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Obligation to Use Rupiah in Business Transactions in Indonesia

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ABSTRACT

Every Indonesian citizen has an obligation to honor and be proud of the Unitary State of the Republic of Indonesia, which is a sovereign nation with its own currency. The official currency of the Unitary State of the Republic of Indonesia is the rupiah, which is accepted as payment on its territory both legally and obligatorily. However, there are areas in Indonesia that do not use Indonesian currency (Rupiah) as the main instrument of business transactions, especially in the border area between Indonesia and Malaysia. This raises the issue of the circulation of foreign currency as a tool for business transactions in the territory of Indonesia, which in turn creates competition between Rupiah and Ringgit in the economic circulation of the community in Indonesia. The purpose of this study is to determine the preventive and repressive efforts that can be made by the Indonesian government and Bank Indonesia to minimize violations of the use of foreign currencies in the territory of Indonesia, as regulated in Law Number 7 of 2011 concerning Currencies and Bank Indonesia Regulation Number 17/3/PBI/2015 concerning Obligations to Use Rupiah in the Territory of the Unitary State of the Republic of Indonesia. By tracking secondary data in the form of primary, secondary, and tertiary legal literature through the use of document studies as documentation tools and procedures, this research is normative legal research conducted through library research. Then, the data were analyzed using qualitative analysis. The results of this research indicate that some preventive efforts can be made by the government and Bank Indonesia. The first is strengthening juridical instruments by the Government and Bank Indonesia. The second is the government together with Bank Indonesia must carry out a socialization and education movement related to the obligation to use Rupiah currency. The third is the government must build economic infrastructure facilities. The fourth is the government and Bank Indonesia can encourage the public to use Rupiah currency in electronic and digital forms. In this research, repressive efforts are not needed, because they can be resolved with preventive efforts, except in certain offenses that threaten the country's economic turnover or endanger the existence of the Rupiah currency on a massive scale.

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1. INTRODUCTION

According to the stipulative definition, currency is money issued by the Unitary State of the Republic of Indonesia which is referred to as Rupiah. It can be concluded that the definition of currency is money issued by an authorized institution, namely Bank Indonesia based on Article 11 to Article 20 of Law Number 7 Year 2011 concerning currency. This can be strengthened by Bank Indonesia Regulation Number 17/3/PBI/2015 concerning the Obligation to Use Rupiah in the Territory of the Unitary State of the Republic of Indonesia which explains that "To realize the sovereignty of the Rupiah in the territory of the Unitary State of the Republic of Indonesia and to support the achievement of the stability of the Rupiah exchange rate, it is necessary to implement a policy of mandatory use of Rupiah in every transaction in the territory of the Unitary State of the Republic of Indonesia".

Given that money is one of the symbols of state sovereignty that must be preserved, it follows that the Rupiah currency is legitimate and has to be utilized in all economic transactions. While using foreign currencies on Republic of Indonesian territory by excluding the Rupiah currency is an act of denying the sovereignty of the Indonesian nation, particularly in the economic sector, it also has the potential to upset the stability of the Rupiah's value and the local community's economic circulation. The use of the Rupiah currency within the territory of the Republic of Indonesia is a sign of respect for Indonesia's sovereignty. Article 2 paragraph (1) of CERDS (Charter of the Economic Rights and Duties of States) states that every state has the right to "freely exercise full permanent sovereignty including ownership, use, and regulation, over all its wealth, natural resources and economic activities".

Based on this, each country has the right to regulate and implement its national jurisdiction under laws and regulations that are under its national (economic) goals and priorities. This has not been fully realized because people in border areas directly adjacent to neighboring countries still use foreign currency in carrying out business activities. This has resulted in foreign currency (Ringgit), which is the currency of Malaysia, also becoming a means of business transactions in addition to the Rupiah currency. On the other hand, there are also many Indonesians who work and earn a living in Malaysia. In line with the purpose of the establishment of the Currency Act as stated in Article 21 paragraph (1) of the Currency Act, namely the Rupiah must be used in all transactions whose purpose is for payment, other obligations that must be settled with money, and other financial transactions, as long as all of them are carried out in the territory of the Unitary State of the Republic of Indonesia.

