

The Impact of the Ultra-Micro (UMi) Finance Program in Tegal Regency on Customers' Poverty Levels in 2025

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Abstract

Poverty remains a complex and multidimensional challenge in Indonesia, where limited access to capital constrains the growth of micro and ultra-micro enterprises. The Ultra-Micro Financing (Pembiayaan Ultra Mikro [UMi]) program, distributed through Permodalan Nasional Madani Membina Ekonomi Keluarga Sejahtera (PNM Mekaar), targets women-owned ultra-micro enterprises that are not yet adequately served by formal financial institutions. This study analyzed the impact of UMi program participation on the poverty status of PNM Mekaar customers in Tegal Regency by examining the duration of program participation, financing amount, business turnover, net profit, and housing index. This quantitative descriptive study used primary data from 100 PNM Mekaar customers in Tegal Regency who were selected through purposive sampling, with the sample size determined using the Slovin formula. Data representing conditions before and after becoming PNM Mekaar customers were obtained from eligibility forms and structured interviews and subsequently analyzed using descriptive statistics and a binary logistic (Logit) regression model in EViews 10. Average per capita income increased from IDR 618,883.4 to IDR 1,008,317, while average business turnover increased from IDR 1,953,000 to IDR 6,713,000 and average net profit increased from IDR 780,450 to IDR 2,525,500. The proportion of households classified as poor decreased from 22% to 12%. The Logit model was statistically significant overall (LR statistic = 50.53; $p < 0.001$), with a McFadden R-squared of 0.69.

INTRODUCTION

Poverty remains a major challenge in various parts of the world, including Indonesia. It is a complex and multidimensional issue that extends beyond economic Deprivation (Moore & Sen, 1982) and affects various aspects of human life (Todaro & Smith, 2015). If not addressed effectively, poverty can contribute to other socioeconomic problems and undermine individual and community well-being (Haris, 2016; Mawardi & Pratama, 2023).

Individuals experiencing poverty often face difficulties in meeting basic needs, including adequate food consumption, which can increase the risk of malnutrition. Limited access to education may also restrict employment opportunities and increase vulnerability to unemployment (Nurainun et al., 2020)

According to Statistics Indonesia (BPS), the number of people living in poverty in September 2024 reached 24.05 million, equivalent to 8.57% of the total population (Agency, 2025). By 2045, when Indonesia commemorates the centenary of its independence, the government aims for the country to achieve high-income status and reduce poverty to near-zero levels. Achieving this objective requires inclusive and equitable economic growth that

improves welfare (Susanto, 2017; Susanto & Pangesti, 2021) while reducing socioeconomic disparities (Holmemo, 2020).

Indonesia's economic structure continues to rely substantially on Micro, Small, and Medium Enterprises (MSMEs) (Gora et al., 2023). Indonesia has 63,955,369 microenterprises, including ultra-micro enterprises, accounting for approximately 99.63% of all business units; 193,959 small enterprises, representing approximately 0.30%; 44,728 medium-sized enterprises, representing approximately 0.06%; and 5,550 large enterprises, representing approximately 0.01% (Hamilton, 2019). Overall, MSMEs account for approximately 99% of business units, absorb 96.9% of the workforce, and contribute approximately 60.5% to the national economy (Shirley, 2023). Despite their substantial economic contribution, MSMEs continue to encounter barriers to business expansion, digitalization, global market access, and financing. Access to bank financing remains particularly challenging because many MSME operators cannot satisfy formal lending requirements (Gujarati & Porter, 2012; Setyaningrat et al., 2023). Government initiatives to empower microenterprises have continued; however, poverty reduction and employment expansion, particularly in disadvantaged, rural (Sudibyo et al., 2022), and coastal areas, remain important policy challenges. Therefore, integrated policies and effective financing mechanisms are necessary to improve institutional support while minimizing excessive market distortions (Hia et al., 2021).

Limited access to financing and formal financial institutions remains one of the most significant constraints on MSME growth and productivity. Insufficient financing restricts enterprises' ability to purchase additional raw materials, invest in more efficient technologies, expand productive capacity, and develop their businesses (Adam et al., 2021).

