

ETNO TRADITIONAL ACCOUNTING: ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE ACCOUNTING AND THEIR RELEVANCE TO THE TIME VALUE OF MONEY

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ABSTRACT

This study aims to explore accounting values in the local tradition of otok-otok and examine their relevance to the concept of time value of money from an ethno-accounting perspective. Otok-otok is a routine tradition of the Madurese people, similar to an arisan, which is carried out in turns with the aim of strengthening family ties and maintaining family harmony. This tradition is not only social in nature but also has accounting value as a form of collective savings (ompangan), for example, for weddings. This tradition focuses more on family routines or the family's intention to carry out otok-otok traditions such as circumcision, building a house, and requires capital based on trust and a sense of responsibility. Uniquely, otok-otok does not involve profit or interest in a continuous period, but rather a sense of shame, responsibility and kinship. This study uses a qualitative approach with ethnographic methods through observation, interviews and documentation in Bulang Hamlet, Pangilen Village, Sampang Subdistrict, Sampang Regency. The results of the study show that the otok-otok tradition, which is simply recorded in the jhelen book, still reflects the principle of time value of money without a formal discount mechanism. Thus, the otok-otok tradition is a cultural heritage as well as an alternative community financial system that is inclusive, fair, and sustainable.

INTRODUCTION

Accounting is essentially not merely a technical recording system, but rather a social practice influenced by values, culture, and interpersonal relationships (Potter, 2005). This perspective is in line with the view of accounting sociology, which emphasises that accounting practices cannot be separated from the social, cultural, and institutional contexts in which they take place (Burchell, S., Clubb, C., Hopwood, A., Hughes, J., & Nahapiet, 1980). The development of modern accounting science cannot be separated from the social, cultural, and local context of the community in practising economic activities. Accounting is the art of collecting, identifying, classifying, and recording transactions and events related to finance, so as to produce information, namely financial reports that can be used by interested parties (Ahrens & Chapman, 2006). Accounting is defined as an information system that identifies, records, and communicates economic events of an organisation to interested parties (Sumarsan, n.d.). According to the American Accounting Association (AAA), accounting is the process of identifying, measuring, recording, and reporting an organisation's financial transactions, which are used as information for decision-making (R Badriah, 2017).

In its development, modern accounting cannot be separated from the positivist paradigm, which is oriented toward formal standards such as the International Financial Reporting Standards (IFRS) and the Financial Accounting Standards (PSAK). However, it also encompasses interpretive, critical, and even spiritual paradigms (Kamayanti & Lutfillah, 2022). Global accounting standards for financial instruments, including receivables, are regulated under IFRS 9: Financial Instruments, which has been effective since January 1, 2018 (International Accounting Standards Board, 2014). IFRS 9 classifies financial assets based on the business model test and the contractual cash flow characteristics test (Barth & Landsman, 2010). In the context of the otok-otok tradition, the appropriate business model is objective is to recover the lent value along with social compensation, rather than to trade (Onali & Ginesti, 2014). The purpose of the cash flow characteristics test is to evaluate contractual cash flows that consist solely of payments of principal and interest on the principal amount outstanding. In otok-otok, the business model is generally because the goal is to recover the lent value along with compensation, not to trade. The objective of IFRS 9 in this study is to serve as a modern accounting benchmark useful for assessing the alignment of traditional receivables recording practices with international standards. Accounting is viewed as a social practice rooted in culture, values, and relationships between individuals. Thus, accounting functions not merely as a formal economic recording tool but also as an instrument that reflects local wisdom, solidarity, and the ethical system of society.

In this context, ethno-accounting studies were born, which is the integration of accounting recording systems with local wisdom. This approach views traditional community financial management mechanisms as having not only an economic function but also reflecting unique cultural values, social norms, and principles of mutual cooperation. One example of ethno-accounting practice is the otok-otok tradition in Madura, which is found in various regions, including Bangkalan, Sampang, Pamekasan, and Sumenep districts. This tradition resembles the traditional arisan mechanism, but has distinctive characteristics: it is based on interest-free debt, recorded manually in a 'buku jhelen' (account book), and is based on family values and social solidarity.

Previous studies have examined the otok-otok tradition from various perspectives.

(Hasanah et al., 2020) reviewed otok-otok debt-credit agreements from an Islamic law perspective and emphasised their permissibility as long as they comply with sharia law. Meanwhile, (Nurhalizah et al., 2023) described the accounting practices of otok-otok debts and receivables in Morkepek Village, documenting transaction forms such as bhubuwen, ompangan, mueng, and recording media in the form of jhelen books, agung books, donation notes, and stands. However, these studies emphasise the legal-formal aspects and recording mechanisms as well as the relevance of these practices to PSAK 71 and IFRS 9. The uniqueness of the author's research lies in linking local culture-based debt practices with the fundamental principles of modern finance, namely the concept of time value of money. Based on this, this study aims to identify and understand how the practice of debt and credit in the otok-otok tradition in Bulang Hamlet, Pangilen Village, Sampang Regency can be examined through an ethno-accounting perspective, while also looking at its relationship with the concept of time value of money.

