Indonesian Journal of Business Analytics (IJBA)
Vol.3, No.6, 2023: 2267-2284

Do Debtor's Business and Welfare Better? Study on Ultra Micro Financing Program in Indonesia

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A R T I C L E I N F O

Keywords: Ultra-Micro Financing, Debtor, Business, Welfare

Received : 04, October
Revised : 10, November
Accepted: 15, December

A B S T R A C T

Ultra Micro Financing is a government program that aims to improve the welfare of micro, small and medium businesses. This article aims to analyse the influence of Ultra Micro Financing on business and debtor welfare. There are 234 debtors as respondents. Analysis uses the Wilcoxon signed rank test. The variables for the debtor's business are business assets and business turnover, while debtor welfare are electricity costs and consumption expenditure. The results show that there has been an increase in the average debtor business as measured by business assets per year, increasing by 38.94% and business turnover per year increasing by 18.50%. Debtor welfare as measured by monthly electricity costs increased by 9.64% and per capita consumption expenditure per week increased by 12.50%.

DOI: https://doi.org/10.55927/ijba.v3i6.6966
ISSN-E: 2808-0718
https://journal.formosapublisher.org/index.php/ijba

INTRODUCTION

The Government of the Republic of Indonesia launched the Ultra-Micro Financing program in 2017 to provide easy and fast access to micro business financing (Anggela, 2022). Ultra-Micro Financing is a complementary program which is a transition between the Government's Social Assistance program and People's Business Credit Program. Ultra-Micro Financing is managed by the Government Investment Agency and distributed to ultra-micro entrepreneurs through Non-Bank Financial Institutions (NBFIs) (Laucereno, 2022).

Ultra-Micro Financing is part of microfinance that started in the 1970s which includes several services such as microcredit, micro savings, micro banking, micro remittances, micro guarantees, remittances, and micro insurance (Armendáriz & Morduch, 2010). Microfinance is a financial service that aims to reduce global poverty by providing financial services to people who have not received financial product services from financial institutions because they have a high-risk profile and cannot meet financing requirements (Bos & Millone, 2015).

Ultra-Micro Financing aims to provide easy and fast financing facilities for micro businesses, as well as increase the number of micro entrepreneurs who obtain financing facilities from the Government. The target of the Ultra-Micro Financing program is micro businesses that meet the criteria not to be financed by government program loans and are Indonesian citizens. In channeling Ultra-Micro Financing, the principles of empowerment and improvement are used, namely strengthening existing institutions by not forming new institutions (Kristianus, 2022).

Micro entrepreneurs who receive Ultra-Micro Financing are expected to increase their business and welfare. The increase in business and welfare can be seen from the increase in the debtor's economy such as income and expenses. Therefore, to determine the effect of Ultra-Micro Financing on debtors, it is necessary to conduct research by comparing the debtor's business and welfare before and after receiving Ultra-Micro Financing.

This research aims to analyse the effect of Ultra-Micro Financing on the debtor's business and welfare. This article is organized into five sections, first, an introduction which contains the background and research objectives. Second, it presents a review of the literature related to microfinance. Third, research methods that explain data and data analysis methods. The fourth section presents the analysis and discussion, and the last is the conclusion.

THEORETICAL REVIEW

Microfinance

Microfinance has various definitions, one of which is the provision of goods, credit, and other financial services of little value to the poor in rural, semi-urban or urban areas with the aim of increasing income levels and living standards (RBI, 2020). The definition of microfinance evolved from its initial concept which was limited to providing microloans to small businesses and poor entrepreneurs who did not have access to the formal financial system, commonly known as microcredit (Morduch, 1999a, 1999b).

Lack of access to finance is one of the factors of poverty in developing countries. The poor cannot provide guarantees for conventional financial services. Financial institutions feel that there are high transaction costs in the process of providing financing. Microfinance is expected to provide opportunities for people who are unable to meet the requirements to obtain credit at conventional financial institutions. Microfinance has evolved from providing finance for the poor to collecting savings from low-income households, providing insurance, providing remittance services, and marketing and distributing community products (Armendáriz & Morduch, 2010). The development of this concept proves the importance of other financial services and is not limited to credit for micro businesses. To improve services, both financial and non-financial, microfinance is evolving from loans to low-income people to increasing income and achieving financial sustainability (Bos & Millone, 2015).

