

# IMPLEMENTATION OF BRANCHLESS BANKING IN BOGOR: A FIGURE OF NEW FINANCIAL SERVICE IN RURAL AREA

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**Submission date:** 23-Jul-2018 10:52AM (UTC+0700)

**Submission ID:** 984509939

**File name:** ram\_in\_Bogor-New\_Financial\_Service\_in\_Rural\_Area\_JABM\_Jan19.docx (58.48K)

**Word count:** 6006

**Character count:** 33254

## IMPLEMENTATION OF BRANCHLESS BANKING IN BOGOR: A FIGURE OF NEW FINANCIAL SERVICE IN RURAL AREA

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**Abstract:** Branchless Banking (BB) is a limited financial service provided by financial service providers, such as banks to the customers without having to come to their office. The banks use third-party called BB Agent and Information Technology. The objective of BB 35 is to provide simple financial product and easy to understand, as well as fit the needs of people in remote areas. This study aims to provide an overview of the implementation of the BB program in rural areas. This research carried out in a bank that implemented a BB program. The unit analysis are BB Agent as an extension of the limited banking services in rural area 11 as well as households' micro and small business who conduct financial transactions through BB Agent. The method used in this study is descriptive analysis method by using primary data source through questionnaire. This study was conducted in Bogor District, at 13 Sub-districts. The sample of BB agents and business households involved in the BB were chosen purposively and analyzed by a descriptive method. The results show that most transactions were using cash and for payment transactions, while savings and cash withdrawal transactions, which are related to production activities are still minimal. In addition, transactions using digital money (T-Bank) and BSA (Basic Saving Account) as financial products which aimed to the "unbanked" community has not run. Therefore, this study recommends to the Bank to provide adequate education and information to increase public confidence in BB agents. In addition, OJK and BI need to encourage the penetration of BSA products and bring up the culture of digital money in rural areas, furthermore encouraging the society to utilize the services of financial transactions through BB agents.

**Keywords:** Branchless Banking, Types of transaction, Instruments of transaction, Digital money, Basic Saving Account (BSA)

**Abstract:** Branchless Banking (BB) adalah jasa keuangan terbatas yang disediakan oleh penyedia jasa keuangan, seperti bank kepada pelanggan, tanpa harus datang ke kantor mereka. Bank menggunakan 34 teknologi ketiga (Agen BB) dan Teknologi Informasi. Tujuan BB adalah untuk menyediakan produk j 12 nsial yang sederhana, mudah dimengerti dan sesuai dengan kebutuhan masyarakat di daerah terpencil. Penelitian ini bertujuan untuk memberikan gambaran tentang implementasi program BB di daerah pedesaan. Penelitian ini dilakukan di bank yang menerapkan program BB. Unit analisis adalah Agen BB sebagai perpanjangan dari layanan perbankan terbatas di daerah 28 esaan, serta usaha mikro dan kecil rumah tangga yang melakukan transaksi keuangan melalui Agen BB. Metode yang digunakan dalam penelitian ini adalah metode analisis deskriptif dengan menggunakan sumber data primer melalui kuesioner. Studi dilakukan di Kabupaten Bogor di 13 Kecamatan. Sampel agen BB dan rumah tangga usaha yang terlibat dalam BB dipilih secara 'purposive'. Hasilnya menunjukkan bahwa transaksi paling banyak menggunakan uang tunai dan untuk transaksi pembayaran. Transaksi tabungan dan penarikan tunai, yang berkaitan dengan kegiatan produksi masih minimal. Selain itu transaksi menggunakan uang digital (T-Bank) atau BSA (Basic Saving Account) sebagai produk keuangan yang ditujukan kepada masyarakat "unbanked" belum berjalan. Oleh karena itu, studi ini merekomendasikan kepada Bank untuk melakukan edukasi dan memberikan informasi yang memadai untuk meningkatkan kepercayaan masyarakat kepada agen. Selain itu memberi rekomendasi kepada OJK dan BI untuk mendorong penetrasi produk BSA dan memunculkan budaya uang digital di daerah pedesaan, selanjutnya mendorong masyarakat untuk memanfaatkan jasa transaksi keuangan melalui agen BB.

