



International
Labour
Organization

Preliminary Results

Client Survey, West Java

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Jakarta, Dec 14, 2016

Background

- Survey as part of PROMISE IMPACT
- Results will guide financial institutions develop innovative products & services to serve their clients better
- Survey explored:
 - How they became clients
 - Nature of businesses and sub-sectors
 - Feedback of clients on services
 - Type of services/support needed in future

Profile

- 687 clients across West Java
- Mainly in Food/ Beverages and Garments
- 77.8% (529) were females
- Clients presently served by BPRs, KSP, and BMT

Profile

Average Age = 43 years

Average Household Size = 4.2

No of people working in the HH = 1.15

Year Business Established

Year	No Businesses	% Businesses
> 35 yrs ago	21	3.1%
1981-89	25	3.7%
1990-1999	102	15.0%
2000-2009	270	39.8%
2010-2016	261	38.4%

Income Source, Location, Size, Workers

- Almost 68% had the business as the main source of income
- Almost 78% ran their business from home
- Average No of Workers at start = 3.1
- 40% workers were family members
- 3.1% workers (family) < 15 years
- 0.7% workers (non-family) < 15 years

Business Growth

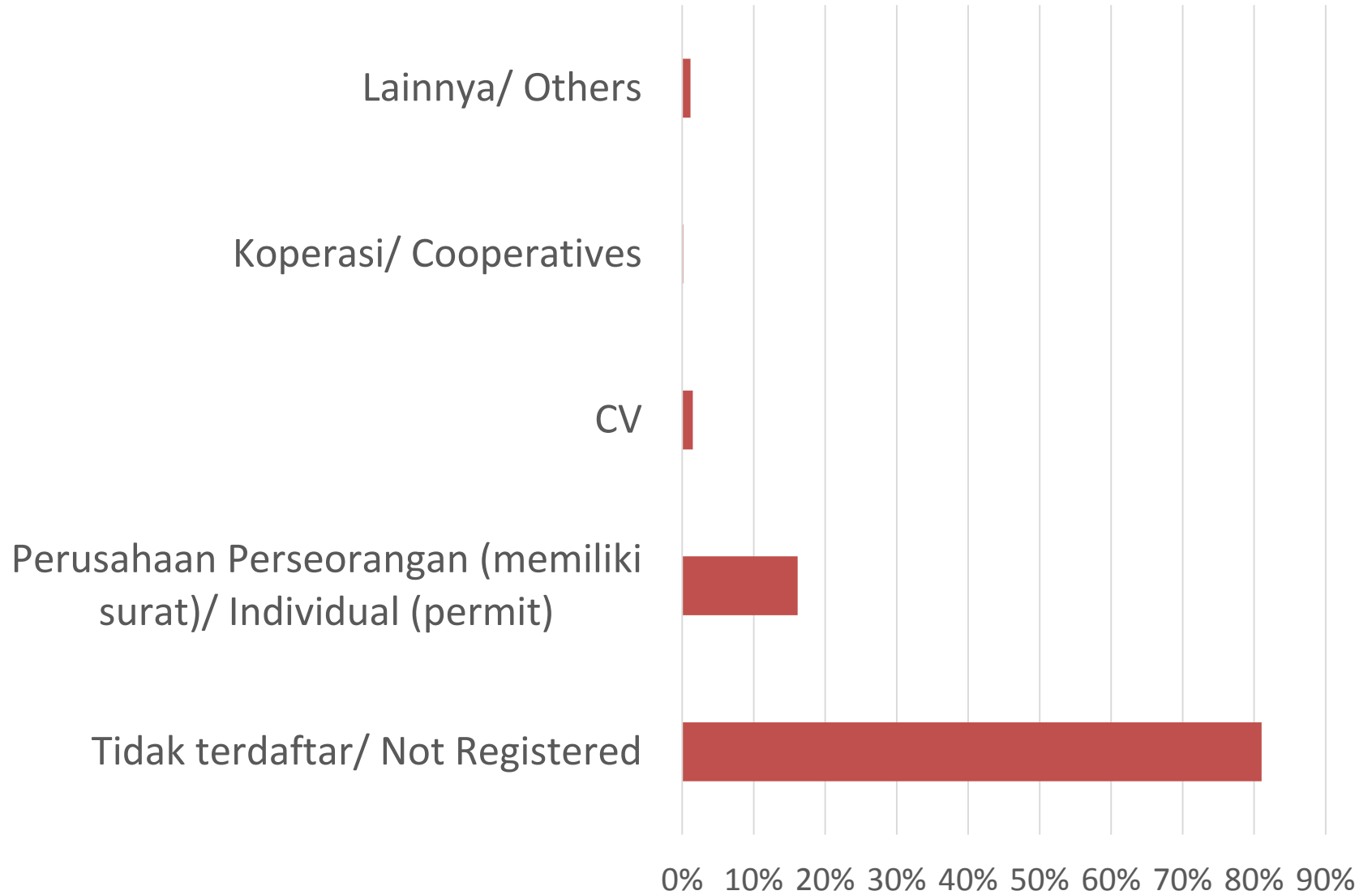
Total Workers = 2,148

Current Workers = 2,403

Increase = 11%

Almost no change in number of family members

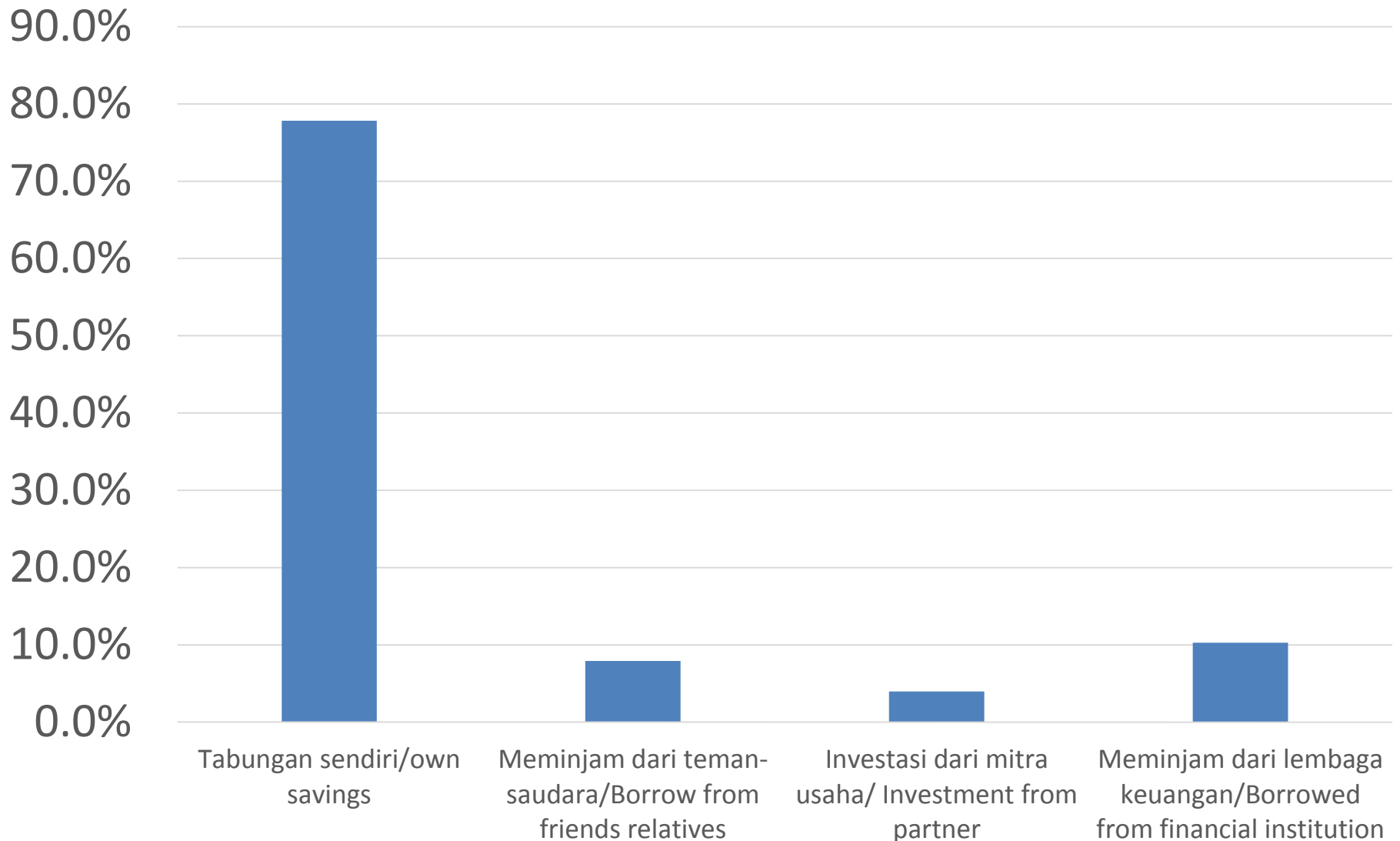
Type of Business



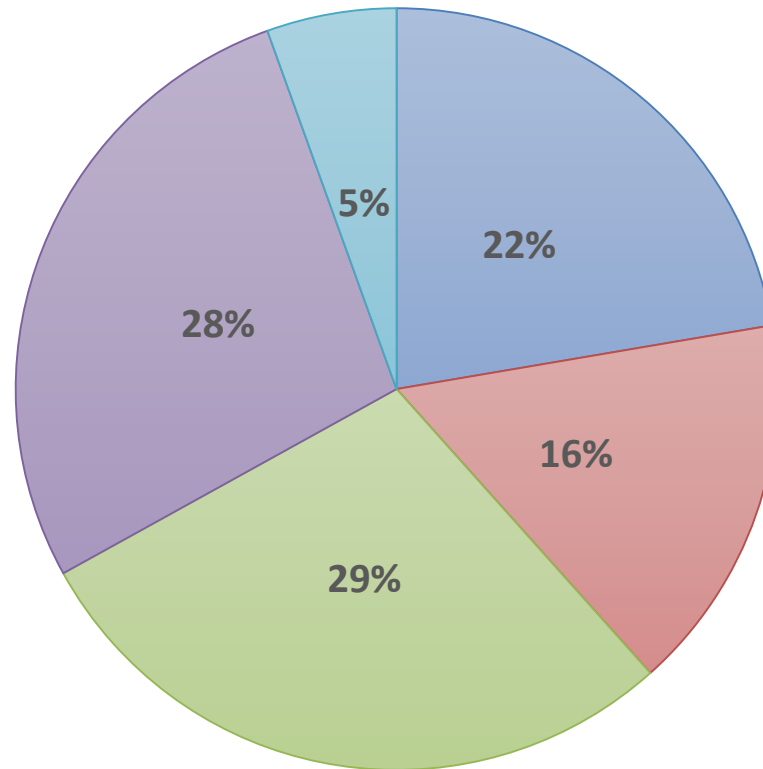
Tax & Profit

- 95% do not pay VAT (PPN)
- 90% do not pay income tax (PPH)
- But close to 58% pay some kind of tax
- < 6% export their products
- Almost 89% are making profit

