of SUN Ritel is carried out offline, it can be seen that the distribution of the number of investors per region in Indonesia is relatively uneven. For example, the issuance of ORI014 showed a relatively uneven distribution pattern of ORI orders by region. The total order made by investors from DKI Jakarta reached almost 40% and for the Western Indonesia region (other than DKI Jakarta) reached 53%. Meanwhile, in the central and eastern parts of Indonesia, the number of bookings was only around 8% and 0.7%, respectively. The average percentage of investors who ordered SUN Ritel in the DKI Jakarta area was recorded at 40.14%, Western Indonesia (other than DKI Jakarta) at 51.81%, Central Indonesia at 7.37% and Eastern Indonesia at 0.68%. It means that the issuance of ORI at that time was still less effective in reaching investors in relatively remote areas.

However, since the issuance of SUN Ritel conducted online through an electronic system began to be implemented, it can be seen that the average percentage of the number of investors who place orders for SUN Ritel has changed. The average percentage value of the number of investors who ordered SUN Ritel for the DKI Jakarta region was recorded to have decreased to 34.91%, while for the Western Indonesia region (other than DKI Jakarta) and Central Indonesia rose to 55.96% and 8.50% respectively, while Eastern Indonesia remained at the level of 0.6%.

Although the percentage of the number of investors who place orders for SUN Ritel both offline and online is still dominated by the DKI Jakarta area, when compared to offline issuance, the dominance of the DKI Jakarta area is relatively better in the online issuance of SUN Ritel. This can be seen from the decrease in the percentage distribution of investors in the DKI Jakarta area, which has shifted its distribution to Western Indonesia (other than DKI Jakarta) and Central Indonesia. This condition shows that the online SUN Ritel issuance system has a wider and more equitable distribution than the online SUN Ritel issuance and evenly distributed compared to the issuance of SUN Ritel offline.

c. Successful financial inclusion program for market deepening.

To see the effectiveness of the right policy to succeed the financial inclusion program for market deepening, it can be seen from the ease of service to investors to invest in SUN Ritel instruments. Changes in services that become easier and fairer for each Distribution Partner can be shown from the percentage of total investors who place orders at the minimum nominal order value level. The increase in the percentage of total investors who place orders at the minimum nominal order value level indicates the level of quality of the ease of service provided and the affordability of investors to have the opportunity to invest in SUN Ritel regardless of the amount of funds to be invested. The e-Government Securities platform has adapted the e-commerce digital transaction system, where the public can carry out the process of purchasing Retail Government Securities through the e-Government Securities platform anywhere and anytime online during the offering period. This provides ease of service to investors to invest in Retail Government Securities instruments. Investors can directly access the order application through the order interface at each Distribution Partner.



Graph 3. Percentage of Investors at the Minimum Nominal Order Level

Source: Direktorat SUN, DJPPR Kemenkeu Kemenkeu

During the offline issuance period, the minimum nominal order value per series of SUN Ritel issued was IDR5 million, while during the online issuance period, it became smaller at IDR1 million. Based on Graph 3, it can be seen that since the implementation of the policy of utilizing electronic systems in the issuance of SUN Ritel, the percentage of investors who invest at the minimum nominal order level (total investors who invest at the minimum level or prioritize their priority customers to reap larger investment funds. In addition to the three indicators of effectiveness policy on the issuance of SUN Ritel by nominal order divided by the total number of investors) has increased. The percentage value of investors at the minimum nominal order level during the online issuance of SUN Ritel, namely IDR1 million, experienced its highest position of 9.43% in the issuance of the SBR008 series. The average percentage value of investors at the minimum nominal order level during the online issuance of SUN Ritel is 6.22%, an increase compared to the offline issuance period which was only 3.99%.

This shows the affordability of investors in investing in SUN Ritel online as a result of efforts to increase financial inclusion by the government. The ease of service to participate in investing in SUN Ritel online is provided equally or fairly by Distribution Partners for investors who will invest at a minimum nominal level, regardless of how much funds will be invested or prioritize priority customers to reap larger investment funds. This is in line with the statement of the Section Head of Administration and Reporting of SUN Transactions, which states that *"Through the issuance of Retail Government Securities online which provides convenience in placing orders, in addition to having a positive impact on expanding the investor base and improving the quality of retail investor, the government can also conduct financial literacy on how to invest. The increase is not only seen from the even distribution of regions but also the affordability of investors based on age categories. In the millennial age generation, the development of investors is quite high even in the lower age generation who are starting to learn investment in an easy way (financial inclusion) through the e-Government Securities platform."*

