

**BANK STRATEGIES THAT LEAD TO FINANCIAL INCLUSION  
FOR THE FISHING INDUSTRY:  
A CASE STUDY OF MALANG AND CIREBON REGENCIES<sup>1</sup>**

***STRATEGI PERBANKAN MENUJU KEUANGAN INKLUSIF PADA  
SEKTOR PERIKANAN TANGKAP: STUDI KASUS DI KABUPATEN  
MALANG DAN KABUPATEN CIREBON***

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***ABSTRAK***

*Tujuan dari penelitian ini adalah (1) mengidentifikasi faktor-faktor (eksternal dan internal) kredit perbankan ke sektor perikanan tangkap, (2) menganalisis kekuatan dan kelemahan kredit perbankan sektor perikanan tangkap, (3) mengkaji peluang dan ancaman di sektor ini, dan (4) merumuskan strategi kebijakan yang dapat digunakan oleh perbankan dalam rangka menuju keuangan inklusif. Penelitian ini menggunakan alat analisis SWOT, dan hasilnya menunjukkan bahwa perbankan pada Kabupaten Malang dan Cirebon memiliki strategi kredit yang berbeda untuk meningkatkan inklusivitas keuangan di sektor perikanan tangkap. Kabupaten Malang berada pada posisi strategi turn over, sehingga alternatif yang dapat dilakukan di antaranya membuat kredit khusus untuk usaha perikanan, memperbaiki strategi pemasaran, dan meningkatkan edukasi perbankan kepada nelayan. Sedangkan Kabupaten Cirebon berada pada posisi strategi agresif, sehingga alternatif strateginya adalah dengan mengadakan atau meningkatkan program kredit dengan beberapa alternatif agunan.*

***Kata kunci:*** kredit perbankan, perikanan, keuangan inklusif, analisis SWOT

***Klasifikasi JEL:*** E51, Q22, G21

**ABSTRACT**

The purpose of this study is (1) to identify the factors (internal and external) in bank credit for the capture fisheries sector, (2) to analyze the strengths and weaknesses of bank credit for this sector, (3) to study the opportunities and threats in this sector, and (4) to formulate policy strategies that can be used by banks that lead to financial inclusion. This research uses SWOT analysis, and the result showed the banks in Malang and Cirebon regency have different credit strategies to improve financial inclusiveness in the capture fisheries sector. Banks in Malang Regency are in a position of turn over strategy, requiring the creation of special credits for fishing and fishermen, to improving marketing strategies, and banking education for fishermen. Meanwhile, banks in Cirebon Regency need an aggressive strategy to find other ways to create or increase credit programs that use other forms of collateral.

**Keywords:** bank credit, fisheries, financial inclusion, SWOT analysis

**JEL Classification:** E51, Q22, G21

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## INTRODUCTION

Indonesia is the largest archipelago in the world with 13,466 islands in an oceanic water area of 6.32 million km<sup>2</sup>. The fishing industries in Malang and Cirebon Regencies contributed 31.11% or 6.48 million tons in 2014 to the total national fish harvest and increased to 6.52 million tons in October 2015 (Ministry of Maritime Affairs and Fisheries/KKP, 2015). Indonesia has abundant fishery resources for domestic and foreign market. It is a potential for fisheries sector, especially marine fisheries. The volume of fishery exports in October 2015 amounted to 974.5 million kg (USD3602.63 million). With the largest volume export sent to China, but the largest value export was to the United States (KKP, 2015).

The increased value of the fishing industry resulting from exports has increased the economic potential of the fishing sector, and in turn, was supposed to improve the welfare of fishing communities. However, fishing communities have been marginalised, especially in socio-economic terms. Most people in fishing communities are in the lower middle economic class may be ascribed to a culture that spend their income for consumption rather than for investment. Without adequate finance, there are few ways for fishermen to acquire capital items or equipment for future fishing expeditions, which leads them to resort to loans from moneylenders at usurious interest rates.

Many literature (Robinson, 2001; Swamy, 2010) said credit and saving services have significant impact on reducing poverty and inclusive growth. Those could help the poor to expand and diversify enterprises, to increase incomes, to improve quality of life for themselves and their dependents, and to create employment for others. Therefore, the capital need of fishermens should be an opportunity for financial institutions to channel the credits. The magnitude of potential fisheries sector had not yet a priority by banking institutions. It can be seen from data from the Financial Services Authority (OJK) in December 2015, that credit for the fisheries sector is only 0.60% of the total credit for Medium, Small and Micro Enterprises (MSMEs) from national banks, with non-performing loans (NPL) amount to 4.05%.

Moreover, the lack of credit to the fisheries sector is related to inadequate investment in public infrastructures in coastal areas with little attention from the government and private sectors. Hence, the fishing communities remained marginalized and difficult to obtain a loan from financial institution. Low of funding and limited access to financial institutions is one example of highly proportion of financial exclusion in Indonesia. It requires many organizations to work together to increase financial inclusive. Financial inclusion through the financial markets will be central for economic prosperity by mobilizing credit and financial aid to businesses, enabling risk management, and adding to efficiency the business world by facilitating financial transfers and payments (Rakhmindyarto, 2013). Bank Indonesia uses a three dimensional model to measure financial inclusiveness, consisting of indexes that describe the accessed, used, and qualified of banking services (Bank Indonesia, 2016a).