**Keywords:** Branchless Banking, Jenis transaksi, Instrumen transaksi, Uang digital, Basic Saving Account (BSA)

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## INTRODUCTION

World Bank (2014) survey explained that there is only about 50% of adult people in the world who already have access to formal financial services. The condition becomes worse in the developing countries, such as Indonesia in which there is only about 20% of adult people who do have access to formal financial services. According to Hisighsuren (2006), those with low access to formal financial institutions were usually located in rural areas. The main constraining factors were extensive geographical spread, low population density, and limited transaction volume, resulting in costly operational costs. In addition, building bank branches physically in rural areas was expensive.

Financial services for the poor with small transaction volumes were considered to be less favorable. However, Jain (2015) explained that even though providing relatively low margins, high transaction volumes promises profit and have a possibility to become commercially profitable businesses. Therefore, a different delivery channel is required from regular financial services. Transactions through agents, transfer services through mobile phone, a collaboration between bank and microfinance institution, and looser of Know-Your-Customer (KYC) requirements are delivery channels that can be used to reach people in rural areas (Hisighsuren 2006, Aduda 2014).

McKay and Pickens (2010) explained that one approach to stimulate financial inclusion as a form of a potential financial channel to serve 'unbanked' people who mostly live in rural areas is Branchless Banking (BB); limited financial services provided by financial service providers, such as bank institution to the customers without having to come to the bank office. To that end, the bank uses a third party called agent as an extension of bank services in the rural and by using information technology. Some observations found that BB lowers the cost of bank services in remote areas rather than opening the conventional bank branches (Ivatury 2008, Jain, 2015).

In Indonesia, BB for low-income communities is a new financial channel, proclaimed in the National Financial Inclusion Strategy in 2012. The goal of Indonesia's Financial Inclusion Strategy (FIS) is to achieve economic prosperity through poverty alleviation, income distribution, and stability of financial system by creating a financial system accessible to all levels of society (BI 2014). BB program is the fifth pillar out of six pillars to achieve financial inclusion, namely the Pillar of Intermediation and Distribution Facility. Bank Indonesia (BI) named its program as a Digital Financial Services/"Layanan Keuangan Digital" (LKD). Digital money for people in remote areas which facilitated by using mobile phones without having to open a savings account at the bank (Untoro et al. 2014).

On the other hand, Financial Services Authority (OJK) calls its program as "Layanan Keuangan Tanpa Kantor Dalam Rangka Keuangan Inklusif" or "Laku Pandai"—The Non-Office Financial Services in the Framework of Financial Inclusion. The aim of the program is to provide simple, easy-to-understand and appropriate financial products that meet the needs of people who have not been able to reach current financial services. The products of "Laku Pandai" are Basic Saving Account (BSA), micro-credit, and micro-insurance (OJK 2015).

The activities of financial transaction in BB program includes savings, cash withdrawals, money transfers, as well as paying household obligations such as electricity payment, credit installment, and other obligations. All that expenditures inherent in the decision of individual or household. However, by reviewing the types of financial transaction in the program and the objectives of financial inclusion strategy, then the objective of the measurement in this study leads to the business household. Focus on the household is reinforced by the customer condition in the rural areas in which types of business households generally are micro-small business, in which any decisions in business development and financial transactions are closely related to the decision of the household.

Furthermore, the implementation of the BB program is said to lead to the goals set forth in the financial inclusion strategy, if the bank's activities related to the assignment of the BB agent and monitoring support the achievement of the objectives. In addition, transactions conducted by business households involved in the BB program are related to the production activities indicated by saving and cash withdrawal transactions, in addition to other types of transactions.

