WHY AND HOW DOES FINANCIAL INCLUSION POLICY DEVELOP? A CASE STUDY FROM INDONESIA

By

RESYA KANIA

A Thesis submitted to
The University of Birmingham
For the degree of
DOCTOR OF PHILOSOPHY

Department of Social Policy and Social Work
School of Social Policy
College of Social Sciences
The University of Birmingham
September 2021

UNIVERSITY OF
BIRMINGHAM

University of Birmingham Research Archive

e-theses repository

This unpublished thesis/dissertation is copyright of the author and/or third parties. The intellectual property rights of the author or third parties in respect of this work are as defined by The Copyright Designs and Patents Act 1988 or as modified by any successor legislation.

Any use made of information contained in this thesis/dissertation must be in accordance with that legislation and must be properly acknowledged. Further distribution or reproduction in any format is prohibited without the permission of the copyright holder.

ABSTRACT

Financial inclusion policy aims to improve access to mainstream financial products for marginalised groups. It has been promoted onto the global agenda and strategies have been adopted by many nations since 2010, including Indonesia.

This study examines the complex development of financial inclusion strategy in Indonesia – including the involvement of international development partners, the intertwined domestic interests, and different beliefs on the role of finance.

Using in-depth interviews with 34 critical informants as the primary data source and utilising the Advocacy Coalition Framework (ACF) to guide the analysis, the study shows the development of financial inclusion strategy in Indonesia was produced from the combination of seven critical events, political-symbolic learning, and antagonistic coordination between bankers, regulators, and government.

The study found there was little deliberation in the policy-making process and no consultation with consumers as the primary beneficiaries of the policy. As a result, financial inclusion policy developed in ways that potentially benefits those within the financial sector at the expense of the general public.

This study also makes a methodological and theoretical contribution to knowledge by tracing ACF's multiple primary pathways and employing its various concepts for explaining policy change in the financial sector in a developing nation. This study extends our understanding of the role of events and policy actors and proposes the new Policy Learning Spectrum and Collaboration Spectrum as two analytical frameworks to enhance ACF's explanatory power.

ACKNOWLEDGEMENT

First and foremost, I have to thank my research supervisors, Prof Karen Rowlingson and Dr Louise Overton. Without their trust and unwavering assistance throughout the process, this thesis would have never been accomplished. I would also like to show gratitude to Dr Tom Farnhill. He raised many precious points in our discussion, and I hope that I have managed to address several of them here.

Getting through my dissertation required various academic and professional supports. I want to thank them for listening to and providing insights into the study: Dr Simon De Lay, Dr Adrian Cambell, Prof Stefan Wolff, Dr Sotirios Zartaloudis, Muhammad Wahyudi, Bella Rifaldi, Prof. Jeremy Seekings (University of Cape Town), Dr Elizabeth Jackson (La Trobe University), Nur Sholikin (Jentera), Sumedi Andono Mulyo (BAPPENAS), Ajoy Datta (On Think Tanks), Liz Weaver (Tamarack Institute), Max Hardy (Authentic Co-design), Vivien Twyford (Twyfords), Sandra Plümer (University of Duisburg-Essen). I also want to thank Prof Paul Montgomery, Dr Harriet Clarke, Abbie Price, and Holly Prescott for their professional guidance during my time at the University.

For many memorable and intellectually stimulating events in the 7th floor Muirhead tower, I must thank those in the "The Adorables" WhatsApp group.

None of this could have happened without the support of my family. This dissertation stands as a testament to their unconditional love and encouragement.

My research is funded by the Indonesia Endowment Fund for Education (LPDP) and supported by The National Development and Planning Agency (BAPPENAS). The content is solely my responsibility and does not necessarily represent the official views of the LPDP and BAPPENAS.

TABLE OF CONTENT

ABSTRACT ..... **I**

ACKNOWLEDGEMENT ..... **II**

TABLE OF CONTENT ..... **III**

LIST OF TABLES ..... **X**

LIST OF FIGURES ..... **XI**

ABREVIATIONS ..... **XII**

CHAPTER 1 INTRODUCTION **1**

1.1 MOTIVATION 1

1.2 RESEARCH QUESTION 2

1.3 OBJECTIVE 2

1.4 THE STRUCTURE OF THE THESIS 3

CHAPTER 2 THE OVERVIEW OF FINANCIAL INCLUSION **5**

2.1. INTRODUCTION 5

2.2 THE CONCEPTUALISATION 5

2.2.1 From geography to social phenomena *7*

2.2.1 The contested concept *7*

2.2.4 The role of Fintech in the conceptualisation of financial inclusion *18*

2.3 THE OPERATIONALISATION 20

2.3.1 About Global Findex *21*

2.3.2 The limitations and implication of Global Findex *22*

2.3.2 What could Global Findex tell (or not tell) us about the role of finance in people's lives? *25*

2.4 IMPLEMENTATION AROUND THE WORLD 29

2.4.1 Governance *30*

2.4.2 The policy paradigm *32*

2.5 SUMMARY 35

CHAPTER 3 POLICYMAKING AND FINANCIAL INCLUSION IN INDONESIA 37

3.1 INTRODUCTION 37

3.2 THE CONTEXT 37

3.2.1 The economic, social, political, and cultural context framework *38*

3.2.2 Overview of the financial sector in Indonesia *41*

3.2.3 Overview of financial inclusion in Indonesia *43*

Figure 4 Financial Inclusion in Indonesia *43*

3.3 POLICYMAKING IN INDONESIA IN GENERAL 44

3.3.1 The policymaking process according to formal guidelines *44*

3.3.2 Policymaking in reality *48*

3.4 THE EVOLUTION OF POLICY TO IMPROVE FINANCIAL ACCESS IN INDONESIA 50

3.5 SUMMARY 56

CHAPTER 4 UNDERSTANDING POLICY MAKING 58

4.1 INTRODUCTION 58

4.2 CHOOSING THE MOST APPROPRIATE THEORY FOR EXPLAINING POLICYMAKING 58

4.2.1 The analytical approach *59*

4.2.2 The key determiner of policymaking *61*

4.2.3 The parameters of policymaking *63*

4.2.4 The policy pathways *64*

4.3 WHY CHOOSE ACF? 67

4.3.1 The ACF features *67*

4.3.2 The causal links in ACF *69*

4.4 ACF: THE LIMITATIONS 72

4.4.1 Limited and deterministic concept of policy change *72*

4.4.2 Parsimonious explanation on coordination *73*

4.4.3 Lack of explicit parameters *74*

4.5 The proposed solutions 75

4.5.1 The policy learning spectrum *75*

4.5.2 The coordination spectrum *87*

4.6 Summary 92

CHAPTER 5 METHODOLOGY 94

5.1 Introduction 94

5.2 The Research Question 94

5.3 Critical realism as the research paradigm 95

5.4 Research design 98

5.4.1 Case study *98*

5.4.2. Research strategy *100*

5.4.3 Process tracing as the umbrella method to collect and analyse data *101*

5.4.4 Informant selection *106*

5.5 The process of data collection 111

5.5.1 Pilot Interview *112*

5.5.2 The interview *113*

5.6 The process of data analysis 115

5.7 Ethics 117

5.8 Positionality 119

5.9 Limitations 121

5.10 Summary 122

CHAPTER 6 THE ROLE OF POLICY ACTORS 123

6.1 Introduction 123

6.2 Who are the policy actors? 123

6.2.1 The agents of change *123*

6.2.2 The stakeholders *124*

6.2.3 The principal *127*

6.2.4 The broker or the market creator *136*

6.2.5 The latent actors *138*

6.2.6 The outcasts *139*

6.2.7 The tertiary *145*

6.3. How did the policy actors influence policy development? 145

6.3.1 The emergence of agents of change *146*

6.3.2 The emergence of dominant institutions *150*

6.3.3 The power dynamic and policy change *156*

6.4 Summary: What is the role of policy actors? 158

CHAPTER 7 THE ROLE OF CRITICAL EVENTS 159

7.1 Introduction 159

7.2 What are the critical events? 159

7.2.1 The development of the 2012 national strategy *162*

7.2.2 The development of the 2016 national strategy *171*

7.2.3 The critical events for the financial inclusion strategy development *184*

7.3 How did the critical events influence the development of financial inclusion policy? 184

7.3.1 The focusing events *186*

7.3.2 The reinforcing event *188*

7.3.3 The structural event *190*

7.4 Summary: What is the role of critical events? 193

CHAPTER 8 THE ROLE OF POLICY LEARNING 196

8.1 Introduction 196

8.2 What was the learning setting? 197

8.2.1 Who learns? *197*

8.2.2 When and where did they learn? *198*

8.3 How did they learn? 199

8.3.1 The role of focusing events in knowledge utilisation *199*

8.3.2 The role of reinforcing events in knowledge utilisation *202*

8.3.3 The role of structural events in knowledge utilisation *205*

8.3.4 The policy learning journey *207*

8.4 Why did they learn? 219

8.4.1 Conflicted interests *219*

8.4.2 Partisanship as the basis of learning orientation *221*

8.4.3 The lack of trustworthiness between the coalitions *222*

8.6 Summary: What is the role of policy learning? 223

CHAPTER 9 THE ROLE OF COORDINATION 226

9.1 Introduction 226

9.2 What was the coordination setting? 226

9.2.1 Who were coordinated? *227*

9.2.2 When and where did they coordinate? *228*

9.3 How did they coordinate? 229

9.3.1 Between Market Arrangers and Market Enablers: Compete *229*

9.3.2 Within Market Enablers: Cooperate *230*

9.3.3 The Free Marketeers to Market Enablers: Cooperate to compete *231*

9.3.4 The Free Marketeers to Market Arrangers and Market Creators: Communicate to compete *232*

9.3.5 Within the Free Marketeers: Collaborate *235*

9.3.6 The Market Creators: Coordinate to compete *237*

9.3.7 The Latent Actors: Co-exist *238*

9.4 Why did they manage the coordination as it is? 239

9.4.1 The battle of interests *241*

9.4.2 The contestation of beliefs *244*

9.4.3 Lack of trust *245*

9.5 Summary: What is the role of coordination in policy development? 247

CHAPTER 10 : CONCLUSION 249

10.1 Introduction 249

10.2 Why and how did financial inclusion policy develop in Indonesia? 250

10.3 The alternative interpretations 256

10.4 Implication: The black box of policymaking 258

10.5 Contribution: Opening the black box of financial inclusion policy 260

10.6 Contribution: Extending the discussion in ACF 261

10.7 Contribution: Modifying process-tracing 264

10.8 Recommendations for policy practice in Indonesia 266

10.8.1 The general policy process *266*

10.8.2 The financial inclusion policy *269*

10.9 Limitations and future study 270

REFERENCES 273

APPENDICES 300

Appendix 1. Operationalisation of financial inclusion in various organisations 300

Appendix 2. Summary of literature review on policymaking in Indonesia 301

Appendix 3. Financial Inclusion Policy in Indonesia 1945 - 2016 303

Appendix 4. The operationalisation of analytical framework for policy learning spectrum 305

Appendix 5. The operationalisation of analytical framework for coordination spectrum 306

Appendix 6. Collaboration Spectrum by Tamarack Institute (2017) 307

Appendix 7. Critical informant selection 308

Appendix 8. Summary from desk study for critical informants 309

Appendix 9. Interview guideline 310

Appendix 10. Interview Protocol 314

APPENDIX 11. THE GANTT CHART FOR FIELDWORK ACTIVITY 315
APPENDIX 12. ETHICS APPROVAL 316
APPENDIX 13. INFORMANT RECRUITMENT LETTER 317
APPENDIX 14. CERTIFICATE OF CONSENT 318
APPENDIX 15. PARTICIPANT INFORMATION SHEET 319

LIST OF TABLES

TABLE 1 THE CONTESTED CONCEPT OF FINANCIAL INCLUSION 9

TABLE 2 SOURCE OF THE EMERGENCY FUND 28

TABLE 3 FEATURES OF FINANCIAL INCLUSION POLICY 29

TABLE 4 THE GOVERNANCE FRAMEWORK 30

TABLE 5 INDONESIA CHARACTERISTICS 38

TABLE 6 THE LANDSCAPE OF THE FINANCIAL INDUSTRY IN INDONESIA 42

TABLE 7 POLICY ON FINANCIAL ACCESS IN INDONESIA 2010 - 2016 50

TABLE 8 THE KEY DIFFERENCES OF THE NATIONAL STRATEGY ON FINANCIAL INCLUSION IN 2012 AND IN 2016 52

TABLE 9 LEARNING STYLE AND ITS CHARACTERISTICS 85

TABLE 10 THE ANALYTICAL FRAMEWORK FOR THE POLICY LEARNING SPECTRUM 87

TABLE 11 COORDINATION STYLES AND THEIR CHARACTERISTICS 90

TABLE 12 THE ANALYTICAL FRAMEWORK FOR THE COORDINATION SPECTRUM 91

TABLE 13 TYPES OF DATA 100

TABLE 14 SIMILARITIES AND DIFFERENCES BETWEEN PROCESS TRACING AND ANALYTIC INDUCTION 103

TABLE 15 THE CRITICAL INFORMANTS 108

TABLE 16 ENSURING INFORMATION RELIABILITY IN THE ELITE INTERVIEWS 114

TABLE 17 CATEGORY OF DATA 115

TABLE 18 STAKEHOLDER MAPPING 125

TABLE 19 WORKING AREA OF THE COALITIONS 126

TABLE 20 POWER RELATIONS 150

TABLE 21 THE INSTITUTIONALISATION OF FINANCIAL INCLUSION 153

TABLE 22 THE STRUCTURAL MECHANISM OF FINANCIAL INCLUSION STRATEGY DEVELOPMENT IN INDONESIA 161

TABLE 23 CATEGORY OF CRITICAL EVENTS FROM THE CASE STUDY 185

TABLE 24 CRITICAL EVENTS AND KNOWLEDGE UTILISATION 199

TABLE 25 COALITION BREAKDOWN 240

LIST OF FIGURES

FIGURE 1 ACCESS TO FORMAL FINANCIAL INCLUSION AND FINANCIAL BEHAVIOUR 25

FIGURE 2 FINANCIAL SECTOR DEVELOPMENT AND THE ROLE OF FORMAL FINANCIAL SERVICES FOR WELFARE 27

FIGURE 3 FINANCIAL SECTOR DEVELOPMENT AND FINANCIAL RESILIENCE 27

FIGURE 4 FINANCIAL INCLUSION IN INDONESIA 43

FIGURE 5 POLICY MAKING IN INDONESIA 45

FIGURE 6 TYPOLOGY OF THEORIES ON POLICYMAKING 59

FIGURE 7 THE ADVOCACY COALITION FRAMEWORK 69

FIGURE 8 THEORY RECONCILIATION BETWEEN POLICY LEARNING AND POLICYMAKING 77

FIGURE 9 CATEGORIES OF ACTORS AND THEIR ATTRIBUTES RELATED TO ADVOCACY COALITIONS 79

FIGURE 10 THE POLICY LEARNING SPECTRUM 85

FIGURE 11 THEORY RECONCILIATION BETWEEN COORDINATION AND POLICYMAKING 88

FIGURE 12 THE COORDINATION SPECTRUM 90

FIGURE 13 RESEARCH QUESTIONS 95

FIGURE 14 LAYERS OF REALITY ACCORDING TO CRITICAL REALISM 96

FIGURE 15 PROTOCOL OF DATA ANALYSIS (COUNTERFACTUAL) 104

FIGURE 16 THE ROLE OF POLICY ACTOR: THE CAUSAL MECHANISM 146

FIGURE 17 QUALITIES OF THE AGENT OF CHANGE 147

FIGURE 18 THE POWER DYNAMIC IN THE FINANCIAL SYSTEM 157

FIGURE 19 THE DEVELOPMENT OF THE 2012 FINANCIAL INCLUSION STRATEGY 164

FIGURE 203 THE ROLE OF CRITICAL EVENTS TO POLICY CHANGE: THE CAUSAL MECHANISM 185

FIGURE 21 POLICY LEARNING JOURNEY 208

FIGURE 22 COORDINATION STYLE 229

FIGURE 23 THE GENERAL STRUCTURE OF THE POLICYMAKING FROM CRITICAL REALISM POINT OF VIEW 259

ABREVIATIONS

ADB		Asian Development Bank
AFI		Alliance for Financial Inclusion
BSA		Basic Saving Account
BAPPENAS	*Badan Perencanaan Pembangunan Nasional*	The National Development and Planning Agency
BI	*Bank Indonesia*	The Central Bank of Indonesia
BMGF		Bill and Melinda Gates Foundation
CGAP		Consultative Group to Assist the Poor
DFAT		Department of Foreign Affairs and Trade
GPF-AFI		Global Policy Forum, the annual meeting held by AFI
GPFI		Global Partnership on Financial Inclusion
KUR	*Kredit Untuk Rakyat*	People's credit, a subsidised SME credit programme
KPI		Key Performance Indicator
MOEA		Coordinating Ministry of Economic Affairs
MOF		Ministry of Finance
MUSRENBANG	*Musyawarah Rencana Pembangunan*	Forum for National Planning
OECD		Organisation for Economic Co-operation and Development
OJK	*Otoritas Jasa Keuangan*	Financial Services Authority
PMO		Project Management Office
RKPs	*Rencana Kerja Pemerintah*	The Annual Government Work Plans
RPJMs	*Rencana Kerja Pemerintah Jangka Menengah*	The Medium-Term Development Plans
SOE	*Badan Usaha Milik Negara*	State Owned Enterprise
TNP2K	*Tim Nasional Percepatan Penanggulangan Kemiskinan*	The vice president office, The National Team for the Acceleration of Poverty Reduction
UN		United Nation
UNSGSA		UN Secretary-General's Special Advocate for Inclusive Finance for Development
WB		World Bank
WBG		World Bank Group

CHAPTER 1 INTRODUCTION

1.1 Motivation

This thesis builds on the fact that financial inclusion has been promoted onto the global agenda and adopted as a policy issue by many nations. This study is also inspired from my experience as a policy maker who has been involved in the policy process on financial inclusion in Indonesia.

I have previously worked as a government officer in the National Development Agency (BAPPENAS). From 2012 to 2017 I was involved in several technical meetings for promoting financial inclusion in Indonesia. During these times, people often asked the same question: what is financial inclusion? Everyone had different opinions. Some depicted it as a tool for economic growth, while others used it for poverty alleviation. Some also related it to social justice.

I also witnessed how financial inclusion was used in different policy narratives. When I reviewed the policy documents on financial inclusion in Indonesia and a few other countries, I was amazed at the elasticity of the term 'financial inclusion' that could be used to answer different problems.

When I recall the meetings I attended, I remember that these different perspectives often promoted conflicts.

The overall memories struck me: what is financial inclusion really about? Will financial inclusion solve some of social problems? Are we, the policymakers, doing the right things by promoting financial inclusion onto the national and global agenda? To what extent might we, as policymakers, shape people's lives through financial inclusion policy?

All of these questions motivate me to understand more about financial inclusion policy and its implications.

1.2 Research Question

This thesis aims to understand why and how financial inclusion policy developed between 2010 and 2016 by investigating the policy process from the experience of the policymakers, including the bankers and regulators. By using Indonesia as a case study and drawing on the Advocacy Coalition Framework (ACF) as the analytical framework, the following main research question was set to operationalise the research:

Why and how were financial inclusion strategies developed in Indonesia between 2010 and 2016?

This main research question is addressed by breaking it down into primary and secondary research questions that also guide the presentation of this thesis.

1.3 Objective

This study is carried out from the standpoint of critical realism. The view taken in this thesis is that financial inclusion policy is multi-layered and complex. The only way to provide a deeper understanding about financial inclusion policy is to explore the relationship between policy actors, events, and context in the policy area.

With critical realism as a viewpoint, this study aims to understand financial inclusion by investigating what happened during the policy process and the reasons why. This study achieves this by identifying the mechanisms of policy development.

Another objective of critical realism is to question the dominant perspectives of a social issue. Most studies on financial inclusion focus on consumer experiences on accessing and utilising financial services. In contrast, the experience of policymakers, including the bankers, regulators and

researchers, on financial inclusion policy is undetected. To understand financial inclusion policy, scholars and practitioners need to refer to both experiences. Therefore, another specific objective of this study is to present financial inclusion from the experience of policymakers.

This study provides an important opportunity to advance the understanding of financial inclusion policy. The findings should make an important contribution to the theory of policymaking, specifically ACF, as it provides empirical evidence of coalition, policy learning, and coordination from the finance sector in a developing nation, which has so far not been discussed in much detail in the academic literature.

1.4 The structure of the thesis

This thesis consists of ten chapters, linked to the main research questions which seek to understand financial inclusion policy development from 2010 to 2016.

Following this chapter, Chapter Two examines the concept of financial inclusion in detail. It discusses how financial inclusion is conceptualised differently by different stakeholders. The different conceptualisations matter, as they affect financial inclusion policy which then makes a difference to people's lives.

Chapter Three sets out financial inclusion policy in the context of Indonesia. It reviews Indonesia's economic, social, political, and cultural context. It also discusses the evolution of policy on financial access in Indonesia and how the semantic "financial inclusion" changes the policy narration.

Chapter Four examines the results of scientific endeavours which would optimise the ACF's explanatory power. It proposes a new classification for policymaking theory and two new analytical tools, "Policy Learning Spectrum" and "Coordination Spectrum".

Chapter Five walks through the study's research design and how the design was implemented. It also discusses potential issues on research ethics, how these issues might affect the data's interpretation, and the steps that have been done to address these issues.

Chapter Six explains the role of policy actors in strategy development. It identifies the financial inclusion stakeholders in Indonesia and explains why and how some actors were more capable of influencing policy than others.

Chapter Seven explains the role of critical events to strategy development. It starts by reconstructing the development of the financial inclusion strategy in Indonesia from 2010 to 2016. Then, this chapter proposes a typology of critical events. The typology helps to explain how some events could promote policy change.

Chapter Eight explains the role of policy learning. This chapter first outlines different learning settings during the 2010-2016 period. Then, it explains how policy actors learn financial inclusion and transfer this information into policy. The causal mechanism of policy learning is explained through the "Policy Learning Journey", which illustrates why and how policy actors learned and promoted policy change as it was.

Chapter Nine explains the role of coordination. This chapter starts by explaining the dynamic of the coordination setting. It also explains the different styles of coordination by the different coalitions, which can be summarised as "Antagonistic Coordination", and the implication of different coordination styles to the financial inclusion strategy in Indonesia.

Chapter Ten closes this thesis by summarising the findings, highlighting its contributions, and spelling out its limitations and the potential areas for further study.

CHAPTER 2 THE OVERVIEW OF FINANCIAL INCLUSION

2.1. Introduction

Financial inclusion is one of the most important global issues today. The concept has been mooted since the 1990s and has since evolved in multifarious directions. Nevertheless, the policy literature on financial inclusion often only refers to one tenet: promoting access to mainstream financial services. This chapter reviews the contested interpretations that are held by key stakeholders and explores how their interpretations potentially shapes people's lives.

Section 2.2 and 2.3 evaluates the different conceptualisations and operationalisations of financial inclusion. Section 2.4 exposes the different ways of implementing the concept into policy. The UK, USA, Australia, Indonesia, Cambodia, and Vietnam were the selected countries to illustrate the variances. Section 2.5 brings together the insights from each section and identifies the research gaps that this study aims to address.

2.2 The conceptualisation

This section describes the various conceptualisations of financial inclusion promoted by different stakeholders. Prabhakar (2021) has summarised these conceptualisations in his book. He reviewed the arguments that support and criticise financial inclusion. More than that, he also highlighted the lack of discussion between the supporters and critics of financial inclusion; each group rarely responds to each other but instead keeps promoting their own arguments to the community. He emphasised the need for critical discussion between the different views.

Prabhakar shed light on the potential issue of groupthink in financial inclusion. Groupthink is a term to describe a situation when a group reaches a consensus without critical thinking (see Janis, 1972). Without a space of acknowledgement on the different opinions and a willingness to discuss their differences, even if there is a chance to think differently and disagree with the group, eventually the different voices disappear, imitating the overall group's opinion. Consequently, member of each group would produce bad decisions because their opinions are based on a lack of critical assessment.

The lack of acknowledgment on and discussion with different views about financial inclusion results in an extreme belief on financial inclusion. For example, in 2014, some practitioners proposed that financial inclusion should be a separate goal in the Sustainable Developmet Goals (SDG), in addition to the 17 existing SDG goals (see Leach, A., 2014). They proposed that the number of people with a bank account should be defined as the end rather than the means of financial inclusion policy. This presents a relatively narrow, not to mention worrying, policy outcome in which financial inclusion policy becomes progressively detached from people's welfare, while promoting a new and more profound dependency on banks.

While a small number of scholars, including Prabhakar (2018a; 2018b; 2013), has tried to address this issue by critically assessing financial inclusion policy based on context and individual unique experiences (see, for example Rowlingson and Mckay, 2015; Money, Muir and Nixon, 2016; Appleyard, Rowlingson and Gardner, 2016; Mader, 2017; Rowlingson and Mckay, 2017; Salignac *et al.*, 2019; Duvendack and Mader, 2020), we need more scholars and, especially, practitioners to understand the urgency to work with different views.

In order to work towards a more critical conceptualisation of financial inclusion, the following subsections draw the reader's attention to various existing conceptualisation of financial inclusion and how they link together.

2.2.1 From geography to social phenomena

According to Leyshon and Thrift (1995), geographers introduced the term "financial exclusion" in the early 1990s to illustrate the areas that lack access to banks. Analysing this phenomenon in the UK and US, Leyshon and Thrift showed that financial services were disproportionately concentrated in affluent areas.

The semantics of "financial exclusion" thereafter moved away from the phenomena of geography towards being understood as a society-wide problem. In brief, financial exclusion captures various aspects of social exclusion, including price exclusion, market exclusion, and self-exclusion (see Collard, Kempson Ellaine and Whyley, 2001). Financial exclusion is, moreover, a manifestation of *social* exclusion. This means that people's inability to access financial services can be explained by, and attributed to, social barriers (see Kempson *et al.*, 2004; Kempson and Collard, 2012).

Financial exclusion is a complex issue, which reveals that exclusion from financial services can have non-financial repercussions. The central issue arising from financial exclusion is traditionally denominated by the "poverty premium", a condition whereby the poor have to pay extra for the same product or service as the more affluent, or otherwise receive worse quality, owing to their inability to access financial services (Mendoza, 2011). This so-called "poverty premium" has untold knock-on effects on people's basic needs, including their access to safe water, housing, and health services (see Davies, Finney and Hartfree, 2016; also Davies and Trend, 2020).

2.2.1 The contested concept

As Prabhakar (2021) has mentioned, some practitioners and researchers outside of academia tend to think less critically about financial inclusion. They propose that by increasing the number of people with bank accounts and access to mainstream financial services, then this will be good for the overall society.

The supporters of financial inclusion have proposed different solutions, depending on the root cause they believe in. Those who think that financial exclusion is caused by market failure have proposed more democratic financial system, while those who think that financial exclusion is caused by government failure[1] have suggested deregulation.

However, some scholars tend to be very critical of financial inclusion. They highlight the risks that come with the financial inclusion agenda and perceive financial inclusion policy as a new form of financialisation. They argue that the policy would benefit the financial services sector more than individuals or society.

The following sub-sections discuss in more detail the contested concept of financial inclusion. A summary is presented in Table 1.

Financial inclusion promotes economic welfare

A group of scholars – most of them working as WBG (World Bank Group)[2] researchers – believe that government failure creates financial exclusion. Therefore, they proposed deregulation in the financial sector as a way to increase market efficiency and economic opportunities (see King and Levine, 1993; Beck, Demirguc-Kunt and Levine, 2004; Sarma and Pais, 2011).

They showed that efficient financial intermediaries were important to promote economic development and to alleviate poverty. They also argued that the outreach of the financial industry, through general banks, is hindered by institutional factors, such as low information on consumers, rigid supervision, and a large number of informal financial services – including credit from the

[1] Government failure fails in a fashion that parallels market failure, that is the market's inability to allocate resources efficienly. Market failure is triggered by externalities, public goods, imperfect information and increasing returns to scale, while government institutions with self-interested agents can cause government failure (see Le Grand, 1991)

[2] The World Bank Group (WBG) consists of five development banks: IBRD, IDA, IFC, MIGA, and ICSID. WBG is also one of the thirty members and the biggest donor of the CGAP (Consultative Group to Assist the Poor), an international think-tank on financial inclusion.

Table 1 The contested concept of financial inclusion

Supporters

Root cause of financial exclusion	Source	Argument	Policy suggested	Pathways	Outcome
Government failure	Honohan (2004) Beck et al (2005) Levine (2005) Beck et al (2008) Kunt and Levine (2009) Sarma and Pais (2011) Kunt and Klaper (2012) Kunt, Klaper, and Singer (2014, 2017); Mehorta and Yetman (2015)	The lack of competition creates discrimination of the financial services The high cost of enforcing contracts and the high degree of government regulation prevent financial services to enter the market and deter outreach High financial access and utility is associated with the overall level of economic development	Promote competition to financial industry to reduce cost and incentives to expand their outreach Easing restrictions on banking activities and entry Increasing banking disclosure and transparency Improving physical infrastructure (esp electricity) Individuals, firms, and governments can enhance household financial resilience by investing in financial education Less government control and more foreign bank participation	Emergence and expansion of bussiness; Efficient resource allocation; Transparancy	Economic efficiency Economic welfare Financial well-being Human development
Market failure	Leyshon and Thrift (1995) Langley (2004) Collard, Kempson, and Whyley (2001) Kempson and Collard (2012) Buckland et al (2005) Carbo et al (2007) Buckland and Simpson (2008) Mitton (2008)	Social change (economy, technology, social) excludes some groups of people to access & use financial service Profit and efficiency oriented creates discrimination of services	Promote alternative infrastructure for financial intermediary (postal saving, community development banks, community development funds, credit unions and non-financial retail outlets) Providing appropriate financial products and education (tailoring with consumers needs and affordability) Promote codes of practice for banks Establishing independent advice Promote financial citizenship	Fulfillment of basic needs; Financial resilience; Empowerment	

Critics

Source	Argument	Pathways	Outcome
Mader (2017) Sawyer, M. (2017) Langley (2009) Marron (2013) Van der Zwan (2014) Berry (2015) Bayliss et al. (2016) Bayliss, Fine and Robertson (2017)	Financial inclusion promote financialisation	Wage stagnation on trade and commodity production sectors; Risk exposure on consumer; Shift welfare provision from state to financial system; Growing dominance of financial market; Expanded role of financial motives; Expanded role of financial actors.	Inequality

government programmes and State-Owned Enterprises (SOE) (see Lusardi, 2019; Thorsten Beck, Asli Demirgüç-Kunt and Vojislav Maksimovic, 2003; Beck and De La Torre, 2007).

They argue that financial exclusion occurs as a result of "rational business decisions of financial institutions taking into account their business model and the environment" (Beck, Demirguc-Kunt and Martinez Peria, 2007 p. 23). Therefore, these scholars have consistently promoted regulatory arrangements that could hinder the optimal utilisation of the financial sector and inefficient financial resource allocation.

Honohan (2004) also highlighted the lack of information on consumer as the key problem of financial exclusion. He argued that data are crucial for the private sector to design services profitably on a larger scale. Thus, he proposed to United Nation Development Programme (UNDP), the World Bank (WB), and International Monetary Fund (IMF) for the development of a comprehensive dataset on the demand side that could be used it to advocate the problem of financial exclusion to policymakers. Honohan suggested to create this database strategically in three steps.

First, creating an innovative methodology that could explain financial services' contribution to income and productivity. *Second,* offering post-doctoral research fellowships to developing nations for applying these methodologies. And *finally*, collaborating with international agencies, regulators, and financial industries to develop demand side databases at the national level.

The WB responded to Honohan's proposal in 2011 through Global Findex. The Global Findex operationalises financial inclusion worldwide by illustrating consumers' patterns in saving, credit, and the depth of financial engagement.

These scholars postulated that financial innovation and deregulation would allocate resources (capital) more efficiently, which is beneficial for economic welfare. The argument mainly relied on the assessment of financial inclusion policy in several developing countries. For example, Kim (2016)

provided a cross-country analysis of the effect financial access had on economic growth by reducing income inequality. This finding supported a study by Honohan and King (2009; 2013) focused on African countries. A study in Bangladesh also demonstrated that financial access contributes to 22.5 per cent of GDP and enables 40 per cent of employment (Rahman, Aithur, 2015). Another study in Indonesia using provincial data found a positive relationship between financial access and economic growth (Sanjaya and Nursechafia, 2015).

A range of research has investigated this hypothesis further by defining the pathways from financial inclusion to economic growth. Predominantly, the literature describes three main routes.

The first route is through business expansion, especially MSMEs. A systematic literature review on empirical evidence from low and developed countries by Kersten et al. (2017) verified that MSME finance enables the emergence and expansion of small business. A study in Mexico also showed that higher access to credit increased incomes for low-income individuals by allowing informal business owners to keep their businesses open (Bruhn and Love, 2014).

The second route is through the financial intermediary function, which creates efficient capital allocation. This hypothesis is supported by a comprehensive review of cross-country research by the Consultative Group to Assist the Poor (CGAP). CGAP (2009) suggested that financial intermediation is positively correlated with growth and employment and had a causal relationship towards growth. It also argued that financial inclusion could reduce welfare inequality by disproportionally decreasing the credit constraints on people who lack collateral, credit history, and networks. Norris et al. (2015), investigated the impact of financial access on inequality in advanced and emerging countries. They suggested that the development of the financial sector reduces inequality in general by providing better capital allocation for entrepreneurs. However, the effect is more significant in advanced countries than in emerging countries.

Some studies at the national level also have similar conclusion to the CGAP. In Nigeria, access to finance promoted more diverse economic activities (Adeola and Evans, 2017). A study in the US found the same conclusions in a developed country; a study concluded that better financial access increased firm size, expanded labour demand, and increased wages (Besley, Burchardi and Ghatak, 2017).

The last route is through increasing the transparency of transactions. Payment through formal financial services prevented leakage and increased tax revenue (Radcliffe, 2017; Bold, Porteous and Parker, 2012). Zimmerman and Baur (2016) highlighted this fact in the Philippines, Uganda, Nigeria, India, Fiji, and Kenya.

Although these scholars are somehow cautious in their assessment as the degree of economic welfare might depend on country-specific characteristics (Park and Mercado, 2015; Norris et al., 2015; Demirguc-Kunt, Klapper and Singer, 2017), overall this group has suggested that better engagement in formal financial services would improve business activities through more efficient resource allocation.

Financial inclusion promotes individual welfare

Another group of scholars believe that financial exclusion is caused by market failure, which manifests itself in social injustice (see Leyshon and Thrift, 1995; Leyshon, Andrew, French and Signoretta, 2008; Collard, Kempson Ellaine and Whyley, 2001; and Kempson and Collard, 2012).

This group of scholars identified the socio-economic barriers to access the benefits of financial services. They have measured the costs borne by people who do not have the privilege to access financial services. They argue that society has the right to receive fair benefits from policy arrangements. This group believes that an imbalance of power in the financial system could promote inappropriate financial access, which has the potential to endanger those who are vulnerable (those

who cannot make the best use of financial services) and eventually widen the welfare-gap (Langley, 2009; Rowlingson and Mckay, 2017).

They suggested tackling poverty by increasing the level of income through affirmative action for marginalised communities and a tailor-made financial inclusion policy based on consumer need. For example, codes of practice for financial institutions, right of access to basic banking services (Kempson *et al.,* 2004), independent financial advice (Atkinson *et al.,* 2007), and strengthening alternative financial intermediaries, such as postal saving, community development banks, credit unions and other non-financial retail outlets (Collard, Kempson Ellaine and Whyley, 2001; Mitton, 2008). Their proposal was summarised in the concept of financial resilience and citizenship, which encompass entitlement of appropriate financial access and advice, and a more democratic financial system (see Davies, Finney and Hartfree, 2016; Retzmann and Seeber, 2016).

These scholars suggested that any intervention to increase individual access on financial services would facilitate financial well-being, which eventually supports human development.

The link between financial access and human development was first elaborated by Sarma and Pais (2011). They found a positive correlation between accessibility to financial services and the Human Development Index (HDI). Their study was also supported by Nanda and Kaur (2016). Having the same result, Peachy and Roe (2006) proposed that financial services are equally important to safety, health, and education.

In general, all the studies that analyse the link between financial inclusion and human development have highlighted the equal importance of financial access and financial capability. In general, they show three possible pathways between financial inclusion policy and human development: fulfilment of basic needs, financial resilience, and empowerment.

The first route is financial access to fulfil basic needs. Financial access could enhance access to various basic needs, such as food, education, water, and electricity. Zeller et al (1997), Pan and Jensen (2008), and Wikaya and Murti (2019) are a few of the many researchers who have highlighted the crucial role of financial access in smoothing household consumption and agriculture production. While less research has been done to evaluate the role of financial access to other basic needs fulfilment, some organisations have demonstrated that better financial access could help people to access clean water (see Ikeda and Liffiton, 2019; and Barry and Creti, 2020).

The second route is by promoting financial resilience. Financial resilience establishes when people are able to manage their wealth throughout their life. This route is illustrated by four prominent studies. In Malawi, Brune et al. (2016) it has been suggested that when farmers have a saving account, they tend to invest more to extend their production, resulting in an increase in agricultural output and household expenditure on basic needs. Another rigorous study in Kenya by Dupas and Robinson (2013) found that savings substantially increase preventative health investment.

The literature also suggests that financial access should not be narrowly defined as financial products but should include access to financial information and advice.

A randomised control trial study by Dobbie and Gillespie (2010) supported the conclusion of 16 other studies that suggested access to financial services with financial advice leads to better financial behaviour (savings and investments). Eventually, this behaviour also promotes better levels of mental health. Two qualitative studies in the UK also suggested that financial access with better financial information leads to people managing their finances better to plan their later lives (Baxter *et al.*, 2021; Overton and Fox O'Mahony, 2018).

The last route is empowerment. Empowerment is a multidimensional process in enhancing people's contribution and responsibility in society. Therefore, the role of financial access to empowerment

needs to consider intersectionality impediments, including the infrastructure divide also gender and disability discriminations.

In this area, a majority of research has focused on the role of finance in women's empowerment. Two rigorous studies have showed that the combination of financial access, financial advice, and women empowerment activities lead to better outcomes; the programme increases financial skills and self-confidence (Brody *et al.,* 2015) and significantly improve women's participation in society and the economy (Duvendack and Mader, 2020).

Many studies have also showed the positive social-economy impacts of financial inclusion policy for people who live in rural areas (see Villarreal, 2017).

There is less rigorous evaluation on the impact of financial inclusion policy for people with disabilities and the elderly. However, the importance of better financial access to empower people with disabilities has been voiced (see Seifert and Goldstain, 2016). Similarly, some studies have recommended financial inclusion policy to be included in social welfare programmes for the elderly (Baxter *et al.,* 2021; see Gyasi, Adam and Phillips, 2019; also Kelly *et al.,* 2015).

Financial inclusion accelerates financialisation

Despite all the empirical evidence that supports financial inclusion through different pathways, not all scholars agree that promoting financial access always leads to positive results. The supporters of financial inclusion have been challenged by a group of scholars who critically assess the hype of financial inclusion policy by highlighting the potential damage of financial inclusion policy to society. There is a group of scholars who has variably presented financial inclusion as financialisation (see Prabhakar, 2021; also Berry, 2015).

Financialisation is often defined as increasing public dependency on the financial system (Epstein, Gerald, 2015; 2005). Financialisation is demonstrated by quantitative and qualitative evolution and the growing role of finance at the individual and institutional level (Sawyer, Malcolm, 2017; 2014).

Langley (2009), Marron (2013), Van der Zwan (2014), Berry (2015), Bayliss et al. (2016), Bayliss, Fine and Robertson (2017) are a few of many scholars who have strongly argued that financialisation has been used to promote financial access in order to increase prosperity. They agree that financial consumers may indirectly benefit from financial inclusion policy. However, they also think that the benefits might be overestimated and that consumers are not the only beneficiaries. There are bankers who obviously and directly gain benefits from financial inclusion policy. They are worried that financial inclusion policy becomes "financial expropriation" (Lapavitsas, 2011 p.4), where individuals become the source of profit for the financial system.

These concerns are not unfounded. A randomised controlled study by MIT and Northwestern University (2015) found that microfinance is not necessarily promoting welfare. Thus, the benefits that had been promoted have likely been overstated. Many studies have showed inequality to be the general impact of financialisation. One of these studies suggested that the adoption of Fintech had increased income inequality in 54 countries (Mohd Daud, Ahmad and Ngah, Wan Azman Saini Wan, 2020).

These empirical studies in different contexts have suggested that welfare inequality could be accumulated though financialisation through three pathways.

The first route is through the exposure of consumers' risk (see Rajan, 2005; Law and Singh, 2014) which leads to financial insecurity for the poor (see Hodson, Dwyer and Neilson, 2014; Agarwal *et al.,* 2018; Rowlingson, 2002). The Center for Financial Inclusion (2014; see also Wolf, 2019) has

highlighted the severe issues of data misuse and over-indebtedness within Fintech development, especially in developed countries (see also Schicks, 2013; 2013).

The second route is by shifting welfare provision from the state to the financial market. Many scholars have argued that financial inclusion promotes financial market-based solutions for social problems, which reduces the state's responsibility (see Gibbons, 2015; Fouillet and Morvant-Roux, 2018; Finlayson, 2009). One study confirmed that using financial inclusion policy to promote entrepreneurial activities in countries with a flexible labour market had replaced the role of state in helping the poor (Bateman and Chang, 2009 p.25).

This argument especially arises with the promotion of the role of finance in social welfare policy. Many financial inclusion supporters claimed that formal financial access acts as a better form of 'traditional' poverty alleviation and social protection intervention (such as cash transfers and microfinance subsidies) because financial inclusion supports self-reliance (Hussain *et al.*, 2015) which is important to reduce the poverty rate and promote economic development (Yoshino and Morgan, 2017).

The last route is through a shift of power from labour to capital, which leads to an uneven distribution of power among social classes; financial inclusion makes individual welfare reliant on the mainstream financial system, providing power to those more affluent or working around the financial circle and perpetuating welfare inequality. For example, as Johnna (2019) has presented, the UK and the US are two cases where the individual's welfare is reliant on financial services through debt. This condition creates inequality of economic power systematically: the gains from credit are privatized in the financial sector, but losses and crises resulting from debt are turned into public responsibility. A study in Ecuador also showed that the formal financial sector mostly benefits the rich. The wealthy use these services to make investments and accumulate assets. In contrast, the poor mainly use credit to

cover their basic needs, which they can easily access from informal financial institutions (Deere and Catanzarite, 2018). Some studies have also shown that technology innovation promoted in financial inclusion policy might lead to new forms of dominance by financial actors (Kelly and Mirpourian, 2021; Gabor and Brooks, 2017; Rahman, Aminur, 1999).

2.2.4 The role of Fintech in the conceptualisation of financial inclusion

The traditional financial industry has changed significantly since the 2008 financial crisis. Over this time, Fintech, a marriage between finance and information technology, has emerged, producing a new approach of financial inclusion policy.

Fintech promotes financial access as it addresses information asymmetries associated with high costs experienced by bankers and consumers. Using a cross-sectional dataset of 168 countries Fanta and Makina (2019) showed that technology transformation in the financial sector improved financial access and usage. Two cases that illustrated the benefit of Fintech for producers and consumers are Unified Payments Interface (UPI) in India and PIX in Brazil. Both allowed individuals and businesses to receive and send money instantly (Cook, 2021). The COVID-19 pandemic has reinforced the benefits of Fintech for businesses and individuals as the future of financial services is contactless, which underscores the need for inclusive and lower-cost financial services.

On the other hand, Fintech also makes more explicit the risks of financial inclusion policy. Some studies have highlighted the issue of personal data mining, identity theft, over-indebtedness, and social exclusion as the result of Fintech adoption (see Diniz, Birochi and Pozzebon, 2012; Preibusch *et al.*, 2016; and Schicks, 2013). These studies have shown that Fintech could smooth the exploitative practices and reinforce power asymmetries between bankers and consumers.

Many supporters and critics of financial inclusion policy are beginning to be aware of the multifaceted consequences of Fintech. In other words, Fintech makes explicit the complex role of finance for society.

Fintech is a journey for bankers, regulators, and the consumer. However, the bankers can learn and adopt Fintech faster relative to regulators and the consumer. For example, the financial sector is aggressively adopting artificial intelligence behavioural analysis into their services. Financial institutions combine various real-time data and create a 'digital persona' to identify and predict the consumers' needs. This approach has been promoted by international development organisations, such as the UN Secretary-General's Special Advocate for Inclusive Finance for Development (UNSGSA), suggesting that this method would produce insights to provide more convenient services for consumers (see UNGSA, 2017).

The private sector has also proactively sponsored various research and pilot projects on financial inclusion. Their objectives have been to promote innovation on financial services and increase people's participation in the financial system (see Visa, 2018; MasterCard, 2018; Wyman, 2017; Manyika *et al.,* 2016). The media also participates in popularising Fintech in the policy narration (see Zavolokina, Dolata and Schwabe, 2016).

Nevertheless, the benefits of Fintech presented through media are often a remedy for the symptoms, not the cause; Fintech alone cannot provide basic needs, increase wages, or provide jobs. Although Fintech has positive outcomes for consumers, these outcomes are incremental. Fintech also has different impacts across social demography (see Mohannad A M Abu Daqar and Samer Arqawi, 2020; also Carlin, Pagel and Olafsson, 2017).

With progressive adoption of Fintech by banks, regulators need to keep pace. The private sector and their philanthropy have provided grants to international organisations, such as AFI, CGAP and WBG,

to bring regulators together and advocate innovation in financial inclusion policy (see Bill and Melinda Gates Foundation, 2018; also The World Bank, 2018).

Overall, the different pace of Fintech adoption between bankers, regulators, and consumers might produce an imbalanced policy narration to support financial inclusion policy without critically analysing its risks.

The unresolved practical problem for Fintech is a critical assessment of its role in people's lives to develop fair rules for bankers and consumers. Thus, policymakers need to work together, enabling Fintech to pursue fairness (see Kelly and Mirpourian, 2021; and Müller and Kerényi, 2019; also Kear, 2017).

Therefore, Fintech opens up an opportunity for a deliberative critical assessment of stakeholders to combine financial inclusion policy with a sound social policy.

2.3 The operationalisation

Many international development organisations have integrated financial inclusion into their working strategy. However, each has used different proxies and approaches to identify financial exclusion (see Appendix 1 on measurements and datasets for financial inclusion).

For example, Alliance for Financial Inclusion (AFI) and Toynbee Hall suggested a holistic measurement to better describe the relationship between financial inclusion and various social problems. Beside financial access and usage, they also use quality and welfare as indicators. They operationalise financial inclusion as a fitness index between financial services offered, the consumers' needs, and the impacts on people's life (Alliance for Financial Inclusion, 2010 p.4; Toynbee Hall, 2011 p.40-41).

Despite the different ways to operationalise financial inclusion, Global Findex is mostly used as a reference in many countries and in the global agenda, including in the SDGs and among the G20. For this reason, this section discusses the role of Global Findex in shaping the operationalisation of financial inclusion in policy.

2.3.1 About Global Findex

Global Findex was developed by Kunt and Klapper in 2011 (see Demirguc-Kunt and Klapper, 2012). The Global Findex is generated by using a telephone and face-to-face survey method. Sponsored by Bill and Melinda Gates Foundation (BMGF), the WB has operationalised and promoted Global Findex. With the uptake of financial technology in the financial industry, Global Findex 2015 started to incorporate digital transactions as a proxy for financial inclusion (Demirgüç-Kunt, Asli *et al.,* 2018; 2015).

Global Findex is the most comprehensive standardised demand-side database on financial inclusion at the global level. The first survey was in 2011, and another is held every three years (Demirguc-Kunt and Klapper, 2013; Demirguc-Kunt et al., 2015; Demirgüç-Kunt et al., 2018). The latest Global Findex was published in 2017. It provides more than 100 indicators covering roughly 150,000 people from 144 economies worldwide (Demirgüç-Kunt et al., 2018).

Global Findex consists of four datasets. The first dataset focuses on the ownership and the use of accounts at formal financial institutions. It provides in-depth data on the application, access, and purpose of use. The second dataset is about saving behaviour, while the third dataset is about borrowing behaviour. These three datasets compile information on the use of formal and informal financial services.

The fourth dataset is about financial resilience. The dataset of financial resilience shows the possibility that people come up with emergency funds within the following month and the main

source of funds. It describes people's financial behaviour, such as the purpose of saving and borrowing and the source of funds for borrowing (Demirguc-Kunt and Klapper, 2012 p.8). It aims to understand how people act toward unexpected expenses (Demirguc-Kunt et al., 2015). Each dataset illustrates four features of financial inclusion: number of accounts, saving, borrowing, and financial resilience. From all four indicators, the number of accounts is the primary indicator, which determines the level of financial inclusion worldwide.

2.3.2 The limitations and implication of Global Findex

Global Findex has the scope and consistency that is suitable for international comparison. Global Findex also goes some way to reflecting the multidimensional nature of financial inclusion. However, the policy practitioner should consider some technical and conceptual notes before using it as a guide to implement financial inclusion policy. This section illuminates the scope for practitioners' reflection and improvement to operationalisation.

Three are four technical notes to be considered by practitioners.

First, the Global Findex is a non-parametric index; it is sensitive to a subjective weighting assignment since a slight weight change can significantly alter the results (Camara and Tuesta, 2014). The Global Findex 2014 stated that the data weighting is based on household size, population statistics, and income group. Consequently, diverse social conditions, such as ethnicity, religion, and education, within or across countries, could contribute even more to differences in the indicators.

Second, the report stated that the primary sampling units are stratified by population size and geography, or both, while the clustering is achieved through one or more stages of sampling. The reports do not explain how the test design and the sampling are done in each stage. The dataset would not be valid if, for example, the public officials in a country could prepare the questions or who will be surveyed, as this will affect the output.

Third, the interview method could contribute to the different outcome as samples for some countries are interviewed via telephone while others are conducted face to face.

Considering these issues, the Global Findex may have an unintended bias.

In addition to some technical limitations, Global Findex also illustrates a top-down concept of 'development' which likely occludes critical dimensions of meaning and quality in the implementation. The top-down approach is demonstrated in four conceptual notes.