Study by Pratomo in 2007 showed the Islamic Micro-Finance Institutions (LKMS) in Yogyakarta enable growth and may be pursuing a strategy to exploit small business opportunities. Pujiyono (2015) said the Islamic microfinancing models appropriate to help problems solved of poor fishermen and gradually it will improve their welfare. It is related to the three characteristics of Islamic banking, which is the free of interest, the principle of sharing profit and risk, and the method of calculating and sharing profit at the venture's end (Nadjib, 2013). However, there are no Islamic banks that implement such financing models for fishermen in Malang and Cirebon Regency.

Gwalani (2014) said financial inclusion, access to affordable financial, and credit services that are prompt and adequate are needed by vulnerable groups. Karthikeyan (2011) compared the extent of financial inclusion in India with several countries; the USA, the UK, Germany, Russia, Brazil, and China. The results of Diniz' (2012) study showed the mechanisms for inclusion allowed access to financial resources needed programs of financial education to be effective.

Financial inclusion is very important, especially for the fisheries sector, which does

not yet have a full range of banking services. Therefore, the objectives of this research are (1) to identify the factors (internal and external) that affect bank credit for the capture fisheries sector, (2) to analyze the strengths and weaknesses of bank credit for this sector, (3) to study the opportunities and threats in this sector, and (4) to formulate policy strategies that can be used by banks that lead to financial inclusion.

## LITERATURE REVIEW

### Financial Inclusion

There are several definitions of financial inclusion:

- a. To be open and accepting the diversity of stakeholders and to expand opportunities and public access to finance industries. By behaving in a way that appreciates diversity, is fair, and whose banking practices are participatory, contributive, facilitative, and educative (OJK, 2015a).
- b. Banking inclusiveness is a process of ensuring access to appropriate financial products and services needed by all sections of the society and by vulnerable groups, such as the less advantaged socio-economic and low income groups, at an affordable cost in a fair and transparent manner by regulated, mainstream institutional players (Reserve Bank of India, 2013).
- c. A state in which all working-age adults have effective access to credit, saving, payment, and insurance from formal service providers. Effective access involves convenient and responsible service delivery, at a cost affordable to the customer and sustainable for the provider, with the result that financially excluded customers use formal financial

services rather than informal services (as cited in Bank Indonesia, 2016b).

- d. Financial inclusion involves providing access to an adequate range of safe, convenient and affordable financial services to disadvantaged and other vulnerable groups that include low-income, rural and undocumented persons, who have been poorly served or excluded from the formal financial sector (as cited in Bank Indonesia, 2016b).
- e. A process to ensure the access for the poor who are marginalized to various services of the financial system (Sanjaya & Nursechafia, 2015)–

### Banking Strategy on Financial Inclusion

Financial inclusion policy is a form of financial services deepening, addressed to the public on bottom of the pyramid to utilize the formal financial products and services. This is carried out not only by providing the product in a consistent manner but also by combining with various aspects (Bank Indonesia, 2016c). In addition, financial inclusion can be interpreted as the ability of every individual to access basic financial services including saving, loan and insurance, in a convenient manner and flexible, as well as reliable in the sense that the savings are safe and the insurance claims will be paid with certainty (Mor & Ananth, 2007).

### Previous Research

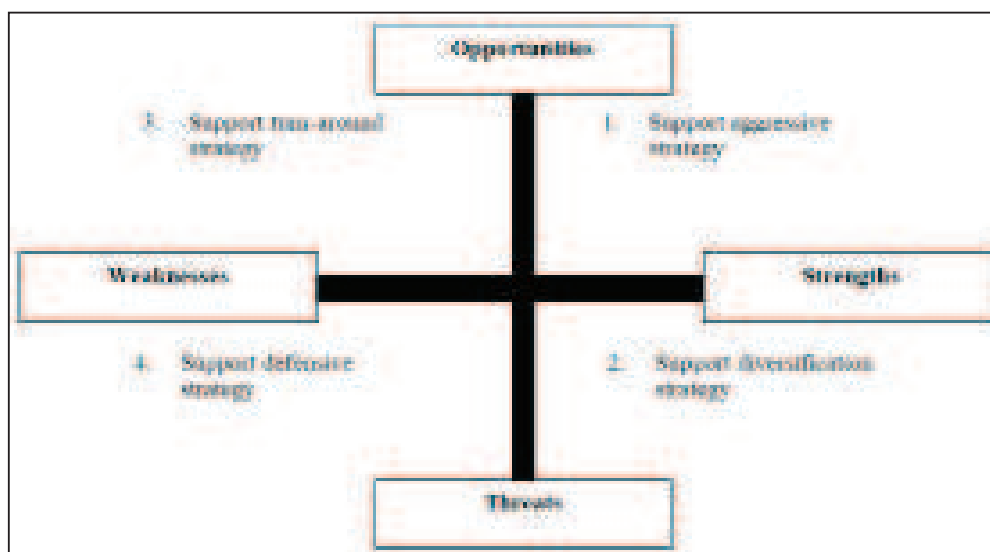
Several previous studies associated with this study are as follows:

Author	Summary
Gwalani & Parkhi (2014)	Studied on financial inclusiveness to build a model for India. How financial inclusion can improve the financial literacy and overcome poverty. Each country requires a model depending on their needs and circumstances.
Karthikeyan (2011)	Discussed financial inclusion in India and compared it with the USA, the UK, Germany, Russia, Brazil and China. Most economic development depends on the financial inclusiveness of a country and if banks and financial institution are too small then efficiency cannot be maximised.
Diniz, Birochi, & Pozzebon (2012)	Studied the drivers of and barriers to financial inclusion by using branchless banking based on ICT in the Amazon. Their research concluded that to promote regional development should be accompanied by an inclusive mechanisms such as access to financial resources and financial education to be effective.
Pujiyono & Nugraha (2015)	They conclude that Islamic micro-financing models are suitable for improving the welfare of poor fishermen if they relate to the problems faced by those fishermen. The problems are classified as natural, cultural, and structural.
Hawkins (2012)	Improving financial inclusion will require regulatory engagement to address the barriers to the banks and to evaluate in which regulatory mandates are expanded, as well as to monitor financial inclusion more regularly and comprehensively.
Ishengoma (2011); Kopala (2010); Mago (2014)	Suggested that the use of mobile banking can be one of instruments to improve financial inclusion.

## RESEARCH METHOD

This study has used primary and secondary data, the units of analyses are the commercial and rural banks in Malang and Cirebon Regencies. The primary data were obtained through interviews and Focus Group Discussions (FGD). Secondary data were obtained from the literature, the Financial Services Authority, the Ministry of Maritime Affairs and Fisheries, and the fisheries agencies of Malang and Cirebon, as well as from publications online.

The method of analysis used for this research are descriptive analysis and SWOT analysis. SWOT analysis is to identify the various factors systematically to formulate a company's commercial strategy (Rangkuti, 2016). This analysis is based on the logic of maximizing strengths and opportunities and at the same time minimizing weaknesses and threats. The analysis begins with the creation of a matrix of internal and external factors, then weighting and ranking them. After that, a number of strategies relating to internal and external conditions are formulated.



Source: Rangkuti (2016)

**Figure 1.** SWOT Analysis

Quadrant 1: A very profitable position. The company has the opportunities and support to make the most of them. The strategy to be applied in these circumstances is to support an aggressive growth policy or a growth-oriented strategy.

Quadrant 2: Companies have various threats but still have strengths. The strategy that should be applied is to use its strengths to take advantage of long-term opportunities by diversifying its products or services.

Quadrant 3: Companies have big opportunities in the market, but also have internal weaknesses. The strategy is minimize internal problems so that the company can grasp opportunities in a better market.

Quadrant 4: A position in this quadrant is the least ideal and not profitable because of various threats and internal weaknesses.

## RESULTS AND DISCUSSION

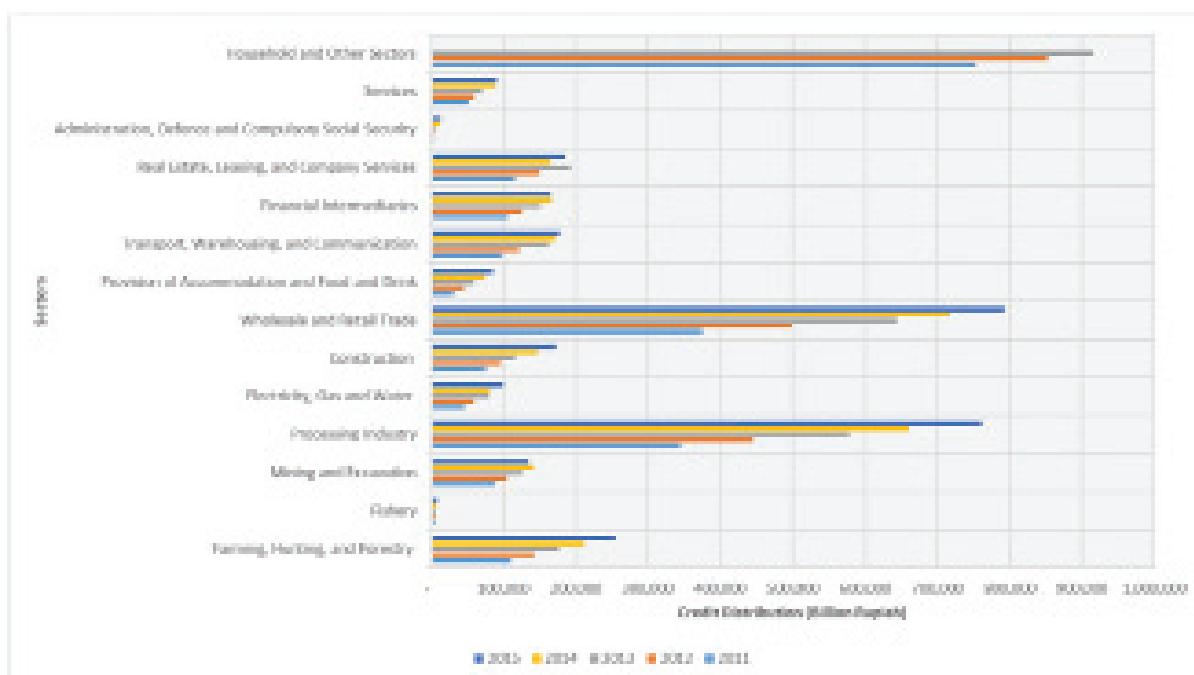
### The Dynamics of National Bank Credit for the Capture Fisheries Sector

In 2014, the maritime sector was given priority for development over the next five years. The

strategic development plan for fisheries and marine industries from 2015 to 2019 was founded on a vision to increase the productivity of marine and fishery businesses as sovereign, responsible and sustainable, and to improve the welfare of marine and fishery workers (OJK, 2015a).

