Public Abstract

First Name:Christina

Middle Name:Nicole

Last Name:Dames

Adviser's First Name:Mary

Adviser's Last Name:Shenk

Co-Adviser's First Name:

Co-Adviser's Last Name:

Graduation Term:SS 2012

Department:Anthropology

Degree:PhD

Title:Gender, Ethnicity, Infrastructure and the Use of Financial Institutions in Kalimantan Barat, Indonesia

An important process is underway in the expansive, rugged, and sparsely populated province of Kalimantan Barat, Indonesian Borneo--the rapid spread of formal financial institutions. Banks such as the Bank Rakyat Indonesia, The Indonesian People's Bank, are becoming increasingly available to people who, until recently, had no alternative to being unbanked. In addition, credit and savings services administered by member-owned credit unions are at the center of an indigenous empowerment movement, the Dayak gerakan pemberdayaan, which has been gaining momentum over the past three decades. The growing accessibility of these financial institutions has had far-reaching effects. Today, because of the availability of credit, many people own their own personal vehicle typically a motorbike. This, by the accounts of people living in Kalimantan Barat, is a radical change from the situation not long ago, when logging trucks and bicycles dominated the transportation landscape. In a place such as Kalimantan Barat, where public transportation is available only in the cities, having a personal vehicle mean access to employment, education, healthcare, and many other potential opportunities. Credit also helps people cover the cost of education, allowing parents to give their children opportunities that were, in practice, beyond the realm of possibility for previous generations. Finally, the more-widely available credit encourages entrepreneurship and investment in long-term income-generating activities such as rubber tapping. This is particularly important because the traditional agricultural lifestyle characteristic of this region is increasingly threatened by the spread of oil palm plantations. In all aspects of life and work, access to credit and savings has been instrumental in these transformative processes in Kalimantan Barat.

The spread of these formal financial institutions does not signal the decline of informal financial institutions, however. In Kalimantan Barat, as in Indonesia in general, the rotating savings and credit association ROSCA, arisan, remains an important economic and social tool for people from all walks of life. Further, people often organize themselves in financial cooperatives, or koperasi, the epitome of the Indonesian ideology of gotong royong--mutual aid and assistance.

Despite the potential benefits of using these financial institutions, not everyone participates. Some perceive the risks of participation as too high, others feel that they are far too poor to save. Some feel that certain institutions are not available to them, and others have no knowledge of these institutions in the first place. This dissertation investigates questions about who is using formal and informal financial institutions, and why or why not they choose to do so. Using data derived from interviews, surveys, and participant observation during seventeen months of ethnographic field research, these questions are approached with three main factors in mind: gender, ethnicity, and the physical infrastructure.

The results of the study indicate that education predicts the use of both formal and informal financial institutions across the board. In the case of bank use, education is more important than gender or ethnicity. In the case of credit unions, education remains an important variable, but ethnicity was also very important, with many more Dayak than Melayu using credit unions. In the case of the informal financial institution, arisan, the only significant predictors of participation were gender, years of education, and age, with older and more educated women more likely to participate. The physical environment also influences the use of financial institutions, with people using banks and credit unions when a more-developed physical infrastructure made getting to these institutions easy, while using cooperatives in places where travel costs

were high. Interestingly, arisan remained unaffected by variables related to the development of the physical infrastructure.

This research indicates that variables such as gender and education influence the use of formal and informal financial institutions. Further, an examination of credit union use among participants reveals that ethnicity can be a powerful mobilizing and exclusionary force in the financial market. In terms of the physical environment, convenience and the costs of travel were important factors in predicting the use of banks, credit unions, and cooperatives. Finally, this study reveals that women from all walks of life participate in arisan, suggesting that these informal institutions are not simply the domain of people who have no other financial alternatives. These points may help to better inform initiatives, especially microfinance initiatives, which aim to reach the unbanked and draw them into the formal financial market.