



LAKU PANDAI WITHIN INSTITUTIONAL PILLARS: A QUALITATIVE STUDY ON FINANCIAL AGENTS IN RURAL COMMUNITIES

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ABSTRACT

Rural communities still face limited financial access, so “Otoritas Jasa Keuangan (OJK)” established “Laku Pandai”. One of the banks implementing Laku Pandai is Bank BRI. Bank BRI's Laku Pandai is called “Agen BRILink” and “Mitra UMi”. This research aims to analyze how the meaning of “Laku Pandai” is seen from the three pillars of institutions (regulative, normative, cultural-cognitive). This research was conducted using descriptive qualitative approach with a purposive method. The selected informants were Agen BRILink” and “Mitra UMi” in Wonosobo Regency, consist of eight subdistricts. The data collection technique used in-depth interview with agents. The results of the research show that the existence agents play a crucial role in the regulation, norms, and understanding of financial services within the community. In the regulatory pillar, agents extend banking policies into local social spaces within a formal supervisory framework, although this also creates a hybridization between bank rules and local social practices. In the normative pillar, agents change perceptions of appropriate financial services within the local space, but their operations are influenced by norms of trust, privacy, and rural social proximity. Meanwhile, in the cultural-cognitive pillar, agents act as mediators of meaning, helping communities understand and normalize formal banking services until they become accepted practices and gain cognitive legitimacy. Overall, an agent's success is determined by its alignment with formal rules, social values, and the community's cultural understanding.

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1. INTRODUCTION

The gap in access to formal financial services remains a major challenge in achieving inclusive economic development in Indonesia. Rural communities and vulnerable society still have limited access to formal financial institutions such as banking or microfinance institutions. This limitation is not only reflected in statistical figures but also has a tangible impact on the welfare level of the community (Nasution & Alif, 2025).

Financial inclusion plays an important role in improving community welfare (Wardhono et al., 2022). Financial inclusion can be achieved by reducing transaction costs and increasing the variety of formal financial products to enhance competition in the financial market (Mwangi & Atieno, 2018). Financial inclusion refers to a person's ability to access and use basic financial services such as savings, loans, insurance, and others in a safe, convenient, and flexible way (Damayanti & Nirmala, 2024). Financial literacy is a combination of awareness, knowledge, skills, attitudes, and behaviors that individuals need to make financial decisions in order to achieve personal financial well-being (Sugiharti et al., 2019). Financial literacy can contribute to efforts to increase access and use of basic financial services for people who do not yet have a bank account (Kesa, 2019). Further state that financial literacy is an essential tool for fostering community economic development (Sumantri, 2024).

The Financial Services Authority of the Republic of Indonesia (OJK) stated that the national financial literacy and inclusion index in 2025 is higher among urban communities compared to rural ones, as shown in the Table 1.

Table 1. National Financial Literacy and Inclusion Index Based on Regional Classification

Index	Location	Method	Survey Results
Literacy	Urban	Sustainability	70.89%
		DNKI Coverage	71.00%
	Rural	Sustainability	59.60%
		DNKI Coverage	59.87%
Inclusion	Urban	Sustainability	83.61%
		DNKI Coverage	94.48%
	Rural	Sustainability	75.70%
		DNKI Coverage	90.03%

Source: (Otoritas Jasa Keuangan Republik Indonesia, 2025)

Table 1 shows that the national financial literacy and inclusion index of rural communities in 2025 remains significantly lower than that of urban communities. This indicates that the accessibility of rural communities to reach financial institutions is still not optimal. In fact, access to financial institutions plays an essential role in improving the economy of a community. If people have good access to financial services such as payment services, insurance, and funding, this can increase productivity and can help reduce poverty levels (Demirguc-kunt, 2012).

Efforts to encourage inclusive economic growth and minimize economic disparities can be achieved through expanding access to financial services, such as opening accounts at formal banks, fintech, and digital services (Demirgüç-Kunt et al., 2017). Several studies also show that households living in rural areas of developing countries often lack access to bank credit (Nuryartono, 2007). Recent studies further reveal that rural communities in developing countries still face difficulties in obtaining credit access from formal financial institutions, despite the implementation of various financial inclusion programs. Financial inclusion is difficult to achieve if non-bank populations in remote areas are not reached by formal financial services (Hossain & Amin, 2021).