Firstly, Global Findex only includes formal financial services, which the WB defines as supervised by independent authorities (Central Banks or Financial Services Authorities) (Demirgüç-Kunt et al., 2018). It does not consider that each country might has different regulations for its financial sector. The different regulations have significant impacts to operationalisation. For example, the Global Findex would define credit unions in the UK as formal because they come under independent authority called The Prudential Regulation Authority (PRA). On the contrary, credit unions in Indonesia would be considered semiformal because the Ministry of Cooperatives supervises them. In this case, those who own an account in a credit union in the UK are counted as financially included, while those in Indonesia are not.

Secondly, while Global Findex only considers non-bank financial services that are regulated by independent authority, different rules apply for mobile money. Mobile money was included in the survey as financial access, regardless of their regulator (Demirguc-Kunt et al., 2017 p.17).

Mobile money consists of a variety of financial transactions performed on a mobile phone. In practice, mobile money requires a financial institution to provide the financial framework and telecommunication companies to deliver the consumer services. There can be multiple regulators involved in the regulation of mobile money.

Appropriate regulation and supervision for financial services are necessary to ensure that funds customers put into the system are securely stored from various risks. One example of risk is consumers' money being used as source of investment for the mobile money operator or used for third-party lending. If Global Findex is really concerned about consumer trust and protection, it should only consider mobile money services that are supervised by independent financial regulators.

Lastly, the Global Findex suggests that people who use various financial services can improve the quality of their lives; they can start and expand businesses, invest in education or health, and manage financial risk. Therefore, besides representing data on financial access, Global Findex describes the role of finance on an individual's business, health, and education. It also reveals different motivations for using financial services and how people manage their lives with finance.

In this aspect, Global Findex implies the importance of individuals embracing risk-taking activities as investors and borrowers. Especially with the dataset on financial resilience, the Global Findex infers how finance is essential for people to survive, which suggests formal financial services contribute to smooth the consumption level through the dataset on credit and saving. Meanwhile, there is no evidence to support the idea that accessing formal financial services can promote individual well-being (see Duvendack and Mader, 2020) nor the idea that informal financial services are exposed to more risk than formal financial services in a systematic manner.

With the data on financial resilience that focuses on mainstream financial services, Global Findex underpins the notion of financialisation, such as using capital accumulation for well-being (see Van der Zwan, 2014; Sawyer, Malcom, 2014; also Epstein, Gerald, 2015) and sustains daily financial activities, such as transactions, saving, and borrowing, as individual identities (Langley, 2009; Appleyard, Rowlingson and Gardner, 2016; Rowlingson, Appleyard and Gardner, 2016).

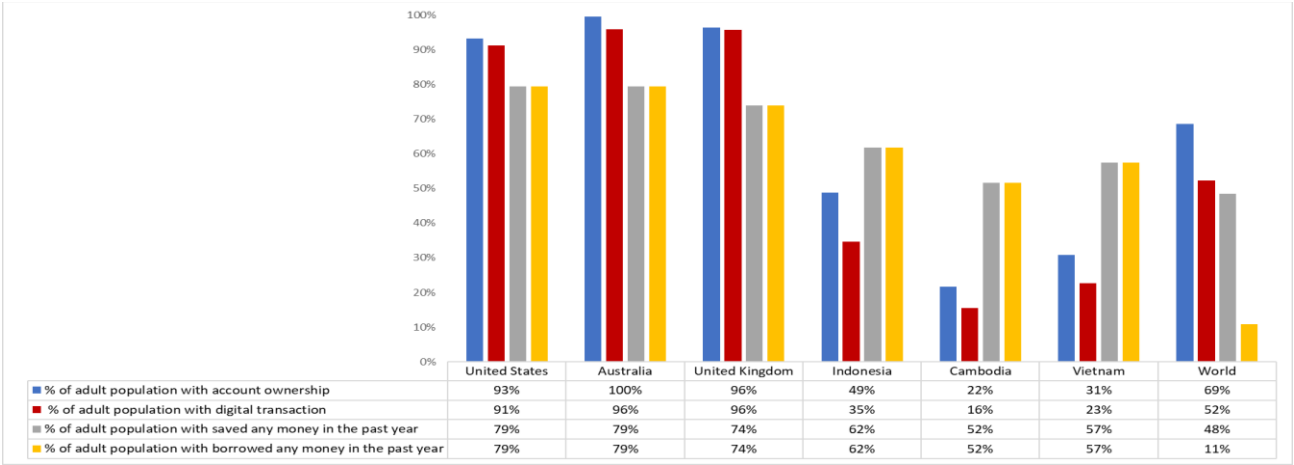
WB efforts to establish a global survey on financial inclusion in Global Findex have been vital in mapping financial inclusion worldwide. However, Global Findex would have been more just in operationalising financial inclusion if it provided the quality aspects of financial services – either those that are registered under independent authority or government. For example, the significance of financial services to people's well-being in different countries, such as access to basic needs. Without this context, Global Findex is more appropriate to measure financialisation at the individual level.

2.3.2 What could Global Findex tell (or not tell) us about the role of finance in people's lives?

The previous sub-section described how Global Findex represents an attempt to measure financial engagement rather than inequality of financial access. Nevertheless, it arguably provides some basis for mapping the nature of financial services across geographical areas, which is particularly important to develop more appropriate financial inclusion policy.

To understand how Global Findex could be operationalised in different ways around the world, this study uses the 2017 Global Findex to compare six different socio-economic contexts, represented by Indonesia, Cambodia, Vietnam, Australia, the UK and the USA.

Figure 1 Access to formal financial inclusion and financial behaviour



	United States	Australia	United Kingdom	Indonesia	Cambodia	Vietnam	World
% of adult population with account ownership	93%	100%	96%	49%	22%	31%	69%
% of adult population with digital transaction	91%	96%	96%	35%	16%	23%	52%
% of adult population with saved any money in the past year	79%	79%	74%	62%	52%	57%	48%
% of adult population with borrowed any money in the past year	79%	79%	74%	62%	52%	57%	11%

Source: Author analysis on Global Findex (2018)

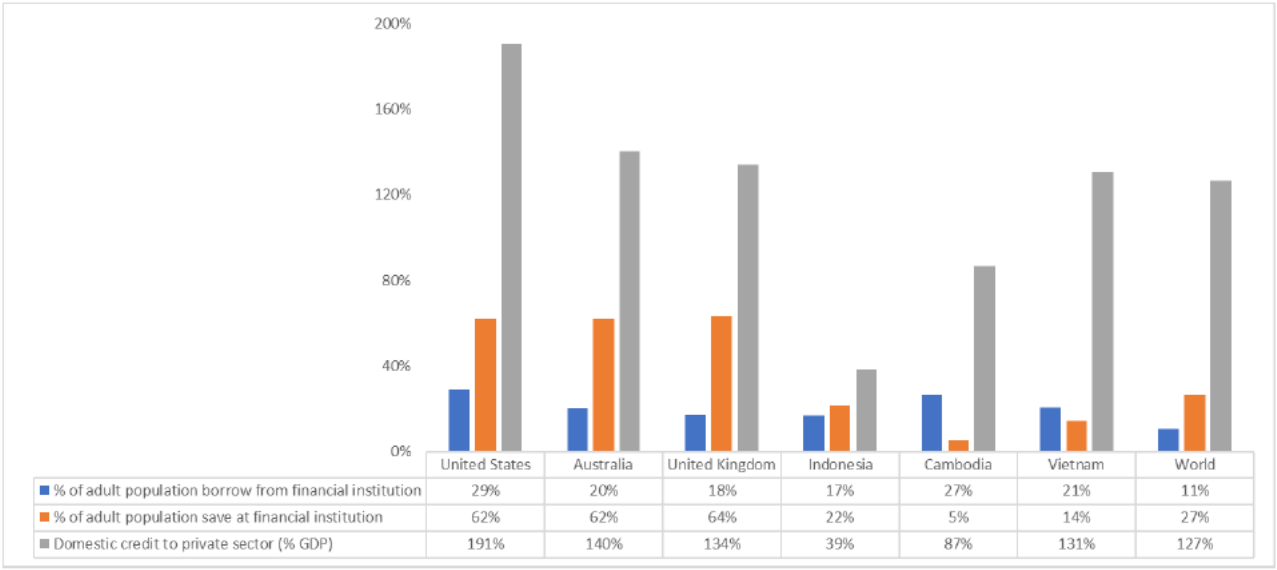
The Global Findex report stated that the percentage of people with a formal financial account would be higher than the percentage of people who save and borrow, because an account is the gateway of other financial services (Demirguc-Kunt and Klapper, 2012 p.11). However, the data from developing nations, represented by Indonesia, Cambodia, and Vietnam, challenges this argument.

Figure 1 shows that, in developing nations, account ownership does not align with people's ability to use other financial services, such as loans or savings. In these countries, the number of bank and digital account owners is below the world average, while saving and borrowing are above the world average. The figure shows that these developing nations have a higher percentage of people saving and borrowing than people who have formal account ownership. In addition, despite the huge gap in the percentage of account ownership between developed and developing nations, the data shows a smaller gap in saving and borrowing.

The data comparison shows that account ownership may reflect one aspect of people participating in the formal financial system, but not necessarily determines people's ability to manage money: people can still save and borrow without having access to a formal account. This data might also suggest that people in developing nations prefer informal financial institutions and face-to-face transactions rather than formal accounts and digital transactions. This fact also suggests that financial inclusion policy should not be limited by the level of formal account ownership or digital transaction as this does not reflect people's ability to manage finance in developing nations.

Figure 2 compares people's behaviour toward formal financial services, which is measured by the per cent of formal saving and borrowing, and the role of the financial sector in the national economy, which measured by the private credit to GDP ratio (The World Bank, 2021). As shown, despite the advanced role of the financial sector in Vietnam and Cambodia, the usage of financial services in both countries was significantly lower than in all developed nations.

Figure 2 Financial sector development and the role of formal financial services for welfare



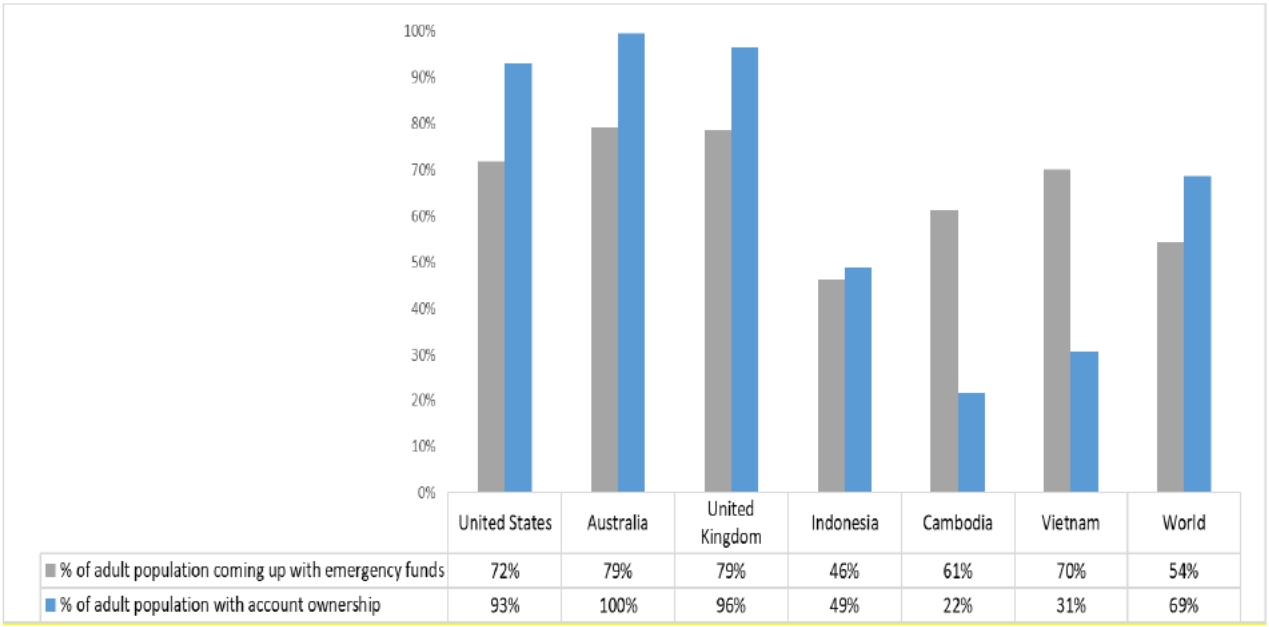
	United States	Australia	United Kingdom	Indonesia	Cambodia	Vietnam	World
% of adult population borrow from financial institution	29%	20%	18%	17%	27%	21%	11%
% of adult population save at financial institution	62%	62%	64%	22%	5%	14%	27%
Domestic credit to private sector (% GDP)	191%	140%	134%	39%	87%	131%	127%

Source: Author analysis on Global Findex (2018)

This figure might indicate that the financial sector could develop without necessarily promoting their benefit for individuals, or the fact that financial sector development does not necessarily promote a benefit for individuals.

The data of formal account ownership and availability of emergency funds are presented in Figure 3.

Figure 3 Financial sector development and financial resilience



	United States	Australia	United Kingdom	Indonesia	Cambodia	Vietnam	World
% of adult population coming up with emergency funds	72%	79%	79%	46%	61%	70%	54%
% of adult population with account ownership	93%	100%	96%	49%	22%	31%	69%

Source: Author analysis on Global Findex (2018)

The figure shows that a high level of account owners does not necessarily correspond to financial resilience. This insight is particularly seen in Cambodia and Vietnam. For example, although only five per cent of people in Cambodia save via informal financial services, more than 60 per cent of the samples could come up with an emergency fund. This finding challenges the Global Findex argument on the important role of formal financial services on financial resilience.

More detailed data regarding the source of an emergency fund in Table 3 shows that developing nations have a different primary source of emergency funds than developed nations. All samples from developed nations relied on saving and their workplace to support financial resilience. In contrast, all samples from developing nations relied on their workplace.

Table 2 Source of the emergency fund

Country	Saving	Friend and family	Work place	Loan from financial institution	Sell asset	Others
United States	57.4%	9.0%	20.2%	6.8%	3.4%	1.9%
Australia	65.8%	9.1%	12.8%	9.8%	1.6%	0.3%
United Kingdom	61.0%	13.0%	12.7%	8.7%	1.3%	2.2%
Indonesia	19.0%	27.7%	42.3%	5.5%	3.2%	0.8%
Cambodia	16.3%	30.1%	40.6%	5.4%	3.8%	3.6%
Vietnam	13.8%	14.3%	68.3%	1.7%	0.2%	1.4%
World	33.4%	28.3%	29.8%	4.2%	2.3%	1.3%

Source: Author analysis on Global Findex (2018)

This data shows that employers' role in acting as a safety net for people in developing nations is crucial. Thus, rather than pushing people to save via formal financial institutions, creating payroll saving schemes at the workplace might be more effective in developing nations, as well as in developed nations (Evans and McAteer, 2021).

2.4 Implementation around the world

In general, policies to promote financial inclusion consists of three interrelated areas: money management (payment), welfare management (saving, credit, and investment), and risk management (insurance and pension). Each area utilises both financial and non-financial policy instruments.

Table 3 Features of financial inclusion policy

Types of policy	Sub-area of financial Inclusion policy	Financial instrument	Example of policy instrument
Finance	Money management	payment	Mobile money Microfinance Basic saving account Child Trust Funds
	Welfare management	saving, loan, investment	
	Risk management	insurance and pension	
Non-finance	Money management	payment	Financial education Financial advice Nudges
	Welfare management	saving, loan, and investment	
	Risk management	insurance and pension	

Source: Author depiction on the features of financial inclusion policy

Financial instruments range from the classics such as bank accounts to more sophisticated instruments, such as financial technology. Non-financial instruments are primarily financial education, ranging from simple brochures to raise awareness, to 'nudges' to change people's behaviour. The non-financial instrument includes regulation which incentivises/disincentivises an individual's or institution's decision making. This includes regulations to promote consumer protections.

As concerns about financial exclusion have emerged at the global level, there are now more than 55 countries committed to promote financial inclusion policy into their agenda, and at least 60 countries have issued a national strategy on financial inclusion (The World Bank, 2017). However, each country has different ways to govern and approach financial inclusion policy. Using the same countries as those listed in section 2.3, this section examines the differences between them.

2.4.1 Governance

Using the similar sample countries in section 2.3, this section describes how each country implements financial inclusion policy.

Table 4 The governance framework

Countries	Australia	United States	United Kingdom	Indonesia	Cambodia	Vietnam
Arrangement	Voluntary collective action, coordinated by NGO, facilitated by government	Private led forum, coordinated by departement of treasury and USAID	Government established the financial inclussion commision; The House of Lords appointed a Select Committee on Financial Exclusion	The government established the national council for financial inclusion	The government established committee on Economic and Financial Policy	The government established steering committee for Financial Inclusion
Chair	Good Shepherd Microfinance (NGO)	Department of the Treasury	HM Treasury The Minister for Pensions and Financial Inclusion	Ministry of Economic Affairs	Central Bank	Central bank
Global policy actors	UNSGSA, G20, UN (SDG)	G20	Not available/mentioned	WB, UN (SDG)	ADB, IFC, IMF, WB, UN (SDG)	WB, UN (SDG)

Source: Author depiction from policy documents by each country: TNP2K (2012); The US Department of the Treasury (2015); Cabinet Secretariat of the Republic of Indonesia, (2016); The Select Committee on Financial Exclusion (2017); FinMark and Cenfri (2018); State Bank of Vietnam, (2018); and Good Shepherd Microfinance (2018.)

The UK government started to promote financial inclusion in 1997. This issue faded during 2010-2014 but came back on the agenda through the establishment of the Financial Inclusion Commission in 2015 (Rowlingson, 2017; Rowlingson and Mckay, 2017; Prabhakar, 2021). The committee consisted of representation of experts from various sectors, including politicians. Until 2017, the UK promoted public-private partnership to tackle financial exclusion. The committee is funded by the private sector (HSBC). The work plan and strategy were developed by the committee through consultation with wider stakeholders, and the output was a series of recommendations of regulations to the government and regulators. The government and the Financial Conduct Authority (FCA)

followed up the recommendations and developed incentives for the private sector to embed this agenda into their business practices (see The Select Committee on Financial Exclusion, 2017).

On the other side, the UK parliament actively supervised and pushed the government to overcome financial exclusion by forming the Select Committee on Financial Exclusion in 2016. The UK parliament suggested advocacy and affirmative action for consumers and traditional services, such as credit unions and the Post Office, thereby balancing the government's and FCA's more market-oriented strategy (The Select Committee on Financial Exclusion, 2017).

In the US, the government started to formally acknowledge the problem of financial exclusion under the Obama administration. However, aligned with their market-oriented financial system, the US emphasised private engagement, technology innovation, deregulation, and competition to tackle financial exclusion. Therefore, unlike the UK, the US government does not directly address the issue through the use of a parliamentary committee. The US treasury department instead only facilitated a summit with the private sector and private philanthropies, such as BMGF. The private sector and private philanthropy followed up the issue by operationalising and implementing financial inclusion programmes (see The US Department of the Treasury, 2015). They also shape the global development priorities in financial inclusion by funding financial inclusion programmes executed by international organisations, such as WBG.

In Australia, the term "financial inclusion" was formally adopted and issued as a national strategy in 2015. Similar to the US, the government in Australia facilitate the operationalisation and implementation of financial inclusion. Nevertheless, it is different with the US where private sector leads the coordination. In Australia it is led by the third sector. Good Shepard Microfinance coordinates the design of the national strategy to tackle financial exclusion. The strategy was co-designed by 40 organisations, including bankers, think-tanks, and NGOs. Overall, Australia has

emphasised a collective voluntary approach to tackle financial exclusion. They documented their action in the Financial Inclusion Action Plan (Good Shepherd Microfinance, 2018; Powell, 2018; Money, Muir and Nixon, 2016)

Indonesia, Cambodia, and Vietnam have a relatively similar governance approach, where the government acts as the strategy developer as well as implementer. In Indonesia the governments formally acknowledged financial exclusion as an issue in 2012, with Cambodia and Vietnam following suit in 2018. Their governments established a committee, which consisted of government institutions and regulators. While the strategy in Cambodia and Vietnam is led by the central bank, in Indonesia, it is led by the Ministry of Economic Affairs (MOEA) (see Asian Development Bank, 2015; Asian Development Bank, 2018; also Sekretariat Dewan Nasional Keuangan Inklusif, 2018).

2.4.2 The policy paradigm

In general, the three examples of developing nations discussed above have used financial inclusion to promote economic development. For example, Cambodia put financial inclusion under the national agenda of financial sector development. This approach was similar in Indonesia and Vietnam, but less explicit. In general, the rationale for Indonesia's and Vietnam's financial inclusion policy was that by increasing access and usage of formal financial services, people would participate in the economy and support economic development. These countries mainly used microfinance for SME and government-to-person (G2P) payments (social assistance) as instruments to promote financial inclusion.

In these developing nations financial inclusion has also been more narrowly defined. They adopted Global Findex into their policies by defining the target as the number of people who had bank or mobile money accounts. This might explain why these developing nations have relatively more straightforward indicators, that is to increase the number of people with formal financial accounts.

Indonesia even stated a number as its target: 75 percent of adults should have a formal financial account by 2019. With this objective, the strategy occludes the meaning of financial inclusion policy on people's welfare.

The developed nations, the UK, USA, and Australia, have more various rationales.

Australia had almost similar motivations to the UK; they both suggested financial access is crucial for individual financial resilience. In Australia and in the UK, the interventions focused on human development by providing people with access to basic needs, such as housing and building assets through saving (HM Government, 2017; Money, Muir and Nixon, 2016; Good Shepherd Microfinance, 2018).

Australia developed a comprehensive theory of change to guide policy implementation by focusing on four beneficiaries: consumers, suppliers, staff (workers), and the wider community. A range of experts guided the private sector in planning and implementing their actions (Good Shepherd Microfinance, 2018). Meanwhile, in the UK, financial sector innovation and nudges have been the key strategy of the government to achieve their objectives. For example, by providing incentives to save and automatic enrolment into pension funds to encourage asset-based welfare (see Prabkahar, 2021).

In the US, financial inclusion is promoted through incentives and technology. The US policy approach is also outward-looking by aligning its policy on financial inclusion with its foreign affairs policy. The US government works with private sectors and international organisations to promote the financial inclusion agenda at the global level. This might explain their key policy objective, that is to expand their electronic transaction usage; the US also set an exact number for their target: 20 million people to be connected to the internet by 2020 (see The US Department of the Treasury, 2015; 2016).

Overall, the financial inclusion policy strategy in the US can be seen as a combination of foreign affairs and economic policy.

One similarity among these six countries is the use of Fintech as the primary policy instrument. All of these countries proposed Fintech as the most efficient and promising method to advance financial and economy activity. However, they all have different approaches in utilising Fintech to meet their strategy's objectives. The US has the most clearly emphasised priorities towards partnerships between financial services and technology companies. Meanwhile, in Indonesia, Cambodia, and Vietnam, Fintech is promoted for G2P transactions, especially social assistance programmes. Yet, none of strategies from these countries explicitly discuss concrete steps to identify and mitigate the risk of negative impacts from financial technology.

After reviewing the governance and policy paradigm from these countries, this study has found two interesting facts.

The first is the dominant role of international organisations in shaping the conceptualisation, operationalisation, and implementation of financial inclusion strategy. Except for the UK, the G20 and SDGs commitments were the key references for implementing financial inclusion policy in all countries. The Global Findex was the key reference for operationalising financial inclusion in Cambodia, Indonesia, and Vietnam. The WB were the key partner of these developing nations, both to operationalise and implement the strategy. In Cambodia, besides the WB, the strategy also explicitly states the Asian Development Bank (ADB) and The UN Capital Development Fund (UNCDF) as the key partner to develop the strategy.

Another interesting fact is the lack of consumer engagement in policy/strategy development. The financial inclusion strategies produced by the governments from the six sample countries show a close state-business-international agency relationship in policy development. The engagement with

consumers was evident in the policy documents from Australia and the UK. However, this engagement was mainly done at the beginning of the policy design process as part of problem mapping through surveys and hearings, initiated by the government. This study did not find any documentation that shows the continuous involvement of consumers in the policy process in any of the sample countries.

2.5 Summary

This chapter has examined the principal disputes about the competing conceptions on financial inclusion. It demonstrates how the concepts would affect people's lives as these strategies are operationalised and implemented as national strategies.

The first section describes different conceptualisations of financial inclusion. This section restates Prabhakar's (2021) argument on the need for critical deliberations between the different views to develop the best-fit policy for different contexts. Therefore, this section acknowledges these different views and critically examines their links.

The second section defines how financial inclusion is operationalised at the global level through Global Findex. This section challenges the global conceptions proposed by Global Findex, which is promoted as the main indicator for financial inclusion in many countries. This section highlights the need for a new, more comprehensive approach to operationalise the concept of financial inclusion, which could provide rich information about the link between financial access and individual well-being.

The third section of this chapter exemplifies the different approaches to tackle financial exclusion. In general, Indonesia, Cambodia, and Vietnam focus on increasing the access and usage of formal financial services, as operationalised in Global Findex. Meanwhile, the developed nations had more varied objectives, which might reflect their contextual challenges. The policy documents also show

that there have been close relationships between the state, businesses, and international agencies in the policy implementation of all the sample countries, but less involvement of consumers.

Given the different ways to conceptualise, operationalise, and implement financial inclusion, an investigation on the policy process becomes crucial. The literature on financial inclusion is largely silent on how policy actors manage the policy development. Closer inspection on the process could provide more understanding of financial inclusion and the implications. However, an analysis of the policy process has so far never been done.

Therefore, this chapter underscores the policy process, *why and how policymakers adopted the contested concept of financial inclusion and translated them into policy*, as a significant literature gap that exists and remains a challenge ahead.

CHAPTER 3 POLICYMAKING AND FINANCIAL INCLUSION IN INDONESIA

3.1 Introduction

The objective of this chapter is to assist the reader in understanding the nature of policymaking and financial inclusion policy in Indonesia.

It begins with setting the general context from an economic, social, political and cultural perspective, followed by an examination of policymaking in Indonesia. It then looks at the evolution of policy on financial access, as the term “financial inclusion” has emerged within the policy narration. The policy changes are evaluated from two policy documents on financial inclusion, each released in 2012, and 2016. The changes are discussed in the final section of this chapter.

3.2 The context

This section aims to describe the setting of the case studies and allows the reader to comprehend how the research findings might fit into a wider context.

Indonesia’s economic conditions relative to the global level is examined from the unemployment rate and GDP per capita. The social condition is illustrated by the Gini Index and the Human Development Index. The political condition is demonstrated by the power distribution by socio-economic position and the participatory democracy index. Finally, the Hofstede culture dimensions are used to comprehend the social context in Indonesia.

This study uses the UK as a comparator and addresses the impact of COVID-19, both providing meaning and a contemporary context for readers.

3.2.1 The economic, social, political, and cultural context framework

Table 5 Indonesia characteristics

Selected indicators	Indonesia	United Kingdom
Economy (2019)		
GDP per capita (PPP, USD)	12,220.00	44,120.00
Unemployment, total (% of total labor force)	4.84	4.12
Social (2020)		
Gini index	38.52	33.20
Human development Index	0.72	0.93
Political (2020)		
Power distributed by socioeconomic position	1.68	2.51
Civil Society participation index	0.87	0.96
Culture (2015)		
Power Distance	78	35
Individualism	14	89
Masculinity	46	66
Long term orientation	62	51
Uncertainty avoidance	48	35
Indulgence	38	69

Source: The World Bank, 2021; V-dem Institute, 2021; Hofstede Insights, 2021

In 2020, Indonesia's GDP per capita was USD 12,220. It was less than one-third of the UK's, which was USD 44,120. The unemployment rate in Indonesia was 4.82 percent, which was higher than most ASEAN countries. Meanwhile, its HDI was 0.72. This puts Indonesia at 107 out of 189 countries and territories, far behind the UK, which was ranked 13.

The economic structure of Indonesia has two key characteristics. The first is that informal workers represent a large share of total employed (OECD, 2020). Another characteristic is that, as proposed by Wicaksono, Amir, and Nugroho (2017), education, wealth, and employment are the main determinants of income inequality (Gini Index) in Indonesia, which can explain roughly 60 per cent of inequality.

Globally, as the UNDP (2020) has proposed, the death tolls, school closures, and the recession due to the COVID-19 pandemic, would have erased the progress in human development that has been achieved in the previous six years. Taking the key characteristics of Indonesia into consideration, the social-economic shock from COVID-19 would have been translated into

increased unemployment, a decrease of GPD per capita (ILO, 2021), and eventually increases in inequality (IMF, 2021), which is likely to be greater in Indonesia than in other nations.

To understand the nature of politics where a policy process takes place, it is important to understand the sphere of the society which organizes and pursues their interests. This study uses two indicators to indicate the nature of politics in Indonesia: power distribution by socio-economic position and civil society participation. All were taken from the V-Dem Institute (2021).

The power distribution by socio-economic position measures to what extent inequality in wealth and income translate into political power. The index ranges from zero to four, where zero shows that wealthy people have more political power than those whose economic status is average or poor, while four shows equal political power across social groups. The data shows that in Indonesia wealthy people have a dominant hold on political power over those in average and poor income groups (1.68). The political condition is far less unequal than in the UK (2.51) where although the rich have more political power, those in average and poor income groups share significant political power.

The civil society participation indicator illustrates the significance of citizens to organise themselves and pursue their collective interests and ideals. It ranges from zero (low) to one (high). The indicator illustrates four area: (1) policy consultancy with CSO by policymakers; (2) the involvement of people in CSOs; (3) barriers for women to participate; and (4) the barriers for legislative candidate nomination within party organization. In this regard, civil society participation in Indonesia is 0.87, below the UK which is 0.96.

Cultural indicators are also important to understand the nature of interaction between the various policy actors in Indonesia. For this purpose, this study uses the Hofstede index (2021). The index consists of six dimensions: power distance, individualism, masculinity, uncertainty

avoidance, long term orientation, and indulgence. This score in Table 5 shows that Indonesia and the UK have significantly different scores on power distance, individualism, and indulgence.

Indonesia's score on power distance is 78. This means that power is centralised, highly dependent on hierarchy. The relation between boss and co-worker tends to be like that of teacher-student. It is highly different to the society in the UK (score 35), that tends to believe that people should be treated equally.

An indicator of individualism addresses the degree of interdependence among a society's members. Indonesia (score of 14) tends to be a collectivist society. Loyalty and conformity to the group are important. This is significantly different to the UK (score 89), where people are much more individualist and tend to prioritise themselves and their nuclear family.

Indulgence is another cultural indicator in Hoftede that illustrates how people try to control their desires and impulses. Indonesia (score 38) has a culture of restraint; the society tends to be cynical and pessimistic. Individual actions tend to be restrained by social norms and people try to minimise self-indulgence. This context is different from the UK, where people are more private and focus on personal fulfilment.

Other indicators (masculinity, long-term orientation, and uncertainty avoidance) have less significant difference between Indonesia and the UK.

Masculinity illustrates what motivates people. It ranges from wanting to be the best (Masculine) or liking what you do (Feminine). Indonesia (score 46) is considered low Masculine. While the UK (score 64) is relatively high masculine. This means that both societies have a success ambition, but in Indonesia the motivation is less material and more about respect from the society.

Uncertainty avoidance shows to what extent society deals with an uncertain situation. Indonesia (score 48) has a low preference for avoiding uncertainty. The implication is that an individual would try to maintain harmony in the workplace and try to remove the uncertainty associated with a confrontation. This is often illustrated in the phrase “Asal Bapak Senang” (keep the boss happy). By keeping the boss happy, people expect to be rewarded with economic certainty. Although the UK also has a relatively low score (35), British society is more comfortable in ambiguous situations. The well-known expression illustrates this is “muddling through”.

The long-term orientation shows how a society maintains their past while dealing with the present and future. A society with a low score would prefer to maintain traditions and view societal changes with suspicion. A society with a relatively high score, like Indonesia (62), indicates a pragmatic culture. The society believes that truth depends on context. They adapt to changes through a strong propensity to save and with perseverance. Meanwhile, in the UK (51), the dominant preference cannot be determined.

3.2.2 Overview of the financial sector in Indonesia

Table 6 shows the landscape of the financial sector in Indonesia. There are eight different industries, each with s different scope of services. Seven of these are categorised as formal financial services. Since 2011, all the formal financial institutions have been supervised and regulated by the Financial Services Authority (OJK). Before, they were supervised by the Central Bank of Indonesia (BI) and Ministry of Finance (MOF). Some of the institutions that belong to the state, such as SOEs, have the Ministry of SOE as an additional supervisory body. Credit unions are categorised as informal financial institutions because they are regulated and supervised by the Ministry of Cooperative.

Table 6 The landscape of the financial industry in Indonesia

No	Industry	Number of institutions	Percent of the Studied Population[1]	Asset (Billion USD)[2]	Percent of Asset on the Studied Population[1]	Percent Asset to GDP[3]
1	National commercial Bank	115	5%	568.2	78%	54.50%
	SOE	4		229.7	32%	22.00%
2	Rural Bank	1619	64%	9.7	1%	0.90%
3	Insurance	152	6%	90.2	12%	8.70%
4	Pension fund	237	9%	20.3	3%	1.90%
5	Financing	193	8%	36.7	5%	3.50%
6	Pawnshop	17	1%	3.8	1%	0.40%
7	Microfinance	180	7%	0	0%	0.00%
	Total formal financial institution	**2,517**		**729**		
8	Credit Union[4]	110,189		58	7%	5.60%

Author calculation, Source: (Bappenas, 2016; Otoritas Jasa Keuangan, 2018)
[1] The Financing industry excludes venture capital and PP Infrastructure (BUMN); The Insurance industry includes mandatory national health insurance (BPJS).
[2] 1 USD = 0.8 BRP = IDR 13,000
[3] GDP Indonesia in 2017 = 1042.92 Billion USD
[4] Estimated based on the data from Ministry of Cooperative (2019)

Statistically, the banks controls almost 80 per cent of assets in the financial industry. The national commercial banks' asset is nearly 55 per cent of Indonesia's GDP. Nevertheless, SOE dominates the financial industry in Indonesia, including banks. Four of the national commercial banks are SOE. This small population controls almost 41 per cent of the whole commercial banks' asset. The SOE banks are Bank BRI, Bank Mandiri, Bank BNI, and Bank BTN.

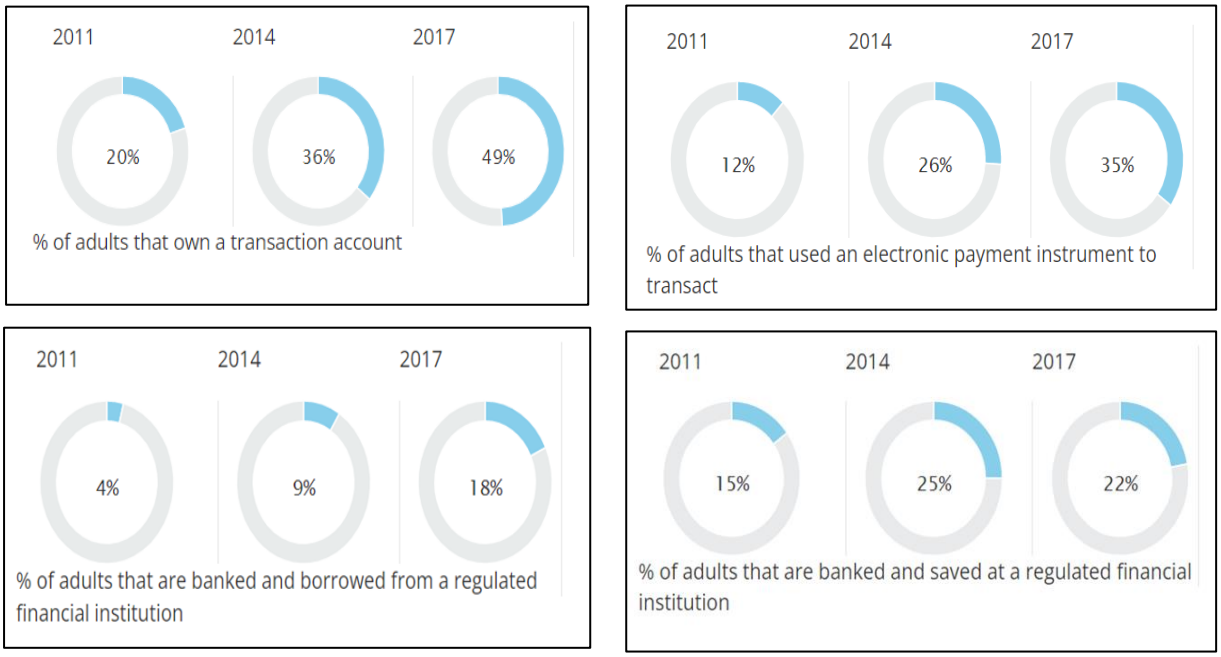
SOEs also dominate the non-bank financial industry. For example, the biggest player in the pawnshop industry is an SOE: *Pegadaian*. The data from OJK reveals that in 2017 the assets of *Pegadaian* were USD 3.8 billion (Otoritas Jasa Keuangan, 2018) which control nearly 99 per cent asset of the pawnshop industry. There are also several SOEs in the insurance industry that also dominate, such as Jasa Raharja, Jasindo, Askrindo and Reasuransi Umum Indonesia.

Meanwhile, the number of credit unions is 43 times the total number of formal financial industry institutions. Despite the significant number, their assets are only eight per cent of the total asset base of the formal financial sector.

3.2.3 Overview of financial inclusion in Indonesia

The World Bank Group (WBG) has identified country-level data on financial inclusion. The data focuses on 25 countries where 73% of all financially excluded people live. One of them is Indonesia. From hundreds of available indicators, this section focuses on (i) percentage of adults that own a transaction account; (ii) percentage of adults that used an electronics payment instrument to transact; (iii) percentage of adults that are banked and borrowed from a regulated financial institution; and (iv) percentage of adults that are banked and saved at regulated financial institutions.

Figure 4 Financial Inclusion in Indonesia



Source: World Bank, 2022

The four indicators above help to illustrate the main financial activities: transaction, saving, and borrowing. The data shows how the financial inclusion strategy might have had promoted financial inclusion in Indonesia.

The data shows that, in general, there had been improvements in the access and usage of mainstream financial services, primarily provided by the banks.

There is a significant increase in the number of adults who own transaction account. In 2011, only 20 per cent adult owned transaction account. The number became almost doubled in 2014 and tripled in 2017. Similar progress was shown in the number of adults who used electronic payment to transact and those who banked and borrowed money.

However, the progress on saving activity had not been as good as the other indicators. Adults who saved in formal financial institutions increased from 15 per cent in 2011 to 25 per cent in 2014. Nevertheless, the number decreased to 22 per cent in 2017.

3.3 Policymaking in Indonesia in general

3.3.1 The policymaking process according to formal guidelines

Indonesia has comprehensive yet compartmentalised guidelines for the policymaking process.

There are three policies that guide the policymaking process in Indonesia: (1) The formal process of policy cycle is guided by Law number 25/2014 on the National Planning and Development System; (2) the hierarchy of regulations is guided by Law number 12/2011 on Development of Legislation and Regulation; and (3) the budgeting activity is guided by Law number 17/2013. Yet, these policies do not refer to each other. To bring them together, the National Development Planning Agency (BAPPENAS) and the Ministry of Finance (MOF) developed standard operational guidelines. These guidelines aim to establish a consistent process between agenda setting, budgeting and legitimation.

At the national level, the policy process produces a list highlighting the government agenda, which is interpreted in three different documents, each with a different period: the long-term government work plan (RPJPs), issued every twenty years, the medium-term development plans (RPJMs), issued every five years, and the annual development plans (RKPs).

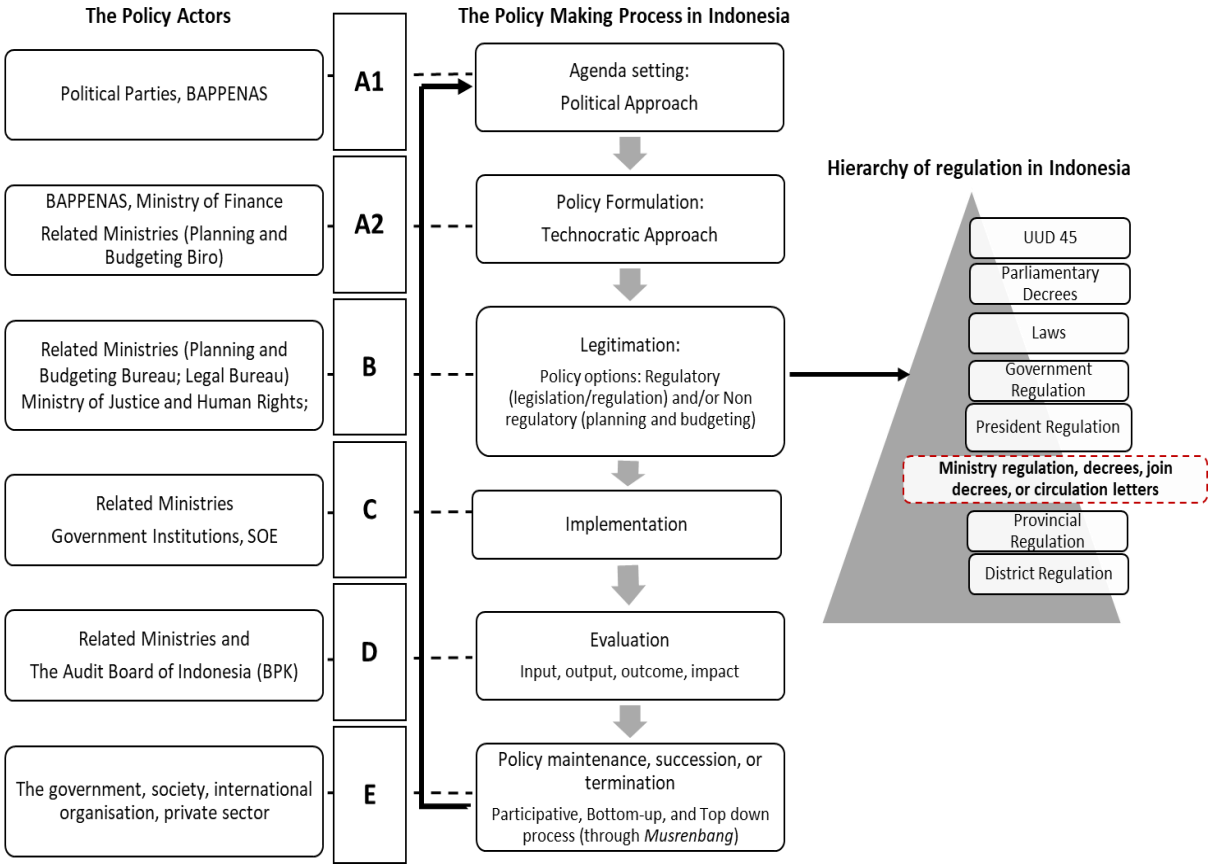
The annual and mid-term government work plan is technocratic interpretation of the elected politicians' pledges. The long-term government work plan is developed to maintain the

cohesion between the annual government work plans and acts as a reference for politicians in designing their political pledges. The national government work plans also become the references for elected politicians at the regional levels.

The development of the government agenda consists of four stages, which are illustrated in Figure 4.

The first stage is planning (A). The planning stage consists of two phases. First, is the agenda-setting phase (A1) where BAPPENAS develops the technocratic process to interpret the elected leader's vision and mission into annual and mid-term government work plans. Second, is policy formulation (A2) where BAPPENAS, together with the MOF, develop a cost-benefit analysis to come up with the most appropriate resource allocations for each sector.

Figure 5 Policy Making in Indonesia



Author's interpretation on Law no 25/2004; Law no 7/2013; Law no. 12/2011; BAPPENAS, 2017; adapted from Cairney,(2012)

The second phase starts with the MOF, which prepares the economic assumptions and available budget resources for the government agenda made by BAPPENAS. In this stage, MOF and BAPPENAS have intensive discussions and coordination with the BI. There is also a pre-budget discussion with parliament before the budget can be implemented. The budget needs to be approved by the parliament (*House of Representatives, DPR*) before it can be implemented by the government.

The second stage is legitimation (B). This process takes place in tri-party meetings (also known as Trilateral Meetings). In these meetings, the representatives of BAPPENAS, MOF, and Ministries (bureau of planning) discuss the available alternative policies in more detail and decide how resources would be used and what the policy outcomes will be. The planning bureau in each Ministry has a critical role acting as an intermediary between the units within the Ministry, MOF, and BAPPENAS. It makes sure that the annual government workplan is translated into each unit's work plan.

The Bureau of Legal in each Ministry also plays a crucial role in translating each policy into the correct regulatory framework. If the policy requires a higher level of regulation than Ministry regulation, then the Bureau of Legal needs to involve the Ministry of Justice and Human Rights. However, not all policies are in the form of a regulatory framework. Often, they are in the form of a non-regulatory framework, such as planning and budget documents. In these cases, the legitimation is assisted by the relevant unit within the Ministry.

The policy under the regulatory framework needs to consider the hierarchy of regulation. The national constitution is at the highest level, followed by national laws, government regulation, president regulation, provincial regulation, and then district regulation. Nevertheless, the president regulations are sometimes released in different forms. such as president instructions and presidential decrees. Between the president and provincial regulation, there is also minister

regulation. The ministers could also release regulation in the form of decrees, joint decrees, or circulation letters. There is lack of documentation of the official procedures for drawing the president and Ministry regulations and their different significance in each variance. This could indicate that the option is at the hand of the president and the ministries (Datta *et al.*, 2011).

To improve the synergy between regulations and between regulatory policy and the national plan, BAPPENAS released the guidelines on the regulatory policy process. The guidelines suggest each institution should form an evaluation and cost-benefit analysis for every regulatory policy proposed and provide policy alternatives which consist of non-regulatory policies and regulatory policies. Further analysis between the institution and BAPPENAS will be done to decide if a new regulatory policy is needed. The institution should provide an academic paper if the analysis recommends a new regulatory policy (BAPPENAS, 2017).

For policy that takes form as law, the role of parliament is vital. They need to agree with the bill before it is legitimated. Each bill also needs to be accompanied by academic papers that are supposed to describe the rationale of law. Meanwhile the judiciary, through an independent body of the Constitutional Court (*Mahkamah Agung, MA*), could prohibit any new regulatory policy in any form from being implemented, by reviewing or striking it out. Therefore, the MA creates a legal pathway for society to challenge government policy (Blomkamp *et al.,* 2017).

The third stage is implementation (C). At this stage each relevant unit works with other relevant institutions, including non-state institutions, to implement their work plan. Monitoring and on-going evaluation are carried out during this stage.

The last stage is policy evaluation (D). The post-evaluation focus on the performance appraisal measures efficiency, effectiveness, programme benefits and sustainability. The comprehensive evaluation is done by BAPPENAS, MOF, and the National Audit Board (BPK). However, research centres and international organisations could take part independent evaluators.

The policy process at this stage requires a deliberative public forum, or *Musrenbang (Musyawarah Rencana Pembangunan)* (E). Ideally, *Musrenbang* provides a channel for all policy actors to shape the policy. *Musrenbang* can either maintain a policy as it is, revise it, or terminate it. Law 25/2014 defines *Musrenbang* as the primary venue for society to provide feedback to the government. The feedback from *Musrenbang* is used in the technocratic process as BAPPENAS defines the elected politicians' pledges into annual and mid-term government work plans, and influence the elected politicians' pledges through the long-term government work plan.

Formed as the continuation of 1998 political reform, the overall guidelines aim to produce a democratic policy process. The guidelines integrate political, technocratic, top-down, bottom-up and participatory approaches. However, as summarised in the following sub-section, many studies have shown significant discrepancies between the guidelines and reality.

3.3.2 Policymaking in reality

There are several studies that have analysed the policy process in Indonesia. This study examined 20 case studies on the policy process in Indonesia between 2010 and 2017 to comprehend how policymaking actually happens in reality. These studies were done in different policy areas using different types of methods and theory guidelines (see appendix 2 for a detail summary of the selected case studies). Despite the relative different contexts, these studies offer general insights of the policy process in Indonesia.

The first insight that can be gleaned from these studies is that agenda setting is less technocratic and more political.

As explained in the previous section, the national agenda is stated in the RKP and RPJMN. This is supposed to be a technocratic interpretation of the vision and mission of the elected president and should be the main reference for all policy formulation. The case studies,

however, indicate that the government work plan documents are rarely used as the key drivers on agenda setting but more to justify a policy instrument.

One possible explanation of this is the national planning documents in most parts are too general. The contents mainly reiterate the political agenda and figures represent national targets without detailed elaboration on the correct policy instrument or approach to achieve those targets. Thus, there is a huge discretion between government plans and policy formulation (explicitly shown in Datta, Febriani and Susilastuti, 2014; also Blomkamp *et al.,* 2017). Even more to policy implementation (shown by Moeliono, Santoso and Gallemore, 2013). The discretions become the windows of opportunity for a political approach.

The second insight is that non-formal actors (outside the iron triangle of the executive, judiciary, and legislature) have significant influence by performing as a catalyst or middle-man for policy changes. These are the donor agencies, media, NGOs, CSOs, and research institutes. The studies also show coalitions between international organisations, local NGOs, and CSOs in how different policies are shaped. All cases showed that the involvement of non-formal actors happens at different stages of the policy process.

The third insight is that there are three key sources of policy change: (i) change in the political structure (particularly decentralisation and political reform after the 1998 Asian financial crisis); (ii) international commitment; and (iii) coalition – especially between international organisations, NGOs, and CSOs. A coalition with parliament or political parties was also the source of policy change, but only for regulatory policy in the form of law (see hierarchy of regulation in Figure 4). The role of coalition on policy change is especially highlighted by Blomkamp et al (2017), Mahi (2011) and Sumarto (2016).

Each policy area might have a different degree of factors that contributes to the different policy dynamic. Nevertheless, the insights from these studies demonstrate that the formal concept of

the policymaking process in Indonesia does not reflect the reality, because the regulations overlook three key elements in the policymaking process: (i) the role of informal actors, such as donor agencies, international organisations, researchers, media, NGOs, and CSOs; (ii) the coalition between formal and non-formal actors; and (iii) international forums or commitments.

3.4 The evolution of policy to improve financial access in Indonesia

In 2010. the WB-Indonesia office released a report "Improving Access to Financial Services in Indonesia" (World Bank, 2010). It provides a comprehensive baseline study for the typology of supply and demand for financial services in Indonesia and examines how technology could help improve financial access.

