



Biased behavior in borrowing from loan sharks

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Abstract

Purpose – This study aims to explore and understand how the mindset of merchant women in Montong Traditional Market so choose loan sharks as their loan source, which refers to the perspective of behavior and financial literacy.

Methodology – This qualitative research with a Schutz phenomenological design, takes the research setting in Montong Traditional Market, Tuban. Data were collected through observation, interviews, and documentation.

Findings – The results of the study show five biased of merchant women towards loan sharks, namely confirmation bias, framing, herding effect, hindsight bias, and representativeness. 'Agamis' in the merchant women in Montong Traditional Market does not guarantee that she is free from loan sharks.

Implications – The results of this study indicate that related parties, such as religious leaders, the society leader, and cooperatives in Montong Traditional Market, Tuban, are expected to be able to increase education related to financial literacy through existing programs effectively and efficiently. Banks and cooperatives in the Montong Traditional Market area should be able to pick up the ball by providing door-to-door services to merchant women in Montong Traditional Market as a maximum effort to eradicate loan shark practices.

Originality – This study explores the mindset of merchant women on loan sharks, whereas previous studies related to loan sharks have only explored them from an economic perspective.

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Introduction

Research on financial behavior and household attitudes found that financial literacy plays an important and consistent role in financial decision-making (Kawamura et al., 2021). Someone's behavior related to finance is different, in some financial decision options, someone chooses a loan from another party. In the conventional world, loans can be obtained through bank institutions or non-formal parties, such as loan sharks. In addition to very high-interest rates, borrowing from loan sharks carries a greater risk than borrowing from a bank. These loans can paralyze businesses that should be able to increase capital, but on the contrary, it creates social pressure if they cannot pay their existing obligations. In classic cases, borrowers who were unable to repay would be beaten and publicly humiliated. The loan shark mechanism is different from the bank, when the terms are met, then the transaction can be carried out immediately, and the money or funds submitted can be used by the borrower quickly and simply. The existence of loan sharks in the era of modern banking is more or less the same as the merchant who proliferates on

the roadside, even though without a permit, the goods traded are often fresher and cheaper, and have faster service (Sibarani, 2002).

The main factors that make loan sharks a source of loans are the ease of the system and the speed of loan sharks compared to formal parties (Pandey et al., 2019; Prijadi et al., 2020). The ease of loans from loan shark includes, there are no terms and collateral, and the amount of the loan, including not requiring savings account for those who do not qualify for loans from banks and other formal financial institutions (Allen et al., 2011; Parlina, 2017).

Research by Noerhidajati et al. (2021), explains that household financial vulnerability or Indonesia's Financial Vulnerability Index (FVI) is not only influenced by income factors, but also by behavioral characteristics related to finance and socioeconomic factors. Behavioral factors and minimal financial literacy are also a source of loan constraints, namely; can not apply for a loan, and lack of knowledge, or training on financing issues (Prijadi et al., 2020). Women are constrained by family affiliation, caste level, and poverty in terms of financial literacy (Reboul et al., 2021). Women are also constrained by English language skills, and the use of various sources of information, such as television, radio, newspapers, or the internet compared to men in patriarchal countries (Rink et al., 2021). Other significant factors that also affect credit are education, group membership, and household size (Silong & Gadanakis, 2020). As confirmed by Shihadeh (2018) research, people at the lower economic level tend to borrow from informal financial sources because of soft rules and regulations, while the upper economic levels use formal financial sources, most of them are highly educated individuals, this is due to the fact that there are still many people who do not have accounts, especially women because of limited job opportunities. Financial literacy plays an important role and consistency in financial decision-making (Kawamura et al., 2021).

Loan shark in addition to having negative impacts, such as high suicide rates due to debts that cannot be repaid, where the source of these loans plays a major role in causing hardship for farmers in Maharashtra India (Pandey et al., 2019). Loan shark has also had a positive impact in several other countries. In Tamil Nadu women can meet their needs and productive investments through informal loans (Reboul et al., 2021). Funding for small businesses in the Greater Jakarta area (Prijadi et al., 2020). A loan shark is a solution for people who do not qualify for loans from banks and other financial institutions in Tunisia Africa (Allen et al., 2011). Source of loans for farmers in rural Nigeria (Silong & Gadanakis, 2020). Also supported by research by Aktaruzzaman and Farooq, (2020), showing that physical violence is much lower against women who have control over credit, this is clear evidence that financial independence makes women more empowered.