One of the efforts made by the government of the Republic of Indonesia through the Financial Services Authority (OJK), was the launch of the established the Branchless Banking for Financial Inclusion Program, commonly known as “Laku Pandai”. This program utilizes individual agents appointed by banks such as shop owners or business owners who directly serve the community in their daily activities. The program aims to bring financial services closer to people who have not yet been reached by formal banking services.

Since its launch in 2015, the Laku Pandai program has shown positive performance. By early 2024, 35 banks were part of it, with over 1.3 million agents (both individuals and businesses), over 30 million Basic Saving Account (BSA) customers, and over 1.2 trillion Rupiah in savings. Besides savings accounts, these agents also offer things like applying for small loans, buying microinsurance, and other financial services. There were almost 200,000 microcredit/financing customers with over 1.3 trillion Rupiah loaned out. The data are presented in Table 2 below.

Table 2. Laku Pandai Realization in the First Quarter of 2024

Category	Description	Amount
Laku Pandai Agents	Individual	1,286,190
	Business Entities/Outlets	22,167
BSA (Basic Saving Account)	Number of BSA Customers	30,193,258
	BSA Savings Amount	Rp 1.2 trillion
Microcredit/Financing	Number of Customers	195,928
	Credit/Financing Amount	Rp 1.3 trillion

Source: (Otoritas Jasa Keuangan Republik Indonesia, 2024)

However, behind the technocratic design and the success of this program has a complex social reality influenced by various factors. In its implementation, there are also global debates concerning the relationship between banking financial agents and financial access for rural communities. First, it concerns the role of agents in increasing financial inclusion. Banking financial agents, particularly marketing staff, also serve as financial advisors to the public. However, compared to bankers, their technical skills are still inferior. Furthermore, the incentives agents receive are typically modest, leading many to focus more on completing transactions than on providing financial literacy education to the public. Second, regarding transaction fees, there should be a standard uniformity across agents. However, in reality, transaction fees often vary across agents, some being higher than others. Third, the public perceives informal financial access as providing a greater sense of security for those who feel distanced from formal banking institutions. This suggests that the reputation of financial institutions is very crucial. If agents mismanage transactions, the community can become traumatized by the bank's overall service.

One of the factors affecting the dynamics of the Laku Pandai Program implementation is local institutional factors, namely how formal rules (regulative), social norms (normative), and cultural meanings (cultural-cognitive) operate within society. In this context, W. Richard Scott's (2001a) three pillars of institutions theory serve as a relevant approach to gaining a deeper understanding of the program's sustainability and effectiveness. If the concept of the three institutional pillars put forward by Scott operates simultaneously with various related activities and resources, it can provide stability and important meaning for the social life of the community (Saifurrahman, 2023). The regulatory pillar relates to formal rules that are mandatory, have a prescriptive dimension, and can also be evaluated. These rules can take the form of prohibitions, obligations, or incentives, and are usually formal and legal in nature. The primary mechanism is coercive, where behavior is controlled through punishment and rewards. Within this regulatory pillar, there is an external authority that monitors and enforces compliance. Its legitimacy is based on legality, where actions are considered legitimate if they comply with applicable official rules.

The normative pillar refers to the values and social roles that society assigns to individuals. Individual behavior and decision-making are not influenced by coercion or the constraints of formal rules, but rather are shaped by social judgment and moral attachment to actions deemed good and in accordance with societal values. In other words, this pillar emphasizes the internalization of norms, morals, and ethics that drive agent behavior, rather than simply complying with formal rules. Legitimacy is moral and social values based. It is achieved when behaviors and or organizations are congruent with the social norms and ethics. The indicators are adherence to ethics, morals, good reputation, all of which lead to good values that society believes in.

