

Review of Business Actor's Financial Behavior in the Ultra Micro Segment

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Abstract—Micro, Small, and Medium Enterprises (MSMEs) have an essential role in the Indonesian economy due to their high economic resilience and contribute to gross domestic product and increased employment. The number of MSMEs reached 65.47 million units in 2019, or 99.99% of the total business in Indonesia, including the Ultra Micro (UMi) segment. The banking sector targets around 57 million UMi segment customers, but 30 million of them do not have access to formal funding sources because they are underprivileged and unbanked communities. Banking provides various services for business actors in the UMi segment regarding financing, deposits, and transactions. However, they have not been widely accessed and utilized due to a lack of understanding of these services. This study aims to recommend marketing strategies based on financial behavior and the needs of the UMi segment in banking services. The approach taken is Design Thinking. Data was collected through in-depth interviews with 8 (eight) respondents of the UMi Segment business actors aged 21–55 years, with a maximum turnover of IDR10 million a month. The findings of the study reveal the crucial role of friends and neighbors; the lack of clarity in recording transaction data; the vulnerability in financial management; the shame of saving "small money" at formal institutions; the tendency to pawn in gold shops; and reluctance to deal with financial services if they have to stop working temporarily.

Keywords—Business Actors, Design Thinking, Marketing Strategy, Ultra Micro Segment.

I. INTRODUCTION

MICRO, Small, and Medium Enterprises (MSMEs) have a strategic role in the Indonesian economy. The strategic part is illustrated by data on the development of MSMEs belonging to the Ministry of Cooperatives and SMEs. MSMEs had already contributed 61.07 percent of the national GDP, or Rp8,573.89 trillion, by 2021 [1]. In addition, MSMEs were tested as able to face the crisis in 1998 and 2008/2009 [2]. This result can happen because most MSMEs in Indonesia are micro businesses engaged in informal zones and use local raw materials and local marketing zones. Hence, they are not directly affected by the global crisis. Actors of micro, small, and medium-scale businesses and cooperatives occupy the most extensive parts of all Indonesian people's economic activities. They range from farmers, fishermen, breeders, miners, artisans, traders, and providers of various services for the people, which include primary, secondary, and tertiary sectors.

Although the contribution of MSMEs is substantial to the national economy, there are still challenges in developing MSMEs that need attention. One of them is related to capital access. Business actors in the Ultra Micro (UMi) segment were dominated by pre-prosperous people who have not been touched by banking services (unbanked) and do not yet have

access to banking services (underbanked) [3]. The limited access causes them to lose the opportunity to get financial assistance and related services to help their business grow and survive in vulnerable times.

One of the government's efforts to encourage economic progress by focusing on the development of the MSME sector is the Ultra Micro (UMi) Financing Program. This program aims to accelerate the pace of financial inclusion and sustainable financing, targeting 57 million customers, of which 30 million are believed to have no access to formal funding sources. Five million are estimated to be under the shadow of moneylenders [4].

The National Literacy and Financial Inclusion Survey (SNLIK) is a three-year survey of the Financial Services Authority (OJK) to map the current situation of the level of literacy and financial inclusion of the Indonesian people. In SNLIK 2019, the financial literacy index was 38.03%, and the financial inclusion index was 76.19%. This result shows that the Indonesian people generally do not understand the characteristics of various financial products and services offered by Formal Financial Services [5]. Increased inclusion and financial literacy are top priorities for the Indonesian government, which is focused on encouraging economic growth. Inclusion and financial literacy will help improve the stability of the financial system and the welfare of the community and promote inclusive development. Inclusive access to financial services is essential for economic growth and poverty alleviation [1].

The financial sector actors in the UMi segment are very diverse, ranging from individuals (such as friends, relatives, employers, and moneylenders), social gatherings, cooperatives, Laku Pandai Agents, online loan applications, pawn shops, and banks. Banking is an integrated financial service provider with complete financial industry services and products the community needs, including the UMi segment. In making a marketing strategy, banks require knowledge about the financial behavior of the people in the UMi segment to identify their obstacles and needs in accessing financial services and apply the right solutions.