Several studies related to BB from the demand side generally discuss the public acceptance of the technology used (Yuwono 2017, Permadi 2017, Shadikin 2017, Chuchuen 2016, Phanthanukithaworn 2015, Montazemi and Saremi 2015, Shaikh 2015, and Siddik 2014). While BB research from supply side generally discuss normative law with prescriptive approach (Secioktaviany 2016, Khanan and Pujiono 2016), as well as analyzes the competition level of the banking industry (Frani 2017, Wibowo 2013).

This study discusses both, the supply and demand sides of the BB program implementation in the rural area. The purpose of this research is to portrait the implementation of the BB program, whether leads to the objectives of the inclusive financial strategy, related to the implementation of agent selection and monitoring activities, as well as transactions conducted by micro-small business households at BB agent. The hypothesis in this research is "The implementation of BB program in research location take place according to the concept and objectives of the program." For that, it is conducted a survey to obtain data and information through interview and discussion by using questioner. Furthermore, by using descriptive analysis, this research is expected to give an overview that the implementation of BB program is running in accordance with the concepts and objectives set.

## **METHODS**

This research is a case study in Bogor District as a remote area adjacent to Jakarta City, the state capital, which is expected to have a high success rate in the implementation of the program. This study uses primary data in the form of cross-section data obtained by using interview techniques using questionnaires that have been prepared.

The unit of analysis is the BB Agent and the micro-small business household involved in transactions with agents. Furthermore, the data were analyzed by descriptive method.

Since the functions and duties of BB agent are homogeneous, therefore the sample of BB agent is chosen purposively in 13 sub-districts out of 40 sub-districts of Bogor District. The sub-districts chosen were Sukaraja, Jasinga, Cibungbulang, Pamijahan, Dramaga, Ciomas, Bojong Gede, Cibinong, Taman Sari, Ciawi, Babakan Madang, and two sub-districts at the edge of Bogor City, namely Tanah Sereal and North Bogor. Samples of micro-small business households are also selected purposively, i.e. those located around BB agent and involved in transactions with BB agent. The data was collected in November to December 2016.

## **RESULTS**

As per April 2016, the number of BB Agents from Bank "X" were 62,036 agents spread throughout Indonesia. The number of BB Agents in West Java as of September 2016 amounted to 5,707 agents and 360 agents of which were spread in Bogor District and 86 agents in the Bogor City (Data were obtained from Bank "X", October 2016).

As many as 32 BB agents and 97 micro-small business households from 27 villages have been selected. Most types of micro-small business household in rural areas are stalls; most of which are stalls selling basic daily necessities or staple goods stalls. Other types of stalls are food stalls and other stalls selling different types of goods. Some other types of business household activities are services business, peddlers, and craftsmen. However, the distribution of each business activity is uneven, and the size of the business varies considerably, as described in Table 1.

There are two types of BB Agents, namely individual agents and agents that have legal entities. Individual agents are local people, having business activity in their xx location, as well as having credibility, integrity, and ability to do activities as BB agent. Examples of individual agents include teachers, retirees, customary heads, shop owners, or the head/owner of CV (*Comanditaire Venotschap*) or Firma.

Table 1 Types of household business

Types of business	Activity	No. of respdnt	%
Staple good stalls	Stalls selling basic daily necessities	17	17.52
Food stalls	Stalls selling ready food, 'gado-gado', meat ball, coffee, noodles, fried chicken, etc.	12	12.37
Other stalls	Stalls sell: gallon water refill, mobile phone & electrical vouchers, internet-game store, electrical materials, paints, eggs, DVD, cakes, etc.	35	36.08
Services business	Photocopy service, motorcycle workshop, tailor, barber, beauty salon, primary school, money lender, etc.	21	21.65
Peddlers	Peddlers selling bananas, crackers, 'putu' cakes, 'siomay'	7	7.22
Craftsmen	Shoes maker, wooden frame maker, fiber glass	5	5.15

Agents that have legal entities are Indonesian legal entities, permitted to engage in financial activities or owning retail outlets, have on-site business activities with adequate information technology, and good reputation, credibility, and strong performance. Examples of legal entities include Limited Liability Companies, Regional Companies, or Cooperatives (OJK 2015). The data from the survey shows that as many as 32 BB Agents are an individual agent, which one among them is an agent in the format of CV, and there is no BB Agents in the form of legal entity (Companies, Cooperatives).

