



Mercy Corps Indonesia

AGRIFIN MOBILE PROGRAM IN MALANG, INDONESIA

Branchless Banking and Participatory Gender Impact Study Report

AUGUST 2018

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Executive Summary

Policy objective

The AgriFin Mobile project aims to increase the income of smallholder farmers by using mobile platforms to enable them to sustainably access financial services. This will contribute to the Government of Indonesia's goal of ensuring that 75% of Indonesians have access to banking services by 2019, with a focus on providing financial access to smallholder farmers.

Intervention

The branchless banking model utilized in the project targeted smallholder farmers in rural areas in Malang District who are unbanked by providing digital financial services through mobile phones. These services are delivered by agents who are also leaders of Farmer Group Unions (FGUs) without relying on physical bank branches.

In a partnership with Bank Mandiri, the largest government-owned bank in Indonesia, the project works on both supply (agents) and demand (customers) sides of the branchless banking financial services.

Results

Within 2.5 years of its implementation and with the support of 15 agents, the branchless banking model in Malang District, has reached 5,761 previously unbanked farmer clients, 61% of whom are women. The majority of the farmer clients reported that E-Cash provides easier access to financial services. This proves that E-Cash is an essential tool for smallholder farmers to access financial services. AgriFin Mobile's extensive outreach enables the project to bring greater financial inclusion and higher levels of financial literacy to smallholder farmers.

Main gender assessment findings

Access to banking financial services is strongly gendered, as evidenced by the results of the existing gender dynamics within household and communities. A number of gender barriers affect the ways in which women and men deal with their financial management and access to banking financial services. This includes the different roles and responsibilities between men and women that affect their mobility and access to the financial services. The gender role also influenced male and female participation in public activities and their access to information. Men are more involved with public activities and have easier access to information and financial services. On the other hand, women in domestic roles have limited mobility and access to formal financial services.

Men and women also have different ownership of land resources and therefore define themselves as farmers differently. The legal certificate of the land is usually owned by men, enabling them to have easy access to productive assets such as financing. Women farmers are considered just to be farmers' wives and have limited access to agriculture financing.

Meanwhile, although the branchless banking program was delivered, older people of both genders also face unfamiliarity with technology in situations where the program requires the use of handphone or smartphone devices.

The introduction of Mandiri E-Cash as a branchless banking service has brought about a number of gender impacts within household and community contexts, including the following:

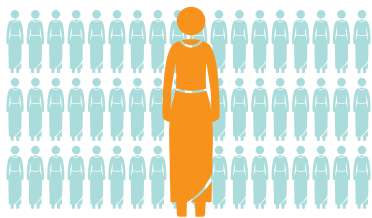
- › Mandiri E-Cash responds to women's challenges in mobility
- › Low limit for cash transaction and zero admin cost attract more women

- › Women social connectedness enables better outreach
- › Increased family savings leads to reduced potential of domestic violence and stronger decision making power for women
- › Women's primary role as household financial manager serves as an influential factor
- › Roles of committed agents are critical in the overall intervention

Recommendations

- › Create approaches and strategies to extend and broaden the outreach of branchless banking. For example, work with women and community leaders and use innovative promotion through person-to-person interaction.
- › Address key challenges through reliable and sustainable branchless banking operations. For example, provide reliable connection, facilitate technology literacy skills and maintain branchless banking agents.
- › Make improvements to future programs, such as including gender approach; providing sufficient program resources and staffing, and conducting further research.

Project Highlights



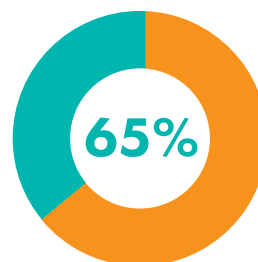
5,761
Clients



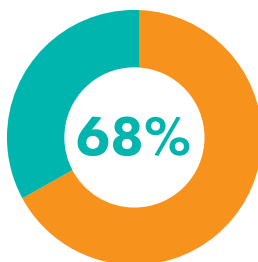
15
Agents



61%
of the clients are women



of the clients that received training are women



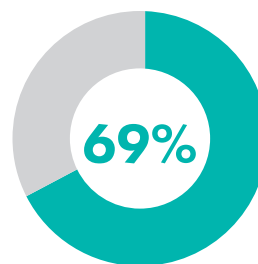
Decisions to access E-cash in **68%** of clients' households are made by women



