ACCESS TO CAPITAL: LIMITATIONS FOR SMALL FISHERMAN IN GUDANG LELANG, BANDAR LAMPUNG CITY

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ABSTRACT

Access to capital is very important in the development of small fishery businesses. This study aims to analyze the access to the capital of small fishermen in Bandar Lampung City Gudang Lelang. The research method uses a qualitative approach with a case study method. Data was obtained by in-depth interviews, participant observation, and document analysis; Furthermore, it was analyzed to explain the access to capital of small fishermen. The results of the study show that most small fishermen have difficulties accessing capital through banks. Most of them access non-formal capital, such as mobile lending, a door-to-door system known as bank keliling, loan sharks, Madani Mekaar National Capital, Syariah National Retirement Savings Bank, and Amartha. In addition, fishermen were used to borrowing money from skippers, subscription stalls, or their families to meet their needs at sea. They need the government's support and mentoring in accessing bank capital to develop their businesses. Capital difficulties for fishermen's businesses should be evaluated by banks to provide a more flexible system that is easily accessible.

***Keywords**: Small Fishermen, Access to Capital, Loans, Debt, Investment, Gudang Lelang*

INTRODUCTION

Small fishermen have an important role in the economy in Indonesia. According to Law No. 45 of 2009 concerning Fisheries, small-scale fishermen are defined as fishermen who use vessels with a capacity of less than 5 GT (*Gross Tonnage*). Zulham *et al*. (2022) informs that the number of small fishing boats (≤ 10 GT) dominates approximately 90% of the total fishing fleet, with production contribution reaching 50% of the total fishing production in Indonesia.

Small fishermen need a large enough energy to be able to develop their business. Fishermen's access to banking is still very limited. Valentina (2018) stated that formal financial institutions have long been not interested in distributing credit to fishermen. Credit distribution can only be done when fishermen can meet the requirements. In line with that, the results of Syamsudin *et al*. (2022) show that information about People's Business Credit (*Kredit Usaha Rakyat*/ KUR) for fishermen is a little closed, so many fishermen do not know about the credit.

Although the survival of fishermen's businesses depends on many factors, the limitation of capital certainly greatly impacts the development of this business. Capital in the fishing business is usually used for (1) investment financing, (2) working capital financing, and (3) maintenance costs for ships, machinery, and fishing equipment. Regulation of the Minister of Maritime Affairs and Fisheries No. 60 of 2020 in Article 3 lists investment financing used for the procurement of ships, including the procurement of ships, machinery, fishing gear, and fishing aids. In addition, fishermen's catches are declining due to damage to the mangrove environment, causing them to go further to sea (Febryano *et al.*, 2015).

The procurement of ship facilities is a priority. Nawawi & Asiati (2016) explained the effect of using a type of facility and production, namely the replacement of outboard boats/motorboats with motorboats, significantly increasing production. This is also supported by the statement of Widyarini *et al*. (2022) that the ownership of adequate equipment through credit facilities will be a driving force for the fishing sector. In this way, opening up access to credit for fishermen is certain to contribute to improving fishermen's welfare. The intended credit facility can come from a variety of sources.

Business capital sources consist of formal and non-formal credit sources. These two types of capital sources differ in the access and distribution procedures. Choirunnisa *et al.*

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(2022) stated that informal financial institutions are more accessible to fishermen. This is because formal financial institutions are difficult to penetrate. Several factors make it difficult for fishermen to access capital from banks, including banking institutions conducting business analysis using financial standards often not met by fishermen, especially small-scale fishermen. Nawawi & Asiati (2016) also explained that support from the government and the private sector is needed in the implementation of business capital policies and partnership policies for empowerment. This study aims to analyze access to capital for small fishermen's businesses.

RESEARCH METHODS

The research is located at the Gudang Lelang, Kangkung Village, Bumi Waras District, Bandar Lampung City, which was carried out in April – August 2024. The method used is a qualitative approach. Data collected was carried out by in-depth interviews, participant observations, and document analysis. In-depth interview sampling using purposive sampling techniques, which was carried out to key informants as follows:

1. The Marine and Fisheries Service of Bandar Lampung City (Dinas Kelautan dan Perikanan/ DKP Kota Bandar Lampung): 1 person;
2. Cooperative Service and Medium Credit Business of Bandar Lampung City (Dinas Koperasi dan Usaha Kecil Menengah/Dinas Koprasi dan UKM Kota Bandar Lampung): 1 person
3. People's Bank of Indonesia (Bank Rakyat Indonesia/BRI) Sub-Branch Office (Kantor Cabang Pembantu/KCP) of Bumi Waras: 1 person
4. Village Unit Cooperative (Koperasi Unit Desa/ KUD Mina Jaya): 1 person;
5. Marine and Fisheries Business Capital Management Institution (Lembaga Pengelola Modal Usaha Kelautan dan Perikanan/LPUMKP) Officer: 1 person;
6. Madani Mekaar National Capital (Permodalan Nasional Madani Mekaar/PNM Mekaar): 1 person;
7. Syariah National Retirement Savings Bank (Bank Tabungan Pensiunan Nasional Syariah/BTPN Syariah): 1 person;
8. Individual cooperative (bank keliling): 1 person;
9. Skipper: 1 person;
10. Fisherman: 4 people.

Data processing was carried out qualitatively to assess the access to capital of small fishermen's businesses in the Gudang Lelang, Kangkung Village, Bandar Lampung City.

RESULTS AND DISCUSSION

General Conditions of the Region

Bandar Lampung City, as the capital of Lampung Province, has a strategic geographical position at the southern tip of the island of Sumatra. The city is located at coordinates 5°20′ - 5°30′S and 105°28′ - 105°37′E, with an area of about 197,22 km². The land area is divided into 20 Districts and 126 villages, with a population of 1,209,937 people (BPS Provinsi Lampung, 2023).

The topography of Bandar Lampung varies with altitudes ranging from 0-700 meters above sea level (Sudrajat & Rahmawati, 2021). Bandar Lampung has a wet tropical climate with an average annual rainfall of around 2,257 mm. The average temperature ranges from 23°C to 32°C, with relative humidity ranging from 60% to 85% (Welly, 2015). As the gateway to the island of Sumatra, Bandar Lampung has great potential in the development of the maritime and tourism sectors (Saputra et al., 2019).

Panjang District, Bumi Waras, Teluk Betung Timur, and Teluk Betung Selatan District are Districts located on Lampung Bay Coastal. Some of the residents work as fishermen. There are approximately 3,500 fishermen in Bandar Lampung City spread across the four coastal sub-districts mentioned above (DKP Kota Bandar Lampung, 2022).

The role of Bandar Lampung City in the development of the fisheries sector in the southern part of Sumatra is very strategic. According to Fitri & Najmi (2021), Bandar Lampung is a significant center of fisheries activities, especially in capture fisheries and aquaculture. This study reveals that the fisheries sector in Bandar Lampung not only contributes to the local economy but also plays an important role in regional food security. Fitriana *et al*. (2018) stated that the marine product processing industry, aquaculture, and marine tourism are the driving forces of the local economy. However, this development also brings its own challenges, especially in terms of sustainable management of the coastal and marine environment.

Bumiwaras District is one of the 20 sub-districts in Bandar Lampung City and is located on the southern coast. According to research by Sudrajat & Rahmawati (2021), Bumiwaras District has an area of about 3.75 km² and is directly adjacent to Lampung Bay. The topography owned by Bumiwaras is dominated by lowlands with an average height of 2-5 meters above sea level, making it one of the areas prone to flooding and sea level rise.

As one of the capture fisheries and fish processing centers in Lampung Province, the center of its activities is located at Fish Landing Site (Pangkalan Pendaratan Ikan/PPI) Gudang Lelang. Around 30% of households in the Gudang Lelang area are directly involved in the fisheries sector, both as fishermen, fish traders, and processors of fishery products (Fitriana *et al*., 2018). This sub-district is divided into five villages: Bumiwaras, Sukaraja, Bumiraya, Garuntang, and Kangkung Village (BPS, 2023). Kangkung Village has the largest number of people who work as fishermen and is concentrated in Gudang Lelangs. The Fishery Household (Rumah Tangga Perikanan/ RTP) of fishermen reaches 690 RTP.

Access to Capital for Small Fishermen at the Gudang Lelang, Kangkung Village

Capital is one of the crucial problems in the fishermen's business in the Gudang Lelang. For fishermen, the need for capital in the fishing business they are engaged in greatly determines their business's sustainability and success. According to Manumpil *et al.* (2019), the unavailability of adequate working capital causes fishermen to be unable to increase production and unable to cover operational costs at sea.

The business capital needs of fishermen are also not always the same between fishermen. This need is influenced by several things, including the size of the boat, the type of fishing gear used, the length of time fishermen go to sea, and the distance traveled by fishermen in making fish. In addition, the number of crew (Anak Buah Kapal/ ABK) also affects the capital needs of fishermen. The more ABK members participate in one ship, the more supplies are needed. Nadjib *et al.* (2023) state that procuring boats, nets, ship engines, and operational costs requires considerable funding.