### Characteristics and Transaction Activities of BB Agents

In the implementation of the BB program, the Bank as the managing unit organizes the recruitment towards the prospective agents. BB Agents are the customers of the Bank that fulfill the requirements, such as having sufficient capital, owning business unit, mastering and able to operate computer and information technology, honest and trustworthy, as well as a prominent person in society. Furthermore, through a personal approach by the Bank Unit, the intent and objectives of the BB program are socialized to potential agents.

Field findings indicate that prospective agents generally accept and are ready to join as the BB agents. Furthermore, the Bank Unit organizes education and technical training to provide knowledge of banking service. There exist many people applied to become BB agent. That gave a positive indication of the success of the socialization of the program.

Bank have roles and responsibilities to encourage and oversee agents after the contracts are signed. Field finding indicates that the Bank Unit conducts a meeting with BB agents periodically. The meetings are held as a medium of communication, information delivery, as well as evaluation towards the activities of agents. That shows that supervisory functions carried out by Bank have worked well.

The characteristics of the respondents of BB Agents is explained in Table 2. The average age of BB Agents belongs to the productive age category (39.8 years), and the average level of formal education is equivalent to a senior high school (have 12 years formal education). Most of BB Agents (68.8%) were male or head of households. This condition illustrates that main business undertaken by BB Agents is a micro-small business in their home. Field observations show although those registered as agents are head households, however, their spouse generally also acted as agent.

Table 2 Characteristic of BB Agents

Characteristic	Average	Min	Max
Age (year)	39.8	27	49
Formal education (year)	12	9	16
Number of Male BB Agents (%)	68.8	-	-
Number of Female BB Agents (%)	31.2	-	-

As many as 32 BB Agents who were selected in this study have business activity, so it can support its activity as BB Agents. Agents generally have one type of business activity that is a stall. However,

some agents have two or more types of businesses at once. Business type of BB Agents is varied as described in Table 3.

Each BB Agents is equipped with EDC (Electronic Data Capture) device and supporting tools such as cell phone card (sim card), transaction paper, charger, transaction fee list, certificate or card as proof of official BB Agents and banner. Type of sim card provider is tailored to the signal condition at that location and which widely used by the surrounding community. Some agents are equipped with two types of cards from different providers. It aims to avoid or reduce the occurrence of failed transactions due to unstable signals. As BB Agents, they have obligations and rights. The obligation of BB Agents is to serve people living around them to conduct financial transactions, such as checking savings balance, savings, cash withdrawals, bill payment, purchasing vouchers of cell-phone & electricity. The transaction is done by using EDC machine.

Table 3 Types of business of BB Agents

Types of business	No. of Agent
Stalls - selling household staple goods	17
Distributors of SIM Cards and mobile-phone & electrical vouchers	6
Agent of Gallon Water Refill	3
Photocopy and stationery	2
Motorcycle workshop	2
Electronic Equipment Store	2
Financial Transaction Services	2
Goods and Money Credit Services	2
House Rent Business	2
Beauty salon services	1
Motorcycle Showroom	1
Craft Curtains	1
PAUD School services	1
CV of building materials	1

For transaction purposes, BB Agents must have sufficient funds, either cash or funds in a savings account. When people want to withdraw their savings through the BB Agents, they will swipe their ATM card through an EDC machine. In that way, they transfer funds to the Agent account, so that the Agent account increases and the customer account decreases. Furthermore, Agents gives cash to the customer as much as the fund transferred. Conversely, if the customer wants to increase the balance of his savings through the BB Agents, then the Agent receives their cash. Furthermore, by using an agent ATM card and through an EDC machine, the Agent transfers some funds to the customer's account. Thus, the Agent account balance will go down and become cash. The proof of a transaction is indicated by a final check balance. For such transactions, the customer pays a certain amount of funds as a transaction service fee to the agent in accordance with the applicable tariff.