This brief overview shows that the economy of people in border areas is still dependent on Malaysia. If this continues, it can result in the weakening of the Rupiah circulation in the community, which leads to losses for Indonesia. Based on this, it is interesting and relevant to study the violation of the use of foreign currency in Indonesian territory.

2. RESEARCH PROBLEM FORMULATION

As stipulated in Law Number 7 of 2011 concerning Currencies and Bank Indonesia Regulation Number 17/3/PBI/2015 concerning Obligations to Use Rupiah in the Territory of the Unitary State of the Republic of Indonesia, how effective are the preventive and repressive measures taken by the Indonesian government and Bank Indonesia in minimizing violations of the use of foreign currency in Indonesian territory?

3. LITERATURE REVIEW

Money is described as "a legal tender or standard of value (unit of account), issued by the government of a country in the form of banknotes, gold, silver, or other money printed with certain shapes and images" by the Big Indonesian Dictionary (KBBI). Money is defined as "something that is generally accepted in payment for the purchase of goods and services as well as for the payment of debts" by Iswardono Sardjono Permono. Money is also often seen as wealth owned that can be used to pay a certain amount of debt with certainty and without delay" (Eddi Wibowo, 2004: 123).

The criteria to be considered as money must fulfill several requirements. Some of these requirements include; First, there is a guarantee. Any money issued can be guaranteed by the government. With the guarantee by the government, public confidence in the use of money is increasing. Second, can be accepted by the general public. Third, has a stable value. The value of a currency must have stability, if the value of money often experiences instability, it will be difficult to be trusted by users. Fourth, money must be easy to store in various places. Fifth, money can be carried easily anywhere, in other words easy to move from one place to another. Sixth, the physical quality of money should not be easily damaged. Given the frequency of movement of money from one hand to another, the money can be used for a long time. Seventh, the money is easily divided into certain units with various nominal to smooth the transaction. And finally, the supply of money must be elastic so that trade and business activities can run smoothly. The amount of money circulating in the community must be sufficient and adjusted to the business conditions or economic conditions of a region.

According to the Big Indonesian Dictionary (KBBI), "circulation" means rotating movement or travel, circulating conditions, transitions that occur repeatedly to form a cycle, and the circulation of money in society. Article 1 point 14 of Law Number 7 Year 2011 on Currency explains the definition of circulation as a series of activities to distribute Rupiah in the territory of the Republic of Indonesia. The factors that affect the circulation of money, among others: (Solikin, 2002: 39)

A. Factors affecting the money multiplier: these include the cost of using demand deposits, convenience and security, relative costs such as interest rates, people's income, advances in banking services, monetary authority requirements, and banks' need for short-term liquidity.
B. Factors affecting changes in primary money: this relates to changes in public financial transactions reflected in the monetary authority's balance sheet, both in terms of primary money (liabilities) and factors affecting primary money (assets).

Currency is a medium of exchange that is acceptable to the general public. Before the existence of currency, humans used the barter system to conduct business transactions. Gradually humans created commodity money which until now uses currency as a means of business transactions. Currencies in each country have different economic or philosophical values, so the existence of currencies in each country needs to be maintained by territorial principles.

The currency that passes from one country to another is called foreign currency. Foreign currency also known as foreign exchange, is a currency that is not used as legal tender in a country. In the context of international finance, foreign *exchange* is also referred to as foreign exchange or foreign *currency*, which is a foreign currency or other means of payment used in international economic transactions by the official exchange rate set by the central bank. Based on Law No.7/2011 on Currency, the use of foreign currency is allowed in certain transactions, such as in the implementation of the state revenue and expenditure budget, receipt or provision of grants, and international trade business transactions in the form of foreign exchange. However, the use of foreign currency cannot be used in the territory of the Republic of Indonesia, ships, or airplanes with Indonesian flags.

