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(A Case Study of the Sauan Sibarrung Credit Union, Toraja)**

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**Credit Unions as Actors of Social-Economic Empowerment
for the Poor and Their Impact on Members
(A Case Study of the Sauan Sibarrung Credit Union, Toraja)**

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Fredy Rante Taruk²

Abstract

This paper argues that Credit Unions (CUs) are important drivers for socio-economic empowerment in Indonesia, particularly in the context of microfinance. A case study on Sauan Sibarrung CU (SSCU) was employed to unearth features of empowerment regarding who is empowered, what is the impact of empowerment, and how is empowerment conducted. Related to who are empowered, it is proved that SSCU serves lower-middle class groups in society. Regarding its impact, SSCU has been helping members improve their life quality in both economic and non-economic dimensions. These beneficial impacts have been created through education and financial services provided to members.

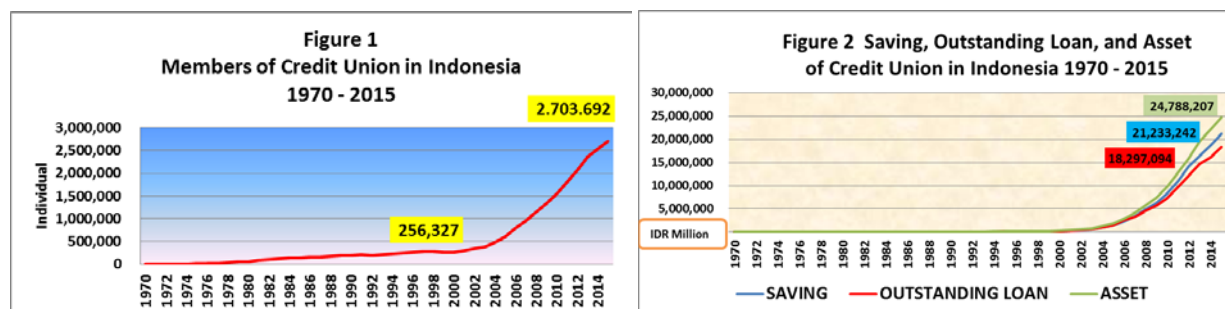
Introduction

When discussing drivers of socio-economic empowerment in Indonesia, we should not neglect to pay attention to microfinance institutions. Ledgerwood (2013) argues that “increasingly robust empirical evidence demonstrates how appropriate financial services can help to improve household welfare and spur small enterprise activity. Macro evidence also shows that economies with deeper financial intermediation and better access to financial services grow faster and have less income inequality”. (p. xvii, 460-461) In an Indonesian context, some Indonesian scholars have shown that one problem faced by small and medium enterprises in Indonesia is the lack of capital. They have argued that microfinance is one of the most effective tools for addressing poverty (Amalia (2009); Tambunan (2011); Adnan (2015))

This paper does not address all microfinance institutions for lower- and middle-class markets in Indonesia. Rather, it focuses on credit unions (CU), member based socio-economic movements with cooperative legal status that provide financial services, with an emphasis on educating members and building solidarity between them. CUs require special attention because, in the last fifteen years, they have been growing rapidly and becoming a significantly innovative and sustainable social-economic movement in Indonesia (See Figure 1 and 2). Despite a decreasing number of credit union institutions, total CU membership in Indonesia had increased more than ten-fold, from 256,369 individuals in 2000 to 2,703,692 individuals in 2015. Following the same trend, CU assets have increased more than one-hundred-fold, from IDR 242 billion (US\$ 19 million) to IDR 24.7 trillion (US\$ 1.806 billion) in the same period.

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Literature Review

The role of CUs as key drivers of Indonesian empowerment has been recognized by the mass media, the government, and academics. The mass media usually features members' experiences or CU leaders who express how CUs help people get out of poverty and improve their livelihoods. Several articles show how CUs become true community empowerment movements. Government recognition of the CU movement, meanwhile, is revealed by the many awards given to CUs by the Office and Ministry of Cooperatives and SMEs.

In the last few years, academic studies of CUs have begun, though they remain limited. From 17 to 18 May 2011, Gunadarma University and Puskopdit BKCUI Kalimantan hosted the First International Credit Union Conference on Social Microfinance and Community Development.³ This conference generated preliminary research into CUs in Indonesia. Several papers discussed Information and Communications Technology (ICT): Nuryuliani, with Gender issues on ICT Adoption; Aviarini Indrati, with Internet Adoption of Credit Union Staff; Surabhi Deshpande, with ICT for Credit Unions and Cooperatives; and Albert Chong, with ICT Governance and a Blueprint for a Credit Union Coordinating Agency in Indonesia. Some papers reviewed the management of CUs: A Lingu, with Causal Relationship between Strategic Plan, Managerial Performance, and Product/Service Quality on Satisfaction of Credit Union Members; and Antonius Sumarwan, with Determinants of Credit Default in the Credit Union. Others dealt with the potency and role of CUs in empowering societies: Budiman, with Micro Credit for Community Empowerment; Izzati Amperaningrum, with Potency and Role of Credit Union in Poverty Alleviation; Armaini Akhirson Karaini, with Profile of entrepreneurship; and Widyatmini, with Study on Impact of Credit Union Women Empowerment.

