

## Financial inclusion impementation program for the development in the area of South Tangerang, Banten

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**Abstract.** The research objective aims to evaluate the problems about the implementation of financial inclusion for the economic development especially in the area of South Tangerang and find solutions for the development financial inclusion. The research is qualitative research that using primary data and the data collection methods is in the questionnaires, interviews, and observations through the official website and Annual Report. The object of this research is OJK of Financial Services Authority as the regulator, five conventional banks are BRI, Mandiri, BNI, BCA and CIMB Niaga as supply side, and the micro and small category of Small Medium Enterprise in Tangerang Selatan area as the demand side. Using testing questionnaire data with validity and reliability test. The conclusion of the research is the OJK and banks have done enough support to improve the financial inclusion program to the micro and small category of SMEs. The majority of services and facilities available have been by the needs of SMEs, but there are still obstacles in marketing (marketing exclusion). Thus, an efficient solution is to educate and socialize more evenly and more vigorously, and invite other banks to participate in supporting OJK programs in increasing financial inclusion.

### 1. Introduction

Indonesia in the era of the ASEAN Economic Community (MEA) in early 2016 actually has can improve the welfare of its people. and it need a strategy in facing the challenges in economic growth. One of the strategies required is good public financial literacy. Puneet Bhushan and Yajulu Medury (2013) research about financial literacy research and its determinants. Financial literacy is the ability to create valuation information and make effective decisions in using and managing finances. Financial literacy allows individuals to improve overall wellbeing. This study has shown that the acceptable level of worldwide financial literacy is still low. People are still confused to make decisions about personal financial problems and still often make mistakes. In India also the level of financial literacy is still very low. An attempt has been made through this research to determine the level of financial literacy on individual income (salary) based on the various demographic and socioeconomic factors. The findings of this study indicate that the overall level of financial literacy is not very high. Financial literacy will be influenced by factors such as gender, education, income, the nature of work and place of business or work, while the level of financial literacy is not influenced by age and geographic area. This research will help