Customers may also transfer by using their ATM card through an EDC machine available at the agent, to the same bank account or to another bank account. In this case, there is no change in the savings account and cash funds of the agent. The customer only pays the transfer service at the applicable rate. Customers can also transfer using cash. Upon receipt of cash, BB Agents transfers to the destination account via EDC machine using agent ATM card. As a result, the agent account balance is reduced and replaced by cash. Mechanisms for changes in cash and agent account balances can also occur for payment and purchase transactions made by customers through agents using EDC machines. Successful transactions indicated that financial transactions were conducted on BB program using cash and funds in the account BB Agents. Therefore, BB Agents must have sufficient funds and must be able to balance between money and funds in his account. If the cash is excessive, the agent must go to the bank to deposit it in a savings account. Conversely, if existing cash is

insufficient to serve financial transactions in the community, agents must go to the bank to withdraw their savings.

For financial services provided by BB Agents to customers, the Bank grants the right of incentives or commissions from any transactions conducted using EDC machines. The Bank gives a commission of 50% refund of the bank administrative fee charged for each financial transaction by using Agent's ATM card on an EDC machine. To cover such costs, Agent BB receives payments from customers for each transaction service with the rates set by the bank. Official tariff charged to the customer for frequent transactions conducted through the BB Agents are described in Table 4. Field observations show, even though the BB agent has been equipped with an official tariff list, but no agent has placed the list of tariffs so that it can be seen by the customer. In-depth discussions reveal that BB agents charge a higher rate than of 24% tariff set by the bank. Those behavior is moral hazard behavior (hidden action), in which the agent performs actions that are not in accordance with the wishes of the bank as principal (Gailmard 2012). Those behaviors can become an impediment and negatively impact the achievement of program objectives.

Table 4 Tariff of frequent transactions

Type of Transaction	Tariff (Rp)
Balance Info of Bank BRI	0
Balance Info of other Banks	1,000
Electricity payment (Pre/Post-Paid)	3,500
Transfer between BRI accounts	2,000
Transfer to other accounts (Bersama, Prima, Link)	2,500
Cash deposit	3,500
Cash withdrawal	3,500

Source: List of tariff on Agent, Bank "X", October 2016

Table 5 shows the frequency of financial transactions taking place in the Agent BB in the last three consecutive days, i.e. Friday, Saturday, and Sunday. The results show that 56% of BB Agents has less than 20 transactions, of which 31% are less than 10 transactions. On the other hand, 44% of respondent agents have more than 20 transactions in three consecutive days or on average of seven transactions per day. This meets the minimum transaction as the Break-Even Point (BEP) of BB program set by Bank, i.e. 200 transactions per month. Those who have more than 80 transactions in three days, i.e. 135, 261 and 603 transactions are very active agents.

Theoretically, economic activities that do not meet the BEP are not profitable (Mankiw 2009). Based on the transaction frequency data, it can be said that the BB program have not yet given a profit because more than 50% of agents have not met the BEP, i.e. the minimum transactions set by the Bank.

Table 5 Frequency of transaction at BB Agents in the last three consecutive days

Frequency	No. of Agent	%
< 20	18	56.25
20 - 39	6	18.75
40 - 59	4	12.50
60 - 79	1	3.12
≥ 80	3	9.38

Table 6 explains the distance of agent's location to the nearest bank office. As much as 71.25% of BB Agents have a distance less than 4 km to the nearest bank office. The location can be reached easily by using motorcycle. 12.5% of them are less than 500 meters away and 31.5% is less than 2 km. The proximity to the bank's office had a positive impact for customers. Long waiting times and parking fees to be borne by customers when going to transactions in the bank office encourage them to perform the simple financial transactions at the BB Agents. However, such condition could have a negative impact on the bank, as the bank's customer will turn to the agent so that the income from the

administrative costs of the bank shifts by the number of transactions that move from the bank office to the BB Agents.