Over the past five years, credit availability to the fisheries sector has increased every year, but the proportion is still less than other sectors of the economy (see Figure 2). Credit apportioned to the fisheries sector from 2011 to 2015 increased by 55%; from IDR4.9 trillion to IDR8.8 trillion. But the largest volume of credit went to the household and other sectors. This shows the limited contribution of financial sector to national fisheries sector.

In 2015, the OJK cooperated with other institutions (the Ministry of Maritime Affairs and Fisheries, the Chamber of Commerce, and the banking industry) to create Program Jaring – shorthand for Indonesian “Outreach (Jangkau), Synergy (Sinergi), and Guidelines”. The program was linked to President Jokowi’s Nawacita Program about maritime sovereignty and food security. It is hoped that the program

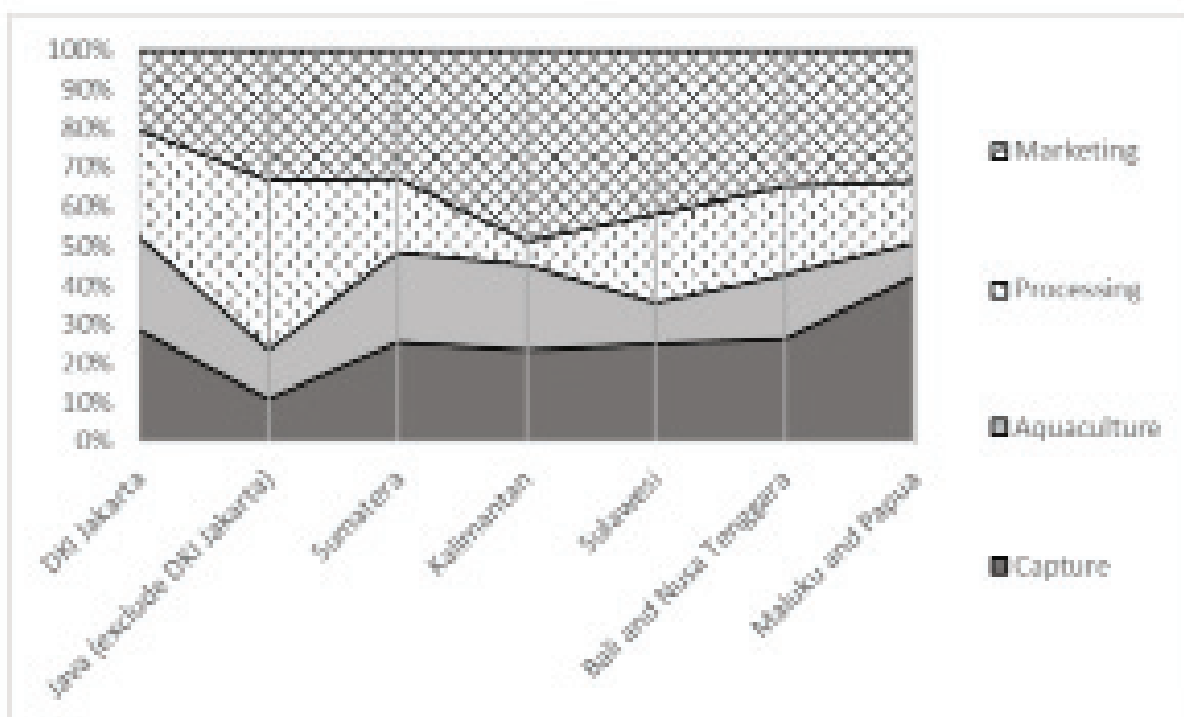


Source : OJK (adapted) (2015b)

**Figure 2.** Credit Distribution by Commercial Banks to Sectors of the Economy (IDR Billion)

could overcome the problems in the marine and fisheries world that can be attributed to banking, so that risk profiles will be reliable and bank interest rates are lower (LIPI Primary Data, 2016). So far there have not been new credit schemes specifically for fishermen. Banks can use their commercial credit facilities for MSMEs or Kredit Usaha Rakyat (KUR) schemes. Nowadays, there are 13 banks, two state-owned banks, various enterprises, and private institutions, as well as two finance and insurance companies are joined in Program Jaring (OJK, 2015a; 2015c).

Based on OJK data at December 2014, the distribution of commercial bank financing to the fisheries sector is concentrated in Java. About 68.84% of bank credit channeled to the fisheries sector in Java (Java and DKI Jakarta) but only 12.77% was for fishing operations. Nationally, total credit to capture fishing sector only 20.83% of the total funding. That is, only 8.06% of the total credit to the capture fishing sector was disbursed to outside Java.