In 2007, the Indonesian government introduced the People's Business Credit (Kredit Usaha Rakyat [KUR]) program to expand financing access for MSMEs that met formal lending requirements. KUR has been distributed through participating financial institutions with government-supported lending terms. In the same year, the National Program for Community Empowerment (Program Nasional Pemberdayaan Masyarakat Mandiri [PNPM Mandiri]) was introduced as a national community empowerment initiative aimed at accelerating poverty reduction (Decerf, 2022). One component of PNPM Mandiri provided productive business capital through revolving funds for low-income women's groups and community business groups with limited access to conventional bank financing. PNPM Mandiri ended in 2014, whereas KUR continued to develop. Nevertheless, some ultra-micro entrepreneurs remained unable to access conventional financing because of formal eligibility requirements, limited business scale, and insufficient collateral. These financing gaps contributed to the need for financing instruments specifically designed for the ultra-micro segment (Hariyanti, 2023).

The government subsequently expanded access to financing for ultra-micro enterprises through the Ultra-Micro Financing (Pembiayaan Ultra Mikro [UMi]) program, introduced in 2017. The initiative was designed to provide financing to ultra-micro entrepreneurs, particularly those who had not been adequately reached by conventional banking services (Hia et al., 2021). The program was regulated through Minister of Finance Regulation Number 193/PMK/2020 concerning Ultra-Micro Financing (UMi), which aimed to facilitate accessible financing for ultra-micro entrepreneurs and expand government support for entrepreneurship (Ministry of Finance, 2020). The UMi financing ceiling was subsequently increased to a maximum of IDR 20 million per debtor from the previous limit of IDR 10 million. By

improving access to productive financing, the program is expected to support business development, strengthen household welfare, and contribute to poverty reduction and economic growth (Rokhim et al., 2021)

The UMi program supports the sustainability and development of ultra-micro enterprises by providing additional financing that can be used to expand business activities and diversify products (Saribulan et al., 2023). However, access to financing must be accompanied by adequate financial literacy and business capacity development to ensure that financing is used productively and contributes to improved household welfare. Greater financial literacy can also strengthen borrowers' ability to manage financing obligations and maintain repayment performance, which is important for sustaining access to financial services (Onah et al., 2024)

Although several financial institutions provide unsecured financing, access remains relatively limited for some ultra-micro entrepreneurs. Moreover, despite concerns regarding collateral requirements, MSME entrepreneurs may recognize the role of collateral in conventional financing arrangements (Kusum Mukherjee, 2014). The UMi program is managed by the Government Investment Center Public Service Agency (Badan Layanan Umum Pusat Investasi Pemerintah [BLU PIP]) under the Ministry of Finance. By 2021, PIP managed IDR 10 trillion in state budget funding for the program. Rather than distributing financing directly to ultra-micro entrepreneurs, PIP channels funds through non-bank financial institutions (Lembaga Keuangan Bukan Bank [LKBB]) using direct or linkage distribution mechanisms (Isnaini, 2019). One of the institutions involved in direct distribution is PT Permodalan Nasional Madani (PNM) (Hill, 2021).

PNM is a State-Owned Enterprise (Badan Usaha Milik Negara [BUMN]) and one of PIP's partner institutions in distributing UMi financing to ultra-micro entrepreneurs with limited access to conventional financial services. Established on June 1, 1999, PNM focuses on supporting the development and sustainability of MSMEs. In 2015, PNM introduced Membina Ekonomi Keluarga Sejahtera (PNM Mekaar), a financing and empowerment service targeting underprivileged women engaged in or seeking to establish ultra-micro businesses.

As a distributor of UMi financing, PNM Mekaar contributes to improving the economic capacity of underprivileged women through financing and empowerment programs. In 2022, PNM Mekaar operated 3,510 branch offices throughout Indonesia and served more than 13 million customers. Many PNM Mekaar customers possess basic entrepreneurial knowledge and skills but have limited access to working capital because of formal eligibility requirements, small business scale, and insufficient collateral. PNM Mekaar addresses these constraints through a group-based joint-liability mechanism (*tanggung renteng*) designed to facilitate financing access and support customers in developing their businesses and improving household welfare.

PNM Mekaar applies several eligibility and participation requirements for its customers. The program primarily serves women engaged in ultra-micro businesses from economically vulnerable households. Financing does not require physical collateral but operates through a group-based joint-liability (*tanggung renteng*) mechanism. Customers are required to participate in the program preparation process and Weekly Group Meetings (*Pertemuan Kelompok Mingguan [PKM]*). Groups are organized into subgroups under designated group leadership, and weekly meetings are used for installment payments, mentoring, and other program activities. (Bank, 2025)

Since its introduction in 2015, PNM Mekaar had reached approximately 15.4 million active women customers by March 2025 across 452 regencies/cities and 6,165 districts throughout Indonesia. These customers were organized into approximately 890,000 groups. PNM's Tegal Branch began introducing the Mekaar program in Tegal Regency in 2019. By 2024, the number of PNM Mekaar customers in Tegal Regency had reached 63,667, all of whom were women. Customers were primarily drawn from economically vulnerable households and could access financing of up to IDR 20 million per customer. Customers demonstrating satisfactory repayment performance and business development could subsequently transition to PNM's Micro Capital Service Unit (Unit Layanan Modal Mikro [ULaMM]), which provides financing for enterprises requiring larger amounts of capital.