Previous studies on the practice of loan sharks were limited to exploring those related to the economic perspective, namely things that were defined and objective (Allen et al., 2011; Kawamura et al., 2021; Pandey et al., 2019; Parlina, 2017; Prijadi et al., 2020; Reboul et al., 2021; Rink et al., 2021; Shihadeh, 2018; Silong & Gadanakis, 2020). However, some that include behavioral perspectives and financial literacy, namely things that are more personal with various (subjective) bases on reality or social practice need to be explored more deeply, thus being of particular concern to seek solutions.

The practice of loan sharks also occurs in a society that is known to be quite 'agamis', namely in the Montong Traditional Market environment, Tuban. Loan sharks are widely accessed by merchant women. The average livelihood of the head of the family does not always guarantee a series of daily needs, at first they try their luck in agriculture, but the weather is often erratic, making harvests difficult to rely on. With limited capital, they set out to become a traditional fruit and vegetable merchant, which researchers currently choose as key informants for the study.

This becomes interesting when loan sharks thrive in an environment where people should understand more about the prohibition of usury, especially in a very high percentage. Research by Du and Zeng (2019), supports this statement, that religious individual tend to be more ethical and honest, ultimately loan sharks favor religious people for the funds they lend.

The loans obtained by the Montong Traditional Market merchant are not only obtained from a loan shark, but more than two or three loan shark. The amount of money collected is

used to dig the hole to cover the hole. The first debt that has not been repaid, they pay with loans from other loan sharks, and so on. Loans that can be repaid become a term for the next loan with a larger amount.

The results of this study will become a concept or model by exploring and understanding the mindset of merchant women in Montong Traditional Market so that they choose loan sharks as their source of loans, which refers to the behavioral perspective and financial literacy. This is also the urgency why the theme of this research needs to be explored more deeply through a qualitative approach, where in fact in other areas there have been many quantitative studies that have studied through surveys, but from some research results, it is not yet in-depth what exactly is the essence of loan sharks for merchant women, borrowers at loan sharks. It can be a novelty in this research.

Literature Review

Banking

Micro-enterprises do not use funding from formal institutions, they rely more on funding from non-formal institutions. They hesitate to borrow from formal financial institutions, as the rates are high and the processing time is longer than those of loan sharks (Prijadi et al., 2020). In this fast-paced era, current technological era, sustainable banking is expected to be able to reach all levels of society with all its challenges. Sustainable banking has the potential to further enhance financial development by promoting depth (size and liquidity), access (the ability of individuals and companies to access financial services), and efficiency (the ability of financial institutions to provide financial services at low cost and with sustainable income) in banking market (Úbeda et al., 2022). In a simple scope, microfinance is an achievement for overcoming poverty, but due to some shortfalls, including higher interest rates, fund diversion, lack of personal development, etc., microfinance has not achieved the expected results, Islamic microfinance has emerged as a new concept in the scope of microfinance which shows a better comparison of overcoming poverty, especially in Muslim-majority areas, through moral development products and programs, the concept is not only poverty reduction but also long-term sustainable development (Begum et al., 2019). Therefore, the theory of sustainable banking and Islamic microfinance can be applied to overcome the practice of lending to loan shark at the Montong Traditional Market, Tuban, which is still the main obstacle to loan problems. One of the root causes of the lack of financial literacy is the relevance of banking and microfinance due to a lack of socialization and an inappropriate approach. Thus, the values and theoretical concepts of sustainable banking and Islamic microfinance are expected to become a reference in overcoming problems of loan shark practices in Indonesia, especially in the Montong Traditional Market environment, Tuban.

Loan Shark

Loan shark come from the Dutch language, in the International Dictionary (Raliby. 1982), loan shark mean "eaters of usury or money interest". Any religion forbids, condemns, and threatens usury eaters. *Riba'* tears and destroys the spirit of mutual assistance that should underlie human civilization as social beings (Nasar, 2018). Sharia law also prohibits all acts of extorting fellow human beings by using money or other goods or services. As described in QS. Al-Baqarah 2:278-279. The main factors that make loan sharks a source of loans are the ease of the system and the speed of loan sharks compared to formal parties (Allen et al., 2011; Pandey et al., 2019; Parlina, 2017; Prijadi et al., 2020). In addition to loan shark having a negative impact (Pandey et al., 2019), several studies have also shown that loan shark have a positive impact on lower-class people (Aktaruzzaman & Farooq, 2020; Allen et al., 2011; Prijadi et al., 2020; Reboul et al., 2021; Silong & Gadanakis, 2020). Regardless of the advantages of borrowing from a loan shark, it is only temporary. The impact of loan shark on poor society is so urgent, that there is a need for institutions that can deal with this loan shark problem, there are even people who work hard just because they have to pay their debts to the loan shark, in this case, Islamic microfinance can be a solution for them (Wasiaturrahma et al., 2020).