This report was followed by various policies to promote financial access, using the term "financial inclusion". Most of these are regulations on specific financial products released by financial sectors regulators (BI and OJK). But two of them are comprehensive strategies on financial inclusion. The first was issued in the form of a white paper by the vice president office on poverty reduction (TNP2K) in 2012. The second was in the form of a president decree in 2016. All the policies on financial inclusion between 2010 and 2016 are listed in Table 7.

Table 7 Policy on financial access in Indonesia 2010 - 2016

Year	Policy	Types of policy	Issuer
2010	Basic saving account (BSA)	Regulation	BI
2012	**Financial inclusion strategy**	**White paper**	**TNP2K**
2013	micro-insurance	Regulation, bussiness model and incentives	OJK
2013	Basic saving account for student	Product	OJK
2013	Brancless banking	Regulation, bussiness model	OJK
2013	Digital Financial Services	Regulation, bussiness model	BI
2013	Financial identity number (FIN)	White paper	BI
2013	Financial education	Regulation (OJK) and meterial (OJK and BI)	OJK and BI
2014	Electronic money	Regulation	BI
2016	Regional Team for Financial Access Acceleration (TPKAD)	Forum and regulation	OJK
2016	**The national strategy for financial inclusion**	**Regulation**	**President**

Source: Author summary

Identifying policy change is the first step to understand and explain policy development. Therefore, this section reviews the two national strategies for financial inclusion, the 2012 and the 2016, to identify their differences. A summary of the comparison is delineated in Table 8.

There are 11 differences between these two documents. From all the differences, there are three components most demonstrate the policy change: the policy objective, the parameter of success (metrics) and the policy approach (policy instruments).

Table 8 The key differences of the national strategy on financial inclusion in 2012 and in 2016

No	Components	National Strategy for Financial Inclusion 2012	National Strategy for Financial Inclusion 2016
1	Types of policy	White paper	President regulation
2	Proposed and led by	The Vice President Office, TNP2K in partnerhsip with the central bank (BI)	Coordinating Ministry of Economic Affairs
3	Governance arrangement	A task force coordinated by TNP2K. The task force involved 12 relevants institutions to implement the strategy.	The National Council for Financial Inclusion (Dewan Nasional Keuangan Inklusif). The council led by the president and the daily coordination is led by ministry of economic affairs. The council consist of 32
4	Baseline data	The World Bank Report on Financial Access in Indonesia 2010	Global Findex, 2014 Financial Services Authority (OJK) Central Bank (Bank Indonesia)
5	Definition of Financial Inclusion	The right of every individual to have access to a full range of quality financial services in a timely, convenient, informed manner and at an affordable cost in full respect of his/her personal dignity.	A condition where all members of the society have access to quality formal financial services that are timely, smooth, and safe at affordable fees in accordance with the needs and abilities
6	Evidence presented in the document	Strong correlation between the development of financial system with economic growth, poverty reduction and income inequality (Honoan, 2014; Levine, 2015; Claessens, 2006) More than 50% people in Indonesia unbanked (The World Bank, 2010)	More than 50% people in Indonesia have no access to formal financial institutions (Global Findex, 2014)
7	Rationale	Ratifying the nine "Principles for Innovative Financial Inclusion" by G20 (2010) Financial inclusion used as a tool for poverty reduction	Financial inclusion is an important component in the process of social and economic inclusion, boost economic growth, create financial system stability, support poverty alleviation, and reduce the gaps among
8	Metrices	Make financial inclusion part of the grand strategy of economic development and poverty reduction Provide financial services and products tailored to the needs of the community Improve people's knowledge of financial services Improve people's access to financial services Strengthen the synergies between banks, microfinance institutions and non-bank financial institutions. Optimize the role of information and communication technology (ICT) to expand the scope of financial services.	75 per cent of the adult population shall have access to financial services at the formal financial institutions by the end of 2019

Source: Author summary of The National Strategy on Financial Inclusion in 2012 and 2016

No	Components	National Strategy for Financial Inclusion 2012	National Strategy for Financial Inclusion 2016
9	Indicators of success	- Availability, - Access, -Quality; and - Welfare.	Access: Number of formal financial services offices per 100,000 adults Number of ATM/EDC/Mobile POS per 100,000 adult Number of financial services agents per 100,000 adult Usage: Number of saving accounts at formal financial institutions per 1,000 adult Number of credit accounts at formal financial institutions per 1,000 adult Number of registered electronic money account at the Digital Financial Services' agents; Percentage of SMEs loan/financing to total loan/financing at the formal financial institutions Number of SMEs credit accounts at formal financial institutions per 1,000 of the adult population. Percentage of increase in number of titled land Number of non-cash social assistance recipients: Quality: Index of financial literacy; Number of financial services complaints; Percentage of service complaints resolutions
10	Target groups	40 percent people below poverty line. With special targets: migrant workers, women, and people living in remote areas.	The poor, migrant workers, women, groups with social welfare issues, people living in remote areas, student, and youth.
11	Policy instruments	1. Saving 2. Credit 3. Insurance 4. Transfer 5. Financial education 6. Financial identity number 7. Established regulations to promote enabling environment for the market	1. Financial education 2. Property rights 3. Financial distribution channels and intermediary facilities 4. G2P (ex: social assistance) 5. Consumer protection 6. Policies and regulations 7. Financial information technology infrastructure

Source: Author summary of The National Strategy on Financial Inclusion in 2012 and 2016

1. The Objective

The most apparent difference between the two strategies is the objective. The 2012 strategy had broader indicators. Those are:

1. Make financial inclusion part of the grand strategy of economic development and poverty reduction
2. Provide financial services and products tailored to the needs of the community
3. Improve people's knowledge of financial services
4. Improve people's access to financial services
5. Strengthen the synergies between banks, microfinance institutions and non-bank financial institutions.
6. Optimise the role of information and communication technology (ICT) to expand the scope of financial services

The 2016 strategy has a narrow and ambitious parameter, that is:

> 75 per cent of the adult population have access to financial services at the formal financial institutions by the end of 2019

There is no detailed explanation as to how this target was made or how it should be achieved. The number likely referred to Global Findex, as it was the only reference stated in the document.

2. The Metrics

The 2012 strategy suggested four parameters for financial inclusion: access, usage, quality, and welfare. These are similar to the indicators suggested by the Alliance for Financial Inclusion (AFI) (2010). Meanwhile, the 2016 strategy dropped the welfare indicator but proposed more detailed indicators under access, usage, and quality.

For example, for the access indicator, the strategy uses number of financial services access points such as ATMs and agent banks. For usage, the strategy uses the number of banks and

electronic mobile money accounts. As for quality, it proposes the use of the financial literacy index.

There are some odd indicators in the 2016 strategy, such as the number of complaints from consumers on financial services as acting as an indicator for quality, and the number of land certificate acting as an indicator of usage. There is no explanation as to the rationale behind these indicators or their relation to individual well-being.

3. The Policy Instruments

The 2012 strategy mainly promotes innovation in mainstream financial services. For example, it promoted access to basic saving accounts, different types of microcredit and microinsurance, and mobile money. This is also the first-time financial education or financial literacy adopted was in national policy document. In addition to financial service innovation, the strategy also proposes market deregulation and establishing a financial identity index for individuals.

The 2016 promote financial inclusion policy through various policy area. To support the strategy, the government established a national council which consist of seven working groups. Each working group worked on a specific sub-area of financial inclusion policy. Each member of the council supports at least one of these working groups. The working groups are made up of representatives from:

1. Financial intermediation and distribution
2. Financial education
3. Financial services on the government services
4. Consumer protection
5. Policy and regulation
6. Infrastructure and technology
7. Property rights

Most of the working groups were co-led by OJK and BI, except for property rights which is led by the Ministry of Agrarian and Spatial Planning.

3.5 Summary

One of the key characteristics of the Indonesian economic structure is the informal economy. This condition is reflected in the general economy and the financial sector, where credit unions, categorised as informal financial institutions, dominate the number of financial institutions in Indonesia. However, in terms of assets, the SOE financial services lead the pack.

From a political and cultural context, wealthy people in Indonesia have more political power than those with average or poor economic status. Indonesian society is collectivist; they promote loyalty and conformity to the group and are highly motivated by society's respect. Therefore, individuals aim to maintain harmony in the workplace and remove the uncertainty associated with confrontation. In general, society adapts to changes through a strong propensity to save and perseverance.

In terms of policymaking, the government of Indonesia combines five different approaches in its formal guidelines: bottom-up, top-down, participatory, technocratic and political approaches. However, various case studies on policy processes in Indonesia have shown that these approaches have not always been fully implemented. In general, this study suggests a change of political structure, a coalition between non-formal policy actors, and international commitment, which have an important role in the policy process.

The government of Indonesia has promoted financial access since its independence. The policy has always been part of the economic agenda. However, the term "financial inclusion" first adopted and replaced "financial access" in the policy narration in 2010. This study specifically highlights the key changes of the policy on financial access since 2012. The most obvious is that Indonesia issued two national strategies to promote financial inclusion – issued in 2012 and 2016. Each of these strategies proposed different methods of governance, rationale, setting, and instrument.

Both strategies primarily used Global Findex, G20 and the SDG commitments to rationalise the need for a national strategy for financial inclusion. They also support the use of technology and the banks acting as the primary vehicles to increase financial access. The 2016 strategy involved more varied government institutions but proposed a narrower success indicator than the 2012 strategy. The strategy became more profound on advancing people's engagement with mainstream financial services instead of promoting its impacts on people's welfare. The 2016 strategy also used a stronger regulatory framework, the presidential regulation, as its basis.

Reviewing the trend of financial inclusion in Indonesia, which illustrates a 'top-down' strategy construction and is relatively detached from consumer welfare, it is important to investigate where the strategies were developed, who developed them, and how they operationalised the concept of financial inclusion in the national strategies.

CHAPTER 4 UNDERSTANDING POLICY MAKING

4.1 Introduction

This chapter describes the scientific endeavour that this study pursues in developing the most appropriate analytical framework to analyse the data and to answer the research questions. The objective is to develop a 'conversation' between the theories of policymaking and create connections between theory and practice.

Section 4.2 provides an overview of the different bodies of literature of policymaking based on their approaches in explaining policymaking. This section also explains the trade-off when choosing one of theory over others to explain the policy process.

Based on the classifications outlined in section 4.2, section 4.3 explains how the Advocacy Coalition Framework (ACF) fits within the policymaking literature typology, while section 4.4 explains ACF's strengths and limitations.

Section 4.5 introduces two new analytical tools, policy learning spectrum and Coordination Spectrum, to address some of the ACF's limitations. These are developed and then tested in this study.

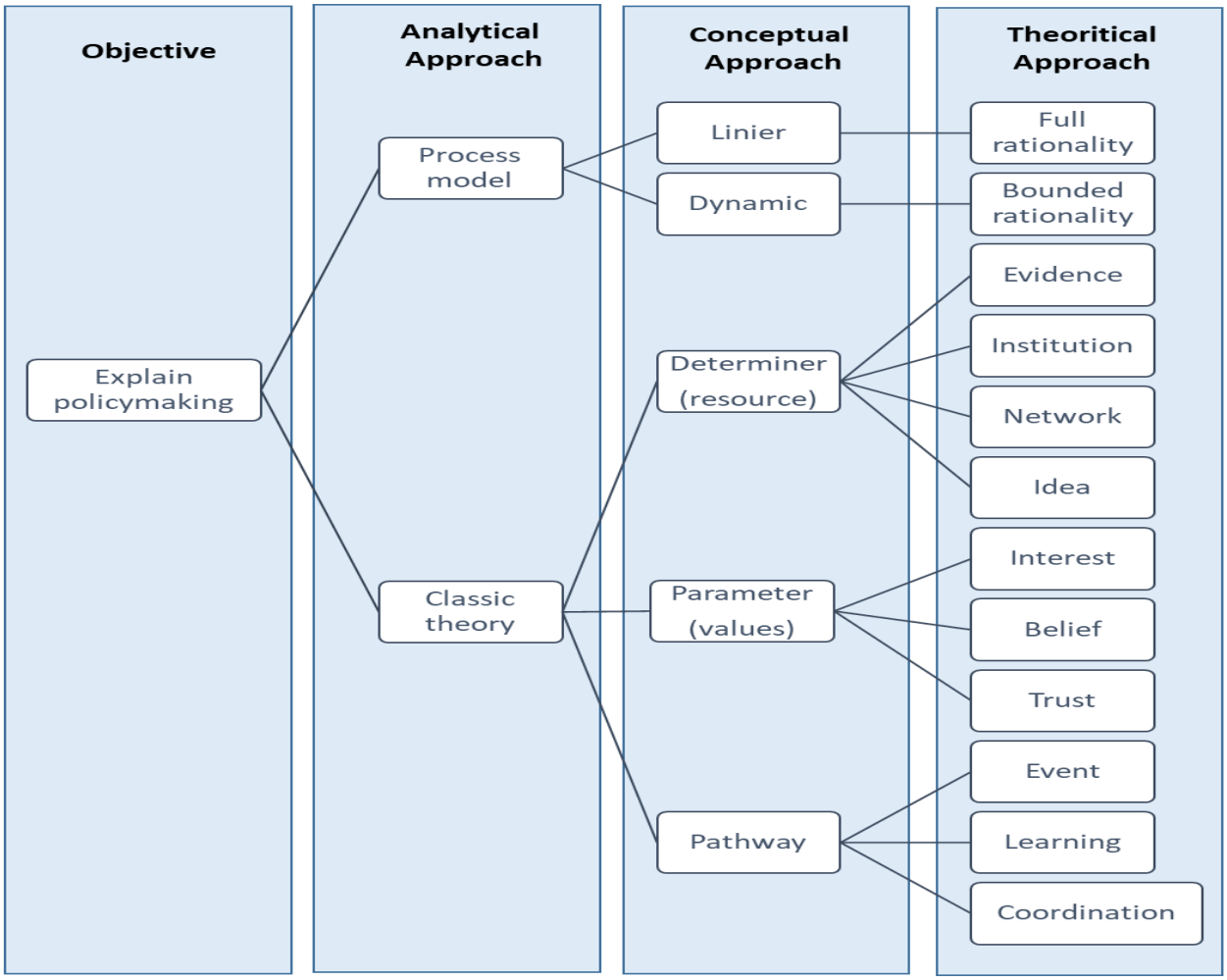
Section 4.6 closes this chapter with notes from theory development, including what the new frameworks could and could not be able to achieve.

4.2 Choosing the most appropriate theory for explaining policymaking

The study of policymaking was borne out of a desire to explain public problems and how people could address those problems. There are various theories on policymaking, with each providing different propositions about the policy's main causes and consequences (John, 2012).

To choose the most appropriate theory to explain policy process, scholars need to understand the trade-off in choosing one theory over the others. Therefore, this study maps the theories on policymaking in relational perspectives. The map helps this study to identify the most appropriate theory to answer the research questions and explain the reasons behind them. The map is delineated in Figure 5.

Figure 6 Typology of theories on policymaking



Source: Author depiction on various policymaking theories

4.2.1 The analytical approach

This study suggests that there are two different analytical approached to explain policymaking: the process model and classic theory.

The process model aims to reconstruct the structural mechanisms of policy change; it describes the overall phases in translating information into policy through time. This study divides this model it into a linear and a dynamic model.

Traditionally, the process model is presented as a linear model following the assumption of comprehensive (full) rationality. The model assumes that policymakers are fully informed about a problem and the available solutions. The linier model was first promoted by Laswell (1956, from Jann and Wegrich, 2007), which promoted a discussion on the stages of political decision-making (Ronit and Porter, 2015) and how the political system responds to public problems (John, 2012). The linear model mainly considers only the iron triangle (government, parliament, and interest groups). The model also tends to provide a clear boundary between government and societal activities (Ripley, 1985). Despite its power in communicating the normative policy process to the public (Howard, 2005), the linear model does not represent the reality of policymaking, that is it is often complex and non-linear.

Some scholars choose to describe policymaking as a complex system; they proposed a dynamic model where there are causal links between the policy actors, the decision logic, and distribution of power over time (Cairney and Heikkila, 2014; John, 2012; Heclo, 1978).

The dynamic model provides more flexibility in expressing multicausal networks and the dynamic flow of information in policymaking. For example, it supports the role of plural policy actors (including media and transnational actors) with bounded rationality in promoting alternative policy. Some example of dynamic models are Multiple Streams Framework (MSF) by Kingdon (1984; 2001) and Punctuated Equilibrium Theory (PET) by Burmgartner and Jones (1991), Institutional Analysis and Development (IAD) by Elinor Ostrom (2015), and ACF by Sabatier and Jenkin Smith (1994). The dynamic process model integrates different classical theories to explain the overall policy process.

The classic theory can be considered as a partial model. It aims to explain a causal mechanism of a policy element. For example, the role of an institution, idea, or learning, in policymaking. It describes how a policy element leads to policy change without any ambition to explain the whole policy process.

The popular classic theories are described in the following three sub-sections.

4.2.2 The key determiner of policymaking

This study identifies four classic theories, each explaining different determiners of policymaking: evidence, institution, idea, and network.

Evidence-based policy has been introduced as an agenda to develop policy based on rigorous and scientific evidence (Cairney and Oliver, 2017). Head (2008) categorised evidence into three sections: information based on systematic or scientific research, information based on programme management experience or practice, and information based on political judgement.

There is difference in scale on how evidence is defined.

The rationalists (who assume for full-rationality) mainly promote evidence in the policy process. In a linear policy model, evidence is gathered from policy evaluation, supporting effective and interactive governance within the policy cycle (Cairney, 2016; Sanderson, 2002).

Simon Herbert (1985) introduced the concept of bounded rationality, meaning policymakers are bounded by constraints, which emerged from social construction or "the expectation of how an institution should behave" (Frederickson *et al.*, 2012 p.172). Social construction means the role of evidence in policymaking is highly influenced by the social-economic context, which shapes the perception of the policy actors judging evidence, as well as the demand and supply of evidence (Cairney and Oliver, 2017; Sanderson, 2006).

Overall, this bounded rationality means a policy is not be produced by full knowledge but instead on accumulated decisions or "muddling through" (Lindblom, 1959; Cairney, 2012 p. 99). The concept of "muddling through" is elucidated by Kingdon (1984; 2001) in the MSF model as creating "windows of opportunity"; the convergence of a problem, a solution, and politics.

Another competing view of determiner in the policy process is the institution[3].

Some scholars (also called the institutionalists) believe that the policy actors' institutions drive policymaking. Initially scholars (the elitist) proposed that policymaking is directed by the institutions of the elites (Putnam, 1977; Domhoff, 2012) or the iron triangle (Adams, 1982). Another group of scholars (the pluralists) proposed that policy is shaped by competition among social, political, economic, and religious institutions (Dahl, 1958; Rose, 1967 from Crotty, 1968).

Another group of scholars view ideas and networks as 'political power'[4] which governs policymaking (Robinson, 2006; Jones, *et al.*, 2012).

---

[3] Institution can be initially defined as resources in the form of legitimacy and rules that were formed and distributed within a group of people. Institution provides behavioural expectations to people and become guidelines for society in deciding (March and Olsen,2011). In the contemporary context, including this study, institutionalism developed as the new institutionalism. The concept not only considers formal resources but also characteristics of the institution. Some of these characteristics include routine, norms, and history of an institution. The new institutionalism developed into various strands, each with different emphasis elements (see Peters, 2019). Two examples are historical institutionalism, where policy is presumed mainly considering legacy and path dependency (Thelen, 1999), and new institutionalist economics, which use the institution as a lens to solve economic activity.

[4] The term 'political power' trickled from three competing sociological views on framing the role of power in policymaking by Dhal (from Domhoff, 1978), Baratz (1962), and Lukes (1975; 2013). Dhal proposed that power is the ability to control the policy agenda. Bardarch and Baratz (1962) viewed power from the pluralist point of view. They defined power as the ability to prevent any issue and potential issue, to prevent other groups against their preferences emerge in the policy arena. However, Lukes (2003) argued that power is not only about the ability to control the policy agenda and determine the agenda-setting, but primarily about the dominance of a belief or expectation attached within a social entity. For example, an expectation that males have a better capacity to lead than females or an expectation that finance is the primary solution for economic problems.

Some have argued that political power in policymaking consists of an idea[5], as policymaking is mainly about controlling and transferring responsibility. For example, Weiss (1989) suggested the idea as the way the policy actors set how people think about influence.

The others viewed political power as a network. Heclo (1978) introduced the network concept in the policymaking literature by coining the term 'issue network'. The complexity of the network is shown by the different and wide range of qualities. Rhodes (1990) proposed network as power dependence. This power could develop through similar cultures, resources, interests, or even a formal arrangement. A network could also either establish itself in a specific policy area or in a cross-cutting context. Rhodes (2017; 2006; 1990) further used network to describe a complex linkage of power dependence that influences policy.

4.2.3 The parameters of policymaking

This study has identified the classic theories that describe values that are often used to signify parameters in policymaking: interest, beliefs, and trust. In classic theories, each of the values are linked with one of the key determinants for policy change.

The institutionalists put forward interests as critical parameters. In this approach, individuals are seen as self-interested utility maximisers. Therefore, institutionalism analysis focuses on how actors use the institution to promote or protect their interests (see Schlager, 2007).

Meanwhile, the discussion of 'idea' as a key explainer for policymaking has a vital implication for understanding belief as a parameter for policy change. Schneider and Ingram (1993) suggested that the idea reflects belief over who can identify the policy problem. Therefore,

[5] Scholars often use the term 'idea' interchangeably with 'causal reasoning' (Stone, 1989) 'policy framing', and 'theory of change' (see Rein *et al.*, 2011; Cairney, 2012 p.175; also Stein and Valters, 2012).

policy would be determined by those who have the ability to shape stakeholders' perspectives. This ability also consists as an idea.

The discussion of the idea as an ability to change perspective on who can identify a problem leads to crucial practical implications; policy is not purely the result of a cost and benefit analysis. It is produced through belief contestation; when a group believes that they are part of the solution, they will fight against another belief. By contesting ideas, a group would try to strengthen their own beliefs and strengthen their belief into the public's belief (also see Béland, 2010a; and Béland, 2009).

On the other hand, the network scholars argue that political power is determined by trust instead of other resource dependence. Trust has become more prominent to analyse political power because, in reality, policy actors have diverse beliefs and interests. Rhodes (2017b; 2006) argued that trust facilitates policy actors to choose their actions towards others under the conditions of varied and limited information. Therefore, Rhodes (2017) suggested that scholars use trust within networks to explain the policy process.

4.2.4 The policy pathways

This study has identified three classic theories, with each explaining the key pathways of policymaking: event, learning, and coordination.

Scholars who use the concept of 'windows of opportunity' to explain agenda setting, such as the process model, often use an *event* as a key pathway to explain policy change. Each process model might focus on different roles of event. For example, MSF highlights the importance of uncontrollable events in agenda-setting, such as natural disasters. PE underscores the nature of the event, which represents accumulation of the problem. Meanwhile, ACF focuses on the potential harms of an event to the stakeholders, which motivate the policy actors to develop a coalition (Weible, Christopher and Ingold, 2018).

The concept of events in policymaking is still poorly developed. Heclo (1972) and Kingdon (1984) first introduced the importance of events in policymaking, but only Birklan (1998; 2006) has consistently developed the concept of event. The studies on events mainly focus on uncontrolled events, such as natural disasters. These studies have emphasised that the policy process is not sequential but occurs by chance, triggered by an uncontrollable event (see Kingdon, 2013; and Birkland, 2016; 2006).

ACF scholars tried to advance the operationalisation of event by categorising it into external and internal events. The external events would be any changes or actions outside of the policy area, which triggers policy change. This includes a natural disaster, election, and any changes from superior jurisdiction decisions beyond the specific policy area. External events can trigger policy change by shifting resources and changing the constellation of political power in the policy area. Meanwhile, internal events are changes of power relations between coalitions in the policy area (Weible, Chistopher, Sabatier and McQueen, 2009; Pierce, Peterson and Hicks, 2017).

The second pathway is ideational process, better known as policy learning. The literature of policy learning has grown into a wide variety of literature (see the family tree of learning in Dunlop, Radaelli and Trein, 2018). One important implication of the discussion on policy learning is that it opens up the possibility of perceiving policy change not as a technocratic process under the condition of full rationality, but as a marriage between rationality and political power that produces a certain idea (see Dery, 2000).

One policy making model which explicitly suggests learning as one of the policy pathways is ACF; ACF suggests that external factors[6] will trigger policy learning and produce policy change (Pierce *et al.,* 2017; Jenkins-Smith *et al.,* 2014; Jenkins-Smith and Sabatier, 1994).

Some practical insights on policy learning were highlighted in the first Policy Studies Journal issue of 2021 (see Jones, M. D. *et al.,* 2021). The issue delineated the ongoing empirical debates regarding the role of policy learning on policy change. Some suggest that policy learning is uncorrelated with the policy change. Some argue that it directly causes policy change. The rest argue it indirectly causes (as latent element) policy change.

The last pathway is coordination. Coordination can be defined as activity or decisions in policymaking made by stakeholders either to find a solution that can benefit all parties (positive coordination) or to avoid conflict (negative coordination) (Scharpf, 1994).

ACF is one model of policymaking that explicitly states coordination, or non-trivial activities, as being one of the policy pathways. ACF puts coordination as an intermediary between policy learning and policy change (for example Maag and Fischer, 2018; Pattison, 2018; Fischer, Ingold and Ivanova, 2017; and Leifeld and Schneider, 2012) or between coalition establishment and policy change (for example Lieberherr and Ingold, 2019; Ingold, 2011; and Kriesi and Jegen, 2001).

[6] There are three external factors in ACF. The first external factor is the attributes of a forum. ACF's scholars suggest that the forum's degree of openness would enhance policy learning opportunity to occur. The second factor is the level of conflict between coalitions. A higher degree of conflict reflects a higher threat and reduces the opportunity to learn from each other. The third factor is the stimuli for the policy actors to learn. The stimuli are determined by the tractability or the problem-solution uncertainty (Dunlop and Radaelli, 2013; 2018). The vague link between problem-solution would demotivate learning across coalitions. The last factor is the attributes of the policy actors. This includes the socio-economic background of the policy actors, which shapes their perceptions.

4.3 Why choose ACF?

Section 4.2 demonstrates that each theory has different strengths, which is contingent on the specific research objective.

This study aims to explain why and how Indonesia developed financial inclusion strategies. Therefore, this study needs a framework that represents the reality of policymaking, which is complex, shaped by plural policy actors with bounded rationality capacity. This study needs a conceptual framework that includes all possible pathways to explain the policy process (a structural mechanism) and relevant classic theories to explain the policy change (a causal mechanism).

Based on these requirements, ACF is the most appropriate base theory for this study because it combines different classic theories and explicitly accommodates three policy pathways in its framework. ACF also provides clear guidelines to scrutinise the pathways in a diagram.

To demonstrate this argument, the next section describes the key features of ACF. Then, section 4.3.2 describes how these features fit within the typology of the policymaking literature proposed in section 4.2

4.3.1 The ACF features

Sabatier first developed ACF in 1987. It then was revised and reintroduced by Sabatier and Jenkin Smith in 1994. Since then, ACF has been updated and revised by other scholars several times (see Jenkins-Smith *et al.*, 2014), but its basic characteristics have not changed:

One: cognitive design

One thing that distinguishes ACF from other policymaking models is the mental model representing a bounded cognitive design of policy actors in the framework, called a belief

system[7]. ACF describes the belief system as a hierarchical tripartite level of belief, ranging from a general to a specific belief.

The general yet most fundamental belief is the "deep core" belief. The core belief contains a personal paradigm on causal reasoning and is based on personal normative values. Thus, it is difficult to change and often beyond the empirical challenge. Two examples of deep core belief are belief regarding whose welfare is most important and the priority of problems to solve.

The second layer is "policy core". This concerns solutions to the problems. For example, beliefs about the role of regulation or deregulation acting as a solution. The last layer is the most specific belief that is called "instrumental" or "secondary". The instrumental belief is necessary to implement the policy core belief. Some examples of policy change that mainly involve instrumental belief include budgeting policy, policy implementation, and policy delivery. The instrument belief is most prone to change, especially through empirical evidence. The policy core belief is the focus of belief competition in the coalition. The ACF scholars also state that policy core belief has an important role in protecting deep core beliefs (Sabatier, Paul, 1993; Jenkins-Smith *et al.*, 2014; Cairney, 2015; Ritter *et al.*, 2018).

Two: levels of analysis

ACF requires researchers to identify the policy system, sub-system (area), and coalition. The focus of analysis is at the macro-level, which is also called policy area, and the micro-level, which is often defined as coalition. Identification of policy area and the coalition could be a

[7] The discussion about the role of belief in policymaking was started by Converse (1946 from Converse and Philip, 2006) as he analysed the link between ideology and solution preference. Putnam (1976 from Sabatier, Paul A. and Hunter, 1989) used Converse's arguments to develop four elite belief systems, as parameters for idea: cognitive orientation, normative orientation, interpersonal orientation, and political partisanship. Sabatier (1988) advanced Putnam's typology in research practice by developing three tiers of belief system: deep core, policy core, and secondary. Sabatier developed a belief system to understand how ideational process, or learning, might influence a policy decision through thought and experience.

challenge, as there is often no formal jurisdiction between policy area and coalition (Weible, Christopher and Ingold, 2018).

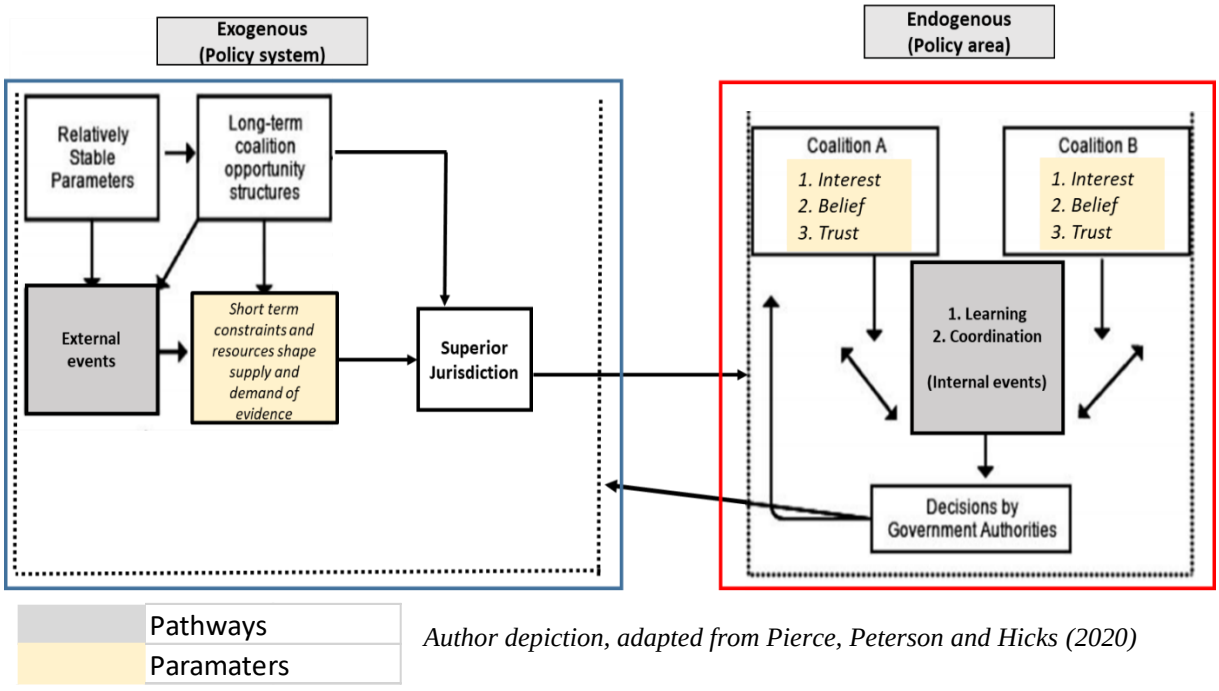
The ACF scholars defined policy areas as a series of complex and interrelated elements that interact in a "non-trivial" way and triggers coalition formation to produce policies on a specific topic (Jenkin-Smith et al, 2014). A coalition is often defined as an informal alliance of policy actors under a policy area that share the same policy goal, ideologies, or worldviews. Coalition between policy actors can also be short or long-term (Weible and Ingold, 2018).

Three: pathways

Investigating the link between coalition change and policy change is a continuing main concern within ACF applications. For this purpose, ACF proposes three possible pathways (causal links) to explore. The pathways are discussed in the following sub-section, which also describes how the typology of the policymaking literature proposed in section 4.2 is located within the ACF.

4.3.2 The causal links in ACF

Figure 7 The Advocacy Coalition Framework



Author depiction, adapted from Pierce, Peterson and Hicks (2020)

Figure 6 was adopted from Pierce, Peterson and Hicks (2020). It demonstrates how ACF is able to incorporate different classical theories to comprehensively explain the dynamic policy process.

ACF illustrates the links between policy system, policy area, and coalition. The blue rectangle on the left consists of a set of exogenous variables, which belong to policy system. They are conceptualised as the structure of the political system and the physical conditions that strongly influence the policy area, which include networks and institutions. These factors are not only quite stable but also demonstrate what could not be observed and controlled by the policy actors in the policy area (Jenkins-Smith *et al.,* 2014 p.180; also Pierce, Peterson and Hicks, 2020 p.66-67). Take financial inclusion policy as an example. It is strongly affected by the nature of global and national finance systems to manage transactions, the financial infrastructure within a country, and social-political boundaries.

The red rectangular on the right side, or what ACF would call the policy area, contains a set of various endogenous variables. They are more dynamic compared to those inside the blue rectangle on the left. Thus, these variables are challenging to be analysed and even more to be intervened because most of these activities happen in the policy actors' mind, such as coordination and learning.

Figure 6 also shows the three policy pathways.

The interactions between the structure of the relatively stable parameters (political system) and the long-term coalition opportunity structure (socio-economy conditions) are conceptualised as "external subsystem events" because it happens outside of the policy area and changes the constraints and resources (supply and demand of evidence) in a policy sense. It also influences the development and acceptance of ideas by the consensus as they affect the politics and rationality of policy actors. A natural disaster, political reforms, and financial crises are some

examples of external events (Jenkins-Smith *et al.,* 2014 p.180; also Pierce, Peterson and Hicks, 2020 p.66-67). External events can influence the policy area through superior jurisdiction.

Overall, Figure 6 and this explanation illustrate Kingdon's (2001; 1984) proposition: the external events promote windows of opportunity in the policy area. As Kingdon (2013; 1984) and Birklan (2015; 1998; 2006) have suggested, external events tend to be uncontrolled by the key stakeholders or coalitions within the policy area.

On the other hand, internal events could be controlled by stakeholders or coalitions within the policy area. This study operationalises internal events as policy learning and coordination. Learning and coordination may occur within or between coalitions and subsequently lead to policy change.

In summary, ACF considers external events, learning, and coordination as being "non-trivial activities" that influence policymakers' interest, belief, and trust, which turn into policy change.

By specifying and locating ACF's components in a broader theoretical grounding of policymaking, this section shows that ACF has a powerful explanatory capacity because it considers the variables required to explain not only the process but also the causes of policy change; it considers the social-political structure (network and institution) which shapes the role of idea and evidence in the policy process, the parameters of the policy process (interest, belief and trust), and policy pathways (event, coordination, and learning).

Now, the challenge is connecting all of these elements. This challenge is discussed in the following section.

4.4 ACF: The limitations

The ACF provides guidelines to analyse causal mechanisms for policy change. However, its applications remain narrow. For example, ACF studies can be more focused on the role of external events and less on the other two key features, learning and coordination (Pierce, Peterson and Hicks, 2017; Pierce *et al.,* 2017). As a result, most ACF applications are more explicit in explaining the structural mechanisms (process) and less on the causal mechanisms (change). This section makes it explicit by describing the three limitations of ACF that hamper its explanatory power. They also demonstrate the lack of theory in the guidelines to connect all the elements in ACF.

4.4.1 Limited and deterministic concept of policy change

ACF scholars suggest a straightforward way to define and explain policy change. They differentiate policy change into two types: minor and major changes. The minor changes are reflected in changes in policy instruments. As for major changes, they can be identified through the change in policy objectives (Weible., Sabatier and McQueen, 2009 p.128).

While quantification of minor and major change can help illustrate policy change, it could overlook policy continuity, ignore the feedbacks from endogenous to exogenous factors, oversimplify the path dependency between three-tier belief systems, and treat learning and coordination as unrelated entities (see Béland, Carstensen and Seabrooke, 2016; also Béland, 2010b).

Furthermore, each country and policy area can have a different boundary. Often, a policy area could also be a combination of more than one policy area. This means that policy changes could represent both major and minor changes. The changes could also be transferred from more than one policy area or jurisdiction (see Pierce, Peterson and Hicks, 2020; also Weible,Sabatier and McQueen, 2009).

Overall, the limited classification of policy change and the deterministic route of policy change are blocks for ACF scholars to explain the link between coordination and policy learning, and the connections between belief change, coalition change, and policy change.

4.4.2 Parsimonious explanation on coordination

Coordination is dynamic, which makes the mechanism difficult to be observed and recognised. ACF scholars have tried to address this by simplifying coordination as negotiation agreement (Pierce, Peterson and Hicks, 2020; Pierce, Peterson and Hicks, 2017). They also categorise coordination into strong and weak coordination, as well as coordination between and within coalitions (see Cairney, 2011). Only one explicit concept has been introduced to comprehend coordination. Sabatier, Hunter and McLaughlin (1987) proposed coordination in policy making as "the devil-shift". They identify coordination as a situation where the actors exaggerate the opponent's ways of wielding power while paying less attention to the opponent's argument.

On the other hand, there have been more efforts to identify coordination's causal mechanism. Jenkin-Smith et al (2014) first proposed using cultural theory to analyse the ACF's coordination causal mechanism (also see Hornung and Bandelow, 2021; and Sotirov and Winkel, 2016). They suggested that cultural biases are the glue of policy actors, which drive their interactions.

Since then, more scholars have tried to advance understanding of coordination's causal mechanisms by combining ACF with other theories. For example, Vieira (2019) and Blake, Nahrath and Ingold (2020) combined institutionalism theory with ACF to explain the role of coordination under institutional change. Koebele (2019) explained the coordination mechanism in the policy process by combining ACF with collaborative governance theory. Finally, Schmid, Sewerin and Schmidt (2020) revitalised feedback theory with ACF to explain how coordination changed the coalition.

Despite these scientific endeavours to explain coordination mechanism, scholars still cannot explain what policy coordination really means.

4.4.3 Lack of explicit parameters

ACF only has one explicit parameter: belief. As suggested in section 4.2, interest and trust are other important parameters for policy change. Using only belief as the parameter limits the explanatory power of ACF.

Sabatier (1993 p. 28) explained that the belief (system) in ACF was developed with methodological issues. Most scholars would argue that interests and beliefs are concatenated; they are highly correlated and have bidirectional causality. For example, people who join a coalition can do so either because they work in an organisation that promotes particular interests or can work on their interests through the organisation. Sabatier used a belief system because he claimed that a belief system would be more inclusive and verifiable than interests (Pierce *et al.,* 2017).

Using belief system as the only explicit parameter for policy change is problematic not only at the methodology level, as acknowledged by Sabatier, but also challenges the ACF's conceptualisation and operationalisation.

As explained in section 4.2, various classic theories have suggested that interest and trust also play important roles in policy change, by promoting coordination and learning. In addition to those stated in section 4.2, Etheredge (1981) proposed trust as one key factor for government learning. May (1992) also argued that policy learning is triggered by motivation (interests). Even Sabatier (2007) himself stated that the coordination among policy actors in the policy process aims to create a stability of mutual interests. Sabatier (see Leach and Sabatier, 2005) and Rhodes (2017) posited that trust allows actors to collaborate by sharing the same causal

reasoning. Finally, Moyson (2018) demonstrated that learning promotes "interest shift" from individual to organisational interest.

The classic theories mostly use one explicit parameter. This study proposed to use all (interest, belief, and trust) together as explicit parameters for analysing policy learning and coordination under ACF. The remaining question is how to incorporate these together into ACF.

4.5 The proposed solutions

Section 4.3 and 4.4 highlighted the three challenges in operationalising ACF: the lack of theoretical guidelines to analyse policy change based on context, the lack of theoretical guidelines on explaining the dynamic of learning and coordination, and the lack of theoretical guidelines on the link between interest, belief and trust.

This thesis proposes using two analytical frameworks as techniques to overcome ACF's limitations. Both frameworks advocate three notions: (i) the importance of systematic in-depth contextual analysis, (ii) critical analysis on critical events, particularly their role in the dynamic of coordination and learning, and (iii) make explicit belief, trust, and interest as parameters in analysing policy change.

4.5.1 The policy learning spectrum

The theory reconciliation

The literature of policy learning[8] has grown into various literature (see the family tree of learning in Dunlop, Radaelli and Trein,2018). There have been efforts to reconcile the theories, for example, by categorising them into four analytical questions: who learned, what is learned, how policy actors learnt, and what the effects are (see Bennett and Howlett, 1992; also Moyson,

[8] This framework uses a classic definition of policy learning provides by Rose (1991). Rose defines policy learning as an "action-oriented conclusion", which improves understanding and results in behaviour change.

Scholten and Weible, 2017). Still, it can be difficult to navigate the causal mechanisms between learning and policy change.

Scholars of policy learning argue that the reason for this situation is because many of the concepts under policy learning and policymaking are not referred to each other, making policy learning under applied, incompatible, and less considered as an analytical lens for policy change (Dunlop and Radaelli, 2018; Bennett and Howlett, 1992).

Besides the lack of conversation between the different theories of policy learning, this study highlights the overlooked role of events as the cause of the inability of theories on policy learning to explain policy change.

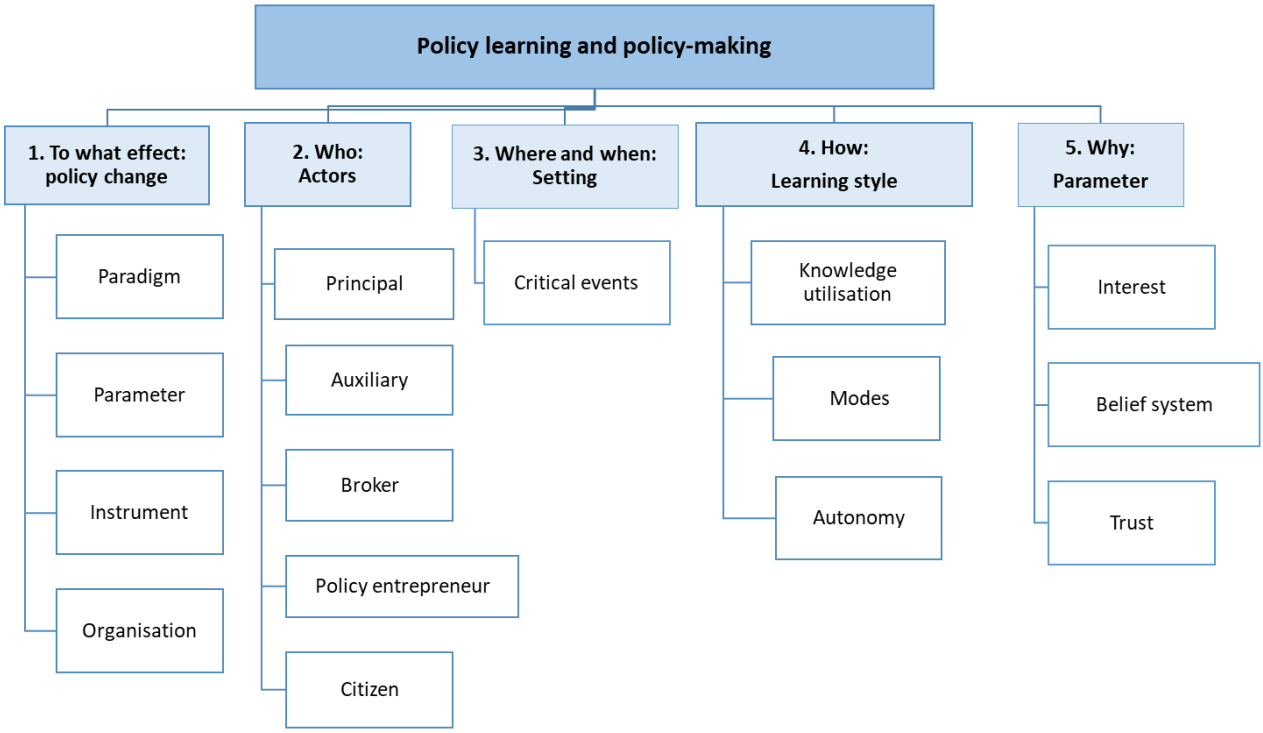
Some events that occur during the policy process could influence the learning setting, meaning policy learning is a dynamic process. Changes in the learning setting should impact policy learning (what is considered to be the evidence and how the evidence was perceived) and the result (policy change or stability). If the changes in the learning setting fail to be considered in the analyses of policy learning, the result of the analysis is reliable but it lacks validity. In other words, the analysis would not accurately be capturing the causal mechanism of policy learning (see Hammersley, 1987).

Therefore, continuing the efforts made by previous scholars, this thesis examines various concepts under policy learning and policymaking and connects them through the theory of event. This study reconciles these theories using six analytical questions (see Figure 7). This theory reconciliation aims to develop the conversation between the theories and develop a more valid analysis on the causal mechanism of policymaking.

The first analytical question (to what effect) aims to identify the policy change. It uses the typology proposed by Hall (1993) and by Streeck and Thelen (2005).

Hall (1993) suggested a comprehensive classification of policy change that could help researchers to identify the policy area from the perspective of policy learning. Hall suggested that policy learning can be assessed from three interrelated levels of policy change: paradigm, parameter and instrument. This is a comprehensive specification which could guide researchers to navigate the complexity of learning and their links with policy change. By using Hall's qualification of policy change, scholars are asked to deeply consider the most appropriate link between the three levels of policy change in specific contexts.

Figure 8 Theory reconciliation between policy learning and policymaking



Source: Author's theory reconciliation

Another concept that proposes to identify policy change is the classification of change within an organisation proposed by Streeck and Thelen (2005). They suggested that learning within and between organisations modifies subsequent behaviour in an organisation. They proposed four distinct changes at the institutional level: displacement, layering, drift, and exhaustion.

Their concept could help researchers to trace policy learning from institution to coalition, and finally to policy area, which is understudied (see Moyson, Scholten and Weible, 2017).

The second analytical question (who) is used to guide the identification of the learning community. There are various propositions on the role and characteristics of policy actors in policy learning[9] However, Weible and Ingold (2018) provided a useful typology of policy actors because they not only delineated the actors' attributes but also explained their characteristics from the relational perspective in a policy area. For this reason, Weible and Ingold's typology would be more appropriate to identify the learning community in a policy area.

They propose five categories of actors: principal, auxiliary, broker, policy entrepreneur, and general citizen.

The categorisation proposed by Weible and Ingold suggests that the researchers should identify the coalitions in a policy area. It is especially important to identify the principal and the auxiliary. To identify them, a researcher needs to first recognise the beneficiaries (stakeholders) of the policy, institutions which were active and are continuously involved in the policy process, and the key debates in the policy area. The last characteristic could illustrate the reasons behind the nature of their involvement. The key difference between principal and auxiliary is their engagement in the policy process. The auxiliary has less involvement in the policy process than the principal.

[9] Etheredge (1981) and Haas (1992) looked at how learning happens among policy elites. Etheredge focuses on "government learning", a process where the government improves its understanding to produce more efficient action. Meanwhile, Haas (1992) described policy learning from the epistemic community's angle, a group consisting of professionals and experts who share the notion of validity and causal links between policy and outcomes.

Figure 9 Categories of actors and their attributes related to advocacy coalitions

	Description	Centrality in an advocacy coalition network	Constancy of association with coalition
Principal coalition actors	Individuals or organisations who are steady in their coalition affiliation	Central	Most likely a constant affiliate of a coalition over time
Auxiliary coalition actors	Individuals or organisations who are not steady in their coalition affiliation but share some of the general coalition goals	Periphery	Most likely a sporadic affiliate, per episode of conflict
Policy brokers	One or more individuals or organisations whose primary goal is consensus and the mitigation of conflict	Central between coalitions or peripheral to one coalition	Most likely a constant affiliate in the subsystem
Policy entrepreneurs	One or more individuals or organisation whose primary goal is championing a particular policy idea	Central	Can be both, constant or sporadic affiliate of a coalition
General citizens	People interested in and/or affected by subsystem affairs but not regularly participating in politics or policy issue	Not members of coalitions but better viewed as a resource or a support/ foundation for coalitions	Mobilised occasionally for conventional and unconventional forms of political action

Source: Weible and Ingold (2018 p. 332)

As for broker, some scholars identified broker as either the policy administrator or facilitator between coalitions. Ingold (2011) defined it as actor with close connections to the individuals from competing coalitions.

What is also important to identify is the role of citizens who are affected by a particular problem or solution (policy). Their involvement could be high, when they could organise themselves and respond to the call of a coalition's leader (Weible, Christopher and Ingold, 2018). Their involvement can be identified through a variety of mechanisms, including public deliberation (see Carpini, Cook and Jacobs, 2004).

All types of actors do not necessarily exist in a policy area. For example, the auxiliary might not be available in a policy area where the stakeholders have equal access and capacity to be involved in the policy process.

One limitation from the actor's category proposed by Weible and Ingold (2018) is that it could overlook the role of agent (individual actor) and overemphasis the role of institutions. The agent's role in the policy process can also be overlooked in the process model, like ACF, because ACF tends to focus on the structure of the policy process, particularly the role of critical events and coalitions in the policy area. In general, the role of agents in policymaking theory tend to focus on non-state actors, which is often associated as a policy entrepreneur.

Researchers from the Developmental Leadership Programme in the University of Birmingham have explored the role of agents in policy change, especially in developing nations. Using Indonesia as a case study, Hudson and Mcloughlin (2019), Corbett (2019), and Hudson et al (2018) analysed the characteristics of a leader and explored the role of a leader in policy change. Their studies shed light on the set of leader characteristics as motivated individuals that could overcome barriers, develop a coalition, and push for change.

Their research also reflected the evolving study of leadership, which initially focuses from managing to engaging (Born, 2004). Engagement is a crucial element in a complex situation such as policymaking. From the context of policymaking, policy areas are becoming more and more interrelated. In these complex situations, the leaders have an important role in bringing people together and addressing a shared concern (Weaver, 2018).

