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## The Access of Microenterprises to Commercial Microcredit in Aceh Besar: Closing the Gaps

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### Abstract

Access to credit has been a major instrument to promote microenterprises in Indonesia. However, many factors influence access to credit like education, gender, age, formal financial services and collateral. Poor women have not the same access to credit as men in many traditional societies. Moreover, formal financial sector has not been able to meet the demand for financial services by poor rural households because access to banking services is restricted in rural areas. Many studies proved that poor rural households have no collateral to offer against loans. Studies also stated that age of micro-entrepreneurs and education influence access to credit and share of income of microenterprises in their total household incomes.

This research aims to quantify the gap between the number of micro-entrepreneurs being assisted and the overall number who might need assistance, and to determine the effects of education, distance to microfinance institutions, age, gender, and ownership of standard collateral, on the accessibility of microcredit in research area.

A survey was conducted in 100 randomly selected micro-entrepreneurs living in Aceh Besar, Nanggroe Aceh Darussalam Province, Indonesia, by using formal questionnaires.

The result shows that only 10% of microenterprises have already participated for borrowing from commercial microfinance institutions in research area. However 60% of the microenterprises have an access to microcredit. Access to credit is significantly different between owners aged 25–34 years and owners aged 35–44 years. Other significant factors are the time needed to reach the Bank and the ability to provide collateral. Regression analysis will be used for further analysis.

**Keywords:** Access, credit commercial, micro-entrepreneur, microcredit