In addition to the three indicators of the achievement of policy effectiveness of the issuance of SUN Ritel online through the electronic system mentioned above, support for the effectiveness of the right policy is also seen in the implementation of this policy which has become part of the Strategic Initiative program of the Ministry of Finance's Bureaucratic Reform and Institutional Transformation (IS-RBTK). Its success in becoming part of the Ministry of Finance's IS-RBTK is based on legal rules through the Decree of the Minister of Finance No. 974/KMK.01/2016 dated December 30, 2016 concerning Implementation of Strategic Initiatives of the Ministry of Finance's Bureaucratic Reform and Institutional Transformation Program, with strategic initiatives contained in the treasury theme, namely "Increasing Public Participation by Developing Online Retail Government Securities Distribution Lines". Furthermore, through the innovation of electronic system development on the e- Government Securities platform, the Directorate of Government Securities also received an award from Kemenpan RB and the Corruption Eradication Commission as a service work unit that is predicated as a Corruption-Free Area (WBK) within the Ministry of Finance. The determination of the Directorate of SUN as a WBK predicate within the Ministry of Finance is contained in the Decree of the Minister of Finance of the Republic of Indonesia Number 647/KMK.01/2017 concerning the Determination of Work Units Predicated on a Region Free from Corruption (WBK) / Clean and Serving Bureaucratic Area (WBBM) within the Ministry of Finance in 2017.

2. Right Implementation

Right implementation is used to determine the extent to which the role of policy makers and stakeholders in managing the issuance of Retail Government Securities through electronic systems in the domestic market. The appropriate implementation review is seen from the indicator of cooperation with various parties both internal and external (stakeholders) in the implementation of the SUN Ritel issuance policy.

The role of cooperation from various parties involved in the process of issuing SUN Ritel is very necessary, starting from the beginning of the issuance process until the end of the series of SUN Ritel instruments. The parties involved in the issuance of SUN Ritel through an electronic system and their roles are contained in the Regulation of the Minister of Finance of the Republic of Indonesia Number 27/PMK.08/2020 concerning the Sale of Retail Government Securities in the Domestic Primary Market, with details as described in Table 2.

Table 2. Parties that play a role in the issuance of SUN Ritel online

Parties Name	Role	Information
The House of Representatives	Legislator	Establish the State Revenue and Expenditure Budget Law including the amount of the budget deficit in the current year.
Directorate General of Budget Financing and Risk Management	Obligor or Originator	Carrying out the formulation and implementation of policies in the field of financing and state financial risk management in accordance with the provisions of statutory regulations
SUN Directorate, Directorate General of Budget Financing and Risk Management	Obligor or Originator	Carry out the formulation and implementation of policies, the preparation of norms, standards, procedures and criteria, as well as the provision of technical guidance and evaluation in the field of government bonds
TI Unit, Directorate General of Budget Financing and Risk Management	Internal coordination of the Ministry of Finance	Build and develop e-Government Securities platform
Center for information systems and financial technology , Ministry of Finance	Internal coordination of the Ministry of Finance	Supporting IT services and development e-Government Securities platform
Directorate General of Treasury	Internal coordination of the Ministry of Finance	Provider of state revenue modules
Bank Indonesia	Monetary Authority, Regulator	Regulator on payment system operations and settlement implementation
Custodian Bank dan KSEI (The Indonesia Central Securities Depository)	Sub Registry	Assisting Bank Indonesia in the administration of government securities for Retail Government Securities
Distribution Partners	SUN Ritel Seller	Assist in marketing, offering and/or selling SUN Ritel to retail investors. Distribution Partners consist of Banks, Securities Companies, <i>Fintech</i> Companies, and/or Electronic Trading Operators
Bank	Distribution Partners	Is a commercial bank as referred to in the law on banking
Securities Company	Distribution Partners	Conducting business activities as underwriters, brokers, including those who specialize in marketing mutual fund securities, and/or investment managers
Fintech Company	Distribution Partners	Indonesian legal entity that provides, manages, and operates information technology-based financial services

PPMSE	Distribution Partners	Trading Organizers Through Electronic Systems (PPMSE) is a business actor who provides electronic communication facilities used for trade transactions
Investor	SUN Ritel holder	Individual Indonesian citizen as evidenced by possession of Identity Card

Source: PMK Number 27/PMK.08/2020, Directorate of SUN, DJPPR Ministry of Finance, processed.

