

## MICRO FINANCE INSTITUTION (MFI) ANALYSIS AND MFI IMPLEMENTATION MANAGEMENT MODEL BASED ON ON-LINE INFORMATION TECHNOLOGY

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### ABSTRACT

Role of Small and Medium Enterprise (SME) especially since monetary crisis year 1997 viewed as 'rescuer' in maintaining and recovery process of national economics, good in pushing economic growth rate and absorption of labor. SME indicate that during period 2003 - 2006 more than semi growth of Indonesia economics come from middle and small scale effort contribution, even for year 2005 and 2006, have been able to contribute value economics of Indonesia more than 3%. This fact ought to progressively strengthen importantly SME's role in economics of Indonesia. Target this writing is to give form alternative financing management model for SME's in the portal form of financing management aspect based on information technology on-line is applicable and useful to improve effective, efficacy and efficiency of execution management financing by Micro Financial Institution (MFI) which have exist in Indonesian. Data gathered 167 obtained questionnaire of owner SME's in Jabodetabek and supporter data like application form application of financing BRI, BCA, BNI and BDKI. Result of equal to 58,1% small scale enterprise with trade area, accessing financing of business 68,3% constraint faced still centre around difficult problem in fulfilling clauses which there must be, the constraint relate to payment problem 12,6%. Acceptance to information technology 83,2% agreeing and can accept usage of information technology (on-line), for getting information 31.1% and communications 28,7%. Requirement SME's financing portal on-line 53,3%, portal micro financing management on-line can be accessed in [www.kredit-ukm.org](http://www.kredit-ukm.org).

Key words: micro finance institution, implementation, information technology on-line

### 1. INTRODUCTION

Small and Medium enterprises (SME's) since monetary crisis year 1998 can stay and part of curing national economics, good in pushing economic growth rate and absorption of labor. Consistency and small and medium enterprises scale performance delaying have tested. During 2003 up to 2006, small and medium enterprises scale contribution at PDB still bigger than contribution of effort big scale. Tables 1, contribution small and medium enterprises to PDB nor disappoint.

Table 1. SME's Avarage Contribution to PDB Year 2003 and 2006 (percentage)

LAPANGAN USAHA	Rata-rata 2003-2006		
	Kecil	Menengah	Besar
1. Pertanian, Perkebunan, Peternakan, Kehutanan dan Perikanan	87,23	8,84	4,12
2. Pertambangan dan Penggalian	8,20	3,25	88,55
3. Industri Pengolahan	13,07	11,90	75,83
4. Listrik, Gas dan Air Bersih	0,64	7,74	91,72
5. Bangunan	44,28	21,77	33,95
6. Perdagangan, Hotel dan Restoran	75,47	20,79	3,75
7. Pengangkutan dan Komunikasi	29,32	24,21	45,88
8. Keuangan, Persewaan dan Jasa Perak	17,03	46,89	36,09
9. Jasa-jasa	39,70	7,83	52,38
<b>PDB</b>	<b>38,85</b>	<b>15,96</b>	<b>45,25</b>
<b>PDB TANPA MIGAS</b>	<b>43,11</b>	<b>17,83</b>	<b>39,26</b>

Source : Bank Indonesia, 2006

During period 2003 up to 2006, more than semi growth of Indonesia economics come from middle and small scale effort contribution, even for year 2005 and 2006 have been able to contribute value economics of Indonesia more than 3%. Though growth accepted credit ratio is small and medium enterprises, good enough, but optimal to be more access financing by SME's, require to continue innovate and completion financing management which there have in this time. Growth of Micro Financial Institution (MFI) is true assist to overcome the above mentioned problem. Following some illustrations from some MFI which is moment have operated to manage and channel fund for the sake perpetrator micro business or MFI. Though from amount side of amount existing MFI have quite a lot, become guarantee that financing management and access from SME's to get the source of financing, have. Constraint potency there is still able to emerge later.