Source: OJK (treated) (2015a)

**Figure 3.** Commercial Bank Credit Distribution to the Fisheries Sector by Indonesian Regions, December 2014

The quantity of production from capture fishing business is very dependent on nature. Therefore, banks hesitate to arrange credits to fishermen and the amount of loan is still low as shown in Figure 3. The largest percentage of bank credit for the fisheries sector is distributed to marketing and business processing. This is related to the business cycle. These businesses are operating continuously, which do not depend on season, and they have collateral (such as buildings or land) since financing marketing and processing sectors of fishery products are safer in terms of loan repayment and risks.

Fishermen's income are fluctuate, uncertain, and their worked patterns is speculative and risky; these are the reasons banks 'do not dare' to arrange credits for fishermen (Nadjib, 2013). The main asset in a fishing business is the fishing boat. However, until now, only a few banks will accept a boat as collateral. Fishing boats are now registered and have a registration number displayed prominently but this is still not considered to be used as collateral. Several banks said no regulation that can serve as the basis for the provision of credit. Fishing boats have a high

rate of accidents and do not have insurance as a general rule.

There are some regulations pertinent to credit and financing for fishing. Law No. 7/2016 about the Protection and Empowerment of Fishermen, Fish Raisers, and Salt Farmers was released on 14 April 2016. In chapter 30, clauses 1 to 4 deal with risk guarantees for fishermen, fish raisers, and salt farmers through insurance and life insurance. Chapter 62, clause 3 and chapter 64 consider credit and financing. Guarantees to cover risk for fishermen are also described in the Ministerial Regulation No. 18/PERMEN-KP/2016.

Banks' concern about the risks and the lack of protective insurance may be solved by central and regional government's legislation to provide access for insurance companies. Banks are also expected to provide credit with accessible banking facilities, and procedures of lending without collateral, that take into account the special needs of the fishing sector. However, this regulation is very new, that has not been well publicized and many banks are unaware of its implications.

Bank Indonesia Regulation No. 7/2/PBI/2005, chapters 46 to 48, and No. 9/9/PBI/2007, chapters 41 to 43, cover the treatment of assets. For example, fishing boats with a size of more than 20 m<sup>3</sup> (equivalent to 5 GT/Gross Tonnage) are tied to mortgages and ownership can be uncertain (Nadjib, 2013). Ministry of Maritime Affairs and Fisheries Regulation No. 26/PERMEN-KP/2013, Government Regulation No. 51/2002, and Law No. 45/2009 deal with business licenses and evidence of boat ownership that may be used as collateral.

Furthermore, to increase financial inclusion in Indonesia, Bank Indonesia, in cooperation with the vice-president's office (Tim Nasional Percepatan Penanggulangan Kemiskinan [TNP2K]) and the Ministry of Finance, has developed national strategies to enable financial inclusiveness. The strategy has six pillars: financial education, public finance facilities, financial information mapping, policy and regulatory support, intermediation and distribution channels, and consumer protection (Bank Indonesia, 2016d). The OJK also issued its regulations No. 19/POJK.03/2014 about Laku Pandai program – shorthand for Indonesian “*Layanan Keuangan tanpa Kantor dalam*

*rangka Keuangan Inklusif*” (Branchless Banking Financial Services for Financial Inclusion).

With the Laku Pandai program, banking services and other financial services does not only through the branch offices but also cooperation with other organizations, which will require the support of information technology (IT) infrastructure. Laku Pandai program was initiated and applied to fishing communities through agent banks and other service providers. However, this program did not contribute to an increase credit to the fisheries sector, because the program was limited to make payment transactions easier but not to get a new credit.

Malang and Cirebon Regencies were chosen for this study of bank credit in the fishing industry because both regencies have great potential. The Java Sea littoral is home to many fishing communities and improvements to their prosperity and well-being is a worthy goal.

The economy of Malang Regency is dependent especially on the fishing centre of Sendang Biru, and the port of Pondok Dadap. Malang Regency's fishing grounds cover 570,801 km<sup>2</sup> with the potential fish resources have been estimated to be 80,435 tons per year within 200 nautical miles of the coastline (Fisheries Agencies of Malang Regency, 2016). Among the species fish caught and exported are tuna, cob, and skipjack (LIPI Primary Data, 2016). In November 2015, Sendang Biru became one location for Program Jaring. The project's activities were educative; promoting and publicising OJK policies, counseling, workshops and education about the provision of direct credit agreements and Corporate Social Responsibility (CSR).

Cirebon is a city on the northern coast of West Java and is famous for its shrimp. Its coastal location gives this town a potential for aquaculture, such as shrimp, other fishes and for salt harvesting. Fishing areas are in Gebang Mekar and Bondet. With a 54 km coastline and 22,749 fishermen, fish production in 2015 reached 27,545.6 tons. Various fishes are caught and processed in Cirebon Regency, such as layur fish, squid, and shrimp. They were exported to China, Australia, Vietnam, Japan, the United States, and Egypt. There are three Pelabuhan Pendaratan Ikan (PPI) in Cirebon; PPI Gebang Mekar, PPI Bondet,

and PPI Karangreja (LIPI Primary Data, 2016). Nevertheless, Cirebon has not yet become one of the locations for Program Jaring.