Today, microfinance institutions serve hundreds of millions of borrowers and play a significant role in reducing poverty in developing countries such as Africa, Asia, and the Pacific. Financial sustainability is the focus of microfinance institutions, so they must also be profit-oriented like other financial institutions to survive. Although unlike commercial banking, microfinance institutions are not only evaluated for their benefits, but also for their social impact (Zamore et al., 2019).

The role of microfinance in the financial system, both globally and locally, is to provide financial services to people who have not had access to the formal financial sector (Weiss et al., 2003). With the evolution of microfinance in developing countries, people who have not had access to conventional finance have access to alternatives for saving and borrowing (Islam et al. 2015) besides depending on the microfinance of family, friends, or moneylenders (Lange et al., 2007; Tsai, 2004). Microfinance in both developing and developed economies offers an alternative to conventional financial services and plays a significant role in facilitating financial inclusion for disadvantaged communities.

Microfinance institutions face several challenges such as lack of collateral for assets, absence of jobs, irregular income streams, and limited credit history, causing adverse selection and moral hazard issues (Giné et al., 2010; Ibtissem & Bouri, 2014). Nonetheless, microfinance institutions continue to grow to stimulate entrepreneurial initiatives and create endogenous growth and poverty alleviation with specific approaches such as foreign aid and government administration programs (Khavul, 2010). By providing financing services to economically active people but less able to access them, microfinance is recognized as one of the most important development policy innovations in the world (Elahi & Rahman, 2006; Ledgerwood, 2013).

Microfinance is a financial inclusion that is expected to encourage efforts to eradicate poverty, reduce inequality, and increase economic growth (United Nations Capital Development Fund, 2015). Microfinance has been recognized as an important instrument for fighting poverty by major organizations around the world. The United Nations (UN) declared 2005 as the International Year of Microcredit. In 2006, Mohammad Yunus received the Nobel Peace Prize, further drawing attention to microfinance and its social welfare impact. The social implications of microfinance institutions include poverty alleviation, job creation, gender empowerment, economic growth, social inclusion, and contribution to development (de Koker & Jentzsch, 2013).

Microfinance can increase self-reliance and create micro-enterprises in developed countries (Nogueira et al., 2020). With the help of microfinance, households can expand opportunities for income accumulation, thereby enabling people to provide for their families. Having access to credit can help reduce poverty in the short term, break the cycle of poverty by providing money, and facilitate potential business opportunities. Microfinance is also known to serve underserved and disadvantaged communities who only want to meet their basic needs (Hansen et al., 2021). Communities can save and invest in better housing, health care, and education with a positive and sustainable impact. Through microfinance, businesses can survive, operate, and even develop by creating more job opportunities. Participation in microfinance programs is associated with higher levels of consumption, better nutrition, better living standards, and economic growth (Nogueira et al., 2020). However, apart from being beneficial for reducing poverty and promoting economic growth, microfinance also has drawbacks such as high interest rates (Cull et al., 2009), encouraging people to over-indebted (Guérin et al., 2015), dubious notes on empowering women (Garikipati et al., 2017), emphasizing financing over other services (Mader, 2015), and aggressive collection of debt installments (Mader, 2013).

Impact of Microfinance

Traditionally, microfinance institutions refer to sizeable non-profit organizations that rely on grants, subsidies, and donations to support their social mission to eradicate poverty. However, support in the form of grants, subsidies and donations will not be sustainable and will not be able to sustain the fast pace of the microfinance growth industry (D'Espallier et al., 2017). To overcome this challenge, some microfinance institutions have become financially independent over time. Grameen Bank is an example, having achieved financial sustainability through increased cross subsidies between projects and increased efficiency. Grameen Bank did not stop at being independent when commercial microfinance institutions entered the industry. Financial returns to investors are important which encourages microfinance institutions to turn into hybrid types of organizations with dual objectives, namely social missions, and financial sustainability (Yunus, 2008).