Following is some potencies problem of MFI able to emerge, relate to management channeling fund for SME's in Indonesia. This article give alternative isn't problem related to financing management and access SME's to fund source, passing applying of micro financing management model/SME's base on to base on information technology on-line. Implementation this article is expected can make existing micro financing management in this time become more efficient and continue to give ever greater contribution for economics of Indonesia. Target of this article is to getting various information, especially the through image contribution and profile take care middle and small enterprises in economics Indonesia related to accessing and financing management for SME's. Giving form alternative SME's model management financing in the form financing management website being based on information technology on-line, which was applicable and continual.

## 2. THEORETICAL BACKGROUND

Some states show efficacy micro monetary management, or minimum can know various factors influencing efficacy in micro monetary management. Some states same relative condition state of Indonesia that is as developing countries which in general show the amount micro scale efforts which were compared to big relative small scale effort, middle, and big. In Indonesia alone have enough experience length in micro monetary management. For case in this handing out, writer will lift experience BRI in range of time tens year in channeling credit to sector of effort non-formal, especially in agricultural sector. Mongolian lesson lifted from agricultural bank case having role in channeling defrayal micro scale effort. Dyer (2004) mentioning some the lesson among others; (1) politically management have to independent and have qualification the adequateness; (2) monetary balance position be clear; (3) staff need training, incentive and protection political pressure; (4) marketing are key aspect; (5) monetary medium still can have the advantage customer or market earn to lower; and also (6) fulfilling requirement monetary service will give economic impact which are positive. Experience of the

Mongolia same relative empirically BRI in Indonesia in channeling of cheap credit to farmer, is society with majority earn lowered in Indonesia. Rudjito (2003) expressing that till now BRI unit are biggest micro defrayal institute in Indonesia. From various micro financial institution, hence BRI give biggest credit (Rp 10,3 trillion), is later then followed by BPR (Rp. 5,1 trillion), and Pawn ship office equal to Rp 973 billion. According to Maurer (2004), Some lessons which can be plucked from experience of BRI which during 20 year more channel credit to micro group with infinitude are; (1) Government bank reform and exploiting of possible still existing infrastructure conducted period of short time; (2) extending service micro banking to guarantee to continue; (3) Conducting advantage re-investment obtained to guarantee to continue; and also (4) micro monetary providing require healthy competition. Experience of Bangladesh isn't it by Epoch (2004). Experience which can be plucked for the case micro monetary management in Bangladesh is; (1) environment supporting micro effort is all important matter and cannot be disregarded; (2) possible micro credit is more effective drug for eradication isn't it and lacking if accompanied by various other intervention; (3) role of financial aid donor institute in improving capital bases micro financial institution and also in improving technical capacities which push continue his organization; (4) formal regulation and system which manage micro monetary industry can replicated in Bangladesh successfully; and also (5) forming micro monetary whole seller have potency to play role important in extending access and develop professional standard.

### MFI Management Model and Service Type

Siu (2001) explaining that LKM is institute providing monetary service to impecunious society and family earn lowered and also micro scale business activity, manage eminently his risk, reaching consistent consumption pattern, and also develop economic bases. Experience tens of year indicate that impecunious society do not only micro creative on credit (loan less or equal to US\$50), but them have desire to return credit better, but relating to report of UNDP (2001), only 3% until 6% from 500

million impecunious family in world can be reached by micro monetary program. Challenge we which must face is improvement agenda access micro monetary service and also to guarantee that program is we can reach the target of reduction poorness number and going concern development. Most governance various state show micro finance as instrument lock running poorness eradication program. Micro financial institution (MFI) in general used for all institute types offering micro monetary service which do not fully covered by formal banking sector regulation.. Various management model and from MFI shall be follows: (a) Poverty Focused Development Banks that is a bank where professional staffs have to access and decision to independent fund administration which owned loaned at individual or a group, (b) Village Banks where loan fund provided by external organizational institute to base on local society, which can enlist officially. Function and banking transaction is as a whole managed the organization which form observation team and loan approval, (c) *Thrift and Credit Co-operatives (TCCs) and Credit Unions (CUs)* that is an organization with membership which enlist was formally arranged by government regulation, (d) Intermediary programmers that is NGO's facility relation between grass root group with formal financial system. NGO's also able to assist providing service in the product scheme case (loan). NGO's can obtain advantage either from receiver, supported by other fund source. According to Thorat for case in India, MFI play role important in linking difference among monetary service supply and demand when MFI can succeed to face various challenge or barrier. Research result from Jindal and Sharma indicate that from 36 MFI in India, 89% MFI depend subsidy and only 9 MFI capable to close 80% from operating expenses. The research explain the fact of expense supervise high credit, loan measure and volume exactly small relative. Besides, Possible MFI can overcome the expense of channeling high credit to receiver pertained service do not sensitive to interest rate for loan which was small relative; but will the other problem loan mounting measure. Some models which can be used to overcome to continued and MFI capital