Philosophically, currency is used as a *medium of exchange*. Money plays a role in exchange activities so it is easier when compared to barter (M. Nur Rianto and Al-Arif, 2011). The function of money as a medium of exchange underlies the distribution in producing a good. According to Iswardono, one of the functions of money is as a *unit of account*. In this instance, the unit of account is seen as a tool used to compute the amount of debt, the wealth, and the value of the products and services sold. In other words, it may be thought of as a tool used to determine the price of goods and services (Iswardono S.P, 1999: 25). Money also has a function as a *store of* value. That is, money can be used to transfer from time to time. When someone saves and receives a sum of money as a means of business transactions, then he can save the money to be reused in the future. Based on this, the currency must be able to be used for the exchange of both goods and services within a certain area. Based on this, the currency must be used for the exchange of goods and services within a certain area.

Currency is one of the symbols of state sovereignty that must be respected and proud of by all Indonesian citizens. The Rupiah, issued by the Republic of Indonesia, is used as legal tender in the national economy to achieve social welfare for all the people. Currency has several important functions, namely:

A. as a unit of calculation for setting prices for goods and services,
B. as a value storage method,
C. as a medium of exchange that facilitates economic and financial transactions.

Using foreign currency in the sovereign territory of the Republic of Indonesia is a form of colonization of Indonesia's economic sovereignty, which in turn can threaten other areas in this country. Article 23 B of the 1945 Constitution of the Republic of Indonesia states that "The price and various kinds of currency shall be determined by law", so the establishment of regulations on currency is very necessary for providing protection, security, and legal certainty for the price and various kinds of currency. In principle, the making of a regulation is not only intended to regulate but also to be implemented. This is in line with one of the legal postulates that form the basis of regulation, namely *Lex dura, sed tamen scripta* (even though the contents of the law seem cruel, that is how it is written and must be implemented).

Currency regulations in Indonesia often change from time to time to adjust to the development of the regime and society. From the *Indische MuntWet* 1912 (*Staatsblad* Negeri Belanda No. 325, *Staatsblad* Indonesia No. 610) to Law of the Republic of Indonesia No. 7/2011 on Currency (Adolf, 2003: 20). The Law on Currency has provided legal certainty. However, the use of Rupiah currency in border areas is still not optimal. Residents in border areas feel more comfortable using foreign currencies because when buying and selling transactions in neighboring countries, the country's currency is the one that is used. In addition, when using foreign currency, residents benefit from the difference between the selling and buying rates of the foreign currency against the rupiah (Rachmawati & Nugroho, 2022: 17).

Article 11 of Law No. 7/2011 on Currency states that Bank Indonesia is the only institution authorized to issue and circulate Rupiah. Article 13 of the Currency Law also states that the planning and determination of the number of Rupiah printed is carried out by Bank Indonesia, in its implementation involving government participation. Thus the provision of the number of Rupiah in circulation is the responsibility of Bank Indonesia. Bank Indonesia as an institution responsible for the circulation of rupiah currency, issued regulations on the mandatory use of rupiah currency in the territory of Indonesia. One of the regulations is Bank Indonesia Regulation No. 17/3/PBI/2015 on the Obligation to Use Rupiah in the Territory of the Republic of Indonesia. The requirements of Article 2, which state that all parties to transactions carried out in Indonesia must utilize Rupiah, have highlighted the necessity of doing so. The goal of this is to preserve the stability of the Rupiah exchange rate and establish the Rupiah's sovereignty inside the borders of the Republic of Indonesia.

The regulation shows that efforts to provide legal certainty regarding the use of Rupiah when transacting within Indonesia have been made. The rampant use of foreign currencies indicates that the regulation has been ignored by the public. Bank Indonesia then issued Circular Letter (SE) No.17/11/DKSP in 2015 concerning the Obligation to Use Rupiah in Indonesia to strengthen the obligation to use Rupiah. The requirement to utilize Rupiah in Indonesia is based on the territorial principle, as stated in the section on general regulations. Every transaction made inside the boundaries of the Republic of Indonesia, regardless of whether it is made by citizens or visitors, with cash or without, must be made in Rupiah. Since payments and transactions in this instance are one and the same, the payment receipt must be in Rupiah.