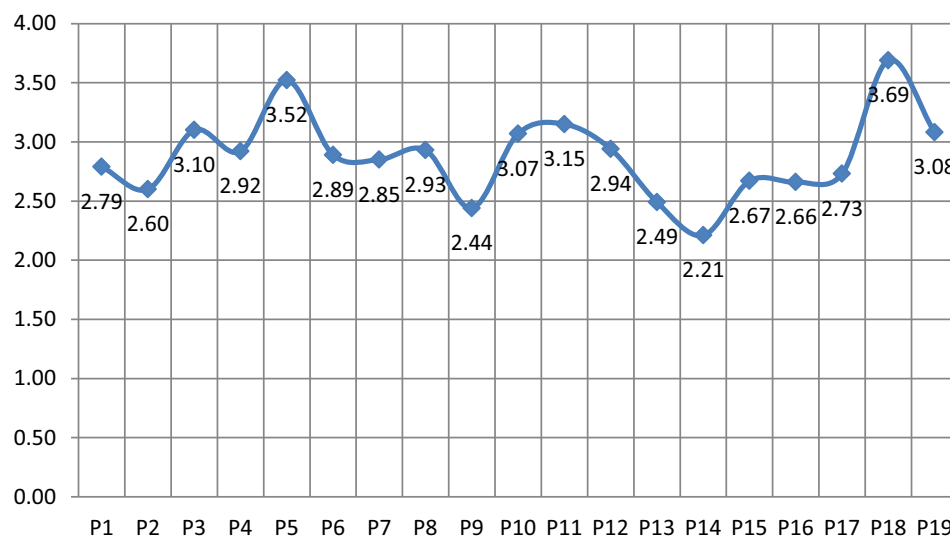


policymakers such as regulators as policy makers to devise appropriate strategies to improve the level of financial literacy. Another research is from Audil Rashid Khaki (2012) that conducts researches to look at various financial inclusion initiatives taken by banks in the Indian state of Jammu and Kashmir. Also, this study was also evaluate the status and progress of the financial inclusion. The research method is through the analysis of various data that has been collected, both primary and secondary data. Secondary data in this study were originally from various reports, journals, NABARD Supplementary Statements, State Level Bankers Committee Reports, 2011 census, economic survey and various websites. While the primary data collected comes from unstructured discussions with various bank executives, officials from NABARD, and business journalists. Primary data is also conducted through discussion and consultation with relevant banking functionaries from upper and middle management. This study found the significant progress has been made and achieved by the state of Jammu and Kashmir in achieving the broader goal of inclusive growth through financial inclusion, even the bankers and government agencies late show their sincerity in implementing financial inclusion and coordinated plans. But banks still need to continue to reform their plans and ensure that poor people enter into informal sources of finance, as much has been done, but still many have not been achieved. Also in Indonesia, from this research it can found that the Financial Services Authority or OJK has an Inclusive Finance program with the aim of increasing literacy and financial inclusion of Indonesians. The National Financial Literacy Survey that conducted by OJK in 2013 shows that the financial literacy index is 21.84% and the financial inclusion is 59.74%, while the financial inclusion target in 2019 is 75%, therefore OJK issues the National Financial Strategy Inclusive (SNKI). This study is uses the South Tangerang area due to the phenomenon of increasing the number of poor people in South Tangerang in 2011 amounted to 88,544 which increased to 115,183 in 2015. The formulation of the problem in this research is what are the desires and needs in the business that in the small and medium enterprises category in Tangerang Selatan on financial services products and facilities arranged and provided by OJK and Banking; How is the effort done by the OJK and banking parties in creating regulations and providing financial services products and facilities in accordance with the needs of small and medium enterprises in South Tangerang; How is the effort done by the OJK and Banking parties in creating regulations and providing financial services products and facilities in accordance with the needs of small and medium enterprises business in South Tangerang; How is the right solution to overcome the specific obstacles to increase financial inclusion of medium small and medium enterprise in South Tangerang. This research has objectives, among others, to find out the wants and needs of business in category of small and medium enterprises in South Tangerang to products and financial service facilities that are arranged and provided by OJK and Banking; To know the business conducted by the OJK and Banking in creating the regulation and providing products and financial service facilities in accordance with the needs of SMEs in the category of small and micro enterprises in South Tangerang; To know the specific obstacles between the desire and the needs of the micro and small category with the efforts undertaken by OJK and banking industry, thus inhibiting the increase of financial inclusion of medium small and medium enterprise in South Tangerang; To find an efficient solution in overcoming specific obstacles in order to increase financial inclusion of MSMEs in South Tangerang can be more optimal. There are several previous studies that discuss financial inclusion programs in various regions. In addition to its development, there are also several studies that address the constraints faced in the implementation of financial inclusion and provide solutions. Such research is a study conducted by Nasution, Sari and Dwilita (2013), which is a baseline study that presents some descriptions of some of the factors affecting the implementation of inclusive financial policies in North Sumatra.

## 2. Research Methodology

This research is qualitative by using descriptive analysis method which comes from primary data and secondary data. Primary data derived from the results of interviews with regulators, banks and small and medium enterprises actors and the questionnaires that distributed to the perpetrators the small and medium enterprise. While secondary data comes from the official website, annual report 2015, and literature study. In determining the number of samples for the distributed questionnaires, this study uses the Slovin formula and uses the Likert scale. In managing the data, researchers used Microsoft Excel 2010 and SPSS version 23 software. The results obtained are presented in the form of tables, graphs, and descriptive analysis.

After distributing 100 questionnaires to MSMEs small and micro category in Tangerang Selatan area. Here is a graph that aims to summarize the average value of the questionnaire data



**Figure 1.** The Average Value of The Questionnaire Data Summary Graph

Based on the graphic above we can know and understand the specific barriers in increasing financial inclusion is marketing exclusion. Small and medium enterprise are hoping for more socialization on financial services products and facilities. The following table summarizes the gap differences between the needs of MSMEs in banking services.