Financial Behavior

Financial behavior studies how humans behave in a financial decision, the focus is on studying how psychology affects financial decisions, companies, and financial markets. Financial behavior is an approach that states how humans make investments or relate to other finances that are influenced by psychological factors (Wicaksono, 2015).

The research of Ares et al. (2021), stated that financial behavior is a benchmark for an individual to behave when faced with financial decision choices. Financial behavior is related to a person's ability to control himself. The concept of self-control in economics is generally measured in terms of time preferences. Lack of self-control is understood as a deviation from rational behavior, especially the problem of time inconsistency. An individual who has a good ability to make financial decisions has little or no potential for future financial problems, demonstrates sound financial behavior, and can determine priority needs. Healthy financial behavior is indicated by good financial planning, management, and control activities. In Dew and Xiao (2011), it is explained that financial behavior includes three financial dimensions, namely, consumption, cash-flow management, saving, and investment. Some of a person's financial decisions are often also based on irrational factors, in this case, biased behavior also affects emotions, there are seventeen according to Zahera and Bansal (2018), namely; overconfidence, disposition effect, herding effect, mental accounting, confirmation bias, hindsight bias, house money effect, endowment effect, loss aversion, framing, home bias, self-attribution bias, conservation bias, regret aversion, recency, anchoring, representativeness. Five of the seventeen biased behaviors occurred in this study (Zahera & Bansal, 2018);

1. Herding effect. The herding effect was first identified that people tend to follow other people's decisions, relying on collective information rather than digging for more detailed information.
2. Confirmation bias. Confirmation bias is explained that people being impressed by something before and they rely on that information, adjusting future information to fit their opinion. This results in irrational decisions and avoidance of other information.
3. Hindsight bias. This bias is explained when a person believes that the occurrence of an event can be predicted fairly, this belief can be dangerous because it forms a cause and effect relationship between two events even when the relationship it's not related at all. This results in irrational decisions.
4. Framing. Framing explained that information is given in a positive frame, and one avoids risk to ensure profit. Even though the information is the same but in a negative frame, they are ready to take risks to avoid losses. So information can be presented to change their opinion.
5. Representativeness. Representativeness was described as assessing the characteristics of an event or object similar to other events or objects. This makes people think more about what may or may not happen.

Financial Literacy

Financial literacy is when individuals combine financial knowledge with financial attitudes that can produce positive financial behavior (Cossa et al., 2022). The low level of individual financial literacy has a negative impact on financial well-being and the economy in general. A lack of financial literacy is considered a bad individual financial decision, so it has an impact on their future. Individuals can make financial decisions with better information, financial knowledge, skills, and attitudes are needed (Cossa et al., 2022). Individual well-being depends on their level of financial literacy. Therefore, it is important to have a financial literacy program that can help individuals in their consumption, savings, and retirement decisions.

'Agamis'

Mangunwijaya's statement (1982), that the meaning of 'agamis' is different from 'religious', but the two cannot be separated because they are interrelated, 'agamis' is more about institutions,

worship to God, or the world on its official, juridical, regulatory and social aspects, and so on, while 'religious' is more about aspects that a person has lived in his heart, a person's attitude includes the totality of the human person, the meaning that is inferred in 'religious' explains the purpose of why humans were created, what humans must do to fit the purpose of creation. So in this study 'agamis' is a 'term' that cannot be translated into international languages, because the meanings of 'religious' and 'agamis' are different. Another study by Misra et al. (2019), explained that the role of religiosity and awareness was determined as a reliable predictor of intuitive abilities and analytical skills so that a person can analyze and make better decisions.

Every human action is burdened with responsibility (*mas'uliyah*), and religion explains accountability through Allah's decision in the afterlife (Lubis, 2017). The benchmarks of religion are right-wrong, good-bad, and the benefits-disadvantages. According to Kuntowijoyo, religion can be manifested in various fields including the economy. In this research setting, it indicates that the Montong Traditional Market environment is 'agamis', which consists of several Islamic boarding schools in the Montong District, and every Sunday there is a religious recitation for the Montong Traditional Market merchants. It becomes interesting whether 'agamis' in the Montong Traditional Market environment influences their decision to borrow from loan sharks, which contain interest and usury (*riba*).

