



# The Role of Credit Unions in Realizing the Strength of the Community Economy and the Resilience of HR: A Systematic Literature Review

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## Abstrak

Mengubah pola pikir masyarakat penting untuk membangun SDM unggul bangsa, termasuk dalam pola pikir literasi keuangan. Kepercayaan masyarakat terhadap lembaga keuangan menjadi hal utama masyarakat meminjam/investasi keuangan. Fenomena Pinjol sejak Covid-19 cukup mengkhawatirkan. Beberapa penelitian melihat sisi positif maupun negatif. Gap terjadi di masyarakat tertarik pinjol disamping pilihan microfinance (MF) lain. Gap kedua; literasi keuangan yang rendah di masyarakat. Gap diatasi dengan novelty konsep MF Credit Union (CU) yang memberikan kewajiban literasi keuangan bagi calon anggota. Peran CU dalam membentuk ketangguhan SDM unggul, adalah menciptakan pemahaman literasi. Peran CU tidak hanya simpan pinjam, pemberdayaan masyarakat dengan pendekatan budaya, menjadi ciri khas CU dibanding MF lain. Metode penelitian *Systematic Literature Review* (LSR). LSR dengan 5 tahap; mereview, mengklasifikasikan, jurnal secara sistematis. Rujukan 20 jurnal dari tahun 2020 s.d.2024. Hasil penelitian : peran MF bagi keluarga/masyarakat: 50%. MF memaksimalkan manfaatnya bagi solidaritas anggota : 50%, MF mengatasi keuangan keluarga dalam krisis global: 50%,pemberdayaan masyarakat negara berkembang : 65%. Bantuan non financial (pelatihan, pengembangan SDM, kewirausahaan : 15%). Lokus di Indonesia, Ghana, Afrika, India, Vietnam. Kesimpulan : CU sebagai MF berperan memberdayakan perekonomian masyarakat terutama masyarakat kurang mampu, CU memiliki kekhususan literasi keuangan untuk mengubah dan membentuk pola pikir masyarakat dalam pengelolaan keuangan sehingga tercipta ketangguhan SDM unggul

## *Abstract (Times new romance 9, Italic)*

*Changing the public's mindset is crucial for developing the nation's superior human resources, including financial literacy. Public trust in financial institutions is a key factor in people's financial borrowing/investment. The phenomenon of online loans (Pinjol) since Covid-19 is quite worrying. Several studies have examined both positive and negative aspects. A gap exists in the public's interest in online loans (Pinjol) alongside other microfinance (MF) options. The second gap is low financial literacy in the community. This gap is addressed by the novel concept of the MF Credit Union (CU), which mandates financial literacy for prospective members. The role of CU in shaping the resilience of superior human resources is to create an understanding of literacy. The role of CU is not only savings and loans, but also community empowerment with a cultural approach, which is a distinctive feature of CU compared to other MFs. The research method is a Systematic Literature Review (LSR). LSR has 5 stages: reviewing, classifying, and systematically reviewing journals. References to 20 journals from 2020 to 2024. Research results: the role of MF for families/communities: 50%. MF maximizes its benefits for member solidarity: 50%, MF overcomes family finances in the global crisis: 50%, empowering developing country communities: 65%. Non-financial assistance (training, human resource development, entrepreneurship: 15%). Locus in Indonesia, Ghana, Africa, India, Vietnam. Conclusion: CU as MF plays a role in empowering the community's economy, especially the underprivileged, CU has a special financial literacy to change and shape the community's mindset in financial management so as to create superior human resource resilience.*



## INTRODUCTION

A strong economy is supported by a strong community economy. Economic development, both by the central and regional governments, directly and indirectly, plays a role in global economic development. Both central and regional governments play a role in community economic development (Djadjuli, 2018). Through government programs aimed at developing the economy and community businesses, community economic empowerment can flourish. However, the success of community economic empowerment will be achieved with the support of various parties, both government and the private sector (Noor, 2011).

