

Effectivity of National Financial Inclusion Strategi at BPRS Rahmah Hijrah Agung Lhokseumawe

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Abstract. This article aims to explain the policy implementation national strategy of financial inclusion at BPRS Rahma Hijrah Agung Lhokseumawe in improving access to financial facilities for small enterprises (SMEs) in lhokseumawe. Measuring the effectiveness of the strategy of inclusion policy that has been applied to small enterprises (SMEs) in Lhokseumawe. Finding advanced strategies that can be applied to optimize the function of BPRS Rahma Hijrah Agung in promoting financial inclusion especially to small enterprises (SMEs) in Lhokseumawe. The method used is a qualitative method approach to field exploration, in-depth interview and observation. The results of the interview and onservation data obtained mapped by categories, namely internal and external factors then analyzed using description method. Subsequently made an evaluation of the implementation of existing strategies and formulating strategies that will come in order to improve public financial inclusion. The results showed that the financial inclusion strategy applied BPRS Rahma Hijrah Agung is quite helpful in increasing financial inclusion, BPRS Rahma Hijrah Agung has developed a marketing area as well as services to performance improved the small enterprises (SMEs).

Keywords: Financial Inclusion · National Financial Inclusion Strategy

1 Introduction

The term financial inclusion is first known and become the world trend after the global crisis in the year 2008. This arises as a reaction to the impact of the crisis that struck most of the country in the world to the group in the bottom of pyramid. The meaning of this group in the bottom of pyramid is: communities with low and irregular income, communities living in remote areas, people with disabilities, workers without legal identity documents, suburban communities[14]. At a G20 meeting of the Pittsburg Summit 2009, members of the G20 have agreed on an increase in financial access to the communities in this group. It was further confirmed at the Toronto Summit in 2010 by issuing the 9 Principles for Innovative Financial Inclusion, the goal being to be a guideline for inclusive financial development. Nine (9) Principles include: Leadership, Diversity, Innovation, Protection, Empowerment, Cooperation, Knowledge, Proportionality, Framework[4].

In Indonesia, a group of people prioritized to gain financial access among other low-income communities (underprivileged families), SMES, migrant workers,

women, disability, abandoned children, elderly, local residents Students and youth. According to Global Findex data of 2017, the financial inclusion rate in Indonesia reached 48.9% or 12% higher than the results of Global Findex three years earlier. In 2014, only about 36% of adult population in Indonesia have access to formal financial institutions[8].

Syariah banking is one of the financial institutions that play an important role in implementing financial inclusion in Indonesia. In December 2013 Indonesia had 11 Syariah (BUS), 23 Syariah Business units (UUS), and 16 Syariah people's Financing banks (BPRS). The existence of Sharia banking as one of the important parts of formal financial institutions in Indonesia is expected to implement Financial Inclusion[11].

BPRS of general immigration of Lhokseumawe is one of the banking units implementing financial inclusion policy in the form of financing given to the public. Here the author is interested to see the extent of the effectiveness of implementation of the national financial Strategy inclusion by BPRS RHA in assisting capital problems and improve the economy of the community in the area of Lhokseumawe city.

2 Literature Review

2.1 Inclusive Finance

Financial inclusion, based on presidential Regulation No. 82 of 2016 on the national strategy of Inclusive finance, is a condition in which every member of the community has access to a wide range of quality formal financial services, timely, smoothly, and safely at affordable cost according to their individual needs and abilities[12]. Some institutions describe the definition of financial inclusion, including:

“state in wich all working age adults have effective access to credit, savings, payments, and insurance from formal service providers. Effective access involves convenient and responsible service delivery, at a cost affordable to the customer and sustainable for the provider, with the result that financially exclude customers use formal financial servise rather than existing informal option”
(CGAP-GPFI)

“financial inclusion involves providing access to an adequate range of safe, convenient and affordable financial services to disadvantaged and other vulnerable groups, including low income, rural and undocumented persons, who have been underserved or excluded from the formal financial sector”
(FATF)

“process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost in a fair and transparent manner by regulated mainstream institutional players”
(RBI/Reserve Bank of India).⁽¹⁾

2.2 National Inclusive Financial Strategy (SNKI)

SNKI or national strategy of inclusive finance is the advanced level of cooperation between the Government, Bank Indonesia and OJK (Financial Services Authority) with banking to address the issues of still many Indonesian citizens who have not Modern financial services are touched. The government is trying to find a solution from the problem of not officially banking services in Indonesia with the community, especially the SMEs actors with a national strategy of inclusive financial that appointed by President Joko Widodo in a regulation President [12].

In the presidential regulation, referred to as the financial national Strategy is "a national strategy poured in documents containing vision, mission, objectives, and inclusive financial policies in order to promote economic growth, acceleration of poverty alleviation, reduction of gaps between individuals and between regions in order to realize the welfare of the people of Indonesia. " Inclusive finance is an important component of social inclusion and economic inclusion processes that play a role in encouraging economic growth, creating financial system stability, supporting poverty reduction programmes, and reducing Divide between individuals and between regions[12].

