



# Financial Inclusion for Spices Farmer in Madura: How is the Impact of Digitalisation Economic on Spices Farmer? (Gender and Social Perspective)

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## ABSTRACT

The impact of growing on information technology is to support Financial **Inclusion**. They work together to actualize the purpose of it. The Digital Economy however happens to develop automation in any kind of economic activities. The Spice phenomena in Madura Island has become a tremendous aspect to study. The uniqueness of reality is that spice farmer, trader (middle trader, market trader) are dominated by female and social aspects that are attached to most farmers that cause inequality. Thus two aspects may affect Digital Economics in the long run. However, "Financial Inclusion" is subject to benefiting the user. In the case of Madura Spices farmers, those advantages are dependent on situations such as Information technology ability and the willingness of people to use the service. Information Technology literacy is needed to functionate the technology from financial institutions. This article aims to analyze the Financial Inclusion in Digital economics for Spices farmers in Madura Island in terms of gender and social perspectives. Qualitative research method is implied in order to solve the research questions.

**Keywords:** *Financial Inclusion, Digital Economic, Spices Farmer, Gender, Social.*

## 1. INTRODUCTION

People prefer to be faster in everything. Easy and Instant lifestyle are most people to pursue. Financial inclusion is something that people can function while engaging with financial institutions. ATM's, mobile banking, saving, credit card, financial technology and others stand for all services provided by the financial institution. The purpose of "financial inclusion" is making entire financial processes "easy", "effective" and "efficient".

The impact of growing on information technology is to support financial inclusion. They work together to actualize the purpose of it. The Digital Economy however is to develop the automation of any kind of economic activities or the use of "internet" in economic transactions. Furthermore, financial inclusion is one example of Digital Economics. For instance: Strong internet connection, excellent and outstanding machine quality and appearance, and adequate information system.

Spices are grown in many places in Indonesia. They made the country outstanding with various types of spice as well as their excellent quality. The cycle of Spices are originally comes from "Farmer " then goes to Household or Middle Trader or Market and finally ends up with the customer (personal or company). People in Madura mostly planted the spices in the front yard or back yard of their houses. They believe that Spices are essential for their life, because its useful for cooking and curing. Furthermore, Indonesia is also famous for "Dishes" that consists of spices as their main ingredients. Other than that, spices are also important for making traditional medicine known as "Jamu".

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Based on BPS (Badan Pusat Statistik) [1] database, the amount of spices (some types of spices) produced in Madura are sufficient for itself except "Cabe Jamu ". that type of spice product exceeds the average number of local production. Compared with others, it has the best quality accordingly. So "Cabe Jamu " from Madurai is eligible as an export commodity.

The Spice phenomena in Madura Island has become a tremendous aspect to study. The uniqueness of reality is that spice farmer, trader (middle trader, market trader) are dominated by female and social aspects that are attached to most farmers that cause inequality. Thus two aspects are affecting the "digital economy" in the long run.

"Financial Inclusion" is subject to benefiting the user. In the case of Madura Spices farmers, those advantages are dependent on situations such as; Information technology ability and the willingness of people to use the service. Information Technology literacy is needed to function the technology from financial institutions. However, are the farmers familiar with all financial Inclusion? How do they function with Financial Inclusion? Are the "Gender" and "Social" perspectives causing the ability to use financial inclusion?

## 2. LITERATURE REVIEW

### 2.1. What is Financial Inclusion?

The definition of "financial inclusion" according to the World Bank is access for any person or business to be able to take advantage of financial products or services. In addition, according to OJK regulation No. 76/POJK.07/2016 [2], financial inclusion is the availability of access to various products, financial services and institutions. The hope of financial inclusion is to improve people's welfare because it facilitates all access to financial services which then becomes the main goal. Furthermore, the second goal is to provide financial products or services PUJK (Financial Service Institutions), and the third goal is to improve financial products or services that can be tailored to the capabilities and needs of the wider community. Furthermore, according to FINCA (an international non-profit organization) [3] engaged in poverty alleviation through its official website, several benefits of financial inclusion are mentioned: (1) Helping to increase economic equity, (2) Providing understanding to the community, (3) Preparing financial plans well and (4) increasing the country's economic growth.