Therefore, besides identifying the types of policy actors in the policy area, as suggested by Weible and Ingold (2018), it is also important to identify agents with leadership and engagement skills within the typology. The identification of an agent with leadership and engagement skills will provide a more comprehensive explanation on how learning and collaboration have been developed and expanded in policymaking.

The third analytical question is used to guide the identification of the learning setting.

The learning setting during the policy process is influenced by critical events and policy actors involved in these critical events. There are three things to consider to identify learning settings:

First, the critical event is context-dependent. Different contexts might require different characteristics of events to produce the same policy. The contrary is also possible; with the same event, a different context might produce different policies. For example, the same pandemic might produce instrumental learning in developed and mature democratic nations, but it might promote political learning in developing and authoritarian nations.

Second, the actors involved in the critical events shape the impact on policy. *Lastly,* the process models, such as ACF, assume bounded rationality, where policy is developed through an accumulated decision. This means that there is likely more than one critical event during the policy process.

The fourth analytical question (how) is used to guide the identification of learning styles. This study incorporates three different ways to identify policy learning styles: knowledge utilisation, learning autonomy, and trustworthiness between actors.

(a) Knowledge utilisation

Various scholars have tried to identify policy learning based on how knowledge is utilised in a policy process. Three of them are Rose (1991), May (1992), and Meseguer (2005). These scholars identify different styles of policy learning based on how knowledge is utilised by policy actors and have implicitly suggested that different interests and beliefs drive actors' decisions in utilising knowledge.

The first is called instrumental learning. Instrumental learning involves a lesson on the feasibility of the policy instrument driven by "dissatisfaction with the status quo" (Rose, 1991 p.3; also see May, 1992). This mechanism is indicated by a change in policy design with an increased understanding of the policy instrument's benefits and limitations. Instrumental

learning usually occurs as the result of observing the trial and error of policy implementations. Policy adaptation and redesign are evidence of instrumental learning. One example of instrumental learning is 'feedback learning', a circular loop of policymaking in an institution (Deutsch, 1951).

The second type is social learning. This entails a lesson about the social construction of policy targets, tools or a problem. May (1992) argued that social learning is marked by incremental change and dissatisfaction with the past. It is indicated by a change of belief system and, sometimes, is reflected through the redefinition of a policy goal, setting, and instrument. One example of this is "lesson drawing". Rose (1991) coined this term to show how local context knowledge is used to adapt policy transfer.

The third type is political learning. This term was first coined by Heclo (2010; 1978) and has been advanced by many scholars. It entails the policy actors' awareness about the links between a policy and the prospects that affect them. Therefore, political learning is motivated by uncertainty (see Dunlop and Radaelli, 2013 p. 602) and indicated by various coalition strategies to propose an idea, such as data challenge, mobilisation of opposition, or enlarging coalition support (Sabatier, 1988). While social learning aims to develop and promote a new idea, political learning tries to maintain or win causal reasoning. Thus, the main difference between political learning and social learning lies in the policy actors' awareness of the relationship between the strategy and their proposal's prospect. Political learning is specified by awareness (May, 1992 p.339-340).

The last type is symbolic learning. This is a blind action that is neither motivated by a desire to find solutions to a problem nor a better understanding of a problem. Symbolic learning happens, for example, when the policy change is motivated by the need to be accepted in the

international community or when a country needs to implement policy as part of requirements and conditionality (see Meseguer, 2005 p. 78; Dolowitz and Marsh, 2000 p. 14-15)

(b) Learning autonomy

Dolowistz and Marsh (2000) first proposed learning autonomy to assess policy learning. They developed a continuum of learning, which illustrates the degree of autonomy or power relation between the policy community. It ranges from voluntary to coercive transfer[10]. They argued that coercive transfer happens when policy actors are forced to change policies, whereas voluntary learning is a condition where policy actors consciously look for the most appropriate solution. The degree of autonomy in learning becomes crucial to understand policy change as the flow of information is increasingly accessible. Especially for developing nations, like Indonesia, where international organisations and international policy forums have a significant role in national policy process (see section 3.3.2).

(c) Trustworthiness between actors

Dunlop and Radaelli (2013; also supported by Moyson, Scholten and Weible, 2017) proposed a different variety of learning modes based on the actor's certification (the control over policy means and ends, shown by legitimation or cognitive authority) and the tractability of the problem (the ability of different methods to confirm a problem and to replicate the identification in a different context).

[10] Other scholars explore specific types of learning that could occur between voluntary and coercive transfer. For example, Bennet (1991), who proposed the term "policy convergence" to explain an incremental process of policymaking. Policy convergence happens as policies from various sectors or places move towards the same point by the numerous socio-economic forces. Another type is "policy emulation" by Meseguer (2005) to illustrate a desire to achieve conformity, standard, or follow the trend at the international level and among peer countries.

Taking into account autonomy to learn into modes of learning, Dunlop and Radaelli (2018) proposed four different types of learning modes: learning through reflection and deliberation, learning through experts, learning through bargaining, and learning in a hierarchy.

The learning modes promoted by Dunlop and Radaelli (2018) provide more understanding of the moral relationship, *or trustworthiness*, among the learning community. For example, in a situation with low actor certification and low tractability of a problem (learning with reflection and deliberation), trust between policy actors will be triggered. In this situation, learning would be promoted through dialogue.

On the contrary, in a situation with high actor certification and high tractability of a problem (learning in a hierarchy), learning would be led by rules. In this situation, the ruler or a trusted group would influence the learning community's decisions and determines the learning direction (Dunlop and Radaelli, 2018 p. 260).

This study incorporates knowledge utilisation, learning autonomy, and trustworthiness to develop a more comprehensive understanding on policy learning. This is done by linking these lenses with the three parameters in policymaking, interest, belief and trust, which will be explained in the following paragraphs.

The fifth analytical question (why) relates to the parameters for policy learning.

This thesis brings together the theory of policy change's three parameters under classic theory (interest, belief, and trust). This study does not include evidence because ACF (and other dynamic process models) assumes bounded rationality[11]. Therefore, this study argues that the policy actors are bounded with their interest, belief, and trust in identifying evidence.

[11] This also means that the theory reconciliation and the policy learning spectrum are not means to analyse policymaking that meet the assumption of full rationality, for example, policy on the inter-bank offered interest rate.

This study reconciles the concepts of interest, belief, and trust under the literature of policymaking. The first conceptualisation incorporated in this study is the link between interest and belief proposed by Streeck and Thelen (2005), Boras (2011), and Louise and Stainmo (2012). They proposed that an institution facilitates interactions (or trust to learn) between policy actors and offered a tool to actualise the policy actors' interests. Actors would institutionalise their interests by framing evidence, which is then embodied in institutional change (such as changing the institution's objectives and establishing new units or regulations).

Figure 10 The policy learning spectrum

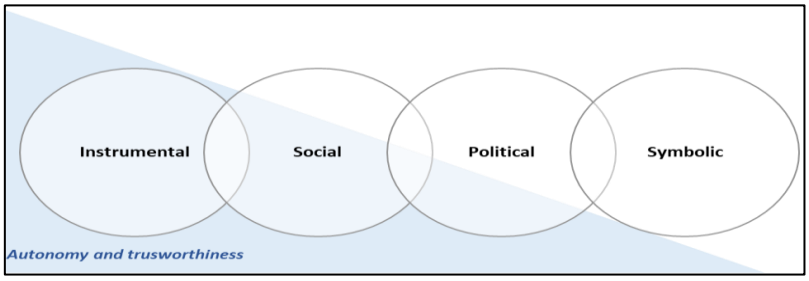


Table 9 Learning style and its characteristics

Parameter	Key theory references	Learning style			
		Instrumental	Social	Political	Symbolic
Interest	Reconciled concepts of interest from May (1992), Streeck and Thelen (2005), Boras (2011), and Louise and Stainmo (2012). Assumed interests of key policy actors reflect (or used to justify) the institutional change.	Individual and the institution's motivation reflect dissatisfaction with the performance of a program. There is a desire to develop best practice through innovation and experiment.	Interests and institutional change reflect dissatisfaction and doubt on the current policy approach due to incremental policy failure. There is a desire to develop best fit policy by promoting more understanding of the problem.	Interests and institutional change reflect perception of future threats to power stability, and driven by There is a desire to protect their turf	Interest and institutional change are driven by economic reasons, and social expectation or prestige.
Belief	Accommodated the belief system developed by Converse (2006) and Sabatier (1988) by identifying the belief orientation at the institutional level, which develops from a critical event.	Cognitive policy orientation. Knowledge is mainly used to revise policy instrument.	Normative or policy approach orientation. Knowledge is mainly used to revise policies' targets and objectives.	Political participation orientation. Knowledge is mainly used to revise policy governance.	Agnostic to alternative solutions. The competing beliefs could co-opt the policymakers' belief system.
Trust	Adapted Dunlop and Radaelli (2013; 2018) arguments to identify learning modes and autonomy among the policy community.	Actors trust each other to guide the policy development. Actors promote public and consultation, reflection, and free deliberation to analyse the cost and benefit of solutions.	Actors have interdependency. There is asymmetric information in their relation which means a policy might only benefit some parties and even detrimental to others. Expert play a crucial role in shaping problem and solution.	Interests and institutional change are influenced by the perceptions of stakeholders toward each other, which are built from previous interactions.	Policy-making was based on rules which dominated by a group or some agents. The stakeholders trusted this group/agents to provide solution and evaluate the outcome

Author depiction on different styles of policy learning

Their argument was corroborated with May (1992), who also suggested that key policy actors' interests will reflect (or be used to justify) institutional change. Moyson (2018) also echoed this insight. He demonstrated the causal mechanisms between interest, learning, and policy change using rail and electricity policy in Belgium as the context. He proposed that learning promotes "interest shift", from individual to organisational interest.

Based on their arguments, this study suggests interests at the individual level emerges onto the institutional level as a (new) belief system. Thus, the belief system is developed at the institutional level. This process is policy learning, which is promoted by trust between agents, which occurs within and between institutions.

This study combines the fourth and the fifth analytical question, shown in Figure 9, to explain the link between interests, belief, trust, and learning styles. The figure shows the policy learning spectrum; how different levels of autonomy and trustworthiness shape how policy actors utilise knowledge during the policy process. Table 9 explains each learning style's characteristics along the spectrum.

The operationalisation of the policy learning spectrum

Using theory reconciliation and the five analytical questions discussed above, this study identifies and analyses policy learning dynamics in a specific context. The operationalisation is summarised in Table 10.

This table explains the four main features for the operationalisation of the policy learning spectrum. *The first* is the elements of the learning causal mechanism, which consist of input of learning, the output of learning, and the intermediary. *The second feature* is the framework's mechanic, which consists of the five basic analytical questions. *The third* feature is the types of data or observation. This guides the data collection process and categorisation for each analytical question. *The fourth* feature is the analytical approach. The analysis incorporates an

abductive approach; the inductive inferences are used to clarify the theoretical specifications of the inputs, while for the outputs and intermediary factors are deductively tested.

Table 10 The analytical framework for the policy learning spectrum

Part of learning mechanism	Analytical Questions	Observation		Analysis
(a)	(b)	(c)		(d)
Outcome	*To what effect?*	1	Policy documents, KPI* and structure of organisation	Strongly inductive
Input	*Who learned?*	2	Key policy actors	
	When and where did they learn?	3	Critical events	
Output	*How did they learn?*	4	Learning style	Strongly deductive
Intermediary	*Why did they learn?*	5	Interest	
		6	Belief orientation	
		7	Trust	

**KPI = Key performance Indicators*

The ultimate objective of this framework is to (i) explain the causal mechanism of learning; and (ii) explain the causal mechanism between learning and policy change. Appendix 4 provides a more detailed elaboration of the policy learning spectrum.

4.5.2 The coordination spectrum

Theory reconciliation

This study then adopts the analytical approach proposed by Bennet and Howlett (1992) to reconciliate different theories on policymaking and coordination, by proposing five analytical questions (see Figure 11).

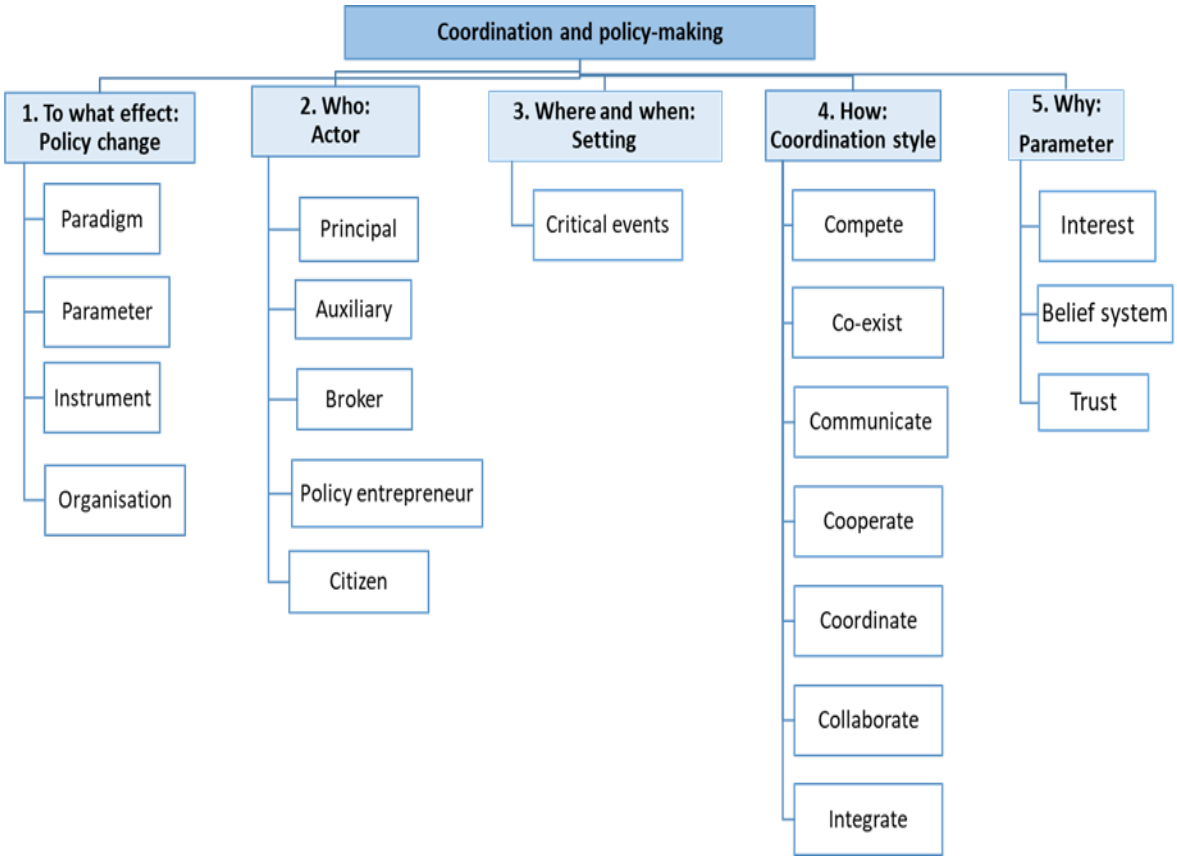
The theory reconciliation is used as the basis of developing an analytical framework for coordination in a dynamic process model, such as ACF. Almost all theory references are similar to the policy learning spectrum described in section 4.5.1.

Similar to policy learning, this study highlights the overlooked critical events in the analysis of coordination. The critical events influence the nature of coordination, and they should impact the policy process (the coordination styles between parties through time) and the result (policy

change or stability). If the changes of coordination styles in the policy area not identified in the policy analysis, then the result of analysis will not accurately capture the causal mechanism of policymaking.

The only difference with the policy learning spectrum is the fourth analytical question (how), regarding the nature of coordination among stakeholders.

Figure 11 Theory reconciliation between coordination and policymaking



As explained in section 4.4.2, there is a lack of conceptualisation about coordination in policymaking. On the contrary, the coordination mechanism (how coordination between parties develops) has been more discussed. To explain how coordination leads to policy change, propositions on coordination mechanisms are not enough. A study needs to define coordination and what factors affect the nature of coordination.

This study proposes to use the theory of network, especially as proposed by Rhodes (2006; 1990), as a useful guideline to identify the nature of coordination in policymaking. Network is characterised by interdependencies of institutions that work in promoting financial inclusion strategies. The theory suggests that coordination within and between networks should be viewed as strategic interactions, aiming to shape the opponents' belief system. Rhodes (2006) also posits that network can be identified in three ways: the group and personal interactions (the non-formal network), the formal linkages (formal network), or the frequent discussions among policy actors (informal network). Therefore, coordination can be identified in various modes of networks: formal, informal and non-formal.

However, as Rhodes (2017a) has argued, network theory is static. This means it could not explain the dynamic nature of networks in the policy process. This limitation curbs the network theory's ability to explain the changes of power-dependence within and between networks. Other implications are that it cannot explain the coalition development and the ideational process (policy learning) in policy change.

For this reason, as Rhodes (2017a) has suggested, this study incorporates trust into operationalised network theory in a dynamic context. This study adopts a practical literature on strategic engagement called "The Collaboration Spectrum" by the Tamarack Institute[12] and develops a new analytical framework called the coordination spectrum. This study pulls together policy network theory from Rhodes (2015; 2017) and the practical literature by the Tamarac Institute (2017) to develop seven types of coordination styles. Each coordination style

[12] The Tamarack Institute is a Canadian-based NGO that focuses on promoting collaborative actions between citizens and institutions. They provide resources and workshops to help institutions and communities initiate and nurture partnerships to solve social problems. They develop various tools for this purpose, one of which is The Collaboration Spectrum (see Appendix 6), which is used as a reflection tool to measure and develop trust between parties.

has different characteristic of how trust, belief systems, and interest are negotiated with different coalitions, which are illustrated in Figure 10 and detailed in Table 11 below.

Figure 12 The coordination spectrum

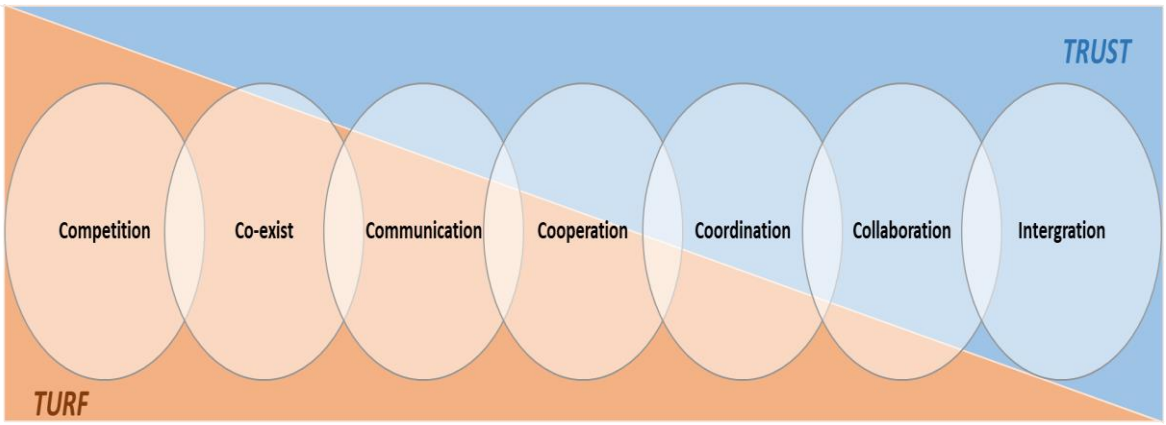


Table 11 Coordination styles and their characteristics

The coordination style	The characteristics
Competition	Actors aware of the different belief systems. They perceive that the difference could not be accommodated in the policy area. This style reflect in mistrust. Each party tried to win resources, including public attention.
Co-exist	Actors do not have a systematic belief and interests connection in the policy area.
Communication	Actors exchange information, but each party has a different interest. Communication may increase understanding (tolerance) of different belief systems in a policy area, but their interest remains distinct.
Cooperation	Actors develop informal interactions and cooperative behaviour. At this stage, trust starts to enhance. Different belief systems can be accommodated in a policy area because the difference is perceived as valuable. The objective of this style is to 'get with the group'.
Coordination	Actors develop formal interaction to promote efficiency. There could be an exchange of resources among actors. The different belief system in the policy area can be accomodated because difference is perceived as valuable.The objective of interactions are to impede the inefficiency of the policy.
Collaboration	Actors pull their resources together and create new belief. It could be a new paradigm, new parameter, or new instrument.
Integrate	Actors trust each other. They share a belief system and interests. Together, they plan, fund, and develop an integrated program.

Author depiction on different coordination styles, adopting a framework by the Tamarack Institute (2017)

The operationalisation of the coordination spectrum framework

The operationalisation of the coordination spectrum is guided by Table 12. This table has four main features.

The first feature is the elements of coordination's causal mechanism. This consists of the outcome of coordination (policy change); the input of coordination (key policy actors and

critical events); the output of coordination (the coordination style); and the intermediaries (reasons) for chosen a specific coordination strategy.

The second feature is the framework's mechanic, which consists of five basic analytical questions: to what effect? who were in the network? when and where did the network develop? how did the network develop? why did the network develop?

The third feature is the types of observation. This guides data collection and categorisation. *The fourth* feature is the analytical approach. The analysis incorporates an abductive approach; the inductive and deductive approaches are done iteratively; the data gathered are triangulated and critically assessed. The final analysis produces information on the coordination pattern (different interactions happened through time) in a policy area and their implication to the policy.

Table 12 The analytical framework for the coordination spectrum

Coordination mechanism	Analytical Questions	Observation		Analysis
(a)	**(b)**	**(c)**		**(d)**
Input	*Who were the stakeholders?*	1	Stakeholders; coalitions	Strongly inductive
	When and where did the coordination develop?	2	Critical events	
Output	*How did they coordinate?*	3	Coordination style	Strongly deductive
Intermediary	*Why did they coordinate as it is?*	4	Belief system	
		5	Interests	
		6	Trust	

The ultimate objective of this framework is to (i) explain the causal mechanism of coordination; and (ii) to explain the causal mechanism between coordination and policy change. Appendix 5 provides a more detailed elaboration of the policy learning spectrum.

4.6 Summary

This chapter began by classifying policymaking theories into two groups: one with a focus on explaining the policy process (process model) and another which aims to explain a causal mechanism of a specific policy element (classic theory). Yet, to understand why and how a policy changes, it is necessary to incorporate the two approaches.

This chapter also demonstrates that ACF has the potential to explain policy processes and change as it brings together process model and comprehensive classic theories. However, the lack of scientific endeavour to explore the theoretical link between ACF's components makes ACF remain a process model, which curbs its explanatory power on policy change.

This study tried to answer these challenges by offering new analytical frameworks called "the policy learning spectrum" and "the policy coordination spectrum". These frameworks provide critical appreciation of the various theories in policymaking. Therefore, they are not new theories. Instead, they are techniques that help all the theories 'talk to each other', to help researchers gather relevant data and to use them to explain the causal mechanisms of policy change.

Some important key aspects to consider of the theory development proposed through the two analytical frameworks can be listed as follows:

First, each framework is used for different purposes. Each framework is also independent of the others, and thus, although they could fill in each other's gaps, they could also be used independently.

Second, although the two frameworks could help to explain the causal mechanism of learning, coalition, and policy change, it is important to underscore that learning, coordination, and policymaking consist of non-trivial interactions; it is very difficult to capture the entire process. The analytical frameworks only help to capture the most observable interactions during the

critical events. The critical events and the interpretation of the interactions during these events are highly influenced by the chosen method and the researcher's judgement.

The logical function of the frameworks can be analogised as a camera trying to capture a moment. The moment captured depends on the motion's speed (the dynamic of interactions among policy stakeholders), the camera's capacity (the methods and resources used to collect the data), and the photographer's judgement of the best and most memorable moments (the researcher's judgement to choose interactions that best illustrates the nature of coordination and learning). Therefore, it is important to bear in mind that there are potential unintentional biases in the results.

Finally, it is also important to note that the frameworks do not produce predictions of a policy process but provide a basic proposition on what should have happened during a policy process.

CHAPTER 5 METHODOLOGY

5.1 Introduction

This chapter describes this study's research design, which emerged from a critical realist perspective. This chapter first describes the set of research questions that serve the research objective. Then, this chapter describes the research design: the strengths and limitations of case study design, as well as process tracing, which serves as an umbrella method for the data analysis.

Following an exploration of the research design, this chapter describes the choice of an in-depth semi-structured interview approach as a data collection method. In the following section, the data analysis and the challenges to accomplish the research objectives are elaborated.

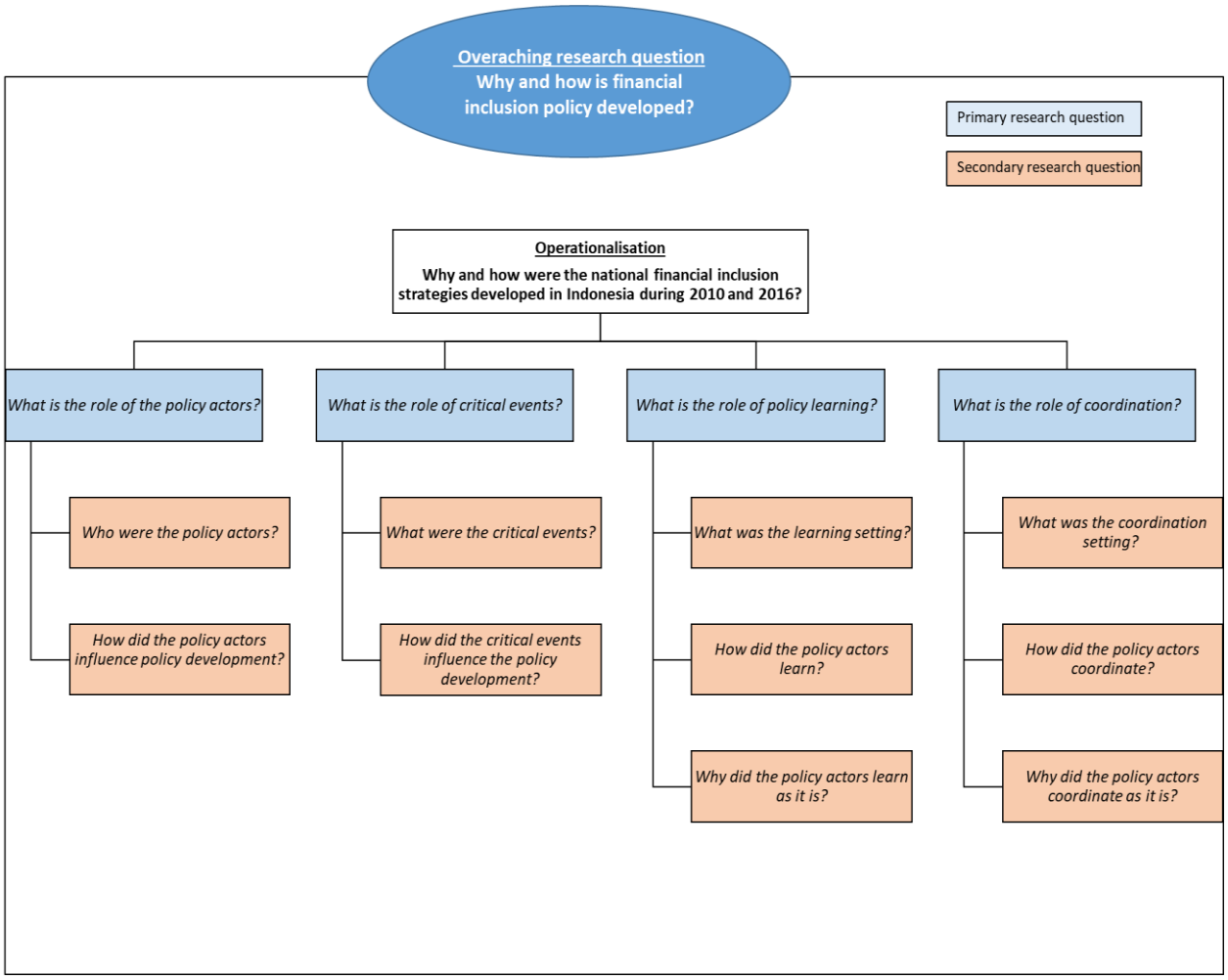
The last three sections discuss potential issues on research ethics and the researcher's positionality as an insider, and how these might affect interpretation of the data. Also, it discusses the research limitations and outlines some steps that have taken to address these issues.

5.2 The Research Question

A set of research questions linked to the overarching research question was developed and empirically investigated in this thesis. Propositions under the Advocacy Coalition Framework (ACF) served as the foundation for developing a set of primary research questions. Meanwhile, the secondary research questions were developed based on gaps identified in the literature on policymaking, reviewed in Chapter two.

Figure 12 shows how the overarching research question links to the secondary research questions.

Figure 13 Research questions

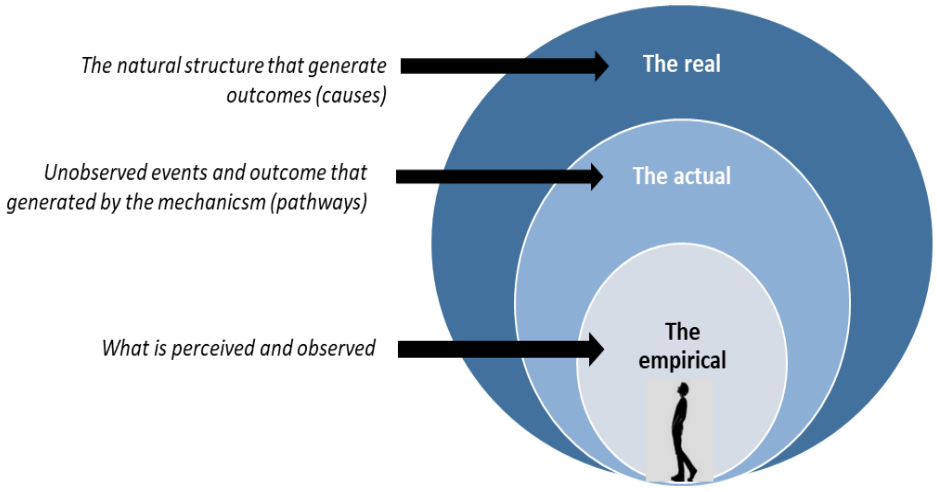


5.3 Critical realism as the research paradigm

This study aims to provide more understanding of the development of financial inclusion by investigating what happened during the policy process and explaining the process's reason. In other words, the study would like to explain the causal mechanism of policy development. However, discovering the causal mechanism is a complex process because the mechanism is highly influenced by context (Archer, 1998; Sayer, 1999); different contexts involve different causal mechanisms.

With these propositions, this study employed a critical realist stance.

Figure 14 Layers of reality according to critical realism



Source: Author interpretation of critical realism from Sayer (1999) and Easton (2010) into dynamic policymaking theories such as ACF.

Critical realism is a form of epistemology that believes that the natural structure of a social structure is separate from its context and the method used to understand it (Bryman, 2016 p. 25). Unlike interpretivism, critical realism accepts that the complexity of 'reality' can be identified by distinguishing the empirical knowledge (perceptions of context and influence of the method) with the real form (natural structure) (Sayer, 1999).

Because reality is complex, mixed methods and mixed theory are often used to peel away the layer by layer of 'reality' to discover the core of 'reality'. Thus, a study with critical realism positionality will gather empirical and actual knowledge through various observations and experiences. Then, the study will use various theories to guide the interpretation of these two types of knowledge to release the 'reality' from knowledge.

However, unlike positivism, critical realism accepts that 'reality' occurs in an open system, where context plays a crucial role in the outcome. Therefore, critical realism asserts that it is important to identify the reality, because context influences how people experience this reality. For example, interviews with all key policy actors done by this study might still not discover what 'really' happened

during the policy process, as different actors have different views, which makes the ‘reality’ very complex. Some policy actors also have the power to shape ‘reality’ which might shift the effect of how the world is seen by many people.

Another key characteristic of critical realism is that it puts forward critics among all roles of science. Critical realism believes that a dominant understanding is likely to reflect society’s injustice (Bhaskar, 2011). Therefore, a study with a critical realism stance has a commitment to promote emancipation, questioning the persistence of inequality, and to identify and challenge the ideology that might promote its persistence (see Bhaskar, 2009).

This study applies critical realism in each step.

First, this study combined two methodologies (to be explained in section 5.4.3) and multi-theories (as described in Chapter Four) to identify and explain the layer by layer of reality.

Second, this study conducted in-depth contextual analysis to understand the context and identify relevant data (see Chapter Three).

Third, this study interviewed various actors involved in the policy process to get different interpretations of reality (which will be explained in subsection 5.4.4).

Finally, this study provides a critical assessment of financial inclusion by investigating the causes and the pathways of strategy development in Indonesia. The real reason for the development of financial inclusion might provide a better explanation of the persistence of financial exclusion. Hopefully, the insights from this study could be used to promote structural change and social justice, which also reflect the nature of critical realism.

5.4 Research design

5.4.1 Case study

The case study approach was chosen as the groundwork due to its flexible characteristic and in-depth approach, which is useful to explore and explain the complex 'reality' of policymaking. However, its flexibility also creates challenges to select the most appropriate method for data collection and data analysis (Thomas, 2013; Yin, 2003). To overcome these challenges, Thomas (2014) and Bryman (2014) suggested that a study should identify clear criteria for case selection and identification as a clear boundary for the context. Clear criteria help to identify the most appropriate method for data collection and analysis.

This study uses two criteria to choose a case: contribution and data accessibility. Based on these two parameters, Indonesia was arguably the best case.

Indonesia is an "influential case" (Seawright and Gerring, 2008 p.303-304) for understanding the development of financial inclusion policy.

In general, much of the existing work in financial inclusion is from countries such as the United States and the United Kingdom. Therefore, Indonesia significantly contributes to the literature on financial inclusion policy. Specifically, research into financial inclusion policy is still at an early stage. Indonesia offers something new as studies of financial inclusion policy are rare.

Indonesia also offers an appropriate/useful example to check the assumptions behind some general theories on policy change to understand why financial inclusion policy has been adopted differently over time. As discussed in Chapter Three, Indonesia is one of the nations that has issued a national strategy on financial inclusion. Indonesia has released two national strategies. The first document was released in 2012, while the second was released in 2016. The policy change is shown by the different

targets, policy instruments, and policy objectives in each strategy, which clearly illustrate policy change over that period.

The first thing needed to study policy change is to define the policy. The policy definition is broad, from an accessible and observable formal document such as the regulations (Richard and Smith, 2022 p.1), to less accessible and observable practices, such as when the policymakers decide not to act on something (Dye in Birklan, 2005 p.18).

The national strategies documents are the most accessible and observable policy that expresses policy change for this case study. It is a steppingstone to identify the related yet less observable policy, such as government actions.

It is important to note that a policy document can be superficial and mislead the picture of government actions. Therefore, the national strategies might not provide the whole picture of policy change or government action on financial inclusion. These possibilities are reduced in Indonesia's case as the documents were used as guidelines of the relevant institutions' work plan. This means the national strategies were used as the primary references for lower-ranking regulations and formal government acts related to financial inclusion. Their alignment was monitored and evaluated every year. A similar strategy and operationalisation are also found in many other countries (see World Bank, 2015). Therefore, the national strategy is relatively appropriate to capture the development of financial inclusion policy in general.

Overall, Indonesia is an influential case as it could be used as a retrospect on the development of financial inclusion policy. This study can also be used to reflect on other developing nations that adopt the financial inclusion agenda.

Another reason for choosing Indonesia is that the researcher was involved in developing the financial inclusion strategy in Indonesia between 2011 and 2017 as a government officer. Her positionality and

knowledge give her privileged access to the data. This also means that more time was available for data analysis.

As for the data, the study chose 2010 to 2016 as the time horizon for the primary data collection, with 2004 to 2016 as the time horizon for the secondary data collection.

Table 13 Types of data

Types of Data	Source	Period	Utilisation
Primary	Interview with key policy actors	2010-2016	Reconstruct the policymaking of financial inclusion strategies.
Secondary	Policy and research literature	2004-2016	Supporting. Provide rich context on financial access in Indonesia and the transition of the policy naration.

The year 2016 was chosen as the final point of observation in both types of data, because this was when the second national strategy on financial inclusion was released. However, each data's starting point was different because each type of data has a different purpose. In this research, secondary data were used to support the analysis of the primary data. This enriches the context and verifies the primary data.

5.4.2. Research strategy

A qualitative approach is used in the case study. Mixed methods, for example by adding a closed-question survey in the data collection process, might have worked well and provided broader information. However, there was a lack of propositions from previous studies to develop a suitable questionnaire for this study. Therefore, qualitative research is more appropriate as it explores possible propositions while the results could provide propositions to test in future research.

Semi-structured in-depth interviews with key policy actors were chosen as the primary data collection method due to their suitability to answer the research questions. Interviews, especially with elites, are

more appropriate and efficient than other qualitative methods, such as focus group discussion or observations, because they help to delve deeply into the interpretations of each key policy actor, while at the same time identifying the social contexts within which each key policy actor acts (Smith and Elger, 2012; Tansey, 2007).

Qualitative research is also more appropriate to identify the policy actors' perceptions on policy development. Most importantly, the in-depth interview helps to gain a body of deep and rich information to answer the overarching research question on why and how financial inclusion policy was developed.

5.4.3 Process tracing as the umbrella method to collect and analyse data

This study uses a method to reconstruct the policy process by examining historical evidence, identifying the potential causes and their links to policy change, using historical qualitative data. One method that has been specifically developed to explain why and how something happened in a minimal number of cases using qualitative data is process tracing.

Process tracing is a "mechanism-process focus" (Checkel, 2005 p.4). It requires researchers to pay close attention to the sequences of events explained by the different subjects and to compare their explanations. Process tracing systematically traces the qualitative data. Therefore, process tracing would be compatible, and sometimes competitive, with the statistical method; it checks and minimises causation and correlational abuse by encouraging researchers to see alternative theories and to think further about the link between events, pattern, and theory (Waldner, 2014).

This study gathered different policy actors' perspectives (bankers, regulators, government, NGOs, and parliament) to trace various possible pathways perceived by different policy actors and use their interpretations to reconstruct the development of Indonesia's financial inclusion policy during 2010 – 2016. With critical realism as its stance, this study also needs to identify the 'reality', or the general

principle, by separating the context, mechanisms, and their effect on a policy occurrence (see Easton, 2010). In this aspect, process tracing faces a similar challenge with the statistical method. It is less conducive to providing the generic principle (Hammersley, 2018; Checkel, 2005), even less to explain the mechanism (Jacobs, 2014).

In process tracing, the complex and dynamic mixture of social features are often explained at the micro-level, with a focus on the structural context at the level of an individual. Therefore, process tracing alone is less likely to fulfil the critical realism objective, which is to understand the mechanisms and the underlying reasons. Process tracing would only capture the 'empirical' and 'actual' but not the 'reality' (Meyer and Lunnay, 2013).

In 2019, after gathering data and conducting a pilot analysis, the researcher accepted the premise explained above; process tracing could identify the structural mechanisms (the relation of the sequencing of events and the context that led to the policy issuance). However, it could not explain why one event led to another event and why these sequencing events produced the policy change (strategy on financial inclusion).

The researcher then decided to combine process tracing with another method.

Through quests and experiments, this study finally combined process tracing with systematic critical reflection (retroductive reasoning) from the analytic induction method proposed by Harmesley (2010). Process tracing reasoning and analytic induction have some similarities but some differences. However, these differences complement each other; they filter the empirical evidence and theory used to gather the evidence so that the study can identify a phenomenon's natural structure.

Table 14 Similarities and differences between process tracing and analytic induction

Similarities and Differences	
Process tracing	**Analytic Induction**
Qualitative data	
(Social) mechanism-process focus	
Retrodiction (what should have happened)	
Structural mechanism	Causal mechanism
Focused on the development and testing of explanatory theories through the statistical and contextual analysis of data at the aggregate level	Focused on the development and testing of explanatory theories through the investigation of individual cases
Proposed the most possible mechanism of certain outcome	Proposed the general causes within a mechanism in certain outcome

Author interpretation from Checkel (2005) and Harmesley (2010)

For example, while process-tracing helps to explain the structural mechanisms (how the policy development on financial inclusion happened in Indonesia), the critical reflection from analytic induction is used to explain the 'real' causal mechanisms (Hammersley, 2010). This combination helps discrete the 'actual', including the influence of the theory used in this study, with the 'real'. By combining the methodologies, this study provides a more comprehensive picture of policymaking's complexity to identify the retrodiction (what should have happened for the policy to develop as it has).

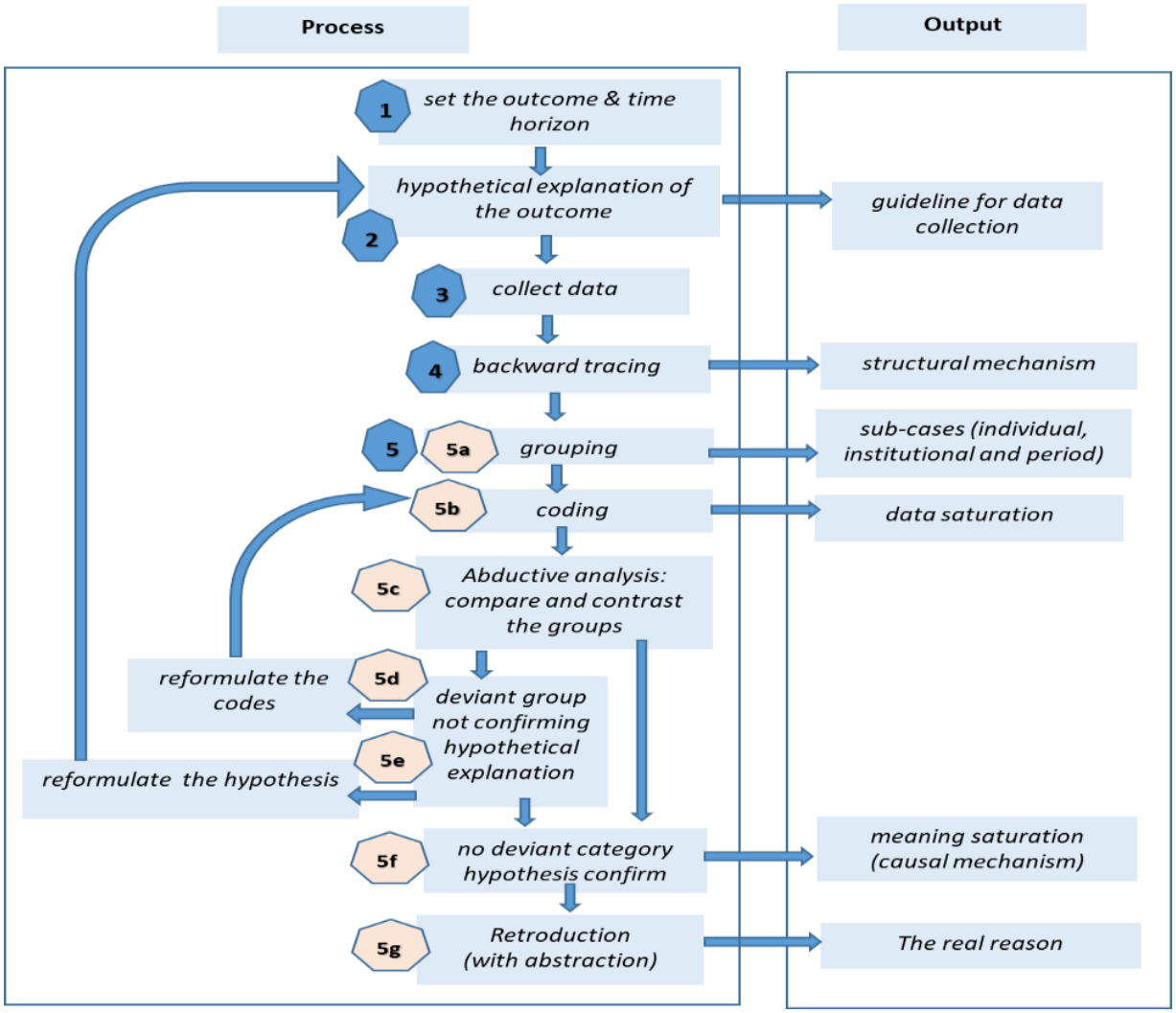
Another example is that, while process-tracing analysis relies on its conclusions on probability, analytic induction produces universal laws (theory). Meaning in analytic induction, fallacy eliminates the proposition; the assumptions that backed up a proposition should be rejected or modified (Robinson, 1951). Analytic induction does this by comparing homogenous cases.

This study does not attempt to generate universal knowledge at the empirical level, as critics often interpret analytic induction applications (see critics on analytic induction from Goldenberg, 1993). This study explores the possibility of generalising the findings at the theory level to understand the entities responsible for the emergence of financial inclusion policy. By adopting an analytic induction

approach, this study compares different groups of data in a relatively similar context to produce theory generalisation. How this study develops homogenous cases is explained in section 5.6.

Figure 14 illustrates what a study could do to develop the same result without various quests and experiments.

Figure 15 Protocol of data analysis (counterfactual)



Adapted from: Checkel (2005); Hammersley (2010); Beach and Pedersen (2013)

Please note that this figure is not a rule of thumb to implement process tracing and analytical induction in research. It is provided in this section as an effort to provide analytic transparency (see Moravcsik, 2014; also Jacobs and Buthe, 2015) and to open a further discussion in combining process tracing and analytic induction to explain causal mechanisms and explore the reality of a complex world.

As illustrated in Figure 14, data collection and analysis in this study could have been done in five stages.

The first stage is to identify the outcome (policy change) and the time horizon as boundaries to define within-case evidence. As described earlier, this study reconstructed the policy change and time horizon based on a document analysis of the national strategy on financial inclusion.

The second stage is to identify propositions for the various possible causes of policy change. This stage employed document analysis, using ACF as the guidelines (see section 4.3). The analysis produced a guideline for data collection, including secondary data and additional relevant theory.

The third stage is to collect the data. Data collection and data analysis were done iteratively during the research process.

The fourth stage is to construct the policy development's structural mechanism. This study reconstructed the events of strategy development between 2010 and 2016. The data gathered from the interviews were triangulated with various secondary data and analysed backwards: from the issuance of the 2016 strategy to early 2010. The analysis at this stage produced empirical knowledge based on the perception of critical informants.

The fifth stage is to reconstruct the causal mechanism of policy development. This stage produces an explanation of why the policy developed as it did. At this stage, the study adopted a critical reflection strategy from the analytical induction method. One essential practice of analytic induction that was borrowed in this study is its critical comparative analysis. In this study, the data were treated as a panel by putting them into different groups. This is different from the original process tracing, where patterns of events were analysed by treating the data as time series.

A more detailed description of the fifth stage in this study is explained in section 5.6 regarding data analysis.

It is essential to note that the process tracing and the retroductive reasoning are thought processes used to explore and analyse data (see Jacobs, 2014). Therefore, they are not techniques or protocols used to generate findings at the practical level.

Thoroughness and patience to develop and analyse propositions with these two methods were also inevitable, for example, when this study established homogeneous cases for comparison, as required by analytic induction. The cases were established iteratively in three different levels of analysis (individual, institutional, and period) to produce four homogenous cases. Each level of analysis also demanded different secondary data and a laborious triangulation process, which does not guarantee new and interesting information. The process confirms the complexity of reality, which is also one drawback of critical realism.

5.4.4 Informant selection

In most qualitative research projects, the respondent is not intended to be statistically representative; the number of respondents is not as crucial as choosing the right respondent. In this study, the respondents have unique and specific characteristics. Their irreplaceable roles make these individuals often called critical samples (Paton, 2012 in Saunders and Townsend, 2018). Henceforth, this study identifies these informants as critical informants.

The selection of critical informants was made in four steps.

The first step was stakeholder mapping. The desk study established a list of institutions that have been involved in policy on financial access and financial inclusion since 2004. This produced a list of several institutions with prominent roles in developing financial inclusion strategies in Indonesia. However, this step could not identify institutions that should have been involved but were excluded. This step also contributes to the finding of the role of policymakers explained in Chapter Five.

The second step was to create more detailed criteria for the sample unit and the informants. The first set of criteria is that the informants need to be individuals involved directly (who attended the technical meetings) in the development of the financial inclusion strategies in 2012 and 2016. Some individuals may be involved indirectly, yet they had the power to influence the meeting's outputs from different venues. Those who were directly involved mostly came from government institutions and financial regulators, while those who were involved indirectly come from the private sector, parliament, and international organisations. Besides their critical role in policy development, another vital criterion is their willingness to be open about the topic.

The third step was to establish a list of critical informants. The list was first developed based on the criteria developed in stage two. The list refers to published government reports, and the researcher's own network. After the ethics committee had approved the research ethics form, the researcher started to contact the gatekeepers to help the researcher examine the list produced in step two. The gatekeepers provided a list of institutions and the names of potential contacts in charge of each institution involved in the development of the financial inclusion strategies. The information from the gatekeepers allowed the researcher to refine the list.

Lastly, the critical informant list was continuously refined and reconfirmed during the interviews by asking the interviewees to mention some names and institutions they worked with during the development of the financial inclusion strategies in 2012 or 2016.

