BRILink: Impact on Economic Welfare During the Covid-19 Pandemic in Praya Barat

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Abstract

BRI provides financial services through BRILink agent at remote villages. BRILink agent give service not only provides operational efficiency benefits, but also provides convenience for BRI's customers and non customers. Phenomena that often occur in BRI Bank customers against Brilink Agents, both directly and indirectly, such as the quality of service provided to customers that are not up to standard so that it can lead to the customer's decision to return to transactions at Brilink Agents and the impact of these problems will decrease the number of transactions and decreased fee-based income for Brilink agents. This study aims to test and analyze the effect of BRILink on economic welfare in Praya Barat Central Lombok Regency during the Covid-19 Pandemic. The research used the quantitative method with case study approach. The method that used multiple linear regression with the numeric variable include Classic Assumption Test. The data source was primary data and collection techniques conducted by interviews and observation. Respondents in this study we 27 agents of the BRILink in Praya Barat. The results showed that the number of agents and the number of transactions has a significant and positive effect on economics welfare in Praya Barat.

Keywords: BRILink Agents, Economic Welfare, Praya Barat, Significant Effect

Introduction

Currently, financial inclusion and financial literacy is a crucial matter in most of developing countries including Indonesia (Kondyan & Yenokyan, 2019; Shrestha & Nursamsu, 2021). Increasing financial inclusing and financial literacy is one of the Government priority programs. Promoting financial inclusing in Indonesia is a collective responsibility of all elements of society.(Shofawati, 2019). The Government of Republic Indonesia promotes financial inclusion programs by actuating all parties, including public business and private sectors (Jaya, 2019; Muttaqien & Sulistyan, 2022). Adaptation of integrated banking technology must at least offer services that support customer activities, offer relavant markets, provide benefits customers, as well as accessible and easy to use. The survival of the financial industry will greatly depend on the ability of internet adaptation and the progress of technology (Dinawan, 2010; Edi et al., 2019). In banking and finance area, financial inclusion and financial leteracy can be seen as the delivery of financial services affordable costs (Ratnawati, 2020; Sudarsono et al., 2020).

Financial inclusion after the Pandemic economic crisis occured in 2019 adversely affected the financial stability in Indonesia. When the financial stability of a country is unstable, it can cause the fund allocation process to not work well (Chan et al., 2020). According to Central Bank of Indonesia (2020), financial inclusion is all effort made to remove all forms of obstacles that are reviewed based on price and non-price aspects to maximize the benefits and access to services of financial institutions for the community. The inclusive financial goals, namely achieve economic growth through equal distribution of income, financial system stability and poverty alleviation (Bank Indonesia, 2020).

In the digital era, the rapid development of technology and changes in customers make all connected from total population of 264 million people in Indonesia. There are 171.17 million people or around 64.8 percent who have been connected to internet. The internet has an impact in banking, digitalization changes the behavior of increasingly mobile customers (Jaya, 2019). The number of people in Indonesia who have new accounts reaches 49 percent or 95.4 million accounts by 2017 and in

2020, the Financial Services Authority (OJK) target to have 75 percent of public account ownership or 52.6 million are still needed. Rajarja and Hendriyani (2018), transformation in technology triggered by many companies has changed their platform to business digitalization and the ability of the community to access financial services is then known as financial inclusion (Hendriyani & Raharja, 2018).

The Financial Services Authority (Otoritas Jasa Keuangan) Indonesia issued the non-office financial services program named LakuPandai (Financial Inclusion), which is delivery of banking services at an affordable cost to the vast section of the underserved and low income groups. In order to support the LakuPandai program, BRI introduced a branchless banking service called BRILink. BRILink is an agency service, where BRI collaborates with customer as agents to provide real time on banking services using EDC (Electronic Data Capture) with business model of fee sharing (Ahmadi, 2018; Yatminiwati et al., 2021; Wungow et al., 2019).

To respond the challenges and uncertainties due to the Covid-19 Pandemic, BRI (Bank Rakyat Indonesia) focused on three aspects, namely People First, Sustainable Business and Digital Cultural Transformation. Since begining of the spread of Covid-19 in Indonesia, BRI focus was on People First (Safety and Health of Employees and Customers), BRI had issued several policies and provided health facilities included health protocols, provision of health care for employees-customers and flexible work hours. BRI focus on Sustainable Business Growth, the MSMEs (Micro, Small and Medium Enterprise) segment was our focus during Covid-19 Pandemic and strived to preserve and provided working capital with prudential banking. BRI focused on rescuing, by the and of 2020, had performed credit restructuring for 2.9 million MSMEs affected by the Pandemic with an outstanding of 186.6 trillion. Digital transpormation was directed to the digitalization of business processes to make more efficient and to identify a new business model to create new value. In implementing the digitalization improved efficiency and operational excellence new products focusing on the customer and innovation.