PNM Mekaar primarily serves women from economically vulnerable households in rural and peri-urban areas who have limited access to formal banking services. Eligible participants are generally women of productive age who operate, intend to establish, or seek to develop ultra-micro businesses and are willing to participate in weekly group meetings, business mentoring, and capacity-building activities. The role of financing access in improving household welfare and reducing poverty has consequently become an important area of microfinance research.

Studies on the impact of microfinance programs on poverty alleviation have been conducted by various researchers using different approaches. (Adams & Atmanti, 2021) analyzed the UMi program in Indonesia (Sembiring, 2023) and found that the duration of participation in the program was negatively associated with poverty, suggesting that longer participation was associated with a lower probability of remaining poor. (Aslam et al., 2020) found that access to microcredit contributed to business development and household poverty reduction. (Chowdhury et al., 2005) reported that microcredit programs in Bangladesh contributed positively to poverty reduction, particularly among female-headed households. However, Hia et al. (2021) reported different findings, indicating that financing without corresponding improvements in productivity could increase financial vulnerability and the risk of poverty. (Suparjito et al., 2021) found that continued access to financing did not necessarily result in economic improvement for all customers, particularly when follow-up business development (Sen, 1999) and mentoring were insufficient. Meanwhile, Putri and Nugroho (2020) reported that profits generated by microenterprises were frequently allocated to routine household consumption rather than asset accumulation.

Based on the preceding literature, several research gaps can be identified. First, previous studies have generally examined individual dimensions of microfinance participation and have not comprehensively assessed the combined relationships among participation duration, financing amount, business turnover, net profit, housing index, and household poverty status within a single empirical model. Second, much of the previous research has been conducted at the national level or in other geographic contexts, providing limited evidence regarding the specific socioeconomic characteristics of Tegal Regency. Third, studies employing a binary logistic (Logit) (Hosmer et al., 2023) regression model to examine the relationship between UMi program participation characteristics and poverty status at the individual customer level remain limited. Therefore, this study offers novelty by comprehensively examining the relationship between the UMi program distributed through PNM Mekaar and customers' poverty status in Tegal Regency using a Logit model incorporating participation duration,

financing amount, business turnover, net profit, and housing index (Zahara, 2021) as explanatory variables.

This study aimed to analyze the relationship between the Ultra-Micro Financing (UMi) program distributed through PNM Mekaar and customers' poverty status in Tegal Regency by examining the associations of participation duration, financing amount, business turnover, net profit, and housing index with the probability of household poverty. The study is expected to contribute to the development of economic research, particularly in the fields of microfinance and poverty alleviation, by enriching the literature on ultra-micro financing programs and identifying factors associated with poverty reduction at the customer level. The findings are also expected to provide a reference for future research examining microfinance programs across regions with different socioeconomic characteristics. From a practical perspective, this study provides policy (Wulandari et al., 2022) insights for the government and PNM regarding improvements to the UMi program, informs program managers in designing customer mentoring and capacity-building strategies, and provides evidence regarding the factors associated with improvements in the economic welfare of participating households.

METHOD

This study employed a quantitative descriptive research design to examine the Ultra-Micro Financing (UMi) program distributed through PT Permodalan Nasional Madani (PNM) Mekaar and its relationship with customers' poverty status in Tegal Regency. The quantitative approach was used to analyze numerical data and statistically examine the relationships among the variables included in the study (Sugiyono, 2021).

The study focused on customers of the Ultra-Micro Financing (UMi) program distributed through PNM Mekaar in Tegal Regency who became customers between 2019 and 2024. PNM Mekaar was selected because it serves women engaged in ultra-micro enterprises who have limited access to formal financial services.

The study examined the relationship between UMi financing and customers' poverty status using relevant socioeconomic and household welfare indicators. The analysis focused on the duration of program participation, financing amount, business turnover, net profit, and housing index as explanatory variables, while household poverty status was treated as the dependent variable. These variables were analyzed to assess their associations with the probability of customers' households being classified as poor.

The data were analyzed statistically using EViews 12. A binary logistic (Logit) regression model was employed because the dependent variable, household poverty status, was classified as a binary outcome. The model was used to estimate the associations between participation duration, financing amount, business turnover, net profit, and housing index and the probability of household poverty. The statistical analysis included the following procedures (Riswanto, 2016).