Six (6) Pillars of the national Financial Strategy inclusive in Presidential Decree No. 82 year 2016[12] are:

1. Financial Education

It is a policy strategy to improve the capability of managing finances that begin with increased understanding (knowledge) and public awareness of financial products and services.

2. Public Finance Facility

This pillar strategy refers to the ability and role of government in the provision of public finance financing both directly and conditional to encourage the economic empowerment of society.

3. Mapping Financial Information

The purpose of the pillar of financial information mapping strategy is to increase the capacity of communities, especially those formerly categorized as unfeasible to be viable or from unbankable to bankable in obtaining financial services by institutions Formal financial.

4. Supporting Policies/Regulations

The implementation of the inclusive Financial program requires policy support by both the government and Bank Indonesia to improve access to financial services.

5. Intermediation and Distribution Facilities

This pillar is aimed at raising the awareness of financial institutions in the presence of potential segments in the community as well as finding some alternative methods to improve the distribution of financial products and services.

6. Consumer Protection

This pillar aims to make the community have a guarantee of security in interacting with financial institutions in utilizing the financial services and products offered.

2.3 Syariah Banks and Financial Institutions

The law Number 10 of 1998 mentions that the bank is an effort that manages the funds of the community that tangible deposits and provides services in an effort to improve the living standards of society. According to (cashmere, 2004:2) the bank is defined as a business activity that moves in the field of services, where the community that raised the Dana-dananya to be managed again. The Bank is one type of business that deals with saving, turnover money, deposits and other[5].

According to Sigit and Totok (2006:5) banks are financial institutions that collect and distribute and. Gathering fund directly in the form of public funds saving, Giro and deposits and indirectly in the form of loans. Fund disbursement is done with the objectives of working capital, investment and deposits and for long and medium term[11].

From the understanding of the experts above can be concluded that the bank is a business entity that manages the funds of the community in which a party needs a fund and unisex parties who excess funds or more precisely as a mediator between the needs of funds and the excess party.

Syariah finance institutions are one of the instruments used to regulate the rules of the economic system based on Islamic values. In this context Islam is seen as a whole value system that governs all aspects of human life, including business and transactions, the Islamic world has a system of economy based on the values and principles of Sharia that Sourced from Al Quran and Al Hadith and is equipped with Al Ijma and Al Qiyas[11].

2.4 Financial Technology (Fintech)

The development of information technology today and the future that will rapidly make the financial industry landscape change. Financial services, such as money lending services are no longer only monopolized by conventional financial institutions (banks). Now, there are many lending-based money technology (online) platform called Financial Technology (Fintech) model Peer to Peer (P2P) Lending, which in operation is strictly monitored and supervised by OJK[4].

A start-up company in Fintech P2P Lending is relatively new. However, its growth in the past three years, from 2016 to halfway 2018 showed an ever increasing trend. No less than 30-40 start ups have got operational Izim from OJK. This means that the opportunity to obtain financial services (credit) business capital in the future, especially for SMEs are increasingly wide-open[6].

Private contributions in this regard will continue in positive trends. Government residence, including local governments need to encourage serious growth of this new industry to continue to thrive. Not only in large cities, but also to areas especially outside Java island, so there is equalization. Considering, the magnitude of benefits of the presence of alternative financial institutions, in addition to banks, in moving the Community Economy (SMEs). Due to the primary focus of this P2P Lending Fintech is its unbankable community segment, in line with the development policy direction of SNKI[14].

3 Methodology

The method used in this research is the method of qualitative description approach to obtaining data in the field is done through interviews using the key instruments that have been prepared in an interview framework that Related issues[10]. Which is performed through direct interaction with research informen. In addition to interviews, data is also obtained from the full observation of the field to observe directly the real situation of the implementation of financial inclusion in the BPRS Rahmah Hijrah Agung Lhokseumawe to obtain the primary data In addition to supporting the research also used secondary data derived from company documents, literature review, articles, journals and the results of Internet browsing that is associated with this research. The selection of informen in this research is done by using the purposive sampling technique and also Snow Ball sampling technique. The comprehensive interview is done with the headman of BPRS Rahmah Hijrah Agung Lhokseumawe, Mr. Muktaruddin, A.Md., Director 1, Mr. Muhammad Zahri, A.Md also with President Commissioner Mr. Ir. Zulkifli Abu Bakar, MM and interview with the Customers who are found at the time of field observation.

The data is analyzed by using the interactive analysis model, which includes data collection, data reduction, data presentation, and conclusion drawing. To check if the data is valid, the researcher extends the observation, observes continuously, and conducts triangulation[10]. The triangulation used is the technique triangulation. The research is carried out in three stages. First, the preparation stage includes planning the research, obtaining the permission to conduct the study, and examining, observing, and measuring the location, as well as determining the informants, arranging the research plan, and preparing the research tools. Second, the implementation stage covers data collection, data processing, data analysis, and conclusion drawing and than the reporting stage as the last steps.