Financial inclusion indicators can be used to help set national financial inclusion targets and monitor progress in reaching them. When policymakers have reliable performance indicators and survey mechanisms, they can: (1) diagnose the state of financial inclusion, (2) agree on targets, (3) identify barriers, (4) craft policies and (5) monitor and measure policy impact, supported by Sigurjonsson et al [4]. According to Sigurjonsson et al [4], the main types of indicators to consider when measuring financial inclusion are:

**Access indicators** reflect the depth of outreach of financial services, such as the penetration of bank branches or point of sale (POS) devices in rural areas, or demand-side barriers that customers face to access financial institutions, such as cost or information.

**Usage indicators** measure how clients use financial services, such as the regularity and duration of the financial product/service over time (e.g. average savings balances, number of transactions per account, number of electronic payments made).

**Quality** measures describe whether financial products and services match clients' needs, the range of options available to customers, and clients' awareness and understanding of financial products.

**A fourth indicator** to assess and understand how financial inclusion affects households' and firms' outcomes, such as firm level performance or human capital investments.

### 2.2. What is Digital Economic?

The digital economy is important for any economic activity that occurs online. It is surely a data-driven economy informed by the ability to collect, use, and analyse. Massive amounts of machine-readable information to deliver more personalized and meaningful experiences, supported by Syukur Y [5].

Digital technology is transforming the financial services landscape. Developing country governments in Asia and the Pacific are exploring ways to encourage their populations to use the four key instruments of financial inclusion: payment system, credit, insurance, and investment. By creating such an ecosystem, they can help expand access to affordable financial services to the financially excluded, supported by Sigurjonsson et al [4].

The emergence of new digital technology, including Fintech, can ensure financial inclusion and improve financial wellbeing, supported by Sigurjonsson et al [4].

### 2.3. *What is Spices?*

Spices are plants, herbs, roots and fruits that have a specific aroma that is useful for cooking, medicine and ritual. "The Spice" has made the world intoxicated: spices were essential commodities that were much sought after by countries around the world, supported by Nabila et al [6]. Spices are the identity for Indonesia, because its spreading over the archipelagos. Indonesian cuisine is filled with spices. Cultural rituals such as "dupa" for offering or known as "sajen". Other usefulness are for fragrance, healthy drinks, body spa, etc.

### 2.4. *What is Gender?*

According to the dictionary: either of the two sexes (male and female), especially when considered with reference to social and cultural differences rather than biological ones. The term is also used more broadly to denote a range of identities that do not correspond to established ideas of male and female: "a condition that affects people of both genders" (in languages such as Latin, French, and German) each of the classes (typically masculine, feminine, common, neuter) of nouns and pronouns distinguished by the different inflections which they have and which they require in words syntactically associated with them. Grammatical gender is only very loosely associated with natural distinctions of sex.

### 2.5. *What is Social?*

According to the dictionary: relating to society or organization. In this article, social is used to explain how the society interacts with local wisdom and cultural attachment. Especially in terms of "Spices"; there will be various influences that may imply in the use of it. Among all those islands it produces some types of spices that are important for living and medicine that are known.

## 3. METHODOLOGY

This article uses qualitative research methods with a qualitative descriptive approach According to Rusli [7] quoted in, supported by Suharsimi [8], is a method used to examine the status of human groups, a set of conditions, an object, a system of thought, or a class of events in the present. Meanwhile, according to Rahmadi [9] quoted in, supported by Suharsimi [8], it is affirmed that research using qualitative descriptive methods is not intended to test certain hypotheses, but only describes "what is" about a variable, symptom, or state. The method in this study is carried out by collecting data, compiling, and describing so that results are obtained in accordance with the research question. The research data obtained by the author was obtained from interviews with informants, namely spice farmers in 4 districts in Madura, and intermediary traders.

Informants are people who are used for research purposes in providing information about the situation and conditions that exist in the place of research. Researchers use data generated from conducting interviews so that to complete the data, researchers need an informant related to the research conducted. The informant criteria used by researchers are: spice farmers from 4 districts in Madura, spice intermediaries. The data collection methods used by the author are: Interviews and documentation on how to collect data derived from data from the agriculture office, the results of interviews with informants about spices in Madura.