RESULTS AND DISCUSSION

Descriptive Statistical Analysis

Data on the condition before becoming a PNM Mekaar customer was obtained from the feasibility test form filled out before becoming a PNM Mekaar customer (attachment 1), while data after becoming a PNM Mekaar customer was obtained from interviews with

questionnaires (attachment 2). The data analyzed came from 100 observations of PNM Mekaar customers taken during the MBA MAYA (Fostering and Empowerment) training held by PNM in February, April and June 2025.

This section presents descriptive statistics of the variables used in the study, with the aim of providing an overview of the characteristics of the sample and the distribution of the data. The descriptive statistics presented include mean, median, maximum value, minimum value, standard deviation, skewness, kurtosis, Jarque-Bera, and Jarque-Bera probability value. The results of descriptive statistical analysis using Eviews 10 are presented in table 5.1.

Table 1. Descriptive Statistical Analysis

	YKB	YKA	PB	PA	HIB	HIA
Mean	618,883.4	1,008,317.0	0.220000	0.120000	9.730000	9.730000
Median	645,000.0	960,000.0	0.000000	0.000000	10.00000	10.00000
Maximum	775,000.0	1,900,000.0	1.000000	1.000000	12.00000	12.00000
Minimum	320,000.0	425,000.0	0.000000	0.000000	8.000000	8.000000
Std. Dev.	133,147.9	344,083.7	0.416333	0.326599	1.204830	1.204830
Skewness	-0.479992	0.397048	1.351853	2.338738	0.007972	0.007972
Kurtosis	1.969365	3.063849	2.827506	6.469697	1.767786	1.767786
Jarque-Bera	8.265743	2.644433	30.58241	141.3233	6.327526	6.327526
Probability	0.016037	0.266544	0.000000	0.000000	0.042266	0.042266
Sum	61,888,338	1.01E+08	22.00000	12.00000	973.0000	973.0000
Sum Sq. Dev.	1.76E+12	1.17E+13	17.16000	10.56000	143.7100	143.7100
Observations	100	100	100	100	100	100

	TI	LO	OMB	OMA	PRB	PRA
Mean	35.04000	10,190,000	1,953,000.	6,713,000.	780,450.0	2,525,500.
Median	34.50000	9,000,000.	1,900,000.	6,250,000.	760,000.0	2,175,000.
Maximum	60.00000	20,000,000	2,900,000.	10,000,000	1,160,000.	4,000,000.
Minimum	12.00000	2,000,000.	1,100,000.	3,000,000.	440,000.0	1,000,000.
Std. Dev.	14.82485	5,674,139.	575,151.3	2,606,505.	230,778.3	1,098,081.
Skewness	0.038017	0.279494	0.061309	-0.102114	0.061561	0.071935
Kurtosis	1.721607	1.840001	1.645269	1.367931	1.637255	1.360064
Jarque-Bera	6.833625	6.908605	7.709713	11.27233	7.800974	11.29204
Probability	0.032817	0.031609	0.021177	0.003567	0.020232	0.003532
Sum	3504.000	1.02E+09	1.95E+08	6.71E+08	78,045,000	2.53E+08
Sum Sq. Dev.	21757.84	3.19E+15	3.27E+13	6.73E+14	5.27E+12	1.19E+14
Observations	100	100	100	100	100	100

Per capita income before (YKB) and after (YKA) UMi

Per capita income is obtained from household income (combined husband and wife) divided by the number of family members (dependents). There was a significant increase in average per capita income from Rp 618,883.4 (YKB) to Rp 1,008,317 (YKA). This increase supports the hypothesis that the PNM Mekaar program contributes to improving the well-being of individuals in the customer's household.

The median value of YKB and YKA's per capita income is IDR 645,000 and IDR 960,000. A median YKB slightly higher than the mean is in line with a negative skewness value, while a median YKA that is slightly lower than the mean is in line with a positive skewness value. This shows that before the intervention the data was dominated by the mid-

large group but many small values were "pulling" the mean down. After the intervention began to appear, several high outliers (customers were very successful) that made the mean rise above the median.

The highest YKB is IDR 775,000 and the lowest is IDR 320,000, while the highest YKA is 1,900,000 and the lowest is IDR 425,000. The wider range of YKA shows the condition of per capita income after the intervention is widening depending on the level of success of customers taking advantage of access to capital and training from PNM Mekaar. This is also shown in the standard deviation of YKA (IDR 344,083.7) which is greater than YKB (IDR 133,147.9) (Vincendeau, 2012).

