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Financial Inclusion in Indonesia: Application of MSME Accelerating Model to Access Bank Financing

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ABSTRACT

This study explores the factors that increase the banking financing access of micro, small, and medium-scale enterprise (MSME), which impact the financial inclusion of this sector in Indonesia. This study also discussed the importance of this line of research given the crucial role of MSMEs in economic growth, increased job opportunities, and strong export structure. However, only 22% of MSMEs from the total of 56.4 million MSMEs in Indonesia in 2014 have access to bank financing. This finding directly demonstrated low MSME financial inclusion level in Indonesia. This study employs convergent interviewing techniques to highlight key issues related to factors that can accelerate the opportunities of MSMEs to gain access to bank financing. The study was conducted based on information from two perspectives, namely, the MSME as borrowers and the bank as lender. Research result yields that the creation of MSME acceleration model must be accessed in bank financing to increase the financial inclusion of MSME sector in Indonesia.

Keywords: Banking Financing, Convergent Interviewing, Financial Inclusion, MSMEs.

1. INTRODUCTION

Exclusive development in a country can result in two sides, similar to a coin where one side of development can produce high growth but does not significantly reduce poverty. This development led to an inclusive development era. Inclusive development is important to help avoid a category of failed countries (Tambunan, 2016). This finding is emphasized in the explanation of Acemoglu and Robinson (2014), who state that countries with inclusive political-economic institutions tend to be rich countries, and countries with extractive or exclusive political-economic institutions tend to fail. This failure is evident in the presence of large economic disparities, unstable socio-political conditions, and uneven access to development, one of which is financial access, which is often called financial inclusion.

Financial inclusion is an important point in the development of an inclusive economy, wherein all societies, particularly underclass communities, participate and access banking services, particularly savings and loan services. Only 50% of adults

around the world have a bank account (Global Financial Development Report, 2014). Formal financial services in developed countries are owned by more than 90% of the population. Only 9% and 4% of the population in the United States and Germany do not have access to formal financial services (Peachy and Roe, 2006). The conditions are different when compared with developing countries, such as Pakistan (13%), Vietnam (31%), Mexico (39%), and India (53%). Only 36% of people in Indonesia have access to banking (ufa.worldbank.org). Therefore, access to formal financial services in developing countries remains low.

Financial inclusion does not only apply at the individual level, but also at the organizational or business level. One of the most important organizations in the world is MSME given its role as an enormous employer absorber and the main provider of basic needs of low-income communities located mostly in rural areas. Thus, MSME plays an important role in development and economic growth. The advancement of MSMEs results in the rapid economic growth of a country. Data show that the number of MSMEs in Indonesia reached 56.4 million in 2014 as shown in their ability to generate a GDP of 59.08% (Rp 4,869.57 trillion), export volume of 14.06% (166.63 trillion), and employment level of 97% throughout Indonesia. However, the level of financial inclusion of the 56.4 million MSMEs in Indonesia only reached 30%, of which 76.1% is from bank financing and 23.9% from nonbank financing (LPPI, 2015). This finding shows that only 22% of MSMEs have access to banking services. Data show that MSMEs is important in encouraging economic growth and economic growth can be improved through the inclusion of MSMEs in the finance sector.

The low level of MSME access to bank financing services indicates the difficulties of MSMEs in accessing bank services. Small MSMEs face bigger challenges in financing access compared with larger firms (Schiffer and Weder, 2001; Beck et al., 2002). This finding is confirmed by the results of a study, where 76% of the respondents stated that access to finance is a significant barrier to the growth of small enterprises in the country (Global Financial Development Report, 2014). Some studies mentioned several constraints to the development of MSMEs, such as the low level of government access related to licensing and bureaucracy, low access to bank capital, labor wage issues, employment, and corruption (Sudaryanto, Ragimun and Wijayanti, 2011). MSMEs have limited capabilities in expanding marketing networks and limited access to capital, information, and technology (Yamamoto, 2001; Adam, 2009; Bhasin and Venkataramany, 2011).

The Indonesian government is currently working to improve the banking access to MSMEs by implementing programs based on the National Strategy of Inclusive Finance (SNKI), which was launched in 2012. SNKI covers six pillars of the strategy,

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namely, financial education, public finance facilities, mapping of financial information, supporting policies and regulations, intermediation and distribution channels, and consumer protection (Financial Inclusion Booklet, 2014). These programs include the launch of “Laku Pandai” (Non-Office Financial Services for Inclusive Finance) in June 2015, the Financial Services Authority (OJK) program for the provision of banking services, or other financial services through cooperation with other parties (bank agents) supported by information technology (OJK Laku Pandai Booklet, 2015). The government issued Inpres no. 6/2007 on the Real Sector Development Acceleration and Empowerment Policy of MSMEs, wherein one of the important steps is the launch of the People Business Credit Program (KUR). The goal is to improve MSME access to capital sources from formal financial institutions in the context of accelerating poverty reduction, job creation, and income generation.