By BRILink program, people in whole region of Indonesia can be reached by BRI system. People can do various types of banking transactions, such as sending, withdrawing and saving money without needing to visit bank. BRI (Bank Rakyat Indonesia) continues to foster financial inclusion that enables the public to obtain service access through its BRILink Agents, totalaling 504.233 Agents operating in all provinces. More than 54 thousand villages or more than 70% of total villages in Indonesia. In 2020, BRILink transaction volume reached 728 million with 843 trillion transaction value.

In 2021, BRILink focuses on the quality of agents in improving by utilizing Android EDC for agent classification. The expansion of delivery by BRILink agents clearly shows the role of the microfinance ecosystem, where agent can be pipeline of saving and loan customers from BRI as well as BRI partners in marketing banking products. In 2021, BRI continues to be committed to increase the availability of banking and financial services, targeting to cover at least 75.6% of the total villages in Indonesia. Offering convenience in savings account of opening and loan referral, BRILink agents as a micro financial ecosystem solution can also perform complete purchase and payment transactions for the community, especially for the micro segment. BRILink also continue to improve the quality of services by adding product and maximizing collaboration with Startup that have service and product selling by the people along with digital business penetration. BRILink will standardize the devices of android based agents, which will certainly offer more benefits in supporting digital business activities.

The increasing of transactions and agents is proof that the presence of BRILink is welcomed by all Indonesian people. Praya Barat is one of the sub-district in Central Lombok Regency, where the BRILink agents developed since 2015 to 2019. The sub district with Penujak as capital city has 15.275 hectare area or 12.72% of Central Lombok area and it is the third largest sub district. Penujak consists of 10 villages and belongs to a tropical climate characterized by a fairly long dry season. The population of Praya Barat was about 76.624 people in 2019, most of them work as farmers, traders, midwives, nurses, lecturers and private employees. All levels of society in Praya Barat certainly need banking services and by the time number of BRILink agents continue to increase. Recording in 2019, the number of agents in Praya Barat is total 27 (twenty-seven) agents. It is possible that the number of agents will keep increasing because it is easier for the customers to access banking services through these agents and to fulfill their daily needs.

Based on the description above, futher studies are needed to be able to provide empirical evidence of the effects BRILink on economic welfare in the community of Praya Barat, Central Lombok Regency. So, the purpose of this research is to know the effect BRILink on economic welfare during the Covid-19 Pandemic.

This paper is structured as follows. Section II discusses data and methodology, we discuss our analysis and the empirical model. Section III presents the main findings and robustness. Section IV, presents the results of the discussion on BRILink. While, section V, presents the conclusions of this study.

To answer this research objectives, were selected as survey locations BRILink agents (Laku Pandai Program) in Praya Barat, Central Lombok Regency. The author compile a dataset for the 10 Desa in Praya Barat. Our sample period start from 1 January 2020 until 31 December, total of 27 agents. The data are taken from interview and observation. These author choice of dataset is based purely on data availability. We provide detailed information on our dataset in table 1.

Table 1. Number of Agents and Transactions

No	Desa	Number of Agents	Number of Transactions per (Month) in Rupiah	Profit per Agents
1	Batujai	2	20.000.000	3.000.000
2	Penujak	6	13.500.000	4.500.000
3	Setanggor	3	15.000.000	2.700.000
4	Kateng	2	10.500.000	2.500.000
5	Mangkung	3	10.000.000	2.100.000
6	Bonder	4	11.000.000	2.200.000
7	Selong Belanak	3	13.000.000	2.400.000
8	Mekar Sari	2	12.500.000	2.900.000
9	Banyu Urip	1	10.500.000	2.000.000
10	Tanak Rarang	1	17.000.000	3.400.000

Source: Data Processed, 2021

Methods

This research used the quantitative method with case study approach. Quantitative research is a type of research that produced findings that can be achieved using statistical procedures (Siyoto & Sodik, 2015). The method that used multiple linear regression with the numeric variable include Classic Assumption Test (Normality Test, Heteroscedasticity Test, Non-Auto Correlation Test, and Multicollinearity Test) (Bryman & Cramer, 2004). This study aims to analyze the impact of BRILink to economic welfare. The data source was primary data and collection techniques conducted by interviews and observation. Respondents in this study we 27 agents of the BRILink in Praya Barat.