The consistent achievement of multiple objectives is often questioned because tensions often arise between the social and financial goals of social entrepreneurship and microfinance (Wry & Zhao, 2018). This is usually known as the deviation of the mission of microfinance institutions from serving the poor to pursuing profits. Empirical evidence regarding this dual purpose is not conclusive. Some studies show that there is a tradeoff between the social mission and the financial performance of microfinance institutions (Hermes et al., 2011; Woller, 2007), while other studies show the opposite result (Quayes, 2012, 2015). Churchill's research (2020) using a sample of 109 countries found a trade-off between financial sustainability and the depth of social outreach of microfinance institutions, but also found complementarity between sustainability and broad outreach. Despite the cynical and critical view of microfinance's distorted mission, most microfinance institutions are still described as having a positive reputation. Until now, microfinance has been widely described as a social enterprise that plays a vital role for society.

Several studies examining the social impact of microfinance have been conducted by researchers around the world. Existing literature is broadly divided into three categories: (i) poverty alleviation; (ii) women empowerment; and (iii) impacts on other areas including rural financial inclusion, education, nutrition, health, consumption levels, and asset development (Garikipati et al., 2017; Tedeschi, 2010). In less developed societies, microfinance is an important instrument for increasing social and financial inclusion of individuals and low-income households (Morduch, 1999a), because it provides benefits from banking services to people who cannot be reached by banks (Yunus, 2008). With access to financial services, individuals are expected to improve their welfare.

About poverty alleviation, microfinance creates jobs and generates income, promoting social welfare in the poor. Microfinance functions as an instrument for poverty reduction in both developing and developed countries, although it excels in developing countries (Žiaková & Verner, 2015). According to Morduch et al. (2003), microfinance services such as microcredit have been proven to improve people's living standards, increase income, and create jobs through entrepreneurship and facilitate consumption among various communities in developing countries. Poor people can take advantage of increased income to improve their assets, living conditions, consumption levels, and health (Mercy, 2012).

Countries with a higher per capita microfinance portfolio ratio have a lower ratio of poverty and higher consumption expenditure which proves the effect of microfinance on poverty alleviation (Miled & Rejeb, 2015). Several empirical studies have proven the positive impact of microfinance on reducing poverty, including studies in developing countries (Mosley & Hulme, 1998), Thailand (Kaboski & Townsend, 2012). Examples include Hulme and Mosley (1998) for developing countries, Kaboski and Townsend (2012), Laos (Sengsourivong & Mieno, 2015), Bangladesh (Rahman & Khan, 2012), Pakistan (Imtiaz et al., 2014), South Asia (Sehrawat & Giri, 2016), Ghana (Nukpezah & Blankson, 2017), and Sudan (Elsafi et al., 2020). However, other studies have found different results, namely microfinance has no effect on poverty alleviation (Banerjee et al., 2013). Microfinance has a temporary effect on poverty reduction and the effect is only moderate (Nawaz, 2010). One explanation is that lesser amounts of financing can make it difficult for people to establish or start profitable new businesses or businesses. The effect of microfinance on individuals is greater if the amount of financing is greater (Ibrahim & Bauer, 2013). Van Rooyen et al. (2012) find a mixed effect, while Karlan and Zinman (2008) show that the socioeconomic effects of microfinance vary significantly across countries. The benefits of microfinance are not uniform from country to country. In an economy the benefits of microfinance are exaggerated or even negative (Terberger, 2013). Microfinance can exacerbate the economic situation of economically weak communities, as well as cause severe excessive debt due to high interest rates (Seng, 2018). If not professionally managed and regulated, microfinance can exacerbate poverty through additional debt burdens.

In a broader perspective, empirical evidence of the effect of microfinance on various aspects of society is overwhelming. Microfinance institutions have a direct impact on household income by increasing productivity, increasing the diversity of production, offering insurance and marketing programs, and maximizing the use of available resources (Belwal et al., 2012; Fletschner & Kenney, 2014). In addition, microfinance also spreads the notion of human rights and democracy, along with the empowerment of disadvantaged and underrepresented communities (Montgomery & Weiss, 2011). Microfinance also has a positive effect on children's schooling in Guatemala (Wydick, 2002), improving children's health in Indonesian villages (DeLoach & Lamanna, 2011), increasing short-term agricultural investment, wages, and consumption (Kaboski & Townsend, 2012), and increasing income and food consumption in Bangladesh (Imai & Azam, 2012).

