

REPOSITIONING ROLE OF FINANCIAL BANK INSTITUTIONS AND NON BANK IN EFFORTS EMPOWERMENT POPULIST OF ECONOMIC AUTONOMY AND DEVELOPMENT AREA BASED ON GOOD GOVERNANCE

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ABSTRACT

Poverty in some developing countries is still a problem that is so complex and multidimensional, and highly impact on the quality of human life, especially in Indonesia are still many people living under the poverty line, thus demanding the central government and local governments to continue to coordinate and make langkah-step accelerate growth in strategic development towards self-reliance, so that each region can prepare all the potential, capabilities and infrastructure areas to achieve the success of regional autonomy with the local government system based on good governance.

The purpose of this study was to determine and analyze the role of Financial Institutions Banks and Non-Bank In Effort Populist Economic Empowerment and Development of Regional Autonomy Based On Good Governance.

This research uses descriptive qualitative approach. The collecting data is to use the method of theoretical research Library research is sourced from literature and books related to the research. Furthermore, the method used field research that is interalia, by direct observation to the object of research and conduct interviews.

Based on the results of the study indicate that there is still a lot of business people who have difficulties in obtaining venture capital even to survive in this era of business competition. Most of these micro businesses rely more on the strength of their own capital and the capital of the other party who is not a bank or non-bank institutions.

Keywords: Financial institutions, economic empowerment, good governance

INTRODUCTION

Poverty in some developing countries is still a problem that is so complex and multidimensional, and highly impact on the quality of human life, especially in Indonesia are still many people living under the poverty line, thus demanding the central government and local governments to continue to coordinate and make steps accelerate growth in strategic development towards self-reliance, so that each region can prepare all the potential, capabilities and infrastructure areas to achieve the

success of regional autonomy with the local government system based on good governance.

The problems of poverty in faced by the community in the area is currently very close to their vulnerability, powerlessness, isolation and inability to express their aspirations, so that the government directs national development of approaches agrarian to industrial pattern, in the hope of achieving a modern economy within the framework of the formulation of long term development strategy, development

pattern that shifted from an agrarian approach to industrial approach does not only apply to large-scale businesses but applies to small-scale businesses are grouped in units of micro-enterprises.

Observations indicate the absence of regulations issued by the government on the obligation of businesses to participate in the development of people's economy, so that many banking institutions owned by the government and private sector such as Bank Rakyat Indonesia, Bank Mandiri, Bank Mega etc. are always channeling credit funds to the community in the form of venture capital provided that there is a guarantee the availability of the public. But these measures have not been so effective in today's society due to the absence of special surveillance carried out by the banks in the use of capital, and the lack of guidance and training for businesses democratic economy, thus lending capital to society only limited financial support short-term.

Problems often arise among micro businesses is the limited capital, human resources, lack of market linkages, business climate is not conducive, limited facilities and infrastructure business, the implications of regional autonomy, limited access to markets and the implications of free trade, so that each financial institution bank and non banks are required to help provide capital to support partnerships and micro business units to further expand its business.

In achieving regional autonomy based on good governance, is in need of attention and responsibilities of all stakeholders both central and local government, private sector, financial institutions either both banks and non-bank, and liveliness of society, so that regional development can be oriented on the condition and potential of the region.

Based on the background of the problems that have been described previously, this study was conducted in

order to reposition and maximize Role of Financial Banks Institutions and Non-Bank In Effort Populist of Economic Empowerment and Development of Regional Autonomy based on Good Governance.

Banking is everything related to the bank, including institutional, business activities as well as the manner and process of carrying out its business activities [2]. Bank is one of the financial entities that raise funds from the public in the form of savings and channel them to the public in the form of credit and/or other forms in order to improve the living standards of many people. Commercial banks are conducting business in a conventional or based on sharia principles that one of the activities provide services in payment traffic.

Simply defined as the bank financial institution whose business activities are collecting funds from the public and channel the funds back into the community and provide other banking services [3].

Based on Law Republic of Indonesia No. 23 2014 article 1, clause (6) about regional autonomy is the right, authority, and duties of the autonomous regions to set up and manage their own. Government Affairs and interests of local people in the system of the Republic of Indonesia, and in article 1 (12) Autonomous Regions, here in after referred to as Region is the unity of the legal community who have boundaries authorized to regulate and manage the affairs of government and public interests at the initiative itself based on the aspirations of the people in the system of the Republic of Indonesia [4].