The achievement of the issuance of SUN Ritel through an electronic system which is quite high and meets the achievement of the issuance of SUN Ritel through the electronic system which is quite high and meets the financing target, cannot be separated from the role of the parties involved in the process of issuing SUN Ritel which have provided good cooperation according to their respective roles. Without good cooperation between the parties, of course the financing target through SUN Ritel will not be achieved. This is in accordance with the statement of the Section Head of Administration and Reporting of SUN Transactions, *"Talking about cooperation with stakeholders, such as in system development, of course requires intense coordination. Each Selling Agent has a different platform in banking, securities and Fintech so it needs to be coordinated on how to integrate it with the e- Government Securities system which requires hard work to integrate all existing platforms. And Alhamdulillah, coordination is running smoothly, and currently coordination is developing to find ways to expand the channel distribution system. Meetings with Distribution Partners are scheduled regularly, once a year to evaluate meetings and improvements and discuss future development. But outside of that for various coordination discussions, such as system development or system constraints, can be done at any time."*

3. Right Target

The right target is used to determine 3 aspects. First, non-overlapping policies. The issuance of SUN Ritel instruments, which later changed the issuance process by using an online electronic system, was to follow up on Law No. 24 of 2002 concerning Government Securities. The Minister of Finance then issued a regulation that became the basis for the procedure for issuing SUN Ritel through PMK Number 27/PMK.08/2020 concerning the Sale of Retail Government Securities in the Domestic Primary Market. Various policies on how to issue for APBN financing are arranged separately and do not overlap between policies.

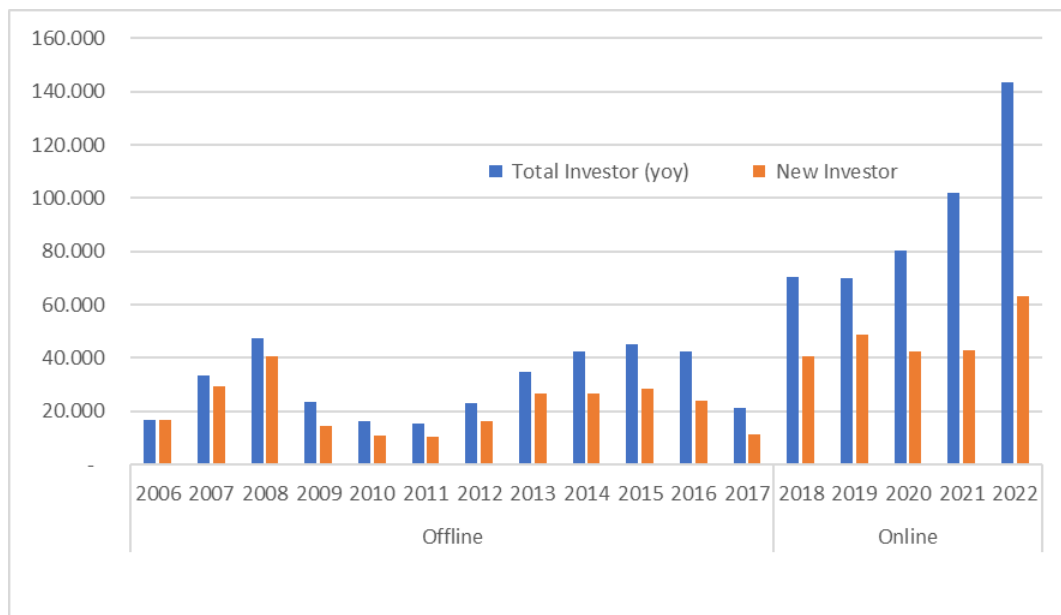
Based on Law No. 24 of 2002, the government prepared derivative policies contained in the PMK/KMK rules, *Perdirjen/Deputy Director General of PPR and SOP*, each of which separately regulates the procedures or procedures for issuance services: (1) domestic initial auction, (2) Buyback/Debtswitch auction, (3) SUN Ritel Sales, (4) Global FX SUN Sales, (5) Domestic Private Placement Transactions, and (6) Direct SUN Transactions. In the Minister of Finance Regulation book building for SUN Ritel Sales, there are various policies regarding the selection process, sales mechanism and Settlement. This is in accordance with the statement of the Head of the Government Securities Regulation Section, which states *"In the preparation of PMK, which in this case is related to the preparation of online Retail SUN, the government pays attention to three main things, first that the regulation is not an empty norm, namely the rules made must be clear, have rules that specifically regulate certain policies. Second, there is no vague norm, namely making rules that do not cause multiple interpretations and different interpretations of both the government and stakeholders. And third, do not conflict norms by harmonizing and matching with other rules. The regulations on the issuance of online Retail SUN also do not overlap in line with the clustering strategy of their respective policies on Minister of Finance Regulation book building Auction, Minister of Finance Regulation non-auction, Minister*

