Accessibility of beef cattle farmers for formal financing institutions in Bontomarannu District, Gowa Regency, South Sulawesi

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Abstract. Every beef cattle business owner has certain considerations in choosing the type of financing to run his business. One type of external financing available comes from formal institutional financing, but household-scale beef cattle farms with little livestock ownership make access to financing sources primarily financing from formal institutions difficult. The middle to lower livestock business actors is generally less able to reach formal financial institutions such as banks to obtain additional capital so that this financial market segment is actually filled by non-formal financial institutions such as loans from close relatives, merchants suggesting production and even money lenders. The purpose of this study is to determine the accessibility of household-scale beef cattle business to formal financial institutions. The types of data used in this study are qualitative and quantitative data. The research data was collected through a survey using interview techniques. The results showed that the accessibility of beef cattle breeders to formal financial institutions was relatively low, even to non-formal financial institutions originating from close relatives.

1. Introduction

Most Indonesians living in rural areas depend on the livestock sector, in addition to farming. Beef cattle have long been kept by some people as savings, meat, and labor to cultivate the land with traditional maintenance management. Thus, cattle farming has traditionally been considered an investment [1]. The pattern of beef cattle business is mostly in the form of people's efforts to produce seedlings or fattening, and maintenance is integrated with food crops and plantation crops.

In reality, the beef cattle business cannot run easily because there are several obstacles faced in developing the business owned, for example in terms of capital. The increased production of high-quality beef is needed to meet the demands of large populations in Indonesia, but there is always a gap between beef supply and demand. Meanwhile, This livestock business requires a large enough capital so that the availability of sufficient working capital is an absolute requirement that must be met to establish a beef cattle business [2].

One of the things that become an obstacle in the beef cattle business is the financing needed in the operational process. Financing is the capital needed to make a business. Financing itself is the most vital
thing in creating a new business. The most important financing is usually using capital money, sometimes large capital is needed to make a new business.

Funding needed by farmers is not enough if it only comes from the breeders themselves so that external sources of funding are needed. Sources of financing are divided into two, namely internal sources or those from farmers themselves and external funding sources or those from outside farmers. Sources of funding available for beef cattle business can be in the form of internal and external funding sources that can come from formal and informal funding. Informal funding refers to funding that can be obtained from family, friends, and others while formal funding sources are usually obtained from institutions such as banks or the government.

Within the rural credit market, there is market segmentation, namely formal and informal credit markets. Even these two categories which are sources of financing for rural communities have distinctive characteristics. These characteristics relate to the target group lending and submission requirements, ways of repayment, sanctions, incentives and so on [3].

As for the cost of adding capital they get from outside, it is mostly obtained from informal sources such as from money lenders, so this is one of the problems that often arise due to the difficulty of repaying loans with a fairly high-interest rate. According to [4], this type of financing was chosen after internal financing was caused because this funding source was more flexible, easier and relatively fast, usually, farmers would get loans when the money was needed. Another reason is that such financing does not have a lengthy procedure, does not require collateral as collateral for loans obtained because it is sufficient with capital trust between the farmer and the person providing the loan. This condition is often found especially in rural areas because farmers and lenders know each other.

Gowa Regency has an agricultural sector that is developing quite rapidly each year, especially in the field of animal husbandry. Animal husbandry, in this case, is beef cattle developed in the Gowa Regency. One area with significant livestock development is the Bontomarannu District. This can be seen from the total beef cattle population in 2017, which was 3,502 and in 2018 it became 3,802. High enough beef cattle population needs to be accompanied by adequate empowerment of beef cattle business, for example, there is venture capital for farmers.

2. Materials and methods
This research was carried out in the Bontomarannu Subdistrict of Gowa Regency in September 2019 - October 2019 with details of the research schedule. The selection of research locations was done deliberately based on the number of beef cattle populations which constituted. The type of research used is descriptive quantitative research that is describing or describing accurately and systematically the research variables, namely the accessibility of household-scale beef cattle breeders to formal financial institutions in the Bontomarannu District, Gowa Regency.

Primary data were also obtained from formal and non-formal financial institutions, in order to obtain information on policies and diversity of credit distribution for household-scale beef cattle breeders.

3. Results and discussion
3.1. Accessibility of beef cattle breeders to household scale against formal financial institutions
Based on the research that has been done, it can be seen that the accessibility of household-scale beef cattle farmers to financial institutions can be seen in table 1.

In Table 1, it can be seen that the source of financing most widely used by breeders in the Bontomarannu District is financing originating from non-formal financing. This can be seen based on the percentage of funding sources originating from other sources (family/neighbors/friends) far higher than with formal financing sources. In Borongloe Village the percentage of farmers using financing comes from family/neighbors/friends 32%. This source of funding is chosen by beef cattle farmers because they are easier to obtain without
having to go through an administrative process that is sometimes considered complicated. Loans are
they get can come from close friends, family or neighbors.

Table 1. Accessibility of household beef cattle farmers to financing sources in Bontomarannu District Gowa Regency

| Source of Financing | BorongloE (%) | Bontomanai (%) | Sokkolia (%) | Pakatto (%) |
|---------------------|---------------|----------------|--------------|-------------|
| Formal Institution: |               |                |              |             |
| - Commercial banks  | 13            | 11             | 0            | 7           |
| - Cooperative       | 10            | 15             | 7            | 20          |
| - Pawnshop          | 0             | 8              | 0            | 3           |
| Non Formal Institutions: |         |                |              |             |
| - Loan shark        | 7             | 5              | 0            | 0           |
| - Others            | 32            | 21             | 27           | 15          |

Accessibility of beef cattle breeders in Bontomarannu Subdistrict, Gowa Regency based on research that has been done can be seen based on the percentage in Table 1. The percentage of the number of farmers accessing formal financing sources is very low when compared to non-formal financing sources. The financial institutions that can be accessed by breeders come from commercial banks/units, cooperatives, and pawnshops.

Accessibility of beef cattle breeders to commercial banks/cooperative units is highest, namely Borongloe Village with a percentage of 13% followed by Bontomanai Village 11%, Pakatto 7%, and Sokkolia where there are no breeders who have access to commercial banks. The low percentage of accessibility of beef cattle farmers to commercial banks is because the process of lending from formal institutions such as banks requires a long administrative process and some farmers do not have collateral which is the main requirement in applying for loans.

According to [5] that farmers who have access to formal micro-institutions are very small, this is due to several obstacles, namely farmers not having collateral, monthly payments are not in accordance with farming which provides a seasonal production cycle and small farmers are generally unfamiliar with complicated administrative procedures.

4. Conclusion
Based on the results of research that has been done shows that the accessibility of household-scale beef cattle farmers to formal financial institutions is relatively low, even in non-formal financial institutions that come from close relatives higher.

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