The time value of money is based on the principle that the value of money today is greater than the same value in the future due to opportunity cost, inflation, and risk (Zendania & Setyani, 2022). This concept is the foundation of modern financial analysis and investment decision-making. In the context of economic anthropology, time value of money is not only understood as a mathematical concept, but also as a social construct that reflects the time preferences of society (B, 2024). A basic framework for thinking about decisions and policies in modern finance is that money has a time value, or in other words, the time value of money (Yudiana, n.d.). The time value of money is a fundamental concept that states that money today is worth more than the same amount of money in the future, due to its potential purchasing power and ability to generate income. Linking traditional financial practices with the time value of money can open up new perspectives on the relevance of customary-based financial systems amid global economic dynamics.

This research contributes to four aspects simultaneously. Theoretically, this research expands the study of ethno-accounting by incorporating the dimension of time value of money, so that customary-based financial practices not only have social legitimacy but can also be understood within a formal economic framework. From a practical standpoint, the results of this research can serve as a reference for the development of inclusive and contextual community-based accounting systems, especially in regions with strong informal economic traditions, while also providing input for policymakers. Methodologically, this research offers an ethnographic qualitative approach to accounting studies, which have been dominated by quantitative and normative methods. Meanwhile, from a cultural perspective, this research supports the preservation of local economic practices that are rich in social values, while also making them an alternative model of finance that is fair and sustainable.

The otok-otok tradition represents a practice of debt-credit based on trust and social solidarity based on kinship, in which members' contributions (both in the form of money and goods) are seen as debts that will be repaid in the future. This mechanism, although it does not use formal interest calculations or due dates, actually contains the meaning of time value of money: the value given at the present will be exchanged again in the future, taking into account social relevance, purchasing power, and the stability of goods as a substitute for money. Thus, this study positions the otok-otok tradition as a meeting point between ethno-accounting based on local culture and modern financial concepts, which can enrich the understanding of accounting. In Bulang Hamlet, Pangilen Village, Sampang Subdistrict,

Sampang Regency, the otok-otok tradition is divided into two forms (1): the seasonal otok-otok tradition, which is carried out during sacred moments such as circumcision ceremonies, house building, engagements and weddings; (2) the routine otok-otok tradition (tek) which takes place in a structured community forum. This otok-otok tradition is flexible, with no fixed time of implementation, and emphasises the need and intention to strengthen relationships.

Contributions to otok-otok traditions are not limited to a specific amount. Members are free to give money or goods. In terms of money, the majority of the abhubu community contributes between Rp. 30,000 and Rp. 200,000 for seasonal otok-otok traditions, while otok-otok tek traditions usually involve contributions of more than Rp. 1,000,000. For goods, women usually bring items such as sugar, rice, and oil, which are seen as a form of collective savings and 'social commitment'.

The value of ompangan in the otok-otok tradition is not fixed in nominal terms. The amount of repayment is determined by social relationships, reputation, and fair reciprocity according to the community, so that the value of the debt is not only economic but also social. For example, if someone receives bhubuwan worth £50,000, then when repaying, the amount returned can be equivalent to or higher than that value as a form of social appreciation. Although it does not involve interest or formal economic calculations, this practice reflects the basic concept of the time value of money through the transfer of value from one party to another with a time dimension, where repayment is made in the future. In fact, the use of goods as contributions is considered more relevant amid currency instability due to inflation. This study fills a gap in the literature by comparing the traditional normative/cultural practice of recording debts and receivables with the measurement and disclosure requirements of PSAK/IFRS, particularly in relation to recognition and measurement.

LITERATURE REVIEW

Ethno-Accounting

Ethno-accounting is the study of accounting practices that have developed within the context of a community's culture and local wisdom. The term ethno-accounting was first introduced to describe accounting systems rooted in the traditions and values of specific communities. This perspective emphasises that accounting practices are not universal, but rather highly contextual and influenced by socio-cultural factors. In a multi-paradigm perspective, accounting is viewed as a phenomenon that can be understood through various paradigmatic lenses. The interpretive paradigm in accounting research views accounting as a social construct that shapes and is shaped by social reality (Chua, 1986). In this perspective, reality is understood through social actors' interpretations of their experiences, so that accounting research focuses not only on technical aspects but also on the social and cultural meanings attached to accounting practices (Ahrens & Chapman, 2006). Through this lens, local accounting practices such as otok-otok are not viewed as inferior or primitive practices, but rather as legitimate and meaningful systems of knowledge in their context.

Financial Accounting Standards (PSAK)

This approach sees that financial recording, management, and accountability do not always follow formal standards such as International Financial Reporting Standards (IFRS)

or Financial Accounting Standards (PSAK), but are often influenced by social, cultural, and spiritual values. Meanwhile, accounting is an information system designed by an organisation to identify or analyse, record, and summarise activities that affect financial conditions and performance. The otok-otok tradition reflects community-based accounting practices with voluntary debt-credit mechanisms governed by customary norms without interest calculations, but still containing accounting principles such as recording, recognition, and control. This system involves a simple but systematic recording mechanism, where each debt-credit transaction is recorded using certain symbols or signs that are mutually agreed upon (Gamar & Djamhuri, 2015).