Initial capital for starting business

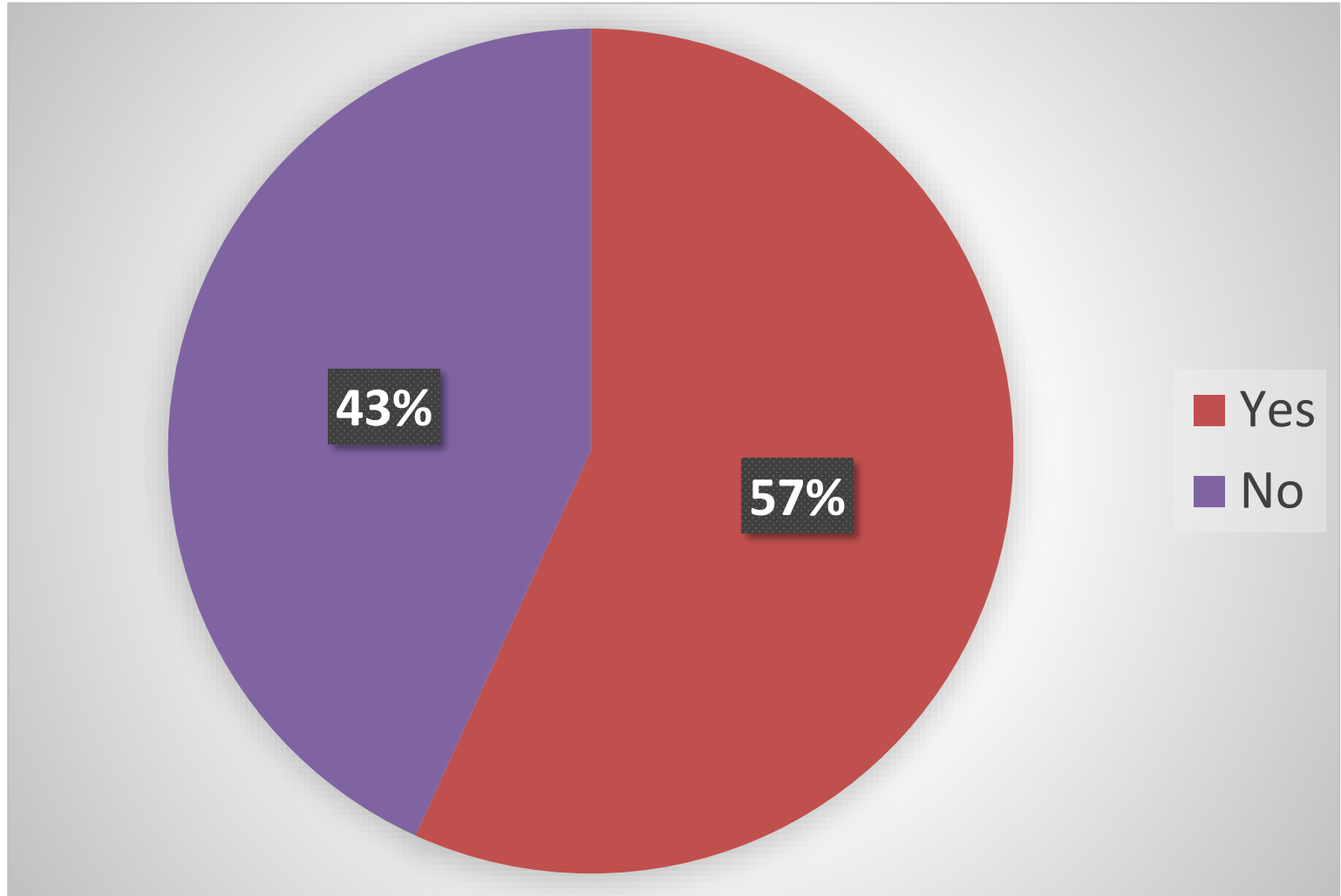


Factors borrowing

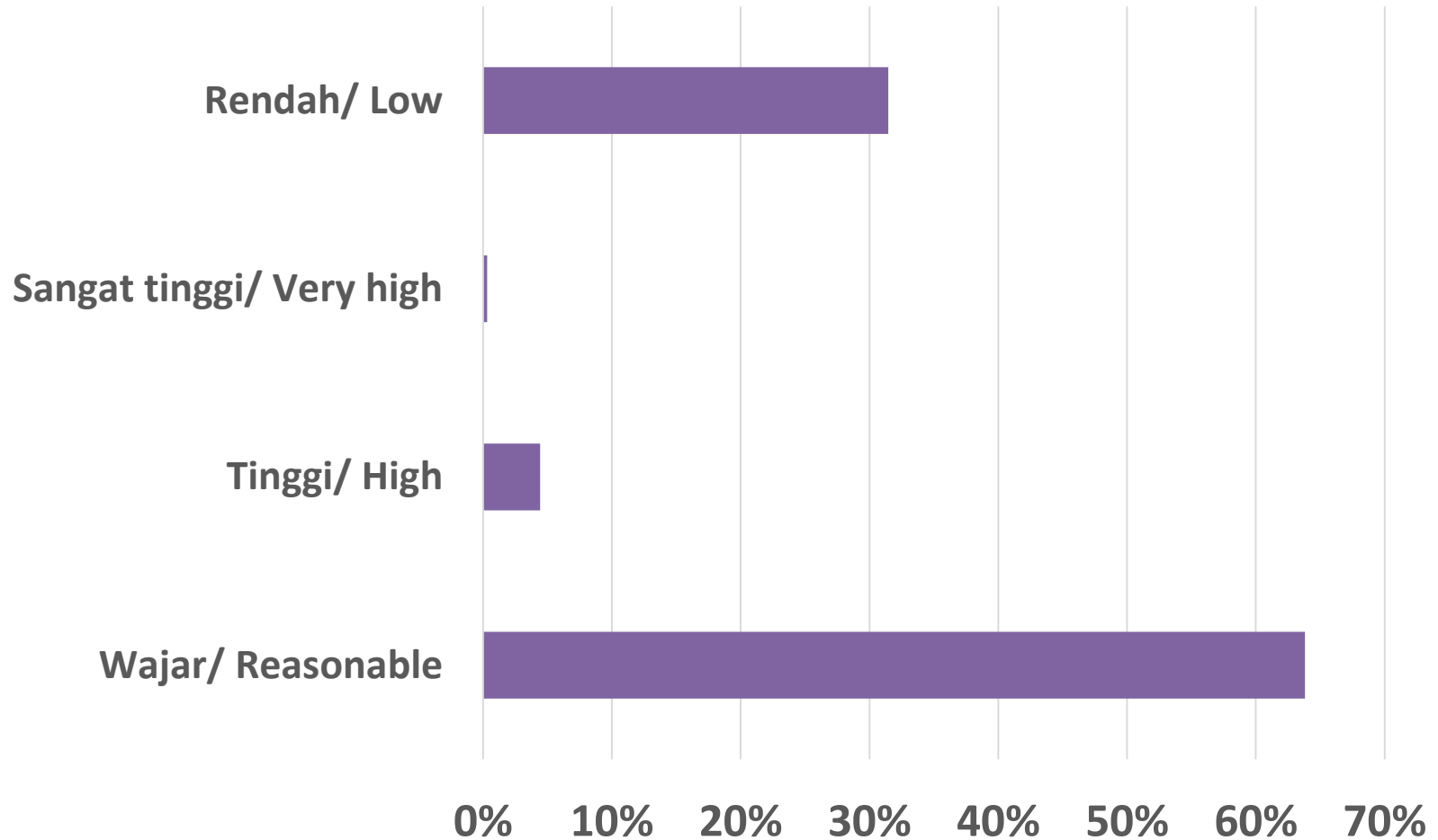


- Prosesnya yang sederhana/ Simple process
- Staf dari lembaga datang/ staff came
- Seseorang merekomendasikan/ someone recommended
- Tingkat bunga/bagi hasil yang rendah - Interest or profit sharing was low
- Lainnya/ Other

Know how much they are paying for loans?



Is interest or profit sharing high?