of Finance Regulation book building, private placement Minister of Finance Regulation and direct transaction Minister of Finance Regulation, to facilitate investors, stakeholders and the government as issuers."

Second, the readiness of the target to be intervened. Conditions in the digital disruption era are target conditions that support the policy of issuing SUN Ritel online through an electronic system. Individual people have a digital transaction culture to drive the effectiveness of this policy, and this is supported by an increase in the number of investors and distribution in the territory of Indonesia as previously explained. The readiness of the policy target to be intervened, which in this case is an individual community that is ready for a new policy on the issuance of SUN Ritel online is shown in Graph 4.

In Graph 4 there is a significant increase in the number of investors every year the highest number of SUN Ritel investors reached 143,438 total investors with the addition of 63,279 new investors in 2022. This shows the significance of the effectiveness of achieving the right target of investors after the implementation of the electronic system, where the public supports the policy of issuing SUN Ritel with this latest service process. This is in accordance with the statement of the Section Head of Administration and Reporting of SUN Transactions, who stated that "Government Securities retail is currently dominated by millennial and Z generations, and in terms of size or nominal is dominated by the age of workers above. The development of investors looks very developed, not only in terms of distribution but also the high growth in the number of investors, which is spread across various age generations. So that in terms of targets, it can be said that it is appropriate and the results are in accordance with what was planned."

Third, a review of indicators that the issuance of SUN Ritel through this electronic system is to renew the implementation of the previous policy. That the policy of issuing SUN Ritel has been issued since 2006 with the latest rules contained in PMK Number 42/PMK.08/2014



Graph 4 Percentage of Investors at Minimum Nominal Level of SUN Ritel Subscription
Source: Direktorat SUN, DJPPR Kemenkeu Kemenkeu

Furthermore, in 2018, after the issuance of SUN Ritel was carried out online using an electronic system, adjustments to procedures or service procedures were also adjusted to the latest current rules through PMK Number 27/PMK.08/2020, including changes in the naming and category of Selling Agents, as well as service procedures or procedures for implementing the policy of purchasing SUN Ritel online.

4. Right Environment

This environmental indicators are seen from the policy environment and the external environment. First, in the policy environment, the right policy from the policy environment dimension can be seen from how the interaction between policy formulating institutions and policy implementers. In the implementation of the SUN Ritel issuance policy through an electronic system, there has been coordination and monitoring between policy makers at the Directorate of SUN and internal and external stakeholders of the DJPPR Ministry of Finance. Coordination and monitoring are regularly scheduled at the beginning of the year, evaluation at the end of the SUN Ritel transaction period and discussion meetings that can be held when needed. Coordination and monitoring are carried out to resolve transaction obstacles and constraints arising in the implementation of the SUN Ritel system in electronic systems, adjustments and development of the e- Government Securities platform, marketing systems, to find solutions and monitor the extent to which policies can be implemented, and facilitated. This good interaction can be seen from the ongoing development of the e- Government Securities platform in various smart apps of distribution partners and the ease of application services provided.

Second, in the external environment, it can be seen from how the public perceives the issuance of SUN Ritel online. During the issuance of SUN Ritel, various media generally gave a positive tone. The public supports this government policy because it makes it easier for investors to access this investment instrument and has a wider reach throughout Indonesia. When the Covid-19 pandemic occurred, it inevitably required the government to carry out a dynamic and responsive governance system through efficient, effective and responsive policy measures to be able to adapt to changes in the environment.

In handling Covid-19, the government is required to provide its role in preparing funds for this disaster, one of which is taken through debt financing policies. This government involvement ultimately encourages public trust and interest in investing in Government Retail instruments. In 2020, public investment reached IDR76.7 trillion which then increased to IDR107.3 trillion in 2022. In addition to this, in order to expand information on the policy of issuing SUN Ritel through this electronic system, the government disseminates or publishes through various media, print media, online, various social media, and direct socialization with the public.