Otok-Otok Tradition

The term tok-otok follows Javanese dialogue, so its repetition is referred to in full as otok-otok. This socio-economic activity is usually held in rural areas, especially in Madura. It is organised by mass organisations or community groups formed by the Madurese people themselves. Otok-otok comes from the word to'-koto', which means to invite or beckon in a whisper. Some also say that otok-otok comes from the word tok-otok, which means a type of peanut that is usually served during the otok-otok tradition (Nurhalizah et al., 2023).

The otok-otok tradition has several main characteristics, including: bilateral recording, where both the lender and the borrower keep their own records; the use of local symbols or notation understood by the community; flexible debt settlement that takes into account the borrower's socio-economic conditions; and the existence of implicit compensation that reflects an understanding of the time value of money (Sukoharsono, 1993).

Based on in-depth interviews with several informants, it was found that otok-otok has a complex and multidimensional meaning for the Madurese people. According to **Mr Sinal (interview, 21 August 2025)**, he explained that the otok-otok tradition is “*tradisi rutin se mirip se mirip sareng arisan se ela'sanaaghi perbulen secara bergantian, dengan maksud mempererat tali silaturahmi, makompol ban slameddhan keluarga otaba mabedeh konlakon*”. The economic dimension of otok-otok was further explained by **Mr Soleh (interview, 21 August 2025)** as the person in charge and witness to the otok-otok tradition when it took place at Mr Sinal's residence, as well as the scribe, who stated that “*otok-otok bisa dikatakan sebagai tabungan kita untuk masa mendatang, tetapi bersifat periode namun tidak menentu, karena kita bisa menariknya kapan saja*”. **Mr. H. Ali (wawancara, 04 September 2025)**, As an elder, he provided a more comprehensive perspective by stating that otok-otok is “*bahwa otok-otok dalam istilah madura adalah tradisi saling utang-mengutangi nyaos secara berangsur dengan prinsip saling tolong-menolong, pinjam meminjamkan uang secara tidak langsung yang dibayar secara berangsur*”.

This finding is reinforced by **Umami Khatija's perspective (interview, 4 September 2025)**, who explained that “*otok-otok areyah tradisi se padeh so investasi, kalaben mapolong bheleh tetanggheh kaangghuy mempererat tali silaturahmi, ban mapolong pesse*”. As stated by **Mr Syamsuri (interview, 17 October 2025)** “*rutin makompol bheleh kalaban mempererat tali silaturahmi ban saleng tolong-menolong aneka se anyamah tok-otok*”. An in-depth interview with **Umami Hamudah (interview, 17 October 2025)** revealed that “*otok-otok reyah padeh so aresen se asefat matoro' pesse ka bheleh tetanggheh kaangghui sempenan masa depan*”.

In the context of financial accounting standards applicable in Indonesia, the practice of accounts receivable in the otok-otok tradition can be examined through the framework of the Statement of Financial Accounting Standards, specifically PSAK 55 on debt, which regulates how the recognition, measurement, and presentation of debt in reports carried out by an entity that has a legal or contractual obligation to pay a sum of money or provide goods or services in the future, as a result of transactions carried out in the past (IAI, 2014a). PSAK 26 regulates borrowing costs and explains the provisions for recognising borrowing costs as part of the acquisition cost of an asset (Standar et al., 2018). Meanwhile, PSAK 71 compares traditional accounts receivable recording practices with the principles of recognition, measurement, and disclosure of accounts receivable according to modern accounting standards. PSAK 71 adopts IFRS 9 and has been effective in Indonesia since 1 January 2020 (IAI Financial Accounting Standards Board, 2018). PSAK 71 classifies financial assets into several categories, such as financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. Receivables are the rights of an entity to receive a sum of money or economic value from another party as a result of a previous transaction. PSAK 23 discusses how an entity can recognise revenue, how revenue is measured, and how transactions and events related to revenue should be treated (Indonesian Accounting Association, 2020). Accounts receivable and accounts payable are accounting terms that describe the financial relationship between two parties, where one party (the debtor) has an obligation to pay a sum of money to the other party (the creditor) at a certain time. Accounts payable are obligations that must be paid, while accounts receivable are rights to receive payment.

Traditionally, receivables in cash transactions are measured at historical cost (the amount of money owed at initial recognition). Subsequent measurement under PSAK/IFRS is based on amortised cost (amortised acquisition cost) if the contractual cash flows are solely payments of principal and interest (SPPI) and the entity's business model is to hold the asset. If the instrument does not meet SPPI or is intended to be used as the main basis for auto transactions, then measurement at fair value may apply. It should also be noted that PSAK 68 on fair value requires adequate disclosure regarding the classification of financial assets/liabilities, fair value measurement assumptions (if used), measurement policies, and sources of significant uncertainty (IAI, 2014b).

Time Value of Money

The time value of money is a fundamental principle in finance which states that the value of money today is greater than the same value in the future, due to potential income, inflation, and risk (B, 2024). According to (Yuliono, 2020), the concept of time value of money can be divided into future value and present value. Although the otok-otok tradition does not explicitly use interest or discount calculations, the practice of transferring funds or goods at one point in time with repayment in the future implicitly reflects the principle of time value of money. This is particularly evident in the value of goods chosen for contribution as a form of inflation risk mitigation (Hanapi et al., 2025).