Small fishermen at the Gudang Lelang who use a 4 GT boat with bubu rajungan fishing gear bring an average of 3 ABK members. They can go to sea for 10-12 days in 1 fishing trip. The business capital needed by this bubu fisherman reaches 4 million rupiah per trip. The use of its business capital includes the purchase of fuel, the provision of ice and clean water, feed, and supplies. Sabu & Sofyan (2022) explained that operational costs for going to sea include fuel costs, food and beverage costs, and fishing equipment costs.

Apart from the 4 GT boat fishermen mentioned above, there are also fishermen with 1 GT boat. Gudang Lelang fishermen who use 1 GT boat do not bring ABK members and use shrimp net fishing gear; they only need a business capital of 100 - 200 thousand rupiah in 1 fishing trip. In general, they do *one day fishing* or one day per trip. The operational capital is used for fuel, ice, water, and food supplies for fishermen, among others. According to Okvinda *et al.* (2019), fishermen's operational means the total costs they must pay when they go to sea, including the cost of repairing nets and buying fuel for their boat's engines.

In addition to capital needs for fishing operations per trip, fishermen must also prepare the main capital as investment capital. Investment needs are often a burden for fishermen because the funds required are very large. Investment capital is used for the procurement of fishing fleet ships, machinery, and fishing gear. Based on information from Gudang Lelang fishermen, for the purchase of a 4 GT capacity boat, a cost of 140-150 million rupiah is required, including the procurement of fishing gear. The type of fishing gear used affects the type and number of fish caught (Hardian *et al.*, 2020).

The cost of the procurement/purchase of a 2 GT ship is 40-50 million rupiah. This large need for funds makes it difficult for fishermen to replace or renew their boats and fishing gear or increase the number of their fleets. To get around this problem, Gudang Lelang fishermen do more boat repairs and replacement of fishing gear gradually or alternately, not done at once, to avoid too high costs.

In meeting operational capital needs in one trip to sea, Gudang Lelang fishermen usually use personal funds that have been prepared. However, before leaving for sea, they owe money to providers of operational needs who usually open food stalls in locations around the location. The debt will be paid when they return to sea and sell their catch.

At any time, fishermen need larger funds from 500 thousand to 1 million rupiah. This amount is impossible to borrow from stalls because stall owners usually object. To overcome this, fishermen prefer to borrow from their family's bank keliling, which operate in many Gudang Lelang and are called skippers. Skipper is a fisherman who has fishing gear that is used by others (Iri & Rain, 2020). Skippers usually provide capital assistance to fishermen before leaving for sea, with the agreement that the catch will be sold to the skippers. The payment of the money borrowed by the fishermen will be deducted from the sale of fish. Many coastal

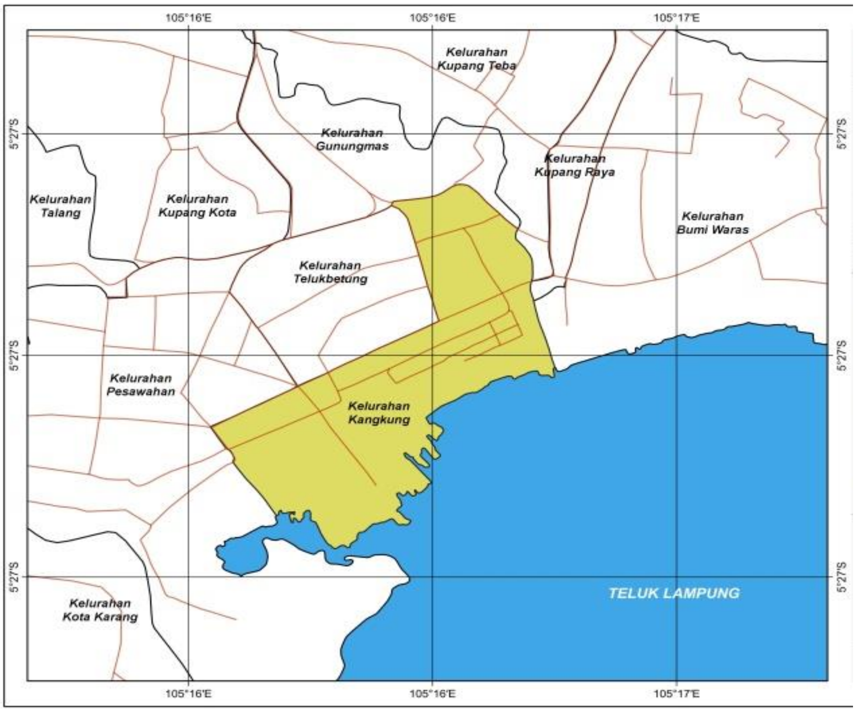

Figure 1. Map of the research location

communities borrow from non-formal institutions owned by individuals whose system works door to door (in the local language, it is called "*bank keliling*" or "*bank plecit*"). The bank keliling or bank plecit is a term that is often used for alternative capital institutions that provide financing with high interest rates (Rahoyo & Prapti, 2019).