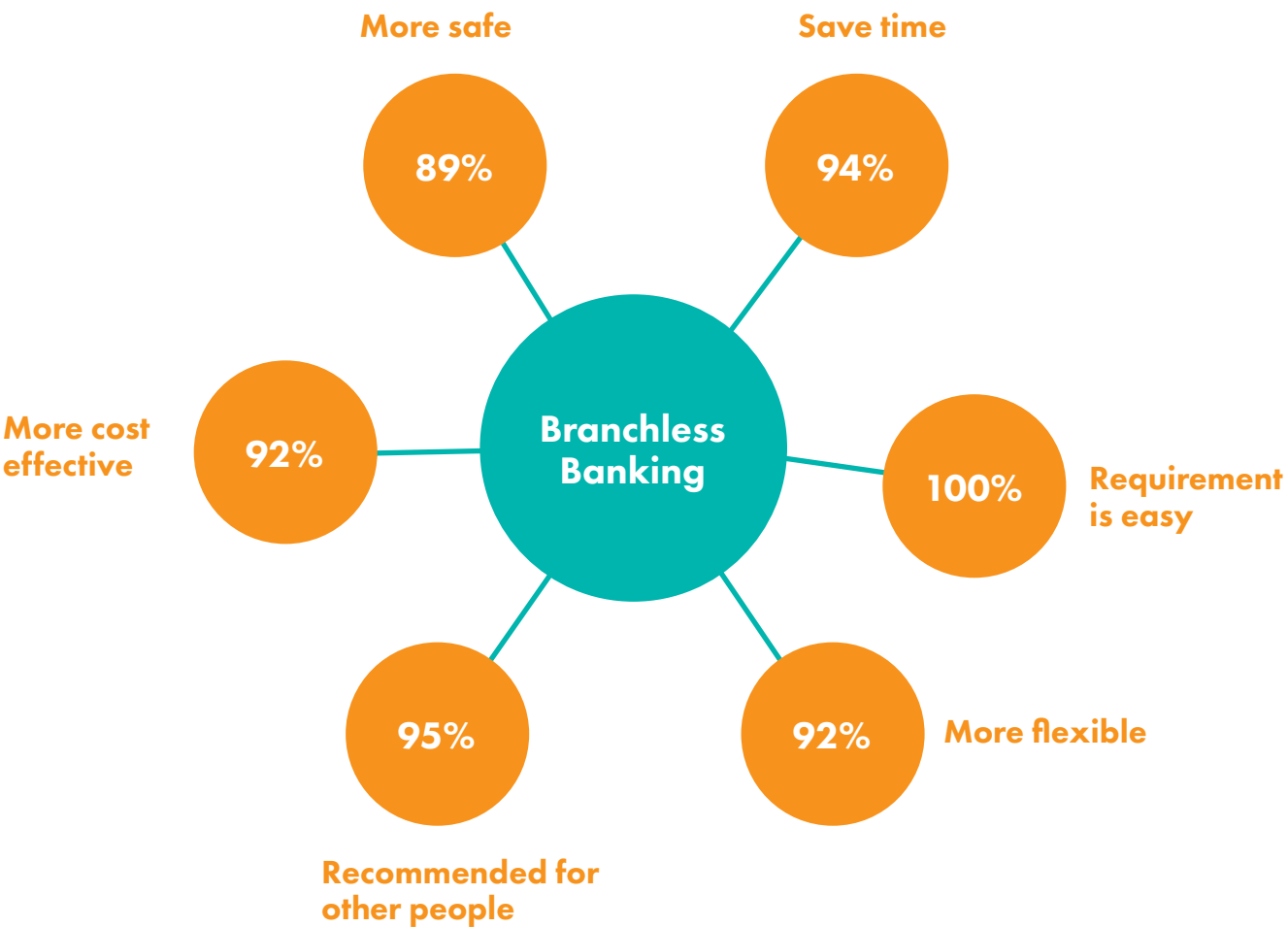
96%
of the clients agree that the E-Cash product provides easier access to financial services



78%
of the clients believe that the E-Cash product can help them increase their savings



of the clients are of the opinion that E-cash services can help their family businesses



Introduction

The AgriFin Mobile program was launched in 2012 as an initiative to connect farmers with a bundle of agricultural information and financial services through mobile platforms. In Indonesia, AgriFin Mobile has worked with the private sector, government, farmer institutions, and local traders in different regions of the country (i.e. Aceh, Banyuwangi, Lombok, Malang, and Sumbawa).

As one of the AgriFin projects in Indonesia, the project in Malang District focused on providing branchless banking services so that farmers have sustainable access to and make the best use of financial services. It was initiated in 2013 when Bank Mandiri began piloting branchless banking service, followed by a second pilot targeted at farmers. In 2016, training on Mandiri E-Cash for branchless banking agents started.

Background

Indonesian farmers are largely excluded from formal financial services. The limited access to financial services and agriculture information is a key barrier for smallholder farmers in Indonesia to improving their productivity and incomes.

The project aims to increase the incomes of smallholder farmers through the use of mobile platforms, enabling them to have sustainable access to financial services. This will contribute to the Government of Indonesia's goal of ensuring that 75% of Indonesians have access to banking services by 2019, with focus on providing financial access to smallholder farmers.

Furthermore, by providing better access to financial services and achieving greater financial literacy, the program aims to help these farmers improve their financial management – particularly for saving and investing. With accumulated savings, they can have access to high quality agricultural input products that deliver higher yields, such as seeds, fertilizer, and crop protection. Ultimately, this will enable smallholder farmers to improve their incomes.

Program intervention

The branchless banking model used in the project targeted smallholder farmers in rural areas who are unbanked by providing digital financial services through mobile phones. These services are delivered by agents who are FGU leaders without relying on physical bank branches.

In a partnership with Bank Mandiri, the largest government-owned bank in Indonesia, the project works on both supply (agents) and demand (customers) sides of the financial services. The product used is E-Cash, which is an electronic money product similar to a bank account in which customers can store and manage money in account linked to a mobile phone. This allows customers to conduct bank transactions without having to open an account at a physical bank branch.