RESEARCH METHOD

This study uses a qualitative approach with ethnographic methods. Ethnography was chosen for its ability to reveal cultural meanings and social practices embedded in people's daily lives. The ethnographic approach in accounting research has proven effective in understanding informal accounting practices and traditional recording systems (Thalib, 2022). In the qualitative ethnographic approach, the researcher must go directly to the research location to collect data, get to know the research subjects well by interviewing them, observe events that occur, examine existing documents, and record them in field notes (Safrudin et al., 2023). This method was chosen because it was in line with the research objective of exploring in depth the meaning, value, and socio-economic practices in the otok-otok tradition as an informal financial system based on local culture. This approach was chosen because it was in line with the characteristics of the phenomenon being studied, namely socio-economic practices that are not formally documented but are alive and continue to exist in the daily lives of the community from generation to generation. It also reflects an informal financial system that is carried out through communal accounting.

The research location was set in Bulang Hamlet, Pangilen Village, Sampang Subdistrict, Sampang Regency. This area was selected purposively because, to this day, the community still actively practises the otok-otok tradition as a mechanism for fulfilling economic needs and as a means of strengthening social solidarity. In addition, this location represents the practice of otok-otok that has been going on for generations, making it relevant for analysis from the perspective of debt accounting based on local wisdom. The enthusiasm of the local community in maintaining this practice makes this location relevant as a representation of the phenomenon being studied.

Research informants were selected using snowball sampling, whereby the researcher initially selected four informants to be interviewed about the otok-otok tradition, which then increased to eight informants. The first informant was a practitioner of the otok-otok tradition at the time of the interview, while the second informant (host) was a sanction enforcer during the tradition. The third informant was a traditional leader or village elder who knew the history and values of the otok-otok tradition, and the fourth to eighth informants were active members who had participated in the otok-otok community for at least five years. This technique was chosen because qualitative research emphasises depth of understanding, so informants must have direct experience and adequate knowledge of otok-otok practices.

Data analysis was conducted using a model consisting of three main stages: data reduction, data presentation, conclusion drawing, and verification. Data collection was carried out using several techniques, namely participatory observation, interviews, documentation studies, and social artefacts. Data validity was maintained through triangulation of sources, methods, and time (Shonhadji, 2021). Source triangulation was carried out by comparing information from various informants, method triangulation by using interviews, observation, and document studies, and time triangulation by conducting observations at different times. The study also upheld the principles of qualitative research ethics by ensuring informed consent and not harming any party.

By using an ethnographic qualitative approach, snowball sampling technique, data triangulation, and in-depth analysis, this study is expected to provide a comprehensive understanding of debt-credit accounting practices in the otok-otok tradition and show how social values such as shame, responsibility, solidarity, and trust serve as the basis for

accountability in a local culture-based financial system. This practice demonstrates a form of trust-based accountability that is in line with ethnomethodology, which uses local values as the basis for decision-making and economic transaction management. Although the ethnographic method provides a deep understanding of social practices, this approach also has limitations because it is highly dependent on the subjectivity of the researcher. Therefore, reflexivity and systematic documentation are important to minimise bias in interpretation (Thalib, 2022).

RESEARCH RESULTS AND DISCUSSION

History and Background of the Otok-otok Tradition

This study reveals the significant complexity of the otok-otok tradition as an informal accounting practice in managing a debt-credit system based on social trust among the Madurese community. Based on findings from eight informants consisting of practitioners of the otok-otok tradition, clerks or witnesses during the otok-otok tradition, elders, and members of the community who are active in the otok-otok tradition, it can be concluded that this tradition goes beyond the function of a simple economic transaction mechanism. The otok-otok tradition is a representation of social capital that is closely intertwined with the cultural values of mutual cooperation, honesty, and collective responsibility. From a historical perspective, the otok-otok tradition has developed since the pre-independence era as an adaptive solution to limited access to capital and formal accounting systems in the Madura region, particularly in Bhulang Hamlet, Pangilen Village, Sampang Subdistrict, Sampang Regency. This practice arose from the urgent need of the community, which initially required flexibility in their economic transactions.

Forms of Tradition and Categorization of Otok-Otok

The otok-otok tradition is a socio-economic practice that is deeply rooted in the lives of the people of Bhulang Hamlet, Pangilen Village, Sampang Subdistrict, Sampang Regency. This tradition takes the form of a collective system of ompang-mengompangi or debt-repayment carried out during various celebrations or family ceremonies. The term 'otok-otok' in the Madurese language comes from the root word 'otok', which means to lift or carry something. In this context, it refers to the practice of bringing material assistance in the form of money or goods to families who are holding celebrations.

Based on the results of the study, there are two types of otok-otok traditions: first, the seasonal otok-otok tradition, which is carried out during sacred moments such as family celebrations, circumcisions, engagements, weddings, seven-month pregnancy celebrations, birth celebrations (pa'polo orep), and various other celebrations; second, the routine otok-otok tradition (tek) which takes place in a structured community forum.