Meanwhile, the cultural-cognitive pillar concerns how society understands, believes in, and interprets financial practices through Laku Pandai. This pillar focuses on shared beliefs, collective meanings, and frameworks that shape perceptions of reality. Actions are considered legitimate and logical because they are "the way it should be" according to common ways of thinking. People act not out of compulsion (regulative) or because of norms (normative), but because they have become part of their way of understanding the world. This mechanism involves people imitating behavioral patterns considered normal and common in their environment. Actions are carried out automatically without much thought, because they are considered reasonable "common practice." Legitimacy can be achieved through social recognition and cultural support, formed from conformity to the ways of thinking accepted by the majority in society. Examples of the application of this pillar include language, behavior, perspectives, thought patterns, social practices, and beliefs that are mutually agreed upon within the social order. The interaction of these three pillars (regulative, normative, and cultural-cognitive) forms an institutional environment that supports or hinders the success of financial inclusion (Janićjević, 2014; Osei et al. 2024).

Based on this background, this study aims to analyze the implementation of Laku Pandai in rural communities based on the regulative, normative, and cultural-cognitive pillar. By establishing a clear research direction and contextualizing Scott's institutional theory within the implementation of agents in rural communities, this study contributes to a more comprehensive understanding of how institutions can influence the behavior and working systems of financial agents. Rural communities and those associated with the financial services sector, including academic experts, policy and decision-makers, and practitioners, will find these services necessary to broaden outreach and optimize the performance of agents delivering services.

2. RESEARCH METHODS

This research was conducted using a descriptive qualitative approach with a purposive method for selecting informants. The selected informants were 10 BRILink Agents and Mitra UMi (Ultra Micro) in Wonosobo Regency, Central Java, who are Laku Pandai Agents of Bank BRI Wonosobo Branch Office. Respondents were 50% male and 50% female. They were agents from eight sub-districts in Wonosobo Regency: Kejajar, Leksono, Batur, Kertek, Selomerto, Kepil, Sukoharjo, and Wadaslintang. They ranged in age from 19 to 47 years old. All respondents operate micro-entrepreneurs, operating businesses such as grocery stores, basic food stores, clothing stores, and laundry businesses. One to two respondents were selected purposively per sub-district to ensure a more comprehensive study.

BRILink agents are BRI Bank customers who also function as an extension of the bank in serving banking transactions for the community at their respective residences online and in real time with a fee sharing concept (BRI, 2023). Mitra UMi are agents who focus on distributing ultra micro loans to the public, so they are expected to be able to provide benefits for MSMEs in terms of providing business capital to avoid loan shark practices (BRI, 2024). The selection of Laku Pandai Agents from Bank BRI is based on the fact that Bank BRI is a state bank that focuses on MSMEs or micro loans.

The data collection technique used in-depth interviews with 10 BRILink Agents and Mitra UMi. Research data collection was carried out in June 2024. Primary data was got from indepth interviews with BRILink Agents and Mitra UMi. Meanwhile, the secondary data were got from some relevant sources such as OJK rules, bank websites, documents, and other official sources.

Data obtained through in-depth interviews and observations were analyzed using thematic analysis as developed by Braun & Clarke (2006). The thematic analysis procedure is carried out in six stages, involved getting familiar with the data, coding it, finding themes, reviewing the themes, defining and naming the themes, and writing the report. Triangulation technique was used to measure the data validity. Triangulation is a technique for checking data validity by utilizing things outside the data, both for checking purposes and as a comparison (Hutauruk et al., 2020). Triangulation is a multi-method approach used in qualitative research to check and determine data validity from various perspective (Nurfajriani et al., 2024).

Several data collections were to confirm the validity of the information. The information was not only getting from the indepth interview from informants, but also did the validation with cross checking to several formal documents like ID cards and partnership agreements with Bank BRI as the organizing bank, and data were recorded and documented.