The enactment of Law Number 7 Year 2011 on Currency (hereinafter referred to as the Currency Law) is expected to provide a stronger legal basis for the management and control of the Rupiah. Related to the issuance, circulation, and withdrawal of Rupiah is the full authority of Bank Indonesia. The regulation of the provisions in the Currency Law is useful to meet the needs of money in the community in sufficient nominal amounts, the appropriate type of fraction, and in a condition that is worthy of circulation. In addition, with the enactment of the Currency Act, every transaction must use the rupiah. This also applies to people in border areas who usually use foreign currency to conduct transactions. The purpose of the Currency Law is to reorganize the economy and emphasize the position of the Rupiah currency in Indonesia (Elisabeth, S., Deliana, E., & Diana, L., 2018: 8).

4. METHODS

This research is normative legal research. The type of research is library research or library research. The research material used in this research is secondary data. Secondary data is data obtained using a literature study of legal materials related to research problems. Legal materials used in this research include:

A. Primary legal materials

Primary legal materials are authoritative legal materials, meaning they have authority. This authoritative legal material is binding. What includes primary legal materials that are binding in nature are legislation, official records or minutes in making legislation, and judges' decisions. The primary legal materials used in this research are laws and regulations, namely the 1945 Constitution of the Republic of Indonesia and Law Number 7 of 2011 concerning Currency. Then juridical instruments issued by Bank Indonesia such as Bank Indonesia Regulation Number 17/3/PBI/2015 concerning the Obligation to Use Rupiah in the Territory of the Republic of Indonesia, Bank Indonesia Regulation Number 20/6/PBI/2018 concerning Electronic Money, and Circular Letter (SE) No.17/11/DKSP in 2015 concerning Obligation to Use Rupiah in the Territory of the Republic of Indonesia.

B. Secondary legal materials

Secondary legal materials are legal materials that provide explanations of primary legal materials, for example, draft laws, research results, works from legal circles, and so on. Secondary legal materials used in this research are journals and books that are closely related to currency law in Indonesia.

C. Tertiary legal materials

Tertiary legal materials are materials that provide instructions and explanations for primary and secondary legal materials, for example, dictionaries, encyclopedias, cumulative indexes, and so on. Tertiary legal materials used in this research are the Big Indonesian Dictionary (KBBI).

Data collection in this study was carried out using the documentation method. The documentation method or documentary study uses written materials (Sumardjono, 2014, p. 25), including books laws, and regulations. The data collection tools in this research are written materials. The data analysis technique used is "*content analysis*" or content study. The content analysis technique is an integrative and more conceptual analysis technique to find, identify, classify data, and analyze documents to understand their meaning (Bungin, 2015, p. 84).

The steps of qualitative analysis in this study include, first, identifying data, namely a process of recognizing data by examining the data that has been collected by the documentation method; second, data classification, namely data that has been identified and then categorized based on research problems; third, the data that has been classified is then analyzed by deductive thinking, which is a way of thinking that starts from general things, then traced to specific things and made a conclusion statement on it (Izhar, 2016, p. 6); so that the results of research data analysis can provide answers to the problems studied.

5. RESULTS AND DISCUSSION

A. Preventive measures

Etymologically, the word "preventive" comes from the Latin "*pravenire*" which means 'anticipation' or action to prevent something from happening. Preventive is part of the rule of law that functions as *social* control. Some laws are preventative in nature, as is the rule of law itself. This indicates that the purpose of preventative legal regulations is to stop people from acting in a way that violates the law and upends social order. Therefore, if there is a deviation from the rule of law, there are also sanctions that apply. There is a legal postulate that reads *Praestet cautela quam medela* (preventing is better than restoring). In this context, preventive action needs to be carried out before repressive action becomes the *ultimum remedium.* There is a theory of *psycologischezwang* proposed by Feuerbach, which states that preventive efforts aim to provide fear of committing an offense because there are strict sanctions, this is also known as psychological coercion (Ch. J., Enschede, 2002: 26).

In Indonesia's border areas with neighboring countries, there are still local people who use foreign currencies as a means of business transactions, even though they are part of Indonesian citizens and domiciled in Indonesia's sovereign territory. A concrete case occurred in North Kalimantan, precisely on Sebatik Island, Sebatik Kab. Nunukan. There the local community still uses Malaysian RM currency as a means of buying and selling household needs. This happens because of their ignorance of the applicable regulations because this has been cultivated and carried out continuously for a long time. Thus, the government and Bank Indonesia need preventive legal efforts to deal with this problem.