Ultra-Micro Financing

Ultra-Micro Financing is financing aimed at the community to support and support the welfare of MSMEs. The economic activities of the Indonesian people, who are mostly micro, small, and medium enterprises, still require assistance for capital requirements from the government. Ultra-Micro Financing is one form of financing originating from the government which can be an alternative for micro, small and medium business owners (Anggela, 2022).

Ultra-Micro Financing is a support provided by the government and cooperatives for MSMEs in Indonesia. People's Business Credit has not been able to facilitate financing for all MSMEs, especially micro businesses that are not yet bankable. The government's step in overcoming this problem is by developing a People's Business Credit scheme with the Ultra-Micro Financing program (Kristianus, 2022).

Problems that often arise in the scope of micro, small and medium enterprises are experiencing problems related to capital problems, access to which is still difficult and high interest rates (Rini, 2015). Based on these reasons, the government continues to create and support community-based economic empowerment programs by providing credit financing programs such as Ultra-Micro Financing. This financing is different from other financing, this is due to direct assistance from the distributors. Assistance in the Ultra-Micro financing program can provide benefits for debtors in developing their business and one of the risk mitigations for non-performing loans.

Ultra-Micro Financing is a social assistance program from Non-Bank Financial Institutions (NBFIs) that facilitates micro businesses by providing loans of up to IDR20 million (Laucereno, 2022). The Ultra-Micro Financing Program is aimed at micro, small and medium business owners who have not been able to obtain banking facilities, such as People's Business Credit Program. The Government Investment Agency (GIA) was appointed by the government as the coordinated fund for Ultra-Micro financing. Sources of funding come from the state budget, contributions from local governments and financial institutions, both domestic and global.

There are two distribution patterns that can be carried out by NBFI as Ultra-Micro Financing Channels, i.e.: a) direct distribution, distributors distribute Ultra-Micro Financing directly to micro business actors without third party intermediaries and b) indirect distribution, distributors distributing Ultra-Micro Financing through intermediary Linkage Institutions in collaboration with Distributors on a business-to-business basis.

The maximum amount for Ultra-Micro Financing per debtor is IDR 20 million. If the debtor has not been able to upgrade to the People's Business Credit scheme or commercial credit, the debtor can top up if the outstanding loan is not more than IDR 20 million. Based on the Ultra-Micro Financing distribution scheme to debtors, there are two schemes that can be implemented by distributors/linkage institutions, such as:

a. Individual Lending, that is, the recipient of the financing is an individual who directly obtains financing from a dealer or linkage institution. Debtors who obtain financing through individual lending schemes may be subject to collateral in accordance with the risk assessment by the distributors /linkage institution.
b. Group Lending, namely the group lending scheme, is a scheme that was prepared by adopting the Grameen Bank concept developed by Muhammad Yunus. As a condition for receiving financing, debtors must form a group and implement a joint responsibility scheme. Debtors who obtain financing through a group lending scheme may not be subject to collateral by the distributors /linkage institution.

Distributors /linkage institution are required to aid Ultra-Micro Financing debtors. This assistance can be in the form of providing motivation, business consulting, increasing human resource capacity, supervising debtors, and other forms of assistance. Through this mentoring program, the debtor is expected to be able to utilize the financing received appropriately so that the business can survive, and the profit received by the debtor can increase.

Hypothesis

Micro entrepreneurs who receive Ultra-Micro Financing are expected to be able to improve their business and welfare. The increase in business and welfare can be seen from the increase in the debtor's economy such as income and expenses. By obtaining Ultra-Micro Financing, it is expected to increase the debtor's business. The hypothesis is as follows.

H_1: there is an increase in the debtor's business after obtaining Ultra Micro Financing.

In addition to increasing business, Ultra-Micro Financing is also expected to improve the welfare of debtors. The hypothesis is as follows.

H_2: there is an increase in the welfare of debtors after obtaining Ultra-Micro Financing.