3. RESULTS AND DISCUSSION

Regulative Pillar

The regulative element reflects the rules and institutional constraints that shape individual or organizational behavior, such as regulatory mechanisms, oversight activities, and enforcement sanctions (W. Richard Scott, 2001) (Diogo et al., 2015). In the implementation of BRILink Agents and Mitra UMi as Laku Pandai Agents, there are regulations governing the work mechanism. The rule for Laku Pandai is POJK Number 19/POJK.03/2014, which was later changed to POJK Number 1/POJK.03/2022 about Branchless Financial Services in the Framework of Financial Inclusion (Otoritas Jasa Keuangan Republik Indonesia, 2022).

The latest POJK regulates general provisions, Laku Pandai products, requirements for implementing banks, Laku Pandai agents, third parties, risk management, and more. The part about Laku Pandai Agents has rules that BRILink Agents and Mitra UMi have to follow. The first rule is Article 11 clause (2) that states that Laku Pandai Agents can be individuals or legal entities. BRILink Agents and Mitra UMi, fostered by the Bank BRI Wonosobo Branch Office, are individual agents. They are individuals who own micro-businesses such as grocery stores, basic food stalls, clothing stores, and others. Based on POJK Number 1/POJK.03/2022, the status of BRILink Agents and Mitra UMi complies with existing regulations.

Article 12 clause (1) states that those who can become a Laku Pandai Agent must meet the following minimum requirements: (a) Be domiciled in a clear location, (b) Have good capability, reputation, credibility, and integrity, (c) Have a primary source of income derived from business activities and/or a fixed income from other activities for at least the last two years, (d) Not be a Laku Pandai Agent for another bank with similar business activities outside the same bank's business group.

In its implementation, BRILink Agents and Mitra UMi of Bank BRI Wonosobo Branch Office apply a regulatory-based work mechanism as follows: (a) Domiciled in a clear location, demonstrated by official identification (KTP), which is a requirement for applying to become a BRILink Agent and Mitra UMi at Bank BRI. Based on this, BRILink Agents and Mitra UMi have met the requirements in accordance with POJK Number 1/POJK.03/2022, (b) Regarding capabilities, BRILink Agents and Mitra UMi have excellent customer service skills. This is because Bank BRI, as the organizing bank, provides training and continuous monitoring for BRILink Agents and Mitra UMi. Bank BRI does this because BRILink Agents and Mitra UMi act as extensions of Bank BRI's marketing team and are required to be professional in serving customers. In addition to possessing professional skills, BRILink Agents and Mitra UMi also possess a strong reputation, credibility, and integrity. As a bank focused on MSME customers, BRILink Agents and Mitra UMi naturally select those with a strong reputation, credibility, and integrity when recruiting. This is because BRILink Agents and Mitra UMi must be able to gain the trust of the public, making a strong personal profile is a must, (c) and (d) BRILink Agents and Mitra UMi must have been in business for at least two years. This follows POJK Number 1/POJK.03/2022.

Article 14 says that: (a) Laku Pandai Agents help customers based on the type of agent they are, (b) The services they offer depend on their classification: (a) Class A agents handle transactions for BSA (Basic Savings Account) and can also handle electronic money and digital financial services, and/or microinsurance; (b) Class B agents do what Class A agents do and can also handle loans or microfinance, and/or savings other than BSA, but not opening new accounts; (c) Class C agents handle other financial products. New agents start as Class A. The services they offer are listed in their agreement.

In practice, BRILink Agents and Mitra UMi at the Bank BRI Wonosobo Branch Office serve customers according to their respective classifications. BRILink Agents fall into classification A. They mostly handle digital transactions like transfers, withdrawals, paying bills, and buying phone credit. Class B Laku Pandai Agents can only be handled by Mitra UMi. Mitra UMi provide services similar to classification A, plus credit or microfinance transactions. A maximum loan amount of 10 million Rupiah can be provided by Mitra UMi. Regulations indicate that such loans do not require collateral, but some Mitra UMi personally require collateral for their borrowers. This collateral is typically a Vehicle Ownership Certificate (BPKB) or other ownership certificates. Mitra UMi implement this to mitigate the risk of default by borrowers. However, in practice, very few borrowers default. Some are only late in paying installments for a while and ultimately settle the outstanding amount.