Another research, by Kusumajati (2012), explored the role of institutional and economic factors affecting CUs' sustainability and found that CUs in Indonesia are sustainable because they are built in accordance with the needs of the communities they serve, supported by a conducive institutional environment, and financially self-reliant as well as sound and profitable. Recently, Kusuma (2015) investigated the relationship between product diversification and the performance of CUs and village credit bureaus (Badan Usaha Kredit Pedesaan) in Yogyakarta. The analysis confirmed a significant direct relationship between levels of saving-loan product diversity and outreach performance indicators for both scale and depth of outreach.

³ Retrieved from the website of the First International Credit Union Conference on Social Microfinance and Community Development, <http://icmf.gunadarma.ac.id/2011/>, 1 June 2016.

All of the above studies show that CUs have been regarded as an important subject as well as a noteworthy driver of empowerment. However, except for Widyatmini (2011), the impact of CUs on members' lives has not been discussed comprehensively.

This study is intended to fill this gap by asking: 1) Are credit unions really serving people with low and middle income? 2) What is the impact of credit unions on members' efforts to improve the quality of their lives? 3) How do credit unions have such impact?

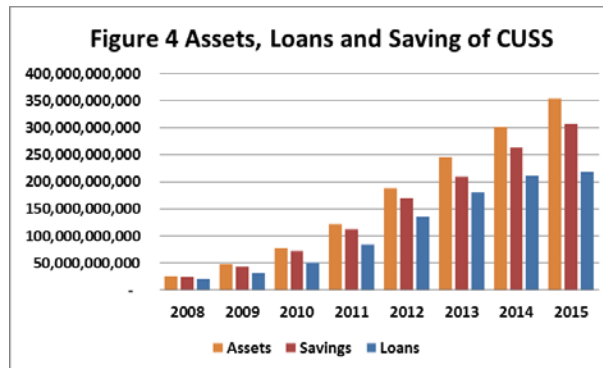
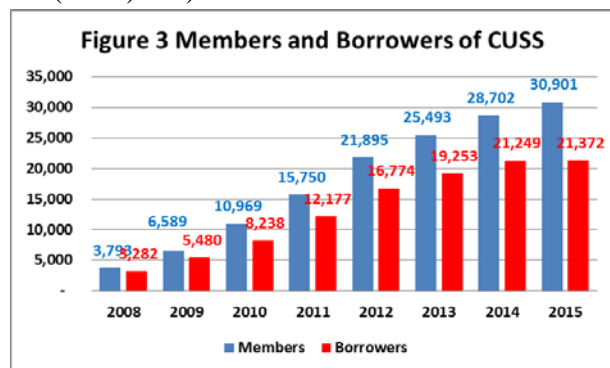
To answer these questions, a case study was conducted as a research strategy using Sauan Sibarrung CU (SSCU). This CU was selected because, despite its relatively young age, it has achieved tremendous growth in terms of members and assets. Established in 2006, it was estimated in 2015 to have 30,901 individual members and assets of Rp 353 billion (US\$ 25.6 million). Additionally, it has a comprehensive empowerment strategy for members and activists and has received numerous awards from the government and the credit union network.

Following the introduction and the literature review, this paper presents a brief overview of Suan Sibarrung CU. This will be followed by an explanation of the research methodology and the sampling technique. The results of the research will then be described to answer the research questions above. This paper ends with the conclusions, implications, and limitations of the study.

Sauan Sibarrung Credit Union

Sauan Sibarrung Credit Union (SSCU) was founded in December 7, 2006, by the people of Toraja as a community empowerment movement to address poverty. Joining Puskopdit BKCUI Kalimantan, a secondary cooperative, SSCU gathers and empowers communities in six districts/municipalities in South Sulawesi: Tana Toraja, North Toraja, Luwu, North Luwu, Palopo, and Pare-pare.

In the beginning, the vision of SSCU was to become “a strong and trustworthy financial institution belonging to the people of Toraja and based on Credit Union values and principles.” The mission was formulated “to improve the welfare of members through education and continuous training so that members are aware of the importance of planning their lives and managing them wisely, with a savings amount of at least 5 million rupiah.” (Rante Taruk, F., *et al.* (2013): 29)



After going through a learning process of about 6 years and experiencing rapid development (see Figures 3 and 4), SSCU confirmed its identity as a community empowerment organization. The vision was reformulated into “an institution for the life empowerment of the Toraja people that is strong, trustworthy, sustainable, and ensures members' prosperity.” The

new vision was intended to show that the CU's role was not just to provide financial services (savings and loans) to members, but mainly to empower members by “changing the mindset and behavior of members, enhancing their entrepreneurial spirit and productive business, and providing useful life skills.” (Rante Taruk, F., *et al.* (2013):30)

At the end of 2015, SSCU had 30,901 members and 12 offices. Its assets worth IDR 353 billion, IDR 307 billion of which was members' savings. IDR 218 billion was borrowed by members to run businesses and improve their welfare. This movement was guided by more than 300 SSCU activists, consisting of the Board of Directors, Supervisors, Management, Committees, and the Core Groups (volunteers). SSCU has received numerous government awards, such as the 100 Biggest Cooperatives in Indonesia, the KSP Award from the Ministry of Cooperatives and SMEs in 2014 as the cooperative with the fastest membership growth, as well as numerous awards from the credit union network and the cooperatives department of South Sulawesi Province.