To obtain more in-depth information, the researcher conducted interviews with seven informants. The first informant was Mr. Sinal, 21 August 2025, who was the host when the otok-otok tradition was taking place. Mr. Sinal explained that the otok-otok tradition is "*tradisi rutin se mirip se mirip sareng arisan se ela'sanaaghi perbulen secara bergantian, dengan maksud mempererat tali silaturahmi, makompol ban slameddhan keluarga otaba mabedeh kon-lakon*". According to Mr Sinal, these otok-otok have been a long-standing cultural tradition, usually organised by otok-otok members on a rotating basis. The aim is to

maintain unity and harmony. The author's interview with Mr Sinal revealed that otok-otok function as a mechanism for maintaining social cohesion that goes beyond mere economic functions. The use of the term 'mabedeh kon-lakon' indicates the philosophy of mutual cooperation that underlies this practice, in which the community builds an informal social security system based on reciprocity and mutual support. In each event, residents who have social relationships with the family hosting the celebration will provide assistance in the form of money or goods, which are recorded in detail by the recipient family. These are recorded in a special otok-otok book or jhelen book.

Subsequently, an interview was conducted with the second informant, Mr. Soleh, on 21 August 2025 (as the person in charge and witness in the otok-otok tradition when it took place at Mr. Sinal's residence as well as the scribe). Mr. Soleh also said "*otok-otok bisa dikatakan sebagai tabungan kita untuk masa mendatang, tetapi bersifat periode namun tidak menentu, karena kita bisa menariknya kapan saja*". He explained that as a clerk, he was responsible for recording every transaction that occurred in the jhelen book. His role was crucial because he was a witness and guarantor of transparency in every recording of bhubuwan (debts) and ompangan (receivables). The concept of 'flexible savings' presented by Mr. Soleh reveals the economic dimension of otok-otok as an informal financial instrument that provides emergency liquidity. Unlike formal savings systems that have fixed periods, otok-otok offers flexibility in withdrawals according to urgent needs, which is very suitable for the economic characteristics of agrarian communities whose income is seasonal.

Meanwhile, according to Mr. H. Ali, 4 September 2025, as the third informant and an elder figure, "*bahwa otok-otok dalam istilah madura adalah tradisi saling utang-mengutangi nyaos secara berangsur dengan prinsip saling tolong-menolong, pinjam meminjamkan uang secara tidak langsung yang dibayar secara berangsur*". Mr H. Ali, as an elder figure, emphasised the principle of 'nyaos' (sharing/taking turns) and payment in instalments, showing that this system was designed with consideration for the limited economic capacity of the community. This is an approach that emerged as an adaptive response to the financial exclusion of rural communities from the formal banking system. Otok-otok has become the saviour of the Madurese rural community's economy. Meanwhile, according to the fourth informant, Ummi Khatija, 4 September 2025, as a community member who actively participates in the otok-otok tradition, she believes that "*otok-otok areyah tradisi se padeh so investasi, kalaben mapolong bheleh tetanggheh kaangghuy mempererat tali silaturahmi, ban mapolong pesse*". As an active member, Ummi Khatija revealed that she has been participating in otok-otok for approximately 10 years. According to her, otok-otok not only provides financial assistance, but also strengthens women's position in family economic decision-making. Ummi Khatija's view reveals the gender dimension in the practice of otok-otok. The concept of 'social investment' conveyed demonstrates an understanding of social capital as an asset that can be accumulated and monetised when needed. Women's active involvement in otok-otok also indicates that this tradition serves as a space for women's economic empowerment in the context of Madurese patriarchal society, where women have opportunities and power in managing household finances through informal mechanisms.



Pict 1. Implementation of the otok-otok tradition in Bhulang Hamlet, Pangilen Village, Sampang Subdistrict, Sampang Regency [Primary Source: Researcher, 21 August 2025].

The Process of Carrying Out the Otok-Otok Tradition

Before the event begins, the host prepares various items such as seating, mats, tables, and simple decorations (welcome signs) to create a festive atmosphere. The most interesting part is the preparation of traditional snacks such as nuts (roasted peanuts, lercet nuts), fruits (bananas, oranges, salak), and cookies (mari kelapa, kuping gajah, tai kucing, bangket) as well as market snacks (apem, cucur, onde-onde, lupis, sticky rice, jenang, and sponge cake). These are usually reserved for male guests. Female guests are usually served heavy meals such as soto, soup and rames. The food served is usually cooked together by family and neighbours, demonstrating the strong sense of community within the society. These foods have symbolic meanings, for example, apem symbolises an apology, cucur symbolises continuous fortune, and sticky rice means unity and social cohesion.

Social Function and Mechanism of the Otok-Otok Tradition

The otok-otok mechanism is carried out in Bhulang Hamlet, Pangilen Village, Sampang Subdistrict, Sampang Regency through a verbal agreement stage where the transacting parties agree on the amount of money or goods, the repayment period, and the consequences in case of delay. There are two types of invitations in this tradition. The first is conveyed verbally, as close relationships between residents are already customary. Here is a simple example of a sentence used to invite relatives and close neighbours, according to Mr Sinal “*Senin engkok asalameddhen, long-polong ye ka roma*” which means ‘There will be a celebration on Monday, so please come to my house.’ This is sufficient to invite neighbours and close family members. The second is in the form of a special invitation, which is usually addressed to neighbours and distant family members. The event becomes even more lively with a recitation of prayers before the otok-otok event begins, followed by the le'melle' event, which usually takes place in the evening after the recitation of prayers. During le'melle', everyone who attends usually plays dominoes and karaoke and is served drinks and snacks. This reflects the joy of the community while strengthening the values of togetherness and unity.