## SWOT Analysis

Credit is required by businesses for operational capital and investment. Credit is not only required by large enterprises but also by Micro, Small and Medium Enterprises (MSMEs). Credit for MSMEs, especially in the fisheries sector, often cannot be accessed and is not given any priority by banks although credit for MSMEs is urgently needed for operating and expanding their businesses. In this section, we will know the causing factors and the right strategy for credit fisheries sector by SWOT analysis.

According to Rangkuti (2016), the external factors pertinent for an analysis of a banking

environment comprise the market, competitors, communities, suppliers, governments, and the specialities of the local community. And the internal factors comprise finance, human resources, operational activities, and marketing. Specifically in marketing aspects, the study used the 5C Concept (Capacity, Capital, Collateral, Character, and Condition).

The following tables show EFAS matrix (External Strategic Factors Analysis Summary) and IFAS matrix (Internal Strategic Factors Analysis Summary) based on the existing external and internal factors of banks in Malang and Cirebon Regencies. Although there are many strategies that may be generated from the SWOT matrix, this study is only focus to strategic priority in accordance with the position of the banks strategy in both research locations.

**Table 1.** EFAS Matrix, Malang Regency

External Strategy Factors	Weight	Rating	Weight x Rating
<b>Opportunities :</b>			
Its position in southern Java near the sea	0.03	4	0.11
Majority occupation in Sendang Biru is related to fishing	0.24	4	0.98
Catches are mostly for export	0.23	3	0.70
There are PPI and 2 TPI	0.02	3	0.07
Exports are shipped from Banyuwangi and Surabaya	0.06	3	0.18
DKP Malang Regency routinely gives training and disseminates information for fishermen	0.16	3	0.49
Regulations supporting credit for the fisheries sector	0.20	4	0.81
The existence of KUD	0.05	2	0.10
<b>Total Score of Opportunities</b>	<b>1.00</b>		<b>3.43</b>
<b>Threats :</b>			
Fishing Center is far from city center and the internet network is inadequate	0.13	3	0.38
Too few bank offices and BPR in fishing center	0.21	2	0.41
The presence of the skipper or middlemen	0.03	3	0.10
Fishing groups are passive	0.63	2	1.27
<b>Total Score of Threats</b>	<b>1.00</b>		<b>2.16</b>
<b>External Factor Score (Y): Opportunities – Threats</b>			<b>1.26</b>

Source: LIPI Primary Data (2016)



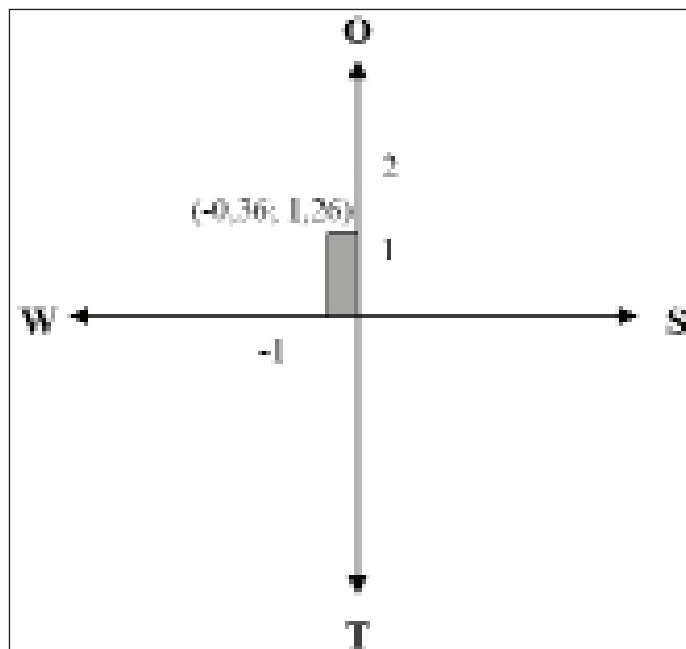
**Table 2.** IFAS Matrix, Malang Regency

Internal Strategy Factors	Weight	Rating	Weight x Rating
<b>Strengths :</b>			
NPL of fisheries credit from commercial banks in East Java is in a healthy condition	0.02	3	0.05
Bank engage human resources from the local area	0.03	4	0.12
One of the commercial bank arranges education for saving and instalment payments three months in advance	0.13	3	0.38
One of the branch offices of a commercial bank can accept boat deed as collateral	0.03	1	0.03
KUR scheme for fishermen	0.07	3	0.20
Personal approach	0.05	3	0.14
It uses <i>Laku Pandai</i>	0.08	4	0.30
The average income of fishermen is high	0.11	4	0.43
Generally, the fishermen have side jobs	0.10	4	0.41
Most fishermen use motor boats	0.14	3	0.43
Pattern of income of fishermen based on fishing time is from one to fourteen days	0.18	4	0.72
Public literacy about banks is good	0.07	3	0.22
<b>Total Score of Strengths</b>	<b>1.00</b>		<b>3.43</b>
<b>Weaknesses :</b>			
Fisheries credit from commercial banks and national BPR in East Java is low	0.03	4	0.12
High NPL of fisheries credit from national BPR in Indonesia	0.03	3	0.09
Credit schemes do not match the business cycle	0.09	3	0.27
Boat deed and certificate of house ownership cannot be used as collateral	0.03	3	0.09
Land in Sendang Biru is owned by Perhutani	0.06	3	0.17
The pattern of financial expenditure by fishermen tends to be consumptive	0.31	4	1.24
Fishermen do not use bookkeeping	0.18	4	0.71
Lack of information dissemination programs by banks	0.28	4	1.11
<b>Total Score of Weaknesses</b>	<b>1.00</b>		<b>3.79</b>
<b>Internal Factor Score (X): Strengths - Weaknesses</b>			<b>-0.36</b>