Article 19 states that: (a) Laku Pandai Agents may only provide services within the area where the Laku Pandai Agent is located, which includes villages or their equivalent and/or other surrounding areas, (b) The bank may designate other areas within the village or their equivalent as referred to in paragraph (1) in accordance with the reasonableness of the distance, travel time, travel costs to the Laku Pandai Agent's location, and/or the topological conditions of the area.

In practice, Mitra UMi only serve customers who reside in the same village as the agent. Mitra UMi do not serve customers from outside their village. This is regulated by Bank BRI, so it does not conflict with POJK Number 1/POJK.03/2022. In addition to regulatory reasons, Mitra UMi' willingness to serve customers from their own village serves as a form of risk mitigation. Generally, rural communities know each other well. Therefore, Mitra UMi only serve customers whose character and socioeconomic conditions are well-known, so that credit decisions can be made appropriately. For BRILink Agents, the majority of customers they serve also come from the same village. However, they may also be willing to serve customers from other surrounding villages. This is because they don't handle loans, just digital transactions, which aren't as risky. These digital financial transactions are not long-term transactions like credit services, so the risks are not as high as those of credit services. Thus, BRILink Agents are still open to serving customers from outside their village. This does not conflict with POJK Number 1/POJK.03/2022.

The conceptual implications that can be analyzed using Scott's Institutional Theory based on the regulatory pillar indicate that agents, in this case BRILink Agents and Mitra UMi in Wonosobo Regency, have become part of the expansion of banking regulations into the informal sphere. Agents expand the scope of banking regulations from formal spaces (banking offices) to local social spaces (grocery stores, basic food stalls, clothing stores, laundries, etc.). Banks act as micro-regulators by implementing regulations, audits, and training agents. Village social spaces have become a new locus for enforcing formal financial regulations, or in other words, regulations have merged into local communities.

Furthermore, a hybridization occurs between formal banking regulations and local practices in rural communities. Agents find themselves at the intersection of formal banking regulations (transaction standards, customer identification, credit analysis, installment collection, and reporting) and social norms (customs, social relationships, and trust norms). This impacts agents' compliance behavior, which is influenced by both formal and social pressures. Agents sometimes make regulatory adjustments, such as assisting with transactions without strict procedures to maintain social relationships. This is evident in BRILink Agents and Mitra UMi partners who sometimes help customers pay off their loans early to avoid penalties for late repayment.

Furthermore, banking regulations can create formal legitimacy for banking services in rural areas. Regulations not only limit agent behavior but also create formal legitimacy. These regulations can provide a sense of security for rural communities that agents are authorized entities by the state. This demonstrates that regulations serve as a source of legitimacy for new organizations (BRILink Agents and Mitra UMi).

Normative Pillar

Conceptually, the normative is not just about what is legal, it is about what is supposed to be done based on social standards (Mwangi & Atieno, 2018). In practice, BRILink Agents and Mitra UMi carry out the functions within this normative pillar. These values, norms, and moral obligations include:

First is about Commitment to Serve the Community. All Laku Pandai Agents (BRILink Agents and Mitra UMi) operate micro-businesses. These businesses include small grocery stores, laundry, clothing stores, and other similar businesses. Becoming an agent is one way to earn additional income due to the fee-sharing system with the banks. However, BRILink Agents and Mitra UMi are not solely profit-oriented, they feel a social responsibility to provide financial access for villagers far from banks. With the services they offer, they feel they can help the surrounding community gain closer and easier financial access. This is because the customers of BRILink Agents and Mitra UMi are their own neighbors, so they are familiar with the socioeconomic conditions of their neighbors. Indirectly, these BRILink Agents and Mitra UMi have implemented the sociopreneur function in their activities.

Sociopreneurship is about running a business that makes money while also helping society (Khalida, 2021). A sociopreneur wants to change society for the better in a lasting way (Anas, 2019). This is a mix of business and social good, so success is about making money and helping with social, economic, and environmental problems. The impact of sociopreneurial social change is long-term, stable, and profound (Anas, 2019). This concept emerged from the combination of entrepreneurship and social mission, so that success is measured not only in financial terms but also in terms of the extent of the contribution to solving social, economic, and environmental problems.