METHODOLOGY

The research population is Ultra-Micro Financing debtors, while the sample is Ultra-Micro Financing debtors who still have outstanding financing and have received financing for more than 3 months. Research data was obtained through online surveys conducted by channeling agencies. The survey uses a questionnaire that contains questions about the business and welfare of the debtor. The survey was conducted in 2022 with a total of 234 Ultra-Micro Financing debtors as respondents.

Indicators for increasing the debtor's business use business assets per year and business turnover per year. These two indicators are a description of the debtor's business condition. Business assets are assets that are used to produce goods or provide services. Increased business can be measured from the increase in the value of its assets. Business turnover is business income. An increase in business turnover indicates an increase in business. An increase in business assets and business turnover indicates an increase in the debtor's business.

Meanwhile, indicators for the welfare of debtors use the amount of electricity costs per month and consumption expenditure per capita per week. Both indicators are a description of the debtor's condition in meeting his needs. Electricity costs per month to measure the costs incurred by the debtor. Electricity has a significant role in life, where electricity has become the main source of energy in every activity both at home and in industry. An increase in the debtor's electricity expenses indicates an increase in demand for energy in the debtor's home or business. Per capita consumption expenditure per week to get an overview of changes in debtor consumption. An increase in consumption expenditure per capita per week indicates an increase in debtor welfare. Increases in electricity costs and consumption expenditures indicate an increase in the debtor's welfare.

Based on the developed hypothesis, two measurements were used to compare conditions before and after obtaining Ultra-Micro Financing. The first is the measurement of the debtor's business. In measuring the business, business assets per year (BUS_AS) and business turnover per year (BUS_OMZ) are used. Second, namely measuring the welfare of the debtor. In measuring the debtor's welfare, electricity costs per month (EL_EXP) and consumption expenditure per capita per week (CONS_EXP) are used. To analyze how the debtor's business and welfare changes before and after obtaining Ultra-Micro Financing, the Wilcoxon signed rank test method is used.

RESULTS AND DISCUSSION

Descriptive Statistics

Descriptive statistics of 234 respondents before and after obtaining Ultra-Micro Financing are presented in Table 1. For business measurement, there is an increase in business assets and business turnover based on comparison of the average before and after obtaining Ultra-Micro Financing. The ratio of average business assets increased from IDR21.33 million to IDR29.72 million (38.94%).

The range of business assets prior obtaining Ultra-Micro Financing from IDR60 thousand to IDR500 million. Meanwhile, business assets after obtaining Ultra-Micro Financing range from IDR150 thousand to IDR2 billion. Similarly with business turnover, which on average has increased from IDR173.76 million to IDR205.91 million (18.50%). The range of business turnover prior obtaining Ultra-Micro Financing was from IDR10.08 million to IDR1.51 billion. Meanwhile, business turnover after obtaining Ultra-Micro Financing ranges from IDR13.42 million to IDR2.69 billion. These descriptive statistics showing an increase in the debtor's business after obtaining Ultra-Micro Financing.

For measuring the welfare of debtors, a comparison of the average monthly electricity costs and consumption expenditure per capita per week increases before and after obtaining Ultra-Micro Financing. Comparison of the average cost of electricity per month increased from IDR197 thousand to IDR216 thousand (9.64%). The range of electricity costs per month before obtaining Ultra-Micro Financing is from IDR13 thousand to IDR1.5 million. Meanwhile, the cost of electricity per month after obtaining Ultra-Micro Financing ranges from IDR25 thousand to IDR2 million. Similarly with consumption spending per capita per week which on average has increased from IDR128 thousand to IDR144 thousand per capita per week (12.50%). The range of consumption expenditure per capita per week before obtaining Ultra-Micro Financing is from IDR23 thousand to IDR1.3 million per capita per week. Meanwhile consumption expenditure per

Tabel 1: Descriptive Statistics of Research Variables

Variables	Mean		Minimum Level		Maximum Level		N
	Before	After	Before	After	Before	After	
BUS_AS	21.328	29.722	60	150	500.000	2.000.000	234
BUS_OMZ	173.755	205.909	10.080	13.415	1.512.000	2.688.000	234
EL_EXP	197	216	13	25	1.500	2.000	234
CONS_EXP	128	144	23	25	1.300	1.700	234

capita per week after obtaining Ultra-Micro Financing ranges from IDR25 thousand to IDR1.7 million per capita per week. This is descriptive statistics showing an increase in debtor welfare after obtaining Ultra-Micro Financing.

