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CREDIT UNION
The social cooperative model for financial inclusion in Indonesia

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Background

- The social cooperative model has been acknowledged for one of typical social enterprise models (Defourny and Nyssen, 2016) and Indonesia (Pratono et al, 2016). More in-depth analysis is required to understand how this SE promotes financial inclusion.

- This study aims to put forward the tentative typology of social cooperative model in the Indonesian context. The qualitative approach was adopted to understand the unique phenomenon.

Social goal

- **Financial inclusion:** provide financial access to the poor. It was started from West Kalimantan and expanded to other provinces, e.g. East Java and Central Java.
- **Financial education:** Begin with financial literacy, which comes to the consensus about dealing with ruthless agents, seductive products, thirsty for credit.
- **General interest**: Bringing back the cooperative principles, which relies on indigenous incorporated societies.
- **Mutual interest**: agreement between the members to be financially independent.

Entrepreneurial orientation

- **Products:** microfinance. There was an interest rate (4%), but profit is not the ultimate goal.
- **Proactive:** Build networks with local communities, which concerns on trust building.
- **Risk-taking:** Invest resources in social capital. The customer may prefer to another microfinance institutions, which provide fast loan. It is time-consuming effort.
- **Innovative:** Combining the modern financial system with local values.
- **Autonomy** (value of self-help): the organizations were encouraged to be independent from financial support.

The democratic governance

- **Consensus building**: Begin with financial literacy training, which concern to build the consensus about dealing with ruthless agents, seductive products, thirsty for credit.
- **Decision making process:** Equal voting power in the general assembly and limitation of capital shares' remuneration.
- **Independent:** From a legal, financial, management and governance perspective, the credit union is external to its parent organization, and it can transfer its profit to the parent organization but only to sustain its social mission.

THANK YOU