Most ultra-micro business actors save money using informal methods, especially for short-term needs. This study [6] shows that there are at least four primary dimensions to the behavior of ultra-micro-enterprises related to savings: Savings must have a clear purpose; The more money stored informally, the higher the risk, which shows the importance of keeping money in a formal account; instance, cost, and convenience in withdrawing funds are the primary considerations in choosing a savings account provider institution; and Social norms affect a person's interest in saving.

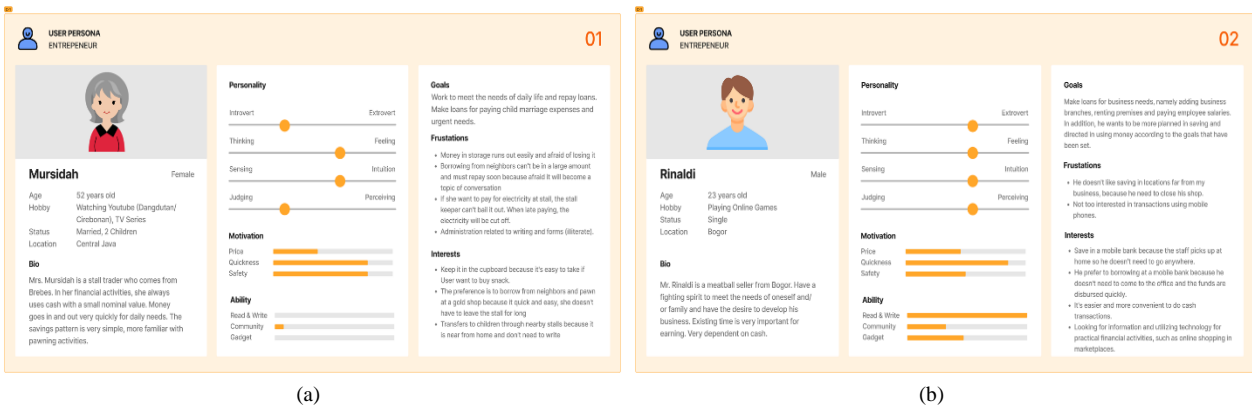


Figure 1. (a) First type of user persona; (b) Second type of user persona.