deficiency shall be as follows: (1) *Bank Partnership Model*. This model is way of innovative to defray MFI. Bank is lender of MFI act as agent which through various work related to credit observation, supervision, and recovery. (2) *Service Company Model*. This Model used some Latin America nations. This private bank model may appeal to owning wide branch network office. While Akanji explain that there is two micro monetary principally model consist to informal model and formal model. Informal model put hand to situation where a society group having commitment to save and borrow weak position and only donor institute relying loan. Some a success informal model shall case example is as follows: (a) the Grammen successful experience example which started with informal loan to a group of impecunious society. The mentioned started to assist society which do not have farm in Bangladesh to get loan, possible cannot be obtained through credit facility from commercial bank which have the character formally. This program have succeeded because the society group has cohesive character and formed pursuant to voluntary principle, (b) the Non Government Organization (NGO). Approach of NGO's is also grouped as informal model and tend to principal adaptation Grammen. This Model is usually formed to have bases gender, for example bevy of woman, farmer group, trade federal, etc. For example, in Ghana and Gambia, most a success micro credit programs is managed by women monetary association and (c) Esusu. Esusu is loan scheme in Nigeria and most Nations in African West as informal micro credit program. Group formed to run scheme have the character voluntarily. Group member give money contribution with amount remains to time periods having the regular character. In each period, group members collect contribution from all members. Each member will get innings obtain the contribution fund until one cycle have and hereinafter can start again. This scheme basically like "arisan" model in Indonesia. Formal micro monetary model woke up by formal financial institution like commercial bank, countryside bank in Indonesian possible (kind of BPR). Most financial institutions giving loan to impecunious society relative fail to. Reason of him is knowledge limitation to impecunious

society and also relation which estranged relative among formal institute with informal institute. Experience Grammen is model example which has been able to transformation of informal model to formal model in micro credit to impecunious society. Micro finance or MFI have especial duty channel loan to micro scale effort or society earn to lower. But in practice him, MFI also give other service which still related in channeling credit. various service which can be given to micro scale effort or society earn lowered by MFI or NGO's the micro monetary defrayal completely. Albu (2003), explaining various additional service MFI to success micro effort run in Bangladesh.

### Exploiting of Information Technology On-line

Research concerning behavior of Financial Institution in information technology application through online service facility to perpetrator of micro effort in Indonesia still very less, so that idea framework this research is compiled pursuant to research result before all which obtained from various source outside Indonesia. In general research more information system viewpoint and information technology, so that result from the research more assist on the side of Institution Financial as providing fund and perpetrator micro effort as consumer fund and also online transaction facility through internet to inform of website. According to Quibria and of Tschang (2001), ICT have potency to improve prosperity impecunious society through two way, that is direct and act directly. Direct influence includes (a) information concerning market, opportunity, etc, (b) opportunity of activity, (c) skill and education, (d) conservancy health and (e) governmental service. ICT also able to improve prosperity indirectly through growth which quickly, giving effect trickledown to repair of earnings and opportunity activity.