Data and Methodology

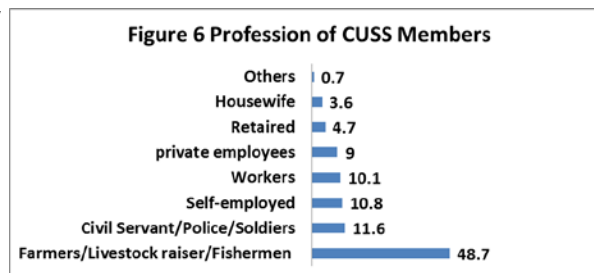
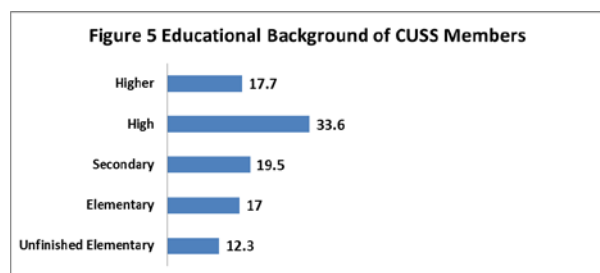
Data for this paper was obtained from the *Baseline Survey Report* conducted in October 2014 by the Rakit Khalista Institute based on a request from Sauan Sibarrung CU (SSCU). Data was collected from members of SSCU using household surveys, focus group discussions, and in-depth interviews. At the time of the survey, SSCU was serving its members with 6 branches in the Toraja region and 4 branches in the Luwu region; it had a total membership of 27,864 individuals (11,295 men [39%] and 16,569 women [61%]). Through the determination of the probability proportionate to size, the study selected respondents from 16 villages (clusters) in the Toraja region and 9 villages (clusters) in the Luwu region, with a proportion of 65% respondents from the Toraja region and 35% from the Luwu region (Magnini: 1997). Respondents in each village were selected randomly based on a list of members in each village. With a sample of 277 respondents (36.8% men and 63.2% women), the study estimated a confidence interval of 6% and a confidence level of 95%.

To deepen the information obtained from the study of member households, the study conducted seven focus group discussions followed by 4 different membership groups. Each group consisted of 6 to 8 participants, with the following profiles: Group 1 consisted of male members (Sangala Branch), Group 2 consisted of female members (Rantepao Branch), Group 3 consisted of the Core Group (Rantepao Branch), and Group 4 consisted of the Staff (Rantepao Branch). Additionally, the study also undertook several interviews with ten key informants (members, community leaders, Core Group, and staff) who could provide more explanation on the findings of the FGD.

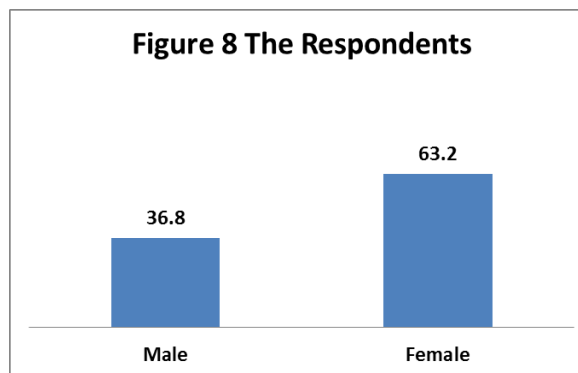
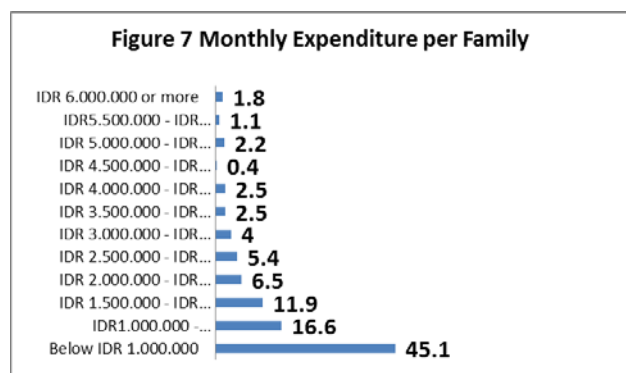
Findings

Are credit unions really serving people of low and middle income people?

Some variables in the profiles of SSCU members, namely their education, employment and total monthly expenses, provide evidence that SSCU serves the lower middle class.



82.3% of respondents had a high school education, comprising of 33.6% who finished high school and 48.7 who only had a secondary education. Only 17.8% of respondents had studied at schools of higher learning. In terms of occupation, 48.7% of respondents worked in agriculture, husbandry, or fishing, fields which indicate low-income. According to ILO (2015), most families who live below the poverty line in Indonesia work in the agricultural sector (pp. ix and 7). Monthly expenditure data shows that 74.6% of respondents spent less than IDR 2 million per family per month; many (45.1%) expended less than IDR 1 million. Assuming that a family consists of 4 individuals, per capita expenditures for 73.6% of respondents was less than IDR 500,000; for 45.1% of respondents, per capita expenditures were less than IDR 250,000. This figure was far below the average per capita expenditure in South Sulawesi in 2013, IDR 627,617. (BPS, 2014: 56) All of this data supported the view that SSCU served lower- and middle-class communities.