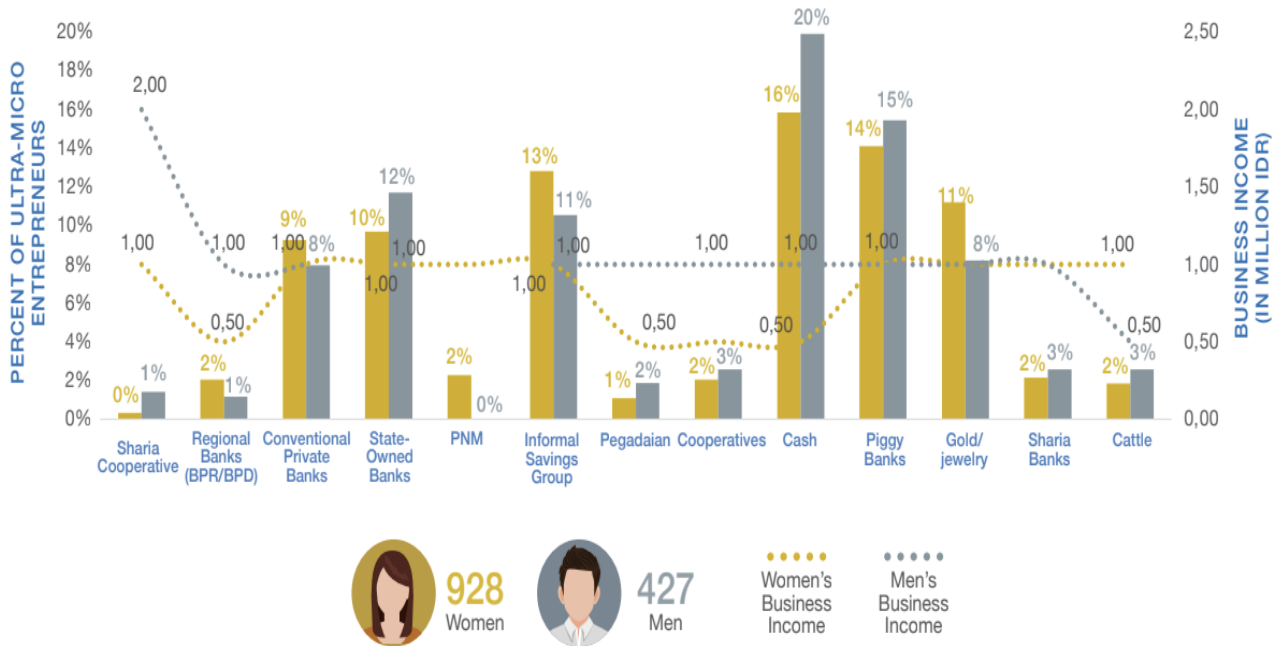


Figure 2. Saving preferences of ultra-micro enterprises based on financial service provide.

The tendency of female entrepreneurs to save tends to be higher than that of male entrepreneurs. However, both of them need access to savings products that are varied and according to their needs. Stability of the financial system and welfare of the community, as well as encourage inclusive development. Inclusive access to financial services is essential for economic growth and poverty alleviation [1].

This study aims to determine the financial behavior of business actors in the UMi segment. Their constraints and needs to access banking, develop alternatives, select appropriate banking marketing strategies, and test their suitability to stakeholders, namely business actors in the UMI segment. The study conducted uses the Design Thinking method.

II. METHOD

In this study, the five stages Design Thinking model proposed by the Hasso-Plattner Institute of Design at Stanford (d.school) is used: empathize, define, ideate, prototype, and test [7]. This model can be a good strategy for

creative problem-solving by prioritizing users' requirements. It helps to engage a person in several opportunities, gathering user feedback and resulting in innovative solutions.

A. Participants

A total of 8 participants (Age Range: 21 to 55 years) were recruited. Each participant had a maximum monthly turnover of IDR 10,000,000. Their daily activities are working in a shop or place of business. When they have free time, respondents look for entertainment on the internet through their cellphones and watch TV and radio. Most respondents are familiar with technology and the internet, such as smartphones, social media, and online media, to communicate and seek entertainment and information. However, technology related to money flow is still deficient due to the fear of risk.

B. Instruments

This study was conducted using smartphones to record the interview. All participants were interviewed in person. The overall duration of the interview was 9 hours and 17 minutes, with an average of 70 minutes per participant.

Table 1.
User Need

Activities	Needs
Saving	a place to store money that is easy and safe; can be taken at any time for various purposes; balances are recorded automatically; has "more barrier" to take cash except for essential purposes, as well as creating discipline for the use of the money collected
Borrowing	wants to borrow money with low-interest rates; limit according to business momentum and can provide privacy (not being talked about by neighbors)
Pawning	site of pawning is located near the place of business; the pawn period is not too short; there is a reminder when the pawn period is due
Daily Transaction	to obtain proof of the transaction after completing the transaction; the administrative process needs to be easy to understand and carry out.

Table 2.
Ideas Collected from HMW Questions

No.	Ideas	
	Physical	Mental
1.	Making ultra-micro service centers a one-stop service for people in the ultra-micro segment. This center serves the types of financial transactions often used by the public in the ultra-micro segment: savings, borrowing, pawning, and daily transactions	<p>Making a campaign's support tools in the form of simple applications by raising the concept of fun education. This tool aims to be a financial literacy milestone that will increase user confidence to adopt digital banking (such as mobile banking applications) to ease financial activities. The main features of literacy/education:</p> <ul style="list-style-type: none"> • Simpan Senang (Happy Saving) • Pinjam Gampang (Easy Loan) • Gadang Tenang (Easy Pawning) • Transaksi Girang (Happy Transaction) <p>These central pillars will content such as:</p> <ul style="list-style-type: none"> • Points Program: The reward for Simpanan Arisan programs (in collaboration with selected Laku Pandai Bank Agent) • Loan Installment Calculator • Alarm & Notification: Alarm settings and smartphone notification delivery for reminder periods of pawn, due installments, etc. • Notes: record all important things related to finance or transactions, for example, routine transfer destination accounts.
2.	Marketing optimization of saving and loan through a Laku Pandai Bank Agent whose location is relatively closer to the house and is a person known by the neighborhood.	Making the selected Laku Pandai Bank Agent (who has a good track record) becomes an extension of the bank to become a digital instructor and provide guidance and education directly (literacy).
3.	Making relevant marketing programs that support the penetration of Laku Pandai Bank Agent to the UMi segment. Such as a bank deposit program that is a short-term plan in terms of use, for example, savings for school children's goals, Arisan Emas, Arisan Gadget, and others.	Movement campaign to support financial literacy in the UMi segment.
4.	Need to chase the ball to a business center such as a market/ shopping center/trade center using a mobile car or pop-up table with a routine schedule.	