Preventive efforts made by the Indonesian government and Bank Indonesia to minimize violations of the use of foreign currency in the territory of Indonesia are to control the circulation and use of money by making juridical instruments. In Indonesia, to strengthen the supervision and control functions over the circulation of rupiah currency, the House of Representatives (DPR) and the Government passed the Draft Law (Bill) on Currency into Law Number 7 Year 2011. The Law on Currency is an initiative of the House of Representatives, and its establishment aims to regulate currency management in line with Article 23B of the 1945 Constitution. The Currency Law requires the use of Rupiah in all transactions aimed at payment, settlement of other obligations that must be fulfilled with money, and or other financial transactions conducted in the territory of Indonesia. So with the Currency Law, it is expected to build the trust of the Indonesian people in the Rupiah. The trust of the Indonesian people is one of the important assets of the international community's trust in the Rupiah and the national economy, so the Rupiah has a respectable *value*, both at home and abroad, and its stability is maintained.

Juridical instruments are not only emphasized through laws but also through Bank Indonesia regulations issued by an independent institution that oversees the circulation of the rupiah, namely Bank Indonesia. Bank Indonesia Regulation Number 17/3/PBI/2015 which regulates the Obligation to Use Rupiah in the Territory of the Republic of Indonesia in substance regulates the obligation to use Rupiah in Indonesia based on the territorial principle. Any financial transaction that takes place on Republic of Indonesian territory, regardless of whether it is conducted by citizens or visitors, with cash or without, must be made in Rupiah. Since payments and transactions in this instance are considered one unit, the payment receipt must be in Rupiah. Bank Indonesia reaffirmed the use of the

Rupiah currency by issuing an implementing regulation of Bank Indonesia Regulation No. 17/3/PBI/2015 through Circular Letter (SE) No.17/11/DKSP concerning the Obligation to Use Rupiah in the Territory of the Republic of Indonesia. This clarifies how the territorial concept is upheld by the requirement to use the Rupiah in Republic of Indonesian territory.

Since foreign money is still utilized as a transaction tool in parts of Indonesia's border areas with neighboring nations, preventive attempts through legal instruments have not been successful for a while. Therefore, to enforce the law and form of supervision, Bank Indonesia needs to build representative offices in several regions, especially in border areas. One concrete example is in Tarakan, North Kalimantan. This is done to oversee the circulation of rupiah currency and ensure the circulation of rupiah in every region in Indonesia. This step is in line with the work program launched by Bank Indonesia, namely "BI Jangkau" which in participation involves the Indonesian government and the Indonesian Police. This needs to be done, given Indonesia's vast territorial area and massive population.

The next step that can be taken is the active role of the Indonesian government in improving economic infrastructure facilities to reduce people's dependence on basic goods from other countries. One of the factors for the use of foreign currency within Indonesian territory is due to the lack of fulfillment of people's household needs. This is evidenced by the high consumption and use of *non-local* products that are marketed massively, even the existence of local products is quasi-denied. This is due to several factors. First, it is much easier for people to get household needs in neighboring countries than in urban centers in Indonesia, of course, this is influenced by geographical factors. Secondly, there is a paradigm shift in border communities regarding the quality of local products and *non-local* products. Local people think that *non-local* products obtained from neighboring countries are of higher quality than local products. Thus, there is a stigmatization that local products do not guarantee quality, whether it is for sale or personal consumption. Border communities also think that the *non-local* products they get from neighboring countries have a cheaper economic value than local products. Thus, it can be concluded that local people in the border areas do not fully love and trust local products.

The government must immediately socialize and educate all Indonesian people about the importance of the circulation and use of local products in society. Because of the massive circulation and use of local products, it will certainly affect the use of the Rupiah. The government also needs to provide shopping centre facilities that are strategic and close to border communities, so that local communities no longer need to struggle to find basic household needs that have been obtained from neighboring countries. For example, people's markets, currency exchange places, and or shopping centers for household needs.

Generally, people living near Indonesia's borders with neighboring countries still use foreign currency in physical form and not in electronic or digital form. Because of this, every commercial transaction that takes place on Indonesian soil must reduce the use of foreign cash in its physical form by the government and Bank Indonesia. The Indonesian government and Bank Indonesia will now need to concentrate on encouraging the usage of digital Rupiah and electronic money as the next course of action.