The SSCU has no specific agenda for empowering women, and most of its activists are men. Therefore, the fact that most members (61%) are women is interesting. Muhammad Yunus deliberately prioritized services for poor women in Bangladesh when he founded the Grameen Bank. He argued that, if financial services are provided to women, the impact on family welfare is more direct because women manage the family economy. Additionally, Yunus found that formal financial institutions have more confidence in men than women when providing credit. In other words, Yunus saw that women were underserved by formal financial institutions.

This research's survey did not specifically examine the gender empowerment dimensions of SSCU and their impact on family welfare. However, since most of the credit union's members and respondents are women (See Figure 8), it can be concluded that SSCU has provided opportunities for women to obtain services and benefits. A focus group discussion with female members in TP Rantepao gave a more complete picture of how SSCU opened access to financial services for lower-class women. Seven members who took part in the discussion worked as farm

laborers for others since they owned no land. Their husbands, meanwhile, were construction workers. Their own income and their husbands' salaries were between IDR 500,000 – 700,000 per month and IDR 1 million, respectively. Despite their limited income, they could access loans from SSCU because the procedure was simple and, unlike banks, no collateral was required. On the other hand, as members of SSCU, they can save a part of their income since, after attending the basic education program conducted by SSCU, they have managed their money better. Furthermore, SSCU obliges them to save as they repay their loans.

What are the impacts of credit unions on members quality of life?

SSCU has been helping its members improve the quality of their lives in both economic and non-economic dimensions. Regarding economic benefits, SSCU has been helping its members save money, obtain loans to meet various needs and scale up their business, and create solidarity funds amongst themselves to manage the risks of death and illness.

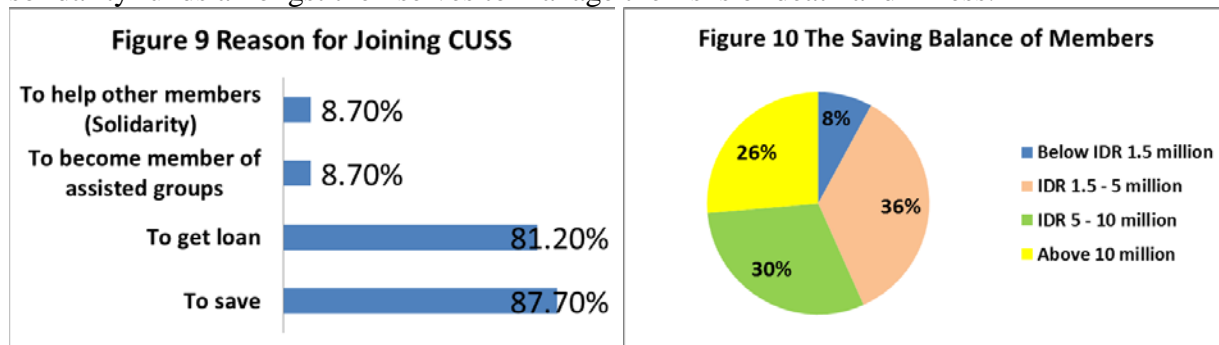
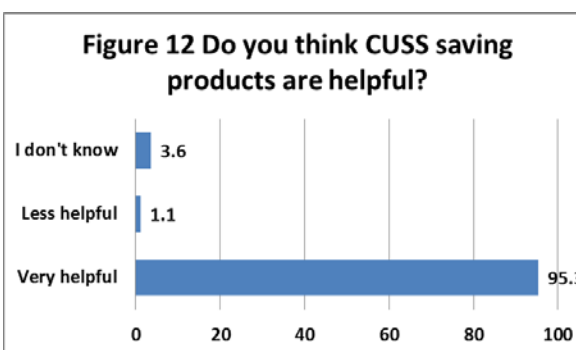
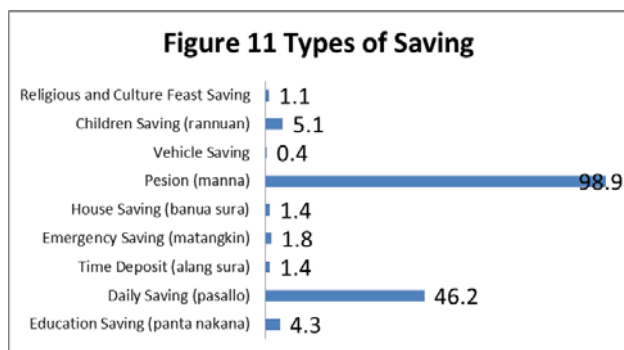


Figure 9, titled 'Reason for Joining SSCU', shows that 87.7% of respondents found that SSCU fulfilled their needs for savings and 81.2% of respondents felt that SSCU answered their need for loans. Regarding savings, SSCU fulfilled respondents' needs to prepare for retirement (98.9%); 46.2% of respondents said that SSCU facilitated them in their daily savings.