Source: LIPI Primary Data (2016)

Coordinate points at (-0.36; 1.26) are shown in Figure 4. The coordinate point indicates banks in Malang Regency are in Quadrant 3 or a position where a turn around strategy can be applied. In this position, a bank has not only a

lot of opportunities but also some weaknesses. The strategy to be implemented is to exploit the opportunities and minimize weaknesses, which can allow an increase in bank lending to fishery workers.



Source: LIPI Primary Data (2016)

Figure 4. SWOT Analysis, Malang Regency

The following are three strategies for using opportunities to minimize weaknesses:

1. Enable credit for fisheries  
Special credit for fisheries could be set up by banks with adjustments for business cycles. Credit for fishing enterprises would be adjusted on fishing bussiness cycle and used boat deed as collateral. The laws regulating the permissibility of such certificates would be given legal standing by the bank or lender. Most fishermen require operational capital that they usually repay at the end of their fishing expeditions. Such an arrangement would require the support of the local DKP and the Ministry of Maritime Affairs and Fisheries to ensure a standard system for all Indonesian fisheries. The terms of loans can be adjusted for business cycles or for a maximum of one year, to avoid late payments, especially during the off season. The repayment arrange-

ments also need to be adapted; because most fishermen in Malang go on one-day until fortnight fishing expeditions. It means a fisherman's income will be irregular depending on the time spent away from home, and repayment scheme needs to take this into account. Fishermen can be encouraged to make repayment instalments in advance and also to be required to have saving account before applying for credit.

2. Improving the marketing strategy of banks  
Bank marketing strategies should be improved and promoted to increase the amount of credit. Appropriate marketing strategies to fishermen would be to use banners, brochures, personal or group approaches, and sponsorship of social activities. Banners and distribution of brochures in a fishing area is quite effective because fishing centers are far from the city. Moreover, the limited banking services are a

barrier for fishermen to obtain information about bank services and programs.

Marketing can also be approach by bank employees through personal or group dealings with fishermen, for example when visiting fishing communities. Personal approach is effective because low cost and avoid the inhibitions of those who cannot read. Banks can also sponsor community activities and advertise their services at such events.

3. Increasing the knowledge of banking services for fishermen

Financial education for fishing communities, especially about banking services and the benefits of saving and credit can be by personal approaches from bank employees, and through members or managers of KUD. The purpose of such banking education is to inform about benefits of saving money or applying credit. With savings, fishermen can have more control over income and expenditure.

Furthermore, the SWOT analysis for Cirebon Regency is shown in the following tables.

**Table 3.** EFAS Matrix, Cirebon Regency

External Strategy Factors	Weight	Rating	Weight x Rating
<b>Opportunities :</b>			
Its position in northern Java near the sea	0.04	4	0.15
People in coastal Cirebon have a variety of occupations	0.02	4	0.07
Catches are mostly for export	0.38	3	1.14
There are three PPI	0.10	3	0.30
Fishing center is near city center and the internet network is adequate	0.08	3	0.25
DKP Cirebon Regency routinely give training and disseminate information for fishermen	0.09	3	0.28
Regulations supporting credit for the fisheries sector	0.28	4	1.14
<b>Total Score of Opportunities</b>	<b>1.00</b>		<b>3.34</b>
<b>Threats :</b>			
The limited number of bank offices near the fishing center, but there is BPR	0.08	2	0.16
The presence of the skipper or middlemen	0.29	3	0.88
KUD are passive	0.33	2	0.65
Fishing groups are passive	0.30	2	0.60
<b>Total Score of Threats</b>	<b>1.00</b>		<b>2.29</b>
<b>External Factor Score (Y): Opportunities - Threats</b>			<b>1.05</b>

Source: LIPI Primary Data (2016)