Table 6 The distance to the nearest bank office

Distance (km)	%
< 2.0	31.25
2.0 – 3.9	40.00
4.0 – 5.9	7.00
6.0 – 7.9	10.00
8.0 – 9.9	8.75
> 10.0	3.00

The Bank in this study authorizes each bank unit office in each sub-district to recruit a BB Agents without specifying the location of agent's residence. As much as 32% of BB agents have distance 50 to 100 meters between agent, and 10 % have distance 100 to 200 meters, while 58% have more than 1 km (Table 7). Conditions of the proximity of locations between agents can be a positive factor for the people around who do financial transactions through BB Agents. Competition between agents located in adjacent locations will make the BB Agents must consider a number of additional transaction costs imposed outside the official rate. Agents living close to each other, charge a lower transaction fee than agents with a far distance. This lowers the real transaction costs that agents incur to consumers. On the other hand, the proximity of location between agent could cause pseudo transactions, i.e. the transactions happened between agents and their family. The location of BB agent closes to the "mini-mart" caused the competition in serving payment transactions, thus discourage the agent. However, BB agents have an advantage because they have limited banking services that are not provided by "mini-mart".

The proximity of the agent's location to the bank office, the "mini-mart", and between agent, show that the bank made several problems in conducting agent's recruitment. These problems have a negative impact on the achievement of program objectives, i.e. the transactions do not describe exactly the target group of the program.

Table 7 The distance between agent

Distance (meters)	%
< 100	32
100 – 200	10
200 – 1,000	0
> 1,000	58

In addition to financial transactions, BB program "Laku Pandai" also provide **other financial products such as micro-insurance and micro-credit**. In this case, the role of Agent BB is to provide information about the products to the community and provide recommendations to banks, especially regarding the credibility of those who apply for credit. Thus, it is expected that the public feels comfortable to deal with the bank. Through recommendations from BB agents, Bank is able to identify potential borrowers, so that allowing banks to provide a loose of formal requirements. Thus, is expected to reduce rural community interest to non-formal loans. However, conditions in the study area indicated that micro-insurance and micro-credit products through BB Agents have not been provided. Digital money by using the mobile phone (T-Bank) and BSA products are also not yet available at BB Agent.

### Characteristic and Transaction Activities of the Business Household

The portrait in the fields shows that there are some amount of micro-small business households around the agent. However, there were still few of them have conducted financial transactions through agents, on average three business households per BB Agent. Most of those who have conducted a transaction at BB Agent are housewives, who generally conducted a transaction to make an electricity payment, do the top-up of mobile phone credit. Others are the public society such as migrant workers, who conducted financial transactions through agents to transfer money to their

families in their hometown. The characteristics of the business household respondent were explained in Table 8. It describes the performance or potential of the business household activities.

Table 8 Characteristic of business household respondents

Characteristic	Avera ge	M in	M ax
Age (year)	37	19	73
Educational (year)	10	3	15
Family size (person)	3.86	2	5
Number of family workforce (person)	2.36	1	3
Number of Schoolchildren (person)	0.99	0	3

The average age of business actors involved in the transactions at BB Agents is 37 years, includes in the category of productive age, with the average level of education equivalent to the graduate of the junior high school. The family size is relatively small consists of head of household, housewife and two children. Generally, the production activity is managed by the head of household and housewife. The most types of business of the household in rural areas are stalls businesses; most are selling basic daily necessities or staple goods stalls. Other types of stalls are food stalls and stalls selling different types of goods. Each of business household has one or more business activities.

Business household respondents do not belong to the group of "unbanked people"—since they generally have bank accounts, although some were inactive. However, some of them can be categorized as "underbanked people" because they never get credit from the bank. They tend to use cash when conducting their transaction with BB Agents (69%), and only 31% respondents who used ATM card. The digital money by using a mobile phone (T-Bank) and the product of BSA (Basic Saving Account) in a BB program has not been running, as can be seen in Table 9.