In the otok-otok tradition, invitations are usually clearly written to specify whether they are intended for men or women, or both are invited to attend the otok-otok event. In the otok-otok tradition, there is a term in the invitation, ‘Ta' naremah Tamoy Binik,’ which means ‘No Female Guests Allowed.’ If a member holds an otok-otok tradition and sends out invitations, only male guests are invited. The main actors in the otok-otok tradition have several terms, such as bhubuwen (debt), ompangan (additional debt), mueng (debt), and

witnesses, who are usually community members who help receive guests and act as witnesses when recording *bhubuwan*. The role of the witness is crucial as a moral guarantor of the transaction. Residents who feel a social bond, whether due to neighbourhood, kinship, or friendship, and a sense of responsibility will come to bring assistance in the form of money placed in an envelope or goods.

The fifth informant, Mr Fausi, 4 September 2025, as a member of the community who actively participates in the *otok-otok* tradition, explained that 'there is a special invitation to invite other *otok-otok* members, usually using a written invitation called *ban ekoca' langsung*'. He added that the difference between verbal and written invitations is that verbal invitations reflect social closeness within the community. Written invitations show more formal respect, especially for members who live outside the hamlet or have higher social status. The invitation system, which is differentiated based on social and geographical closeness, shows the complexity of the social structure in the *otok-otok* tradition. The use of written invitations is not only a function of communication, but also serves as an informal document that records membership and participation in the *otok-otok* network. This is a form of social documentation which, although simple, has an administrative function in maintaining the accountability of the system.

Informal Accounting Practices

In practice, the community or invited members, particularly the majority of men, bring money, while the women bring staple goods such as rice, oil and sugar. The records are kept in a special book called a *jhelen* book. The recording process varies; some are written down immediately when the *abhubu* person gives money or goods. Others record it after the event is over, some record it the next day, and some record it a week after the event. The *jhelen* book is very important in the *otok-otok* tradition to know when other people who have events invite them, so that the host knows the amount that must be returned to the *otok-otok* members.

The sixth informant, Mrs Nasia, 17 October 2025, who is responsible for keeping her family's *jhelen* book, explained "*Buku jhelen areyah buku toron tamoron se sanget penteng, kaangghuy bhukte panolesan ban-ghibena oreng se la mareh eyundang (se abhubu ka sengkok teppak andik acara)*". He explained that the *jhelen* book in his family was decades old and contained records of *otok-otok* transactions from three generations. When someone passed away, their *ompangan* obligations could be continued by their children or close family members. Mrs Nasia stated that the *jhelen* book served not only as a financial record, but also as a social inheritance that transferred moral obligations between generations. The principle of 'no less, but more' reflects Islamic values and Madurese culture of repaying kindness with greater kindness. This also indicates that the *otok-otok* system has a sustainability mechanism through intergenerational transmission.

The timing of the *otok-otok* tradition is flexible and adjusted to the economic cycle of the community. This *otok-otok* tradition, which is carried out in groups, is usually held every month on a rotating basis, but there are two months in a year when the *otok-otok* tradition is not held, namely during the month of Ramadan (the month of fasting) and the month of *Dzulqad'ah* (the month of *tekepe*'). Each individual who participates in the *otok-otok* tradition does so once a year, twice a year, or even once every five years, depending on their intentions and needs. Each month, there is not just one person who holds this tradition, but

2 to 5 people. The seventh informant, Mr. Syamsuri, 17 October 2025, as an active participant in the otok-otok tradition, stated that the otok-otok tradition is usually performed every month on a rotating basis. *“mon sengkok biasanah narek tok-otok e bulen rebbe otabe sya’ban kangghui modal usaha, ajhuwalan klambi e pasar”*. As a clothing merchant in the market, Mr Syamsuri utilises otok-otok as a source of business capital. He chooses the months of Rajab or Sha’ban because demand for clothing increases ahead of Ramadan, allowing the capital from otok-otok to be turned over quickly and generate profits, part of which is then used to repay his ompangan. The otok-otok tradition functions as a highly effective informal social security system in the community. When a family faces a large financial need to hold a celebration, they can rely on collective assistance from the surrounding community through the otok-otok system. This eases the economic burden on the family and allows them to hold a celebration in accordance with local social norms.

Connection with Modern Accounting Principles

The connection between the otok-otok tradition and modern accounting principles reveals an interesting convergence as well as a fundamental divergence. In the context of recognition, otok-otok applies the principle of recognition at the time of verbal agreement, which is conceptually in line with the accrual basis in accounting. However, a fundamental difference lies in the recording process, which is formal in accounting, whereas in the otok-otok tradition it is merely a routine recording, but there is a special mark when the ompangan has been paid. According to the eighth informant, Ummi Hamudah, on 17 October 2025, as a recipient of ompangan, she said *“Bedeh tandhe khusus mannabi lastare mabelih bhubuwan, biasanah nyamanah oreng se la mareh e pabelih se toles e buku jhelen otok-otok ruah e coret, tandenah otangngah la lonas”*. He explained that this ticking system is very effective because it provides visual certainty about payment status. In addition to being ticked, sometimes a check mark or circle is added as double verification. A jhelen book full of tick marks shows how active someone is in the otok-otok network. The otok-otok tradition functions as a very effective informal social security system in the community. When a family faces a large financial need to hold a celebration, they can rely on collective assistance from local residents through the otok-otok system. This eases the economic burden on the family and enables the holding of a celebration in accordance with local social norms.