Table 15 The critical informants

Institution	Relevance		Potential interviewees	Interviewed
	Relevance of Institutions	Relevance of Individuals		
(1)	(2)	(3)	(4)	(5)
Regulator on Financial Sector				
The Central Bank	Regulator for payment service; representing Indonesia in AFI and G20; co-leader of the national council for financial inclusion.	Responsible in developing strategy, regulation, and policy related with payment service, financial technology, and/or financial inclusion. Representing the institution at the national and international meetings and conferences regarding financial inclusion issues. Representing the institution in various meeting held by the national council for financial inclusion Involve in G20 meetings on financial inclusion Representing Indonesia in G20	4	4
Financial Services Authority	Regulator for financial institutions; representing Indonesia in AFI and G20; co-leader of the national council for financial inclusion	Responsible in developing strategy, regulation, and policy related with financial services, financial technology, financial education, and/or financial inclusion. Representing the intitution at the national and international meetings and conferences regarding financial inclusion Representing theinstitution in various meeting held by the national council for financial inclusion issues. Representing Indonesia in G20 and OECD meetings	3	3
Government				
Ministry of Cooperatives and SME	Regulator for credit union; member of the national council for financial inclusion	Responsible in developing strategy, regulation, and policy related with credit union. Representing the ministry cooperative in various meeting held by the national council for financial inclusion	2	1
Coord Ministry of Economic Affairs	Control the implementation of policies related to issues in the economic sector. Coordinate ten ministries including the ministries of finance, the ministry of SOE, the ministry of spatial and land, as well as the ministries of cooperatives and SMEs. Lead the national council for financial inclusion	Responsible in operationalising the secretariat of the national council for financial inclusion. Responsible to arrange meetings and coordinate official inputs for the 2016 strategy on financial inclusion	3	3
Ministry of Finance	Formulate technical policies, plans and programs (green papers) for analysis and formulation of recommendations for policies on fiscal and financial sector, and international economic and financial cooperation Member of the national council for financial inclusion Representing Indonesia in G20	Responsible in developing strategy, regulation, and policy related with financial sector development. Representing the institution in various meeting held by the national council for financial inclusion Representing Indonesia in G20	2	2

(cont.) Table 15 The critical informants

Institution	Relevance		Potential interviewees	Interviewed
	Relevance of Institutions	Relevance of Individuals		
(1)	(2)	(3)	(4)	(5)
Government				
The National Development and Planning Agency	Translate the the president's vision and mission into national development policies and planning. Coordinating and formulating national development strategies, sectoral, cross-sectoral, and cross-regional policy directions. Coordinating the search for domestic and foreign funding sources, as well as allocating development funds. Member of the national council for financial inclusion Representing Indonesia in G20	Responsible in formulating and coordinating the national goverment work plans related with economic development and social security. Representing the institution in various meeting held by the national council for financial inclusion Representing Indonesia in G20	4	4
Coordinator Ministry for Human Development and Culture	Control the implementation of policies in human development and culture Coordinating 8 ministries, including the Ministry of Social Affairs, Ministry of Education, and Ministry of Village, Development of Disadvantaged Regions, and Transmigration.	Responsible in coordinating the policy implementation related with poverty reduction and social security. Representing the institution in various meeting held by the national council for financial inclusion Imvolve in G20 meetings	2	1
Ministry of Agrarian and Spatial Planning	Responsible for the formulation and implementation of policies in spatial planning, land infrastructure, land management, land acquisition. Control the spatial use and land tenure, and handling spatial issues. Member of the national council for financial inclusion	Responsible in developing strategy, regulation, and policy related with financial sector development. Representing the institution in various meeting held by the national council for financial inclusion	1	0
Ministry of SOE	Regulator for SOE, including SOE financial institutions Member of the national council for financial inclusion	Representing the institution in various meeting held by the national council for financial inclusion	2	0
Parlement				
	Establish laws and regulationsin related sectors sector together with the President Supervise the implementation of the Act, State Budget and government policies in related sectors Elect the members of the FSA's commissioners and the governor of the central bank	Member of the parlement Is or was working on the commission related with economy, financial sector, cooperatives, and SOE during 2010 - 2019	3	1
NGO				
TNP2K	Released the first strategy on financial inclusion in 2012 Support the policy formulation for the non-cash government transfer program	Involve in the development of financial inclusion strategy in 2012 and 2016	2	2
The World Bank Group	Provide assistance to the Goverment to develop financial inclusion strategies	Financial sector specialist	2	2

(cont.) Table 15 The critical informants

Institution	Relevance		Potential interviewees	Interviewed
	Relevance of Institutions	Relevance of Individuals		
(1)	(2)	(3)	(4)	(5)
NGO				
DFAT	Develop the first household survey for financial inclusion indicators on eastern part Indonesia, support study on financial inclusion for disability for government and OJK	Support regulators and government for policy development on financial inclusion	2	2
Local research centre 1	Provide assistance to BAPPENAS, the national council for financial inclusion, and OJK on financial inclusion studies	Involved in various studies on financial inclusion, including the market and policy assessment for postal saving and government revolving fund (PNPM).	2	1
Local research centre 2	Provide assistance to the BI and OJK on financial inclusion studies and indicators	Involved in the development of financial inclusion indicator for the OJK Support the national council for financial inclusion to improve the 2016 financial inclusion strategy	1	0
GIZ	Provide assistance in development of Postal Saving to BAPPENAS and PT POS	Involve in market and policy assessment for postal saving, and formulation of social security reform (non-cash conditional transfer program).	1	0
The UN Group	The UN has special unit for financial inclusion (UNSGSA). Work with many international organization on financial inclusion issues Queen Maxima, the special advocate, visited Indonesia two times during 2010 - 2017 to monitor the progress on financial inclusion.	Financial inclusion specialist	1	1
Private Sector & State Owned Enterprise (SOE)				
SOE financial institutions	Involved in the implementation of financial inclusion strategy Provide input for financial inclusion policies	Working on financial inclusion issues in regards with product development, government relation, and/or market research.	3	2
PT Pos Indonesia (SOE)	Involved in the implementation of financial inclusion strategy Provide input for financial inclusion policies	Working on financial inclusion issues in regards with product development, government relation, and/or market research. Involved in project development of postal saving Involved in the conditional cash transfer program	1	0
Commercial banks	Involved in the implementation of financial inclusion strategy Provide input for financial inclusion policies	Working on financial inclusion issues in regards with product development, government relation, and/or market research.	2	1
Insurance Companies	Involved in the implementation of financial inclusion strategy Provide input for financial inclusion policies	Working on financial inclusion issues in regards with product development, government relation, and/or market research.	2	1
Payment Services	Involved in the implementation of financial inclusion strategy Provide input for financial inclusion policies	Working on financial inclusion issues in regards with product development, government relation, and/or market research.	3	2
Credit Unions	Involved in the implementation of financial inclusion strategy Provide input for financial inclusion policies	Working on financial inclusion issues in regards with product development, government relation, and/or market research.	2	1
Total number of critical samples			**50**	**34**

The study managed to interview 34 from 50 potential critical informants. The remaining 16 critical samples could not be interviewed because they either stated that they did not feel willing to be interviewed or they did not give any response after the third interview request. The protocol for informant selection is illustrated in Appendix 7.

5.5 The process of data collection

This study conducted semi-structured in-depth interviews with elites. The elites were high and mid-level officers in institutions or organisations who were actively involved in developing financial inclusion strategies. In process tracing, elite interviewing is often used to reconstruct a series of events and understand their values and beliefs about a phenomenon (see Tansey, 2007).

In this study, the interview was used to corroborate information from the desk study about actions done by a small number of populations that happened within the series of events. The interviews were also used to establish the values and beliefs of the policymakers about financial inclusion.

Interviews with elites bring some reliability and validity issues. There is a concern that the elite might have their own objectives in being interviewed: to justify what they have done, to exaggerate their roles (Berry, 2002), or to blame others. Therefore, elites represent a powerful group; they can define reality and present pictures of the truth that gain greater currency. With the critical realism stance, this study critically assessed their views.

To identify the reality while still appreciating the informants' perspective, this study employed a semi-structured and active interview. This serves as a flexible guideline that allowed the critical informants to frame the conversations according to their objectives yet assured that the interview collected specific and important data relevant to answering the overarching research question.

As described in the next two sub-sections, this study employed several strategies to mitigate the reliability and validity issues: pilot interviews, a rigorous desk study to develop interview guidelines,

and a summary of the interviewees. The study also had careful preparation for each interview by profiling the prospective critical informants and reflecting on the interviewer's notes.

5.5.1 Pilot Interview

After the research ethics application was approved, three pilot interviews were conducted in the first week of March 2019 through phone and video calls from the UK.

Those who took part in the pilot interviews have characteristics similar to the critical sample; they were informed about financial inclusion strategies and had a chance to attend at least one technical meeting to develop the financial inclusion strategies. This study also intentionally selected the participants from different institutions, akin to the actual interview process.

One important lesson learned from the pilots was that interviews with process tracing methodology require an active dialog.

For example, there were times when the participants in the pilot forgot some of the details they often tried to answer, referring to the current social-economic situation or what should (ideally) have happened. The pilots confirmed Barbour's (2014 p.147) views that the interview has several functions because the interviewee's memory could be more concerned with the present than the past. For this reason, an active interview approach is needed to critically analyse the data obtained during the interviews.

To increase their focus and memory of the events, the researcher decided to be open with respondents about the interview's purpose before the interview started. In the last pilot, the researcher noticed that openness increased the participant's trust, as they did not hesitate to admit when they forgot or did not have the information. Instead of trying to make up answers, they tried to provide some possible details that might have happened in the past and gave names that might provide or confirm the facts.

Another active interview strategy was to provide the participants with a summary from the desk study. The summary was a comparison between the national financial inclusion strategy in 2012 and 2016 (see Appendix 6). The summary was presented to the participants during the interviews.

The insights from the pilot interviews were adopted into the primary research interviews.

5.5.2 The interview

From a critical realist perspective, an active and analytically informed interview is essential to gather data on a multifaceted reality (Tansey, 2007). Therefore, rigorous desk study is crucial. It helps to develop interview guidelines and allows for the delivery of an active, theory-driven interview. As presented in Appendix 9, the interview guidelines consist of four themes, which are mainly based on ACF: (i) the informants' views about financial inclusion; (ii) the critical events and social-economic context; (iii) the role of policy actors; and (iv) strategy and resources.

The interviews took place in Indonesia, where the policy actors mostly conduct their activities, such as in Jakarta and Bogor. The fieldwork was carried out from 26 March to 31 July 2019. Indonesia held a general election to vote for the president and member of the parliament in April 2019. The general election schedule was the primary consideration for the interview activities, especially for the parliament and government participants. Both groups were interviewed after the general election to mitigate the issue of reliability.

Most of the interviews were conducted face-to-face in the office or in neutral public places. However, three interviews were conducted over telephone and video call due to the distance and difficulties of arranging a place and meeting time. The duration of the interviews ranged from one to two hours. Of the 34 participants, two did not want to be recorded. However, they allowed the researcher to take notes during the interview. The interview protocol's detail is illustrated in Appendix 10 while the fieldwork schedule is available in Appendix 11.

Time was the main challenge for the interviews. Most participants have a very tight schedule. Nevertheless, their role makes them irreplaceable. The data collection involved intensive planning to organise an in-depth interview. Various interview guideline versions were prepared to make the best use of the interviewee's time availability. Adjustments were specially made for the probing, based on the ongoing information received throughout the interviews and the participant's background.

As explained earlier, the elite might have their own different objectives for agreeing to take part in an interview. Their answers did not necessarily reflect reality but their perception of what had happened. With these cautions in mind, all information given must be further clarified during the interview to assure the information's reliability. This study used profiling and journaling as two strategies in promoting reliability.

Profiling critical informants were always done before each interview, while journaling was always done after each interview. Both strategies helped this study to identify the pattern of information at an early stage of the interview and to develop a strategy for clarifying information based on the type of information obtained from the interview. After around six interviews, the researcher developed the best strategy to probe, based on the nature of the information being revealed during the interview. The strategy was useful to promote reliability during the interview. The strategy is described in detail in Table 16 below:

Table 16 Ensuring information reliability in the elite interviews

No	Type of information	Probes
1	New information	Additional questions were given to determine its link within a series of events during the financial inclusion strategy development.
2	The information which supports the data from desk study	Some of this type of information was given without any probing, while some were given after probing. To avoid misunderstanding, additional questions such as "why" and "how" were given when the information was told after probing.
3	The information that did not align with the data from the desk study	Informants were asked to provide more substantial data and explanation to support their arguments.
4	Contradictory information from different interviews	Triangulation with secondary data, other relevant information, or further probing was done to identify which information has higher certainty and uniqueness toward the series of events during the development of financial inclusion strategy.

Source: Author analysis

5.6 The process of data analysis

This study employed four approaches in the analysis: document analysis, backward analysis, abductive analysis, and retroductive analysis. NVivo, Vensim, and Microsoft Excel were used to manage and analyse the data.

Based on the illustration in Figure 14 in section 5.4.3, the data analysis could have been done in seven steps. This section describes the 'ideal' process and takes one of the findings, the role of a critical event, as an illustration.

Firstly (5a), each set of data is categorised based on its level and period.

Table 17 Category of data

Level	Period	
	2010-2012	2013-2016
Individual	(individual, 2010-2012)	(individual, 2013-2016)
Institutional	(institutional, 2010-2012)	(institutional, 2013-2016)

In this study, cases were compared at the individual, institutional, and period level. At the individual level, the analysis was focused on individual roles. The analysis reconstructs each individual's role within their organisation and with other stakeholders outside of their organisation. The analysis proposed a concept called 'agent of change' which will be explained in Chapter Six.

Meanwhile, at the institutional level, the analysis focused on organisations' role in the policy area. Careful attention is given to any structural change that happened within the organisation and how it affected other organisations in the policy area. The comparison between institutions helps to understand the role of institutional learning within policy learning, which will be explained in Chapter Eight.

Individuals' and organisations' activities were also categorised based on the period, 2010-2012 and 2013-2016. Each period ended with the same event: the issuance of the national strategy document.

Secondly (5b), the data from each group were examined based on the propositions under ACF, the basic analytical framework, and coded.

The coding process was done iteratively. At the first trial, the study developed five codes: strategy, resources, policy actors, critical events, and opinion about financial inclusion policy. Through the process, the codes continued to be refined. Backward analysis and triangulation with secondary data were done in this stage.

Thirdly (5c), the study started to identify the causal mechanisms.

After the data in each group was coded in stage two, the codes were compared. The data at the individual level during the period 2010-2012 were compared with data at the individual level from 2013 to 2016 (see Chapter Six). The same steps were done at the institutional level.

The comparison also aims to identify the connection between levels to explore the nodes where individual and institutional activities were met and led to strategy issuance. The pattern was examined in each period and compared between periods. ACF was used to explain the causal patterns that occurred in the analysis. When ACF could not explain a pattern, other relevant theories were used.

The unexplainable pattern would either be followed up by refining the codes (5d) or refining the propositions (5e).

Refining the codes was done first before refining the propositions. This can be done by integrating codes, eliminating codes or developing new codes. As a general rule, when the comparison showed homogeneity in theory guideline, the result became an insight for explaining the nature of financial

inclusion policy. When the comparison showed heterogeneity in theory, the result was used to redefine the theory guideline.

An abductive approach was done until the study reached the data saturation point, meaning that there were no additional data nor new themes that were needed to understand the policy change (5f) (Hennink, Kaiser and Marconi, 2017; DeCuir-Gunby, Marshall and McCulloch, 2011).

Finally, the analysis was closed with retroduction analysis (5g). The retroduction was used hand in hand with abstraction; the study removed the context and theory characteristics from the data to identify the policy change's real reason through critical reflection.

A strategy of critical reflection that was used in this study was counterfactual analysis. This was done by answering three questions: What might have happened if one element of the context (or theory) did not exist? Would the set of the rest of the elements have produced the same outcome? Why?

5.7 Ethics

This study received ethical approval from the Ethical Review Committee University of Birmingham on 8 March 2019, before the pilot and fieldwork was conducted (see Appendix 12).

A certain number of ethical considerations from the committee had been addressed during the research process.

The main concern was regarding anonymity. This consideration also came from the respondents who felt responsible for representing the group that affiliates with them. For this reason, some interviewees stated their concerns during the interviews. They were asking for an assurance that their names would not appear in the thesis and that none of the names they mentioned would appear in the thesis. I assured the anonymity of these critical informants. Another interviewee requested not to write about

Queen Maxima. I did not respond to this request, but I assured them that I would send them the executive summary before the research is published.

The likelihood of harm by participating in this study could be high if people who read the study report, especially the quotes, recognise the interviewees. However, due to the participants' characteristics, the anonymity is limited; because the participants are the key policy actors, there is a possibility that participants are known to each other or able to guess who has said what, as they read or hear findings from the study. Therefore, I could not be able to guarantee the participants full anonymity. This risk was explained in the participant information sheet (see Appendix 15).

Confidentiality is another issue raised. Many of the interviewees implied or informed that they knew some of the people that were interviewed. This was not surprising, as most of them work together on the same issues or come from the same office. I did not see this influence their answers or willingness to be interviewed. One interviewee insisted on being interviewed together with one of their colleagues. Their colleague sometimes provided detailed information in addition to the main interviewee's answers. The interview process proceeded as they wanted it to. The form of consent was collected from the interviewee and their colleague.

In this study, the confidentiality issue was addressed by managing the data in a secure system managed by the University of Birmingham. At the same time, the transcripts and recordings are not shared with any third party. No unauthorised attribute is released in the thesis, including gender, education, position, and working unit, to limit the risk of being recognised.

To get the respondents' trust and willingness to participate, I explained to the interviewees that the study was designed to answer 'how' and 'why' questions and not about participants' personality. An endorsement letter from the sponsor and the University of Birmingham and information about the research and consent form was also given before the interview was conducted (these documents are

available in appendix 10 and 11). The interviewees were also informed that they had the right to request any specific comments to be ‘off the record’ during the interview.

The confidentiality and anonymity issues were discussed again with the interviewees before the interview began to ensure the critical informants understood all the risks and their rights in this research.

5.8 Positionality

I am an insider researcher. Insider researchers are broadly defined as those who have close identification with the group they study, including its culture and contexts (Dwyer and Buckle, 2018). In this study, I am considered an insider because I worked as a government officer and was involved in several meetings on developing and implementing the strategy during 2012 – 2017.

As an insider, I have the privilege of better access to information or, at least I know where I should go to get more information. I know almost half of the interviewees. As for the rest, we know the same people, and these people connected us.

With the level of detail demanded by process tracing and ACF, my position as an insider has some benefits. Sometimes my position made the interviewees become partners in the investigation. They helped me scrutinise the possible pathways for policy change. In a few interviews, we argued against each other on the most probable ‘theory’. As an insider, I might gain more trust from the interviewees. My position also means that lying was less likely a choice for the interviewees. Alternatively, they asked me to make some of their statements off the record.

However, being an insider is a double-edged sword in this study. Some informants assumed that I already knew what they did. Some of them also perceived me as a supporter of their views rather than as a researcher. Both informants and readers of this study might be concerned that I carry potential biases within the research process, including selecting the participants, selecting the evidence,

choosing the trustworthiness thresholds, making the analysis, and reporting. I realise that, unconsciously, these might had happened; the insider status could affect my analysis of the data and I might have sought data that confirmed my prior views.

For example, because I had been working in BAPPENAS, I have more knowledge of its cultural organisation and the policymakers from BAPPENAS than other institutions. This might have influenced data collection, such as when I identified critical informants, and the data analysis, such as when I analysed the role of policy actors. My working experience in BAPPENAS might also have influenced the findings related to BAPPENAS.

Also, because I worked as a government officer for many years, my experience working with non-government policy actors might have influenced the study's argument on the interactions between government and non-government organisations.

Some efforts suggested by experts to insider researchers to maximise the research quality are: using multiple sources of data, using multiple methods of data collection, keeping a journal as an audit trail, and triangulation with other researchers or experts (Paton, 2002; Greene, 2014).

In this study, I followed this advice by providing transparency of the research procedures and created triangulation with different data sources in each research stage, as described in sections 5.4, 5.5 and 5.6. I kept track of the process of data collection by keeping research notes. I also kept my supervisors involved by providing documentation of the research process, updating them on progress, and discussing the research process each month. Besides stimulating my critical thinking about the research, these regular discussions helped me to identify and reduce potential bias.

The reporting was also done carefully by considering the possibilities of using the findings to create an unfavourable decision for any group. I also must underline that although I maintained social contact with most of the informants during the research process, I did not have any professional

contact with them during the research process. I also did not have authority over the critical informants, which can affect the data quality.

5.9 Limitations

The main challenge of this research design is the iterative analysis, which demands more data. Both analytic induction and process tracing suggest various types of data and methods in the research process. They suggest an iterative process between data collection and analysis, meaning to add more interviews, documents, theories, and cases (countries) during the data analysis stage (see Hammersley, 1990 p 163-181; also Bryman, 2016 p.517-572). However, due to the limited resources and informants available, this study could not add critical informants nor countries.

Although the primary data are limited, this study uses in-depth interviews to get a deep understanding of the policymakers' experience. In-depth interviews with a small population of elites was a wise decision based on the resource constraints. This study also continuously added secondary data (which consists of officially published documents from various organisations and media) and relevant theories during the data collection and analysis stages.

The generalisability of these results is also subject to certain limitations. For instance, while the structural mechanism (policy process) proposed by this study could be tested to make inference in different contexts (of policy development), the causal mechanism (policy change) should not be used to make inferences that the identified (or not identified) policy change is present in other nations.

The findings also cannot be used to explain why Indonesia chose to push a financial inclusion strategy onto its national agenda rather than other policies, which arguably have similar or higher levels of urgency (e.g., a strategy on tobacco control or sexual violence bill[13]), during 2010-2016.

5.10 Summary

This study was carried out based on critical realism. It lies in the basic belief that the nature of reality is complex and linked to power.

The study investigates why and how financial inclusion policy developed through a series of research questions guided by ACF. Based on the potential contribution and resource accessibility, the development of Indonesia's financial inclusion strategy between 2010 and 2016 has been chosen as the case study under examination.

Process tracing is used as the base method to collect and assess the evidence. A systematic critical reflection strategy from the analytic induction method has been adopted into process tracing to produce generalisation at the theory level and critical reality about the financial inclusion policy. The data were collected through in-depth interviews with 34 critical informants. These people had an important role in strategy development and were willing to share their experiences through an interview.

There are some concerns regarding the researcher's positionality as an insider and the interviewees' positionality as key policymakers, which may affect the findings. The pilot interviews, the transparency of data analysis, data management, and review from the ethics committee may not eliminate all these issues, but they do help to mitigate these problems.

[13] Up to 2019, Indonesia has not ratified the tobacco control and sexual violence bill, both of which have been discussed in global policy forums such as the G20.

CHAPTER 6 THE ROLE OF POLICY ACTORS

6.1 Introduction

This chapter provides an overview of the stakeholders on financial inclusion policy in Indonesia and explains why some actors are more capable of influencing policy than others. Therefore this chapter answers two secondary research questions: who are the policy actors, and how could the policy actors influence policy development? Both questions are explained consecutively in sections 6.2 and 6.3.

Section 6.4 closes this chapter by answering one of the primary research questions: what is the role of policy actors in developing the financial inclusion strategy in Indonesia?

6.2 Who are the policy actors?

This study identified the role of policy actors at two levels: individual and institutional. The following sections will explain the characteristics and functions of policy actors at these two levels.

6.2.1 The agents of change

The study has suggested that some individuals (agents) could strategically leverage the available resources within their institutions to deliver their interests and shape the policy area's belief system.

This study answers the challenge proposed by Sabatier (1988) to differentiate the role of belief and interest on individual and institution. This study argues that policy change happened because there are individuals with leadership characteristics and strong interests that can shape the organisations' belief system, not the other way around.

The literature from the Development Leadership Programme on Indonesia (Hudson *et al.*, 2018; Corbett, 2019) helped this study reflect on the data and proposed the concept of "the agents of change" to define these motivated individuals that were capable of initiating and pushing the deliverance of change in and across institutions in Indonesia. These agents were able to turn their institutions into dominant institutions in the policy area of financial inclusion.

This study identified 19 agents of change. They worked under government, regulators, and transnational institutions. Each institution had at least one agent of change. A few of them, such as TNP2K and BI, had up to three agents of change. Some agents of change were the critical informants. Some were identified from the names mentioned by the critical informants as they told what had happened during the policy process.

Although some of the agents of change could not be interviewed, the critical informants often highlighted the engagement initiatives that these agents brought to the policy process. The study then investigated this further by triangulating their statements with secondary data to support the arguments.

How these agents promoted institutional and policy change is explained in section 6.3.

6.2.2 The stakeholders

The stakeholders are institutions that were involved in policy development. They were first identified from the secondary data (policy documents), followed by scrutinising the list of stakeholders during the interviews. The researcher asked the critical informants who they worked with during the strategy development. Thus, stakeholder identification was made in parallel with the selection of critical informants (see section 5.4.4)

Stakeholders are often assumed to be the beneficiaries of a policy. Therefore, initially this study expected to see at least four groups involved in the policy process: bankers, regulators,

government and consumers. However, contrary to expectations, this study could not identify any institution representing the consumers within the policy area.

The study detected 35 institutions as stakeholders of financial inclusion policy between 2010 and 2016. The number of stakeholders increased over time. The stakeholders are those that were either continuously or sporadically involved in the process of strategy development during 2010 and 2016. Twenty of the 35 institutions were mentioned by most of the critical informants, while 15 were cited in the policy literature. None of them represent consumers.

Indonesia developed a national council for financial inclusion in 2016. The council represented the *official* stakeholders for the financial inclusion strategy. The council consists of various institutions. However, only government institutions and associations are stated as members of the national council for financial inclusion. Again, none of these organisations represent consumers.

Table 18 Stakeholder Mapping

The stakeholders relation	Coalition (based on belief system)	Institution	Number of institutions identified	The nature of interactions with other stakeholders
Principal	Market arranger	Otoritas Jasa Keuangan (OJK), BAPPENAS, Ministry of Finance (MOF)	3	Active, continous, and reciprocal
	Market enabler	Bank Indonesia, TNP2K	2	Active, continous, and reciprocal
	Free marketeer	The World Bank group, OECD, UNSGSA, Bill & Melinda Gates foundation, Bankers	12	Active, continous, and reciprocal
Broker	Market creator	Ministry of Economic Affairs (MOEA)	1	Active, continous, and reciprocal
Auxiliary 1: Latent actors	Undectected	Local research centers; Ministry of SOEs; Parliament	4	pasive, continous, and stand alone
Auxiliary 2: Outcast	Undectected	Informal financial services (credit unions and post office); Ministry of Cooperative and SME	3	sporadic and stand alone
Auxiliary 3: Tertiary	Undectected	Ministry of Social Affairs; Coordinator Ministry for Human Development and Culture; Ministry of Agrarian and Spatial Planning; Cabinet Secretariat; Ministry of Information and Communication; Ministry of domestic affairs, Ministry of education, donor agencies (DFAT, USAID, GIZ)	10	passive or distance
Total stakeholders identified			**35**	

Source: Author analysis
To maintain interviewees' confidentiality, the name of financial institutions and local research centres are not mentioned.

Table 19 Working area of the coalitions

The stakeholder relation	Coalition (based on belief system)	Institutions	Finance (financial sector development & stability)	Social welfare (social assistance and social protection)	Others
The Principal	Market arranger	MOF	X		
		BAPPENAS	X	X	
		OJK	X		
	Market enabler	BI	X		
		TNP2K		X	
	Free Marketeer	WBG	X	X	
		UNSGSA	X	X	
		OECD	X	X	
		BMGF		X	
		Bankers	X		
Broker	Market creator	Coordinator Ministry of Economic Affairs	X	X	
Auxiliary -Latent	Undetected	Local research centers	X	X	
		Parlement	X	X	
Auxiliary - Outcast	Undetected	Ministry of cooperative and SME	X	X	
		Credit Union	X	X	
		Post Office			Logistic
Auxiliary - Tertiary	Undetected	Ministry of Social Affairs;		X	
		Coord. Ministry for Human Development and Culture		X	
		Ministry of Agrarian and Spatial Planning			Land administration and land reform
		Cabinet Secretariat			Administrative regulations issued by the cabinet
		Ministry of Information and Communication			information and communication
		Ministry of domestic affairs			Administrative decisions within a state's borders
		Ministry of education			Education
		DFAT		X	
		USAID		X	
		GIZ		X	

Source: Author analysis

As the study scrutinised the stakeholders through interviews, beside the absence of consumers, the study also found that there was a dominant role of transnational actors[14]. The transnational actors in this study consist of international organisations, donor agencies, and TNP2K[15]. As

[14] A transnational actor is defined as a non-state organisation that works across policy activities (including coordination, supervision, evaluation, and legitimation) (see Thomas, 2002; also Thiel and Maslanik, 2017).
[15] This study categorised TNP2K as a transnational actor because, despite their status as a vice president office, they are a non-government agency. Department of Foreign Affairs and Trade Australia (DFAT) funded most of their operationalisation (see Sekretariat Negara Republik Indonesia, 2010). Most of their officers were also not registered as government officers but as practitioners and experts. TNP2K also has the power to promote a policy

detailed in Table 18, their existence was dispersed in a different role of stakeholder. Despite their active involvement in policy development, as was the case with consumers, none of them were part of the national council.

Beside the absence of consumers and the dominant role of transnational actors in the policy process, two other important themes are the influence of the belief system to the stakeholders' relations and the similar working areas of the stakeholders.

Most stakeholders worked in the finance and/or social welfare sector. Some institutions, such as BAPPENAS, the World Bank Group (WBG), credit unions, local research centres, and parliament, worked in both policy areas (see Table 19).

Each institution championed a particular policy belief. Following ACF guidelines, this study categorises these beliefs into coalitions based on their relationship and beliefs. They can be categorised into six groups and four coalitions (see Table 18). These groups and coalitions are described in the following sections.

6.2.3 The principal

The first group of stakeholders can be identified as the principals. They were among the first to adopt financial inclusion in their institutions. They also proactively invited other stakeholders to discuss and promote financial inclusion at the national level.

The principals consist of 17 institutions: OJK, BAPPENAS, MOF, BI, TNP2K, WBG, OECD, UNGSGA, BMGF, and eight formal financial institutions. Nine of the Principals are national institutions (OJK, BAPPENAS, MOF, BI, TNP2K, two SOE banks, and two financial technology companies). Most of them were continuously involved in Indonesia's strategy

---

agenda, evaluate the state performance, and develop coordination across state and non-state institutions. These characteristics illustrate the vagueness and flexibility, which fit the transnational actor's characteristics.

development since 2011, except the two financial technology companies, which were involved after 2015.

There are four international non-government organisations in this group: WBG, OECD, UNSGSA, and BMGF. WBG consists of WB and its subsidiaries. The two most mentioned subsidiaries by the critical informants are IFC and CGAP.

BMGF is the only private philanthropy organisation identified in strategy development. It was never involved in the technical meetings, but it funded WBG and UNSGSA to promote financial inclusion in Indonesia. In 2016, they started to get more deeply involved in the strategy development at the national level by subsidising the establishment of the national council for financial inclusion under MOEA.

The bankers consist of two SOE banks, one non-SOE bank, one non-SOE insurance company, and four financial technology companies. They were never involved in the technical meetings of the strategy development at the national level, but mainly worked with transnational actors as part of data and infrastructure philanthropy. On occasion they also funded government activities on financial inclusion.

The principals work in the area of finance and/or social welfare. They have a different perception of the role of finance, including how should it be managed and who should manage it. This study translates their perceptions into belief systems, where each system can be manifested as a coalition.

Policy Coalition 1: The Market Arranger

The first coalition might be named “market arranger”.

OJK, BAPPENAS, and MOF supported this coalition. Their belief system is (i) to promote saving and social assistance programmes as policy instruments, (ii) emphasise regulation to

create a more inclusive financial system; and (iii) BI and TNP2K are arrogant institutions who work to secure power.

Since it was established in 2011, financial inclusion has been part of OJK's mission. OJK create financial products that promote financial access for those marginalised within society. For example, BSA for students called SimPel[16] and specific credit schemes for sectors with unique business cycles, such as for the fisheries sector, called JARING[17]. OJK's missions were aligned with government programmes that were being designed and promoted at the time, such as agricultural insurance, postal saving, and health and employment insurance.

Both OJK and the government believed that the state had an important role to play in policy, as described by a critical informant from OJK:

> The state must provide, the state must present because it is the right of the people. If you don't have this paradigm, it [financial service] will not be available [for everyone]. If you come from [a view that] financial inclusion as rights for everyone, the state definitely will commit and fully support. If there is a commitment from the government, it will urge the financial sector, the regulator [to support the policy] ...

The critical informants from MOF and BAPPENAS shared the beliefs with OJK. Critical informants from these institutions also expressed their disagreement on electronic money, a policy instrument for financial inclusion proposed by BI. One critical informant from the government said:

> The electronic cards, do you think it opens a new or adds [financial] access? For someone who has an electronic card, [such as] e-money, do they contribute to the level of financial inclusion? ... For us, it [financial inclusion policy] should be [for] those who don't have [financial access]. If you think about it [e-money], it is financial deepening, not inclusion.

[16] *Simpanan Pelajar* or student saving account
[17] OJK (2016)

The market arranger perceived their opponents, especially BI, as over dominating, overconfident with their authority and expertise, and ignoring the reality that financial inclusion is a cross-cutting issue and authority. A critical informant from the market arranger group explained:

> BI was too arrogant [they] didn't involve other parties. That became our lesson from 2013 onward, when [we were] designing the programme, the portion for discussion with stakeholders was large. Because we think it is very important to involve the stakeholders ...

Another critical informant illustrates the haughty behaviour of BI high-level officers:

> ... for example, many times, the high-level officers, such as [name of person], from BI, often said: 'this is the first time BI going down the mountain'. Because they never dealt with this [poverty] issue.

Policy Coalition 2: The Market Enablers

The second coalition might be termed the "market enabler".

This consists of TNP2K and BI. The study proposes that this group has a belief system stressed on (i) transactions as being the key instrument for financial inclusion; (ii) the financial inclusion policy should be supported by technology and incentive; and (iii) financial exclusion is government failure.

Based on interviews with critical informants from this group, this study concludes that the coalition was initiated when TNP2K worked on a mobile money pilot project in 2011.

In 2011, TNP2K hired Michael Joice (see Joice et al, 2012) an expert in mobile money. On his guidance, TNP2K tested mobile money as a means of payment in some communities in Indonesia. However, the pilot motivation was not to strengthen social assistance programmes in Indonesia. A critical informant from TNP2K said that the pilot project aimed to produce evidence on mobile money transactions in Indonesia:

> ... the rationale for the pilot was an innovation. In other words, we tried to test how far the innovation goes. So the point is, instead of modifying the social assistance programme, we actually want to piggyback financial inclusion into the existing programme.

As described in Chapter 6, BI proposed a financial inclusion strategy using the banking system to the government. The government was interested in the idea, but they ordered TNP2K to lead the strategy and align the idea with poverty alleviation programmes, which was the elected politicians' programme.

The decision was a win-win solution for TNP2K and BI; at that time, TNP2K realised that the pilot on mobile money could not be expanded without BI's support. The cabinet decision allowed TNP2K to promote the innovation of non-cash transactions through social assistance. A critical informant from TNP2K explained:

> ... we can only be piloting after BI issues an approval that enables digital financial services to operate. This allows the banks to issue products through cell phone ... So it would be legal. Then BI helped to coordinate with the banks, the participating banks. They facilitate us to make the discussion [with the banks] ...

BI established commitments on financial inclusion in several international forums. Therefore, they had an urgency to push financial inclusion onto the national agenda. Furthermore, after OJK was established, BI did not have any authority to supervise the financial industry. However, BI is still in charge of the payment system. This political context clarifies BI's motivations in the policy development: to show its commitment to financial inclusion at the global level and to promote the national payment system, which is under their authority, onto the national agenda.

Apart from the political context, their coalition was likely strengthened by their similar nature; both TNP2K and BI are relatively outside of government bureaucracy but are close (have more frequent communication) with non-state institutions, especially bankers and international

organisations. Their closeness with financial industries and international organisations during the policy development period might explain why many critical informants from this coalition expressed their belief that financial inclusion is a cost to the industry. Therefore, incentives are needed to make the industry willing to participate.

BI and TNP2K transferred this belief into policy, as explained by a critical informant from this coalition:

> The most challenging thing about financial inclusion is creating products. ... We created a business model that does not burden the banks but [also] had no cost for the recipients; in the social assistance [programme], we agree the banks could keep the fund for a more extended period. This deposition would make the bank able to manage [create profit from] the funds.

Their nature also forms their core belief regarding market arranger, especially government, as opponents. The critical informants from BI and TNP2K emphasised that their role on financial inclusion was better than those under the market arranger coalition. They believed that financial exclusion was caused by government's slow response to innovation.

A critical informant from the market enabler group illustrates this by sharing their experience in helping a government institution to synchronise data on the beneficiaries of social assistance. They said it illustrated the sluggishness of government, which served as barrier for innovation.

Another critical informant from this coalition summarised the group' beliefs:

> What is the role of the government in the end? It's regulation ... Now, with the technology, there is much improvement. Who can tap into this technology? Government? No! It's business. Now when a business exists, seeing profitability, they will join. As I said, if we were discussing financial inclusion now, not in 2012, maybe the direction of the discussion would be completely different. [In 2012] We talked about policies, about programmes. Now maybe we don't have to talk about programmes. We will be talking about regulation or guidelines that we *really* need. The rest, just give it to business, to market.

Policy Coalition 3: The Free Marketeers

The third coalition could be called "free marketeers". This consists of WBG, OECD, UNSGSA, BMGF, AFI, and bankers. In general, this group expresses (i) financial inclusion as being part of their business strategy, (ii) support on economic incentives and deregulation to promote financial inclusion, and (iii) the need for less control from government and regulators.

Among all coalition members, WBG was the only one actively involved in the development of financial inclusion policy since 2010. WBG is also the only one which could develop a direct relationship, continuously, with other institutions from other coalitions.

AFI initially worked with BI and expanded the partnership with OJK, when OJK was established in 2012. However, since Indonesia's exit from AFI in 2014, AFI could only work with the regulators from the G20 because AFI was on the Global Partnership for Financial Inclusion (GPFI) committees. UNSGSA works from distance, through WBG. Meanwhile, OECD consistently worked with OJK by assisting OJK in developing a financial education strategy since 2011.

The bankers showed passive-aggressive behaviour towards regulators and the government.

They maintained a relationship with regulators and government by attending meetings and providing resources to support regulators and government activities, for example, by becoming data and infrastructure philanthropists. Behind the formal policy venues, the bankers worked with other free marketeers by exchanging information to lobby the government and regulators. All the critical informants from bankers mentioned that they had worked with the international organisations on financial inclusion.

Each international organisation seems to focus on one or two parts of the financial industry. For example, a critical informant from the insurance company states that they were primarily working with ILO. Those from Fintech companies and banks said they were mostly working

with WBG. A critical informant from an SOE bank explained that they would exchange data with WBG, then WBG:

> … talked to BI and OJK, bring the data, [to show that] these things were already done in other countries, so no problem.

The main reason why bankers relied on international organisations is that they perceived government and regulators as overpower.

The bankers perceived that the regulators could arbitrarily decide what could and could not be done by the financial institution. Regulators can also force financial institutions to provide a specific service. For example, in 2010, BI required all banks to provide BSA[18]. BI and the government also urged SOE banks to participate in pilot projects on mobile money. Meanwhile, OJK required all banks to provide BSA for students and held financial education sessions twice a year[19].

A critical informant from a Fintech company illustrated the power relations between the financial industry and the regulators, which also explains the reason for the passive-aggressive behaviour of the bankers involved in policy development:

> Because we are under BI, the financial inclusion strategy had affected us. Just like the banks that are under OJK. It [the financial inclusion strategy] affects them because they can, well, it's like carrot and stick. It's like: if you don't make it, you'll have a hard time, if you're not doing this, I'll punish you, whatever that you request, we won't give it. [It is different with] the RPJM on the financial sector. Government can't do that [force bankers] because they [the government] don't have tools. They don't have the carrot and stick.

---

[18] see Bank Indonesia (2010) *Bank Indonesia dan Perbankan Nasional Meluncurkan Gerakan Siswa Menabung*, Jakarta:

[19] see Otoritas Jasa Keuangan (2014) *1/SEOJK.17/2014 Pelaksanaan Edukasi dalam Rangka Meningkatkan Literasi Keuangan Kepada Konsumen dan/atau Masyarakat.* Jakarta: Otoritas Jasa Keuangan. Available at: https://www.ojk.go.id/id/kanal/edukasi-dan-perlindungan-konsumen/regulasi/surat-edaran-ojk/Documents/seojk-nomor%201-seojk-2014.pdf (Accessed: 25 October 2019)

Another important context that might explain the imbalance of power between industry and regulators is that Indonesia adopts a positive law system. In general, policy actors interpret this system as all financial institutions' activities must be based on regulator guidelines (and government regulations if they are an SOE). Without formal guidelines, financial institutions cannot innovate or introduce a new service or product.

A critical informant from another Fintech company illustrated the consequences of the positive law system in their business as they explained why their partnership with the rural banks (*Bank Perkreditan Desa, BPR*) in channelling credit was terminated by OJK:

> … because the OJK said there was no regulation governing the partnership between BPR and Fintech … Regulator is obligated to catch up! What's going on outside, what's available, [especially] the technology. The market has changed in such a way, the world has changed, but they are still in the old rules, probably made 20-30 years ago. It is no longer relevant!

Above all, the most striking result to emerge from the interviews is that the SOEs' nature as a financial institution is more prominent than a government tool to serve the public.

Similar to other financial institutions, the SOE perceived financial inclusion as being not more than a marketing tool. For example, a critical informant from an SOE bank stated that financial inclusion was "a ladder" for selling their products. They also stated that although assisting government programme on financial inclusion is costly; they don't see it as a cost, but investment. This was captured as the critical informants from SOEs were talking about the obligation of SOEs to support policies on financial inclusion, such as providing BSA, KUR, and other government programmes on financial inclusion. One of them said:

> … it's an investment. These people, the poor, we hope they are not always poor, right? We have investment, [we] provide bank services for them, [then] we get interested, we get borrowers, all forms of payments, all from us.

The other critical informant from a SOE bank also explained how financial technology, especially in payment, would actually help the banks in screening the prospective borrowers and expand the banks' business:

> The objective is to grasp information. Information will become the new oil, right? ... The information that cannot be sold is data by name and by address. But these [data] are anonymous. They are not considered as the customer's data, but my analysis ... it already started. That's what [we] sold.

6.2.4 The broker or the market creator

The literature defines a policy broker as administrative and political maintenance; they facilitate discussions and manage conflicts between the coalitions (see Sabatier, 1988; also Moyson, Scholten and Weible, 2017; and Jenkins-Smith *et al.*, 2018). However, in contrast to what often described by the literature, in this study the broker played a dual role.

In this case study, the broker was MOEA. It became involved in the policy process in 2014.

Five critical informants from different institutions outside of MOEA said they believed MOEA could mediate the conflict among the principals. They also believed that MOEA could help to maintain financial inclusion on the government agenda due to its closer communication line to elected politicians and its wide area of responsibility.

From their statements, at a glance MOEA's main function is power maintenance. However, statements from critical informants from MOEA suggested that MOEA also takes advantage of their position in the policy process to support the elected politicians' pledges. The MOEA uses the trust from the principal actors to support the elected politicians in 'creating' the market.

This study identifies MOEA as a "market creator". It proposed (i) rules about property rights and governance structures to stabilise markets and promote economic growth, (ii) governance structures as a template for organising the market, and (iii) all institutions essentially would promote practices which reflect their interests.

A statement from a critical informant from MOEA illustrated their beliefs system, which also explains why they were eager to coordinate the financial inclusion strategy:

> If we ask the [finance] industry whether they have any support for financial inclusion, each of them has. But the direction is according to their desire. Some want to use savings. Well of course, they are banks. Likewise, telco. All will conform [the programme] with their desire, assignments, interests ... in the end, this strategy needs to bring them together. We together, need to commit. We must work together, in the same direction, not in each other's direction … so if reflect on NAWA CITA [the elected politician pledge], it is a complete package. Everything is there, including financial inclusion.

To support its belief system, MOEA often forms committees for inter-agency coordination, which covers government and industry. For financial inclusion strategy, MOEA directed the national council for financial inclusion and PMO to facilitate its activities.

For developing nations like Indonesia, setting up modern capitalist markets is challenging because the requirements, such as property rights, government structures, and business laws, are not well developed. Businesses usually demand the state to establish the requirements to promote competition (see Fligstein, 1996).

In Indonesia, MOEA is the caretaker of the market and political stability. It needs to ensure that political and business interests are met. To ensure political and business interests align, the minister of MOEA is usually a combination between a senior politician, a senior bureaucrat, and sometimes a well-known businessman (see Kementerian Koordinator Bidang Ekonomi, 2021).

As an institution, MOEA is responsible for overseeing programmes under several ministries, ensuring that the policy implementation secures the elected politicians' agenda. For example, MOEA coordinated and monitored the subsidy on credit programme for SMEs and subsidy for SOEs which was handled by the MOF, Ministry of SOE, and financial regulator.

6.2.5 The latent actors

The study found four latent institutions in the policy area, which consists of two local research centres, the Ministry of SOE, and parliament. Their role was identified in the policy documents and interviews.

The latent actors have the knowledge, ability, and potential to shape the strategy of financial inclusion. However, they chose to remain invisible in the policy arena. They did not have the motivation to be acknowledged by other stakeholders in the policy area, neither as potential opponents nor potential allies.

The latent actors in this study were not formally acknowledged as stakeholders. Their involvement in the policy process was sporadic and passive, and highly dependent on invitation from the principals.

Nevertheless, two of the members, the local research centre and parliament, had quite similar belief systems; (i) they expressed their disagreement of the principal and broker approaches on generalising problems and solutions regarding financial access; (ii) they argued that the government and regulators need to consider community and consumer perspectives.

A critical informant from parliament explained:

> … financial inclusion is a structural problem, and for Indonesia, also a cultural problem. For example, some people, especially in Java, feel ashamed to borrow money. So the approach should consider [their] philosophy. The promotion [of the policy] should consider anthropology aspects. It could be the dimension of religion, culture ...

They also had a similar opinion about the role of principals and broker in financial inclusion policy; (iii) they illustrate the role of principals and broker in financial inclusion as a "battle of interests" and "*latah*[20]". A local expert explained:

> I once gave feedback to the president's team. At that time, they [government and regulators] presented their achievements, [I said]: "Have you seen what credit union were doing? the BMT[21]? They have [distributed credit to] more than 10 million people." Apparently, these data have never given to the Palace! Why didn't they start from it? The government's task is to facilitate, government and regulators shouldn't have made another [financial product]. An expert from MOEA said: "Are you sure? The credit unions had done it?" I was shocked they asked [something] like that. I said nothing. OK, it seems I've entered the wrong forum. It seems at that meeting; these institutions are just trying to boast about themselves.

Most of the involvement of the local research centre in the strategy development was because they were hired as consultants by the government, regulators, or the donor agency. Meanwhile, only very few people in the parliament and SOE Ministry were aware and concerned about the issue of financial exclusion. Similarly, the parliament and the SOE Ministry had other more compelling issues to deal with than financial inclusion.

As these institutions did not deliberately work together and maintain their involvement in the policy area, this study did not categorise them as a coalition. Identifying the latent actors and their characteristics enriches the interpretation of stakeholders in ACF; in a policy area, there could be individuals with the same beliefs that do not actively advocate their beliefs.

6.2.6 The outcasts

Ministry Cooperative and SMEs, credit unions, and PT. Pos Indonesia were formal members of the national council for financial inclusion.

---

[20] A psychological condition in which an individual is hyperstartling, imitating actions, and obeying all commands (Bakker and Tijssen,2010)
[21] Baitul Maal wat Tamwil, a sharia system credit union.

Credit unions are prominent financial intermediaries in Indonesia. Based on their number, credit unions dominate the financial service industry in Indonesia. Data from the Ministry of Cooperatives state that there are 23,551 credit unions (Kementerian Koperasi, 2019). The number far exceeds banks, which only number 115 (Otoritas Jasa Keuangan, 2018). One critical informant from the cooperative and SME Ministry said the considerable number showed a credit unions potential outreach.

Similar to the credit unions, PT. Pos Indonesia also has numerous offices. In 2016 there were 4,154 post offices all over Indonesia (Gunawan, 2016). Most of the consumers of the credit unions and PT. Pos Indonesia are from the lower middle class. The outreach and market segment of the credit unions and PT. Pos Indonesia are two reasons why the government chose credit unions to channel various government social welfare programmes (see more detail in Chapter 3).

Therefore, it could be expected that credit unions and PT. Pos Indonesia had a significant role in developing financial inclusion policy in Indonesia. However, the study had difficulty identifying activities from the credit unions, PT. Pos Indonesia, or Ministry of cooperatives and SMEs on strategy development.

In fact, this study found that the three institutions tended to be ignored and silenced by the principal actors and broker. Their roles in providing financial services were gradually disengaged and replaced by the banks through the financial inclusion strategy. The three institutions became the ‘outcasts’ in the policy arena.

This argument is supported and explained by four findings.

First, there was a barrier of involvement for Ministry of Cooperative and SMEs, PT Pos, and credit unions in strategy development and implementation, due to a narrow definition of financial inclusion set by the principal actors.

The principal actors defined financial inclusion as access to formal finance and referred to the Global Findex's definition. A critical informant from WBG said that financial service providers that are not supervised by independent regulators, such as a central bank or financial service authority, could not be categorised as a formal financial institution. They argued that the Ministry of cooperative and SMEs and Ministry of SOE do not have appropriate regulatory or monitoring systems for financial services. Therefore, promoting the role of credit unions and the PT. Pos Indonesia in financial inclusion would be risky.

Two critical informants from the government stated that in 2016 BI began to push for additional requirements for an institution to be classified as a formal financial service: the financial institution needed to be supervised by OJK and operationalised under the national payment system, which is under BI's authority (also see Lisnawati, 2018). A critical source from the Ministry of cooperatives and SMEs explained:

> Actually, we tried to propose it in the working group [for financial inclusion strategy]; we wanted to include the credit unions [as an indicator for financial inclusion] because their community is huge. The credit union has its own segment. But the discussion always goes to the argument that credit union is not part of the payment system. The credit union does not have a payment system from and between credit unions. Based on this reason, the credit union is not yet included.

Like the bankers, the credit unions and PT. Pos Indonesia have roles as financial intermediaries. The key difference between them and the bankers is the regulatory body. The credit unions and PT. Pos Indonesia are neither regulated by BI nor OJK. Credit unions were supervised by the Ministry of cooperative and SMEs, while PT. Pos Indonesia was regulated by the Ministry of SOE and Ministry of Communication and Information.

In 2014, OJK opened the possibility for credit union activities to be supervised under the OJK and to be considered a formal financial institution by issuing a microfinance institution guideline. The guideline stated that credit unions would be under OJK supervision if they

register themselves as microfinance institutions in the OJK (see Otoritas Jasa Keuangan, 2017). However, in 2018, only 186 credit unions had registered themselves to OJK (Otoritas Jasa Keuangan, 2018).

The second finding is the credit unions and Ministry of cooperative and SMEs were not able to develop a coalition and work politically, as explained by one critical informant from a credit union:

> Credit unions' weakness is people who work for credit union spend most of their work on the grassroots level. They are people who grow from, by, and for the community. They don't understand how to fight politically.