Figure 10 shows that members, who mostly come from the lower-middle class, were helped set aside a portion of their revenue for savings. The balance of total savings per member was fairly distributed (35% of respondents had a savings balance of between IDR 1.5 and 5 million, 30.3% had savings of between IDR 5 and 10 million, and 26.4% had savings of more than IDR 10 million). Only 7.9% of members had savings of less than IDR 1.5 million. The average saving balance per SSCU member account in December 2014 was IDR 6.5 million, but the average total deposit per SSCU member was IDR 9.2 million. These figures show that SSCU has been helping members increase their savings. This conclusion is strengthened by the survey: 95.3% of respondents answered that SSCU savings products were very helpful.



Data on members' savings does not support the conclusion that members' incomes increased after joining SSCU, as there is no data comparing members' income before and after joining SSCU. In fact, this survey did not provide data regarding increased deposits over the membership duration. However, both FGD and IDI showed that SSCU enables members to save. Through Basic Education, SSCU opens members' mindset regarding the importance of saving as part of financial planning. This training also provides tips for members on how to save money while still being able to repay their loans. Some members who live in remote areas reported the cost of saving. For example, to deposit money at an SSCU office (or other financial institution), they had to rent a motorcycle at a cost of around IDR 50,000. By sending its staff and activists to villages, SSCU makes the cost of saving cheaper. In short, though savings are not a clear sign of increased prosperity, they can be a proxy for the ability to organize and plan finances. Only those who can manage their finances properly can save money, and the ability to manage finances is one step towards welfare.

In regards to the experience of taking loans, 56.3% of respondents had borrowed more than twice, as follows: 45% of respondents took loans between 2 and 3 times, while 10.8% of respondents borrowed money more than 3 times. Meanwhile, 23.8 % of respondents borrowed only once; the remaining 19.9% have never borrowed. The high percentage of people borrowing from SSCU (see Figure 13) indicates that SSCU loan products have also helped members. This survey confirmed this; 95.4% of members admitted that they had been greatly helped by SSCU loan products.

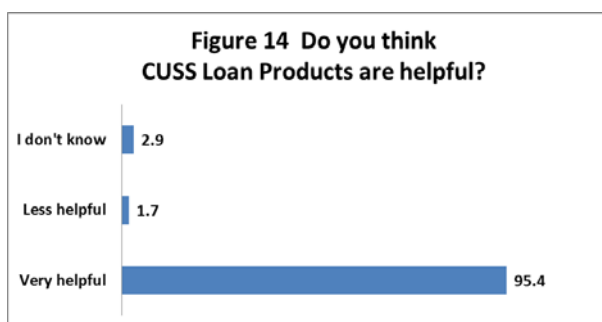
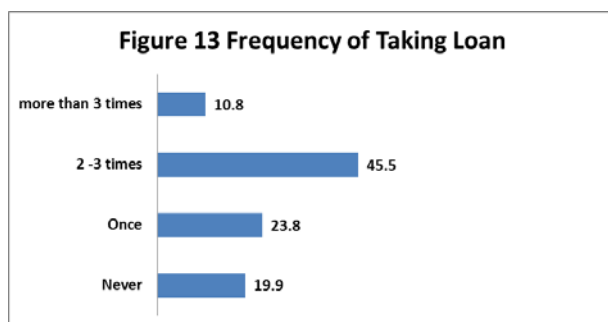


Table 1 Type of Loans Accessed by Members

Type of Loans	%
Saving Loan	54.9
Micro Business and Service Loan	28.6
Land and Housing Loan	22.4
Education Loan	19.5
Farming, Livestock, and Fishery Loan	12.3
Vehicle and Household Appliances Loan	8.7
Health, Ceremony and Pilgrimage Loan	8.3

Table 2 Loan Outstanding Balance 2015

Type of Loans	Balance	%
Land and Housing Loan	82,743,704,200	37.9
Micro Business and Service Loan	41,719,818,350	19.1
Education Loan	36,354,405,650	16.7
Farming, Livestock, and Fishery Loan	18,764,518,000	8.6
Vehicle and Household Appliances Loan	18,750,653,100	8.6
Saving Loan	10,958,016,700	5.0
Health, Religious-Cultural Feast and Pilgrimage Loan	8,753,203,450	4.1