Based on this description, this study explores the factors that play important roles in increasing opportunities of MSMEs to access banking financing viewed from two perspectives of MSMEs owners as borrowers and the bank as a lender. Moreover, the present study attempts to explain the reasons behind the low level of financial inclusion of the MSME sector in Indonesia despite the several programs implemented to achieve the target level of financial inclusion in the MSME sector. The research result yields that the creation of MSMEs acceleration model is accessed in bank financing, which is expected to impact the MSME sector financial inclusion increase in Indonesia.

2. LITERATURE REVIEW

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Financial inclusion can be defined as the access to formal financial services at an affordable cost for all members of an economy. Financial inclusion is mainly intended for low-income groups and has been recognized as a critical element in policies for poverty reduction and economic growth (Diniz, Birochi, Pozzebon, 2012). Financial inclusion occurs when access to financial services and banking is available in a transparent and fair manner at an affordable price (Sarma, 2008; Solo, 2008). Financial inclusion aims to expand the level of public participation in banking services, especially of low-income individuals.

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Various studies discussed strategies to improve financial inclusion in various countries. India implements Financial Inclusion Plans (FIPs) led by the Reserve Bank of India (RBI) by opening savings accounts throughout India during the first phase of FIPs (2010–2013) (Iqbal & Sami, 2017). The new FIPs play an important role in the growth and development of Indians.

Unlike the case in Brazil, wherein the level of financial inclusion increased through ICT-Based (Internet, Computer, Technology Based) Branchless Banking,

(Diniz, Pirochi, Pozzebon, 2012), findings from case studies in Autazes, Brazil (1) present relevant evidence of positive economic impact related to branchless bank implementation, (2) highlight the importance of ICT in building network infrastructure to provide financial access in remote locations, and (3) identify the importance of financial education to complement access to financial inclusion programs. The findings also conveyed the constraints of rejection from the local population because the ease of debt led to considerable impact on the high tension in the community given high indebtedness and lack of information. Based on the case in Autazes, credit provision for consumptive purposes given without education about financial management will be a constraint due to rejection from local community. Therefore, efforts to increase the number of productive borrowers can be performed by improving the perpetrators of MSMEs with access to banks.

Fowowe (2017) investigate the effects of access to finance on the growth of firms in African countries. The study used a sample of 10,888 firms across 30 African countries. The World Banks' enterprise survey was also used to achieve the research objective. The results of the negative measure show that the constraint to access finance has a significant negative effect on firm growth. Moreover, the results show that firms without credit constraints experience firm growth compared with those that are credit-constrained (Fowowe, 2017).

Rao, Kumar, Gaur, and Verma (2017) conducted a study to understand the perception of SMEs owners regarding financing issues faced by the owners of Indian SMEs; this study was based on four disparities that appear in financing, namely, demand gap, supply, knowledge, and goodness of banks in providing financing. The findings reveal the problems faced by SMEs in real time.

Shankar (2013) found factors that lead to the inhibition of the financial inclusion process on the demand and supply side. The demand side includes financial knowledge and low financial ability, whereas the supply side includes unsuitable financial products, complex physical barriers, and documentation.

Ratna, Yohan, and Gurendrawati (2015) conducted research in Indonesia using three independent variables, namely, firm size, ownership concentration, and the business sector. Results show that firm size and the business sector affect financing access, whereas ownership concentration does not affect individual financing access. However, the F test shows that firm size, concentration of ownership, and the business sector affect financing access.

The development of research related to banking access in the MSME sector leads to various results involving factors that play a role in financial inclusion in Indonesia and other countries. Existing studies, especially those that discuss access to financing

MSMEs sector in Indonesia, did not find comprehensive results that play a crucial role in accelerating the entry of MSMEs to bank financing. This finding is most likely attributed to the fact that almost all studies are based on information from the borrower's perspective. Thus, the researcher of the present study is interested in examining the factors that increase the opportunity of MSMEs to enter banking financing service based on information from the perspectives of MSMEs side as borrowers and the bank side as a lender. The researcher uses references from Rao, Kumar, Gaur, and Verma (2017), which were further developed for research update, to explore the factors that affect financial inclusion.

3. METHODOLOGICAL APPROACH

The present study uses qualitative research methods with a case study approach because the researcher must develop an in-depth analysis of the financial inclusion process of the MSME sector to gain bank access. The process of exploration involves important effort, which includes the collection of specific data from research subjects through interviews and the interpretation of meaning of the data collected.

This study focuses on MSME owners that represent the perspective of the borrower as a research subject in the case of MSMEs; preferences are exclusively ruled by the owner of the company (Rao, Kumar, Gaur, Verma, 2017). The researchers also include bank leaders to represent the perspectives of lenders and obtain comprehensive results. The information obtained is expected to be balanced and comprehensive given the involvement of two parties, namely, the borrower and the lender. The exploratory study on MSME owners and bank managers was conducted from February to May 2017.