The only lobby activity captured by this study was an informal meeting between high officers of TNP2K and one of the prominent activists from the credit unions. A critical informant from TNP2K said that the activist tried to reach out to TNP2K to promote their role in financial inclusion policy and poverty alleviation. Beyond that, there had never been an appropriate policy discussion regarding credit unions or PT. Pos Indonesia during strategy development.

The third finding is simply because many of the policy actors almost never use post office and credit union services. Their hesitancy to promote credit unions and the PT. Pos Indonesia in the strategy was likely because they were not familiar with the financial services offered by credit unions and PT. Pos Indonesia. A statement from a critical informant from the market enabler group illustrated this:

> I, and even [name of high-level officer] admitted we don't know what is happening down there. So, when [name of an activist for a credit union] came with the team, they made me understand, [about] the Apex? Oh, what did they call it? They had this system; it looks like self-regulation.

The last but most important finding is that there were various conflicts of interest between investors, regulators, and government.

The first conflicting interest manifested itself in the protection of SOE financial services. It not only restrained the competition between financial institutions in Indonesia but also explains the exclusion of credit unions and PT Pos Indonesia.

All SOEs in Indonesia, including SOE banks, are supervised by the government. A senior bureaucrat sits as one of the commissioners. There are no detailed criteria to be an SOE's commissioner. This discretion provides the Ministry of SOE with authority to direct the process of the commissioner's election. The SOE commissioners receive an honorarium from the SOE they supervise based solely on their profitability. There are no other indicators, such as the quality of public services, as the basis for evaluating the commissioners' performance. This is the root of conflicting interests.

The impact of this conflicting interest into the exclusion of PT Pos was made explicit when three critical informants from the government explained what happened behind the discontinued postal saving programme in 2016. They said that one of the SOE banks threatened the senior officers in the government. While the informants did not clarify how this SOE bank perceived the impact of the postal saving programme on the bank's profitability, they said that this SOE bank used the government programme as their hostage. The SOE bank threatened that they would not guarantee the disbursement of KUR (one of the government programmes) to reach the target if the government did not stop the postal saving programme. Then, as disclosed by another informant from an SOE, the SOE minister, Rini Soemarno, ordered PT. Pos Indonesia to discontinue the postal saving programme and only focus on the logistic business[22].

[22] The statements of critical informants corroborated with a media statement. An article from TEMPO stated that the Ministry of SOE, which supervise all the SOEs, including SOE banks and PT. Pos Indonesia, did not approve the programme (Sandi, 2016). The article explained that BRI, one of the SOE banks, resisted the idea of postal saving because, for decades, BRI had been utilised by PT. Pos Indonesia to deliver BRI's saving products and other financial services through the post office counters.

Another conflicting interest that was revealed during the interviews is between BI and OJK as financial regulators. Essentially each proposed that their own system was better to supervise credit unions and PT Pos Indonesia.

When asked about the potential of credit unions and PT. Pos Indonesia to promote financial inclusion, BI and OJK raised concerns with their supervision system, managed by the Ministry of cooperative and MSME. However, the critical informants from OJK and BI implied that their system would answer the challenges on prudential risks in the credit unions and PT. Pos Indonesia better.

A critical informant from OJK illustrated:

> Many credit unions are illegal; they are not registered with the OJK ... So you can imagine if people's money is lost. Who wants to take responsibility?

While another critical informant from BI explained:

> At that time, BAPPENAS promoted postal saving. What was it for? Want to make them like a bank? It would fail, definitely! ... But, I agree if PT. Pos Indonesia distributes [the fund] using the QR code payment system.

The last conflict of interest comes from the credit unions themselves. A critical informant from a credit union explained that some investors deliberately tried to keep credit unions under the supervision of the Ministry of cooperative and SMEs without having a proper supervision system because these formalities would complicate their business. They said:

> Investors establish credit union because they don't want to establish banks. Because when they become formal, they would be no longer able to operationalise like credit union ... It needs a lot of effort, even to be a rural bank, so the investors prefer to make credit union ... This is individuals' interests; they see this as a comfort zone. It's not the industry's [credit union] interests, but investors. [for investor] it's better this way, in the grey area.

6.2.7 The tertiary

The tertiary institutions were directly affected by the strategy but did not become proactively or continuously involved in strategy development. Their involvement was either very minimal or only in the implementation of strategy.

The study identified ten institutions that can be categorised as tertiary in the policy area: Ministry of Social Affairs; Coordinator Ministry for Human Development and Culture; Ministry of Agrarian and Spatial Planning; Cabinet Secretariat; Ministry of Information and Communication; Ministry of Domestic Affairs; Ministry of Education, DFAT, USAID, and GIZ.

Most of these institutions became involved in the strategy because they implemented the financial inclusion programmes. For example, the financial education programme was attached within the Ministry of education's programme. The government-to-people (G2P) non-cash payment programme was implemented by the Ministry of social affairs. Other institutions include the coordinator at the Ministry for Human Development and Culture and the Cabinet Secretariat, in charge of coordinating the implementation.

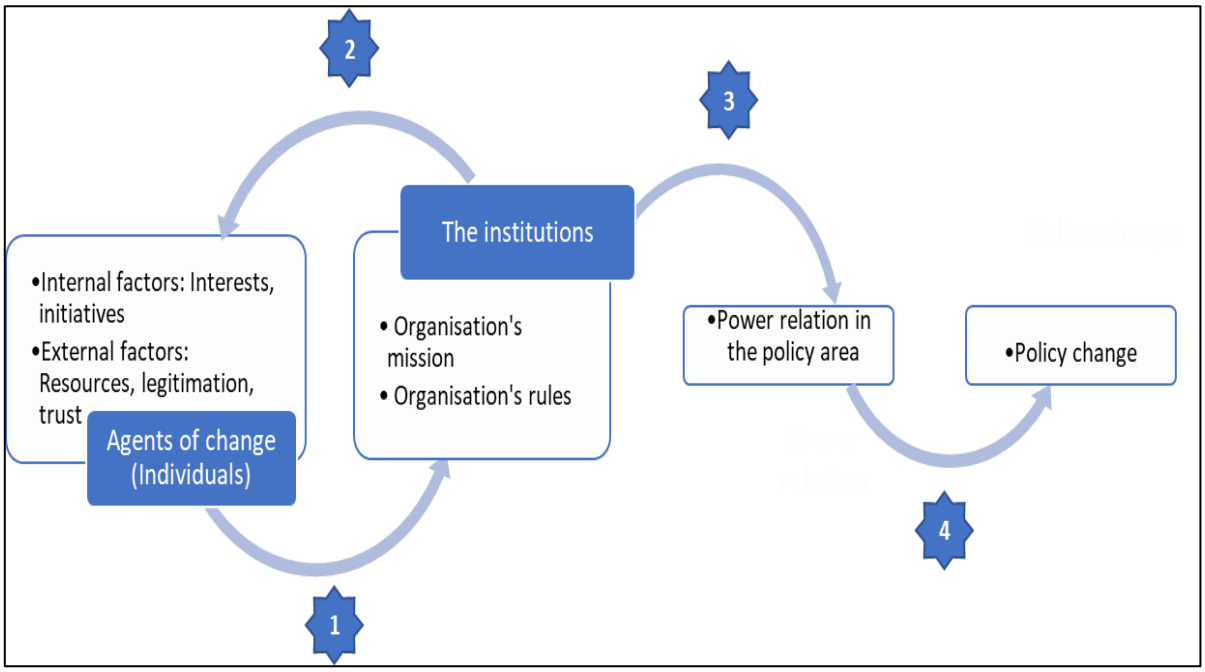
The donor agencies such as USAID, DFAT, and GIZ were mostly involved as funders in research or pilot projects. Two critical informants from the donor agency explained that the donor’s primary mission was data mining. This data are used to understand the financial and consumer industries in Indonesia. This data mining is part of market assessment and to identify targets for investments by companies from donor countries. It also a way to understand Indonesia’s regulations, especially for the financial sector.

6.3. How did the policy actors influence policy development?

This section discusses the causal mechanism policy change based on the role of policy actors. It explains why and how agents of change could promote changes in their institution, across

institutions, and finally change the policy (issuing the financial inclusion strategy). The process is exemplified in Figure 18.

Figure 16 The role of policy actor: The causal mechanism



Influence

1 and 2	The emergence of agents of change
3	The emergence of dominant institutions
4	The power dynamic

6.3.1 The emergence of agents of change

By comparing the role of various agents across stakeholders, this study identifies some factors that promote the existence of the 19 agents of change during the policy process. The agents of change are made up of a combination of internal characteristics and a supportive environment.

Figure 17 Qualities of the agent of change



Source: Author analysis

The internal factors

Interests and initiative are two essential characteristics that differentiate the agents of changes from other agents.

Interest is a personal purpose that an agent develops before sharing and expanding it with others. The development of interest happens when an agent possesses knowledge from a phenomenon. In this case, the agents bring personal meaning into the information they receive on financial exclusion.

All the critical informants developed personal meaning. The study could not identify a pattern on how the critical informants develop personal meaning. Some relate the knowledge with their educational background, others on their responsibility, some relate it with their personal experience.

Although all critical informants developed a personal interest on financial inclusion, only some could turn their interests into initiatives. This quality might be influenced by mental barriers.

This study highlighted issues of convenience and the feel of powerless as mental barriers, making some agents submissive and passive. For example, many of the critical informants used sentences such as “I just followed the order” or “It’s not part of my job” or “I was only [position]” to justify their situation in the policy process where they did not act based on or to support their interest or belief.

Unlike most agents, the agents of change proactively took initiatives and promoted financial inclusion in their institution. Their initiatives are the basis of institutional change, such as establishing a new unit, new regulation, new practice, or new Key Performance Indicator (KPI).

The external factors

Besides internal quality, this study identified three enablers for an agent to make the change: trust, resource, and legitimation.

When an agent wants to make a change in their institution, the initiative is not enough. Trust, especially from superiors, is critical. Trust opens support within the institution to create change. The study found two cases (agents), each from a different institution, where a critical informant could not follow up their idea on financial inclusion in their institutions, because their superiors did not have confidence in them or their idea. There are also some cases where the critical informants’ superiors preferred to trust ideas from “foreigners” or those from transnational institutions.

Gathering trust from superiors to institutionalised financial inclusion was not easy. Some agents explained that they considered procedures and cultural values before proposing a change in their institution. For example, one critical informant categorised as an agent of change said that they first developed trust from their superiors by giving their idea to a more senior officer. They explained why they did not deliver their idea by themselves to the high-level officer:

> Me? Took the lead? [shook their head] It will offend others. In this country, hierarchy is important ... make your boss look smart, don't let other people know it [idea] come from you.

Legitimation of the agent is likely also influential. The higher the hierarchy of an agent and the more relevant their scope of work and educational background with the issue, the easier the agent can mobilise support to promote change. However, legitimations are likely less influential in mobilising support compared to trust. Yet, legitimation may make an agent be perceived as more trustworthy.

Besides trust and legitimation, resources are also crucial. This study compared critical informants' experiences from different institutions in institutionalising financial inclusion. The interviews reveal that agents had difficulties making a change in institutions where resources (such as the number of staff, budget, and internal network) were inadequate. In this situation, the agents suffered burnout from their work and had no resources left to support each other, learn, and adapt. In this case study, one example of this came from agents in BAPPENAS.

Although this study proposes that agents of change could shape institutions' beliefs (which often appear in their mission and rules), this study also acknowledges Sabatier's (1988) argument that the agents and their institutions have a two-way relationship: the more an agent can shape an institution's beliefs to support their interests, the more institutions can support the agents' interests.

It is important to bear in mind the possible bias in the qualities proposed by this study: the agents of change's characteristics are established based only on the statements of the critical informants. There was also no follow up interview to those categorised as agents of change to test these propositions. Overall, these criteria of agents of change may be somewhat limited by the experience of the 34 critical informants in promoting financial inclusion strategies in Indonesia.

6.3.2 The emergence of dominant institutions

This study identifies two dominant groups within the stakeholders: the principals and the broker. They consist of four coalitions. This study suggests that between 2010 and 2016, the agents at these dominant institutions were more advanced in institutionalising financial inclusion in their organisations. On the other hand, the latent actors, the outcasts, and the tertiary did not institutionalise financial inclusion during 2010 and 2016. For this reason, this section will focus on the role of dominant institutions.

Because financial inclusion policy is a sub-system of policy in the financial system, it is necessary to analyse power relations between the dominant institutions within the financial system. This analysis explains how financial inclusion can be used by these dominant institutions to enhance their power in the policy system.

Table 20 Power relations

Power dimensions			The protagonists										Broker
			Market arranger			Market enabler		Free Marketeer					Market creator
			BAPPENAS	MOF	OJK	BI	TNP2K	WBG	UNSGSA	OECD	BMGF	Bankers	MOEA
Key resource	Financial system	Financial market		✓		✓		✓				✓	
		Financial products (loan / investment)						✓			✓	✓	
		Contribution from financial institution			✓								
	Non	Contribution from non-state and non-bank institution		✓			✓	✓	✓	✓	✓		
Rules (Policy Instrument)	Law based	Regulation on financial products			✓								
		Regulation on payment system				✓							
		Regulation on G2P and G2B transanction		✓									
	Non	Political pressure					✓	✓	✓	✓	✓	✓	✓

Source: Author analysis

Table 20 summarises the result of the analysis. The table compares the power relations of the principals and broker in the financial system. The institutions' key resources and rules (policy instruments) within the financial system were used as the power dimensions.

Financial system as resource

Most of the principals have very a close relationship with the financial system; institutions like the bankers, WBG, MOF, and BI, could directly utilise the financial system to produce financial resources. The banks, BI, OJK, and MOF exist because of the financial system. Their mission is to utilise the financial system and gather financial resources.

This mission is clear to bankers. Financial inclusion strengthens their mission, because financial inclusion sheds light on the unbanked as a new business opportunity for bankers.

Others have more of a dual role: to ensure the financial system serves the public but also to gather financial resources. For example, the BI, OJK, and MOF.

BI has the authority to manage money circulation while OJK has the authority to supervise the activities of financial institutions. Nevertheless, they both also use the financial system as their resource. BI receives power from managing the money circulation that is used to fund BI's operationalisation and contributes to the state revenue. OJK receives funding from the state budget and contributions from the financial industry. Based on their source of funds, BI is financially more independent than OJK. However, among the government institutions, MOF is financially more independent. It utilises the financial system by creating tax and bonds to fund the state's operationalisation.

Compared to all non-state actors, WBG has a more varied source of funds. The funds come from the non-state contributions and their business as a bank. The contributions come from various member countries, donor agencies of the member countries (such as USAID and DFAT), companies (such as Visa and Mastercard), and private philanthropy (such as BMGF).

As a bank, loan and investment are two key business activities of WBG. The loan and investment are channelled to governments and the private sector. For WBG, a loan may be

accompanied by technical assistance and grants to help these debtors meet the loan requirements (The World Bank, 2010; The World Bank, 2012).

TNP2K and UNGSGA are less dependent on the financial system because they are funded by non-state actors. DFAT funds TNP2K. It is unclear if the state provides more funds than DFAT to TNP2K.

BMGF fully subsidises UNSGSA. BMGF receives funds from Bill Gates's asset re-investment (The Gate's Foundation, 2019), which means that BMGF has an almost similar relation to the financial system as the banks.

Policy instrument

Among all principals, only BI, OJK, and MOF can directly influence the financial sector. Each control different elements of the financial system, and accordingly, the financial inclusion strategy. This section explains the institutionalisation of financial inclusion and how it influences the rules in the financial system (policy instruments) of these dominant institutions

The agents of change leverage their resources, trust, and legitimation to institutionalise financial inclusion in three ways: establishment of new unit, change in key performance indicators, and change of regulation and practice.

The institutional change, in this case represented as institutionalisation of financial inclusion, happened because of institutional learning (Lewis, Orion and Steinmo, 2012; Streeck and Thelen, 2005). These institutional changes influence the power relations between institutions in the policy area (see Béland, 2009; also Lukes, 2003).

Table 24 summarises the institutionalisation that occured in the dominant institutions.

Table 21 The institutionalisation of financial inclusion

Types of institutionalisation	The Principals										Broker
	Market arranger			Market enabler		Free Marketeer					Market creator
	BAPPENAS	MOF	OJK	BI	TNP2K	WBG	UN	OECD	BMGF	Bankers	MOEA
New unit		X	X	X		X	X	X	X	X	X
Key Performance Indicators (KPIs)		X	X	X	X	X	X	X	X	X	X
Regulation & practice	X	X	X	X	X	X	X	X			X

Source: Author analysis

As the holder of the state budget, MOF controls all payments of government programmes. For example, MOF has the authority to decide how much and how the funds for social assistance programmes are disbursed. OJK has controls on financial products. Meanwhile, BI has the authority to licence and supervise electronic transactions.

These three institutions institutionalised financial inclusion by developing new units on financial inclusion, changing their KPIs to be aligned with financial inclusion, and issuing policies to increase financial inclusion. For example, OJK pushed financial institutions to provide products that could promote financial inclusion, such as BSA for students or micro-credit for specific consumers. BI began to promote the payment system as its policy tool in 2010. The payment system becomes more prominent as a policy tool and the emergence of financial technology and digital currencies. In the 2012 strategy, BI introduced mobile money, while in the 2016 strategy BI introduced electronic money.

The rest of the institutions could only indirectly control the financial system, including financial inclusion policy. Although BAPPENAS translates the political agenda into a government work plan, BAPPENAS does not have the power to influence how the financial system operates. Ad hoc institutions under the president, such as TNP2K, replaced its political

pressure. TNP2K has more political power to indirectly influence the financial system though elected politicians due to its direct line communication with them.

Meanwhile, international organisations such as the WBG, OECD, UNSGSA, and BMGF used global policy forums to influence political decisions at the national level. For example, the OECD developed a global forum on financial literacy and invited OJK with other financial regulators to the forum. In this forum, they disseminated their methodology to measure financial literacy. As another example, the WBG mobilise political pressure through their publications, such as Global Findex. These organisations are also involved in the G20 forums and provide the government of Indonesia with grants, loan, and technical assistance, which could also be perceived as having some form of pressure.

The political pressure by bankers was less apparent than other institutions. Two of the critical informants from banks said that their lobbyists, often called government relations or policy analysts, would attend government meetings and have informal discussions with regulators during lunchtime to keep their company updated with the regulators' activities and plans.

The lobby activities of the bankers are mostly done through media, mainly by promoting their financial education programmes or micro-finance products. They also collaborate with donor agencies as part of data and infrastructure philanthropy. This collaboration results in research recommendations and market insights, which help them unlock potential markets and promote their institutions to the regulators and government.

SOEs had a different approach to shape the rules from other commercial banks. SOE used commissioners to bend the rules.

Based on the law on SOEs, SOEs' primary goal in Indonesia is to serve the public. For this reason, some bureaucrats and politicians sit as SOE commissioners[23]. This condition promotes conflict of interests because commissioners receive honoraria from these SOEs. The formula is based solely on SOEs' profitability. This means that any policy that could jeopardise the business's profitability could also put commissioners' fees, or their position, at risk.

This study concluded that the commissioner is an effective lobby method for bankers to influence the decisions of the government and regulators in Indonesia. Between 2010 and 2016, this study identified two times when SOE banks influenced government policy relating to financial inclusion through the commissioners.

The first was when SOE banks tried to manoeuvre the political decision on social assistance disbursement.

Three critical informants from the government and regulator explained that in 2014, the government chose to use a debit card from SOE banks for social assistance instead of combining the disbursement with mobile money, which was argued to be more efficient. They claimed it was a political decision that was not based on a technocratic assessment. Two people explained the SOE banks pressed the commissioners and lobbied the regulator to make this decision. The debit card was then framed as part of the financial inclusion and poverty alleviation programme. The card was also associated with the political pledge of the elected politician, Jokowi and Kalla, "one card for all". They promised that society would access all social assistance through the use of just one card.

[23] In 2020 there were 564 state officials indicated to have concurrent positions as BUMN commissioners. As many as 55 people were officials from the Ministry of SOE and 40 people were from the Ministry of Finance (see Fatimah, 2020).

The second is when SOE banks stalled the postal saving programme, as explained in sub-section 6.2.5.

One critical banking informant explained their theory on why SOE banks could have such significant economic and political power in Indonesia, and how this links with the interests of the agents in relevant institutions:

> … SOEs afraid to compete! So the point is they don't want any competition, so [mocking] 'everything just gave them to us'. That's at the company level, but at a micro level, they want to secure their positions. Because if, for example, let say the postal saving was launched, and then the third party's funds in [name of SOE bank] or [name of SOE bank] went down, surely the directors would be blamed, not the policy. They are afraid that their KPI [Key Performance Indicator] goes down ... they have dual positions. They hold positions in government as well as the [SOEs] commissioner. That's also a conflict of interest. The officers from regulators, could also become commissioners. It adds to the complexity of the decisions they make.

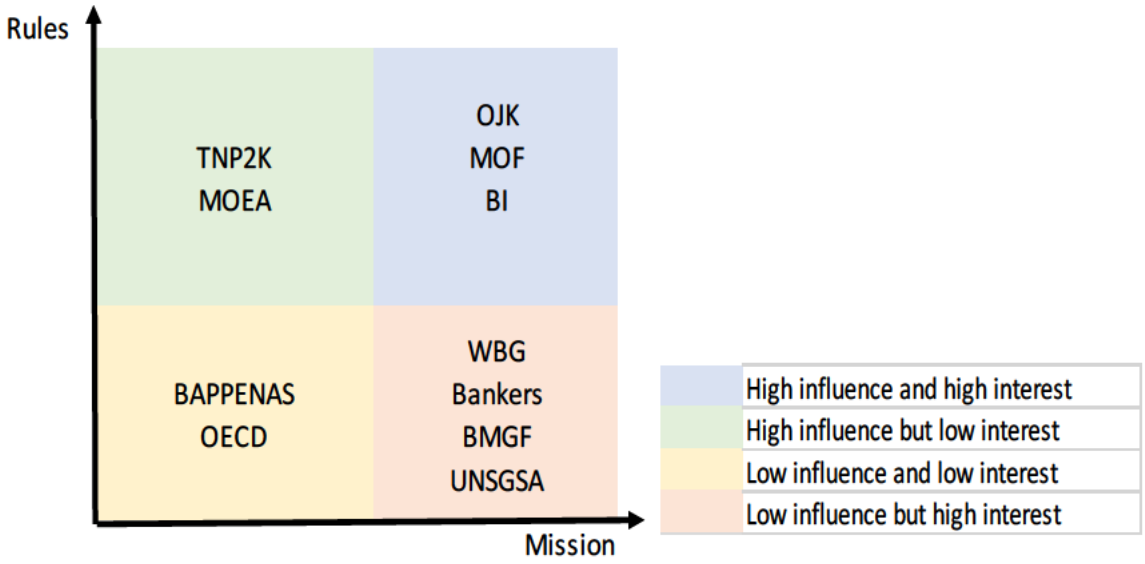
6.3.3 The power dynamic and policy change

This study analysed the power relation between the dominant institutions by adopting Mandelow's matrix (1981)[24]. The analysis is presented in Figure 20, which compares rules (ability to control financial system) and mission (financial resources gathered from the financial system) between institutions in the policy area.

This analysis does not aim to quantify power but to illustrate how financial inclusion influences the power dynamic of the principals and broker in the financial system. The figure shows what might have happened during the policy process (2010 – 2016); it shows the power relation in the policy area of financial inclusion and how the power relation might have further influenced the agents' ability to direct financial inclusion policy in Indonesia.

[24] Mandelow's matrix is a tool to analyse and plan stakeholder engagement. It is a two-by-two matrix to compare the actor's political interests and power to affect the policy area. This study adapted this matrix to analyse power relations and conflicts of interest by identifying the abilities of the stakeholders and the resources that the principals and broker fight over.

Figure 18 The power dynamic in the financial system



Source: Author analysis

The figure suggests that agents from the institutions in the top-right of the diagram should have had more influence and motivation to shape financial inclusion strategy. These institutions are the OJK, MOF, and BI. These institutions' existence is highly dependent on the financial system. Accordingly, these institutions also have relatively high power over the financial system. Therefore, the agents in these institutions have relatively higher potential conflicts on financial inclusion policy. On the other hand, those in the bottom-left of the diagram should have fewer conflicts of interest on financial inclusion policy.

From the perspective of the OJK, BI, and MOF, if they want to win the belief system in the policy area, agents from these institutions should have developed a coalition with other institutions, especially those with relatively high influence but low interest (those in the top-left diagram).

However, from the consumers' perspective (who are the main beneficiaries of the policy but were not represented in the policy arena), an institution representing consumers should work closely with the BI, OJK, and MOF, consult with TNP2K and MOEA, maintain communication with WBG, BMGF, bankers, and UNSGSA, while keep BAPPENAS and OECD engaged.

6.4 Summary: What is the role of policy actors?

This section presents the results of an analysis regarding the role of policy actors in the development of financial inclusion strategy in Indonesia. The results can be summarised in three insights:

Firstly, the key beneficiaries (stakeholders) of financial inclusion in Indonesia consist of national and international institutions. This study categorised the stakeholders of financial inclusion policy into five groups: the principals, the broker, the latent institutions, the outcasts, and the tertiary. The principals and broker were the dominant stakeholders; they were most responsible for the dynamic of the strategy development between 2010 and 2016. They can also be grouped into four belief systems, each representing a coalition: market enablers, market arrangers, free marketeers, and market creators. The consumers were the only stakeholders not represented in the formal network (the national council for financial inclusion) nor appear in the policy process.

Secondly, the agents of change are necessary causal factors in policy change. They are motivated individuals who could initiate and manage the change in and across institutions. There are internal characteristics and enabling factors that could activate the agents of change. The agents of change are able to leverange these qualities to shape the institutions' beliefs.

Thirdly, the causal mechanism of policy change on financial inclusion in Indonesia was started with the emergence of agents of change. They were promoting institutional learning and changes. These changes explain the emergence of dominant institutions in the policy area of financial inclusion. This process eventually influenced power relations in the policy area. The dynamics of the power relations were the drivers of the development of financial inclusion policy in Indonesia.

CHAPTER 7 THE ROLE OF CRITICAL EVENTS

7.1 Introduction

This chapter details the critical events that occurred during the strategy development.

It starts by the reconstruction of the policy process (structural mechanism) from 2010 to 2016. The structural mechanism is divided into two periods. The first period describes the development of the 2012 national strategy, while the second period describes the development of the 2016 national strategy.

Section 7.3 discusses the causal mechanism between critical events and policy change. This is done by comparing the structural mechanism in the two periods and identifying the critical events. Based on the analysis, this study proposes a typology of a critical event – the typology helps to explain the causal mechanism of strategy development in Indonesia.

Section 7.4 summarises the significant findings and answers one of the primary research questions: what is the role of critical events in the development of a financial inclusion strategy in Indonesia?

7.2 What are the critical events?

The literature on event-related policy changes shows that some events could better promote policy change than others. The existing literature defines this kind of event as a “focusing event” (see Kingdon, 2013; also Birkland, 1998). The focusing event establishes a window of opportunity for the policy community to promote change. It is always illustrated as big, sudden, and uncontrollable, such as a natural disaster or pandemic.

Influenced by Kingdon's perspective, ACF tends to see policy change as incremental; dramatic change is less likely happen unless there are serious external shocks, forcing actors to revisit their policy orientations. ACF defines *events* in policymaking as a threat to the policy actors, which activates them to change a policy (Sabatier, 1988).

However, as argued in Chapter Four, the literature on policymaking overlooks the important characteristics of event for policy change. This study argues that critical events should be perceived to be more valuable than threats and suggests critical events are events that stimulate most of the policy actors in the policy area to learn and coordinate.

Using this definition as a starting point, this study identified the critical events during the strategy development, based on critical informants' perceptions, as they described the policy development during 2010 and 2016. Prior the identification of a critical event, all data from the critical informants and desk study were used to reconstruct the policy development. The reconstruction was done backwards. Table 22 shows the results of the reconstruction.

The first and obvious finding is that the policy process happened back and forth at the national and global levels (policy venue). This finding goes along with the findings on policy actors, suggesting that the policy actors consist of national and international institutions.

Section 7.2.1 and 7.2.2 elaborates on the reconstruction for the 2012 and the 2016 strategy. Through a careful analysis of the reconstruction, this study finds seven critical events from the strategies' development. Section 7.2.3 details these critical events.

Table 22 The structural mechanism of financial inclusion strategy development in Indonesia

Year	Domestic policy venues	In-between	International policy venues
2003			UN (Kofi Annan) calls for inclusive finance
2005			UNCDA develops a consultative process with more than 800 multi-agency coordination group to develop guidance on financial inclusion for policymakers
2007	**President regulation on riel sector development and financial access to SME**		
2008			Alfred Hannig receives funding from BMGF (through GIZ) to establish AFI and organise the Global Policy Forum (GFP)
			Global financial Crisis
2009	MOU between BI, MOF, Ministry of Domestic Affairs, and Ministry of Cooperative and SME on improving financial access for SME		GCAP publishes indicator for financial access
	SBY-Yudhoyono win the election. They promote poverty alleviation		First annual AFI's forum (GPF) in Kenya
			G20 first highlights financial inclusion in the context of global financial crisis
2010	BI issues regulation on BSA for promoting financial access		GCAP publishes 2nd reports on financial access
	TNP2K establishes		G20's called CGAP, IFC, AFI, OECD to lead Financial Inclusion Experts Group (GPFI)
	BI establishes unit for financial inclusion	The 2nd GFP in Bali, Indonesia	GPFI released the 1st Financial Inclusion Action Plan (FIAP)
		Maxima Meets SBY (president)	UN created role for Queen Maxima as UNSGSA
2011	OJK establishes		G20 in Canes: Gates attend the meeting
			The third GPF: Maya Declaration
			In G20 financial inclusion shifted from finance track to development track
2012	TNP2K incorporates financial inclusion into their institution mission		World Bank releases 1st Global Findex
	White paper on the National strategy for Financial Inclusion is issued by TNP2K		G20 in Los Cabos. Call on the OECD, the World Bank, and GPFI to deliver further tools to promote financial education.
2013		Maxima Meets SBY and Boediono	G20 in Rusia: Leaders endorses the recommendations laid out in the GPFI's report
2014	MOF establishes unit for Financial Inclusion	Boediono meets Maxima in Netherland	World Bank releases 2nd Global Findex
	Jokowi-Kalla win the election. They promote economic growth		G20 in Mexico: GPFI releases the 2nd FIAP
	BAPPENAS accommodates Jokowi's political pledge on financial inclusion into the government work plan		
2015	MOF drafts regulation on the national strategy for financial inclusion		
	OJK establishes a unit for financial inclusion	Jokowi meets Maxima in Netherland	
2016	MOEA tooks over the coordination for strategy on financial inclusion		
	President regulation on the strategy for financial inclusion	Maxima meets Jokowi	G20 Hangzhou summit. The member commit to accelerate the use of digital mechanisms for improving financial access and inclusion.
	MOEA established a national secretariat for financial inclusion	WWB helps MOEA establishes national council for financial inclusion, funded by BMGF	

Policy change
Critical event

Source: Author analysis

7.2.1 The development of the 2012 national strategy

To make the explanation easier to follow, this study divides the reconstruction of 2012 strategy development into four phases or episodes. Each episode consists of a group of sequencing events. The explanation begins with the context or background. The structural mechanism is illustrated in Figure 21.

Backgound

This section suggests chronological activities at the global level, which link to the development of Indonesia's 2012 financial inclusion strategy.

As explained in Chapter Two, financial exclusion has been discussed in the literature since the 1990s. However, it started to be recognised by the international development practitioners in December 2003. Kofi Annan, the UN Secretary-General, proposed that an inclusive financial sector should be put on the global agenda. He called on the financial sector to invest in entrepreneurship to empower low-income people (UNCDF, 2005).

On that basis, in 2005, the UNCDF and WBG developed a consultative process with more than 800 multi-agency coordination groups to develop guidance on financial inclusion for policymakers. Among them was promoting financial literacy and integrating microfinance products into mainstream financial products from banks and non-bank institutions (UNCDF, 2005).

Two years after, in June 2007, Yudhoyono released Presidential Instruction No. 6/2007 concerning real sector development and empowerment of SMEs. This was the beginning of the subsidy programme for SMEs' credit, called KUR. However, the focus of the government on SMEs' financial access shifted after the 2008 global financial crisis.

In 2007, the subprime mortgage crisis in the US spread to many countries and eventually led to the 2008 global financial crisis. In response to the crisis, the G20 was established. The first meeting was held in 2008 (see ISPI, 2016; also Ministry of External Affairs India, 2012). The summit acknowledged that the irresponsible risk-taking activities by financial institutions, especially banks, had contributed to the 2008 crisis.

The first and second G20 finance summitry, called for transparency in the financial and commodity markets, as well as compensation reform in the financial sector, which promoted risk-taking behaviour (Shaw and Vassallo, 2013; The G20 Research Group, 2009).

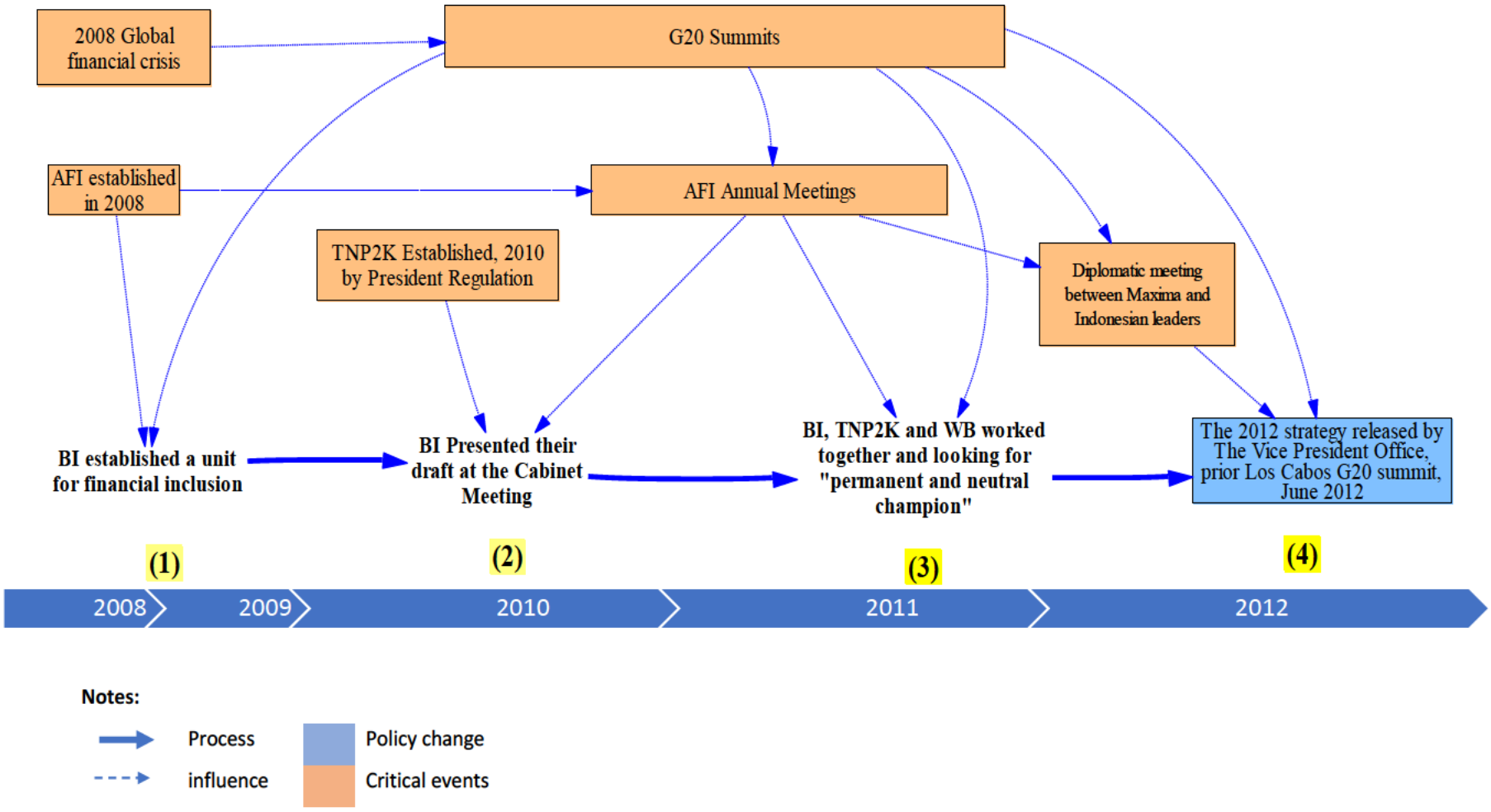
Episode 1: The new policy agenda

In 2009 and 2010 CGAP (part of WBG) released a report on the impact of the financial crisis on welfare. It was launched in response to the "increasing interests in financial inclusion among the policymakers and the development community" (CGAP, 2010 p. 1). These reports were built from the World Bank's researchers' (2007; 2008) works on financial access indicators. CGAP reintroduced WBG's 'solution': financial sector development to tackle the negative impact of the global financial crisis in the G20 agenda (see Chapter One).

The reports highlighted the conditions of formal financial access in various countries, including Indonesia, most of which were considered very low (CGAP, 2010 p.38 - 40). Two critical informants from an international organisation and the Indonesian regulator viewed the data on financial access in this report as a "reprimand" for BI's performance.

This GCAP report introduces financial inclusion as an alternative policy at the G20. In the third G20 Summit, in September 2009 in St Petersburg, the financial inclusion agenda succeeded in shifting the agenda of promoting transparency and compensation reform in the financial sector, which was prioritised in the first two G20 Summits.

Figure 19 The development of the 2012 financial inclusion strategy



Source: Author analysis

The third G20 summit proposed three actions for global leaders: mandates for financial inclusion, improved consumer protection on financial services, and improved financial access for SMEs. Therefore, in this summit the financial inclusion agenda displaced the financial sector reform agenda.

As one of the G20 members, Indonesia adopted the financial inclusion agenda.

Besides the G20, another pathway for the financial inclusion agenda in Indonesia is through the AFI. Triangulation between AFI reports (see Alliance for Financial Inclusion, 2018) and statements from a critical informant from the Indonesian regulator concluded that in 2008, Alfred Haning, the executive director for AFI, met one of the deputy governors of BI. At that time, Haning had received a grant from the BMGF and GIZ to gather support from regulators and established a peer learning network on financial inclusion for the financial sector authorities. BI is one of six financial regulators that Haning successfully convinced to support AFI.

With Haning's leadership and support from six financial regulators, in 2009 AFI organised the first Global Policy Forum (GPF-AFI), an annual peer-learning forum for financial inclusion (Alliance for Financial Inclusion, 2018).

As explained by a critical informant from BI, the raising of financial inclusion in the G20 and AFI made some BI officers realise that financial inclusion would be an influential global agenda. Therefore, these officers saw the need for a designated unit to address this issue.

Two critical informants from BI said that several high and mid-level officers presented this idea to the board of governors, who finally agreed to form the financial inclusion unit in 2010.

Episode 2: The cabinet meeting

In mid-2009, Yudhoyono won the national election for the second time. His main political agenda was poverty reduction. The implementation of this agenda was led by the vice

president, Boediono, by establishing the vice president office for poverty reduction, called TNP2K, in 2010.

Boediono is an economist who has worked as a bureaucrat in BAPPENAS, BI, MoF, and MOEA. Two critical informants, who had worked with Boediono directly, informed that Boediono's experience as a bureaucrat motivated him to form TNP2K; Boediono believed the executive office could bypass the inefficiency of bureaucracy. It could make it easier to control the poverty alleviation policy and help him get a quick analysis of various poverty issues.

At the same time, BI was under pressure to promote financial inclusion on the national agenda from the global level, especially the G20 and AFI. However, the change of government administration in 2009 (reshuffling of the cabinet) likely stalled their progress on promoting financial inclusion on the national agenda.

At the global level, in 2010 AFI was appointed as one of development partners in the G20, along with IFC and CGAP (see GPFI, 2015). The G20's board then called CGAP, IFC, and AFI to lead a working group called the Financial Inclusion Experts Group, which then became GPFI. They were assigned to identify lessons learned on innovative approaches to improve financial access for the poor (The G20 Research Group, 2011). As explained by a critical informant participating in the G20 during 2009-2012, during these years these institutions also started to provide technical assistance to promote innovative approaches on financial inclusion for BI.

Driven by the Seoul G20 summit in 2010, Yudhoyono called for a financial inclusion strategy in Indonesia. At this summit, Indonesia and the other G20 members committed to implement the Principles for Financial Inclusion in the national policy (GPFI, 2015).

Financial inclusion policy is a cross-cutting issue. It needs to involve many parties, especially the government. Two critical informants explained that, at that time, BI start to realise that to

implement financial inclusion strategy, the strategy needed to be formalised under government regulations, because BI only has authority over the financial industry. The critical informants also said that the legitimation of a financial inclusion strategy had another mission: to set up equal power between the OJK and BI in the financial sector, as none of them liked to be led (coordinated) by another party.

Five critical informants explained that BI asked for support from the government by presenting their version of a financial inclusion strategy at the cabinet meeting in the last quarter of 2011. However, the cabinet argued that the strategy was too "bank-centric" and requested three amendments:

First, the strategy should be aligned with the main political agenda, which was poverty reduction. *Second*, the strategy needed to consider the memorandum of understanding between the MOF, Ministry of the Cooperative, and BI on the strategy for microfinance institutions development, issued in 2009. *Third*, the strategy revision and formalisation should be led by TNP2K.

Episode 3: The long game

BI responded to the cabinet request by revising their strategy and working with TNP2K.

The strategy revision could be identified from the policy narrative presented by BI at the second GPF-AFI in 2010, which was held in Bali Indonesia.

The GPF-AFI in 2010 was the starting point where the regulator's government's agenda on financial sector stability as a response to the global financial crisis 2008 and on financial deepening to promote economic growth were replaced by the alternative agenda: financial inclusion.

As told by one critical informant from BI, BI initially used financial inclusion to promote its agenda on financial deepening and financial stability. But in the GPF-AFI 2010 BI changed this plan. The critical informant explained further:

> … [for example] TabunganKu [a type of basic saving account] was [intended] for financial deepening. OJK and MOF also support this idea, to promote saving mobilisation for financial deepening ... [but] at the AFI's event in 2010, when Pak SBY came, and for the first time Queen Maxima appeared [at the forum], that was when it shifted to 'financial inclusion'

Further evidence that supports the agenda shifting in the 2010 GPF-AFI meeting was the different statement on the role of financial inclusion between the regulator and government in the forum.

Darmin Nasution, who acted as Governor for BI at that time, underlined that the ultimate objective of the strategy was financial stability. He suggested consumer protection was a policy element for financial sector stability. On the other hand, SBY suggested financial inclusion would help to reduce poverty and inequality (see Alliance for Financial Inclusion, 2010a).

In the meantime, the lobbying by international organisations to push financial inclusion onto the global and national agenda had put BI and TNP2K under pressure.

Representing UNSGSA, in 2010 Queen Maxima met the leaders of Indonesia to discuss financial inclusion policy. But Queen Maxima was not the only non-state actor who advocated for financial inclusion. Bill Gates attended the G20 ministerial meeting at Pittsburgh in September 2010. He presented his argument on the importance of finance for development and the role of the private sector to mobilise and create an innovative source of finance. Gates presented his argument again at the sixth G20 summit in Cannes in November 2011 (see also GPFI, 2011; and Mungcal, 2011).

Gates' advocacy had the exact timing with the changes in the structure of the discussion at the G20. According to the G20 reports (see Ministry of External Affairs India, 2012), which was confirmed by three critical informants, in 2011 the G20 shifted financial inclusion from finance track to development track. As explained by a critical informant from government, the development track in the G20 had a significant impact to the direction of development agenda, including how donor agencies distribute their aid to the development sector.

In 2011 the AFI brought together 90 developing nations, including Indonesia, to declare their commitment to make concrete targets on financial inclusion and to share their progress (Alliance for Financial Inclusion, 2012). This declaration is called the Maya Declaration.

The WBG reports and the global policy venues (G20 and AFI) between 2009 and 2011 led to various commitments and initiatives on financial inclusion made by political leaders and higher-level officers of Indonesia. As the climax, three critical informants confirmed that at the 2011 G20 summit, BI stated its commitment to issue a financial inclusion strategy at the national level.

Meanwhile, to follow up the cabinet meeting order, in 2011 TNP2K announced financial inclusion as one means for poverty alleviation, and one of TNP2K KPIs (see Widianto, 2013). Three critical informants from different institutions said that TNP2K and BI started to ask for help from the WB to harmonise the BI version of the financial inclusion strategy with the poverty alleviation programmes under TNP2K.

Critical informants from BI and TNP2K said that BI and TNP2K approached the WB because the WB had released a report called "Improving Access to Financial Services in Indonesia" in 2010 (also see World Bank, 2010). The report offered practical suggestions for improving the access of low-income people to financial services.

The request from TNP2K and BI was not unrequited. The triangulation between interviews and published documents concludes that the issuance of the financial inclusion strategy in Indonesia was part of the WB's goals (see The World Bank, 2016).

Overall, the decision from the cabinet meeting turned out to be favourable for TNP2K, BI and the WB. They worked together to frame financial inclusion as causal reasoning for poverty reduction.

Critical informants from each institution disclosed that the three institutions had different yet corroborate motives to work together. TNP2K's objective was to promote innovation on social security targeting and payment. The WB had interests in the issuance of the strategy because the strategy was part of their performance indicators, which was set at the WB headquarters. At the same time, BI aimed to show their commitments to the G20 and AFI.

As told by four critical informants, after they revised BI's strategy, in early 2012 TNP2K and the WBG tried to approach various government institutions to promote the strategy onto these institutions' agendas. They persuaded these government institutions to place their ongoing programmes as part of the financial inclusion strategy. These institutions include BAPPENAS, MOF, Ministry of Agriculture, Ministry of Maritime and Fisheries, Ministry of Home Affairs, Ministry of Public Works, Ministy of Cooperative and MSME, Ministry of Economic Affairs (MOEA), National Agency for the Protection and Placement of International Migrant Workers (BNP2TKI), Ministry of Health, Ministry of Man Power and Transmigration, and Ministry of Social Affairs.

In addition to asking for the government's buy-in, they also looked for "the most neutral and permanent champion" to lead strategy implementation. However, BI was not involved in the promotion and scouting process because, as told by a critical informant from BI: "WB and TNP2K know better how to deal with government".

Until mid-2012, the efforts of BI, TNP2K, and the WB to make one of the government agencies take over and issue a financial inclusion strategy had still not yielded any results.

Episode 4: Los Cabos

Two critical informants said that in 2012 TNP2K started to feel "fatigued" because of their other list of "quick wins", such as the design of social assistance, consumed a lot of resources. Therefore, TNP2K felt they must immediately transfer the strategy to one of the other government institutions.

In the middle of 2012, TNP2K and the WB pursued MOF and BAPPENAS to take over and formalise the strategy. However, based on information from two critical informants, the high-level officers from these institutions were reluctant. According to them, many of the high-level officers from the two institutions felt that financial inclusion was not part of their responsibility. Some high-level officers from BAPPENAS were also reluctant because they believed that financial inclusion was a WBG agenda, which would lead to a loan commitment.

Driven by pressures from the global and domestic level, TNP2K finally came forward to issue the strategy in the form of a white paper in June 2012, close with the 2012 G20 Summit at Los Cabos, Mexico. One critical informant said that the main motivation of the issuance was to show BI commitment to the 2012 G20 summit. They said:

> BI urged. The important thing was the strategy can be presented in Los Cabos.

7.2.2 The development of the 2016 national strategy

Backround

This section establishes the historical background of the relationship between regulators and government in Indonesia, which highly influenced the adoption of Global Findex into the 2016 strategy.

As described in Chapter Three, in 2011 the parliament of Indonesia formally established OJK as an independent authority for the financial sector. OJK replaced the role of BI and MOF on financial sector supervision. OJK also brought two new policy areas into the financial system: consumer protection and financial literacy.

The establishment of OJK had been challenged from the very beginning. Maryuwanto (2009) described that in 1999, the DPR challenged some of the concepts on the bill proposed by the government in relation to its operational cost and its relationship with BI. Until the beginning of 1999, the debate did not find common ground. The government and the DPR then agreed to resolve the issue through political lobbying.

There is no documentation on the process of lobbying. Yet, in May 1999 the government and the DPR agreed to delay the establishment of OJK to 2010.

Still, the debate on the urgency of OJK continued to grow. BI, which was given the responsibility to establish OJK, delayed the process in many ways. For example, a high-level officer from BI tried to convince the public that OJK establishment needed more time. On the fit and proper test for the election of the BI governor in 2003, Burhanuddin Abdullah, who became the governor for the period of 2003-2008, stated, "the establishment of an OJK is necessary … but not in the immediate future" (Suara Karya, 2003; Ant, 2003). BI also argued that there was unpreparedness in terms of infrastructure and funding (Ant, 2003).

On 30 December 2005, BI, together with MOF and the Indonesia Deposit Insurance Corporation (*Lembaga Penjamin Simpanan, LPS*), issued a joint decree to establish the Financial Sector Stabilization Forum (FSSK). This forum was part of the government's efforts to improve coordination among agencies responsible for creating and maintaining financial system stability (Bank Indonesia, 2013b). Thus, BI argued that the establishment of the OJK was not needed anymore because of the FSSK and the new regulations on the central bank

(Law no. 3/2004), which should improve the coordination between the government and BI while maintaining the independence of the central bank (Maryuwanto, 2009 p.55).

Despite the BI's resistance, the government, through MOF, proposed the new bill of OJK to the DPR in 2010. The government action promoted negative reaction from BI.

The Bank Indonesia Employee Association (IPEBI) declared their disagreement with the establishment of OJK. IPEBI stated that most BI employees would refuse to join OJK (Dwiantika, 2010).

BI also formed a coalition to challenge the bill through the Supreme Court. The coalition consisted of BI high-level officers, financial institutions, and academics. They argued that the establishment of OJK was costly and will not solve the ineffectiveness of financial sector supervision. They preferred the government to focus on improving the governance of the financial sector in BI and the MOF (Anjarsari, 2014; Maryuwanto, 2009; Abimanyu, 2003).

Nevertheless, the case of Bank Century, which caused a state loss of roughly £335 million, accelerated the formation of OJK.