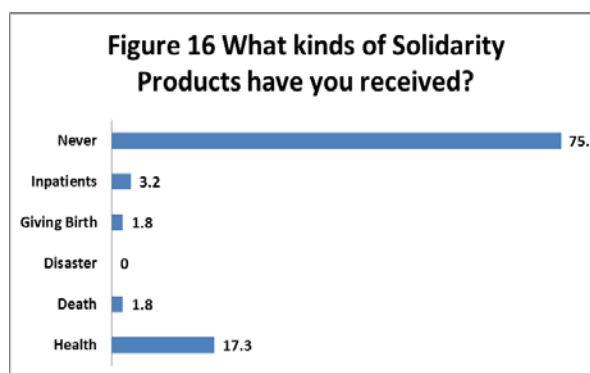
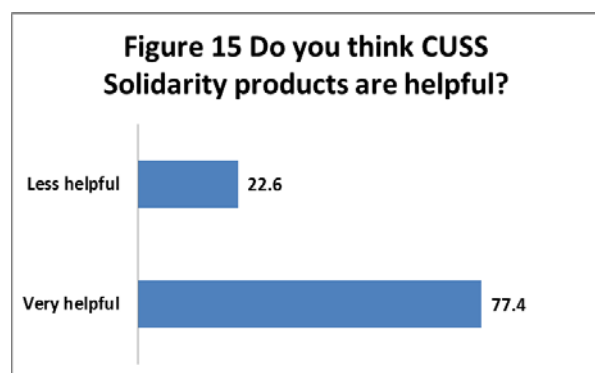
When discussing the types of loans taken, the majority of respondents (54.9%) had taken loan for savings. This occurred because all new members were obliged to borrow for their initial savings. The second type of loan accessed by members (28.6%) was business loans, used for trades and services. This indicates a demand for working capital. When agricultural, livestock, and fishery loans (12.3% of respondents) are added to that figure, respondents who had taken loans for business reached 40.9%. The demand for loans for land purchase and house construction was also high (22.4%), followed by loans for education (19.5%). These two loans can be classified as loans for investments, and if these were added to the previous figure, the number of total loans for investment would reach 91.3%. Loans for household needs (motorcycles and household appliances) were relatively low, at 8.7%.

The data on the types of loans taken by members was similar to the outstanding loan balance figure of December 2015, with slight variations. The loan balance for land and housing was 37.95%, indicating that SSCU members still needed loans for buying land and building houses. It was followed by trade and commercial loans, which accounted for 19.13% of total SSCU loans. When counted together with capital loans for agriculture, husbandry, and fisheries (8.61%), the total loans for business reached 27.74%. The next was loans for educational expense (16.67%). These loans, together with loans for increasing savings (5.03%), can be categorized as loans for investments, which made up 87.39% of total loans. This portion was much greater than the sum of consumptive loans, which was only 12.61%: loans for vehicles and household appliances accounted for 8.60% of loans, whereas loans for health, traditional feasts, and spiritual pilgrimages accounted for 4.01% of loans. This data indicates that SSCU has been helping its members cultivate a culture of investment.

The growth of investment culture was confirmed in IDI and FGD. Mrs. Anita, a midwife married to a policeman, was a member of SSCU in Palopo. She had extensive rice fields and saw a business opportunity when she realized how widespread the rice fields in the Palopo area are. She thus took a IDR 100 million loan to purchase a paddy mower for her own fields and to open a rental service. With the cutting machine, she could produce 200 sacks of grain per day and earn IDR 35,000 per sack. During harvest time, she could also get a daily revenue of IDR 7 million by renting out the machine. She admitted that the machine both cut the cost of harvesting and generated revenue. At the time of the interview, she said, "In the next two more months my loan will be paid off and I plan to borrow again to buy a new machine."

Another example occurred in Palopo. In Palopo, SSCU created loan products for purchasing plots of land measuring 3,000 m² and 2,500 m². SSCU prepared the land, then

members took loans from SSCU. There were 94 members who used the facility. Within two years, the value of the land had increased from IDR 25,000 per m² to IDE 200,000 per m².



SSCU has provided protection for the families of members who through loan and saving insurance. Loans left by recently deceased members would be cleared with the insurance, and heirs would obtain some assistance equivalent to the deceased member's savings. To get this protection, members need not pay a premium; it is covered by SSCU. Additionally, SSCU has also created solidarity products, funds collected from members that are used for helping members who experience difficulty in their lives. These include health benefits, death benefits, disaster relief, compensation for mothers who recently gave birth, and hospitalization benefits. The survey showed that 75.9% of respondents had never obtained compensation through solidarity products. However, 77.4% of respondents suggested that the products were useful for them. This means that, for SSCU members, benefits are not only for them to enjoy, but also to provide help to others who are in need.

In the FGD of members in Palopo, Mrs. Elisabet reported that she received IDR 3 million from the SSCU solidarity fund when her mother died in 2009. She felt greatly helped and very touched that SSCU paid attention to people in times of grief. Lusia Deti from Rantepao witnessed the same during her term as a member of the Core Group: two members in the village received death solidarity funds. She added that these funds enhanced public trust in SSCU.

As for non-economic benefits, SSCU has developed each member's personal character and enhanced their participation in community life and society. At the personal level, the survey showed that 97.8% of respondents admitted that SSCU enabled them to be more hard-working and cultivate an entrepreneurial spirit. Moreover, 98.2% of respondents said that they were more capable of planning their lives, more economical (97.9%), and honest and responsible (96.4%). More broadly, members suggested that SSCU had been helping the poor climb out of poverty (58.8%). They also held that SSCU prioritized the poor over the rich (69%) and had been bringing significant positive changes to society.

IDI with Jacob, one of the SSCU staff, confirmed this data. A change of mindset had occurred. Basic Education had made people cultivate the habit of saving after joining SSCU. Jacob said, "Most importantly, there is a change in people's mindsets. Before joining SSCU, they have no savings, but now they have one and are not improvident anymore." One activist in Palopo said, "Thanks to the SSCU, I can quit smoking. I am aware of how much money I have

spent for smoking.” Thrifty mindsets and habits also occurred in relation to customary feasts that are still strongly emphasized in Toraja and often a heavy burden. SSCU members will think more than twice before taking loans for customary feasts.