On the supply side, AgriFin Mobile partnered with Bank Mandiri to train leaders of FGUs to be mobile bank agents. The training began in January 2016 for 7 newly-recruited agents, and it's now grown to 15 agents. The agents were trained on how to access the Mandiri E-Cash agent website, facilitate farmer registration, upgrade current Mandiri customers to Mandiri E-Cash, promote the mobile phone branchless banking services, and use a netbook as the basic skills. Moreover, AgriFin Mobile strengthened the capacity of FGUs who are approved to be Bank Mandiri branchless banking agents through the provision of cash grants amounting to USD 43,708 (USD 1 = IDR 13,700) for training, promotion, and netbook. Bank Mandiri also provides incentives for agents who execute the branchless banking services. One field consultant is assigned by the AgriFin Mobile project to assist agents and conduct monitoring.

On the demand side, AgriFin Mobile has conducted various trainings, such as: transfer of technology on financial literacy for 7 agricultural extension workers; training on business development and branchless banking for 1,226 women farmers/women entrepreneurs/wives of farmers; and trainings on Mandiri E-Cash that reached 5,300 farmers in 15 villages, organized by 15 FGUs with financing from the cash grant.

Farmer customers execute transactions through agents. Most farmers still use basic cell phones and access Mandiri E-Cash using a USSD menu. In accessing E-Cash services, fees are deducted from the farmer's mobile phone airtime.

Bank Mandiri branchless banking products and services that can be accessed by farmers are as follows:

- › Saving with and withdrawing funds from agents (cash-in and cash-out)
- › Paying electricity and telephone bills
- › Performing top-ups of handphone usage units and pre-paid electricity
- › Performing money remittance to other users of Mandiri E-Cash and to holders of Bank Mandiri savings accounts
- › Shopping at a network of mini-markets already cooperating with Bank Mandiri

Methodology for gender impact study

A quantitative methodology was used in order to meet the requirements of the evaluation, taking into account the total universe of 5,721 farmer clients in Malang District registered on the E-Cash platform as of August 2018. A representative sample of 420 users from 14 villages was surveyed, 61% of whom are women. The selection of respondents was made based on the proportion of gender and geographic distribution. The survey was followed by focus group discussions and in-depth interviews with AgriFin staff, agents, bank staff, and farmer clients.

This study was designed to identify the findings and lessons learned based on the four key gender components: participation, access, benefit, and control, where male and female will be considered equal actors in these areas.

Main findings

Access to banking financial services and its impact to rural women and men

Access to banking financial services is strongly gendered, as evidenced by the results of the existing gender dynamics within communities. The Gender Impact Study in Malang District showed that a number of gender barriers affect the ways in which women and men deal with their financial management and how they access banking financial services.

1. Different roles and responsibilities affect access and mobility

The different roles and responsibilities attributed to women and men, both in the household and community contexts, are crucial factors underpinning women's limited access to banking services. Most female farmers in the target area of study spend the majority of their time undertaking traditional domestic chores, including child bearing, child rearing, providing for the nutritional needs of their families, caring for the elderly, and maintaining their homes and familial values. Due to these responsibilities, women's access to information, including that which is relevant to formal financial services, is limited. This lack of access is further compounded by issues of mobility. Most women are only able to be independently mobile in neighbouring villages, unless their husbands are able to accompany them further. Their limited

mobility impacts their capacities to amass savings and access other information and training which can benefit their productivity. Women face difficulties in securely saving their money, which often results in women keeping money under pillows or in the corners of cupboards in their houses.

Men's mobility is much greater, owing particularly to their traditional roles and responsibilities. Men are usually the main breadwinners for their families and they have formal employment outside of the home. This requires men to travel more frequently and across greater distances than women, which means that they are more independent and have more confidence in handling long-distance trips. This freedom allows men to have greater access to bank offices, which are usually located at the nearest in the subdistrict towns or district capital cities, far away from their homes. Working in formal employment also usually requires men to have their own bank accounts, meaning that men are more confident with the formalities of accessing banking services and activities.

2. **Different areas of participation leads to varying access to information**

Men's political roles in formal community meetings in their villages allow them to have better access to various types of information, including that related to agricultural and financial services. This allows them to participate more prominently in the community and public spheres, bringing about many direct benefits for men.

Although women's access is not as broad as that of men, they do have their own channels for accessing information. In the rural, agricultural communities in Malang District, participation in formal, village-based women's groups such as Pemberdayaan dan Kesejahteraan Keluarga-PKK (Family Empowerment Groups) as well as in an informal, regular, religious-based gatherings, such as tahlil and Qur'an recitation groups (pengajian), become crucial channels for obtaining information.

3. **Different ownership of resources defines identities of farmers**

It is usually men who are the legal owners of land and other productive assets. Women rarely have legal ownership of such assets, and their access to land or other productive assets is through their husbands. For example, the land on which women conduct farming or other economically productive activities is usually, in a legal sense, owned by their husbands. Although they might spend a lot of time farming their husband's land, these women are often reluctant to consider themselves as farmers, instead self-identifying as farmers' wives. This identification limits their access to agricultural advisory services, including financial services relevant to agriculture. A small number of female farmer groups have been established, but male groups far outnumber them and are more active.