Previous Studies

Several empirical studies related to the practice of loan sharks focus mostly on the economic perspective. Two mixed-approach research findings support this research, namely by Pandey et al. (2019), and Silong and Gadanakis (2020). Five quantitative research findings by Aktaruzzaman and Farooq (2020), Allen et al. (2011), Kawamura et al. (2021), Reboul et al. (2021), Rink et al. (2021) as well as two qualitative research findings, by Parlina (2017) and Prijadi et al. (2020), although many quantitative studies explored the practice of loan shark, it is not deep enough what exactly is the essence of loan shark for borrowers, especially in terms of behavior and financial literacy.

The ease of the system and speed of loan sharks compared to formal parties are the main factors as a source of loans (Pandey et al., 2019; Prijadi et al., 2020). Loans loan sharks have no terms and collateral and are not bound by the time and amount of the loan, including not requiring savings accounts for those who do not qualify for loans from banks and other formal financial institutions (Allen et al., 2011; Parlina, 2017).

Besides the conveniences offered at the beginning of the loan process, there is a factor of lack of financial literacy, namely not being able to prepare loan applications, and a lack of knowledge, and training on financing issues (Prijadi et al., 2020). In terms of financial literacy, women are limited by family affiliation, caste level, and poverty (Reboul et al., 2021). Likewise, with English language skills, the use of various sources of information, such as television, radio, newspapers, or the internet compared to men in patriarchal countries (Rink et al., 2021). Education, group membership, and household size are also significant factors that affect credit (Silong & Gadanakis, 2020). Of the many phenomena that exist, financial literacy plays an important and consistent role in financial decision-making (Kawamura et al., 2021).

The negative impact of the practice of loan shark in Maharashtra India is the high suicide rate due to debts that farmers cannot pay off (Pandey et al., 2019). In addition to the negative impact, loan sharks also have a positive impact in several other countries. Women in Tamil Nadu can meet their needs and productive investments through informal loans (Reboul et al., 2021). In Jabodetabek areas it is useful for small business funding (Prijadi et al., 2020). In Tunisia, Africa, loan sharks are a solution for people who do not qualify for loans from banks and other financial institutions (Allen et al., 2011). In rural Nigeria, a source of a loan shark is useful for farmers (Silong & Gadanakis, 2020). Another study by Aktaruzzaman and Farooq (2020), showed that physical violence was much lower against women who had control over credit, and financial independence was proven to make women more empowered.

The problems and constraints on loans above are an indication that the role of cooperatives or other micro-institutions is minimal, which should be the foundation of the economy, especially the lower class people, to be able to rise and improve their standard of living.

Microfinance is a means of correcting market failures in the credit market (Dowla, 2006). Cooperatives play an important role in socio-economic development although their failures persist in several countries, including Indonesia. The regulatory environment continues to be an existential challenge. However, cooperatives have maintained their autonomy and independence from government intervention, and continue to grow and develop to fulfill social and economic goals in helping economically weak members and communities. The Keling Kumang Cooperative provides a clear example of how the cooperative's mission is to reduce poverty and improve the living standards of members and communities in West Kalimantan (Tulus & Nerang, 2020).