The kurtosis value of YKB 1.969365, which is smaller than 3, indicates a distribution that peaks flatter (platykurtic) than the normal distribution. The kurtosis value of YKA 3.063849, which is very close to 3, indicates a relatively normal peak of distribution.

The Jarque-Bera YKB value of 8.265743 with a probability of 0.016037 (p -value < 0.05) indicates that the data is not normally distributed. Limited capital resources, limited access to markets, and the volatile nature of informal work cause their incomes to tend to (Ledgerwood, 2013) accumulate at certain levels and find it difficult to achieve a normal, symmetrical distribution.

Meanwhile, the Jarque-Bera YKA value of 2.644433 with a probability of 0.266544 (p -value > 0.05) shows that the data tends to be distributed normally. With the opening of access to capital resources through the UMi program, the per capita income data after becoming a PNM Mekaar (YKA) customer reaches normal distribution, unlike the previous conditions.

Poverty conditions of customers before (PB) and after (PA) UMi

PB and PA are dummy variables (1 = poor, 0 = not poor). This data was obtained by comparing the per capita income with the poverty line according to BPS in Tegal Regency, which is Rp 497,315. The average PB of 0.22 indicates that 22% of the sample households were categorized as poor before becoming PNM Mekaar customers. This figure represents the proportion of customers who were below the poverty line before receiving program benefits. Compared to PB, there was a substantial decrease in the proportion of households categorized as poor (from 22% to 12%) after becoming a customer of PNM Mekaar (PA). This decline shows a strong indication of the success of the PNM Mekaar program in reducing poverty levels among its customers' households. The Jarque-Bera values of 30.58241 (PB) and 141.3233 (PA) with a probability of 0.000000 (p -value < 0.05) indicate that the PB and PA data are not normally distributed, which is consistent with their nature as dummy variables.

Index value of houses before (HIB) and after (HIA) UMi

PNM Mekaar uses house index value data as a standard for prospective customers, where if the house index value is a maximum of 12, it is considered worthy of becoming a PNM Mekaar customer, so that this program is really right on target for the lower economic class. Interestingly, the average index value of the house did not show any change from before to after becoming a PNM Mekaar customer. This is due to the ultra-micro population, the quality of houses tends to be homogeneous at the basic level due to economic limitations. Significant changes in the quality of homes require large investments that may not be directly reflected in the short-term participation of the program. The financing provided by PNM Mekaar is only for productive business capital with a small nominal, namely from IDR 2 million in the first financing and an increase of IDR 1 million each subsequent financing, it is

not possible to change the condition of the house significantly enough to increase the value of the house index.

The Jarque-Bera HIB and HIA values with a probability below 0.05 ($p\text{-value} < 0.05$) indicate that the data on the value of the house index before and after becoming a customer are not normally distributed, even though the skewness is very small near zero (symmetrical distribution). This is because the quality of underprivileged houses in Tegal Regency is standard. The majority of the building area is small, few are medium and none are large. The condition of the building is mostly gathered in simple, few are damaged and nothing is modern. The roof type all uses concrete, none are tassels and zinc. The type of wall is also collected on the wall and 1/2 of the wall, none of which have wooden walls. The types of floors are also divided into ceramic and cement, none are dirt. The limitation of variation in this index category leads to abnormal distribution.

Length of Time as a Customer of PNM Mekaar (TI) and Value of Financing Received (LO)

The average IT (35.04 months) and the IT median value (34.50 months) are both around 2 years 11 months showing a fairly symmetrical distribution of data. The longest-serving customer has been on the team for 60 months (5 years), while the most recent has been on the team for 12 months (1 year).

IT is not distributed normally because data collection is only allowed by PNM during the MBA MAYA (Fostering and Empowerment) training which is only attended by customers who have been running for at least one year and PNM Mekaar in Tegal Regency which has only been running for 5 years so that the maximum customer data is 60 months. This creates a "tail" or buildup over a certain duration, thus creating an uneven distribution.

The LO reflects the total financing funds that have been distributed to customers throughout their membership in PNM Mekaar, both paid and ongoing. The average LO (IDR 10,190,000) is greater than the middle value of the LO (IDR 9,000,000) indicating that there are several observations of very high financing values that pull the average upwards, in line with positive skewness. The highest accumulated financing received is IDR 20,000,000 and the lowest is IDR 2,000,000, in line with the length of time they have been a customer.