Table 3 Non-economic Individual dan Communal Benefit of CU

No	Statements	SA	A	N	DS	SDS	NA
1	CUSS enables its members to be more hard-working	59.2	38.6	1.1	0.4	0	0.7
2	CUSS is place for getting chipper loan	46.2	45.5	2.5	2.2	0.4	3.2
3	CUSS makes more thrifty and diligent to save	56.7	41.2	1.1	0.7	0	0.4
4	CUSS opens members' mind to plan their lives	55.2	43	0.7	0	0	1.1
5	CUSS cannot help the poor climb our of poverty	7.6	11.2	15.2	33.9	24.9	7.2
6	CUSS helps the rich than the poor	2.5	1.4	17	42.6	26.4	10.1
7	After being as member of CUSS I'm more hones						

SA: Strongly Agree - A: Agree - N: Neutral - DS: Dis

In the community involvement level, the findings showed that most SSCU members diligently participated in religious worship; more than 76.2 % of respondents participated in religious worship at least once a week. 47.7% of respondents said that they “always” participate in *gotong-royong* (community work) and 39.7% said that they “often” do so. Although this survey did not examine the causal relationship between practices of religiosity and participation in *gotong-royong* with SSCU membership, a proposed causal relationship may be presumed.

Figure 19 Who asked you to join CUSS?



Figure 17 How often do you join religious services?

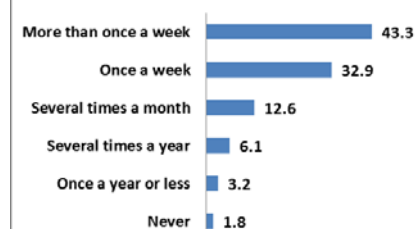
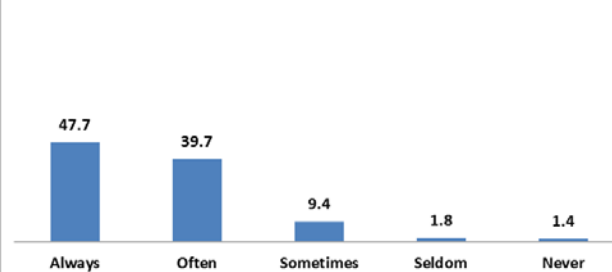


Figure 18 How often do you help your neighbours and work with them as a community?

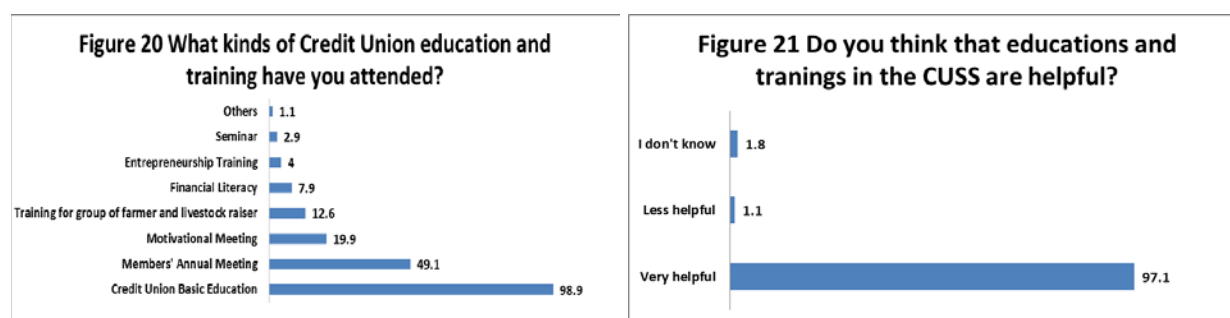


Data on membership invitations was interesting to be interpreted. Data showed that 42.6% of respondents stated that they joined SSCU because they were invited by other members who had already been successful. This figure was much higher than that of members who joined because they were asked by SSCU activists (Core Group (19.5%), Board of Directors (14.1 %), Committee (10.8%), Staff (7.6%), and Supervisors (2.9%). This data can serve as an indicator of SSCU members' sense of belonging to the institutions as well as their passion to help and develop others. Members who had a sense of belonging to the institution wished to develop SSCU by inviting others to join. At the same time, they also believed that, by inviting others to

become members of SSCU, they helped those people manage and plan their lives and thus improve their livelihood.

How do credit unions have this impact?

Beneficial impact is created by SSCU through member education and financial services. Three main activities through which SSCU educates its members are Basic Education, the annual member meeting, and motivational meetings. The percentage of respondents who had attended these activities were 98.9 %, 49.1 % and 19.9 %, respectively. Other training activities were more specific in nature and only attended by a few members. Since 2014, SSCU has been promoting financial literacy training. As such, in recent years the number of participating members has actually increased. The majority of respondents (97.1%) stated that the education provided helped them develop themselves.