It is undeniable that the community economy is highly dependent on several factors, one of which is technological change, which leads to business changes. In developing countries, export volume and natural resource production are indicators of increasing economic growth. Furthermore, high life expectancy and increased investment are also indicators of economic growth (Upreti, 2015). One such factor is the COVID-19 pandemic that hit Indonesia some time ago. Many factors, including the emergence of new norms and the resulting impacts of the pandemic, have led to this. The economic sector in various regions of Indonesia and even the world has experienced a tremendous impact. Furthermore, policies in several countries deemed inappropriate in dealing with the pandemic have further weakened the economy (Savitri et al., 2021).

The phenomenon that occurred was that many companies experienced financing problems, ultimately leading to factory closures. Layoffs occurred widely, and people's purchasing power declined, resulting in very limited purchasing power for goods and services. Businesses, including small businesses, MSMEs, laborers, and other low-income communities, experienced a food crisis due to weak purchasing power (Savitri et al., 2021).

This phenomenon of people struggling financially was captured by Online Loan Services (Pinjol). Pinjol offers various conveniences for people to apply for online loans, requiring only an Identity Card (KTP) and a mobile phone. During difficult times like the pandemic, the presence of pinjol is seen as a lifeline for people in meeting basic needs with relatively easy requirements (Santi et al., 2019). The public's mindset of easily acquiring money during difficult times without considering the subsequent impact necessitates financial education.

Research conducted by indicates that a lack of financial knowledge is recognized as a contributing factor to people's decisions regarding actions to address the financial crisis. Therefore, minimal financial literacy can have unintentional negative impacts. Research conducted by (Bonang, 2019) indicates that financial literacy is a measure of how much knowledge, understanding, and most importantly, concepts about managing finances are available to the public. The public needs to be provided with sufficient knowledge regarding various financial matters, beyond simply borrowing and repaying loans. It is hoped that with increased financial literacy, the public will become more capable of making better financial decisions, including better family financial planning, and will also be able to invest more to achieve national economic growth. Based on the National Survey of Financial Literacy and Inclusion (SNLK) conducted by the Indonesian Financial Services Authority (OJK), the financial literacy rate in Indonesia in 2022 showed a financial literacy index of 49.68%, up from 38.03% in 2019. The same SNLK results also found that urban areas had financial literacy indices of 50.52% and 86.73%, respectively, compared to rural areas at 48.43% and 82.69%. This indicates a gap between literacy and inclusion levels in urban and rural areas (Financial Services Authority, 2022).

This study will analyze the gap between financial literacy in urban and rural areas, and the appropriate types of financial institutions to improve this financial literacy and create superior Indonesian human resources.

## RESEARCH METHODS

This study employed the Systematic Literature Review (SLR) method. The SLR method was chosen because it aims to identify, review, and evaluate all relevant research on the problem under discussion. The literature review used here is a summary of the research topic that supports the identification of specific research questions. The systematic narrative review process uses a meta-synthesis approach. Meta-synthesis integrates, evaluates, and interprets findings from multiple studies, analyzing and synthesizing key elements within each study to transform, interpret, and conceptualize new ones (Indarti et al., 2022).

The literature search was conducted in 2020 using national and international journal search applications in Indonesia, Ghana, Africa, India, and Vietnam. The SLR used includes 5 stages, namely 1) selecting the topic to be discussed, 2) searching for literature related to the selected topic, 3) the process of collecting, reading, and analyzing literature, 4) writing the literature review analysis, 5) compiling references (Indarti et al., 2022).

## RESULTS AND DISCUSSION

This research uses the traditional SLR method, which is divided into five stages:

1. The first stage is selecting the topic to be discussed. The scope of the topic discussed, regarding credit unions (CU) as microfinance, community empowerment, and superior human resources, was chosen based on current phenomena, especially after the COVID-19 pandemic, and the role of microfinance institutions (MF).
2. The second stage is a literature review, conducted in both national and international journals. The goal is to understand the scope of credit unions as microfinance institutions, which play a role in empowering communities both within Indonesia and outside Indonesia, namely Ghana, Africa, India, and Vietnam, as CUs have seen significant growth in these countries.
3. The third stage is collecting, reading, and analyzing the literature. The results of the literature analysis can be seen in Table 1.1, which illustrates the search results for the topic through open knowledge maps. From the table, we can see that the topic of community empowerment through microfinance institutions or MFs in Indonesia. The following is an image of the results of the open knowledge maps.