The LO is not distributed normally due to the existence of a multi-level financing structure, namely an initial financing of IDR 2 million, after being paid in installments for 50 weeks until it is paid off, you will get financing again with a nominal increase of IDR 1 million, and so on. The nominal amount of financing received is also round in multiples of Rp 1 million and the nominal received is uniform per year of membership, unless the customer chooses a financing holiday or chooses not to increase the financing, even then the amount is small. This restriction and grouping causes the data to not be normally concentrated.

Business Turnover before (OMB) and after (OMA) UMi

There was a significant increase in the average business turnover from OMB (IDR 1,953,000) to OMA (IDR 6,713,000). This increase shows the positive impact of the UMi program in expanding the scale and business activities of customers. The middle values of OMB (IDR 1,900,000) and OMA (IDR 6,250,000) which are close to the mean show a fairly symmetrical distribution of data. The highest OMB of IDR 2,900,000 and the lowest of IDR 1,100,000 indicate a relatively homogeneous business scale in the early stages. The highest OMA of IDR 10,000,000 and the lowest IDR 3,000,000 show that the impact of the UMi

program on the scale of its customers' businesses varies depending on how each customer utilizes access to capital and practices knowledge from its training and mentoring. The same thing is shown by the standard deviation of OMB of Rp 575,151.3 which varies moderately. Meanwhile, the OMA of Rp 2,606,505 which is larger than OMB shows an increase in turnover variation after the intervention.

The Jarque-Bera OMB value is 7.709713 with a probability of 0.031609 (p-value < 0.05) and OMA 11.27233 with a probability of 0.003567 (p-value < 0.05). This shows that business turnover data before (OMB) and after becoming a customer (OMA) is not distributed normally. The turnover of ultra-micro businesses before receiving financing is often very variable. Some are just starting with a very small turnover, some have been running for a long time with a fairly large turnover on an ultra-micro scale. The type of business also affects the high variation in turnover, for example, the basic food business generally has a larger turnover than the snack or beverage business because the profit margin of basic necessities is much smaller than the margin of the snack and beverage business.

After obtaining financing and coaching, business turnover is expected to increase. However, the rate of improvement can vary greatly between customers depending on their adaptability, innovation, and market conditions (Andriopoulou & Tsakloglou, 2015). Some have seen significant increases in turnover, some have moderately grown, and some may have stagnated or even declined due to certain challenges. The level of effective utilization of capital, individual managerial abilities, different business sectors, and market dynamics all contribute to wide variations in turnover after the program, resulting in abnormal and more dispersed distributions.

Net Profit of Operations before (PRB) and after (PRA) UMi

Table 5.1 shows a significant increase in the average operating net profit from PRB (IDR 780,450) to PRA (IDR 2,525,500). This drastic increase indicates that the PNM Mekaar program has contributed greatly to increasing the profitability of customers' businesses. The median of DRR (IDR 760,000.) which is closer to the mean than the median of PRA (IDR 2,175,000) shows a relatively more symmetrical distribution of GDP. The standard deviation of PRB (Rp 230,778.3) was much smaller than that of PRA (Rp 1,098,081) indicating an increase in the variation in net profit after the intervention, which may reflect the difference in the success rate of the customer in achieving higher profitability.

The Jarque-Bera PRB value of 7.800974 with a probability of 0.020232 (p-value < 0.05) and PRA 11.29204 with a probability of 0.003532 (p-value < 0.05) indicate that the PRB and PRA data are not normally distributed. In the DRR condition, profits are often very thin, unstable, or even zero/negative in certain periods. Working capital limitations, lack of operational efficiency, competitive pressures, and cost fluctuations can all cause net profits to be abnormally dispersed, with the possibility of accumulation at very low values. In PRA conditions, successful capital utilization, efficiency improvement, cost management, market adaptability, and other external factors, will create large variations in the net profit achieved by customers, resulting in widespread and abnormal distribution.

Research Discussion

The Effect of Duration of Participation in the UMi PNM Mekaar Program on Poverty Levels

Based on the above regression results, the PC_Ti_Lo coefficient was negative and statistically significant at a confidence level of 95% (Prob < 0.05). As the duration of participation in the UMi PNM Mekaar (Ti) program is part of the PC_Ti_Lo, the longer they become PNM Mekaar customers, the lower the probability of the household being in the poor category. This indicates the effectiveness of the program in helping customers get out of poverty along with the duration of participation as PNM Mekaar customers. There are 3 benefits that customers get from participating in the PNM Mekaar program related to the level of well-being:

1. Accumulation of Program Benefits

The benefits obtained by customers include mentoring, training, and financial literacy provided regularly by PNM Mekaar. This accumulated knowledge and skills enable customers to manage their business and household finances more effectively.