This study was conducted in the western region of Indonesia, specifically in West Sumatra Province, and two selected regions, namely, District 50 City and Payakumbuh. The two areas were chosen because they are located at the crossroads of economic lines between West Sumatra and Riau, which are economically linked to each other in the chain of goods and services trade. Most of the needs in Riau and surrounding areas are supplied by land routes across 50 regencies, cities, and Payakumbuh given that Kelok 9 bridge was inaugurated in 2013.

According to Denzin (1989), the main qualitative technique available to researchers is interview. Researchers can conduct face-to-face interviews with participants, interview by telephone, or engage in focus group decision (Creswell, 2016). This research uses a promising interview technique in qualitative research called Convergent Interviewing. This technique addresses issues that pertain to internal and external validity, reliability, and objectivity (Lincoln and Guba, 1985). The convergent interviewing techniques used in this study followed the techniques undertaken by

Jepsen and Rodwell (2008) on the effect of employment behavior on local government councils in Australia. This approach includes structured techniques that include a process of selecting participants, interview methods, analysis on each round of interviews, research subject description, and result analysis.

3.1. Selection of Subject

Participant selection is an important stage in the convergent interviewing process. Convergent interviewing focuses on the subject matter of examination (Rao, Kumar, Gaur, Verma, 2017).

Subject determination in convergent interviewing often follows a representative sampling pattern. Most of the sampling techniques used in this study are stratified random sampling and convenience random sampling. The researcher follows the concept of stratified random sampling for the subject of research, namely, the owners of MSMEs, to obtain a heterogeneous subject in each round of interviews. A single round of interview consists of several subjects. The subjects vary from the demographic side to fulfill the demographic profile representation of all MSMEs in the study site. The profile data of subjects in each round of interviews are also investigated to ensure that selected subjects represent the experience of MSMEs business (e.g., 0 to 2 years, >2 to 5 years, >5 to 10 years, and >10 years) and experience related to banking (never related to banking and ever related to banking). Key issues emerge when a full range of employee types agree on what the key issues are within an organization (Jepsen & Rodwell, 2008). The resulting key issues are different from the issues that are considered important by everyone in the organization.

The study aims to explore the factors that increase the opportunities of MSMEs to access bank financing, which is seen from the perspectives of MSMEs owners as borrowers and the bank as lenders. The following explains the selection process of the subject.

3.1.1. MSMEs Owner

The MSMEs in this study are categorized in micro and small enterprises given that the number of workers absorbed in the micro and small sectors is cumulatively larger than medium-scale enterprises. The large number of workers in the micro and small sectors represent the majority of Indonesians, who are the target of the financial inclusion program for low-income individuals. Table 1 shows the number of workers on the MSME structure based on the scale of business in 2010.

Table 1
Number of workers in 2010
MSMEs structure based on business scale

MSME Business Scale			Total
Micro	Small	Middle	
91.729.384	3.768.885	2.740.644	98.238.913

Source: Menekop and UKM (www.depkop.go.id)

The researchers choose the owners of MSMEs whose business in traditional markets of Payakumbuh as the subject of research. The three markets as research sites are Payakumbuh Market, Ibh Market, which represents Payakumbuh city area, and Taram Market, which represents the 50 regencies of Kota. The three markets were selected given that they are the largest in Payakumbuh and are open every day. The researchers choose each subject candidate from the 30 MSME owners in each market based on the area of the goods type. The researchers also assess their demographic profile, the long-standing profile of the business, and the experience associated with the bank to maintain their heterogeneity.

The information related to the purpose, timing, and confidentiality of the interview result is explained directly by the researcher to the owner of the MSMEs in the research site. The researchers directly ask for the confirmation of the time and the willingness of MSME owners to conduct a recorded interview session. The process is conducted in 14 days. The results confirm that a total of 32 business owners are interviewed and recorded. Each round consists of four subjects with various profiles in that the heterogeneity of the subject profile is maintained. The interview has eight rounds.

3.1.2. Bank as a Lender

The researcher uses convenience sampling method to obtain data related to the research subject from the bank as the lender. Convenience sampling is a sample selection method from a large population based on the ease of access and proximity of the researcher. The researcher chooses banking parties that have offices in the three markets. Of the 11 banking institutions that have offices in Payakumbuh and 50 Kota Regency, only one state-owned bank has an office in all of the three markets. Therefore, in the selection of the bank as a lender, the researcher chooses the prospective subject of the bank. The three selected bank offices have 47 bank employees. The researcher chooses managerial-level employees who have the authority for to make micro finance

decisions as the research subject based on the observation and the procedure system of the bank. Thus, the chosen subject is the head of the bank regional unit located in three research sites, namely, Payakumbuh, Ibuh, and Taram market. The researcher received confirmation on the quality of knowledge, skills, and the experience of bank leaders from the highest leader of the bank in Payakumbuh.

Information on the purpose, timing, and confidentiality of the interview result is submitted directly by the researcher to the interviewee via email.