The Mindset

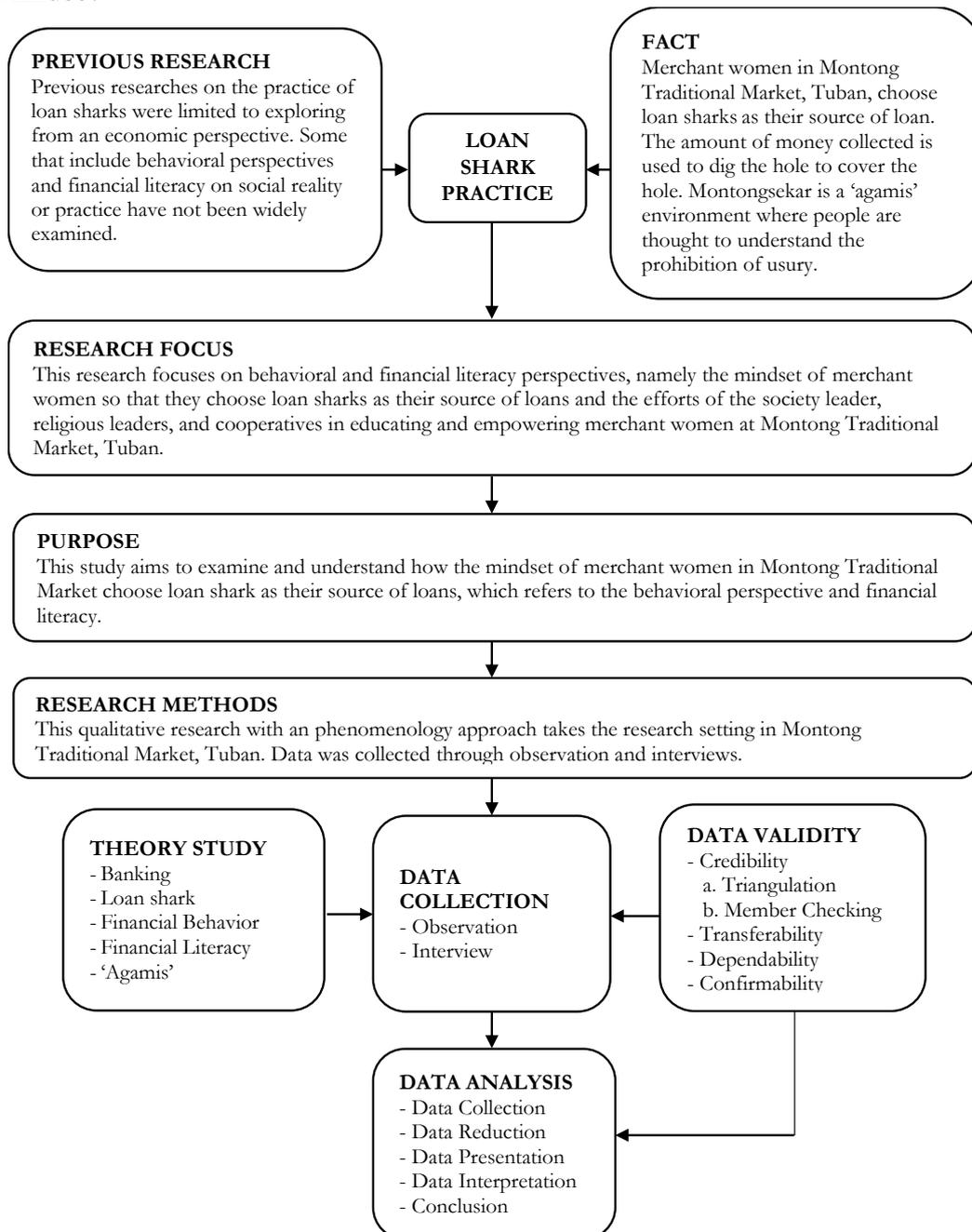


Figure 1. The Mindset

Research Methods

The research method in this study will be described one by one in the sub-chapters below according to the mindset in Figure 1.

Research Approach

In the practice of loan shark in Montong Traditional Market, the amount of money collected is used to dig a hole to cover the hole the merchant women. Montongsekar is a 'agamis' environment where people are thought to understand the prohibition of usury. Previous research on the practice of loan sharks was limited to exploring from an economic perspective. Some that include behavioral perspectives and financial literacy on social reality or practice have not been widely explored. This exploratory research was conducted with a qualitative approach based on the research objective, namely to explore concepts or models by exploring and understanding how the mindset of merchant women in Montong Traditional Market so choose loan shark as a source of loans. Exploratory research aims to explore a complex set of factors that surround a central phenomenon and present various perspectives or meanings held by the informants (Creswell, 2014). This study seeks to reveal the behavior and assumptions that occur in merchant women when borrowing credit from a loan shark. Researchers also explore the role of social leaders, religious leaders, and cooperatives in educating and empowering merchant women at Montong Traditional Market, Tuban. The disclosure is based on the views, understandings, thoughts, and actions of the research subjects, namely merchant women at Montong Traditional Market, Tuban.

Research Design

The design of this research is Schutz phenomenological design, which explains that the understanding of one's actions is not only based on influences from within oneself but also the influence of other people and the socio-culture that exists during one's life, one discovers the world from experience and other subjects which are organized in their consciousness in an intersubjective manner, in the end providing access of that person's actions (Fatchan, 2011). Phenomenology describes the meanings of merchant women from the experience of borrowing from a loan shark. This interaction is not limited to the interaction of merchant women with a loan shark, but also between merchant women and other merchant women, merchant women with their families, and other close people who influence these merchant women so that they make loan decisions to a loan shark. So interactions related to loan shark practices that occur in the Montong Traditional Market are suitable to be explored and understood with this phenomenological research design.

Sample Collection and Determination of Informants

Researchers used the snowball sampling method because it is not known for certain who is practicing lending to loan sharks. Thus, the use of a sampling technique with snowball sampling is considered the most effective and efficient. The number of informants in the snowball sampling has no limit, but the process of collecting data from informants will be stopped if data saturation and similarity of answers have been encountered repeatedly.