5. Right Process

The right process is seen from three processes, namely policy acceptance, policy adaptation, and strategic readiness. From the policy acceptance dimension, it can be seen from the understanding of the policy as a necessary rule for the future (Dye,2013). The implementation of an electronic system implemented online through the e-Government Securities platform is in line with the needs of a work culture in the current and future era of digital technology that leads to the use of applications and uses internet technology.

In the policy adaption dimension, the public as potential investors accept the policy as a new rule. The new stages of the issuance of SUN Ritel that have been accepted by investors can be seen from the increasing percentage of the number of investors and in line with the increasing number of Retail Government Securities issuances since the policy of issuing SUN Ritel through an electronic system was implemented. With the issuance of Retail Government Securities through an electronic system on the e- Government Securities platform, the order process that will be carried out by investors has also changed (World Bank, 2017).

In the Regulation of the Minister of Finance of the Republic of Indonesia Number 27/PMK.08/2020 states that the electronic system referred to is a series of electronic devices and procedures that function to prepare, collect, process, analyze, store, display, announce, send, and/or disseminate electronic information provided by the Ministry of Finance and Distribution Partners. As a policy adoption that is accepted by the public, the process of investing in SUN Ritel has 4 (four) main stages that investors must go through, namely registration, ordering, payment and confirmation, all of which take place through the e- Government Securities platform online.

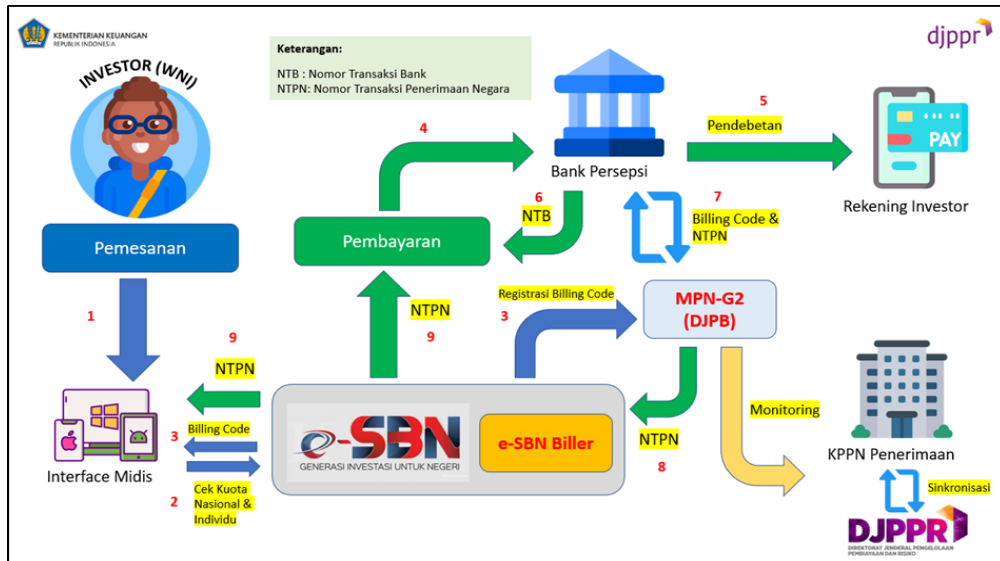
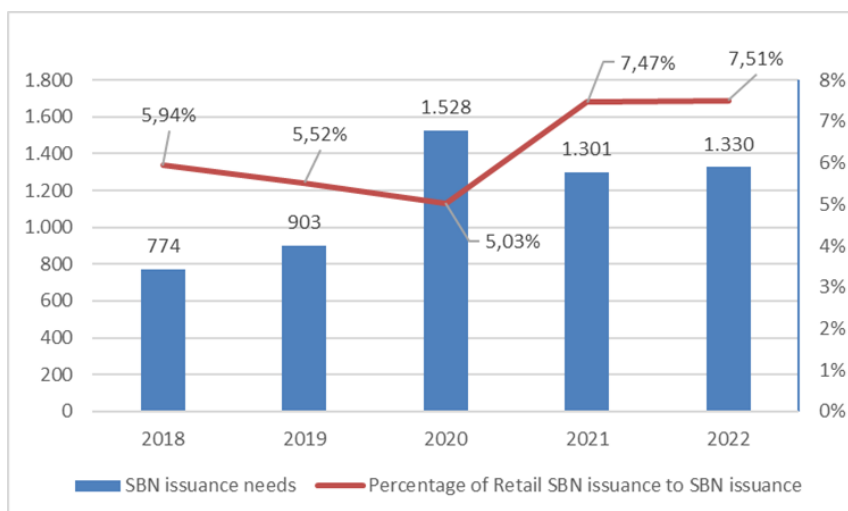