Generally, fishermen in Gudang Lelang who still rely on capital derived from non-formal capital such as bank keliling, loan sharks, and others must be ready with loan interest that tends to be larger. This non-formal access to capital refers to sources of capital based on the closeness of social relations and traditional kinship. According to Darmawan & Fatiharani (2019), access to non-formal capital is easier for business actors in the informal sector to obtain because it does not require strict requirements. In addition, non-formal capital also makes fishermen bound and dependent on one party (applicable to employers or subscribers).

In addition, one of the sources of loan funds that Gudang Lelang fishermen rely on is loan sharks. The advantage of loan sharks is that the disbursement of loan funds is very fast. However, the downside is that the interest rate is very high, reaching 20-30% of the loan principal that must be paid weekly. In addition, the borrower must make a letter of agreement about the goods to be used as collateral and sign on a stamp. Fishermen who borrow capital through loan sharks will be billed daily or weekly by the loan shark. If fishermen are unable to pay, the loan interest will be doubled. Even in some cases in the Gudang Lelang, fishermen’s houses were confiscated by loan sharks because they could not afford to pay their debts and double interest (information from fishermen’s wives).

In addition, in the Gudang Lelang community, there are several formal sources of capital, such as a credit system that is paid weekly. This source of capital is not only for fishermen but has also reached the Gudang Lelang community in general. This source of capital is formal because it has a legal entity that is legal or official. The most widely accessed sources of capital are PNM Mekaar, BTPN Syariah, and Amarta. The credit ceiling provided reaches an amount of 2-10 million rupiah.

Although the money from the credit is used for the fishing business, usually, the person who is directly related to the credit provider is the fisherman’s wife. This may be related to the system that applies to the credit provider business entity. To be able to access capital from PNM Mekaar, BTPN Syariah, and Amarta, prospective creditors are required to form a group and obtain important information about the system regulated in the institution before obtaining approval for capital loans. After the credit is disbursed, each group is required to hold a meeting every week according to the schedule that has been set with the credit collector. The fisherman's wife has flexible time for activities like this.

Capital costs that tend to be higher are usually used for investment needs, including the purchase of ships, both new and used. Repairing ships and engines for large-capacity ships also requires many funds. Fishermen who need credit with a high credit ceiling usually prefer banking financial institutions. Some of them access the KUR program, People's Rural General Credit (*Kredit Umum Pedesaan Rakyat*/ KUPRA), and various access to capital facilitated by banks around the Gudang Lelang. In general, those who manage to access credit through banking are fishermen with boats above 3 GT because they have a more stable income and business management. Gudang Lelang fishermen who are able to access capital through banking get benefits in the form of low interest so that the amount of credit that must be paid per month can be reached, and it is not too burdensome.

Access to capital through banking is still difficult for small fishermen who want to penetrate Gudang Lelang. This is due to several factors, such as fishermen's low level of education, the minimal level of understanding of banking, and the unavailability of loan guarantees. In addition, the loan application process takes a long time compared to other sources, and many requirements are quite complicated for fishermen. The erratic income of fishermen also causes fishermen to fear not being able to pay credit installments for a long time.

According to Husni *et al.* (2019), difficulties in accessing capital are one of the factors that cause difficulties for fishermen's businesses to develop, including business productivity and welfare. Attachment to non-formal sources of capital affects the mindset of fishermen in finding capital institutions that support their businesses.

CONCLUSION

Gudang Lelang fishermen still rely on loan loans for business operations and investment purposes. Most of these fishermen access non-formal sources of capital with high interest and risk. Non-formal capital such as PNM Mekaar, BPTN Syariah, and Amartha are widely accessed for fishermen's business capital. However, fishermen's business credit through banking can only be accessed by fishermen whose income is more stable, namely fishermen with a boat capacity of more than 3 GT. Assistance from the government is urgently needed to help fishermen in Gudang Lelang access capital from banks so that they can increase the scale of their business. In addition, it is important for banks to evaluate the credit system for fishermen's businesses to provide easily accessible and flexible capital.

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