3.2. Interviews

Interviews are conducted using semi-structured and open questionnaires that are directly related to the subject matter to answer the research objectives. Open questions in the interview are designed to bring the perception or views and the thinking process of the research subject. Researchers in the study also compiled the subject matter of the interview to keep the research focused on problem-solving. Questions in the interview should be understood by the person interviewed. Lazarfeld (1954) stated that interview questions in the convergent interviewing technique have three minimum requirements, which include clarity, focus, and appropriate patterns to suit the experiences of interviewees.

The first interview stage is conducted with the owners of MSMEs for approximately 30–45 minutes. The interview used Minang language, which is the native language of the local area, to enable the subject to answer comfortably. This approach helps the researcher to explore the experience of each subject without feeling intimidated. Deep exploration reveals hidden information from the subject. Interview results in the Minang language are translated into Indonesian and English without prejudice to meaning. Notes were taken during the interview, but extensive notes or transcripts were not required because the key issues rather than details are noted, which the convergent interviewing technique reveals (Jepsen & Rodwell, 2008).

The second stage of the interview is conducted with the three leaders from one of the banks in Payakumbuh, which are located in the three markets, within the working area of the bank's chairman. The interview with the bank aims to determine the perception of the bank as lenders on issues that arise from the results of convergent interviewing with the owners of MSMEs. Questions are also semi-structured and open.

3.3. Analyzing a Round of Interviews

The next unique and important step in convergent interviewing is the analysis of round interviews. The issue is considered important if two or three of the subjects raised the same issue in one round. The issue is not a key issue if the issue was only raised by one subject in an interview round. This finding means that issues are not raised as key issues

until they are convergent in the interview round. Convergent interviewing derives its name from the converging nature of the data, that is, issues converge in an interview round to become key issues (Jepsen and Rodwell, 2008).

The next important step is to ask a probing question. This process allows for a thorough and detailed investigation of the key issues identified (Dick, 2000). Two probing examples can be performed.

- When some subjects emerge and agree on a key issue, the researcher must be sure whether the key issue is a common issue or an issue that just came about by chance. Thus, the researcher cannot immediately conclude that the issue is indeed a key issue. The researcher can test the issue on other subjects by probing through the opposite language. The key issue is a generally accepted key issue if the probing result continues to produce the same meaning.
- When a subject raises a key issue but disagrees with its implementation, a special probing can be made to explore the explanation for disapproval.

The researcher identifies in the next round of interviews additional issues and investigates deeper understanding of the identified key issues.

3.4. Subject Description

The research subjects for the final rounds of the interview included 32 MSME owners from the borrower's perspective and three bank leaders from the lender's perspective. Eight rounds of interviews are conducted with MSME owners, with four subjects in each round of interview. The demographic details of subjects from MSMEs owners are summarized in Table 2.

4. INTERVIEW RESULT

The researchers conducted a transcript analysis based on the results of semi-structured interviews. The results were grouped in the coding to distinguish the themes that appear in the interview process. The present study found and developed 11 different codes of issues from the perspective of MSME owners and 13 different codes of issues from the bank perspective under five major themes.

The five main themes are demand, supply, knowledge, communication, and benevolence, as summarized in Table 3.

Table 2
Research Subject (MSMEs Owner)

Rounds of Interview	Subject	Gender	Experience (years)	Firm Size	Market Location	Experience with Bank
1	S1	F	1	Small	Payakumbuh	Y
	S2	M	3	Micro	Ibuh	N
	S3	M	6	Small	Payakumbuh	Y
	S4	M	16	Micro	Taram	Y
2	S5	M	1	Small	Ibuh	N
	S6	F	3	Micro	Taram	Y
	S7	F	9	Micro	Payakumbuh	Y
	S8	M	30	Micro	Ibuh	N
3	S9	M	1	Micro	Taram	N
	S10	F	3	Micro	Ibuh	Y
	S11	M	10	Micro	Payakumbuh	N
	S12	F	16	Micro	Ibuh	Y
4	S13	F	1	Micro	Payakumbuh	Y
	S14	M	4	Small	Taram	N
	S15	M	6	Micro	Payakumbuh	Y
	S16	M	30	Micro	Ibuh	Y
5	S17	F	2	Micro	Ibuh	N
	S18	F	5	Small	Payakumbuh	Y
	S19	M	6	Small	Payakumbuh	Y
	S20	F	17	Micro	Taram	Y
6	S21	M	1	Micro	Ibuh	N
	S22	M	3	Micro	Payakumbuh	N
	S23	F	10	Micro	Payakumbuh	Y
	S24	F	22	Micro	Taram	Y
7	S25	L	1	Micro	Taram	N
	S26	F	5	Micro	Taram	N
	S27	F	7	Micro	Payakumbuh	Y
	S28	L	13	Micro	Ibuh	Y
8	S29	F	2	Micro	Taram	N
	S30	L	3	Small	Payakumbuh	Y
	S31	L	9	Micro	Ibuh	N
	S32	F	19	Small	Ibuh	Y