### 3. RESEARCH METHOD

This research object is financial institution organizer of channeling micro financing and perpetrator, middle and small scale effort. Research population is some of financial institutions providing micro financing and owner middle and small scale business which region in Jabodetabek. Sample

framework compiled pursuant to SME's data which publication 2 last year published by on duty cooperation and SME's region in Jabodetabek and also SME's becoming small gathering entrepreneur member of Indonesia (HIPKI). Method data collecting through field study and interview propagated questioner to perpetrator small and medium industry is research object with organizer of micro financing in some financial institutions providing micro financing. Researcher obtains 167 questioners which have loaded complete by all SME's owners.

### 4. RESULT AND DISCUSSION

Most responders (58,1%) is small scale business with area of effort trade, like seen picture following. Relating to access financing business, part of big (68,3%) constraint faced still centre around difficult problem of business this scorpion in fulfilling clauses which there must be, if them wish got fund aid of effort from financing institute. the Constraint rest relate to the problem payment way (12,6%). Illustration this constraint can be seen picture following such clauses other is business proposal, financial statement, guarantee document. With condition like needing role Bank of Indonesia re-evaluating clauses' which must be provided SME's, when they will access financing in financial institution? In the case acceptance to information technology, most responders (83,2%) agreeing and can accept attendance this information technology in his business. This condition is opportunity for other alternative creation management micro financing through exploiting of information technology, specially exploited technological internet (on-line). Most responders (47,9%) not yet used information technology in supporting the his business, like seen picture following. Indication result that positive attitude to attendance of information technology not yet made balance to by real action field.

In line with not yet been applied technological in supporting the business, hence applying of internet not yet been conducted by most (71,9%) responders, like seen picture following. Acting result before all, problem this can overcome with adequate socialization and also training form to improve awareness and ability SME's in

exploiting internet. This step have come to one of research agenda to be executed in final first year and early both. From some small which have used computers in his effort business, most only the using for just typing (34,1%). This matter isn't yet optimal exploiting computer had. With research agenda which is researcher make. From some small which have used internet, responder getting information (31.1%) and communications (28,7%) passing the internet, like seen picture following. Relating to response on-line portal management financing wishing researcher develop, most responders (53,3%) the positively and very require this website. Most responders which replying this question item wish that portal the formed shall was easy to used, This result give input for researcher agenda on-line micro financing management portal design to be made. Small partly responders which have used computer in activity, in the reality the condition of him most (53,3%) less support to access this on-line portal through internet connection. So also with readiness supporter document for the equipment proffering of financing, most responders (56,9%) still not yet. This research have finished on-line micro financing management website to be accessed in address. [www.kredit-ukm.org](http://www.kredit-ukm.org)

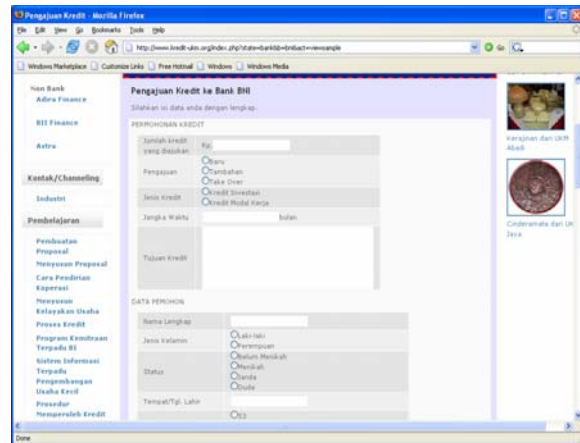


Figure 2. Admission Filling Form Application Fund Display



Figure 3. Link to Website HIPKI



Figure 1. Main Portal Display

Activity of socialization result this research take place Thursday, 3 January 2008, in Gunadarma University. In this activity, besides filled socialization research result, also filled with policy program socialization and guidance from Minister Cooperation and SME's Republic of Indonesia. Banking, especially from BNI and Bank DKI also partake to fill event given comments to research result and micro financing program.

## 5. CONCLUSION

Most responders have owned good awareness concerning important usage of IT for various business SME's. HRD and existing still become constraint for applying and usage on-line portal. On-line micro portal management financing can be accessed in address.: [www.kredit-ukm.org](http://www.kredit-ukm.org).

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