Effect of Ultra-Micro Financing on Debtor's Business

To determine the effect of Ultra-Micro Financing on the debtor's business use business assets per year and business turnover per year. The number of debtors before and after obtaining Ultra-Micro Financing based on the debtor's business are presented in Figure 1. There were 97 debtors (41.45%) whose business assets increased after obtaining Ultra-Micro Financing. On the other hand, there were 66 debtors (28.21%) who experienced a decrease in business assets and 71 debtors (30.34%) constant. Meanwhile debtors who experienced an increase in business turnover were 141 people (60.26%) greater than those who experienced a decrease of 72 people (30.77%). The remaining twenty-one people (8.97%) constant. One of the causes a decline in business was the government's policy regarding limiting community mobilization because of the Covid-19 pandemic. This causes business turnover to decrease, and some debtors use (sell) assets to cover their needs.

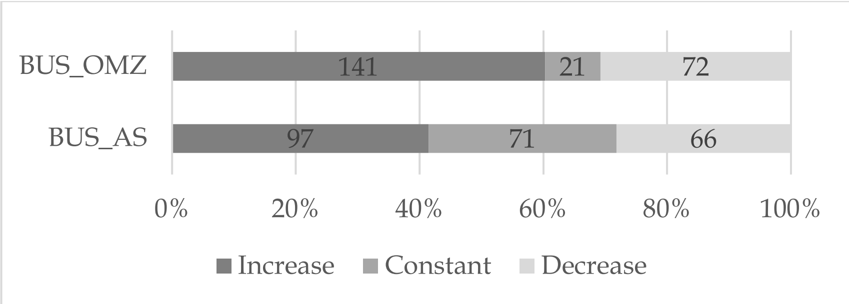

Figure 1. the Number of Debtors Before and After Financing - the Debtor's Business

Furthermore, to determine the effect of Ultra-Micro Financing on the Debtor's Business, the H_1 hypothesis test was carried out. Hypothesis H_1 states that there is an increase in the debtor's business after obtaining Ultra-Micro Financing. The results of the Wilcoxon signed rank test of business assets per year and business turnover per year are presented in Table 2.

Table 2: Wilcoxon Signed Rank Test Debtor's Business

	BUS_AS	**BUS_OMZ**
Z value	-2,048	-3,390
Asymp. Sig. (2-tailed)	0,041*	0,001*

** Significant at 0,05*

The results of the Wilcoxon signed rank test show that for business assets per year and business turnover per year, the significance value (P-value) is 0.041 and 0.001, respectively, which is greater than 0.05 as the limit for accepting the hypothesis. Thus, the H_1 hypothesis is accepted for testing business assets per year and business turnover per year. The results of the Wilcoxon signed rank test on the effect of Ultra-Micro Financing on the debtor's business show that the effect is significant. This shows that Ultra-Micro Financing has a significant effect on increasing the debtor's business.

Effect of Ultra-Micro Financing on Debtor's Welfare

To determine the effect of Ultra-Micro Financing on the welfare of the debtor using the total electricity costs per month and consumption expenditure per capita per week. The number of debtors before and after obtaining Ultra-Micro Financing based on the welfare of the debtors is presented in Figure 2. Debtors who experienced an increase in the amount of electricity costs per month were ninety-one debtors (38.89%), 79 people (33.765) constant and 64 people (27.35 %) decrease. Meanwhile debtors who experienced an increase in per capita consumption spending per week were 117 people (50.00%) greater than those who experienced a decrease of 70 people (29.91%). The remaining forty-seven people (20.09%) remain. One of the reasons for the increase in electricity costs per month is the electricity subsidy assistance policy by providing free electricity assistance for 450 VA customers and providing a 50% discount for 900 VA customers. Meanwhile, the increase in consumption expenditure per capita per week was also supported by social protection programs to restore people's purchasing power, especially those in the extremely poor, poor, and near-poor categories so that their consumption levels could increase again. Through these programs, Ultra-Micro Financing debtors are expected to survive during the pandemic without the need to reduce their level of consumption.