The benchmarks for a sociopreneurial environment include the extent to which an individual is able to adapt to the social conditions surrounding them in entrepreneurship and create something new that benefits the environment. The target is to make a change and generate opportunities to the environment (Putri, L.A.J, M. Mokhlas, 2024). Concretely fostering a sociopreneur calls for some prerequisites first and foremost: creativity, innovation, digital literacy, excellent managerial skills and last but not the least an attitude to social values. Some of these prerequisites are already possessed by BRILink Agents and Mitra UMi. They're creative and in how they tell people about their services, like through social media, community events, and talking to people.

Regarding managerial capabilities, Mitra UMi in particular carry out professional managerial functions, because they not only realize loans, but also start from promotion, realization, monitoring, to collecting loans from debtors. Regarding digital literacy, BRILink Agents and Mitra UMi have good digital literacy skills, because they are people who have been trusted by banks to function as agents to serve customers whose overall work system has used digital devices, such as the BRISpot Application, EDC machines, and BRI Mobile. Regarding commitment, BRILink Agents and Mitra UMi have a good commitment to banking which has been demonstrated by cooperation agreements, as well as a commitment to social values to serve the community.

However, there are also conflicts in the implementation of this normative pillar for BRILink Agents and Mitra UMi. First, norms related to privacy and confidentiality. Conducting financial transactions through agents is considered less private. Second, conducting financial transactions digitally is becoming increasingly socially acceptable. Third, agents have become new economic actors with informal authority over finance. This changes the norms regarding who has the "right" to regulate or facilitate financial activities. The second and third reason lead us to find that agents do not always simply follow existing norms, but in the long run also shape new ones.

Second is about Recognition of Social Legitimacy. BRILink Agents and Mitra UMi are BRI Bank customers selected to serve as extensions of Bank BRI's marketing staff, serving financial transactions in rural communities. This demonstrates that BRILink Agents and Mitra UMi are trusted by Bank BRI. Furthermore, societal norms expect them to be honest, trustworthy, and not to exploit their positions to the detriment of society. These societal norms are implemented by BRILink Agents and Mitra UMi as a demonstration of their professionalism. Agents serve the community honestly and appropriately.

They always tell customers about fees clearly and don't raise them just to make more money. If fees go up, they tell customers honestly so everything is transparent. This has earned the public's trust and made them use the services more. This trust supports the idea of being fair. Consequently, these actions have earned public trust and increased use of their services. This trust reinforces social norms regarding the importance of fair service.

While its implementation demonstrates that BRILink Agents and Mitra UMi have social legitimacy within the community, it's also important to note that agents need considerable time to build public trust. Furthermore, if agents lack a high enough social standing, their legitimacy as financial service providers can be questioned. This doubt can lead rural communities to continue to rely on informal services or even bank branches.

Third is about Service with Professional Standards. BRILink Agents and Mitra UMi carry out their duties serving financial transactions in rural communities not only because of formal regulations, but also because of ethical constraints, social values, and community expectations. The actions they take in serving customers that demonstrate that their work fulfills the community's moral obligations include: (a) Serving fairly without discrimination. Agents have a moral obligation to serve everyone, whether withdrawing Rp10,000 or Rp1,000,000, or making transactions in other denominations. It is not permissible to discriminate against customers based on social status, economic status, or personal affiliation, (b) Providing simple financial education. Many rural communities do not understand how to save, transfer funds, or maintain the security of their account. BRILink Agents and Mitra UMi are morally obligated to provide explanations to prevent customers from being deceived or making incorrect transactions, (c) Maintaining customer confidentiality. Although there is no 24-hour banking oversight system, BRILink Agents and Mitra UMi are morally obligated to maintain the confidentiality of customer balances, pin, and transactions. If they don't, they'll be punished and lose the community's trust, (d) Being friendly and patient. As part of the community, BRILink Agents and Mitra UMi are considered obligated to refrain from being rude, especially to the elderly or the lower classes in rural areas. This social morality earns BRILink Agents and Mitra UMi respect from the surrounding community, (e) Helping support financial inclusion programs. BRILink Agents and Mitra UMi are morally obligated to act as extensions of Bank BRI to expand financial access. This embodies the role of BRILink Agents and Mitra UMi in supporting financial inclusion programs.