Past Repayment & Future Borrowing

17% have (at least once) been late in repayments

< 8% borrow from others to repay loans

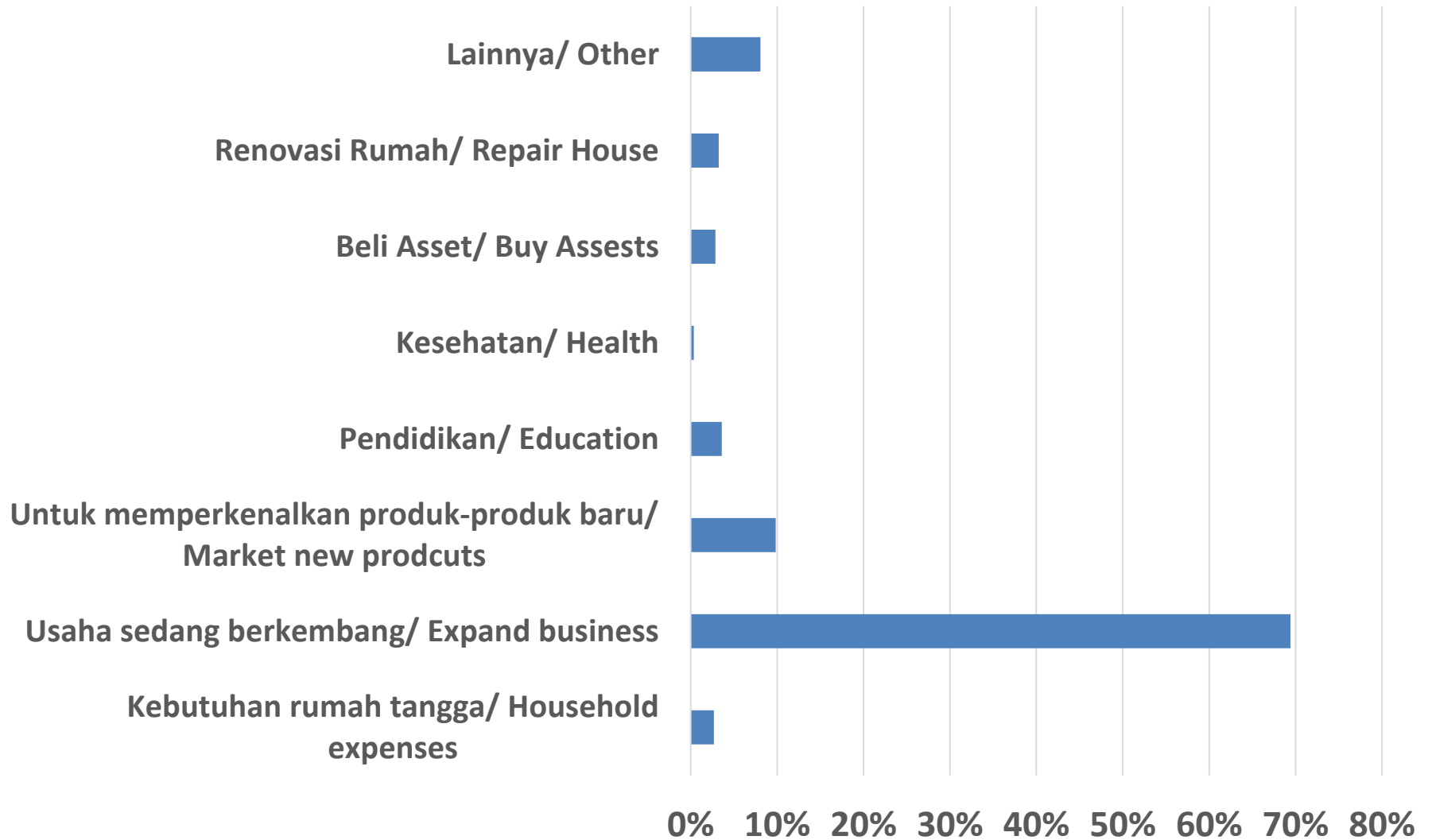
2% get financial services from other financial institutions