Results and Discussion

This section comprises three subsections. We discuss several key statistical features of description variables in first subsection, followed by the main predictability results in second subsection
Statistical Features of the Data

This figure show Number of Agent each Village in Praya Barat. There are 10 (ten) village which being BRILink Agent. So, Desa Penujak has the majority that apply Laku Pandai Programe since 2015 by OJK.
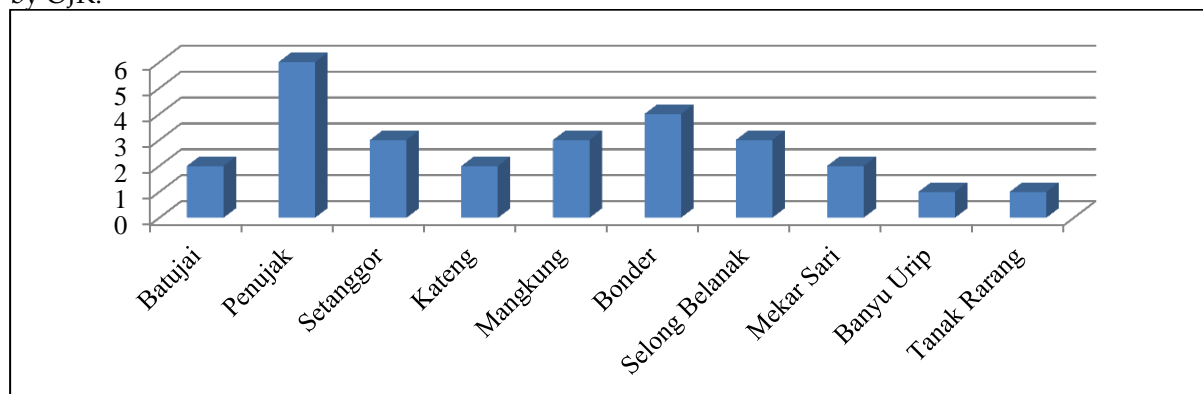

Figure 1. Total Number of Agents BRILink in Statistics
Source: Data Processed, 2022

This figure show Number of Agent in 10 Village in Praya Barat from year to year.
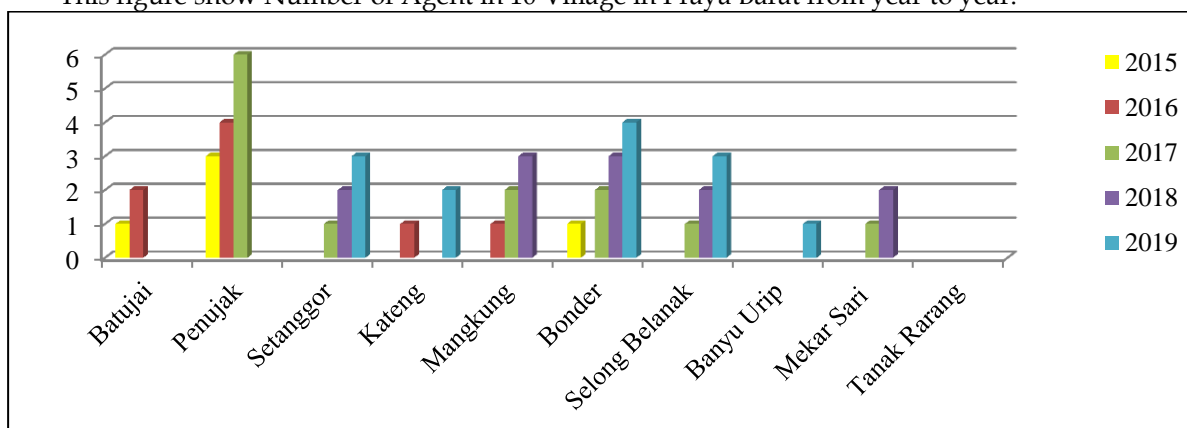

Figure 2. The Development of Agent BRILink in Praya Barat
Source: Data Processed, 2021