Figure 1. Results of open knowledge maps data in Indonesia

Figure 1 shows that journal searches on the topic of "The Role of Microfinance in Community Empowerment" yielded numerous sources, indicating that the topic has sufficient references for discussion. However, this research will examine aspects beyond these search results.

This research encompasses not only domestic/Indonesian research but also international research. A screenshot of the topic of "The Role of Microfinance in Community Empowerment" yields data as shown in Figure 2 below.

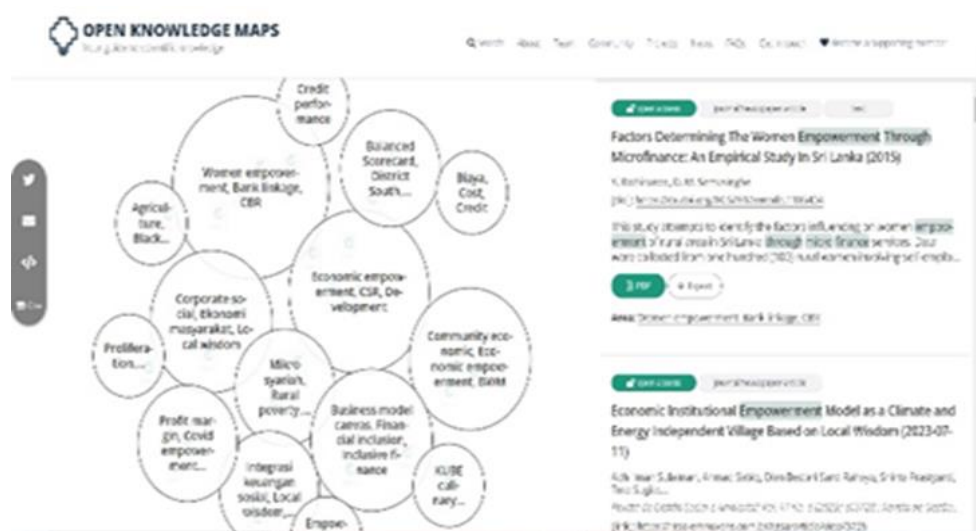


Figure 2. Open Knowledge Maps data outside Indonesia

Based on the figure in Table 2, although several studies have examined credit union financing (MF), research on credit unions as financial institutions (MF) is still very limited globally (Almehdawe et al., 2021). These two search results will be analyzed for articles supporting this research.

The fourth stage of literature review analysis and the fifth stage of compiling references in the bibliography in this study use the American Psychological Association (APA) format. This fourth stage includes selecting journals that support the research topic and analyzing the journal findings that support the research topic. The research topics analyzed were journals from around 2000 to 2024. The rationale for selecting these years was based on the initial phenomenon, namely how to change people's mindsets to avoid being trapped by the recently rampant online loans, as well as the role of financial institutions in empowering communities economically. The results of the analysis of these 20 journals are presented in Table 1 below.

Table 1. Description of Research Texture

No	Theme Cluster	Analysis Results	References
1	The Role of Micro Finance (MF)	Acting as a Cooperative for the Community	(Glass et al., 2014)
		Maximizing benefits for members	(Simamora et al., 2023)
		Addressing family finances	(Baffoe et al., 2021)
		Economic empowerment in the community	(Sharma, 2020)

	Providing non-financial assistance (training and skills) to the community	(Glass et al., 2014) and (Yasin, 2020)
	Providing benefits not obtained through access to banking financial institutions	(Firdaus & Kamello, 2020)
	Empowering women by providing business capital, financial literacy, and business skills	(Thanh, 2020) (Sutiyo et al., 2020)
2	The role of MF in community empowerment	MF as a source of economic income for the community (Thanh, 2020)
		development of financial inclusion for the community (Sharma, 2020)
		become an effective tool to overcome poverty (Sharma, 2020)
		encourage economic growth among lower class people (Sutiyo et al., 2020)
		was a financial trend in the 2000s (Sharma, 2020)
	alternatives for low-income families/SMEs for business development	(Firdaus & Kamello, 2020)

Source: Processed data (2025).