C. Procedures

The participants were first informed about the objectives of this study which intended to review the financial behavior of the business actor in ultra-micro segments. For an in-depth interview, 8 participants were given questions about the lives of respondents (routine activities, behaviors related to the use of gadgets and information facilities, as well as financial activities in one period, understanding the needs and flow of money in their household environment). They also have questions and answers related to participant's financial behavior (exploring behavior in saving, loans, mortgaging goods, daily transactions, understanding and use of other financial products). Furthermore, for testing the ideas, participants were trying to evaluate the ideas while giving questions or feedback using the Feedback Capture Grid.

III. RESULT AND DISCUSSION

A. User Persona

Personas are distilled essences of real users. In user experience (UX) design, personas are used to build empathy with target users, focus on their world, and clearly define both the needs and the users. Personas are created from observations about real users in empathize stage through in-depth interviews. The description of the two user personas is as follows.

As seen in Figure 1, the first persona is a business actor who has a resigned character. The purpose of working is to meet the daily basic needs of themselves and their families. In financial activities, she uses cash with a small nominal.

Table 3.
Feedback Capture Grid Results

No.	Worked	Change	Questions	Ideas
1.	Make ultra-micro service centers one-stop services for people in the ultra-micro segment.	Marketers who work in a mobile car or pop-up table are passive and less persuasive, so people don't want to come.	Variations of programs require further exploration, for example, the type of short-term loan designation in demand and affordable deposits.	The apps need to be light-sized so it does not fill up the phone's memory.
2.	Make a campaign's support tools in the form of simple applications by raising the concept of fun education, which is an effort to increase financial literacy.	Mobile Car/Pop-Up Table can be scheduled regularly and announced so prospective users could prepare in advance if there is a need to save/loan/pawn/daily transactions.		The apps use language that is simple and easy to understand as an option to use regional languages.
3.	Marketing optimization of saving and loan through a Laku Pandai Bank Agent whose location is relatively closer to the house and is a person known by the neighborhood.			
4.	Making the Laku Pandai Bank Agent (who has a good track record) becomes an extension of the Bank to become a digital instructor and provide guidance and education directly (literacy).			
5.	Movement campaign to support financial literacy in the ultra-micro segment			

Money goes out and comes in very quickly for daily needs. The saving pattern is straightforward: using a piggy bank or storing it at home so it can be easily used when needed. Familiar with pawning activities to get money quickly if there is an urgent need. It is challenging to understand administration related to writing and forms. The use of technology is only limited to communication and entertainment. Because of these economic limitations, this persona has a simple desire to be able to set aside and collect money even though it is small as a reserve saving for urgent needs.

The second persona is a business actor with a fighting spirit to meet his and his family's needs and a desire to develop a business. The time available is crucial for earning. He is still very dependent on cash. The saving pattern began to develop into informal services such as "arisan". This persona cannot yet manage finances. The money collected from the "arisan" is usually used up soon. The loan allocation is for business needs, so this persona expects a loan with a sufficient nominal to develop his business. The use of technology for communication and entertainment has also begun to be used to find information. There is an interest in using technology for the practicality of financial activities, such as online shopping in the marketplace. This persona hopes it can be more planned in saving and directed in using money according to the goals set.

Both personas have similar preferences in saving money and prefer cash kept at home. This result follows research conducted by Agnes and Media from Women's World Banking [6] that most ultra-micro business actors choose to save money in the form of cash in their homes.

In this context, keeping cash at home makes it easier for women to access money for their daily and business needs and requires less time and money than going to a bank or other financial service (Figure 2).