4. **Overburden of domestic responsibilities influences access to banking financial services**

Both men and women clearly have multiple roles and responsibilities. However, in terms of time management, women usually face much more significant challenges in balancing their daily demands. Women play their roles concurrently; for example, they look after their children while serving customers in small shops in their houses or attending women's group meetings. On the contrary, men typically have opportunities to focus on a single productive responsibility. They can work on a farm or in an office during the day without having to tend to domestic tasks. This gendered time constraint also affects how and when women and men access financial services and manage their financial resources.

Women are the primary financial managers in their families. This particular role brings benefits to women by way of improved access and decision making power in managing the financial resources at the household level. With good access to financial resources in their families, women contribute significantly to decision making about family expenses, including expenses relating to family nutrition and children's

education. However, to some extent, women feel financially inferior as they are usually dependent on their husbands in terms of income. Married women tend to be motivated to save money and to be more creative in finding alternative sources of income with their various limitations on time, mobility, and access to information. Women feel more independent and confident when they are able to earn their own income in addition to what they receive from their husbands, particularly to pay for their own personal needs such as clothing and cosmetics. Despite their willingness to save more and invest in income diversification, women rarely have reliable access to banking financial services or adequate training in financial literacy and business development.

5. Lack of familiarity with technology

Another issue affecting the access to banking financial services is lack of familiarity with technology. Based on findings from a discussion with the agents, older women and men are less familiar with the use of handphones or smartphones, which are the main devices required to access Mandiri E-Cash. The Mandiri E-Cash product offered by Bank Mandiri, a branchless banking service which utilises such technology, was not initially intended to specifically address gender barriers related to the access to banking financial services. However, in the next section, we share further findings on how the introduction of this banking product had an impact on the gender dynamics within households and communities.

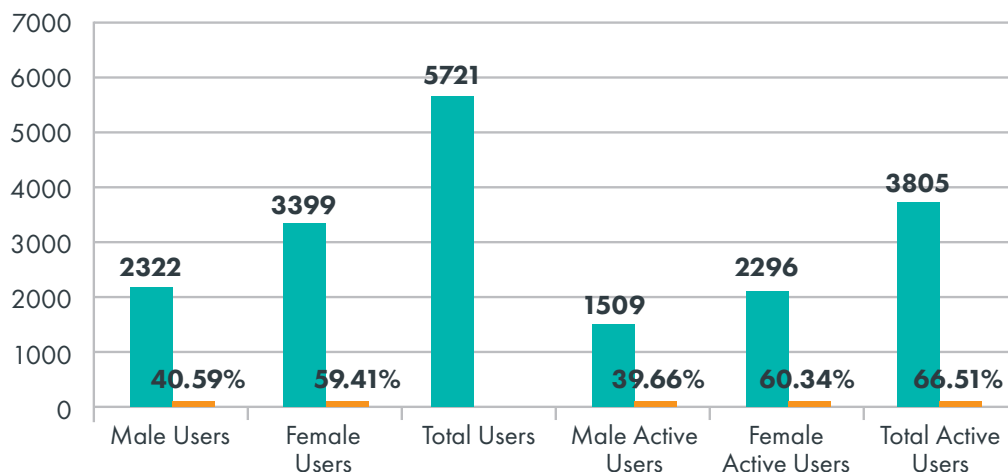
Branchless banking services and how they influence gender dynamics

Mandiri E-Cash is a branchless banking model offered by Bank Mandiri to reach unbanked people by providing digital financial services that can be accessed with mobile phones. This service is delivered through agents recruited in the target communities, who serve as the providers of this banking service.

1. Mandiri E-Cash user statistics, disaggregated by sex

In Malang District, 15 Mandiri E-Cash agents were recruited, comprised of 9 female and 6 male agents spread across four sub-districts: Pagelaran, Kepanjen, Bululawang, and Gedangan. The total number of Mandiri E-Cash users in Malang District is 5,721, consisting of 3,399 women and 2,322 men. Table 1 illustrates in detail the number of the Mandiri E-Cash users, disaggregated by sex and their “active” status. We categorize a user as an active user when they make one or more banking transactions using Mandiri E-Cash per month. The statistics show that women accessing Mandiri E-Cash far outnumber men and they also have higher levels of activity.

TABEL 1. THE DETAILS ON MANDIRI E-CASH USERS IN MALANG DISTRICT



2. **Mandiri E-Cash responds to women's challenges in mobility**

From the survey of 421 users of Mandiri E-Cash, 61% of whom were women, 300 respondents confirmed that having Mandiri E-Cash agents in their community improves access to banking services for the unbanked. Based on the focus group discussions, both female and male users agreed that Mandiri E-Cash improved their ease of access to banking services as they do not need to travel far from their homes to go to the physical bank branch offices.

Furthermore, because women face more challenges in mobility than men due to cultural factors, the introduction of Mandiri E-Cash brings them greater benefit. For rural women in Malang District, who are mostly farmers and home-based business owners, Mandiri E-Cash has been their first direct access point to banking services. Using Mandiri E-Cash allows people to increase their cashless transactions, which are considered to be more secure and lower in cost.