On the other hand, there's also the risk that agents could lower banking service standards. This could happen for several reasons. First, agents' technical capacity isn't on par with bank employees. Agents aren't always trained in complaint handling. Furthermore, agents also have limited resources. Some BRILink Agents and Mitra UMi who encountered technical issues, such as using the BRISpot App, were unable to handle them themselves. They reported them to bank employees for resolution.

Cultural-Cognitive Pillar

This pillar is about how people understand the world based on their environment (Fuad et al., 2022). Implementations implemented by BRILink Agents and Mitra UMi at Bank BRI Wonosobo Branch Office that reflect the cultural-cognitive pillar include the following.

First is about Normalization of financial services by agent. A current phenomenon in rural Wonosobo indicates that the community has high trust in BRILink Agents or Mitra UMi. This is due to cultural factors in rural communities, where not all are familiar with banking offices. Conducting financial transactions through agents is considered more convenient because people have a close social relationship with BRILink agents or Mitra UMi, as they are familiar neighbors. Conducting financial transactions at banks with queue numbers and a neat and luxurious atmosphere is considered too formal by the community. This is why the presence of BRILink Agents or Mitra UMi is welcomed by rural communities.

Second is about Culture of mutual cooperation. BRILink Agents and Mitra UMi are part of social life, so financial transactions are considered part of social interactions, not just business relationships. BRILink Agents and Mitra UMi also demonstrate a sense of caring for others.

Based on the social interactions and communication between BRILink Agents and Mitra UMi with their neighbors, they often hear complaints about their neighbors' economic hardships. This also motivates Mitra UMi to help their neighbors with products and services offered by Mitra UMi, such as loans or credit up to 10 million rupiah. This sense of empathy for helping others embodies the culture of mutual cooperation, which is characteristic of Javanese culture.

Third is about Cash Transaction Culture. Rural communities are accustomed to conducting financial transactions through BRILink Agents and Mitra UMi using cash. These cash transactions are used for various purposes, such as saving money, paying electricity bills, transfers, paying installments, and so on. Most rural communities still prefer cash transactions. They find it easy to carry cash directly to a BRILink Agent or UMi Partner.

Fourth is about Symbol of Trust. BRILink Agents and Mitra UMi are trusted because Bank BRI has a good name. As a result, they view BRILink Agents and Mitra UMi as a "small Bank BRI" in the village, so they readily trust them and follow service procedures without questioning or hesitating. This fact can be seen as a symbol of the rural community's trust in BRILink Agents and Mitra UMi, but too much trust can make people less aware of digital security.

Fifth is about Role in Digital Literacy. BRILink Agents and Mitra UMi help rural communities who don't know much about digital finance by showing them how to use digital financial services. Agents act as a bridge for communities through direct interaction in applying digital financial services. However, in the long term, this can create dependency on agents. This dependency can hinder the development of independent digital skills, discouraging rural communities from learning digital banking applications. Agents teach them about transfers, passwords, and digital balances. This learning process occurs gradually. In reality, agents often simply process transactions without explaining the digital process, thus hindering community literacy. Agents are part of the local community itself, thus having a closer social connection to them than formal banking institutions. This makes agents often a source of digital information. This agents position can reinforce information asymmetry, as agents have greater control over digital transaction knowledge and processes.