Researchers in obtaining the required data sources use key informants. The key informant was obtained, namely a traditional fruit merchant woman (Mrs. A) at Montong Traditional Market, Tuban. Besides Ibu A having a lot of information and getting to know the people involved in lending to loan sharks, Ibu A's open and friendly characteristics became the researcher's choice as a key informant. According to the request and agreement with several informants, the names of the merchant women borrowing money from loan shark will be deliberately disguised to protect the privacy of the informants.

Data Collection

Data collection techniques used are observation, interviews, and documentation. Observation is open, researchers ask general questions to informants to freely give their views (Creswell, 2014). Researchers observed the behavior or activities of merchant women in Montong Traditional Market related to loan shark activities to get more valid information, such as how they decided to

borrow, pay in instalments, negotiate, and interact with each other related to loan shark activities, then the researchers recorded the data, it became a manuscript. The interview is flowing, but still on important points to be explored, including how their income condition, how they manage finances, how they value and be respected, and how they inspire religious values. Through documentation, researchers collect various sources of supporting data, relating to loan system records to loan sharks, starting from the first loan to continuing in the next period, loan amount, loan instalments, repayment, and loan extension. Observations, interviews, and documentation were conducted when the market was operating, namely Monday and Saturday, in the morning until just before *ashar* prayer time, about four to five hours for one month, from August to September 2022. Interviews cannot be conducted with loan sharks.

Data Validity

Testing the validity of the data in this study includes validity and reliability. The validity of the data was carried out through interviews with supporting informants, namely society leaders, religious leaders, and cooperatives regarding the practice of loan sharks in the Montong Traditional Market. This was done to confirm the correctness of the information provided by the merchant women as borrowers from a loan shark. The information submitted by the merchant women was validated by supporting informants that it was true, how the conditions and efforts have been made by society leaders, religious leaders, and cooperatives to get rid of the habit of borrowing from a loan shark. Emzir (2010) states that there are four criteria to assess the quality of qualitative research, namely: (1) credibility, (2) transferability, (3) dependability, and (4) confirmability.

Data Analysis

Qualitative data analysis in this study refers to Creswell (2012). There are six steps commonly used in qualitative data analysis. First, the steps of qualitative research analysis are not always carried out sequentially, but represent the preparation and organization of data for analysis; secondly, engage in the initial exploration of the data through the coding process; third, the researcher uses the code to develop a more general picture of thematic descriptions and data from loan shark practices in Montong Traditional Market; fourth, the researcher represents the findings through narration and visuals; fifth, the researcher interprets the meaning of the results by personally describing the significant impacts and possible literature findings; and lastly, implementing a strategy to validate the accuracy of the findings. The researcher visualizes the first steps in this process by assessing a “bottom-up” approach to analysis. Qualitative researchers first collect data and then prepare it for data analysis. This analysis initially consisted of developing a general understanding of the data, then coding descriptions and themes about the phenomenon of loan shark practices in this Montong Traditional Market.

Results and Discussion

At the compiling stage, the researcher sorts the field notes that have been collected from the results of observations, interviews, and documentation with informants regarding the mindset of merchant women in Montong Traditional Market so that they choose loan sharks as their loan source, which refers to the behavioral perspective and financial literacy (Table 1).

Table 1. Description of Informants

NO	Informant	Age	Occupation
1	Informant A	49 years	Traditional fruit merchant
2	Informant B	45 years	Traditional fruit and vegetable merchant
3	Informant C	38 years	Traditional fruit merchant
4	Informant D	37 years	Traditional vegetable merchant
5	Informant E	41 years	Traditional fruit and vegetable merchant

In the disassembling stage, the researcher simplifies or reduces the data into smaller parts to get the words that are relevant and most frequently appear by the informants. From the data reduction process, the researcher obtained six themes from words that often appear, namely relief, no school, motivation, worry, afraid, and ricefield produce (Table 2).