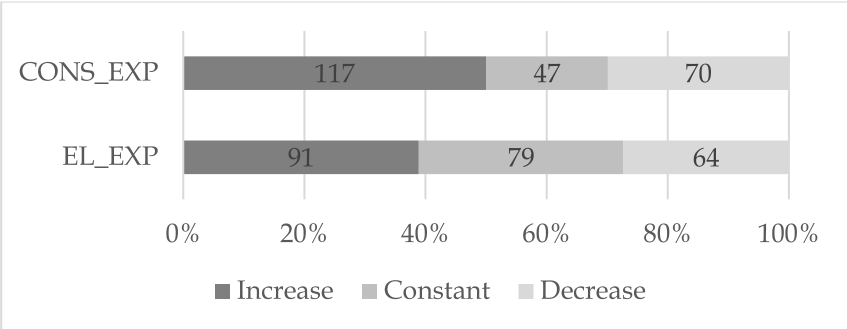

Figure 2. the Number of Debtors Before and After Financing - the Debtor's Welfare

Assessing the effect of Ultra-Micro Financing on welfare is carried out by testing the H_2 hypothesis. For measurement, electricity costs per month and consumption expenditure per capita per week are used. The H_2 hypothesis states that there is an increase in debtor welfare after obtaining Ultra-Micro Financing. The results of the Wilcoxon Signed Rank Test on electricity costs per month and consumption expenditure per capita per week are presented in Table 3.

Table 3: Wilcoxon Signed Rank Test Debtor's Welfare

	EL_EXP	**CONS_EXP**
Z value	-2,124	-2,603
Asymp. Sig. (2-tailed)	0,034*	0,009*

** Significant at 0,05*

The results of the Wilcoxon signed rank test showed that electricity costs per month and consumption expenditure per capita per week had a significance value (P-value) of 0.034 and 0.009 respectively, which was smaller than 0.05 as the limit for accepting the hypothesis. Thus, the H_2 hypothesis is accepted for all tests on electricity costs per month and consumption expenditure per capita per week.

The results of the Wilcoxon signed rank test on the effect of Ultra-Micro Financing on the welfare of debtors show that the effect tested is significant, namely electricity costs per month and per capita consumption expenditure per week. This shows that Ultra-Micro Financing has a significant effect on improving the welfare of debtors.

CONCLUSIONS AND RECOMMENDATIONS

Ultra-Micro Financing is financing for micro business development from the Government of Indonesia. Ultra-Micro Financing is channelled to ultra-micro business actors through NBFIs. Micro business actors who receive Ultra-Micro Financing are expected to increase their business and welfare. The increase in business and welfare can be seen from the increase in the debtor's economy such as income and expenses. This article aims to analyse the effect of Ultra-Micro Financing on the debtor's business and welfare.

There were 234 debtors who were respondents who filled out the questionnaire. The results showed that there was an increase in the average debtor's business as measured by business assets per year increased by 38.94% and business turnover per year increased by 18.50%. However, there were a decline in business since the government's policy in pandemic era. This causes business turnover to decrease, and some debtors use (sell) assets to cover their needs. The debtor's welfare as measured by electricity costs per month increased by 9.64% and consumption expenditure per capita per week increased by 12.50%. There were also government policy to subsidize electricity cost and social protection program for people to restore the purchasing power. Lastly, based on the Wilcoxon Signed Rank Test, it shows that Ultra-Micro Financing has a significant effect on increasing the debtor's business and welfare. This means that the debtor's business and welfare are getting better after getting Ultra-Micro Financing.

Based on survey results and analysis, Ultra-Micro Financing has an influence on the debtor's business and welfare. Ultra-Micro Financing Program should be continued to support the government in empowering MSMEs. Furthermore, to improve research accuracy, access to Ultra-Micro Financing data can be expanded. This aims to make the sample data wider and more diverse.

FURTHER STUDY

This study still has limitations regarding the variables tested to determine the increase in the debtor's business and welfare. For further research, variables can be added to strengthen the research results and examine the factors that determine the increase in business and welfare of the debtor.

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