The rapid development of information and communication technology has led to the use of *intangible* money, thereby increasing the efficiency of the payment system. Electronic-based payment systems have encouraged innovations that offer flexibility, efficiency, and simplicity in conducting transactions. One of these innovations is the use of electronic money, which is increasingly popular in the community. As of December 2021, according to Bank Indonesia's published data, electronic money transactions reached IDR35.10 trillion, an increase of 58.60%. The COVID-19 pandemic has encouraged the use of electronic money due to changes in consumer behavior from physical to online shopping (Edmira Rivani & Eddo Rio, 2021). Electronic money is an electronic payment instrument obtained by depositing money with the issuer, either directly or through an agent, or by debiting a bank account. The value of the money is then entered into electronic money media in the form of Rupiah, and used for transactions by directly reducing the value of money in the media. Thus, the use of electronic money is expected to degrade the use of physical foreign currencies that are often used by local communities, especially those who live close to Indonesia's borders with neighboring countries. By encouraging the use of electronic money that is based on rupiah, the rupiah circulation will be stable and its use tends to be massive.

In addition to electronic money, the development of information and communication technology has also given birth to new financial products in the form of digital currencies. These digital currencies utilize an innovative method for processing virtual transactions, known as blockchain or *distributed ledger* technology. Bank Indonesia has taken the initiative in driving the digital transformation agenda by launching the Garuda Project which oversees the exploration of the design of Indonesia's CBDC which is then called Digital Rupiah. Digital Rupiah is Bank Indonesia's contribution to the country in the struggle to maintain Rupiah sovereignty in the digital era.

Digital Rupiah is Rupiah in digital format that can be used as well as physical money (Banknotes and Metal Money), Electronic Money (*chip* and *server-based*), and money in Payment Instruments Using Cards / APMK (debit cards and credit cards) which are generally used by the Indonesian people today. Digital Rupiah is issued only by Bank Indonesia as the Central Bank of the Republic of Indonesia. Digital currency innovation called "Rupiah Digital" as a legal tender and guaranteed security to replace banknotes. The value of money from the Digital Rupiah is issued and its circulation is controlled by the central bank, namely Bank Indonesia as the monetary authority. Thus, the use of Digital Rupiah as a means of payment for business transactions can eliminate the use of foreign currencies in physical form that are still in use. Digital Rupiah will not eliminate the existence of cash and electronic money. Digital Rupiah will only add transaction options other than cash and electronic money.

Currency regulations are stipulated in Law No. 7/2011 on Currency but do not yet cover digital currencies that utilize information technology. Meanwhile, electronic money is regulated in Bank Indonesia Regulation Number 20/6/PBI/2018 on Electronic Money. However, this regulation is not enough to accommodate. Therefore, to strengthen the financial sector, especially digital-based currencies, the government passed Law Number 4 of 2023 on Financial Sector Development and Strengthening. Article 10 paragraph (2) of Law Number 4 of 2023 has amended the provisions of the Currency Law, which in substance adds Digital Rupiah as one of the types of rupiah. This is strengthened by the provisions of Article 14A paragraph (3) letter a, which explains the provision of Digital Rupiah as a legal payment instrument in the Republic of Indonesia. As a result, digital Rupiah serves the same purposes as paper and metal Rupiah, including being a store of value, a means of trade, and legal money within the borders of the Republic of Indonesia. As a result, the whole Indonesian territory must instantly adopt the usage of the Digital Rupiah in commercial transaction operations.

In addition, there is a trend for central banks around the world to explore digital currencies on a massive scale in the form of *central bank digital currency* (CBDC). Like paper and metal money, CBDCs will have a face value, be widely accessible, and be used as legal tender for all public and private transactions. CBDCs serve as a practically costless medium of exchange, a secure store of value, and a stable unit of account (Michael D Bordo & Andrew T Levin, 2017). However, the use of digital-based currencies, of course, in its application requires a qualified internet, so the government needs to pay attention to equal distribution of internet connections for all regions of Indonesia.