Table 2. Informant's Decision to Borrow from Loan Sharks

No.	Name	Statement	Theme
1	Informant A	In addition to my own needs, I also want to relieve the needs of my grandson little by little.	Relieve the needs
	Informant B	There is no other choice to relieve the needs of the family, like it or not, I borrow it from loan sharks.	
	Informant C	I want to help relieve my husband's burden for his daily needs.	
	Informant E	The daily needs from the sales are sometimes sufficient, sometimes not. Loan sharks can relieve the shortage.	
2	Informant A	I don't go to school. I'm ashamed to go to the office like that.	No school
	Informant B	I was confused when I entered the bank, I did not graduate from school.	
	Informant C	No school, afraid of not understanding the advanced equipment in the bank office.	
3	Informant A	Maybe if I had no debt, I wouldn't be motivated to be a merchant in the market anymore.	Motivation
	Informant B	If I didn't borrow, I might have looked for work elsewhere, abroad.	
	Informant D	I don't want people to look down on me just because I don't have anything. This loan motivates me to keep working, sis.	
	Informant E	I'm happy, this way I'm excited to try to make money, I don't want people to look down on me anymore.	
4	Informant A	I am a mediocre person if I don't have debt, I'm worried that I will be considered a rich person.	worry
	Informant C	Who am I, sis, just a small farmer, don't be "smug" (pretending to be rich). I'm worried about what other people think.	
	Informant D	Just poor people, sis. It's not uncommon to have no debt.	
5	Informant A	If I don't know loan sharks, when I urgently need funds, who do I borrow from?	Afraid
	Informant C	The quickest and easiest way to borrow from loan sharks, who else do you want?	
	Informant D	I'm afraid of not getting a loan, but with loan sharks no matter how urgent, if you have the number, the money will be delivered.	
	Informant E	On holiday and I need money if I don't know loan sharks, I am afraid I don't know who I can borrow from.	
6	Informant B	The season is like this, sis. Want to wait for the produce of the ricefields, not sure.	Unreliable ricefield produce
	Informant C	The ricefield produce is not too much, sometimes it's just a return on capital, and even then, to plant again.	
	Informant E	Many needs, ricefield produce results are not necessarily enough for all.	

From the results of observations, interviews, and documentation of researchers with informants, in addition to the economic perspective which is the first factor, followed by the educational background which causes merchant women to be insecure to come to the bank, they assume that people who do not attend school well are unable to use existing banking facilities. If it is connected with biased behavior, this behavior includes confirmation bias, they generally have an impression formed from something before (Zahera & Bansal, 2018). Their misunderstanding

about banks is taken for granted and becomes their limit not to try to come and seek information first, even though as we know every bank has customer service that is ready to serve and direct customers regardless of class. From this problem, both banks, society leaders, and cooperatives have homework to socialize massively with a social and personal approach to how banks and cooperatives help and facilitate society, including market merchants.

Apart from the economic and educational perspectives above, it is also found that irrational mindsets encourage merchant women to decide to borrow some money from loan sharks. The second bias behavior found is framing, explained about framing, where in this study loan sharks loans by merchant women are considered as a motivation for them to keep working, so they are not humiliated and seen as overlooked by those around them (Zahera & Bansal, 2018). Information or labeling good or bad given by others will be done to avoid risk and change their opinion on it.

The third bias behavior found by researchers is the herding effect. The herding effect was identified, this biased behavior makes a person have to follow others even though it is not good and is self-defeating (Zahera & Bansal, 2018). The merchant woman and the people around her used to borrow from loan sharks and if she didn't borrow too, the woman merchant was worried that she was thought to be pretentious because she was just an ordinary person but strange if she didn't have debt.

The fourth bias behavior found by researchers is hindsight bias. If merchant women do not know loan sharks well, in an urgent situation they are afraid of not getting a loan. This is an irrational way of thinking. When a person believes the occurrence of an event can be reasonably predicted, the cause and effect relationship is not even related at all, thus resulting in irrational decisions (Zahera & Bansal, 2018).

Researchers found a fifth bias behavior, namely representativeness, where agricultural products are not reliable, representativeness is described, as the assessment and consider the characteristics of an event or object similar to events or objects that other (Zahera & Bansal, 2018). This makes them more considerate of what may or may not happen. Their belief in failure in agriculture strengthens their decision to borrow from loan sharks before trying to fix things that may not be right.

These problems cannot be separated from the role of the society leader, religious leaders, and cooperatives to educate and empower the economy of merchant women in Montong Traditional Market, Tuban. The following are the efforts found by researchers in research settings (Table 3).

Table 3. Efforts Made for the Problem of Loan Sharks

No.	Informant	Effort	Program
1	Informant F	Diskoperindag (Department of Cooperatives, Industry, and Trade) of Tuban in collaboration with Baznas (National Zakat Charity Agency) formed an Anti-Leaders Cooperative Supervisory Unit	<ul style="list-style-type: none"> ▪ Provide socialization about the benefits of cooperative ▪ Report loan sharks under the guise of cooperatives to the authorities
2	Informant G	Instilling and educating the values religious values to merchants and the community around Montong Traditional Market, Tuban	<ul style="list-style-type: none"> ▪ Religious recitation every Sunday ▪ Education about loan sharks
3	Informant H	Maximizing the role of the Company's CSR	<ul style="list-style-type: none"> ▪ Creating a business capital loan system for merchant women
4	Informant I	Bridging between merchant women and banks	<ul style="list-style-type: none"> ▪ Banking socialization on access to loans to help merchant women and surrounding society

From the research findings, the efforts made by the society leader, religious leaders, and cooperatives are quite good, starting from providing socialization about the benefits of

cooperatives and reporting loan sharks under the guise of cooperatives to the authorities, religious recitation every Sunday, education about loan sharks, creating a business capital loan system for merchant women, banking socialization on access to loans to help merchant women and the surrounding society, but in the process, these efforts have not been successful in educating the mindset and empowering merchant women at Montong Traditional Market, there are still many merchant women who believe that by borrowing from loan shark the economic burden will be more light and the stigma of the people around him is better for him.