2. Network and Trust

Long-term participation in group-based programs (joint responsibility) such as PNM Mekaar also builds a strong social network and mutual trust between group members as well as with companions. These networks can serve as non-financial support systems, facilitating the exchange of information, experience, and moral support, which is essential for the sustainability and development of micro-enterprises. This increase in trust and informal accessibility can reduce transaction costs and risks for customers.

3. Financial Discipline

The PNM Mekaar program is known for its disciplined weekly installment system. Longer participation durations mean that customers have become accustomed to regular payment patterns, which indirectly trains better financial discipline and planning in their households. This discipline is important to maintain financial stability and avoid falling back into poverty.

Research by Adam et al. (2021) supports this finding which states that the duration of participation in the UMi program is negatively correlated with poverty, meaning that the longer you are a customer, the greater the chance of getting out of poverty. On the contrary, these findings contradict the results of Suparjito et al.'s (2021) research which showed that although financing is provided on a sustainable basis, not all customers show economic improvement due to weak advanced training.

The Effect of Duration of Participation in the UMi PNM Mekaar Program on Poverty Levels

Analysis of the impact of accumulated financing that has been received by customers (Lo) on poverty levels is one of the central aspects in evaluating the effectiveness of the UMi PNM Mekaar program. Based on the above regression results, the PC_Ti_Lo coefficient was negative and statistically significant at a confidence level of 95% (Prob < 0.05) (Hasibuan, 2019). The interpretation of this negative and significant coefficient is that the greater the accumulated value of financing received by PNM Mekaar customers' households, the lower the probability of these households being in the poor category. These findings are consistent

with the basic objectives of the microfinance program and the literature that states that access to capital is key to increasing economic capacity and reducing poverty.

The significant impact of accumulated financing on reducing poverty rates can be explained through several mechanisms:

1. Increasing Business Scale and Productivity

Accumulated financing allows customers to scale their businesses, purchase larger stocks of raw materials, invest in better equipment, or expand market reach. This increase in working capital can directly encourage an increase in sales volume (turnover) and production efficiency, which in turn will increase revenue and net profit of the business.

2. Business Diversification and Innovation

With larger and accumulated capital, customers have the flexibility to diversify their business types or try new product/service innovations. This diversification can reduce the risk of dependence on a single source of income and open up new, more lucrative opportunities, thereby strengthening the resilience of household economies to shocks.

3. Long-Term Investment

Greater financing can allow customers to make long-term investments in their businesses, such as improving the business premises and adding productive assets to the business. Such investments can provide sustainable benefits that go beyond a single financing cycle, contribute to more stable and sustainable business growth, and solidify households' position above the poverty line.

4. Increasing Economic Bargaining Power

Greater capital can also increase the bargaining power of customers in the supply chain, for example in price negotiations with suppliers or buyers. This can improve profit margins and overall operational efficiency.

Research by Aslam et al. (2020) also shows a similar phenomenon, where access to microcredit plays a major role in driving business growth and reducing household poverty. This is contrary to the results of a study by Hia et al. (2021), which showed that borrowing without an increase in productivity actually increases the risk of poverty

The Effect of Business Turnover on Poverty Levels

The analysis of the impact of business turnover (OM) after becoming a customer of PNM Mekaar on the level of household poverty is one of the findings that requires special attention in this study. The results of the Logit regression estimation showed that the PC_Om_Pr coefficient was positive but not statistically significant (Prob. > 0.05).

These findings indicate that, in the estimated model, the increase in customer business turnover after being part of the PNM Mekaar program has not significantly affected the probability of these households being in the poor category. Although turnover is theoretically expected to be positively correlated with income and negatively correlated with poverty, this insignificance suggests a complexity in the mechanism of transmission from turnover to poverty status.

The reason that can explain the insignificance of this result in the field is that the level of family income as an indicator of poverty is not only influenced by the customer's business as a wife, but also very much influenced by the income of the customer's husband who works or owns his own business, as well as the potential income of other family members. In the

context of ultra-micro households, often the income from the wife's business (which is supported by PNM Mekaar) is part of the total household income. However, if there is another major source of income from the husband or other adult family members, the increase in turnover or even profits from the wife's business may not be significant enough to change the overall household poverty status if the income from those other sources is unstable or dominant. Existing models may not fully capture the dynamics of the income contribution of all household members to final poverty status.