B. Repressive Measures

The rule of law functions as a social controller, in its enforcement there is a rule of law that functions repressively. This means that everyone who violates the applicable law must be dealt with so that society can be controlled. The consequences or impact of a legal regulation cannot be separated from the content and nature of the regulation itself. Generally, violations of legal regulations can cause imbalances in society. Therefore, to restore the balance of society that is disturbed due to violations of the law, sanctions are needed. In a broad sense, sanctions are a reaction to an action. The consequences of a legal regulation that contains orders or prohibitions and is imperative usually include sanctions that are clearly stated in the regulation. These sanctions can be administrative sanctions or criminal sanctions (Hiariej & Mochtar, *2021:* 15).

The important question is whether repressive legal measures are needed to minimize violations of the use of currency in Indonesian territory. *In case* (in this case) there is no need for repressive measures. Frequent violations of the use of foreign currency are caused by several factors. First, public ignorance of the importance of using rupiah currency in every business transaction and the negative effects of using foreign currency in business transactions. This is due to the lack of education and socialization of Bank Indonesia and the Government on the importance of using Rupiah in every business transaction within the territory of Indonesia. Although there is a legal principle that says "everyone is presumed to know the law", this cannot be justified in the context of this problem, because there are exceptions in the context of this problem. There is also a legal postulate that says "*exceptio probat regulam in casibus non exceptis*" This postulate emphasizes that in law, there are no rules that apply absolutely without exception. So that criminal sanctions do not always have to be used to solve a problem (Wirjono Prodjodikoro, 2003: 17). Based on this, the government and Bank Indonesia are required to be more active in educating the public and providing regular socialization to minimize the use of foreign currency within the territory of Indonesia. When the use of foreign currency in the border areas of Indonesia was found to be enculturated, local people only knew that foreign currencies could be treated the same as rupiah as a means of business transactions. So for ordinary people, the government's inaction in enforcing the prohibition of the use of foreign currency is tantamount to allowing it.

There is a regulation on criminal sanctions in the Law on Currency, but it is not justified in this case. This occurs due to public ignorance of the importance of using the rupiah as a means of payment in every business transaction in the territory of Indonesia. The government and Bank Indonesia must work together to find a solution to this issue without resorting to harsh measures, with the exception of those violations that pose a serious threat to the nation's economy or the existence of the Rupiah currency on a large scale (Romli Atmasasmita, 2010: 192).

6. CONCLUSION

Article 1 paragraph (1) of Law Number 7 Year 2011 on currency stipulates that currency is money issued by the Republic of Indonesia called Rupiah. The Rupiah currency is a legal tender and is valid throughout the territory of Indonesia. In Indonesia's border areas, there is the use of foreign currencies as a means of payment in business transactions, resulting in competition between the two in the local economy.

Communities at the border still often use foreign currency as a medium of exchange in trade transactions. For them, the absence of prohibition from government officials is interpreted as permission to make their own rules regarding the use of Rupiah. The use of Rupiah as a means of payment in border areas still faces challenges, especially because many border crossers, including small and large traders, have multiple identities. Therefore, preventive legal efforts are needed, which in its implementation involves the Indonesian government and Bank Indonesia. The application is in the form of:

1. Comprehensive strengthening of juridical instruments by the Government and Bank Indonesia to strengthen supervision and control functions over rupiah currency circulation.
2. The government together with Bank Indonesia must conduct a socialization

and education movement to all Indonesian people about the importance of using and loving Rupiah and Indonesian products. So that this movement becomes a factual movement that continues.

3. The government can build infrastructure to reduce the dependence of local people on goods from neighboring countries. For example, shopping centers, money changers, and public markets.
4. Using Rupiah currency in electronic and digital form.
5. The use of digital-based currencies, of course, in its application requires a qualified internet, so the government needs to pay attention to equal distribution of internet connections for all regions of Indonesia.

Repressive legal remedies are not required in the context of this matter. There is a regulation on criminal sanctions in the Law on Currency, but it is not justified in this case. This occurs due to public ignorance of the importance of using the rupiah as a means of payment in every business transaction in the territory of Indonesia that the government together with Bank Indonesia needs to solve this problem without involving repressive actions, except in certain offenses that threaten the country's economic turnover or endanger the existence of the Rupiah currency on a massive scale.

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