Measurement in otok-otok is based on the nominal value of goods or money at the time of the transaction without considering future changes in value. This differs from fair value measurement in accounting standards, which considers the fair value of assets and liabilities. The reporting system in otok-otok is oral and situational, where information about outstanding debts is communicated informally in community meetings or through trusted intermediaries. There are no formal financial reports such as balance sheets or income statements, but there is strong social accountability through communal control mechanisms.

Measuring the Time Value of Money

The concept of time value of money also appears in the practice of otok-otok, although its form differs from modern financial theory. In the context of present value, assistance in otok-otok is provided when the event organiser needs funds, so that the value of the benefit is felt immediately at that time. Conversely, repayment is made in the future

when the donor holds an event, so it has the characteristics of future value. Compensation for this time lag is not in the form of interest, but rather in the form of a voluntary increase in value. The principle of 'not returning less than what was received' becomes a social mechanism that replaces the concept of interest rates. This practice also anticipates inflation, as people often contribute in the form of goods such as rice, sugar, or oil, whose purchasing power is relatively more stable than money.

From an opportunity cost perspective, otok-otok provides benefits in the form of social capital and reputation that can be used as collateral when someone needs help in the future. Credit risk in this tradition is also addressed through a system of trust and social sanctions such as shame or communal reprimands, which function similarly to risk premiums in financial concepts. In addition, time preference is reflected in the community's tendency to accept assistance now and repay it later, so that otok-otok functions as a form of 'social savings' that can be withdrawn flexibly when needed.

The relevance of the time value of money in otok-otok demonstrates the community's intuitive understanding of financial economic concepts, even though it is not formally articulated. In practice, otok-otok does not charge explicit interest, but there is implicit compensation through a mechanism of reciprocity. When someone receives goods with deferred payment, they understand that in the future they are also expected to provide similar or even greater favours to the lender. This reflects the concept of time value being compensated not in monetary terms but in social capital. In the context of goods, depreciation or deterioration in the quality of goods during the deferral period is not explicitly taken into account, as priority is given to the sustainability of social relations over the optimisation of economic profits. The uniqueness of this otok-otok tradition is the moral obligation to repay the assistance with a value greater than what was received. This added value is adjusted to economic conditions, time distance, and the type of event held by the local community, who refer to this added value as otok-otok, reflecting gratitude and respect.

Comparison with Financial Accounting Standards (PSAK)

A comparison with PSAK (Financial Accounting Standards) reveals significant gaps but also provides insight for the development of more inclusive accounting standards. IFRS 50 on Financial Instruments: Recognition and Measurement sets strict requirements for the recognition of financial assets and financial liabilities, including accounts receivable and accounts payable. This standard requires the recognition of accounts receivable when an entity becomes a party to a contract and has a contractual right to receive cash. In otok-otok, even though there is no written contract, verbal agreements are considered socially and morally binding, which indicates a legitimate alternative form of contract in certain cultural contexts. Meanwhile, in the practice of otok-otok tradition, receivables are indeed directly in the form of monetary value, but on the other hand, otok-otok members also consider the time period, so that inflation does not disadvantage either party. An interesting aspect of the otok-otok tradition is the moral obligation to repay the assistance with a value greater than what was received. This added value is adjusted according to economic conditions, time elapsed, and the type of event held.

The local community refers to this added value as an otok-otok bonus, which reflects gratitude and respect. The fundamental difference between the otok-otok practice and the conventional interest system lies in the absence of coercion or formal agreement regarding

the amount of the bonus. The additional value is given voluntarily based on the ability and respect for the previous aid provider. This shows that the community of Bhulang Hamlet, Pangilen Village, Sampang Subdistrict, Sampang Regency understands the economic value of time, but implements it within a social and moral framework, not merely as an economic transaction.

PSAK 71 on Financial Instruments, which adopts IFRS 9, regulates the impairment model based on expected credit loss. Otok-otok has a different risk assessment mechanism, which is based on reputation and social networks rather than quantitative analysis. For example, credit losses are not formally clarified, but the community has its own mechanism for identifying and dealing with problematic debtors through social pressure and mediation by community leaders. This shows that social capital can serve as a substitute for regulating debt and credit issues in small-scale economies with a high trust environment. Although they do not use complex mathematical formulas, the community of Bhulang Hamlet, Pangilen Village, Sampang Subdistrict, Sampang Regency has its own way of determining the value of otok-otok repayments. This calculation is based on several factors: the time between giving and receiving repayment, the type of event held, the closeness of the relationship, and the economic conditions at the time of repayment.