Yosef Euken Pasan, a SSCU Staff, explained that Basic Education is mandatory for members. It allows them to understand that CUs are not merely places to borrow money, but also to learn family finance management. Basic Education helps prospective members cultivate a productive character and mindset, and know more about SSCU's financial products, services, and activities for members. A similar explanation was delivered by Luke (a public figure from TP Palopo): Basic Education teaches the value of saving, business productivity, and motivation, and this in turn encourages people to be aware of their life values and goals.

In addition to Basic Education and Financial Literacy, SSCU members also expected to attend training to improving their business skills. A focus group discussion with female members in Ratnepao, for example, showed that they were expected to receive training in raising chickens, planting vegetables, establishing home industries, and marketing products. Yosef Euken reported that SSCU has answered these needs, for example, by having SSCU members provide training in their field of expertise, such as raising pigs and chickens. He also stressed the need for marketing training: "The problem of marketing training for members, I think, is important for many reasons. For example, in this area, Rembon, there is a group of pig farmers that can raise pigs successfully but they are constrained by marketing problems. During the months of customary feasts, the price is good, but after that it falls..."

In addition to providing training for its members, SSCU has also organized members with similar businesses together in groups. Each group obtains special loan products and assistance. Yokub stated that he was a member of pig farmer group and had obtained loans from SSCU. He said, "We feel that all members are happy because we can increase our family incomes from

selling those pigs.” In addition to the pig farmer groups, there are also groups of chicken raisers, groups of rice, corn, and vegetables farmers, and groups of home industry producers.

Financial services are provided through a variety of products (12 types of savings, 14 types of loans, and 6 solidarity funds) that were developed based on members' needs (See Table 3). Various savings products are designed to help members formulate their financial objectives, plan the necessary steps to achieve their financial goals, and start preparing their needs as soon as possible. In other words, through education, members' mindsets were changed and they practice this new paradigm through the various financial products provided.

Table 3 Financial Products of the Sauan Sibarrung Credit Union in 2015

No	Savings Products	Loan Products	Solidarity Products
1	Pokok (Basic Share)	Housing Loan	Health
2	Wajib (Obliged Monthly Share)	Education Loan	Death
3	Mana' (Pension Savings)	Micro-enterprise Loan	Disaster
4	Rannuan (Kids' Savings)	Land Loan	Childbirth
5	Passallo (Daily Savings)	Vehicle Loan	Inpatients
6	Alang Sura' (Term Deposit)	Farming, Livestock, and Fishery Loan	Scholarship
7	Panta'nakan (Education Saving)	Saving Loan	
8	Passakke (Cultural/Religious Feast Savings)	Cultural and Religious Feast Loan	
9	Bannua Sura (Housing Savings)	Group Loan	
10	Matangkin (Emergency Savings)	Household Appliances Loan	
11	Vehicle Savings	Service Business Loan	
12		Health Loan	
12		Rannuan Saving Loan	
14		Spiritual Pilgrimage Loan	

Conclusion

This paper attempts to present the Credit Union (CU) as a noteworthy driver for socio-economic empowerment in Indonesia, particularly in the context of microfinance. The case study of Sauan Sibarrung CU (SSCU) has unearthed features of empowerment relating to who is empowered, what is the impact of the empowerment, and how the empowerment is conducted by CUs. The results are as follows. Firstly, regarding who is empowered, it is shown that the CU serves lower-middle class groups in the society, mostly farmers, livestock breeders, and fishermen who have only completed a high school level of education and expenditures of less than IDR 2 million per month per family. Secondly, regarding the impact of empowerment, SSCU has been helping its members improve their quality of life both in economic and non-economic dimensions. SSCU has been allowing its members to save money more easily, obtain loans in order to meet various needs and to scale up their business, cultivate a culture of investment, and create a solidarity fund among members to handle the risk of death and illness. For non-economic benefits, SSCU has been enabling its members to be more hard-working and to cultivate an entrepreneurial spirit; to be more capable of planning, economical, honest, and responsible. In a broader scope, members suggest that SSCU has been helping the poor climb out of poverty and has been bringing significant positive changes to society. Thirdly, these beneficial

impacts have been created by providing education and financial services for members through Basic Education, entrepreneurship and financial literacy training, and member involvement in the Annual Meeting. Financial services are provided through a variety of deposit products, loans, and solidarity funds developed based on members' needs.

The study contributes to the body of knowledge as it provides the first empirical data on the impact of a CU on its members' lives. It also provides a descriptions of the CU's intervention to improve the lives of its members.

Based on these findings, it is recommended that research on CUs be developed further. The success of CUs in financial inclusion programs needs to be studied and described more fully. Furthermore, the ability to help lower-middle class groups actualize their socio-economic potential needs to be strengthened.

Nevertheless, this study has some limitations. Data on the impacts shown here describes members' perceptions about the impacts or benefits of the CU on their lives, rather than hard-fact measures. For subsequent studies, variables of CU impacts and the CU interventions assumed to lead to those impacts need to be specified and the causal connection between those variables needs to be supported by empirical evidences. Subsequent studies should also use control groups and apply longitudinal analysis to ensure that changes in members lives, as well as CU contributions to these changes, can be shown clearly.

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