3. **Low limit for cash transaction and zero admin costs attract more women**

Women face more challenges in mobility than men because of cultural factors, so the introduction of Mandiri E-Cash brings greater benefit to women. Using Mandiri E-Cash allows them to make more cashless transactions which are considered to be more secure and lower in cost. The low limits for cash transactions and zero admin costs (except for the withdrawal cost up to IDR 5,000) for the Mandiri E-Cash product have proved to be attractive to the target community, particularly women and rural farmers. These features are very helpful for them, as they often struggle to build their savings due to the pressures of providing basic subsistence. As a result, they prefer financial services which allow them to frequently deposit small amounts.

4. **Women's social connectedness enables better outreach**

Women's social connectedness has a significant impact on promoting branchless banking services in Malang District. Table 2 shows the number of users reached by each agent. The data shows that women agents have reached more users, most of whom are also women. In some cases, women are actually working under men's registered names.

The data as presented also shows that women agents tend to work more effectively when they reach out to other women. Only 74 out of 420 users who participated in the study's survey acknowledged that the gender of the agents affected their decisions to access Mandiri E-Cash. However, the female agents agreed that it is easier to recruit women as users than men.



“Usually I will promote Mandiri E-Cash services through PKK weekly meetings or through pengajian (Qur'an recitation groups).”

— Rini, a female agent in Jenggolo village, Kepanjen Subdistrict

“When I created my working team to support the information dissemination activities to promote Mandiri E-Cash, I noticed that women tend to work more effectively compared to men. Women seem to interact with various groups easily. Therefore, I recruited more women to join my working team and, as a result, I could increase the number of users I recruited quickly, and most of them are female.”

— Tias Dewi Ratih, a female agent from Kanigoro village, Pegelaran Subdistrict, who has recruited more than 1,200 customers

TABLE 2. THE AGENTS AND THE NUMBER OF USERS RECRUITED

Agents #	Sex	Male	Female	Total
1	Male	76	126	202
2	Male	101	146	248
3	Female	138	209	348
4	Male	117	96	213
5	Male	42	106	149
6	Female	75	194	269
7	Male	110	101	211
8	Female	367	434	801
9	Female	517	727	1244
10	Female	254	261	515
11	Female	128	398	526
12	Female	90	111	201
13	Male	96	105	201
14	Male	142	158	300
15	Female	69	227	296
Total		2,322	3,399	5,721

“Initially, I did not specifically focus on approaching women. I tried approaching Farmer Group Unions (FGUs), where members are mostly men, to promote Mandiri E-Cash. In the beginning, there were only seven agents recruited by Mandiri Bank, and only two were women. Once the [AgriFin] program had been implemented for about six months, I started realizing that there was significant progress being made by female agents in reaching more users, particularly female users” (Syaiful Arief, AgriFin Coordinator in Malang).

— Syaiful Arief, AgriFin Coordinator in Malang

According to the agents, several factors influence the effectiveness of their approaches to women, including:

- › Most female agents use the existing social connections of women as a promotional channel. This is facilitated through women’s groups, such as PKK, tahlil, and Qur’an recitation groups.
- › Female agents are usually considered to be more sociable. This may mean that they are more adaptable in accessing various types of groups and social contexts, ranging from farmer and youth groups to traders in the markets.
- › Most female agents do not have formal employment. They usually run home-based businesses or are full time housewives who are responsible for the majority of domestic tasks. As such, women tend to have more opportunities to interact with other women in their neighborhoods or villages, and they have more time to conduct intensive coachings for users and door-to-door promotional activities

5. **Increased family savings leads to reduced potential of domestic violence and stronger decision making power for women**

Based on the study in Malang, bringing banking services closer to the unbanked through branchless banking agents has proven successful in encouraging users to increase their savings. This topic was featured in the focus group discussions, and 299 users out of 420 users surveyed in this study confirmed that Mandiri E-Cash has assisted them to increase their savings. In the focus group discussions, users talked about how increased savings have various social benefits within households. Male users highlighted that during certain months, many cultural events take place, such as weddings and lifecycle ceremonies. During these times, increased family expenses cause financial and social pressure, as they are culturally required to donate money at these events. Amidst these pressures, and without available and accessible cash resources, men tend to be more aggressive towards their spouses. Financial conflicts potentially leading to domestic violence can be minimized with increased cash savings.

Greater access to banking financial services for women through Mandiri E-Cash also increases women's savings, which eventually strengthens their decision making power regarding financial management in the household context. In turn, an increase in savings increases women's self esteem, as they are able to more independently spend their own money for their own specific needs, such as capital for a small business or personal items.

6. **Women's primary role as household financial manager serves as an influential factor**

While earning income is primarily in the domain of men, building family savings and managing family spending is stereotypically viewed as a woman's responsibility in her role as the main financial manager for the family. However, after being exposed to Mandiri E-Cash services, some of the male users admitted that they had started to realise that building savings and managing family finances are not only the responsibilities of wives. Branchless bankings services like Mandiri E-Cash have also proven much more impactful when addressing women, who, as the financial managers, have direct access and control of family financial resources. Women are usually more skilled and thorough in managing small and detailed expenses, whereas men are often reluctant to do so.