Table 3
Result of Interview
Themes and Issues

Themes	Codes from MSME Owner Perspective	Codes from Bank Perspective
Demand	<ol style="list-style-type: none"> 1. Low-interest rate 2. Less collateral 3. Simple process 4. Pick up service 	<ol style="list-style-type: none"> 1. Low-interest rate 2. Less collateral 3. Simple process 4. Pick up service
Supply	<ol style="list-style-type: none"> 1. Trustworthiness 2. Symmetric information 	<ol style="list-style-type: none"> 1. Trustworthiness 2. Symmetric information 3. Networking

Knowledge	1. Product awareness 2. Product knowledge	1. Product awareness 2. Product knowledge 3. Banker's skill (communication skill, time management skill, and coaching)
Communication	1. Same "frequency"	1. Same "frequency" 2. Deep probing to obtain information 3. Customer intimacy
Benevolence	1. Fairness 2. Preferences	

The explanation of the themes and codes from the interview result that influences the acceleration to access bank financing is as follows.

4.1.Demand

A factor that accelerates the financial inclusion of bank financing is **low-interest rate**. The imposition of low-interest rates as submitted by the subject of research accelerates the process of the financial inclusion of bank financing. The perspectives of the MSME owner and the bank shared the same statement. Thus, our observation is consistent with the following statements.

Statements of MSME owner's perception

"The easiest way is by giving low-interest rates."

"Our loan is possible with a low-interest rate loan."

"I think it must not be complicated. The interest is reduced. If possible, it can be picked up."

"If the subsidy of interest rate-red continues, the interest remains low. We are still a small trader. If a big trader has a collateral, I would be big too. I think it would be easy to apply for a loan if he had a high collateral amount."

Statements of bank perception

"If we are told to sell the loan at a low-interest rate, we could disburse the credit loan fast."

"The customers must be chasing the loan with a low-interest rate. If they badly need to loan, they will loan although it has a high-interest rate."

Another factor that supports the acceleration of the financial inclusions of bank financing is the **less collateral** factor. Aside from business aspects as the first way out of credit, additional collateral is needed to guarantee that the credit could be reduced to a minimum if the ceiling of the credit given can be reduced. From the perspective of customers, the collateral provided to guarantee credit is at a minimum and some subjects do not even declare a guarantee. From the bank perspective, the provision of collateral can be given for certain types of credit, for example, the credit of KUR, which has been given credit insurance from the government. Thus, from the bank's perception, the guarantee is given as prerequisite of the customer's engagement with the bank to avoid bad credit. Statements that support this finding can be observed in the following statements.

Statements on MSME owner's perception

"If there is no collateral, I think that the bankers would not give a credit loan, I'm not sure if the bankers would give the loan without collateral, would he?"

"A loan usually has a collateral. We only have a place in the market. Could it be treated as collateral?"

Statements of bank perception

"If we could disburse the loan without collateral just to get it out. We just couldn't right?"

"This collateral is just a bond between the customer and us. Thus, if it's a KUR loan, it may do with less collateral."

Credit is disbursed using a **simple process**. The implementation of the process of loan financing is carried out simply by the legal aspect, documentation, and the speed of the process. This process arises from the perception of customers who feel that the loan process comes with complicated processes and difficult bureaucracy. The statements from the interviews are as follows.

Statements of MSME owner's perception

"If possible, the loan must not be complicated, the interest must be reduced, and the money can be picked up."

"Do not be complicated. Do not postpone the disbursement. Leaving the store is difficult."

"Complete this first."

“The requirements should not be too complicated.”

Statements of bank perception

“Without an ID, a legal document, and collateral, the loan must be disbursed directly.”

“Maybe it came from our slow process because of BI checking and others.”

The MSME owner found the **pick-up service (PUS) program**. The PUS program is a pick-up service for the cash money customers intend for savings and financing accounts. The customer's business is not disturbed because the main actor MSME is the direct owner. This business is reinforced by the issue from the perception of banks. The bank has been supported by banking infrastructure to collect cash from customers, which is known as electronic data capture (EDC). The EDC machine is brought by the marketer or collector from the bank as a pick-up service. Customers can directly deposit from their store. Their money could be deposited online at a banking system.

Statements of MSME owner's perception

“The money should be picked up because we are busy to leave the store. There are customers at our store.”

“It is possible to arrange pick-up of our loan installment because our money is always picked up for our savings account even though the amount is only five thousand or ten thousand. They always say that our money always been taken.”

Statements of bank perception

“Here, people are happy to have their money picked up. We've done the big amount of cash money, but the small ones is still not done.”

“The tendency in the market is to always use money. They should leave their store. They were certainly reluctant because of their absence. They visit the bank office. They must be lined up to deposit their cash money.”

4.2. Supply

The next finding is **trustworthiness**, which is an aspect of building trust as a foundation in providing financing. MSME owners want maximum trust and do not distinguish between old and new customers. The bank perceives that trust can be established from the past performance of the client to the old customer and other secondary information (from local residents or customer information in the central

bank).