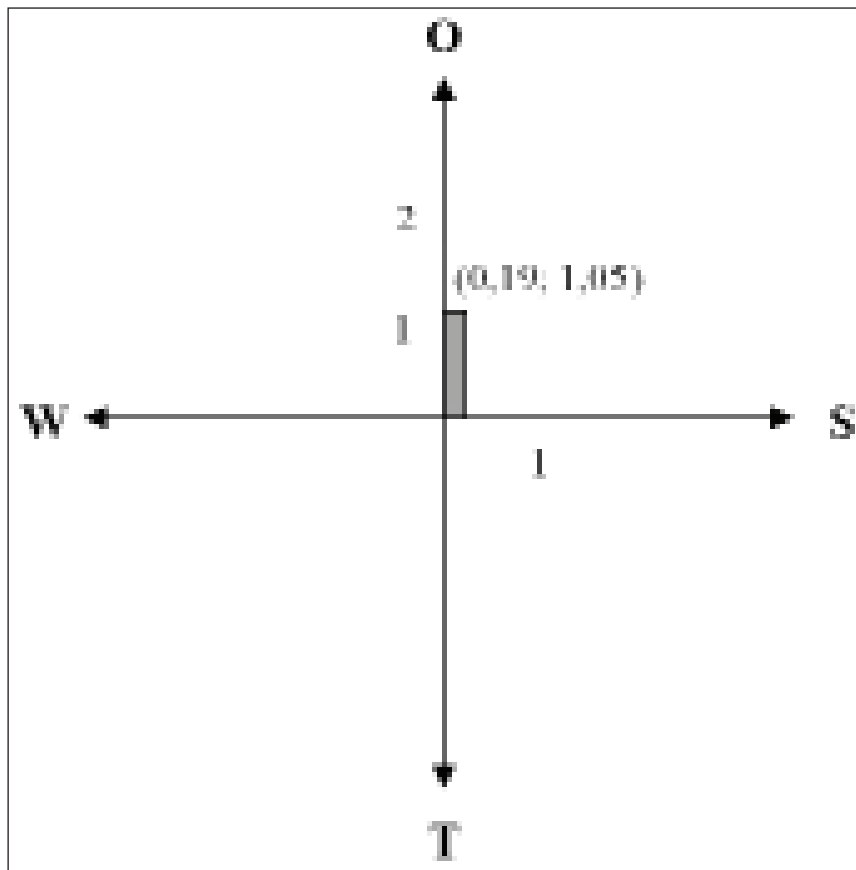
**Table 4.** IFAS Matrix, Cirebon Regency

Internal Strategy Factors	Weight	Rating	Weight x Rating
<b>Strengths:</b>			
Bank uses human resources from the local area	0.06	4	0.22
One BPR has a fishery researcher in each office	0.04	3	0.11
The banks accept many forms of collateral	0.01	3	0.04
One of the banks has a food credit scheme that may fit with the business cycle	0.04	3	0.11
It uses <i>Laku Pandai</i>	0.09	4	0.34
Most fishermen use motor boats	0.21	3	0.62
The fishermen have daily income	0.23	4	0.92
The average income of fishermen is high	0.20	4	0.79
Generally, the fishermen have a second job	0.14	4	0.55
<b>Total Score of Strengths</b>	<b>1.00</b>		<b>3.71</b>
<b>Weaknesses:</b>			
Credit for fishing from commercial banks and national BPR in West Java is low	0.02	4	0.10
NPL commercial banks and BPR of the fishery sector in West Java is quite high	0.03	3	0.10
Credit schemes do not match the business cycle	0.14	3	0.43
Boat deed cannot be used as collateral	0.03	3	0.10
The pattern of financial expenditure by fishermen tends to be consumptive	0.03	4	0.13
Fishermen do not use bookkeeping	0.26	4	1.03
Public knowledge of banking is low	0.27	3	0.82
Lack of information dissemination programs by banks	0.21	4	0.82
<b>Total Score of Weaknesses</b>	<b>1.00</b>		<b>3.52</b>
<b>Internal Factor Score (X): Strengths - Weaknesses</b>			<b>0.19</b>

Source: LIPI Primary Data (2016)

Coordinates at (0.19; 1.05) are shown in Figure 5. In this position, banks in Cirebon Regency are in Quadrant 1, the position suggesting

an aggressive strategy. Banks have strengths and opportunities that can be exploited. The strategy to be applied is one that supports strong growth.



Source: LIPI Primary Data (2016)

**Figure 5.** SWOT Analysis, Cirebon Regency

The alternative strategies from aggressive strategy are bank creating or increasing credit programs that allow other forms of collateral. Ownership certificates and BPKB may be used as collateral but there are others, for example: a deed of sale for land or buildings, title documents for land or buildings, bank accounts, a credit history with the bank, and business cash flows recorded in the bank. These other forms of collateral would let fishermen obtain credit more easily. Using a fishing boat as collateral may also be considered by the banks, because most fishermen have motorized boats. Furthermore, banks can be arranged the instalment to fit in with business cycles (daily, weekly, or monthly).

## CONCLUSION

Improving the limited banking and financial services for the fisheries sector must take into

the internal and external factors on different conditions of each region. The SWOT analysis in Malang Regency shows the banks in a position of turn-around strategy. There are three such strategies. First, banks could be create a credit for fishing businesses that allows to using boat deed as collateral and adapt to the business cycle. Second, banks must improve their strategies for information dissemination and marketing by displaying banners, distributing brochures, taking personal and group approaches, and sponsoring community activities. Third, they must improve fishermen's financial education about banking services.

The results of the SWOT analysis in Cirebon Regency shows the banks to be in the position to use an aggressive strategy. Exploiting opportunities and strengths should be the strategic basis for creating or increasing credit programs that allows other forms of collateral (such as a

deed of sale for land or building, land and building titles, bank accounts, a sound credit history with the bank, and business cash flows recorded by the bank). With these strategies, we can expect financial inclusion and credit for the fisheries sector to improve.

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