Data analysis techniques are a very important part of a study. These data are used by researchers to solve research problems. The steps used to analyze the data are the first to classify. After obtaining information or data from the field or from informants then classified according to the problem or type of question that is asked. The second is Reduction, this problem is to choose which information is appropriate and not in accordance with the research problem. Because it is not uncommon for informants to tell stories at length with just one question. The third is a presentation. After the information is obtained and selected, it is presented in the form of a table or explanation. So that the information obtained is really clear and understandable and helps researchers in diving into the problems that exist in the object of research, in this case spice farmers in Madura. The next stage is interpretation, data or answers from informants are analyzed and interpreted using theories about financial inclusion related to spice farmers in Madura.

Data validity techniques in qualitative research are an important part of knowing the level of confidence in the results of research that has been carried out using triangulation techniques when collecting data, so that the data obtained will be more consistent, valid and accountable. Triangulation can be interpreted as checking data from various sources in various ways, and various times, supported by Salam et al [10].

Researchers choose to use the triangulation technique because according to researchers this technique is a technique that can make it easier for researchers to eliminate differences that occur in the field. Researchers also hope that using this technique can check their findings by comparing with several sources. Data or findings can be recognized for their validity in qualitative research by the absence of differences between what is reported by researchers and what actually happens to the object under study. Triangulation of sources in this study is done by examining data that has been obtained from several different sources, namely from several people involved or knowing about spices to obtain information to informants in different times and situations.

**4. FINANCIAL INCLUSION VS DIGITAL ECONOMIC**

As mentioned above, financial inclusion must be supported by Information technology. The World Bank had managed a discussion about financial inclusion in digital technology around 2016, they concluded about how the impact of growing digital technology has transformed the financial institution services. High speed internet, knowledge about technology and finance, computer literacy and willingness to the new innovations are needed to use those services.

Digital economy was the result of growing information technology. Financial inclusion is a part of the Digital economy that allows digitizing various economic activities. In the case of Spice farmers in Madura Island, they do believe in financial institutions, they consider living in the digital world but they are not having enough knowledge or literacy about technology.

**Table 1. Interview about financial inclusion literacy in 4 Municipalities in Madura Island**

Questions	Farmer 1(F)	Farmer 2(F)	Farmer 3 (M)	Farmer 4 (M)	Farmer 5(M)
<b>Do you know bank?</b>	I don't know	I know	I know	I know	I know
<b>Are you trust it?</b>	Not applicable	I just use it to save my money for a moment	I trust it, but I only use it to save my money for a moment	I trust it, but I don't have a bank account	I trust it, but I don't have a bank account
<b>What do you use for transaction?</b>	Cash or barter	Cash or barter	Cash	Cash	Transferred if I dealt with big trader
<b>Why don't you save</b>	Because I don't	I don't need to	My money will	My wife owned the	I like to save my

**5. GENDER AND SOCIAL ISSUES**

Some types of spice farmers in Madura like: turmeric and galangal are dominated by women, but others are random. Madurese women are strong enough to carry anything on their head. They put turmeric in their basket then carried them to the market. They only know cash money from selling turmeric. They save their money at home. They are responsible for the household economy while their men are busy on cock fighting.

Galanga farmers are a group of women farmers that focus on planting many types of galanga. They love to share knowledge and experience. They love to save their money in galanga, so they only sell them when necessary.

Furthermore, the social issues about spices farmer in Madura are more to the social community. They plant the spices with community rules, farmer groups for instance or inherited from village ancestors. Some farmers also admitted that the planting rules are descended from their parents, so they have suggested not disobeying it. Most of Farmers love to save their money by enrolling on "arisan" (traditional way on saving money) rather than opening the bank account.

**6. CONCLUSION**

To conclude the analysis about financial inclusion, digital economic to spices farmers in Madura Island in terms of gender and social point of view:

- (a) The Spices Farmers are knowing the financial institutions (eg. Bank)

- (b) The Spices Farmers Believe the financial institutions
- (c) The Spices Farmers do not want to employ all of financial inclusion. They prefer to save and transfer their funds manually.
- (d) The Spices Farmers lack of computer and technology literacy.
- (e) The Spice Farmers are not following the digital economy.
- (f) The Spice Farmers regardless gender are still not following financial inclusion.
- (g) The Spice Farmers still act traditionally, they tend to disobey the growing technology. They believe more in their ancestry and social rules than in the digital economy.

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