**Table 1.** Gap Differences Between The Needs of MSMEs in Banking Services Summary

Bank	Gap						%
	Physical	Access	Condition	Price	Self	Marketing	
<b>BRI</b>	Yes	Yes	Yes	Yes	Yes	Yes	<b>100%</b>
<b>Mandiri</b>	Yes	Yes	Yes	Yes	Yes	Yes	<b>100%</b>
<b>BNI</b>	Yes	Yes	Yes	Yes	Yes	Yes	<b>100%</b>
<b>BCA</b>	Yes	Yes	Yes	Yes	Yes	Yes	<b>100%</b>
<b>CIMB Niaga</b>	No	Yes	Yes	Yes	Yes	Yes	<b>80%</b>

From the graphic above it can be seen that CIMB Niaga has not fulfilled 100% requirement of the small and medium enterprises supporter, because the program that runs has not been dropped directly to the location where the SME industry located. The following table summarizes the gap differences between MSMEs and SMEs.

**Table 2.** Gap Differences Between MSMEs and SMEs Summary

<b>Regulator</b>	<b>Gap</b>						<b>%</b>
	<b>Physical</b>	<b>Access</b>	<b>Condition</b>	<b>Price</b>	<b>Self</b>	<b>Marketing</b>	
OJK	Yes	Yes	Yes	Yes	Yes	Yes	100%

### 3. Summary

Based on the results of questionnaires and interviews that have been done to 100 respondents who are the perpetrators of small and micro SMEs in South Tangerang, it can be concluded that they have the desire and need for more and more spreading socialization and education provided by the regulator and the banking. In creating regulations and programs that suit the needs of small and micro medium enterprise in South Tangerang, the regulator, the Financial Services Authority (OJK), has a (SiMolek) or car program that aims to increase financial literacy In Indonesia provided through the banks. In addition, the banks that play a role in providing financial services products and facilities in accordance with the needs of SMEs in small and micro categories in South Tangerang, have made the following efforts; Bank BRI has Kanvasing, Gerebek Pasar and Teras BRI programs; Bank Mandiri has a Bank Mandiri Agent program; Bank BNI has an agent program BNI 46; Bank BCA has a BCA LAKU program; Bank CIMB Niaga has conducted educational programs and socialization but has not been dropped directly to the location of the perpetrators of SMEs working or business location. The specific obstacles that hinder the increment of financial inclusion for SMEs in small and micro category in South Tangerang are the obstacles or exceptions of access where UMKM actors feel that education and socialization about the products and facilities of financial services are still uneven. Regulators and banks have programs, products, and financial services in accordance with the micro and small category of SMEs in South Tangerang, but MSMEs themselves still feel certain obstacles, especially in marketing exclusion. So that the perpetrators of the small and medium enterprise are not all know the program made by OJK and which has been provided by the banking parties this is known to be a gap difference arising from the asymmetry of information among the three parties (regulator, banking and SMEs).

An efficient solution to minimize marketing exclusion and information asymmetry that can hamper the implementation of OJK and banking programs in increasing

financial inclusion for small and micro SMEs in South Tangerang, the first is the regulators and banks should be more vigorous and evenly distributed in the promotion, Socialization and education about OJK program and banking facilities. The second solution is the regulator that is OJK invites more private and sharia banking to provide financial products and finances appropriate to the needs of SMEs. Based on the conclusions and limitations that exist, the researchers provide suggestions as follows:

1. For Regulators The regulator, the Financial Services Authority (OJK), is expected to be more vigorous and equitable in educating and socializing the financial service facilities provided by the banks. In addition, the regulator is expected to invite more private and Islamic banking in providing products and financial service facilities that suit the needs of MSMEs.
2. For Banking. The Banks consisting of state-owned and private banks are expected to be more vigorous and equitable in providing education and socialization of OJK-owned programs as well as the financial services products and services provided by banks in order to enable MSMEs to utilize financial services products and facilities.
3. For the perpetrators of MSMEs. The medium small and medium enterprises are expected to be proactive in collecting all kinds of information about financial services products and facilities, such as having no hesitation in asking questions and asking for clarification on terms, rights and obligations to those who offer or socialize financial services products and facilities.
4. For further researchers. The researcher is then expected to expand the scope of the area studied, conduct research not only using closed questions for the questionnaire, but also add open questions to get more accurate results and do research not only using random sampling technique in determining the bank to be selected as research object.

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