4 Results

Inclusive finance emphasizes the provision of financial services based on the different needs of each community group. Although it covers all segments of the community, inclusive financial activities are focused on a number of community groups that have not been met by formal financial services, namely low-income communities are the lowest 40% income groups based on an Integrated Database sourced from the results of the Social Protection Program Data Collection (PPLS) activities carried out by the Central Statistics Agency. This group has limited or no access to all types of financial services that include people receiving social assistance, community empowerment programs, and entrepreneurs who have limited resources to expand their businesses. Meanwhile, micro and small business actors are business actors as referred to in Act Number 20 of 2008 concerning Micro, Small and Medium Enterprises[2].



Source : Strategi Inklusi Keuangan OJK, 2012

Fig. 1. Identifikasi Isu Akses terhadap Lembaga Keuangan.

In addition to the two community groups above, inclusive financial targets also include cross-group communities, consisting of Migrant Workers, Women, Social Welfare Group (PMKS) community groups, such as neglected children, people with severe disabilities, elderly, ex-convicts, and ex budsusila. Communities in disadvantaged areas, borders, and outermost islands, Student Groups, Students, and Youth[1].

Many reasons cause the community (which is included in the bottom of the pyramid) in Lhokseumawe City to become unbanked, both in terms of supply (service provider) and demand (community), according to Muktaruddin (Managing Director of BPRS) some of which are due to price barrier (expensive) , information barrier (don't understand), product barrier design (suitable product), and channel barrier (appropriate means).

This inclusive financial program is felt to be able to answer the problems above by offering a number of benefits to the public, government, regulators, and the private sector , because there are so many benefits from the existence of an inclusive financial program such as: increasing economic efficiency, Supporting financial stability, reducing the presence of shadow banking or other terms irresponsible finance, Supporting financial market deepening, Giving new potential to the banking market, Supporting increased Human Development Index (HDI) in Indonesia, contributing positively to growth n sustained and sustainable local and national economic growth, Reducing inequality and low income trap rigidity, so that people's welfare can be improved, thereby reducing poverty[4].



Fig. 2. Strategi Pengentasan Kemiskinan Melalui SKNI.

The implementation of inclusive finance is carried out by BPRS Rahmah Hijrah Agung with several approaches, namely:

1. A comprehensive approach, namely by developing regionally inclusive financial strategies by adopting the local wisdom values of the Acehnese people. As we can see in the people of Bali, West Sumatra and Madura.
2. Approach through various separate programs, such as by providing financial education to the community through majelis taklim, socialization to village level, Indigenous Institutions, Campuses and schools to increase understanding and knowledge and awareness of the community to participate in realizing financial inclusion in they work area.

In addition to the approach taken above, more deeply, in general the approach through the national strategy includes three aspects that need to be considered, including: Provision of appropriate facilities. Providing suitable products, and Responsible finance through financial education and protection of consumers, especially SMEs in Lhokseumawe City.

A number of challenges faced by BPRS Rahmah Hijrah Agung in an effort to make financial inclusion in Lhokseumawe City some of them are: limited access; minimal use; low quality and lack of support from financial service players[8]. In addition to this, regulations and institutions also pose their own challenges in realizing financial inclusion, overlapping and convoluted rules, as well as weak coordination and communication between government agencies still hampering the acceleration of financial inclusion in Indonesia especially Lhokseumawe City.

5 Conclusion

The results of this study indicate that the performance of BPRS Rahmah Hijrah Agung is quite good although it is still not optimal in implementing financial inclusion in the City of Lhoksesumawe, as evidenced by the increase in customers who have access to credit and opening new accounts. The financial inclusion strategy adopted by the BPRS Rahmah Hijrah Agung is quite helpful in increasing financial inclusion especially in the Lhokseumawe City area, the BPRS is engaging in collaboration with local governments and various elements in society such as village apparatus, RT heads, RW heads, RW assemblies, schools, campuses and constituents Local DPRD in promoting financial inclusion to the middle and lower classes so that the obstacles and challenges they face can be resolved together. and what needs to be pursued by the government, especially local governments, is to ensure that all aspects related to the requirements for achieving inclusive financial targets and empowering SMEs are carried out with clear guidelines and measurable work Key Performance Indicators (KPI).

BPRS Rahmah Hijrah Agung and also regional governments must have a valid database of the exact number of SMEs in their area. Then with accurate data-based, it is necessary to create an innovative empowerment model to stimulate entrepreneurial spirit and have the capacity to manage good business and finance, the government must encourage all financial institutions both conventional and unconventional to meet the credit needs of SMEs and form a network companion work organizations in each productive economy sector to remote regions.

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