This table presents the descriptive statistics on Number of Agents, Number of Transactions and Profit of each Agents. The sample is 10 Desa in Praya Barat

Table 2. Description of Variables Analysis

Variabel	N	Minimum	Maximum	Mean	Std. Deviation
Number of Agents	10	1.00	15.00	6.2000	4.13118
Number of Transactions of each Agents (Month)	10	10000000	20000000	13300000	3233505.150
Profit of each Agents	10	2000000	4500000	2770000	748405.713

Source: Data Processed, 2021

Based on table 2, it shows the descriptive (summary) of research variables. It can be concluded that the average of agent in Praya Barat is 3 units with the largest number of agent is 6 in Desa Penujak and the smallest unit is 1 in Banyu Urip and Tanak Rarang. The average number of transactions per agents is 13.3 million with the largest number of transaction is 20 million in Desa Batujai and the smallest is 10 million in Desa Mangkung. The average number of profits per agents is 2.7 million with the largest number of profit is 4.5 million in Desa Penujak and the smallest is 2 million in Desa Banyu Urip.

Predictability Test Results

The first stage in this research is to commit the Classic Assumption Test which consists of Normality Test, Heteroscedasticity Test, Non-Auto Correlation Test, and Multicollinearity Tes.(Gujarati, 2009). Classic Assumption Test is carried out to determine the condition of the data in order to determine the most appropriate analysis model to use. With the purpose to gain unbiased and efficient regression model. On table 3 it can be concluded that all Classical Assumption are equipped.

Table 3. Classic Assumption Test

Assumption test	Test	Requirement	Result	Conclusion
Normality	Kolmogorov Smirnov	Prob value .>0.05	0.168	Data is distributed normally
Non Heterokedasticity	Scatter Plot (Predicted value and residual)	No pattern	No pattern	Free of heteroskedasticity ebas assumption
Non Autocorrelation	Durbin Watson (DW)	1.7<DW<2.3	2.158	Free of non autocorrelation assumption
Non multicolinierity	Variance Inflation Factor (VIF)	VIF <5	1.006	Free of non multicolinierity assumption

Source: Data Processed, 2021

Goodness of Fit (GoF) Test

The GoF Test consists of a coefficient determination test and a partial test (T-test). In the resulting model only 2 (two) independent variables are selected that effect to agents profits. GoF Test results can be seen in Table 4.

Table 4. Goodness Of Fit (Gof) Test

Adjusted R Square/ Koefisien Determinasi	0.356			
Uji Parsial/ Uji T/ Uji Hipotesis	B	Std. Error	T Stat	P.Value 1 tails
(Constant)	580330.632	920121.111	.631	.274
Number of Agents	93499.734	48602.814	1.924	.048
Number of Transactions of each Agents (Month)	.121	.062	1.949	.046

Source: Data Processed, 2021

When viewed from the coefficient of determination of 0.356, this means that the number of agents and the number of transactions are able to explain the variation ini agents profits in the area of 35.6 percent is influenced by other variables out of model. Partial Test (T-test), from the table 4 by looking at the value of the regression coefficient, the following regression equation can be formed as: Profit = 580330.632 + Number of Agents = 93499.734 + Number of Transactions per Agents (Month) = 0.121. The interpratation of the aquation above is:

1. The number of agents has a significant and positive effect on agent's profits, it means that an increasing number of agents in a Praya Barat influence the agent's profits.
2. The number of transactions has a significant and positive effect on the agent's profits, it means that an increasing number of transactions in a Praya Barat will increasing the agent's profits.

Conclusion

The BRILink (Laku Pandai) program is the extension of branchless banking that had implemented by BRI. The BRILink program is one of the solutions to solve one of the economic community. Based on the results of the tests and analyze that have been significant and positive effect of BRILink on economics welfare in Praya Barat during Covid-19 Pandemic. The number of agents has a significant and positive effect on agent's profits, it means that an increasing number of agents in a Praya Barat influence the agent's profits. The number of transactions has a significant and positive effect on the agent's profits, it means that an increasing number of transactions in a Praya Barat will increasing the agent's profits. The value of the regression coefficient, the regression equation can be formed as Profit is 580330.632, Number of Agents is 93499.734 and Number of Transactions per Agents (*Month*) is 0.121. Impact of BRILink on financial inclusion and stability, it can be found that in the current era of digital finance has a positive effect on economic welfare in several developing and developed village.

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