Good governance is defined as good governance in an effort guided by professional ethics in business/ work [1]. Good governance is a form of acceptance of the importance of a set of rules or good governance to regulate relations, functions and interests of the

various parties in business or public service.

RESEARCH METHODS

This research uses descriptive qualitative approach. The data collection is to use the method of theoretical research Library research is sourced from literature and books related to the research. Furthermore, the method used field research by direct observation to the object of research and conduct interviews.

RESULTS AND DISCUSSION

Based on the research results showed that many community businesses that have difficulty in obtaining working capital even to survive in this era of business competition. Most of these micro businesses rely more on the strength of their own capital and the capital of the other party who is not a bank or non-bank institutions. Capital loans granted to the public obtained by high interest rates from the owner of the funds out of bank and non-bank institutions. So often the micro business ensnared high-interest loans and can not recoup the loan. The fact prevalent in today's society is the number of micro enterprises currently do not dare to borrow money in the bank and non bank on the grounds that the agency always gives the requirements are so numerous and difficult to be met by the people of the small and medium as requested a number of guarantees good or ground vehicles, etc., while the small business owner does not all have sufficient collateral such as land and buildings as well as asset or move. So most people do venture capital lending to owners of individual funds with a great interest rate. The greater the interest expense incurred by the micro, will further reduce the ability for productivity and generate income, because income earned is used to repay the loan with interest soared. The larger the loan installments and interest paid increasingly reduce the

ability to earn and to position the micro-level poverty is increasingly low.

Populist economic empowerment should be a priority in the design of national economic development, so that the small and medium enterprises and cooperatives can become major actors in the national economy, especially with the experience of the economic crisis that occurred at this time. Based on this perspective, concrete things that must be done is to accelerate the development of rural and urban suburbs as a place for living and trying to some people who work as farmers, fisherman, perpetrators of Trade and home industry.

Increase productivity and the ability to master this market not only through the provision of facilities and infrastructure business, but required the development of institutionally through partnership mutually beneficial, thus institutionally institutional actors small and medium enterprises may have the ability and market competitiveness, especially on the domestic market. In addition, the formation of groups and cooperatives indispensable in improving the efficiency of productivity and competitiveness of small businesses, which not only live in the country side, on the outskirts of urban areas.

People who live on the outskirts of urban areas in general, almost untouched by formal financial institutions, causing the rate of economic growth is hampered. The community group is unfeasible to get a loan because they do not have collateral, and are assumed to have a low ability to repay their loans, the habit of saving is low, and less able to bear the high cost of the transaction. Due to this assumption, the accessibility of the micro entrepreneurs to the formal financial resources are low, so most of them rely on the capital they have.

The importance of the establishment of microfinance institutions such as banks

or non-banks will greatly help achieve the populist economic development in rural areas and districts, so that it will be able to achieve the development area based local autonomy as equitable growth, the balance of urban and rural growth, reduced large-business gap small business.

Implementation of regional autonomy at the moment, is expected to rely on the embodiment of good governance that can spur the development of the function of microfinance institutions in the region to pay more attention to the welfare and survival of micro-enterprises. When all the components of good governance and carry out function their duties properly will create conditions conducive to the development of business for all parties including micro-enterprise businesses.

CONCLUSION

Based on the results of research and discussion that has been done, it can be concluded that the efforts to reposition and maximize the role of financial institutions banks and non-banks in an effort populist economic empowerment and the development of regional autonomy based on Good Governance can be implemented if the development directed at improving the dignity, dignity, quality, as well as the welfare of all sections of society, so as to accommodate the interests of micro entrepreneurs who have difficulty

capitalization and ability to exist in today's era of business competition.

For micro enterprises that have limited collateral to obtain capital relief should remain serious attention of banking institutions and non-banking institutions, especially government, especially on micro-enterprises that have the ability to repay the loan capital and is able to develop the business more rapidly again. In addition to capital assistance, more importantly additional aid in the form of coaching and training to be biased to run a business and business more professional. Populist economic empowerment for the micro, small and medium enterprises can be done as a form of reducing poverty

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