Statements of MSME owner's perception

"Eventually, the process is that loan procedures sometimes take too long. Is it because they do not trust us or what?"

"Does it maybe depend on the person?"

"Every small businesses owner who wants the loan could not get the money eventhough there are so many small businesses."

Statements of bank perception

"Sometimes, there is a customer whose say differently today and tomorrow. Today, they say A. Tomorrow, they say B. This kind of customers are who we usually avoid."

"It is a little bit different between the existing customer and the new customer. For the existing customer, we often know them so well. We know their wife, how many children they have, and where their children go to school. Thus, it is ok to finance him again."

The next statements are about **symmetric information**, that is, the similarity of information submitted by the owners of SMEs and the receipt by a bank officer. The provision of financing can be provided easily with symmetric information.

Statements of bank perception

"Sometimes, people say different from what they mean. Discussions related to business are sometimes misunderstood between the bank officer and the prospective customer."

"Actually, it could be an understanding between each other. However, because of the lack of words, what they mean and what they desire are different."

The next statements pertain to **networking**, which is the existence of a relationship that searches for new customers by approaching the organization or community that has the potential to be financed. This statement came from a bank perspective with the following statements.

Statements of bank perception

"An influential person and a new approach must be found first. Thus, the community could be seen due to the culture or similarity of business, such as a dried fish trader and an onion farmer."

"If it could be found, we should immediately get on to the crowds and blend with other people. Thus, we could know each other and gather information from it."

4.3. Knowledge

The next finding is **product awareness**, which is the level of awareness and the understanding of the availability of products delivered on the perception of the owners of MSME. The awareness of the MSME product owner can request financing in accordance with appropriate financing needs.

Statements of bank perception

“If some people do not know a bit about credit because of the level of understanding, sometimes, people who need extra explanation should be patient, but this is not a lot, only a little. Sometimes, we must have extra time to explain.”

“People who immediately wrote a signature of loan agreement received money and pay in installments but do not know what the funds are for and how and why they are given just like that.”

The next finding is **product knowledge**, which is about the level of understanding of the knowledge and information about bank products, particularly products that arise from the perception financing MSME owners.

Statements of bank perception

“Some customers, sometimes, do not know what kind of loan will they ask for. As long as the bank gives them money, it would be fine for them not to know what kind of loan the bank give them”

“If customers know what they want, I'm sure I will find it easier for them to receive the loan. Sometimes, customers are given explanation but often never understand what has been explained to them.”

The next finding is customers' need for **product awareness**, the level of awareness, and the compliance with the necessary financing product in that the provision of financing can be done properly. The statements come from the perception of the bank.

Statements of bank perception

“Sometimes, our marketing team does not know the needs of our customers. Sometimes, it would make us confused later on.”

“If the customers already know what they need, it would make them feel comfortable enough in doing the analysis.”

Another finding is **banker's skills**, which arise from the statement of bank perception that bank officers require good communication, time management skills, and coaching skills in that the loan for the bank financing of financial inclusion can be implemented quickly.

Statements of bank perception

“For example, sometimes, customers have been asking for the credit process from our marketing team for a month, but it was never informed to the decision maker. Our customers later ask us, and we just found out after it was too late.”

“Sometimes, bank officers must pursue targets for disbursement every day. They are neglected for the new customer. I also think that the working hour is often not possible to get all the work done.”

“(I think) if the optimal time for the marketing team seems impossible because they must also grab the new customer. Our marketing team must also act as a collector handling bad debt. We (as a leader) have tried to teach them in many ways, but they still do not move unless they are told to do so. (I think) formal education (in the classroom is not enough. There should be a special approach for implementing its practice in the field, just learning by doing.”

4.4. Communication

Another aspect that emerged from the bank's perspective is having the **same “frequency,”** which senses their delivery patterns and wordings adjusted by a bank officer with a language that is owned by the customer (either the mother tongue or the local language). The definition of banking that used to convey the process, procedures, requirements, and installment patterns, and the type of credit can be exposed to the terminology of everyday vocabulary, which includes adjustments to the local culture of the customer.

Statements of MSME owner perception

“Sometimes, the bank does not know what he wants. Thus, I have to be burdened with a huge cost.”

“He said that they already explained, but I really do not understand”

Statements of bank perception

“(We) must use their language, that is, use everyday language. I am coincidentally able to Java language, and it is an advantage for me to meet the Javanese community.”

“Equating the language used by traders and prospective customers is usually used by everyday languages.”

Another finding obtained from the survey is the perception of bank officer, **deep probing to obtain information**. Information search or communication delivery done by a bank officer with a customer should have a deep probing level, in that communication with the customer is not interrupted. Some of the statements that emerged from this case are as follows.

Statements of bank perception

“Once you've met with the customer. The customer does not want a loan. Sometimes, our marketing team does not ask further questions on why they do not want these loans.”

“If her husband is in the trading cloth business, his wife has different areas of business, sometimes this information is not conveyed so it does not get further information”

“The desire of the marketing team to come closer to a group of people who are crowding in public places is low. Actually, we could get another information from those meeting.”