Based on Table 2, this research is divided into two theme clusters: first, the role of MF, and the second cluster, the role of MF in community empowerment. These clusters are distinguished by several analysis results. The first cluster concerns the role of MF, which states that MF has many roles both in society and the national economy. The role of MF is essentially empowering the community's economy through MF that is close to the community. This community economic empowerment can take the form of financial or non-financial assistance. Most importantly, financial literacy for the community will change the mindset to become a society that is aware of financial literacy, thereby developing resilient and superior human resources in finance.

The second cluster discusses the role of MF in community empowerment. The results show that MF's role in community empowerment shows that MF acts as a microfinance institution that plays a role in building financial inclusion for the community in encouraging economic growth, especially for the lower classes. Thus, MF's role can increase or empower the economic growth of small communities. MF has a role as one of the financial institutions that is increasingly trending among the community. When people cannot use the services of bank financial institutions, MF will provide convenience for the community. MF also plays a role in increasing income for both low-income families and to develop SMEs within the community. The role of MF as a whole will increase the excellence of Indonesian human resources, especially in the financial sector.

### **Credit Union Microfinance Institutions.**

Etymologically, a credit union (CU) comes from the words "credit" and "union." The Latin word for "credit" is "credere," meaning "mutual trust," while "union" (unio) means "collection." Therefore, a credit union is a group of people who trust each other and share a common goal (NCUA, 2005).

CU are part of the microfinance institutions in Indonesia. Financial institutions in Indonesia include government-owned and private banks, rural credit banks (BPR), and various non-bank financial institutions such as the Rural Credit Fund Institution (LDKP), Permodalan Nasional Madani (PNM), Perum Pegadaian (Pegadaian State-Owned Enterprise), cooperatives, credit unions (CU), and other community self-help groups (Kusumajati, 2021).

Credit unions (CU) differ from other microfinance institutions in that they have five pillars. These five pillars are:

1. Education, with the slogan "starting with education, growing with education, controlled by education, dependent on education." Education is a key pillar of credit unions. Every prospective credit union member is required to participate in this educational program. This program covers the credit union philosophy, changing the mindset of prospective credit union members regarding financial literacy, productive entrepreneurship, understanding credit union services and products, and managing family budgets. Through financial literacy in this program, it is hoped that prospective CU members will develop greater awareness of financial literacy.

2. Self-reliance: CU are owned by members, managed by members, and for members, meaning that CU are managed by and through their own strength. This is what makes CU strong as financial institutions.

3. Solidarity: All CU members prioritize the values of togetherness, a sense of unity, and a sense of unity, with the slogan "If you're in trouble, I'll help you, if you're in trouble, you'll help me."

4. Innovation: For CU sustainability, CU need to innovate both in terms of products and services to win the competition with other microfinance institutions.

5. Unity and collaboration between managers, members, and other stakeholders strengthen CU in terms of capital, assets, and services (Cucoindo, 2022).

### **CONCLUSION**

Based on the analysis of journal data and the phenomena in this research background, it can be concluded that the role of Credit Unions (CU) as financial institutions (MF) for the community is:

1. Changing mindsets. Every CU member who joins undergoes financial literacy training. This demonstrates the CU concern for its members and its commitment to helping its members. Not all loans applied for to CU will be granted if, for various reasons, they are not feasible.

2. When lower-middle-class communities have difficulty obtaining loans from banks, CU are available to them with various conveniences and also provide literacy.

3. Providing solutions for members facing hardship and developing businesses when they encounter a disaster and lack funds. CU are available in times of need.

4. CU are non-discriminatory; their members and managers come from diverse ethnic backgrounds, nationalities, genders, beliefs, and faiths.

5. The role of CU in community empowerment, particularly towards superior Indonesian human resources, distinguishes CU from other types of financial services, even among MF. Credit unions offer a variety of financial literacy education programs, from the initial process before becoming a member to loan applications. They are assisted throughout the process, including for productive and consumptive activities. This process further enhances



the empowerment of superior human resources, particularly in financial literacy, within the credit union process.

Suggestions for stakeholders related to financial institutions, such as the Department of Cooperatives and other parties, include greater attention and guidance for credit unions in various regions across Indonesia. For the private sector, specifically the Indonesian credit union parent organizations, INKOPDIT and PUSKOPCUINA, this study provides input that credit unions provide numerous benefits to the community, encouraging credit union parent organizations in Indonesia to further improve their performance, both in terms of service and financial services for the community/members.

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