In terms of measurement, PSAK (Financial Accounting Standards) stipulates that receivables should be measured at fair value, taking into account the time value of money. However, in the otok-otok tradition, there is no calculation of interest or discounts, so the measurement remains at the nominal value according to the original amount. The absence of interest does not mean that there are no capital costs, but rather that these costs are considered a form of social investment. Through this tradition, the community does not seek monetary gain, but hopes to obtain non-financial benefits such as future rewards for kindness, an improved reputation in the social environment, and stronger relationships and solidarity among community members. The non-financial benefits of the otok-otok tradition are future rewards for good deeds, an improved reputation in the social environment, and the formation of stronger relationships and solidarity among community members.

This study makes an important theoretical contribution by showing that accounting as a social practice can function well without being overly formal, as long as it is supported by a strong social environment, such as mutual trust among citizens (social capital) and shared cultural values. The otok-otok tradition shows that accounting is not just a matter of numbers and technical record-keeping, but is also closely related to social relationships and cultural norms within the community. These findings enrich ethnographic accounting studies by providing concrete evidence from the Indonesian context, specifically Madura Dusun Bhulang, Pangilen Village, Sampang Subdistrict, Sampang Regency, and contribute to international accounting literature, which has rarely discussed local practices.

From a practical perspective, the otok-otok tradition provides valuable lessons for the development of more inclusive financial strategies. This system proves that communities with limited access to formal financial institutions are still able to create effective and sustainable alternative ways to meet their economic needs. Policymakers and financial institutions can learn from the otok-otok system about the importance of flexibility, sensitivity to local culture, and a community-based approach in designing financial products and services for communities that are not yet reached by the banking system.

Furthermore, this research also confirms that the differences between formal and

informal financial systems should not necessarily be viewed as contradictory. In fact, these two systems can complement each other through a hybrid model. The otok-otok tradition can be strengthened with elements of formal accounting, such as simple record-keeping and basic financial training, without losing its flexibility and social value. Conversely, formal accounting standards can become more inclusive by recognising alternative practices and other forms of accountability that are in line with local culture.

In the context of rural economic development and the empowerment of micro, small and medium enterprises (MSMEs), the otok-otok tradition can be used as a basis for developing a community-based microfinance system that is in line with the local culture. The government and microfinance institutions can support a gradual formalisation process by introducing simple recording systems, basic financial management training, and bridging relationships with formal financial institutions without disrupting the existing social order. A bottom-up approach that respects local practices will be more readily accepted and sustainable than the top-down application of formal standards, which are often incompatible with community conditions. Overall, the otok-otok tradition is unique in that it combines religious, social and cultural elements in a single activity. This tradition is not only a means of sharing and giving thanks, but also a medium for strengthening relationships between residents, fostering a spirit of mutual cooperation, and preserving Madurese cultural identity so that it remains alive amid changing times.

CONCLUSION

This study concludes that the otok-otok tradition in Bulang Hamlet, Pangilen Village, is a socio-economic practice based on local culture that functions as an interest-free debt mechanism without formal due dates. The recording system is carried out simply through jhelen books and is supported by social values such as shame, solidarity, trust, and moral responsibility. Accountability in this tradition is not built through formal modern accounting standards such as IFRS or PSAK, but through trust-based accountability that can be passed down to relatives. From a time value of money perspective, although the community does not explicitly use interest or discount calculations, the otok-otok mechanism reflects the basic principles of time value of money. Current members' contributions, whether in the form of money or goods, will be repaid in the future, taking into account purchasing power, inflation, and inherent social value. Contributions in the form of goods are even considered to be more stable in value than cash amid inflation, so this practice can be understood as a local effort to maintain economic value. Thus, the otok-otok tradition is not only a cultural heritage, but also a community-based economic practice that can be understood within the framework of modern accounting and as an alternative microfinance model that is inclusive, equitable, and sustainable.

However, this study has several limitations. It has not considered quantitative aspects in measuring the value of otok-otok contributions using present value and future value calculation methods. In fact, the integration of a quantitative approach could enrich the validity of the study and provide a stronger mathematical basis for linking traditional practices with the concept of the time value of money. The scope of the research, which was only conducted in Bulang Hamlet, Pangilen Village, means that the results cannot be generalised to the entire Madurese community or other communities with similar traditions.

In addition, the use of a qualitative approach makes the data highly dependent on the informants' narratives, thus containing subjectivity.

Based on these limitations, several suggestions can be made. Future research should expand the study location to other districts in Madura, or even compare it with similar practices outside Madura, so that broader variations and patterns can be found. A quantitative approach can be used to measure the contribution value of otok-otok mathematically in the framework of present value and future value, so that the integration between ethno-accounting and time value of money is stronger. For academics, this research can be used as a basis for developing ethno-accounting theory that integrates local cultural values with modern financial principles. For the community, the otok-otok tradition needs to be preserved as a mechanism for social and financial solidarity based on local wisdom, with more orderly administrative management so that it can become an effective community financial practice. Meanwhile, for policymakers, the otok-otok practice can be used as inspiration in designing inclusive, fair, and culturally appropriate community-based microfinance programmes, thereby providing a solution for communities that have difficulty accessing formal financial institutions. Further research can be conducted by expanding the study location to various districts in Madura to observe variations in otok-otok practices. In addition, the development of a community-based accounting model that combines cultural values with the principle of time value of money can be used as a reference in designing an inclusive, fair, and sustainable microfinance system.

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