Another interesting finding is **customer intimacy**, which means that the approach taken against customers is limited between the bank officer and the customer and should informally approach and become a highly familial relationship.

Statements of bank perception

Depending on the proximity of its customers, the customer has a familial relationship with siblings or have just a business relationship.

Sometimes, our marketing team is rarely able to talk together in a coffee shop probably because of the lack of verbal communication

From a cup of coffee and a cigarette, we can get the information because of our closeness to the surrounding community.

4.5. Benevolence

Another finding from the perception of MSME owners is **fairness of microfinance**, which means that equality for financing micro finance schemes does not distinguish other segments. An example is for the imposition of collateral provision.

Statement of MSME owner perception

“If it can be subsidized continuously, the interest should be as low as possible. We are

still small traders, If the traders are big, they can be fast in the process of lending because big collateral also.”

“The average person who borrows has not been able to be many small businessmen”

The last finding that can be captured from the MSME owner's perspective is **preferences**, which is the willingness of the MSME owner to make loans or finance without the fear of the confiscation of the collateral by the bank because of delinquency. The preferences arise from some statements submitted by the MSME owner and appear frequently in interviews.

Statement of MSME owner perception

“No, I'm afraid there is no payment if you have to deal with the bank. The collateral are withdrawn from all of them. If the credit payment is smooth, the given credit again continues until it is not paid. If it is not paid for collateral, collateral auctioned. If not Paid in 1 or 2 months, are given SP 1 then SP 2 and then sealed to be forwarded to the auction.”

“I am afraid that I will not repay the loan later.”

“If I borrow, I am afraid that it will be confiscated.”

“Fear of trying. I am afraid of not being able to pay.”

3

The codes developed from the interview transcript are the key issues identified in the study (Rao, Kumar, Gaur, Verma, 2017). The result of the converged issues was highlighted in Table 4.

The interview findings show that the accelerating model used to assess bank financing inclusion in Indonesia could be improved from two sides. The first side is in terms of the MSME owner's perception, which represents the borrower. The second side is the perspective of the bank, which is represented by the lender. Three key issues are found based on the convergent results of interviews conducted from the perception of the MSME owner, namely, simple process, pick-up service, and preferences. Four key issues are found based on the results of interviews conducted from the perception of the bank: banker's skill, customer intimacy, networking, and deep probing to obtain information.

Table 4
Details of Convergent Interview

The table represents the issues raised during convergent interviewing. "R" indicates the issues raised by the researcher, and "S" indicates the issues raised by subjects. Highlighted depicts the convergent results.

- MSME owner perspectives

Themes	Rounds Issues	1				2				3				4			
		S1	S2	S3	S4	S5	S6	S7	S8	S9	S10	S11	S12	S13	S14	S15	S16
Demand Side	Low of Interest Rate	R				R		R		R	R	R		R			
	Less Collateral		R		R			R		S	S	S				R	R
	Simple Process			S	S	S	S			R	R			S	S	S	S
	Pick-up services					S					S		S		S		S
Supply Side	Trustworthiness										R						
	Symmetric information							R	R			R					
Knowledge Side	Product awareness							R	R					R			
	Product knowledge			R										R			
Communication Side	Same "frequency"											S		S			
Benevolence Side	Fairness				R												
	Preferences					S	S	S	S							R	

Themes	Rounds Issues	5				6				7				8			
		S17	S18	S19	S20	S21	S22	S23	S24	S25	S26	S27	S28	S29	S30	S31	S32
Demand Side	Low of Interest Rate	R				R							R	R			
	Less Collateral															R	
	Simple Process		S	S	S			R			R	R	R	R	R	R	R
	Pick-up services	S				S	S	S	S		S		S	S	S		S
Supply Side	Trustworthiness		R	R													
	Symmetric information						R	R								R	
Knowledge Side	Product awareness			R					R	R	R		R				
	Product knowledge								S	S	S		R				
Communication Side	Same "frequency"	R			R	S		S	R					S			S
Benevolence Side	Fairness				R											R	R
	Preferences								R								

- Bank perspective

Themes	Issues	S1	S2	S3
Demand Side	Low of Interest Rate	R		R
	Less Collateral	S		S
	Simple Process	R	R	
	Pick-up services	R	R	
Supply Side	Trustworthiness	S		S
	Symmetric information	S	S	
	Networking	S	S	S
Knowledge Side	Product Awareness	R	R	
	Product Knowledge	S	S	
	Banker's Skill	S	S	S
Communication Side	Same "frequency"	S	S	
	Deeper Probing to get information	S	S	S
	Customer intimacy	S	S	S

The three key issues that arise from the perception of the MSME owner is not the key issue of bank perception. The four key issues that emerge from the bank are complementary and should be accessed in financial inclusion in Indonesia. For example, the simple process from the perception of MSMEs owner becomes the key issue, which also appears in the issues submitted from the perception of the bank. Therefore, the bank needs to pay attention to these three key issues and exert effort to improve performance in accordance with the wishes of MSMEs owner.