Poor people are those who have very low incomes. They only have a little capital and some don't even have it at all. In addition, they also do not have access to loans provided by financial institutions in general. From the perspective of merchant women regarding their tendency to choose loan shark as a source of loans, the existence of loan shark among women traders in Montong Traditional Market indicates that there is a need for institutions or parties who are able to help without creating new problems. The concept of Islam in financial institutions is believed to be able to create financial inclusion. Islamic Microfinance Institutions (IMFI) is believed to be a financial inclusion solution, where IMFI services can encourage financial inclusion and other factors such as regulation and public awareness of the importance of sharia-based financial services. In line with the meaning of maqashid sharia, which is the goal to be achieved by Sharia which consists of protection of religion (*hifz al-din*), protection of the soul (*hifz al-nafs*), protection of the mind (*hifz al-'aql*), protection of the souls of offspring (*hifz al-nasl*), and guarding property (*hifz al-maal*) to achieve profit (Rohman et al., 2021).

Such as research Islamic microfinance aims to reduce and alleviate poverty in communities around its business location by releasing people from interest-based debt from loan sharks, pawn shops, and usurious systems. Therefore, this institution provides non-interest loans to people trapped by a loan shark, in accordance with Islamic agreements (Wasiaturrahma et al., 2020). The history of the IMFS itself, the initiative to provide financial services based on Islamic teaching in Indonesia has a long history and can be traced back to the Dutch period when R. Aria Wiraatmaja used the mosque social fund, known as Baitul Maal to establish an informal institution to help the villagers to stay away from the Chinese loan shark (Handayani et al., 2018). From Rohman's research (2021), the application of sharia principles at IMFI has been proven to be able to support the realization of financial inclusion, and integration of zakat management, infaq, shadaqah, and qardhulhasan as a means of social empowerment. Waqf-based microfinance is a solution for providing financing at affordable prices for the lower middle class. The flexibility of waqf regulations can encourage IMFI to expand its services to various aspects: for example, social aspects and financial aspects, in addition to having a macro impact on economic growth.

Conclusion

The results of the analysis show that there are five biased behaviors that appear in the practice of loan sharks by merchant women at Montong Traditional Market, Tuban. The bias behavior is confirmation bias, framing, herding effect, hindsight bias, and representativeness. While the efforts made by the society leader, religious leaders, and cooperatives have been quite good, starting from providing socialization about the benefits of cooperatives and reporting loan sharks under the guise of cooperatives to the authorities, religious recitation every Sunday, education about loan sharks, creating a business capital loan system for merchant women, banking socialization on access to loans to help merchant women and surrounding society. However, these efforts have not succeeded in changing the habits and mindset of merchant women in Montong Traditional Market towards loan sharks, there are still many merchant women who believe that by borrowing from loan sharks the economic burden will be lighter and the stigma of the surrounding society will be better for them. Suggestions for society leaders, religious leaders, and cooperatives have homework to socialize massively with a social and personal approach to how banks and cooperatives help and facilitate the society, including market merchants. The results of the study, also show that the existence of loan shark among merchant women in Montong Traditional Market indicates that there is a need for institutions or parties that are able

to help without creating new problems. The concept of Islam in financial institutions is believed to be able to create financial inclusion (Handayani et al., 2018; Rohman et al., 2021; Wasiaturrehma et al., 2020). The practice of loan sharks in the Montong Traditional Market environment, Tuban, which is considered 'agamis', it can be concluded that being 'agamis' in a person does not guarantee someone's decision to do something, including the decision to borrow money to loan sharks, where the loan sharks themselves have very high and detrimental interest and forbidden by Islam.

The limitation of this research is that the loan shark or fund providers are not included in the interviews by the researchers. Therefore preventive or repressive efforts can be carried out proactively against the parties involved, borrowers or merchant women of Traditional Montong Market. So future research should be able to directly interviews loan shark with careful preparation and strategies so that the information obtained is completely intact.

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