83% plan to borrow more

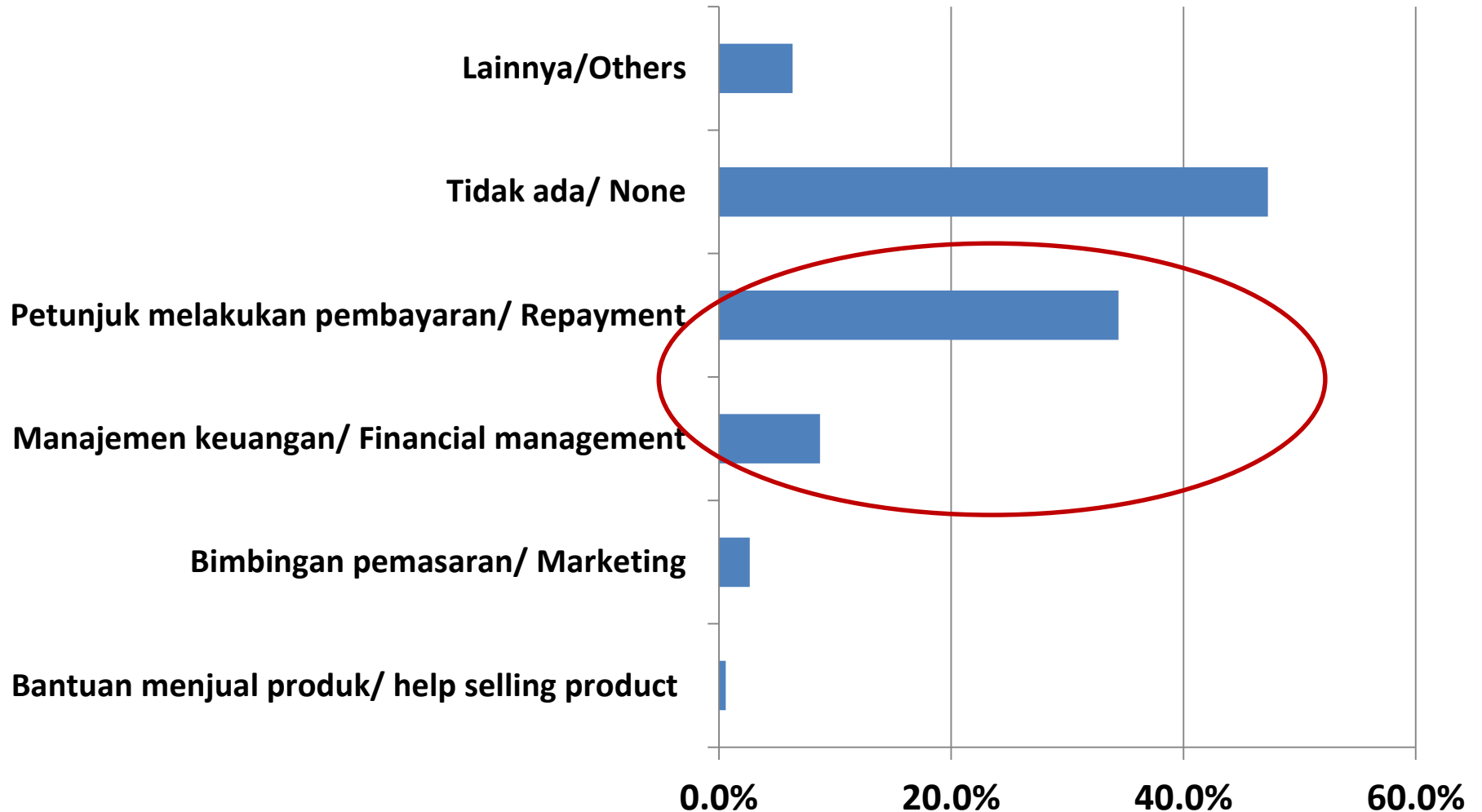
87% want to borrow from same financial institution

14% want to borrow from banks

Loans needed for



Non-financial services



Views on non-financial services

26% get non-financial services from others

46% services related to repayment and financial management

7.4% have paid for non-financial services

88% think business services are important

Important non-financial services

- Improve quality of product (48.3%)
- Marketing (42.8%)
- Financial management (30.7%)
- Access to new market (25.8%)
- **Interestingly, only 3.8% think advice on repayment is important**

Managing Risks

38.2% experienced unexpected expenditure or needed emergency funds

43.2% used their own saving to pay for it

Workers

93.5% have no written procedures for workers

95.1% have no written contracts

Less than 2% provide health or pension benefits for workers

40% give loans to workers when needed

Working Conditions

< 3% have had work related accidents

Relatively small proportion have

- Medical emergency kit
- Fire extinguishers
- Safety procedures

Conclusions

- Started with their own savings
- Borrow because procedures are simple & access is relatively easy
- Businesses have not experienced very high growth

Conclusions

- Loyal clients and expect to continue borrowing
- Not noted “excessive” borrowing
- Risks are not perceived as very serious

Conclusions

- Relatively small number get business development services
- High proportion consider business support services important