7. **Critical roles of committed agents in the overall intervention**

During the AgriFin Mobile project's Mandiri E-Cash intervention stages and promotion, committed agents played critical roles in ensuring the success of the introduction of branchless banking services to the agricultural, rural communities. The willingness of the agents to work on intensive coaching to address older users' lack of familiarity with technology is one of aspects which need to be highlighted in the implementation process. While men and women are able to provide the intensive coaching to older users, women agents are viewed to have more time, better capacity, and greater patience in dealing with this particular population.

The progress in the promotion of the Mandiri E-Cash service is also quite dependent on the tenacity of the agents to build trust in the targeted communities. Many agents admitted that it was initially very hard to convince people to use Mandiri E-Cash. People tended to be very cautious about new types of financial investment models introduced to them. In the past, many people in the target communities fell victims to financial scams. Various strategies were applied by the agents to attract potential new users, including providing incentives in the form of gifts.

Another challenge faced by agents is that they have to provide cash in relatively large amounts, particularly during times when many people withdraw their savings, such as during Idul Fitri (Islamic Holy

Day). Advancing cash for user withdrawal sometimes creates friction in the agents' families, as providing such large amounts of money is beyond their capacity and can influence the financial stability of their own families. This happened, for example, when the Mandiri E-Cash website was not working properly and could not record transactions for a couple of months.

Gender highlights

The findings of the Gender Impact Study revealed substantial evidence that the branchless banking financial service (in this case Mandiri E-Cash) contributes to promoting equal access for men and women to banking financial services. This is as a significant strategy in striving for gender equality and social inclusion (GESI). It is proven that the branchless banking service successfully promoted financial inclusion for rural women who are marginalised in terms of their access to secure banking services and reliable financial information. This evidence on the correlation between branchless banking intervention and the existing gender dynamics is a crucial component which needs to be examined through further gender studies.

Recommendations

While key indicators from this study have shown that branchless banking is a useful rural financial access tool for the small rural farmer, it will still need collaborative efforts and initiatives from policy makers, banks, mobile service providers, and development agencies in order to utilize this opportunity to access more advanced financial services that will increase agricultural productivity. In light of the findings and conclusions from this study, the following recommendations are offered:

Approaches and strategies to extend and broaden the outreach of branchless banking

- › **Work with women:** Women represent an opportunity to extend financial inclusion, because they have strong social connections within the community and are integrated into family businesses. Women farmers maintain active financial lives through the management of their family and business finances. Given their existing financial behaviours, women farmers not only benefit from access to formal financial services, but they would likely prove to be valuable customers. Women agents have been proven to get more clients than men agents.
- › **Work with community leaders:** Gaining trust is important when forming new partnerships. Farmers already have community groups where they share information and they are mainly interested in working with familiar and trusted sources. Working with FGU leaders is pivotal in order to reach farmers, to gain their trust, and to work with them effectively.
- › **Use innovative promotion through person-to-person interaction:** Successful outreach about branchless banking should be promoted as a new concept that is being introduced in cash-based economies like rural areas. Innovative promotions to gain new customers included giving agents the freedom to promote E-Cash in creative ways using the cash grant provided. Initially, agents determined the target number of new customers that they will recruit. Then, they used promotion to attract customers by giving them souvenirs such as umbrella or groceries. Promotion was conducted by offering direct information, in person through both door to door and social and religious events.

Key challenges that need to be addressed regarding reliable and sustainable branchless banking operations

- › **Provide reliable connection:** Unstable or poor connection problems are some of the main obstacles for agents in providing branchless banking services to customers. These issues can be troublesome for agents and make them distrust the branchless banking system, which in turn will make people feel wary and uncertain. Adequate infrastructure needs to be provided so that branchless banking can provide reliable and sustainable services.
- › **Facilitate technology literacy skills:** The ability to use technology and age of the users and agents are significant barriers to the adoption of branchless banking. The ability of agents and customers to use mobile technology deserves attention and support through sufficient training and mentoring. In addition, it is more difficult for the elderly to use the new technology, so extra efforts and special approaches are needed to make sure that this population can access branchless banking services.
- › **Maintain agents:** Considering the critical role and function of agents in the community in ensuring the promotion of branchless banking services, Bank Mandiri must invest more in the capacity building of agents, particularly women. Branchless banking empowers agents to facilitate financial services. Moreover, the Bank needs to maintain engagement with the agents. Providing incentives is not enough if they are not equipped with mentoring and regular monitoring. There is room for growth, as agents acknowledged that doing this work has had positive impacts on their main businesses.

For future program

- › **Include a gender approach:** While the branchless banking program receives more positive reaction among women, defining the gender approach in the beginning of the program is highly recommended to enable the program to address key problems and contribute to the objective effectively.
- › **Provide sufficient resources:** Program resources and staffing need to be properly considered, particularly due to the high number of targeted beneficiaries and wide coverage area.
- › **Conduct further research:** For the branchless banking to accommodate the farmers, further research needs to be carried out in order to capture and better understand their needs and opportunities. This includes further gender studies to obtain a better understanding surrounding the cultural contexts, approaches, strategies, and other possible lessons learned.