The court proved that some BI officials had misused their authority in granting credit facilities to Bank Century (Leon, 2018). The case became a political commodity and brought down the BI's reputation in the eyes of the public. The Commission for Anti-Corruption (KPK) pushed the government to establish the OJK immediately (Rez, 2010).

Finally, in 2011, Law 21/2011 on OJK was passed. Since then, the OJK has officially been in charge of the functions, duties and regulatory authorities on the financial sector that the BI and MoF had previously carried out.

With the presence of the OJK, BI was no longer the only independent institution with authority over the financial sector. The decreasing power of BI over the financial sector was mainly seen in two areas.

First is in the authority of data and information on the financial sector. With the transfer of regulatory and bank supervision function to OJK, BI need to request the data to OJK for any purpose. *Second is* the determination of commercial interest rates. The banks started using two references for their interest rates: the maximum interest rate on deposit released by OJK and the BI rate, an interest rate that BI charges on its loans to a commercial bank (Siregar, 2014).

Although the activities of financial products are part of the OJK's authority, BI kept the authority to supervise and regulate the payment system. Using macroprudential responsibility as justification, BI maintains the payment system as part of its policy instrument and retains its authority over the financial sector through the payment service.

The emergence of Fintech in payment mechanisms escalated the rivalry between BI and OJK; each institution developed regulations and a new unit to manage the Fintech industry. According to some critical banking informant, this created confusion and redundancy.

This historical background illustrates the intricate relations between OJK, BI, and the government (MOF).

Meanwhile, at the global level, the publication of Global Findex in 2012 promoted financial inclusion as one of the development priorities. As an illustration, two years after the first release of Global Findex, 57 countries, mostly developing nations, published a financial inclusion strategy (Cihak and Singh, 2013).

Global Findex also became the reference to measure the success of financial inclusion.

For example, the UN put Global Findex as one of its indicators in the Sustainable Development Goal (United Nation, 2016). The WB introduced Universal Financial Access by 2020 based on the Global Findex indicators.

As another example, the G20 proposed a number indicator from Global Findex as a collective target on financial inclusion (GPFI, 2016). The G20 also released a Financial Inclusion Action Plan (FIAP), which promotes six strategies: digitisation, private engagement, improve data for policymaking, targeting underserved, and women economic empowerment (GPFI, 2018). The support from development practitioners and organisations on Global Findex made more countries use Global Findex as a reference for financial inclusion indicators, including Indonesia.

The development of the strategy between 2013 and 2016 can be fragmented into six episodes. The structural mechanism is illustrated in Figure 22.

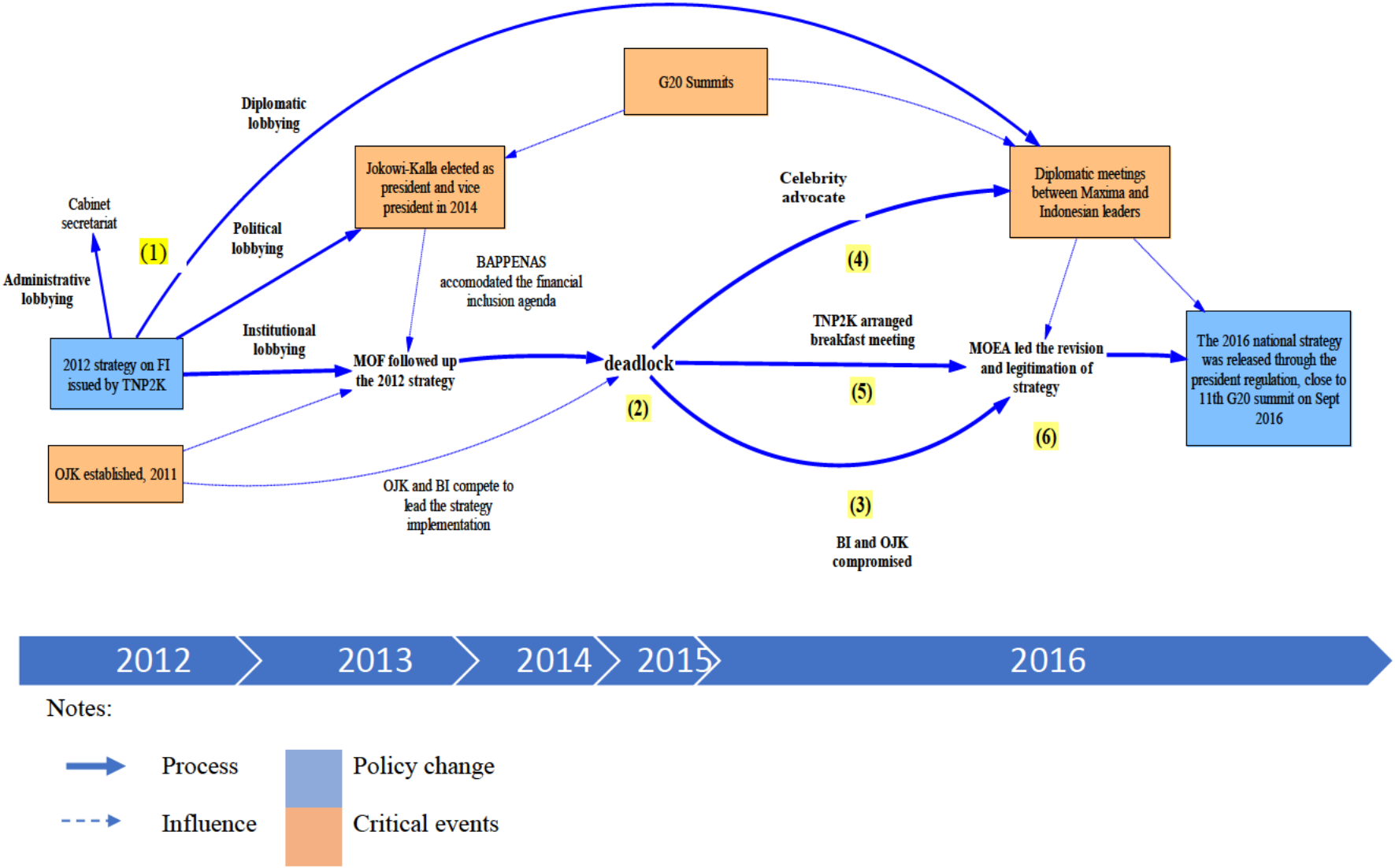
Episode 1: Massive lobbying

The issuance of the 2012 strategy by TNP2K helped BI and WB progress globally. But they still missed the primary target: to legitimate the strategy under government regulation.

Two critical informants said that in 2013, as the national election was approaching, the WB and BI were worried that TNP2K would be terminated. If this happened, financial inclusion would not be on the political agenda in the next government administration. The termination would make BI and WB unable to carry out their commitments on financial inclusion in the international forums. Therefore BI, TNP2K, and the WB delivered various lobbying tactics to promote the legitimation of the strategy.

The first tactic was diplomatic lobbying. They arranged a discussion between Queen Maxima and SBY-Boediono between 2012 and 2013. The discussions failed in legitimising the strategy but succeeded in maintaining financial inclusion in the policy arena.

Figure 22 THE DEVELOPMENT OF FINANCIAL INCLUSION POLICY IN INDONESIA 2012 – 2016



The second tactic was administrative lobbying. They lobbied the cabinet secretary to support the legitimation of the strategy under the SBY administration. However, the cabinet secretary was hesitant to follow up the process of legitimation due to the 2014 elections. The cabinet secretary suggested that they wait and ensure that financial inclusion remains a priority for the next president.

Therefore, they came up with *the third tactic: political lobbying*. They lobbied the campaign team of Joko "Jokowi" Widodo and Jusuf Kalla, the strongest candidate in the 2014 election. The lobby aimed to ensure that financial inclusion remained a priority in subsequent governments. The lobby succeeded in promoting financial inclusion through Jokowi-Kalla's political pledge, which was called NAWA CITA[25]. It was stated: "...We will realize financial sovereignty through financial inclusion policy, reaching 50% of the population..." (Widodo and Kalla, 2014). It was unclear which institutions led the political lobbying, but two critical informants claimed that it was led by the WB.

In 2014, Jokowi-Kalla won the election. BAPPENAS was responsible for translating the president's agenda into a government work plan. It accommodated Jokowi-Kalla's political target on financial inclusion into the 2014-2019 Medium-Term of Government Work Plan (RPJMN) document. The 2014-2019 RPJM stated that the government targeted 50 per cent of the population to access financial services by 2019. A critical informant from BAPPENAS explained that the target accommodation was implemented without appropriate technocratic assessment nor public discussion.

The last tactic was executive lobbying. As confirmed by critical informants from MOF and TNP2K, TNP2K and WB – supported by other international organisations such as OECD and ADB – lobbied high-level officials in the MOF to take over the strategy from TNP2K. A critical informant from an

[25] Sanskrit, translated as nine wishes

international organisation stated that they chose MOF because MOF was considered the most capable and neutral institution to mediate between BI and OJK.

However, there was also another possibile explanation: the WBG and ADB chose MOF because MOF agreed to be the executing agency for loans given by the WBG and ADB for the Government of Indonesia in 2014. The narrative of the loans was to promote financial sector development in Indonesia, including the promotion financial inclusion (see The World Bank, 2014; also ADB, 2014). A critical informant from MOF confirmed that these loans had a grant component which could be used for capacity building related to financial inclusion.

The executive lobbying almost succeeded in legitimising the strategy.

In 2014, the MOF formed a new unit on financial inclusion. The unit followed up the 2012 strategy by drafting the supporting regulation. MOF invited BI, BAPPENAS, TNP2K, and the WB to discuss the most appropriate regulation. They also invided OJK, which had just come on board in the policy arena. The six institutions agreed that president regulation would be the most appropriate format as it could bring in various institutions from different sectors, including BI and OJK.

Episode 2: Deadlocked

According to six critical informants, the legitimation process led by MoF became "deadlocked". Two factors caused the deadlock.

The main reason, as stated by the six critical informants, was the competition between OJK and BI. They said each institution wanted to lead the strategy implementation and were unwilling to be led by another party. Five critical informants further explained that BI felt they had introduced and paved the way for the financial inclusion strategy in Indonesia. On the other hand, OJK perceived that since OJK was established in 2011, the financial inclusion-related policies should be automatically shifted from BI to OJK.

A critical informant from the TNP2K illustrated the rivalry between OJK and BI on the financial inclusion strategy:

> ...BI felt like 'I own the national strategy for financial inclusion'. Then the OJK came, and they said 'Oh we have a national strategy for financial literacy'... it made BI resentful .... And if you talked to OJK, [name of high-level officer in OJK)] at that time also felt that they really need to show that OJK existed. They must have something to show. In terms of products too. For example, at that time, BI issued electronic money while OJK issued branchless banking.

The other reason for the deadlock was that MOF changed its priority. According to two critical informants, many MOF high-officers perceived that financial inclusion was not a priority for their institution. At that time, the high officers perceived tax and subsidies reform as being more critical issues.

In addition, there was a structural rotation in MOF. The rotation meant that a high-level officer who could promote financial inclusion in MOF's agenda no longer had the capacity and motivation to do it. Therefore, the deadlock also happened because there were no high-level officers in MOF willing and able to promote it in cabinet meetings. It might also be because at that time there was no agent of change.

Episode 3: Compromise

The stalemate continued into early 2016 and made BI, OJK, TNP2K, and WB agitated. All of them had institutionalised financial inclusion into their KPIs, and the deadlock could backfire for their performance. The deadlock made these institutions try to shift the policy venue from the MOF to the MOEA.

One critical informant from the regulator explained that BI and OJK approached a senior officer in the MOEA, asking the senior officer to take over the coordination from MOF. Therefore, the deadlock forced BI and OJK to compromise. They explained:

> I took the middle path. This [strategy] should not be led by BI or OJK. So I made an agreement with [name of someone from the other party] so that this [strategy] is not [led by] BI or OJK ... The Ministry of Finance does not have good internal coordination ... So, we push [strategy] to MOEA.

Together, BI and OJK also asked the WB to urge the president to legitimise the strategy through UNSGSA.

Episode 4: Celebrity advocate

Amid the stalemate, in April 2016 President Jokowi met with Queen Maxima in the Netherlands during one of his diplomatic visits (see Wahyuni, 2016; also Dwipayana, 2016). Queen Maxima was not only presented as the Queen of the Netherlands, but also as the leader of UNSGSA. At this meeting, Queen Maxima alluded to the financial inclusion strategy in Indonesia, as explained by one critical informant:

> As I recall, in those years the World Bank issued a publication, if I am not mistaken, it was the end of MDG[26]. Shifted to SDG[27] ... The SDG is the UN programme, right? At that time, they [the UN] were pushing cooperation to accelerated financial inclusion [as part of SDG]. Well, I guess that was the reason. And Queen Maxima was the ambassador for the UN. Because our relationship with the Netherlands is very good, she herself who told President Jokowi, [she] asked: when will Indonesia have a strategy [for financial inclusion]?

The discussion between Jokowi and Queen Maxima was set by few policy actors. WBG led the activity, supported by a team from UNSGSA, BMGF, BI and OJK, as explained by one critical informant:

> Queen Maxima has a team. The team is driven by the World Bank. They [the World Bank] know the condition [refer to the causes of the deadlocked] exactly. Then, this is the important thing, how come she talked [about the strategy]? We were the one who informed her. Through the World Bank, [we] used the power of Queen Maxima that Indonesia had not issued [legitimate] the strategy yet ... we said to

[26] Millennium Development Goal
[27] Sustainable Development Goal

> them: ‘to be success, Indonesia must issue [legitimate] the strategy, so please help so that Queen Maxima talks to Pak Jokowi’. So that was it.

Another critical informant from MOEA supported the argument that the WB led the lobbying activities:

> As I recall, the one who pushed [the issue of financial inclusion] here [MOEA] was actually the World Bank ... they asked for my help: ‘please help to activate the document [strategy] preparation’ ... After President Jokowi returned from the Netherlands, the World Bank seemed to have an obligation to succeed Indonesia in front of Queen Maxima [laugh]

Queen Maxima was used by the UN and WB as a ‘celebrity advocate’. This term often refers to those who can attract public attention but their credibility in the policy process is not based on relevant expertise (see Archer *et al.,* 2020). As Queen of the Netherlands, Queen Maxima has become the focus of public attention. Her credibility as Queen of the Netherlands helped the UN and the WB to promote financial inclusion among political leaders, including Indonesia.

Episode 5: The breakfast meeting

Around the same time as the diplomatic meeting between Queen Maxima and Jokowi, TNP2K took the initiative to gather high-level officials from key institutions to solve the deadlock. A critical informant from TNP2K told:

> So at that time, frankly speaking, many wanted to lead ... But we first had to agree regarding the chairman, who would coordinate this. It was difficult because the competition was quite strong between BI, OJK, and the MOF. Because they felt they had a large share ... At that time, [name of a person] asked me, ‘I wonder who’s the most appropriate?’ Because there would be a cabinet meeting led by Pak Jokowi about financial inclusion. Before the meeting, we need to prepare points of talks. Well, at that time I finally suggested: ‘let's just give it to MOEA’. [name of person] asked ‘why the MOEA?'’ I said ’first we have to consider Pak Darmin …’ In term of structure, MOEA also coordinates financial sector.

Thus, Chief of TNP2K’s secretariat, Bambang Widianto, invited the high-level officers from BI, OJK, MOF, BAPPENAS, and MOEA into a breakfast meeting and advised them to agree to transfer the

coordination of the strategy from the MOF to MOEA. Two critical informants who were involved in the discussion said that the discussions were quite tough, as each person has different opinions as to who should lead the strategy, but with several considerations, one of them was the profile of Darmin Nasution as the minister for MOEA, the participants agreed that the strategy should be led by the MOEA. A critical informant from the government said:

> Well yes, Pak Darmin. He was the key factor. Who could mediate the BI and the government at that time? [who would mediate] BI and OJK? Agus[28] was already at the senior level, as well as Bu Ani[29]...For me, seniority, the role of Pak Darmin, is central. If it was not Pak Darmin, the coordinator wouldn't be MOEA.

Nevertheless, at that time, TNP2K was not aware that the result of the meeting, to shift the policy venue, had been arranged by BI and OJK. High level officers from BI and OJK had an informal agreement before the breakfast meeting. Without BI and OJK compromised, the breakfast meeting might only lead to another deadlock.

Episode 6: Deceived

A day after TNP2K gathered all the key decision makers in the breakfast meeting, the president, Jokowi, held the cabinet meeting. One critical informant explained that the meeting went exactly as was agreed at the breakfast meeting: TNP2K slipped financial inclusion into the meeting's agenda and shifted the coordination of strategy to the MOEA. Amusingly, the plan was delivered without the involvement of Darmin Nasution, the MOEA ministry at that time.

One critical informant explained what happened at the cabinet meeting:

> I don't think financial inclusion was in the top of government's agenda. That became a priority when *Pak* Darmin acted as the coordinating minister. At that

[28] Agus Martowardojo, Governor of BI
[29] Srimulyani, Ministry of MOF

> time, I heard it from *Pak* Agus Martowardoyo[30], [at the cabinet meeting] the President asked him [Martowardoyo] about this document [strategy], like: 'how's the progress?' Then [Martowardoyo] reported: 'It is under the Coordinating Minister [MOEA], it is almost done.' [laugh]. That's what he [Martowardoyo] said [laugh]. *Pak* Darmin was a bit surprised. How come he didn't know?! [laugh] Finally, it [financial inclusion] became the government priority, after being discussed at a cabinet meeting.

The cabinet meeting signified the transfer of policy venue to the MOEA. However, MOEA carried a task that it did not master, making the legitimation run very slow. BI became inpatient. One critical informant explained:

> [name of person] from BI said like: 'come on, Queen Maxima has already met the president. When can we legitimate the strategy?' that's make everyone panicking.

With this pressure, TNP2K and WB easily escorted MOEA to revise the strategy. As explained by two critical informants from the MOEA, TNP2K and WBG were actively involved in the legitimation. TNP2K transferred the draft they had developed in 2012 to the MOEA while ensuring that their targets on social assistance were carried over to the new strategy. Meanwhile, the WB intensified its assistance. It provided the data, examples of financial inclusion strategies from various countries (which were also assisted by WB), funded workshops, and helped to write the draft.

Some critical informants explained that the tensions were high with "the courtesy visit of Queen Maxima". In August 2016, Queen Maxima visited Indonesia, not as the Queen of the Netherlands but as a UNSGSA representative, to monitor financial inclusion. Again, the WBG arranged the points of talks between Queen Maxima and the Indonesian leaders.

Two critical informants explained the pressure to issue the regulation before Queen Maxima and Jokowi met in August 2016. In the end, the government decided to lie; they informed Queen

[30] The Governor for BI

Maxima's contingent that the strategy was already legitimated, when the truth, the president regulation was still under the review of the Cabinet Secretariat.

A month after the Queen Maxima visit, on 7 September 2016, the strategy was formally issued in a presidential decree. It was close to the 11th G20 Summit (4-5 September 2016). The strategy also established a national council, co-led by BI and OJK, with MOEA as the head of the secretariat. The strategy incorporated all programmes promoted by BI and OJK, such as digital financial services and branchless banking. It also included the target of beneficiary proposed by TNP2K and BAPPENAS.

7.2.3 The critical events for the financial inclusion strategy development

The policy process could consist of hundreds of events or more if the administrative processes were taken into account. Based on the reconstruction of policy development, this study concludes that only seven of these events can be categorised as critical. Those are: the 2008 global financial crisis, the G20 summitry, AFI annual meetings, the establishment of TNP2K, the establishment of OJK, the change of govenrment administration in 2014, and the diplomatic meetings between Queen Maxima and Indonesian leaders.

All interviewees often mentioned these events when they explained their experiences in the policy process. These critical events acted like 'magnets' for other events; they provide meanings for the previous events to the policy actors and triggered subsequent events, making all events related. These events stimulated the policy process to roll and finally reach one final event: the policy change. In this case, the policy changes were the 2012 and 2016 financial inclusion strategies.

The following section explains how these critical events drove the strategy development.

7.3 How did the critical events influence the development of financial inclusion policy?

By systemically comparing the structural mechanism of the 2012 strategy development and 2016 strategy development, as well as the role of each critical event in the two strategies, this study

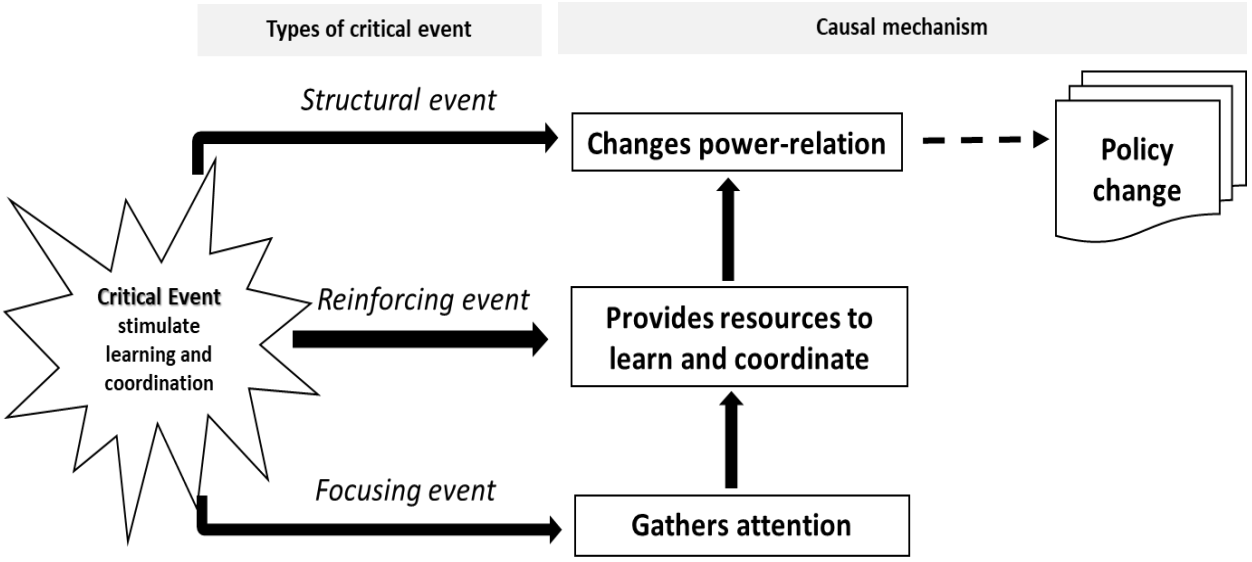
evaluates the characteristics of the critical events and proposes three types of critical event: focusing event, reinforcing event, and structural event. These are summarised in Table 23. Figure 23 illustrates the general causal mechanism of these events.

Table 23 Category of critical events from the case study

Type of critical events	Events	Year	Autonomy of event	Location	The nature of critical event
Focusing event	Financial crisis	2008	Uncontrolled	Global	Opportunity: Narrow down problems and solution Challenge: Mobilise and expand supporters.
	Diplomatic meetings between celebrity advocates and Indonesian leaders	2010; 2013; 2015; 2016	Controlled	National and Global	
Reinforcing event	Global Policy Forum (AFI annual meeting)	2008 to 2016	Controlled	National and Global	Opportunity: Resources to develop the most appropriate solution or policy alternative. Challenge: Choose the problem.
	G20 Summitry		Controlled	Global	
Structural event	Change of government administration	2014	Uncontrolled	National	Opportunity for some policy actors to promote their mission but constrains for the rest of actors to deliver their mission.
	Establishment of new institutions	2010; 2011	Uncontrolled	National	

Source: Author analysis

Figure 203 The role of critical events to policy change: The causal mechanism



Source: Author analysis

The following sections explain the typology of critical events in more detail.

7.3.1 The focusing events

The first type of critical event is what can be known as a focusing event.

This study found that the focusing event is not always uncontrollable, as Kingdom (2013) has argued. On the contrary, focusing events can be created or controlled by policy actors. The focusing event cannot immediately change a policy, but controlled and uncontrolled focusing events serve as windows of opportunity for policy actors to narrow down problems and solutions.

This study identifies two focusing events for policy development: the 2008 financial crisis and the diplomatic meeting between Queen Maxima and Indonesian leaders during 2010 and 2016.

The 2008 financial crisis is the example of an uncontrollable focusing event. The impact of this crisis has drawn the attention of the public, especially policymakers. The crisis made many parties, especially international institutions, shift their resources and reframe their mission to respond to the crisis. The analyses found these shifts in the narratives in WBG's publication on financial inclusion during 2008-2009, as explained in section 6.2. The crisis also serves as the background of the establishment and expansion of the G20. Since 2008, the G20 gathers more diverse leaders to manage crises, such as from the Ministry of Planning and Agriculture.

Almost all people interviewed were unaware of the relationship between the crisis and financial inclusion policy. However, one of the interviewees, who had been working on the policy area of the financial sector since the 2008 crisis happened, said:

> Globally yes [the crisis influences the emergence of financial inclusion], but locally no. If [you] read the news, why financial inclusion [and] why Fintech happening now, it is because of the financial crisis ... Because right after the financial crisis, people's trust in the banks dropped, there are also many experts at the banks who lost their jobs too. So they have to find something new. At the same time, the

> technologies emerged that turned out to have the potential to provide services that were previously difficult to be provided by banks.

The diplomatic meetings between the Indonesian leaders and Queen Maxima as representative of the UNSGSA were controllable focusing events. These meetings were mainly arranged by the WB, BI, OJK, and TNP2K. These events also happened at the narrower policy level, compared to the financial crisis (uncontrolled focusing event). The meetings were set at the policy area of financial access in Indonesia.

However, similar to the crisis, the diplomatic meetings also shifted the attention of the relevant policy actors. These events were used to create windows of opportunity for policy legitimation. TNP2K, BI, OJK, and WB worked the meetings to reduce uncertainty and maintain financial inclusion as a priority on the policy agenda.

As expected by TNP2K, BI, OJK, and WB, the diplomatic meetings were sufficient to get the government's attention. For example, a critical informant described how the meetings between Queen Maxima and Boediono in 2013 and 2016 created pressure on institutions in Indonesia:

> I remember, there was a time when Pak Boed met her [Queen Maxima]. Her visit was actually symbolic. Honestly, I did not know how far she could push this issue. But certainly, her visit was distressing; because when she came, everyone had to do many things ... [then] she came again. It was 2016. Her [second] visit made people also busy. Because these people, from the UN, [make] others anxious. People asked [me] 'Where is the old publication?! Could we see the old version of the financial inclusion strategy?' So they could display the old version at their office.

Another critical informant from the government explained the impact of the meeting between Queen Maxima and Jokowi in 2016 on the legitimation of national strategy on financial inclusion:

> From there, Pak Jokowi then commissioned the MOEA to coordinate this strategy. It was top-down. Then, we received information that Queen Maxima would come for a return courtesy visit, around August-September. We received a direction to finalise the document before the visit of Queen Maxima.

7.3.2 The reinforcing event

The second type of critical event is the reinforcing event.

Like the focusing event, the reinforcing event indirectly shapes policy as they provide resources (including legitimation, network, information, and finance) for selected policy actors. Yet, different from a focusing event, the reinforcing event is created or controlled by some actors; these actors create and control this event by utilising and leveraging their resources to mobilise support and reinforce change.

The reinforcing events could be an extension of the focusing event. A focusing event could produce a reinforcing event, which shifts the resources perceived by the policy actors. As described in Chapter Three, power needs to be seen as perception and relation instead of a fixed structure. In other words, reinforcing events play a crucial role in redefining power in a policy area.

The reinforcing events for the policy development discussed here are the G20 summitry and GPF-AFI forums. The reinforcing events were mainly created by WBG, UNGSGA, and AFI. The development partners used the forums to provide and to direct resources to the key policy actors. By directing the resources to the selected key policy actors, the development partners changed the power relations of the policy area and, accordingly, promoted motivation of the key policy actors to change the policy.

Each GPF meeting and each G20 summitry is an inseparable event. The analysis in section 6.2 shows the chronological activities that connect the GPF-AFI and G20 meetings. AFI was likely used by WBG and UNSGSA as part of the strategy to promote financial inclusion in the G20.

This argument is also supported by the statement from an interviewee who was involved in the G20 meetings during 2010-2016:

> These international development partners were selected organization. They assisted and provided inputs to the G20 countries. For example, the IMF, the World Bank, African Development Bank, Asian Development Bank, the UN, UNDP ... they can also invite relevant international organisations [such as] AFI ... one of the [financial inclusion] activities were executed by AFI ... during the G20 discussion, maybe once or twice, AFI participated, they presented their progress.

GPF and G20 provided two resources to the selected key policy actors.

The first resource was information about financial inclusion, which was delivered through technical assistance. In GPF and the G20, the delegations from the countries were involved in focus group meetings and knowledge sharing sessions. The G20 members from Indonesia were assisted by various international organisations (mainly AFI, WBG, and OECD). The technical assistance indirectly shaped the power relations within the policy area on financial access in Indonesia, making BI, OJK, MOF, and BAPPENAS the centre of knowledge for financial inclusion at the national level.

The G20 and AFI also provided another resource: legitimation to promote financial inclusion onto the national agenda. AFI issued the Maya declaration while the G20 incorporated financial inclusion into leaders' statements issued in each summit. The commitments legitimation for the leaders in Indonesia to promote financial inclusion onto the national agenda.

Nevertheless, when asked which event had the most influence on forming the financial inclusion strategy, all critical informants from the government and regulators answered the G20. A critical informant from the government explained:

> It began from the G20. At that time, the President committed to including financial inclusion as one of our national agendas.

Another critical informant from regulator also explained:

> AFI is the first international organization, I mean concern on financial inclusion. But the main trigger is the G20. Because the G20 activities are supported by many

> international organizations. For example, the GPFI. All of the programmes were run by international organisations, such as AFI, World Bank, CGAP.

The G20 is more appealing for the key policy makers in Indonesia compared to the AFI because the G20 provides another important resource for Indonesia: financial assistance. A critical informant who was actively involved in the G20 summits explained:

> …in G20 there is no commitment of money, but for every commitment that we do in the G20 meeting will have the impact of supports ... we can get technical assistance, grants. Want even bigger? There is a loan.

7.3.3 The structural event

The last type of critical event is a structural event.

This event shapes policy directly due to changes in the power relations in the related policy area. In ACF, the structural event happened in the superior jurisdiction (see Figure 8 in Chapter Four), which means it happened outside of the policy area.

The structural event could occur due to changes in the political structure or the nature of the social economy. In this study all the structural events were uncontrolled. Meaning the change happened in the superior jurisdiction, outside of the policy area (financial inclusion). The structural events in this case study are the establishment of TNP2K, the establishment of OJK, and the change of government administration in 2014. They happened outside of the policy area of financial inclusion. Primarily, each of these events directly changed the power relations in the policy area by influencing the interpretation of financial inclusion in the policy naration.

However, similar to focusing events, structural events can also be controlled or uncontrolled.

An example of fully controlled structural events is coercive transfer, which involves a change in the superior jurisdiction (policy area structure) as an exchange for a resource. This happens in a nation or policy area with a very high elasticity demand of resources. For example, the reform of the financial

system in Indonesia which happened after 1999 was a coercive structural event. Indonesia was forced to deregulate its financial sector in exchange for the IMF's bailing out from the Asia financial crisis.

The following paragraphs elaborate on how and to what extent the establishment of TNP2K, the establishment of OJK, and the change of government administration in 2014 led to strategy issuance.

TNP2K was established to evaluate and coordinate the poverty reduction programmes operationalised and delivered across ministries. The establishment of the TNP2K influenced the interpretation of financial inclusion into the strategy. It introduced their mission, poverty alleviation, into the financial inclusion strategy. A critical informant from BI explained how and to what extend the establishment of TNP2K influenced the direction of the strategy:

> We go back and forth to TNP2K because we saw that the vehicle was there. The important thing is our strategy, [is to get] a programme that could impact another [programme]. That was our focus. So our strategy, we should start with social assistance. This is the biggest public payment. So it's [financial inclusion intervention] would not partial.

This statement also shows that the establishment of TNP2K likely caused the the 2012 strategy to promote poverty reduction as a key objective and the social assistance recipients as being the key targets.

On the other hand, as explained in the background, OJK governs two new policy areas: financial literacy and (financial) consumer protection. The establishment of OJK contributed to the changes in targets and instruments that are evident in the 2016 strategy, such as financial education and branchless banking as policy instruments.

As for the change of government administration in 2014, this structural event significantly shaped the the 2016 strategy. The elected politicians, Jokowi-Kalla, proposed a quick and efficient bureaucracy,

a focus on promoting economic growth and reducing inequality. Their agenda were implied in the policy objectives, instruments, and targets in 2016 strategy.

The 2016 strategy explicitly stated that financial inclusion was a tool to support NAWA CITA, and the elected politicians' agenda stated that financial inclusion would promote inclusive growth.

The change of government administration also changed the objective of the strategy. The 2016 strategy stated an ambitious target: 75% of the adult population should have formal financial access by the end of 2019.

When asked about this ambitious target, seven critical informants said it was "a top-down instruction". Sixteen critical informants said they did not remember any discussions regarding the target. Three critical informants said that the figure was chosen based on a range of figures proposed by BI and OJK.

A critical informant who was involved in the policy discussions regarding the target explained the rationale behind the 75 percent:

> You can check, what was the rate for [financial inclusion in] Malaysia? Remember, at that time was the beginning of the Jokowi's government. All [policy] put 'acceleration' as the hashtag. So anything, related to government, is acceleration. We want to come up with a level that is not much different from other countries.

As for the instrument, the 2016 strategy promotes property rights as a policy instrument.

When asked who proposed that this policy instrument should be included in the strategy, all critical informants from regulators and government said it was MOEA. Four of them explained that property rights were inserted in the strategy based on the direct order of Darmin Nasution, Ministry of MOEA, just before the strategy document was sent to the president to be signed. The policy instrument was inserted without policy discussion. One of them explained what happened:

> I really remember we finally put it [property rights] as the 5th pillar. [But] it [the draft of the strategy] was sent down again [because] the Minister refused: 'I don't want it to be number 5!' as if the numbers are an order of priority. 'I want number 2.' So we switched it to the second pillar. That's why now, finally, it's the second pillar.

Based on the interviews, none of the key policy actors knew for sure why Nasution insisted on its inclusion in the very last minutes. Most of them said they do not understand how property rights could help to promote financial inclusion. Some of them tried to rationalise the decision, but none of them questioned the decision at that time. A critical informant from the government, who tried to rationalise Darmin's decision, said:

> Financial inclusion is for people's welfare, it's start with the property. If community able to formalize their assets, not only land but also cattle, if these can be certified, people will have collateral. They can access financial services, such as credit, they can be trusted, can expand their business with credit. That's why he [Darmin] very insisted.

Another critical informant suggested a different explanation; they said that property rights were included in the strategy to support the infrastructure development programme, one of the agendas of Jowoki-Kalla. One obstacle for the infrastructure development programme is the flawed system of land certification in Indonesia. Many landowners do not have certificates, or land could be registered with more than one certificate. This complicates the process of land acquisition for infrastructure development. Adding the instrument into the strategy will mobilise resources to support the infrastructure agenda.

7.4 Summary: What is the role of critical events?

Overall, this study suggests that critical events should be perceived as being more valuable than a threat. Its characteristics are more complex than those currently proposed by ACF scholars as external and internal events.

This study concludes that, in general, critical events stimulate most policy actors in the policy area to learn and coordinate; they are also seen as opportunities and vehicles to promote change. In more detail, the critical event also has different causal mechanisms. This study identifies at least three types of critical events based on its causal mechanism: focusing event, reinforcing event, and structural event.

This section can summarise the role of critical events in the development of financial inclusion policy in four insights:

First, the analysis identifies seven critical events which shaped the development of financial inclusion strategies in Indonesia. Those are: the 2008 global financial crisis, the G20 summitry, AFI annual meetings, the establishment of TNP2K, the establishment of OJK, the change of govenrment administration in 2014, and the diplomatic meetings between Queen Maxima and Indonesian leaders. These all happen at different levels (global and national) and in different policy areas (financial sector and social welfare).

Secondly, each critical event influenced the strategies' development differently.

The 2008 global financial crisis, and the diplomatic meetings between Queen Maxima and Indonesian leaders, are focusing events. They indirectly changed strategies by providing a window of opportunity for policy actors to narrow down problems and promote financial inclusion as an alternative policy.

The G20 summitry and the AFI annual meetings are reinforcing events. These events indirectly shaped the strategies by providing resources to the selected key policy actors, such as regulators and government, which eventually changed the power relations in the policy area (financial sector and social welfare).

The establishment of TNP2K, the establishment of OJK, and the change of govenrment administration in 2014 are structural events. These events directly changed a policy by shaping the power relations in a policy area.

Thirdly, this study shows that not all critical events are uncontrollable. Many of them are created and controlled by few policy actors. For example the G20 summitry, AFI annual meetings, and the diplomatic meetings between Queen Maxima and Indonesian leaders. They highlight the importance of using events to stimulate policy actors to coordinate and learn, but also exposits the role of policy actors as the subject for events-related policy change. This also means the critical event is necessary but not sufficient for policy change.

Finally, the analysis shows that events that happen at the domestic level and are closer to the policy area have more control over policy setting, policy instrument, and/or reasoning. In this case study, structural events directly affected policy change more than reinforcing events and focusing events. Despite their different scale and level of occurrence, the study shows that critical events can ‘work together’; the absence of one critical event might have led to a different outcome.

The following chapters peel away the deeper layers of the ‘reality’ of the policy change: They will discover the ‘actual reality’ from the policy learning and coordination pathways. Finally, they will reveal the ‘real’ cause of the issuance of financial inclusion strategies in Indonesia.

CHAPTER 8 THE ROLE OF POLICY LEARNING

8.1 Introduction

This chapter presents the results of the analysis of policy learning. It explains how and why learning influenced the development of the financial inclusion strategy in Indonesia. The study uses the Policy Learning Spectrum to extract data and analyse the dynamics of learning during the policy process.

The role of policy learning in policy development is explained through four sections.

Section 8.2 describes the learning setting. This part answers one secondary research question: what was the learning setting (who, when, and where did the learning happen)? It brings in findings from Chapter Six and Seven.

Section 8.3 describes the different types of learning among the policy actors. It explains how information was transformed into knowledge by the policy actors.

Section 8.4 describes the intermediary mechanism. This section specifically focuses on the role of trust, interest, and belief in policy learning. This section also explains the causal mechanism of policy learning through the policy learning journey. It explains how policy actor learned and promoted policy change.

This chapter is closed by summarising the key insights from the findings to answer one of the primary research questions: what is the role of policy learning in developing the financial inclusion strategy in Indonesia?

8.2 What was the learning setting?

This section identifies the stakeholders' characteristics of learning. It also pinpoints the influence of each critical event in policy learning. Overall, this section explains the important contexts for policy learning that happened during 2010 and 2016.

8.2.1 Who learns?

Based on the analysis in Chapter Six and Seven, this study identifies the characteristics of the learning communities. As described in Chapter Six, the stakeholders consist four groups: the principal, the broker, the latent actors, and the tertiary.

The principals and the broker were directly affected by critical events and, therefore, they need to adapt to these events. In this case study, the principal consisted of the regulator and government institutions under the coalitions of market arranger, market enabler, the free marketeer and market creator. The principals and broker produced data for other groups in the learning community, but only the free marketeer developed new knowledge from the data.

Figure 24 The learning Community

Group of stakeholder / coalition	Nature in policy learning	Characteristics
The Principals - market arranger and market enabler The Broker – market creator	**Student**	Produced and received data for the Free Marketeer translate it to their context
Latent actors, the outcast, tertiary	**Student**	Received data and information from the free Principals and translate it to their context
The Principals - free marketeer	**Teacher**	Produced; transferred, accelerated, and framed information for the core and secondary learning community; teacher.

Source: Author Analysis

The free marketeers (WBG, UNSGSA, AFI, and the bankers) gathered data from various sources, including other coalitions, and used them to produce knowledge in the form of problem-solution (causal reasoning). In this case study, the free marketeers promoted financial access as an alternative policy. The free marketeers acted as teachers, while the other coalitions positioned themselves as the students during the policy learning stage.

The rest of the stakeholders, such as the latent actors, the outcast, and the tertiary, gathered knowledge about financial inclusion from the available coalitions, especially from the free marketeers. Even the local research centre did not produce new knowledge; they either accepted or rejected the free marketeers' proposals but did not propose new arguments of their own. Therefore, the rest of the stakeholders outside of coalitions did not influence the learning process too much.

With this classification, this study focuses on the behaviour of the coalitions: the market enablers, the market arrangers, and the market creators. The following sections explain when, where, how and why the agents from these coalitions learned about financial inclusion.

8.2.2 When and where did they learn?

As described in Chapter Six, the study identifies seven critical events. These critical events happened in Indonesia and abroad. Two of them are focusing events, the other two are categorised as reinforcing events, and the remaining three are structural events. Each critical event happened at a different time, while the learning community grew over time.

While time certainly had a crucial contribution to learning, the study found that each type of event provided a unique setting for policy learning.

As proposed in Chapter Seven, critical events can stimulate learning and coordination. The following section explains how each type of critical event offered a different opportunity and challenged the community in learning, contributing to the dynamic of learning.

8.3 How did they learn?

This section focuses on knowledge utilisation; how information was translated into knowledge (causal reasoning) by the learning community to promote changes to financial access policy. By tracing the link between the critical events and the policy change, this study finds that each critical event shaped the learning setting and influenced the policy actors' interpretation differently.

Table 24 summarises the nature of each type of events, while the following sub-sections elaborates it.

Table 24 Critical events and knowledge utilisation

Type of critical event	The critical events	The nature of critical event	Knowledge utilization
Focusing event	2008 financial crisis; The meeting between - Maxima and Indonesian leaders	Opportunity: Narrow down problems and solutions.	2008 crisis was used for political learning
		Challenge: Mobilise and expand supporters.	Diplomatic meetings were used for symbolic learning
Reinforcing event	G20 summitry; AFI annual meetings (GFP)	Opportunity: Resources to develop the most appropriate solution or policy alternative.	G20 summitry were used for symbolic learning
		Challenge: Choose the problem.	AFI meetings were mainly used for symbolic learning. Minor instrumental and social learning was found.
Structural event	The establishment of TNP2K; The establishment of OJK; The change of government administration in 2014.	Opportunity for some policy actors to promote their mission but constrains for the rest of actors to deliver their mission.	All structural events were mainly used for political learning. Minor instrumental and social learning was found.

Source: Author Analysis

8.3.1 The role of focusing events in knowledge utilisation

There were two focusing events that can be described as being important in this case study: the 2008 global financial crisis and the diplomatic meetings between Queen Maxima and Indonesian's leaders.

The analysis suggests that the focusing events provided an opportunity for the learning community to narrow down problems and solutions. However, the challenge was to mobilise attention and expand support from the learning community.

The 2008 financial crisis

The 2008 financial crisis repelled the public's trust, including regulators and government, to bankers. The 2008 financial crisis provided an opportunity for the government and regulators to reflect on their finance and monetary policies, to identify the cause of the problem, and to identify steps to mitigate future risk and recover from the crisis. This was the main agenda of the G20 in 2009.

Rationally, the crisis should have reduced public confidence in the banks. Thus, it should have been unlikely that the government began to promote access and usage to banking services. However, most policymakers might have received high political pressure to respond to the crisis, making them choose shortcuts to use the most readily available alternative solution without going through a series of appropriate policy processes, such as public discussions. In other words, those who already had a 'solution' before the focusing event occurred would have the opportunity to reframe and promote their 'solution'.

The 'solution' was first conveyed by CGAP, one of the WBG, in 2009. CGAP promoted their idea through their first annual report on world financial access in 2009, which was framed as the result of problem scoping for the 2008 global financial crisis (see CGAP, 2009). The analogical reasoning presented by CGAP possibly turned around the logic of policymakers about the crisis and restored public confidence in banks.

The crisis provided an opportunity for WBG to introduce their own solution (better access to the financial system would allocate resources efficiently) onto the agenda of regulators and governments. As described in Chapter Six, this thesis found that better access to mainstream financial services had

been promoted by the WBG's researchers since the early 1990s as a means to promote economic growth and poverty alleviation. The discussion about the role of finance for welfare had also been expanded with technology as a potential vehicle (see Beck, Demirguc-Kunt and Levine, 2004; Honohan, 2004; also King and Levine, 1993; and King and Levine, 1992).

It is important to note that data suggested the 2008 financial crisis was a critical event for regulators, governments, bankers, and arguably for technologists, globally. However, it was less critical for the most of the policy actors at the national level (Indonesia); almost all people interviewed were unaware of the relationship between the crisis and financial inclusion policy, except for two critical informants. One of the reasons might be because Indonesia received less exposure to the crisis.

The epicentre of the 2008 financial crisis was the USA, with the most significant impact in countries with less flexible labour markets and a higher dependency on the American and European financial sectors (see Wareza, 2020; also Uchoa, 2018). The other possible explanation is bounded rationality; most interviewees did not engage directly with the 2008 crisis.

The diplomatic meetings between Queen Maxima and Indonesian leaders

Meanwhile, another focusing event, the diplomatic meetings between Queen Maxima and Indonesian leaders, grew the learning community on financial inclusion and mobilised political support to push the legitimation of the 2012 and 2016 financial inclusion strategy in Indonesia.

This study found that during 2010 – 2016, Queen Maxima met Indonesian political leaders at least four times. Her meetings with the leaders and her appearances in various international forums promoted symbolic learning for the regulators and government. The meetings shifted the objective of the policy from promoting financial access to obtaining recognition, as one of the critical informants from the regulator explained:

> Because she has influence, so, first is power. Because she has international influence, this is what I learned from the international forums – I presented at AFI, I came to the G20 – What I always heard about Queen Maxima is, everything she said is right. That we need to follow her, she has been around the world. She has proven that in countries where financial inclusion is promoted, the economy would be better. It is always like that. So Queen Maxima seems to have her thrust. That's from the side of Queen Maxima. From the Indonesia side, the easy way to say it is, if we don't join Queen Maxima, we will be a country that is considered left behind in terms of financial inclusion.

Both critical events were used with the WBG and UN to narrow down problems and solutions. WBG could turn the information from the context (financial crisis) to support its alternative policy. It reversed the situation, from a sceptical to an optimistic attitude toward banks. WBG also worked together with the UN group to use Queen Maxima as a celebrity advocate to mobilise political support on financial inclusion in Indonesia. A critical informant from the regulator illustrated this as they explained the legitimation process of financial inclusion strategy in 2016:

> Actually it was international pressure. In the G20, in the OECD, it was very intense. And the biggest pressure was actually not only from the G20, but from the – what is the name of the Dutch princess? Yes, Queen Maxima. The figure of Queen Maxima, with her network and her influence in the area of financial inclusion. That is enough to put pressure on Indonesia, to finally issue the strategy. I still remember well at that time, financial inclusion was pushed very hard to be issued under the Presidential Regulation. It was actually not an important [issue)]. But once Queen Maxima went to Jokowi, [then] a high-level meeting held right in the afternoon. After the high-level meeting, then the Ministry level meeting, it was rolling so fast.

The analysis concludes that the 2008 financial crisis was used to promote political learning, while diplomatic meetings promoted symbolic learning.

8.3.2 The role of reinforcing events in knowledge utilisation

Most of the reinforcing events in this case study happened overseas, except the 2010 AFI annual meeting held in Bali, Indonesia. Most critical informants from regulators and the government said that both AFI and the G20 offered important resources for policy development, such as networks, technical, and financial supports. However, they also said the G20 was more influential than AFI.

The decision of the regulators to leave the AFI in 2014 illustrates this. This decision was quite intriguing as Indonesia is one of the co-founders of AFI.

In Indonesia, initially, BI was the only member of AFI from Indonesia. After OJK was formed in 2011, OJK also joined AFI. However, BI and OJK left AFI in 2014. They left because, based on information from three critical informants, AFI began to charge membership fees. Two critical informants said that the membership fees were not commensurate with the benefits offered because regulators could get the same facilities for free from the G20.

An explanation from five critical informants from the regulators and the government suggested that the decision to support the financial inclusion agenda was highly influenced by financial and technical assistance provided by the donor and international organisations through the G20.

From the perspective of the developing nations, such as Indonesia, such assistances were perceived as being an exchange for adopting financial inclusion. The commitment maintains Indonesia's membership in the G20 and opens access to financial aid from developed nations. Therefore, among various problems to choose from, the resources provided in the G20 were primarily used to gain acceptance and financial resources. A statement from a critical informant from the government supports this argument:

> In the G20, there is no commitment to money, but every agreement we make at the G20 meetings would impact on support. Because for these countries, all [the programmes] are voluntary. So if we feel it is important, we could implement it in our country. We just need to communicate it with the development partners, the international organisation, yes that's we called them ... If we participate in the G20, we can get support, we can get assistance, grants. Want even bigger? There is a loan. There are many supports [and] it is really easy for us if we want to participate.

Although the government and regulators considered that the G20 provides more resources than AFI, this study suggested AFI promoted more diverse knowledge utilisation.

The interviews with critical informants from regulators and analysis from secondary data suggested that AFI was the first to introduce the term ‘financial inclusion’ to the regulators from developing nations.

AFI did this by organising knowledge-sharing forums and providing studies highlighting the role of financial access to economic development. The learning forums promoted a new paradigm for the regulators; that they could play a crucial role in improving welfare by promoting financial inclusion in the national agenda, instead of only focusing on maintaining monetary stability. This belief was manifested in the Maya Declaration. The declaration engaged more than 70 regulators from developing nations. They committed to establish “concrete financial inclusion targets, implement in-country policy changes, and regularly share progress updates” (Alliance for Financial Inclusion, 2012).

This study identifies three different forms of knowledge utilisation from AFI.

In the beginning, AFI promoted instrumental and social learning by facilitating knowledge sharing and peer learning among regulators. At this stage, AFI facilitated regulators to better understand the problem of financial access from the context of a developing nation.

Then, AFI started promoting symbolic learning by advocating conformity in the implementation of financial inclusion. One of the critical informants from the regulator told how AFI convinced their members to develop a national strategy to improve financial access:

> We have to use a strategy for one country. You can’t implement it without a strategy [because] that would waste your energy, cost, time. So we need a strategy. The strategy was developed intensively in AFI. Each country was told to make a financial inclusion strategy.

Another interviewee from the government described further how AFI advocated for conformity on the policy implementation:

> AFI focused on providing best practice from other countries, [for example] how should the secretariat [on financial inclusion strategy] be operationalised…

The reinforcing events, the G20 summitry and AFI annual meetings offered resources for the learning community to develop policy alternatives. However, the challenge for the learning community was to select the problem they wanted to solve with the available resources.