Figure 2. Retail Government Securities issuance mechanism through electronic system
Source: PMK Number 27/PMK.08/2020, DJPPR Ministry of Finance

Furthermore, in strategic readiness, namely the readiness of the public to be involved in the implementation of the policy of issuing SUN Ritel through an electronic system, there is an increase in the number of investors in SUN Ritel system, there is an increase in the number of SUN Ritel investors who show their participation or involvement in fulfilling State Budget financing through this instrument, which in turn has an impact on increasing the number of issuances of Retail Government Securities instruments.

In the period from 2018 to 2022, namely since using the issuance through the electronic system on the e-Government Securities platform, the percentage of Retail Government Securities position from the Government Securities issuance needs is steadily moving up. As shown in Graph 5, in 2021 the financing of the state budget deficit has been successfully fulfilled through the issuance of Retail Government Securities instruments amounting to 7.47% or IDR97.2 trillion of the total issuance requirement or gross issuance of IDR1,301 trillion, and higher than the previous 3 years which were each in the range of 5%. And in 2022, the government again targets the portion of Retail Government Securities at the level of 7.51% of the total issuance requirement of IDR1,330 trillion.



Graph 5. Percentage of Retail Government Securities issuance
Source: Direktorat SUN, DJPPR Ministry of Finance

This is in line with the statement of the Head of the Government Securities and Derivatives Transaction Planning Section, who said "*The issuance of retail Government Securities through a digital platform (e-Government Securities) initiated by the Government since 2018, is one of the efforts to utilize the acceleration in the field of technology. The relatively more familiarity of the younger generation with advances in this field, adds to the incentive of e-Government Securities development in order to deepen the domestic investor base. Cooperation with related agencies, including with Distribution Partners, as selling agents for retail Government Securities, has also increased the participation of domestic investors in purchasing retail bond instruments issued by the Government. Some academic literature states that high participation of foreign investors can increase volatility in the domestic bond market, which can lead to higher issuance costs borne by the Government in the primary market. Therefore, the increased participation of individual investors in the purchase of retail Government Securities as a result of the development of e-Government Securities plays a major role in reducing dependence on foreign investors and keeping the cost of Government Securities issuance, in general, in line with its reasonable level.*"

CONCLUSION

The implementation of the policy of issuing SUN Ritel online through an electronic system is considered has been running effectively based on a review of the 5 Right Policies analyzed, namely:

1. Based on the appropriate dimension of the policy, the implementation of online issuance of SUN Ritel through an electronic system in the domestic market has provided a good change in effectiveness in achieving its objectives in an effort to improve the quality of the level of SUN Ritel investors, expand the reach of the investor base and succeed the financial inclusion program for market deepening.
2. Based on the right dimension of implementation, the role of good cooperation from policy makers with a number of stakeholders in the issuance process until the end of the SUN Ritel instrument series makes the issuance implementation process effective.
3. Based on the right target dimension, the regulations regarding this issuance policy do not overlap with policies on other issuance methods. The target investors, namely the public, are ready to accept interventions on policy changes as seen from the increase in the number of investors since this policy was implemented, and this policy update is clearly spelled out in a regulation.
4. Based on the right dimension of the environment, the existence of good effectiveness in this dimension is indicated by the existence of interaction, monitoring and evaluation that runs well among policy actors. Policies are also clearly informed to the public through various communication media, both offline and online and have received a lot of positive news or perceptions from various mass media.
5. Based on the right dimension of the process, this policy contains new processes that are able to adapt in the future. Through the e- Government Securities platform application, and the ease of service offered, this policy is accepted and supported by stakeholders and the public as investors.

Furthermore, to maintain the consistency of the implementation of the issuance of SUN Ritel through an electronic system to continue to run effectively, the Government still needs to collaborate well with stakeholders to find out the various latest issuance processes that are developing in the market. Both from the application system used, the expansion of distribution channels, the structure of instruments of interest to investors to the marketing system (marketing or socialization) needed to further increase public interest and knowledge of SUN Ritel investment products issued by the Government. So that the effectiveness in achieving the goal of market deepening can be achieved with better financial literacy methods.

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