Conclusion: Project likelihood impact

The project has broadly achieved its outcome indicators and has indicated a positive impact on key development issues

- › **Financial inclusion** – The project has greatly helped to facilitate financial access in Malang’s rural areas. It has reached 5,761 beneficiaries and will most likely continue to reach additional customers after the project’s end. E-Cash serves not only to provide basic financial services; more than that, the product also offers an opportunity to expand financial access points.
- › **Women participation and decision-making** – The project has proved that women have an opportunity to extend financial inclusion. Women agents have reached more users, most of whom are also women (61%). Additionally, women play an important role in decision-making on financial matters. The study shows that the decision to access E-Cash are made by women in 68% of households.
- › **Quality and relevance of E-Cash services** – The majority of farmers agree that the product provides easier access to financial services (96%) with easy requirements (100%). E-Cash was shown to bring high levels of convenience to rural people as compared to the traditional banking channels. They’re satisfied with the quality of the product that is reported as more secure (89%), more cost effective (92%), more flexible (92%), time saving (94%), and deserving to be promoted to others (95%).
- › **Financial behaviour** – The product has made many male farmers increase their awareness and change their behaviours to save. 78% of farmers believe that the product can help them increase their savings.
- › **Income generation** – The project indicated a positive impact on income generation. 69% of farmers are of the opinion that E-Cash services can help their family business.
- › **Social welfare** – E-Cash has motivated a lot of family members to build and develop business activities, since they gain more information from the project related to business opportunity and financing. Additionally, when savings are available when there are unexpected expenses, husbands consider themselves able to minimize gender based violence within their households.

ANNEX 1

STORIES FROM THE AGRIFIN MOBILE PROGRAM IN MALANG, INDONESIA

Dare to Make a Change

SEPTEMBER 2018

The effort will never betray the results. This was clear for 48-year-old Imam Khalid, an agent for the AgriFin branchless banking program in Brongkal Village, Pagelaran Sub-District, District of Malang. He has now successfully opened a farm shop in his village.

In his youth, he worked as a farm laborer and a security guard at BCA Bank for five years. Feeling that his career was not developing, and with household spending increasing after his marriage in 2000, he decided to quit and created a business selling agricultural plant protection products on a small scale. He borrowed money from the banks BRI and Danamon to buy a small shop. As his business grew, he moved his shop to a house that he then purchased in 2008.

For Imam, the keys to success are patience, combined effort with his wife, discipline, and hard work. "Usually people are afraid of borrowing from the bank," he said. "I had the courage because I wanted to change, and I had enough information when I was working at the bank."

He diligently dealt with banks that are located about 6 km or 20 minutes away from home, and he spent a lot of time queuing for services that he needed. Then one day in September 2015, he encountered a socialization program on Mandiri E-cash by Mercy Corps Indonesia and Bank Mandiri that offered branchless banking services through agents. As the chairman of a Farmer Group Union, he saw this as an opportunity for farmers. They could get services without going to the bank, which was important because some farmers are illiterate. This service only relies on cellphones, so farmers are able to get help from their children. Based on these reasons, Imam was interested in becoming an agent, and he signed up and received training, laptops, and Wi-Fi. On top of that, he received cash grants for socialization, promotion, and customer outreach.

Imam admitted that it was at first difficult to be an agent because he could not operate a laptop or use a



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IMAM KHALID, 48
BRANCHLESS BANKING AGENT—FACILITATES FINANCIAL
TRANSACTIONS WITHOUT NEEDING TO GO TO THE BANK.

cellphone. However, thanks to intensive assistance from Mercy Corps Indonesia and his own strong desire, he has now become a reliable agent with 202 customers, 70% of whom are women. He notes that women have a good habit of saving money, which is not so common with men in their village.

Imam's success was achieved through hard work and patience. These attributes are needed in order to create customer confidence in the bank's branchless service, which are safe and easy through door-to-door socialization. Communities are still traumatized by the many fraudulent saving schemes that are currently offered on the market, such as some SAHARA programs (Hajj and Umrah Savings).

Now, with branchless banking, farmers in the group can very easily save and withdraw cash. In fact, many of them ended up applying for KUR microcredit after receiving information on the Mandiri E-Cash program and paid for it via E-Cash, without going to the bank. People have become fond of saving and Imam wants more farmers to become E-Cash customers so he can help them develop their businesses both as farmers and traders.

ANNEX 2

STORIES FROM THE AGRIFIN MOBILE PROGRAM IN MALANG, INDONESIA

Easy and Saves Time

SEPTEMBER 2018

“Saving a little at the bank looks shameful, whereas saving through an agent is free and saves time,” said Ali Husni, a 29-year-old farmer who currently uses a branchless financial services program in the District of Malang.

He shares the initial investment with his parents to carry out his agricultural activities. Production costs and agricultural products are then shared with his parents.

As a farmer, transactions such as buying pesticides and selling crops can be quite intensive. Such transactions became very easy once he began to use branchless financial services.

Although he does not hold physical banknotes, he can still buy plant protection products because he has savings through his agent. Now he always deposits his income from each harvest. He can also make other transactions such as paying electricity bills, buying phone credit, and depositing cash.

For Ali, this service makes financial transactions very easy and it saves him time because he doesn't have to go to the bank. “Usually if you go to the bank, it can be a half day by yourself. Now, it's very fast,” he said.



Mercy Corps Indonesia

ALI HUSNI, 29
A YOUNG VEGETABLE FARMER

He has also promoted this service to his family. Three of his younger adult siblings have used this service to save money. He also advised other peers his age to join the program.