Sixth is about The Risk Perception. Rural communities see more risk because they don't know as much about finance and the banking system. People perceive banks as "distant" institutions, thus perceiving the risks as high. Meanwhile, agents are local people whose physical presence can reduce anxiety. Agents are perceived as being able to assist with problems, explain processes, and provide a direct channel for complaints. According to social embeddedness theory, trust in rural communities is more easily built through local intermediaries. Digital banking systems are relatively standardized, but agent behavior is not always so. On the other hand, agents can introduce new risks such as moral hazard, information asymmetry, and data breaches. Whether agents enhance or lower risk depends on their skills, the bank's oversight, and the community's situation. To maintain agent competency, Bank BRI trains BRILink Agents and Mitra UMi and gives them certification to make sure they're skilled. It provides competency certification as an agent through a nationally recognized certification institution (BNSP). Regarding bank oversight mechanisms, Bank BRI consistently monitors every transaction conducted by agents, especially Mitra UMi who provide microloan services.

Seventh is about Informal Financial Practices. In rural Wonosobo, The existence of informal finance continues to exist due to various reasons, including easy access, fast processes, flexibility, close social ties, and trust that has been built culturally over a long period. Under certain circumstances, agents can even become part of the informal economy through personal lending practices or fee negotiations. BRILink Agents and Mitra UMi have often provided loans using their personal funds to repay customers' loans. Thus, Laku Pandai Agents' relationships with informal finance are complex, overlapping, and highly dependent on the local social context.

4. CONCLUSION

Based on the results of the data analysis that has been carried out regarding Scott's three institutional pillars, conclusions were finally obtained that can be useful for program implementation and policy formulation. For the regulatory pillar, the Laku Pandai model has significant theoretical implications on the integration of banking regulations with local social configurations. The outreach of agents extends the regulatory integration beyond the realm of local social structures and bring into the fold the informal financial activities conducted at village kiosks. However, this brings about a sort of hybridization of formal banking legislations and local social arrangements, resulting in a regulatory misalignment on the ground. The banks have dual roles of service providers and supervision, and of enforcement of micro regulations on the agents. Even so, OJK and the banks' regulations provide a veneer of formal supervision to the agents, which seems to increase the public's trust in the financial services being offered.

Norms that govern the presence of Laku Pandai Agents, BRILink Agents, and Mitra UMi constitute important conceptual considerations concerning the social values and norms of rural society. Agents expand the boundaries of what is considered acceptable and proper regarding the provision of banking services as banking services that were the monopoly of formal institutions are now socially acceptable in informal rural setting such as village stalls. But such agents operate in a milieu of social norms characterized by trust, privacy, reputation, and social distance as critical for sociomoral legitimacy. While agents may strengthen rural communities trust, they may also disturb the social norms surrounding financial privacy, social distance, and proximity which are a characteristic of rural communities. Also, agents bring in new social morals stepping as old ethical guides in the local financial system, and encourage changes in socially and culturally accepted practices surrounding finances. So, the degree of success of such agents is a direct function of how congruent their activities are with the locus social values, ethics and moral expectations of such communities.

Regard to the cultural-cognitive pillar, the findings of this study show that as Laku Pandai Agent, BRILink Agents and Mitra UMi have a fundamental role to explain how a financial institutional innovation is accepted, adapted, and finally incorporated into the routines of the rural community. The findings of the research show that the process of meaning construction, that is, mental schema and patterns of collective interpretation, have a greater impact than the existence of formal regulations and norms. The Agents act as a cognitive moderator that facilitates the community to understand, internalize, and redefine the meaning of formal banking services and the new cultural patterns. When new services are incorporated into the collective meaningful new services and are practiced with a high frequency, the innovation becomes a routine that is perceived as 'normal' and 'the way that it ought to be'. This is what signifies the presence of cognitive legitimacy, the limit of institutional acceptance where the existence of guides or practices are not challenged and become a part of the accepted daily social practices.

To support the optimization of agents' roles in rural financial inclusion, regulators and banking institutions need to develop regulations that are more adaptive to local social contexts and strengthen oversight at the community level. Agents' capabilities also need to be improved in various areas, such as technical skills, ethics in providing services, ethics regarding customer privacy, and how to maintain public trust. Furthermore, financial literacy programs should be designed with a culturally appropriate approach.

5. REFERENCES

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