

Bye-bye Moneylender! My Life is Better Now

A Community Credit Bank in Ternate, North Maluku

Presenter

Thamrin, DIAHI

Samsudin Kaida, Head of the Kaki Lima
Sellers Organization

Sarima (50) would have ended her life if she hadn't remembered her children. She couldn't think of any other way to pay off her debt. In fact, it wasn't the 25 million debt she owed that made her worry, but rather the interest, which was swelling the amount to 50 million. Her business was selling yellow rice and vegetables. Thankfully, she met Syamsudin, the Head of the Kaki Lima Sellers Organization, who introduced her to the soft loans from Community Credit Bank (BPR) Malifut. Slowly, she paid off her debt.

For the poor to be able to borrow from a bank is something miraculous because often it's difficult to meet all their criteria. Moneylenders are everywhere, offering loans that sometimes have interest of up to 30% within two weeks. Therefore, BPR Malifut developed their soft loans which only have 2.5% interest per month. Small traders can borrow money without having collateral, all they have to provide is a photo copy of their identity card.

Banks must approach the poor differently because of their limited resources. As a model bank, which seeks to provide lending-saving solutions for the poor, BPR's creativity was challenged to terms of accessing the poor community. However, BPR Malifut succeeded in answering that challenge. After all of its assets were destroyed in the religious conflict in North Maluku in 1999-200, Ahmad Aziz moved the operations of BPR Malifut to Ternate in 2005.

Like Sarima, many poor people were not confident to go to the bank to deposit money, let alone borrow. They thought that, like the big banks, there would be lots of demands from BPR Malifut, from administration to guarantees. It wasn't easy to convince the small traders to come to BPR Malifut but slowly trust began to grow.

"We have to adapt to the situation in the community, we have to be honest, humble, and have to understand their culture," said Karim, the BPR Director.

Good credibility is what attracted DIAHI to BPR Malifut as an organization that provides rotating funds supported by OXFAM Hongkong. In November 2008, 180 million rupiah was invested in BPR Malifut. "DIAHI facilitates access to capital, especially for marginal groups, BPR implements disbursement without changing their system. DIAHI members act as facilitators for their members," said Fathi Hanif from DIAHI. A year later, over 47 people have received loans.

The Small-Medium Enterprise Center Ternate played a big role in socializing the program to the micro-small entrepreneurs. "Small-Medium Enterprise members number around

150, however there are only 75 small businesses supported by us,” said Abu Bakar SM (35), the manager of the Small-Medium Enterprise Center Ternate.

The Organization of Kaki Lima Sellers also helps a lot in socializing the loans. There is even a loan distribution mechanism. “Our members include 80 people. Because the amount of money loaned is only for 30 people, we rotate the funds. If they have a good track record, they can borrow again,” said Samsudin Kaida, the head of the organization.

For the micro entrepreneurs, loans with 2.5% interest and no guarantee requirements are amazing. With soft loans such as these, compared to loans from moneylenders, they can manage their businesses with peace of mind. In addition, their businesses are very local, both in terms of raw materials and customers, and have a high turnover. The repayment of loans is 100%.

Loans without guarantees are not only a capital mechanism but also a form of defense for the poor so they can change their futures and a form of protection from an economic system that smothers them. Sarima has no reason to end her life now.

Contact Detail

Thamrin

DIAHI

Mobile 081340354095

Email pusatdiahi@gmail.com