B. User Journey Map

Customer journey maps are used to map the relationship between a customer and an organization over time and across all channels on which they interact with the business. Design teams use customer journey maps to see how customer experiences meet customer's expectations and find areas where they need to improve designs. User behavior will be mapped in the form of a user journey map consisting of several phases, such as awareness, search, registration, purchase, and post-purchase.

In the first persona, information about financial activities is obtained from the surrounding environment, namely friends and neighbors. Pain points arise when the user keeps money at home, it is difficult to collect because it is easier to take it whenever there is a need. In addition, because the money they can set aside daily has a small nominal value, users feel embarrassed when they have to save the "small money" for a formal institution. In need of money, if there is an urgent need, the user's preference is to make a pawn at the gold shop or loan from a friend with a small amount. When pawning, there is concern that the goods will be confiscated immediately if the due date is missed/forgotten.

Meanwhile, when borrowing money from friends/neighbors, the concern is that it will become a topic of conversation, incredibly when late in paying. In addition, because of the limited amount of money they can set aside

daily, only a tiny amount, users feel embarrassed when they have to save the "small money" for a formal institution. Financial transactions are carried out by asking for help from neighbors/store near the house, but no proof of the transaction can be provided. Users also find it challenging to understand writing administration and the forms that must be completed when accessing legal services.

For the second persona, information about financial activities are obtained from friends and neighbors and the social gathering community. Pain points that arise when a user saves money in arisan are that money is difficult to collect and not directed towards its use because once it is their turn, the money collected from arisan is usually used immediately. Meanwhile, if saving money in a mobile bank, the deposit recording is done manually, so there are fears that there will be book differences. The loan allocation is for business needs, so this persona expects a loan with a sufficient nominal to develop their business. Financial transactions are carried out at the nearest store, but sometimes the seller can not provide proof of the transaction. There is an interest in using technology for the practicality of financial activities.

In carrying out transaction activities, these two personas are still willing to pay additional costs for financial services closer to them, such as additional fees for transfers or cash deposits through stores. These costs are incurred to save time (can spend less time completing financial transactions).

C. Point of View

A Point of view (PoV) is a meaningful and actionable problem statement that will allow one to ideate in a goal-oriented manner. PoV captures the design vision by defining the proper challenge to address in the ideation sessions. A PoV involves reframing a design challenge into an actionable problem statement. A synthesis process is carried out, and user needs are classified based on the user persona's pain points, shown in Table 1.

D. Ideation

Defining the problem based on the Point of View (PoV) Analysis obtained from synthesizing the persona and user journey map from each type of user. According to the classification of user needs in Table 1, a point of view statement is formulated that users need physical and mental approaches. The researcher then converted this PoV Analysis into a problem statement outlined in the PoV Madlib. How Might We (HMW) Question, which was then concluded as the problems faced by the business actor in UMi segments as follows: (1) How might we physically approach financial services/activities with users? and (2) How might we mentally approach financial services/activities with users? Table 2 shows the results of the brainstorming of researchers obtained from answering the conclusions of the HMW Questions above.

E. Feedback Analysis

The last stage of this research is to collect feedback from potential users. The feedback obtained from the respondents

includes which ideas somebody likes or is worth mentioning, any negative feedback or issues (constructive criticism), questions about the concept during the testing, and any ideas that said or suggested improvements from users. Table 3 is the result of feedback from potential users.

IV. CONCLUSION

This research found several ideas marketers can apply to bank marketing strategies for business actors in the ultra-micro segment. One of them is making Ultra Micro Service Centers that are one-stop services and making campaign support tools in simple applications with the concept of fun education. They can also optimize the marketing of Savings and Loans through Laku Pandai Bank agents, which are located relatively close to home and are people known by the surrounding community. Make the Laku Pandai Bank Agent an extension of the Bank to become a digital mentor/instructor and create a movement campaign to support financial literacy in the ultra-micro segment. The results of the feedback analysis that has been done to potential users want the campaign's support tools apps that are light-sized, so it doesn't fill up the phone memory. The apps should use language that is simple and easy to understand as an option to use regional languages.

ACKNOWLEDGEMENT

Many thanks to all respondents who participated in the interview and feedback capture grid stages that this study required. Special thanks to Ellya Zulaikha, S.T., M.Sn., Ph.D., for the insights in this study.

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