Ali demonstrates that there is no need to be ashamed about saving just a little, because saving through an agent allows for more flexibility. Saving in small amounts may not seem like much, but the long-term results are real.

ANNEX 3

STORIES FROM THE AGRIFIN MOBILE PROGRAM IN MALANG, INDONESIA

A Hardworking Agent, Increasing Household Income

SEPTEMBER 2018

With tenacity and time management, 36-year-old Tias Dewi Ratih can divide her time between working as a branchless financial service agent and doing housework.

As a mother of two children, she previously worked solely as a housewife. However, she became involved in PNPM (National Community Empowerment Program) Mandiri Rural as a volunteer from 2008 to 2012. In this role, she and the sub-district facilitators were responsible for disseminating information to villages and planning village programs on education and health.

From PNPM Mandiri, she learned about community empowerment and later became engaged in community service. These experiences prepared her for when local leaders proposed having her become an agent for a branchless financial service in her area. This appointment was a testament to her ability to adapt and actively participate in social activities.

"I am basically happy with helping people and getting involved in empowerment programs," Tias said. She was concerned because many people kept their money under their pillows. With branchless financial services, people can more safely save without needing to go to the bank.

Through hard work, her customer base has reached 1,256, and most of her customers are women. She took opportunities to promote branchless financial services programs, both at Posyandu, PKK (local women's group) meetings, and religious gatherings. If a prospective customer does not initially show interest, she would return to him/her the next day, and so on.

Currently, she can earn up to IDR 1,500,000 a month. "Who says being a housewife cannot make money?" she added.



Mercy Corps Indonesia

TIAS DEWI RATIH, 36
BRANCHLESS BANKING AGENT & HOUSEWIFE

Tias believes that branchless financial transactions provide many benefits to the community. People become more diligent, and the process of saving becomes easier, closer, safer, and more flexible. It can be done anytime and with any amount. Even when compared to arisan (a community-based rotating money-saving scheme), E-Cash is far more economical because the amount of money matches their savings. With arisan, the amount of money received is less than the amount paid. For example, if arisan members consist of 10 people, where each member will take a turn to win, the money paid is actually for 11 times payment, instead of 10 times. The extra payment is used for administration costs.

Despite the overall success, Tias admits that there are some challenges, such as old customers who have difficulty using mobile phones and who tend to be forgetful. Convincing the community to believe in this service is also not easy, because they are still traumatized by the many fake saving schemes that have circulated in the community. Lack of paper forms from the bank also impedes the process of registering potential customers. To address these issues, a taskforce was formed to take on these problems.

ANNEX 4

STORIES FROM THE AGRIFIN MOBILE PROGRAM IN MALANG, INDONESIA

Branchless Banking Strengthening Teamwork in the Household

SEPTEMBER 2018

Many couples work hand in hand in their households to build their own businesses. One example of that is 51-year-old Sustriningsih, known as Ning, and 55-year-old Mulyanto, a married couple from Kademangan Village, Pagelaran Sub-district, District of Malang. Together they have been pioneering the business of rice milling since 1989, taking turns to manage the operations. Ning takes care of the business from morning to noon, while Mulyanto takes over when he returns home after teaching at school. Earnings from this business are then managed by the wife.

To build and develop the business, they borrow money from the bank through monthly installments. These monthly transactions are done by visiting a bank, which is about 20 minutes away. They travel there using a motorcycle and must go in the morning before the line at the bank becomes too long.

Although the business is overall a success, they have encountered quite a few obstacles, including fraud. Deceitful practices such as savings account fraud have become rampant and caused a lot of anxiety and trauma in the community. Ning and Mulyanto shared that they felt skeptical when a branchless financial services program was socialized in their village. They distrusted the scheme as they were still traumatized from previous experiences, and the program had no office and no evidence in writing.

However, after the agents' intensive socialization which included coming to their home and showing proof of electronic banking transactions, they finally were convinced. At the same time, many of their neighbors also became customers of the service.

Now that there is a branchless service, the couple feels it is easier to save without having to go to their office.



Mercy Corps Indonesia

NING, 51 & MULYANTO, 55
MARRIED COUPLE RUNNING A RICE MILLING BUSINESS
LET'S JOIN E-CASH, IT'S THAT MUCH EASIER!

"We are lazy to go to the bank because finding the time is difficult, so we saved money at home which was often lost or reduced," Ning said. "Now, if there is money, we just save it through an agent since it's near and can be done anytime."

This couple started saving from the beginning, especially to support their business. "Now with branchless financial services, we save money more frequently," Mulyanto added. "In fact, because our savings were already large, the agent made us a new account."

This service is very beneficial to them, because they can pay installments without going to the bank and can avoid fines because transactions can be paid quickly. They find the service to be easier, more flexible, and convenient as they can perform transactions at any time. "I don't need to dress up if I want to deposit," Ning said.

Even for transactions with customers, they have implemented payments using E-Cash. They shared this benefit with their neighbors, including customers. There are already three new people participating in the E-Cash service.

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About Mercy Corps

Mercy Corps is a leading global organization powered by the belief that a better world is possible. In disaster, in hardship, in more than 40 countries around the world, we partner to put bold solutions into action — helping people triumph over adversity and build stronger communities from within. Now, and for the future.



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