The simple process becomes the main issue displayed by MSME owner. The bank may have tried to further simplify the process of lending, but the findings in the field show different things. Pick-up service also shows the same thing. The findings reveal that the bank adopted the same approach by selecting services available to customers with large deposits, whereas MSME owners require a deposit with relatively small numbers (less than 20ribu per customer per day).

Bank officers should be retrained to handle the refusal of lending due to fear in taking bank loans. Improving the ability of bank officers, especially banker's skill, customer intimacy, networking, and deep probing to obtain information indicates the need for coaching, mentoring, and practice, which is the direct practice in the field. The pattern of classical training conducted is less helpful because of the lack of continuity and consistency after training. Training is carried out with mentoring and coaching from seniors to juniors or from the direct supervisor to the bank officer.

The seven key issues must be mobilized in a sustainable way to access bank financing financial inclusion in Indonesia and must be developed in the future.

Picture 1 shows the mobilization of seven key issues in the MSME accelerators' assessment of bank financing. This is a model developed by researchers based on the analysis result that could be implemented by MSMEs and the bank to influence the financial inclusion of the MSME sector in Indonesia.

5. CONCLUSION

An important indicator in financial inclusion is the development and empowerment of MSMEs. The development of SMEs will improve if the access of MSMEs is accelerated into bank financing. This study uses research from Rao, Kumar, Gaur, and Verma (2017) as the basic reference for development. The development of related key factors accelerate the access of MSMEs into bank financing and the enrichment of information sources from MSMEs as borrowers and banks as lenders.

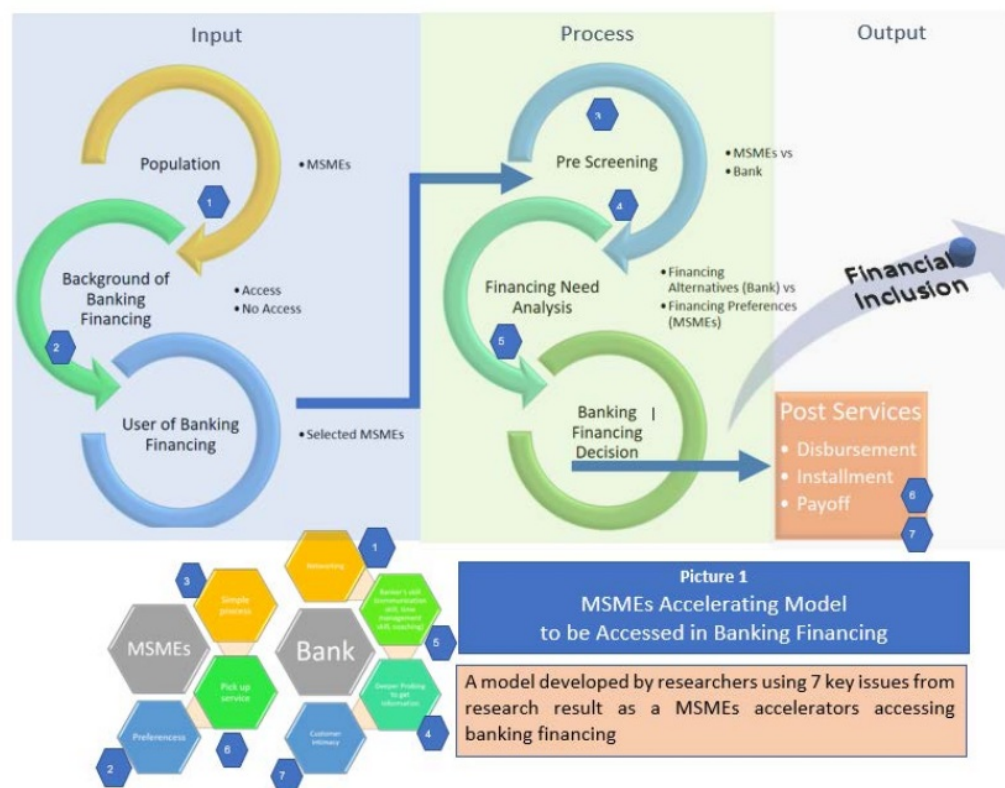
Differences are observed in the number and type of issues that arise in the interview result, whether from the perspective of MSME owners or bank perspectives.

This difference positively impacts the increase of MSME opportunities to gain access to bank financing owing to the complementary elements between the two parties.

From the convergent interviewing technique, attention and improvement are needed on seven key issues from 24 issues that emerged as accelerators for MSMEs to be accessible for bank financing. Important MSME owners perceive that the key issues are according to the perspective of important bank networking, customer intimacy, banker's skills, and deep probing to obtain information.

This research could be extended by involving a highly comprehensive perspective from another stake holder, such as the regional government, Bank Indonesia (Central Bank), and OJK (Financial Service Authority).

Picture 1: MSME accelerating model to be accessed in bank financing



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