The Effect of Business Profits on Poverty Levels

Similar to the impact of business turnover, the results of Logit's regression estimation show that the Pr variable (Net Profit of Operations After Becoming a PNM Mekaar Customer) has a positive and insignificant coefficient on the poverty level. This can also be explained because the level of family income as an indicator of poverty is not only influenced by the customer's business as a wife, but also very much influenced by the income of the customer's husband who works or owns his own business, as well as the potential income of other family members.

The net profit from the wife's business, while important, may only be one component of the total household income. If the contribution of income from the husband or other sources is more dominant, or if there are fluctuations in the other sources of income, then the change in the wife's net income may not be enough to significantly change the overall status of household poverty. This may explain why the influence of net profit from the wife's business is not detected significantly in the existing model.

A study from Putri and Nugroho (2020) supports this finding, that business profits in micro business actors are often not used for asset accumulation, but for routine consumption. However, another study from Fadilah (2022) states that a gradually increasing net profit can be a determinant of success in overcoming poverty in the group receiving business capital assistance.

The effect of the house index on the poverty level of customers.

The results of the Logit regression estimate show that the Hi variable (House Index Value After Becoming a PNM Mekaar Customer) has a negative coefficient and is not statistically significant. The reason that can explain these results in the field is the nature of the Home Index as a Long-Term Indicator. Significant improvements in the physical quality of a home (which may be reflected by the home index) often require a large capital investment and a longer time. Additional profits or income generated from the UMi program in the short term may be prioritized for basic consumption needs or reinvestment in the business, before being allocated for substantial home improvements. Previous descriptive statistics also showed that the average home index value (HIA) did not experience a significant change from the previous value (HIB), which supports the argument that the physical changes of the home may not have occurred equally or significantly in the study period.

Other findings in the field are the status of residences that are still with parents and parents' inherited houses. The house occupied is the result of the income of the parents so that it does not reflect the real economic condition of the household occupied. There were findings during the interview, PNM Mekaar customers who complained about the PKH (Family Hope Program) and PIP (Smart Indonesia Program) applications were rejected because their houses were considered ineligible for assistance from the government.

Research from Suryani et al. (2019) supports this finding, stating that the quality of homes does not always reflect economic capabilities, especially in areas with poor housing rehabilitation programs. On the contrary, a study by Nugroho (2021) shows that a high house index is generally negatively correlated with poverty, especially if houses are built independently of the results of their efforts.

CONCLUSION

This study aimed to analyze the relationship between participation in PNM Mekaar's Ultra-Micro Financing (Pembiayaan Ultra Mikro [UMi]) program and customers' household poverty status by considering various program performance indicators and customer characteristics. Based on the descriptive statistical analysis and binary logistic (Logit) regression model estimation, the findings showed that average household income increased from IDR 2,525,000 to IDR 4,159,000, while average per capita income increased from IDR 618,883.4 to IDR 1,008,317 after customers joined PNM Mekaar. Business turnover also increased substantially from IDR 1,953,000 to IDR 6,713,000, while average net business profit increased from IDR 780,450 to IDR 2,525,500. Most notably, the proportion of households classified as poor in the sample decreased from 22% before becoming PNM Mekaar customers to 12% afterward. These findings indicate that participation in the PNM Mekaar program was associated with improvements in customers' household economic conditions and a reduction in the proportion of households classified as poor.

The Logit regression results showed that the duration of participation in PNM Mekaar (TI) had a negative and statistically significant association with the probability of household poverty, indicating that longer participation in the program was associated with a lower probability of customers' households remaining classified as poor. This finding highlights the potential importance of sustained program participation and the accumulation of nonfinancial benefits, including business mentoring and financial literacy support received over time. Accumulated financing amount (LO) also had a negative and statistically significant coefficient, indicating that a greater amount of accumulated financing received by customers was associated with a lower probability of their households being classified as poor. These findings are consistent with the objectives of microfinance programs to expand access to productive capital and support improvements in household economic welfare.

Meanwhile, business turnover (OM) after customers joined the program had a positive but statistically nonsignificant coefficient in relation to the probability of household poverty, indicating that higher business turnover alone was not significantly associated with a lower probability of poverty. This finding may reflect factors such as relatively small profit margins, operating costs, business efficiency, or the allocation of business revenue to household consumption and other expenditures (Lalira et al., 2018). Similarly, net business profit (PR) after joining the program had a positive but statistically nonsignificant coefficient. Household income from spouses or other sources may have contributed more substantially to overall household economic conditions, thereby reducing the extent to which changes in the customer's business profit alone were associated with household poverty status. The housing index (HI) also showed no statistically significant association with the probability of household poverty, suggesting that housing conditions did not independently explain variations in poverty status among customers during the study period.

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