Table 9 Instrument used in the transaction

Instrument	No. of Respondent	%
ATM	30	3 1
Cash	87	6 9
T-Bank	0	0
BSA	0	0

The most type of transaction conducted by the business household are the transactions to pay bills, such as electricity payment (45.59%), and transfers transaction (27.13%). Transfers transaction are generally made by entrepreneurs coming from other regions; they send their income to the family living in different areas. Other types of transfer transactions are transfers of online payments, such as payments on purchases of goods online and paying credit installments. Another type of transaction that is also pretty much done by the business household at the BB Agents is a transaction to top-up the cell phone credit (15.98%), while transactions of cash deposit (savings) and cash withdrawals take place rarely, as described in Table 10. The data show that types of transactions conducted by the business households at BB agent are transactions that are not directly related to business activities, but more related to non-food consumption. Type of transaction which expected to occur associated with production activities, such as cash deposits of their daily or weekly income (savings transaction) or cash withdrawals was rarely. Table 10 also explains that the number of transactions conducted by business household through BB Agents is low, with an average of 27.59 transactions per household per year or two to three transactions per month.

In addition, the expected credit proposals conducted through BB agent do not exist yet. Besides due to certain matters of the decisions of business actors that are not included in the focus of this study, the unfavorable channeling of credit through the agent can also be caused by the low of number, type, and value of transactions conducted by the customers through BB agent, so the bank does not have enough information about their eligibility. The existing credits, generally in the form of loans

obtained directly from the bank office or lease loans for motorcycle purchases, as well as loans from family or loans to purchase household items paid in installments. Thus, the role of BB agents related to credit, still limited as a means of transfer for installment payments to leasing companies, whereas bank installment payments are done by automatically debiting customer accounts.

Table 10 Frequency of transaction

Type of Transaction	Frequency/year	%
Savings (cash deposits)	187	6.46
Withdrawals	144	4.84
Transfers	576	27.13
Electricity payment (pre/post)	1,346	45.59
Top-up cell phone credits	422	15.98
Credit proposal	0	0
Average transaction/year/Hhs	27.59	
Average transaction/month/Hhs	2.33	

## CONCLUSIONS

The existence of BB Agents, as well as a number of transactions conducted by the society at the agent in the rural area, indicates that the program has been running in accordance with the program objectives, namely reaching the community in rural areas. BB Agents as an extension of bank offices in rural areas has functions to provide limited banking services to the community in rural areas. However, most of the agents still do not meet the minimum transactions set by the bank. In addition, some agents practice moral hazard behavior which becomes an impediment in achieving the program goals.

The proximity of agent's location to the bank office, "mini-mart" and between agent explained that there are some problems in the selection process of BB agents, therefore, discourage the agents, and the transactions that happened do not reflect the program target group.

The portrait shows that the rural communities as program targets have utilized such the limited banking services through agents. However, the number of transactions conducted by business households through agents is still very minimal, and most are in the form of transactions related to non-food expenditures, such as electricity payment, transfers to families, and do top-up cell phone credit. While transactions in the form of savings and cash withdrawals are still rare. It shows that the implementation of BB program is not yet related to production activities.

In conducting transactions at the agents, most people used cash money (cash basis) and no transactions are done using digital money (T-Bank) as well as BSA (Basic Saving Account) as a simple banking product addressed to the "unbanked people". On the other hand, microcredit and micro-insurance through BB Agents are not yet exist. The condition indicates that the BB program in rural areas is still functioning for the benefit of cash payment, while the provided banking services have not run optimally.

The portrait of BB program implementation implies that Bank Institutions need to provide adequate education and information, as well as do socialization to increase public trust to BB agent and to encourage the society to utilize the financial services provided through BB Agents. Furthermore, OJK and BI need to encourage the penetration of BSA products through BB Agents as an effort to attract society, especially the household' micro and small business to access banking services, as well as to provide education and socialization intensively to bring up the culture of digital money in rural areas.

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