The study concludes that besides producing knowledge, the development bankers, the UN, and AFI (the free marketeers) also had a crucial role in the problem selection process. In these events, they utilised the resources and information to steer the government, regulators, and the vice president office (TNP2K) in selecting the problem.

This finding suggests that resources (finance, information, legitimation, and network) available in an event are passive; they does not specify the direction of knowledge utilisation. The direction solely depends on how the learning community perceives and acts upon them.

8.3.3 The role of structural events in knowledge utilisation

All the structural events happened at the national level. These were the establishment of OJK and TNP2K, as well as the change in government administration in 2014.

As described in Chapter Six, the structural events changed the power structure in the policy area of finance and social welfare. The structural events served as an opportunity for some policy actors to deliver their mission. However, the same structural events may constrain the other actors to promote their own missions.

The establishment of OJK limited the flexibility of BI and MOF to shape the financial sector. On the other hand, OJK had an opportunity to strengthen its role in the policy area by expanding and inserting its mission in the financial inclusion strategy. As described in Chapter Six, OJK proposed consumer protection and financial literacy as new approaches in the 2016 strategy.

Meanwhile, the establishment of TNP2K limited the flexibility of BI to design the financial inclusion strategy because the vice president, Boediono, at that time, commanded BI to align their strategy with the political mission on poverty alleviation. TNP2K used this order as an opportunity to promote an alternative payment mechanism for social assistance by introducing mobile money.

As for the change of government administration in 2014, this structural event constrained regulators and TNP2K to deliver the financial inclusion strategy because the priorities for the elected politicians were to promote economic growth and property (land) administration. However, MOEA used financial inclusion as an opportunity to promote these political agendas. The proposed property rights were another approach for financial inclusion. The government and regulators also shifted the objective of financial inclusion from poverty alleviation to inclusive economic growth. Overall, the structural events in this study promoted political learning.

The analysis suggests that structural events also promoted instrumental learning and social learning. However, this was minor and eventually used to gather support rather than to identify or solve a problem.

For example, BI and OJK developed surveys on financial access and usage for financial services. Both surveys were used to understand the problem and develop a better strategy for promoting financial inclusion. However, each used a different method and different indicators.

While the surveys and discussions among policymakers regarding the survey signalled instrumental learning and social learning, BI and OJK primarily used the surveys to support their authority in the financial inclusion strategy rather than understanding the problem. For example, as told by five critical informants, BI and OJK presented their surveys during the technical meetings and each institution insisted that their survey was better than the other.

Unlike focusing and reinforcing events, where the free marketeers shaped how knowledge was utilised in the policy process, in structural events the government and regulators were more influential in directing knowledge utilisation in the policy process. All the structural events happened at the national level. The government and regulators owned the policy instrument (rules). It may be the case therefore that these variations of learning were caused by the different degrees of power dimensions and different levels within the policy arena. In general, it seems that the more specific the (local) policy arena, the stronger the influence of rules to shape policy learning.

Despite these differences, this study notices that, in all critical events, the agents of change played a crucial role in directing how their institution learned (utilised knowledge). Therefore, the agents of change are essential for promoting change, both at the institutional level and across institutions.

8.3.4 The policy learning journey

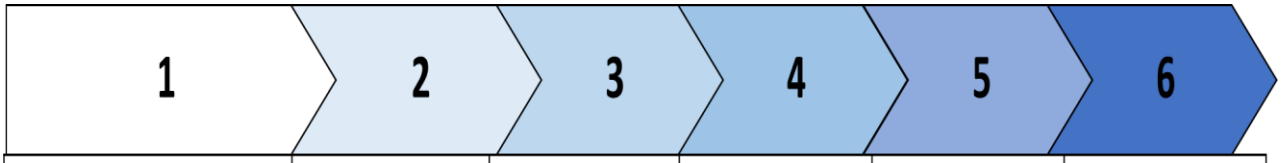
There are many ways to explain the policy learning process during the policy development. This study compared the experience of learning from different agents (critical informants) during critical events to generate the policy learning journey. This study used the Policy Learning Spectrum to guide the analysis. The policy learning journey explains the needs, opportunities, and challenges encountered by the agents during the learning process.

The policy learning journey was inspired by Human-Centred Design. Businesses uses Human-Centred Design to understand consumers' need, value, and limitations as insights for their business strategies. The financial industry implements Human-Centred Design to reach potential consumers and increase financial service usage. UNSGSA and many other international organisations also promoted this technique as a way to increase financial access and usage (see Kreger, 2021; also GSMA, 2020; and Lemon and Verhoef, 2016).

The policy learning journey in this study to implement one of critical realism objectives, that is promote emancipatory action. This study uses the same method to present policymakers as an object. It aims to balance the dominant reality, which presents consumers as the object.

This study breaks down the agents' learning experiences into six stages based on the data gathered in the Policy Learning Spectrum. The learning journey illustrates the interactions between the learning setting (context), activities, and emotions that the agents have experienced in developing financial inclusion strategies in Indonesia.

Figure 21 Policy learning journey



Starting point		Exposure	Triggered	Assimilation	Accommodation	Expansion
Government promotes economic growth and poverty alleviation Regulators focus on financial stability Bankers are less likely serve the marginalised group Credit union and post office serve their community (including rural area, low income people)	**Instruments (enabler)**	• Global policy forums (AFI and G20). • Assignment from high-level officer • Exclusive network	• International commitments (AFI and G20) • Meetings between celebrity advocates and Indonesian' leaders	• Establishment of new institution (OJK and TNP2K) • Change of government administration	Organisational capacity to learn (Agents of change)	National commitment (the issuance of national strategy and establishment of national council)
	Trust on	Peers and experts	International assessment (Global Findex) as defined rules	The future threat/opportunity	The future threat/opportunity	Regulatory framework as defined rules
	Beliefs	• Cognitive • Normative	Co-op with new belief	Partisanship	Partisanship	• Partisanship • Co-op with new belief
	Motivation	• Understanding • Improvement	Acceptance	• Career advancement • Legitimation of expertise	Authority	• Economic consequences • Acceptance • Authority
	Emotion	1. Confused 2. Curious	1. Shock 2. Questioning beliefs	Inspired	1. Enthusiast 2. Uncertain	1. Dilemma 2. Frustrated 3. Comfortable

Source: Author analysis

Starting point

The stakeholders began within their status quo mind-set.

The regulator perceived that financial access in Indonesia had developed well. Their main concern, especially after the 2008 financial crisis, was financial stability. The government mainly focused on SMEs and perceived that credibility was the main problem for SMEs accessing credit. Therefore, the government provided credit guarantees.

The bankers perceived that the market for marginalised groups was not at its potential. The interviews with bankers and triangulation with secondary data suggests a latent supply of financial services to the marginalised group, but not all banks were actively serving this group. Their exposure to this group was often indirect, by channelling their funds through credit unions or regional banks. There were some initiatives of piloting mobile money done through collaboration between private banks and donors before 2010. Hence, the exposure was shallow.

None of the stakeholders were aware of the problem of financial exclusion at this stage.

Exposure

During 2010 and 2012, financial inclusion was still very new to most stakeholders. At first, they were confused, but also curious, by this new concept. The principals' exposure to financial inclusion in Indonesia came through two critical events: AFI forums and G20 summitry. Four critical informants also mentioned other forums in addition to AFI and G20. Those are the OECD, IMF, ASEAN, and IDB.

Financial inclusion was first introduced to the high-level officers who attended these policy forums. Among all forums, AFI and G20 were the most crucial as they served as exclusive learning forums. Experts on financial inclusion had a chance to directly communicate their knowledge to key decision-makers such as political leaders, head of ministries, and high officers from the regulatory bodies.

For the high-level officers, face-to-face communication with experts and other policymakers were likely preferable to secondary resources such as reports, books, or journals. As one critical informant put it:

> [the first trigger was] discussion. The second was the report. I don't [read] too many books. I would rather, for me, as a policymaker, it is more beneficial to discuss with the policymakers because books are public domain. My presence in international forums, especially AFI and OECD. These two are the backbone for international policies on financial inclusion. They really influence my thinking to design the policy.

Meanwhile, the mid-level officers' exposure to financial inclusion started in two ways: (1) assignment from high-level officers; or (2) invitations from international organisations to attend a policy discussion on financial inclusion. A critical informant who was a mid-level officer explained:

> At that time, I received a task to prepare a meeting on financial inclusion. That was the first time I know about it, and ready or not, I must learn about it [financial inclusion].

At this point, the first resource for mid-level officers to learn about financial inclusion is the policy literature issued by the WBG and UNG. Some critical informants from the government and regulators explained that, to follow up on their curiosity, they conducted online research. The WBG reports appeared on the first page of the search engine. A critical informant said about their experience:

> ... many references opened my eyes about it [the importance of financial inclusion], first from Global Findex, also other papers and studies conducted by the World Bank. I got those from the internet.

Triggered

In Indonesia, the principals were triggered to learn more about financial inclusion when the WB released the first Global Findex in 2011.

For the principal, Global Findex was perceived as an evaluation. The publication began by stating that Indonesia was one of the countries with a low percentage of account ownership. One critical informant from an international organisation said the report made the regulators reconsider their optimistic judgement on the condition of financial access. They said the report was “a slap for BI”.

An interview with a critical informant from BI verified this:

> We shocked. What was the percentage at that time? It was low. In fact, it was very low. It said in the survey developed by the World Bank in 2011.

The comparative indicators make Global Findex a prominent reference for financial inclusion. Almost all critical informants said that it was their first reference to understand financial inclusion.

When asked about their opinions on financial inclusion, all the interviewees from the government and regulators said they were co-opted with the WBG interpretation on financial inclusion. They provided a similar definition as to that stated in Global Findex. One critical respondent from the government illustrate this:

> … the definition of financial inclusion was from my reading, from the global financial index released by the World Bank. The World Bank stated their findings on the importance of financial access from many countries and the indicators. From this, I developed the definition of financial inclusion in Indonesia.

Assimilation

The way the agents translated information on financial inclusion was shaped by their pre-existing experiences, such as education and professional background, and critical events.

Based on the statements of the critical informants, this study identifies three different ways of how the agents assimilated financial inclusion with their background by analysing their answers about the links between financial inclusion, poverty alleviation, and economic growth.

Some agents with a background on social policy argued that financial access would first promote poverty reduction. Then it would increase economic growth. For them, individual participation in the financial system is a way for people to free themselves from poverty. They often cited the idea of universal access to the formal financial system, as proposed by the WBG. Also, the idea to increase the ability and responsibility of individuals in using financial services and protect themselves from the risks, illustrated by the indicator for financial literacy and capability by OECD.

The agents with an economic background said financial access would first promote economic growth. Then it would reduce poverty. For them, poverty is addressed through the enterprise pathway. They aligned this idea of creating fast and integrated financial services as a basic infrastructure that is needed to expand business and investment. They often referred to the concept of public-private partnership and MPESA, as an example.

Some agents with a finance background have an almost similar theory of change to those with an economic background. However, in addition, they also said that financial access would promote financial deepening and reduce dependence on foreign loans. They used the BSA in 2010 and postal savings in 2013 as prominent instruments.

The analysis also found that the way the assimilation of financial inclusion into institutions' beliefs changed from time to time. Beside structural events, the international organisations (especially WBG) had crucial roles in directing the assimilation. The interviews found that WBG strategically used different information to promote financial inclusion to Indonesia's policy actors, making the information align with the national context.

For example, in early 2010, WBG used remittance fees as an issue to promote financial inclusion through the G20. The statement from a critical informant who had represented Indonesia in G20 during 2010-2011 explained:

> ...at that time, the World Bank made a report or paper, huh? [it stated that] the most expensive remittance was from Japan … The remittance fee was significant. It caused those Japanese came to discuss it with me, [they said] 'oh it's not as bad as the report said', how to fix it, and so on. Then the World Bank, or OECD? Oh, I forgot, OECD and the World Bank were saying the same thing. Anyway, they stated in their report [that] remittance [fee] is a big problem. It's a source of income for developing countries.

Meanwhile, the agents assimilated financial inclusion into institutions' beliefs by emphasising the moral value and extending institutions' scope of works. One critical informant from the principals admitted:

> Because the issue is appealing, from the political side, even for the local government. Why? Well, because it's about helping the poor, who's not excited about it?? Apart from whether the programme really works, but helping the poor has different satisfaction. When they saw these people withdraw money from an ATM for the first time, there was no need to stand in line for hours at the Post Office. Many people cried at that time, even [mention names of a high-level officer], they cried.

The assimilation was done by providing justifications. Some agents used anecdotes about how Fintech transformed a person's business and their lives. Another way was by reflecting on their personal experiences, as illustrated by one critical informant:

> I flashed back at my home, my parents, they're educated, professional, but my Dad didn't have a bank account ... so you see that the problem is real and it's not very far from my own experience. Because even my parents, and we are middle class ... So I do think this is a big problem and it really changed my perspective.

Assimilation is not a straightforward process. It is guided by trust in future threat/opportunity, which is produced through reflection on personal interest, principles (including educational and professional background), and contextual factors (which were highly influenced by critical events).

Assimilation is a crucial phase of policy learning because it is when an agent decides whether they will accommodate the new information into their personal and institutional agendas (institutionalise

the idea) or not. This was where the interest to accommodate financial inclusion into their personal and institutional agendas developed.

Accommodation

While the policy actors were able to assimilate the information about financial inclusion into the ideas that benefit them, they still need to accommodate it by institutionalising it. To do this, the agent needs to secure resources and mobilise support from their colleagues.

The agents of change are the critical enabling factor for the accommodation stage. Accommodation requires a series of initiatives to mobilise support. Driving change, especially in rigid institutions, such as in regulators and governments, requires courage and trust because many uncertainties and resources are at stake. The agents of change have this quality, which makes them different from other agents.

Here, the accommodation process happened at the institution level. Accommodation is another crucial phase in policy learning as it shows the ability of an institution to learn and adapt to structural change. In this case study, the agents of change convinced their peers that they needed to adjust to the new threat/opportunity brought on by the global agenda of financial inclusion and the structural changes in the financial system.

For example, a critical informant from an international organisation said that the WB reorganised their units by establishing financial literacy and financial technology as new working areas. Another critical informant noted that the the WB's headquarters also set financial inclusion, though universal financial access, as part of the KPIs for each World Bank office. They said the KPI had created pressure for WB officers to promote the financial inclusion agenda in the country in which they were placed.

This study identified similar structural changes in the UN (shift of mission in UNCDF and the establishment of UNSGSA), as well as in some donor agencies (USAID, DFAT, and GIZ). At the national level, some agents proposed a new unit to support the financial inclusion agenda. The changes happened in BI, OJK, and MOF.

The agents of change promoted institutional learning, which manifests itself in new organisational structures, new practices, or new objectives. The variety of changes that happened at the institutional level are summarised in Table 25.

Expansion

Expansion happened when the idea of financial inclusion was accepted by the most stakeholders. The expansion was the most complex stage; it is more difficult than accommodation because the expansion stage involves learning across institutions.

Expansion is critical because, often, a policy can not be issued or implemented without support from other institutions. One example from this case study is that BI and TNP2K needed to work with the Ministry of Social Affairs to promote the payment system in social security programmes. Another example is that OJK needed to work with the Ministry of Education to promote financial literacy.

The expansion that occurred at the global level happened prior to the expansion at the national level.

At the global level, the international organisations promoted expansion by promoting it as global agenda. For example, the WB proposed Universal Financial Access (UFA) by 2020 as a global KPI. They also promoted it though the G20. Then, the UN adopted financial inclusion in its own SDGs.

The expansion stage might be the main objective of these international organisations. They understand that an agreement at the global level can catalyse the expansion at the national level. For example, as described in more detail in Chapter Five, the global agenda of financial inclusion made OJK and BI establish a unit on financial inclusion.

Then, the new structure justified them to issue regulations that promoted financial inclusion onto the industry. For example, BI enforced BSA to be promoted by banks in 2012 (see Bank Indonesia, 2010), The OJK has required financial institutions to deliver an annual financial education programme since 2013 (see Otoritas Jasa Keuangan, 2014), while TNP2K added financial inclusion as its key performance indicator. TNP2K also used it to promote Fintech in social assistance programmes.

These changes, happening at the national level, catalysed the expansion across policy areas. Therefore, at the national level, the bankers persuaded the government and regulators to legitimise the financial inclusion strategy and establish a national council for financial inclusion. The national regulation (the president decree) has a high level of authority. It has the power to embed financial inclusion into various programmes in different policy areas. A national strategy is often supported by a team that consists of key decision-makers from different institutions. In Indonesia, the issuance of the presidential decree on financial inclusion marked the expansion stage of financial inclusion.

The challenge for expansion at the national level, as suggested by five critical informants, was "sectoral ego". From their explanation, this study concludes that that the reason behind this sectoral ego was budget.

Authority has budgetary consequences. In Indonesia, institutions that lead a national programme or supervise a sector, let alone a cross-sector programme like financial inclusion, have reasons to receive additional budgets and would have the power to allocate resources. As a critical informant from the government explained:

> In Indonesia, we often hear the sectoral ego. This is not wrong if this ego makes the institution feel most responsible. But when dealing with a large target group, I learned this from BAPPENAS; they called it cross-cutting issues, right? [laugh] When it comes to cross-cutting issues like this [financial inclusion], it is difficult for us to escape from the institution's mission. There is a budget, organisational [structure], political missions. Each [institution] would secure these things.

The international organisations provided technical assistance such as workshops, seminars, and research to push the learning process from accommodation to expansion. In addition to financial and technical assistance, the international organisations mobilised the attention of policymakers from different institutions and policy areas using celebrity advocates such as Queen Maxima. This strategy was acknowledged by one of the critical informants from the one international organisation when they explained the role of Queen Maxima:

> … because this is considered as a new issue, they need a figure who can, let say, sell the storyline but at the same time also convince the leaders from all countries that this is important to implement … the role of the Queen is as a messenger. So when she comes to a country, she can say 'hey, in Indonesia, they've made a strategy, and they've reached this level.' When she went to Mexico, she was informed that there were this change and that change. Then she came to Indonesia and then she said, 'oh in Mexico the national strategy has just implemented, they also have KPI. Why you guys are still at this stage?' That is actually the most important part. From a technical point of view, she isn't that good. But as an ambassador, frankly, she is very good, because she could explain something very easily so that everyone can accept ...

The documentary analysis found another celebrity advocate: Bill Gates. He represented his private philanthropy, BMGF, and attended the G20 meetings in 2011. He presented his argument on the importance of finance for development and the private sector's role to mobilise and create an innovative source of finance (The G20 Research Group, 2011; Mungcal, 2011; Gates, 2011). Essentially, Gates advocated a form of entrepreneurial activism and offered market-based solutions for development.

When asked what they learned from the policy process, almost all critical informants from the principals group suggested that the expansion stage was the hardest. All stated that this process required endurance in coordination. Most also implied that they had faced a situation which conflicts with their tenet at this stage, which frustrated them.

Some critical informants from the government and regulator said they believed there were multiple interests behind financial inclusion. A critical informant from the government said:

> As I remember, financial inclusion started to emerge when the World Bank actively promotes it. I mean look all the indicators of financial inclusion [and] the assessment. The BMGF also helped. In my opinion, they all have interests in it; that's why they helped the study (on financial inclusion in Indonesia). They really put their grip on several countries, including our country. Even the definition in the study [funded by BMGF], the definition [of financial inclusion] should not be different from the World Bank definition.

Four critical informants expressed their concerns that the financial inclusion strategy might produce negative consequences. The risks include data exposure and ineffective monetary policy. They said Indonesia's commitments on financial inclusion at the global level created a dilemma. Many of these commitments require resources that Indonesia does not have. The commitments might ensnare Indonesia into dependence on loans from the development banks. However, if Indonesia does not participate, it will reduce Indonesia's credibility globally, and Indonesia will lose financial aid. A quote from one of the critical informants illustrates this finding:

> What makes it complicated for Indonesia is because we, as I always explain it to others, our position is on two sides. [In G20] We have a large economic scale, so we must represent the region that providing ideas or examples, on the aspects of development ... but on the other side we are still a country that economically dependent, we still need supports. So when an idea is promoted in the G20, we often use it as an input for us. We bring it back [to Indonesia], then we look for resources, the money to implement it [the idea]. We are standing on two legs. We are still a developing country, right? Still middle income. While our position in the G20 requires us to provide input, ideas, inspire ...

Those who did nothing to follow up their concerns tried to describe the situations to illustrate that, given all the complexity of political structures and local values, what they did was the best they could have done.

Above this issue, the four critical informants said that when the idea of financial inclusion had been widespread, it was easier and more comfortable for them to promote and implement a financial inclusion strategy inside or outside their institution.

8.4 Why did they learn?

Section 8.3 notes that political and symbolic learning had dominated knowledge utilisation. It also shows that despite the dominant role of international organisation, the agents of change from regulators and government have a crucial role in shaping knowledge utilisation at the policy arena. This section explains why the agents often chose political and symbolic learning over voluntary-instrumental learning.

While analysing knowledge utilisation, the study identifies three mental barriers that prevented the agents from reflecting and deliberating (instrumental learning). Those are (i) conflicted interests, (ii) the lack of trustworthiness in learning, and (iii) partisanship as the basis of learning orientation.

8.4.1 Conflicted interests

The analysis suggests that the development of financial inclusion in Indonesia involved various conflict of interests. The conflicted interests could make financial inclusion policy overvalued and cause policy actors to overlook their responsibilities attached to this value.

When asked why they were interested in financial inclusion, all critical informants implied moral satisfaction. All critical informants said or inferred that their involvement was about “helping the poor”. However, the analysis between their stated motivation and their role in each event during the policy process suggests that “helping the poor” might be a term used to frame their interests.

Nevertheless, the analysis suggests that these agents, regardless of their belief system and membership in the learning community, have one of two ‘real’ motives (interests).

The first motive was authority through the legitimacy of expertise. Individuals involved in financial inclusion policies, especially in the formation of national strategies, became the centre of information about financial inclusion policy in Indonesia. A critical informant who was part of the national council said:

> I personally feel lucky because all the update, anything, is definitely here. So I am in the epicentre. It does not directly affect my career, but I become the source of information. Everybody would ask me. Because many people don't know about it [financial inclusion policy] ...

Being the centre of information might also mean having respect from society and more authority. The presidential regulation enhanced the value of this strategy. It also meant that the national council for financial inclusion was a prestigious network. A critical informant, who was involved in the development of the national council, said that some individuals insisted on being part of the national council for the sake of the status:

> … they sent us a message: 'we have to be in it [national council]'. Just look at the list! The member council in DNKI. You can see those who exist in almost all working groups. You can see it, right? We can see who wants to have access to all activities ... Although their names are on the group, they don't have any contribution.

The second motive was economic consequences through career advancement. Many critical informants believed that since financial inclusion received much attention from industry and international organisations, their knowledge, experience, and network in the policy area would be valuable for their career. One critical informant who has worked on financial inclusion in two different institutions explained:

> First, this is a national agenda, so of course, the impact would be of a success story of an institution or people. Secondly, this is the focus of all parties, not only local but also international. So, I think, seems like everyone has the same interests to be related to it [financial inclusion].

Another critical informant who has worked in the policy area in three different institutions said:

> … for me personally - handling financial inclusion is a blessing. Personally, it has the effect of increasing my price ... because the financial inclusion becomes very, it's a 'wow, something really important'. That's for me, as a [name of position], who in charge of financial inclusion policy, I became famous; that is, my network is now wider, my connection to others is getting smoother.

This study tracked the career journey of the critical informants. Six critical informants, four of them categorised as agents of change, had achieved significant career advancement. From 2009 to 2016, they moved to different institutions with higher positions while maintaining their roles in the policy area (financial inclusion).

As explained in Chapter Two, interests are at the individual level, which are transferred to the institutional level as a belief system. Assimilation helps agents translate their interests into institutional belief systems and blend personal interests with organisational interests. In the assimilation process, the conflicts of interest leave policy actors' perspectives blurry; whose problem do they want to solve? "Helping the poor" is a form of assimilation between information that emerges from context and individual interests.

8.4.2 Partisanship as the basis of learning orientation

This study suggests that belief develops at the institutional level, which is shaped by individual interest.

In this case study, some institutions dominated the learning setting. The analysis on the policy process suggests that the learning orientation, especially the principal, were less focused on cognitive (what solution is most effective) and social (what solution is more appropriate) aspects, but more on the partisanship aspect (whose solution need to be adopted).

This study suggests that partisanship links with individuals' interests.

Agents of change are those who are able to utilise their institution to promote their interests. When agents of change shape institutions' beliefs, they change their institutions' missions. The missions would be passed down through the usage of key performance indicators. Overall, this process creates partisanship in the learning process; all agents in an institution attain their institution's mission as it affects their career. This is how agents of change leverage resources to mobilise support from other agents.

In this case study, the structural events have an essential role in shaping learning orientation. For example, the establishment of TNP2K and OJK escalated the partisanship orientation among agents, as it changed the power structure in the policy area. Another example was the change of government administration. This event led Nasution, the minister of MOEA at that time, to order his staff to include property rights, one of the president's political agenda, as a policy instrument under the 2016 financial inclusion strategy.

Taken together, this analysis suggests that there is an association between the change of power structure in the policy areas brought by critical events with the agents' belief (the basis of learning orientation).

8.4.3 The lack of trustworthiness between the coalitions

The last factor is the lack of trustworthiness among the coalitions, which also hampered learning autonomy. In this case study, the lack of trustworthiness between the market enablers, market arrangers, and market creators hindered reflection and deliberation, making the free marketeers effectively defined by the knowledge. The free marketeers used their resources as a form of soft power to define knowledge on financial inclusion. The soft power manifested itself in financial assistance, technical assistance, and international commitments.

This soft-power then shaped the principals' rules.

According to three critical informants, the G20's agreements are monitored by the government through a "traffic lights" format; those executed or which have gone ahead as planned are coloured green, those stalled are coloured yellow, those stagnant are coloured red. The critical informants explained that the "development partners" from the G20 visit the relevant institutions to monitor the "traffic lights" and offer their assistance to speed up the execution.

The commitment and timeline agreed under the G20 created pressure for the regulators and government in Indonesia. An interview with a critical informant from the government illustrates the pressure:

> … they (WBG) said that they could (help to) research anything. But I said: 'Sir, ma'am. We don't have much time to wait for the results. If you have done any research in other countries, or even better if it was in Indonesia, please share it with us.' So they compile the recommendations and make a recommendation matrix. In the end, we say, 'we don't need more studies, there are a lot of studies, it's time for implementation'.

Besides the rules, soft power was also delivered though a prominent figure.

The UN hired a celebrity advocate such as Queen Maxima to patronage the policy implementation by visiting political leaders. A critical informant implies the impact of the soft power, which was delivered in one package, to Indonesia:

> When Queen Maxima came, the Ministry of Economic Affairs did not have the capacity [on] financial inclusion strategy yet. But they finally agree to do it, well because, I mean, Queen Maxima came with a big contingent, right? Including Gates Foundation as well as the World Bank and others …

8.6 Summary: What is the role of policy learning?

Using the policy learning spectrum, this study has explained the policy learning experience of the policy actors in developing financial inclusion strategies and has highlighted the learning dynamic. The findings can be summarised in four insights:

Firstly, this study has shown that policy learning led to the establishment of financial inclusion strategies in Indonesia. The dynamic of learning was driven by the interests, beliefs, and trust of the stakeholders.

The policy learning happened as the agents developed knowledge, which resonated with the political agenda, and answered the contextual challenge they faced in performing their mission (institutions' belief and individuals' interest). To put it another way, despite the possibility of the policy (improving appropriate financial access) to tackle the public issue (poverty or inequality), the policy would be less likely to be implemented/issued if the agents could not assimilate it with their own interests and accommodate it in their institutions' belief.

The 'real' reason why most stakeholders followed political and symbolic learning is that there was a lack of trust, conflicts of interest, and partisanship as learning orientation. The absence of the consumers' voice, the dominant role of international organisations, and the lack of deliberation at the global and national policy forums meant that the understanding of financial inclusion was dominated by the WBG. Overall, these factors augmented the learning community's desire to prioritise authority and economic consequences in their decision making instead of the social and economic impacts of the consumers, who are the primary beneficiary of the strategies. This condition pulled the government and regulators away from voluntary learning.

Secondly, policy learning is dynamic. This study demonstrates that learning is sensitive to changes in trust, interests, and beliefs of the policy learning community. Critical events, especially structural events, highly influence the change of trusts, beliefs, and interests. This study enriches the insights on policy learning by showing that the learning setting (critical events and the learning community) needs to be considered in analysing policy learning.

Finally, policy learning happened at the individual and institutional level, consecutively and continuously. This case study suggested that learning started at the individual level. However, only agents of change were able to promote learning within and across institutions. Thus, the role of agents of change, which are also determined by their institutions' capacity to learn, is vital for policy change under the learning pathway.

CHAPTER 9 THE ROLE OF COORDINATION

9.1 Introduction

This chapter presents the results of the analysis of coordination. It explains how and why coordination influenced the development of the financial inclusion strategy in Indonesia. The study uses the Coordination Spectrum to extract data and analyse the dynamic of coordination during the policy process.

The role of coordination in policy development is explained through four sections.

Section 9.2 describes the input for coordination. This part answers three secondary research questions: who coordinated, when, and where did the coordination happen?

Section 9.3 describes the output of coordination, which is the different styles of coordination by the coalitions.

Section 9.4 explains the intermediary mechanism. It indicates the causes of different coordination's strategy, or the role of trust, interest, and belief in coordination.

This chapter is closed by summarising the findings to answer one of the primary research questions: what is the role of coordination in developing the financial inclusion strategy in Indonesia?

9.2 What was the coordination setting?

This section explains the context for coordination that happened during 2010 and 2016.

The coordination spectrum uses network theory as its basis. In this study, the network is characterised by interdependencies of institutions in promoting financial inclusion strategy. This study analyses

both an informal coordination mechanism based on the experience of critical informants and how these coordinations translated into a formal coordination mechanism, which is the national council for financial inclusion.

9.2.1 Who were coordinated?

This section identified the informal network by analysing their belief system, which also represents the coalitions. It reviews some of key findings from Chapter Five and Chapter Six to describe the general coordination setting during 2010 and 2016.

Table 18 Stakeholder Mapping

The stakeholders relation	Coalition (based on belief system)	Institution	Number of institutions identified	The nature of interactions with other stakeholders
Principal	Market arranger	Otoritas Jasa Keuangan (OJK), BAPPENAS, Ministry of Finance (MOF)	3	Active, continous, and reciprocal
	Market enabler	Bank Indonesia, TNP2K	2	Active, continous, and reciprocal
	Free marketeer	The World Bank group, OECD, UNSGSA, Bill & Melinda Gates foundation, Bankers	12	Active, continous, and reciprocal
Broker	Market creator	Ministry of Economic Affairs (MOEA)	1	Active, continous, and reciprocal
Auxiliary 1: Latent actors	Undectected	Local research centers; Ministry of SOEs; Parliament	4	pasive, continous, and stand alone
Auxiliary 2: Outcast	Undectected	Informal financial services (credit unions and post office); Ministry of Cooperative and SME	3	sporadic and stand alone
Auxiliary 3: Tertiary	Undectected	Ministry of Social Affairs; Coordinator Ministry for Human Development and Culture; Ministry of Agrarian and Spatial Planning; Cabinet Secretariat; Ministry of Information and Communication; Ministry of domestic affairs, Ministry of education, donor agencies (DFAT, USAID, GIZ)	10	passive or distance
Total stakeholders identified			**35**	

Source: Author analysis
To maintain interviewees' confidentiality, the name of financial institutions and local research centres are not mentioned.

Chapter Six presented the stakeholders of financial inclusion policy in Indonesia. Table 21 brings back the summary of stakeholders to remind the reader on those who were coordinated in this study, and to add new information regarding the analysis of interactions.

The study only identified interactions between the informal network (coalitions) that are active, continuous and reciprocal. This study did not consider the lobbying activities conducted by the outcasts because their actions were sporadic and stand-alone (often done by one individual in various institutions who did not corroborate with other individuals within the coalition). Also, the study could not identify continuous actions of most of the tertiary group. For example, USAID, DFAT, and GIZ, tend to be passive (dependant on government request) or distanced (did not lobby but funded research activities).

Therefore, this study only analysed coordination between the principals, broker, and latent actors from five different groups. Although the latent actors did not proactively shape the strategies, they are continuously involved in the policy process, and are invited by other stakeholders.

9.2.2 When and where did they coordinate?

This study analyses the coordination between coalitions occurring around the critical events. Therefore, the coordination mostly happened at the national level. Few happened outside Indonesia and involved international organisations such as WBG and UNSGSA, and other international networks. The coalitions manoeuvred these events to benefit their belief system.

The summary of critical events (Table 23) is brought back here to remind the readers.

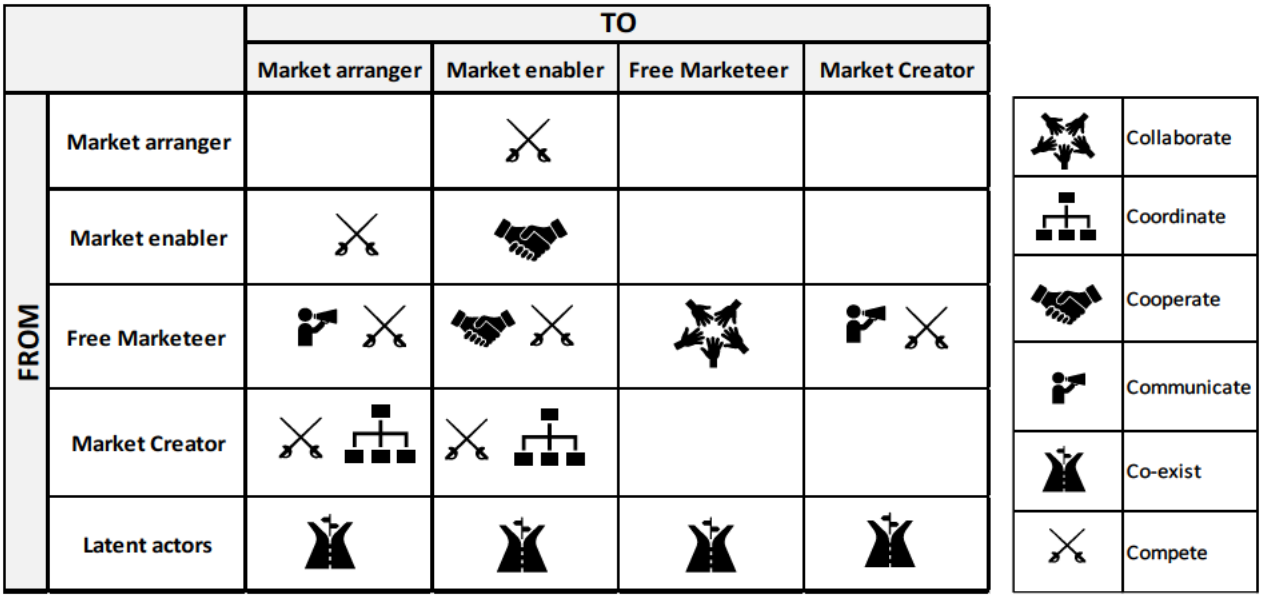
Table 23 Category of critical events from the case study

Type of critical events	Events	Year	Autonomy of event	Location	The nature of critical event
Focusing event	Financial crisis	2008	Uncontrolled	Global	Opportunity: Narrow down problems and solution Challenge: Mobilise and expand supporters.
	Diplomatic meetings between celebrity advocates and Indonesian leaders	2010; 2013; 2015; 2016	Controlled	National and Global	
Reinforcing event	Global Policy Forum (AFI annual meeting)	2008 to 2016	Controlled	National and Global	Opportunity: Resources to develop the most appropriate solution or policy alternative. Challenge: Choose the problem.
	G20 Summitry		Controlled	Global	
Structural event	Change of government administration	2014	Uncontrolled	National	Opportunity for some policy actors to promote their mission but constrains for the rest of actors to deliver their mission.
	Establishment of new institutions	2010; 2011	Uncontrolled	National	

9.3 How did they coordinate?

This study identifies different coordination styles by coalitions in the policy areas. A summary is presented in Figure 26 below. The coordination between coalitions are explained in the following paragraphs.

Figure 22 Coordination style



Source: Author analysis

9.3.1 Between Market Arrangers and Market Enablers: Compete

The market enablers and market arrangers perceived financial inclusion as a threat to their authority at the national level. They perceived that the policy area could not accommodate their different beliefs. Each institution felt that they were special, better than those in other coalitions. Each tried to be in charge of the policy area.

The competition between the two coalitions were mainly driven by the establishment of OJK and TNP2K, as they changed the power relations in the policy area on finance and social welfare. TNP2K was established to take some of the government's responsibility in designing and coordinating social assistance programmes, which was initially under BAPPENAS. Meanwhile, OJK took BI's

responsibility to the supervised financial sector. These two structural events were perceived as threats for the overlapping authorities (OJK vs BI and TNP2K vs BAPPENAS).

The competition was expressed as the "devil shift" (Sabatier, Paul, Hunter and McLaughlin, 1987); Each saw others belonging to the opposition as more powerful and more evil than they were. For example, four critical informants from the market arranger group perceived that BI would not be pleased if OJK gets the same or more authority than BI. One of them explained:

> At that time, BI seemed not to want OJK [involved] too much [laugh] ... We, at the technical level, are actually okay, but maybe those on the top told their subordinate: 'OJK should not have this and that'. So if they [BI] perceived OJK put too much [of their policy instruments on the strategy], BI will also put more.

On the other hand, the market enabler group perceived market arrangers to take credit for their work and become involved because they were interested in donors' funding. As expressed by one critical informant from the market enabler group:

> The first time [which promote financial inclusion in Indonesia] is BI. Back in 2011, no one cares. Not even government. In 2014, when we issued the first strategy, we worked so hard, we were the helter-skelter .... the government, they don't have the budget for things like these [research and workshop]. Just asked them! They [do it because they] were expecting [funding / loan] from donors.

The competition between market arrangers and market enablers was centralised between OJK and BI. Four critical informants said that to reduce the potential conflicts in the future, the stakeholders agreed that BI and OJK should co-lead almost all working groups in the national council for financial inclusion.

9.3.2 Within Market Enablers: Cooperate

The members of the market enabler group had different but mutual interests. They worked together, because they realised that they could help each other in achieving their objectives. Their opportunity

to cooperate occurred as the cabinet asked TNP2K to take over BI's role in developing the financial inclusion strategy in 2011.

Instead of perceived the appointment of TNP2K as a threat, BI perceived it as an opportunity to maintain their dominant roles in the policy process. A critical informant from BI said that TNP2K provided them political support "from the palace" on their policy instrument (the payment system). They explained why and how they took advantage of this situation:

> We go back and forth to TNP2K because we saw that the vehicle was there. The important thing is, our strategy, [is to promote] a programme that could impact another [programme]. That was our focus. So our strategy, we should start with social assistance. This is the most significant public payment. So it [the policy implementation] would not partial.

Likewise, TNP2K perceived their appointment as an opportunity to introduce mobile money into social welfare programmes. By controlling the two policy areas, financial access and social welfare, the vice president's office could easily layer the national strategy on financial inclusion in 2012 with the elected politician's mission. Therefore, TNP2K incorporated their design on social assistance to the financial inclusion strategy. Furthermore, an interviewee from TNP2K said that by helping BI shape its strategy in financial inclusion, they could accelerate BI's decision to issue the regulation on mobile money and agent banking and ask for BI's assistance to facilitate them to discuss with SOE banks. As a result, the cooperation smoothed the implementation of mobile money in social assistance disbursement.

9.3.3 The Free Marketeers to Market Enablers: Cooperate to compete

During 2010 – 2016 the free marketeers strategically cooperated with the market enablers to win their trust and beliefs. Led by WBG, the free marketeers assisted the market enablers to develop various pilot projects on mobile money and the payment system.

As explained in Chapter Six, the WBG helped the market enablers to draft the 2012 strategy and promote the draft to government institutions. The international organisations communicated their belief system by funding an institution's operationalisation and putting their experts into these institutions.

9.3.4 The Free Marketeers to Market Arrangers and Market Creators: Communicate to compete

The free marketeer communicated to the market arrangers and market creators to gather information and to win over their belief system. The free marketeers executed this communication in three advocacy strategies.

The first advocacy strategy is assistance. This strategy was mostly done by WBG, UNSGSA, and BMGF, as a critical informant from these organisations said:

> We can't force the government to do something; we can only assist them.

Mainly, the assistance focused on technical analysis. This could be in the form of research activities, workshops, or providing experts to assist policymakers in designing policy. For example, since 2011, donor agencies have funded pilot projects for non-cash transactions and put their experts in TNP2K. Three critical informants from the government also told that WB and BMGF provided a research team to develop a national survey on financial inclusion. All critical informants from the market enablers and market creators mentioned that WBG assisted them in developing the strategy on financial inclusion in 2012 and 2016. They explained that WBG was "actively involved" by "providing recommendations and drafting the strategy".

Besides research, the assistance was often in the form of training, including in-house training, bursaries for training abroad, international seminars, and bringing in international experts. Ten critical

informants from the government and regulators said they had received at least one training session from the free marketeers.

The assistance was delivered strategically by WBG. For example, different types of training were strategically provided for different levels of officers, as explained by one critical informant from WBG:

> It depends. For policy, for example, [to make the policymakers understand] how other countries implement it or form a working group [on financial inclusion]. For such a high-level programme, it [the technical assistance] is given to people like directors [because] they are leaders. They were taken to see the implementation in other countries, dialogue with other governments. Then for the level like manager or staff, they are at the technical level, they were taught to find data about financial inclusion in this country, analyse the data. Simply for a routine M&E.

The second advocacy strategy was hiring a celebrity advocate. This strategy was often delivered together with the assistance. The intention was to direct where and how the assistance (resource) should be used.

The UN appointed Queen Maxima as a spokesperson on financial inclusion. WBG helped to arrange meetings between Queen Maxima and Indonesian leaders. UN and WBG used Queen Maxima to convince the high-level officers from ministries and regulators in Indonesia to establish a Project Management Office (PMO) for financial inclusion. The communication strategy succeeded, as explained by a critical informant from the government:

> Queen Maxima asked why we set 75 percent as the target for 2019. They said that it was pretty ambitious, and how Indonesia would take steps to achieve that? Then several recommendations emerged. One of the recommendations that I remember was [from] Queen Maxima, who said that financial inclusion in Indonesia could not be given to a unit with other assignments. So it needs to be done by dedicated people, every day, only for this for financial inclusion only. Finally, after preparing the president regulation [for the strategy for financial inclusion], we followed up on her recommendation. Now we have the PMO team. We ask the third parties to help us, the Women World Banking.

After getting political support from the leaders, BMGF channelled their fund through Women World Banking, which assisted the MOEA to set up the PMO. The PMO's task was to support the National Council for Financial Inclusion. The PMO was led by a former WB financial sector specialist, Djauhari Sitorus.

The bankers had a different approach of communication. They used financial inclusion as marketing tools; to create a better image in the eyes of consumers, investors, regulators, and the government.

A banker illustrated how the banks used the credit guarantee programme (KUR) to support their business instead of reducing financial exclusion:

> The effort for one million loans with one billion loan is just the same. But a million loan has a higher risk; possibly they [the borrower] don't pay [laugh]. KUR is not improving financial inclusion. Because KUR is subsidised, banks just switched the existing borrowers to the KUR programme, so banks can still maintain the 20 per cent target from the government. Usually, those [the consumers] were chosen [by bankers] are the good ones. So actually, the banks are just served the old customers and not adding new consumers.

A critical informant from a Fintech company explained how they used financial inclusion to rationalise what they had done. They used financial inclusion as the marketing campaign of their products.

Another critical informant from a private insurance company also confirmed that financial inclusion essentially supported the company's mission. They said that the target group of financial inclusion policy (the poor, women, migrant workers, and people in remote areas) had always been labelled as "emerging consumers", even before the term 'financial inclusion' became widely known.

As explained in Chapter Five, regulators in Indonesia are potent. The critical informants from the free marketeers often said that the financial industry in Indonesia was "afraid of regulators". WBG will understand the power tensions between the bankers and regulators. Therefore, the bankers preferred

to communicate with market enablers and market creators through the WBG. They communicated by serving as infrastructure and data philanthropy in government programmes or pilot projects. The bankers worked with organisations like the WBG, BMGF, and the UN group to manipulate the data and recommend solutions to policymakers. This likely happened because these organisations provide credentials for the data. As a critical informant from a regulator explained:

> Well, the World Bank is independent. If we proposed this [strategy for financial inclusion], they would think it's because we have interest ... the politics, making everything complicated. The World Bank is perceived as a neutral party, providing evidence. So usually, the Government prefer to follow their [World Bank] advice rather than ours.

On the other hand, this situation also complicates the free marketeers' strategy. A critical informant from WBG said that the industry would never want to show that they had a different view than the regulators. They illustrated:

> If we asked them [the industry], they would tell [the problem]. But when the regulator asked them, they would deny it. They immediately shut up … They would say: 'Oh no, nothing's wrong. No problem'.

Thus, as a coalition, they must find ways to advocate their beliefs. One example, as explained in the next sub-section, is collaborating.

9.3.5 Within the Free Marketeers: Collaborate

The members of the free marketeers collaborated. They pulled together different resources to advocate their beliefs to win over other coalitions' beliefs. The collaboration involved five streams of resources.

First is the financial stream. The big banks and private philanthropy organisations, such as Visa, Mastercard, and BMGF, subsidised various international organisations to promote financial inclusion at the global and national level.

The second is the evidence stream. As described in Chapter One, the free marketeers' researchers proposed various indicators on financial inclusion to compare and measure the success of financial inclusion. Two of them are the Global Findex by the WB and the financial literacy index by OECD.

The third is the time stream. In the area of development, time is determined by international organisations. The WB proposed Universal Financial Access by 2020 as a global target while the UN promoted financial inclusion as an objective within the SDGs 2030. By proposing a deadline, these organisations dictated the timeline. The timeline creates urgency, and as shown in Chapter Seven, it affects how policy actors utilise knowledge on financial inclusion in the policy process. More than 70 per cent of critical informants noted that Global Findex was used as their primary reference to understand financial inclusion. All the interviews from regulators and the government also stated that the national strategy of financial inclusion, which is 75 per cent of the adult population with access to formal financial access, referred to Global Findex.

The fourth is the infrastructure stream. The bankers own the financial infrastructure. It enables transactions, where money moves throughout an economy.

The last but most important thing is the technology stream. From all critical informants, only two discussed this. They explained that the 2008 global financial crisis reduced trust in banks, and changed the regulatory framework globally. Many bankers lost their jobs. This condition forced the bankers to innovate. The crisis was followed by the raise of bitcoin and significant adoption of smartphones. Bankers started to use mobile devices and the internet as primary means to survive. The bankers then pioneered the use of financial technology into the regulatory framework.

In this case study, WBG brokered the technical expertise of the technology and financial infrastructure possessed by bankers with government programmes or the politicians' pledges. This happened, for example, when the WBG worked with state-owned banks to promote mobile money in

Indonesia between 2009-2011. WBG aligned the technology and infrastructure streams by pushing the concept of sandbox regulation into the regulatory system (see Bank Indonesia, 2017; and Otoritas Jasa Keuangan, 2018).

9.3.6 The Market Creators: Coordinate to compete

As described in Chapters Five and Six, the study found that market creator (MOEA) used their position to maintain stakeholders' support of the elected politicians' pledges.

Since 2014, MOEA has been actively involved in the policy process. It incorporates programmes from all stakeholders. With the help of the free marketeers, MOEA legitimatised the 2016 strategy and established the national council and the PMO.

A statement from a critical informant from the MOEA implied why they needed to coordinate the financial inclusion strategy:

> If we ask the [financial] industry whether they promote financial inclusion, each of them will say they had always been promoting financial inclusion. But the direction is according to their desire. Some want to use savings. Well, of course, they are Banks. Likewise, Telko. All will use [financial inclusion] with their desire, assignments, interests ... in the end. This strategy needs to bring them together. We together need to commit. We must work together, in the same direction, not based on the interests of each industry.

The MOEA coordinates to manage the different interests and maintain the agenda of the elected politicians. Nevertheless, their approach was top down, and overlooked policy discussions and collaboration, as described by one of the critical informants from the regulator:

> ... our chairman is now chasing us: Can we achieve this [the national target] or not? I said we could, but the precondition must exist ... everyone must be committed. Commitment is essential for the implementation. Don't just give lip service at the meeting. They said they would support, okay, okay, 75 [per cent of adult financially included]. After it's [the meeting] over, they forget. ... And that's happening now, and we've cried for help since 2016. For example, the target for student savings, MOEA made the target. It was arbitrary! They [MOEA] gave us [target] 6 million students. The target for PKK [housewives association] another million. You can

> look the targets at the report, the report for the president: the targets for farmers, for social assistance, students. I said to [name of the officer in MOEA], 'Okay, we can make it, but please, facilitate us to the Ministry of Education and Culture also the Ministry of Religion. Because if they expect the target achieved by the banks and us [shook head]'. We are exhausted.

9.3.7 The Latent Actors: Co-exist

Although the latent actors did not develop a coalition, they performed a similar style in the policy area, that they were co-existing.

Although the latent actors had different views on financial inclusion policies (described in Chapter Six), this study did not identify motivation or effort from latent actors to shape the policy direction. They were aware that there had been a new paradigm on policy for financial access. However, they kept their views to themselves. They preferred to adjust to the new paradigm in carrying out their role outside of the policy process.

For example, the research centres adopted the policy discourse in their curriculum and research agenda. A critical informant from a research centre explained how the term "financial inclusion" had changed their approach in introducing and studying finance's role in people's lives and in the economy. They adopted the free marketeers' belief that financial inclusion reduces inefficiency and helps people better access economic opportunities:

> …we need to start to introduce the terminology, financial inclusion. Usually, we start with the question: can the financial sector drive growth? How? We have started this. Let me show you a scheme we use in the lecture about the relationship between financial inclusion, financial literacy, and prosperity.... theoretically, in the past, it [the relationship] would be explained with the theory of asymmetry information, principles agents. Now, we introduced the role of technology for the banks, the role of financial literacy to improve the financial sector and prosperity ... this term push universities to change their [curriculum] orientation, so when students graduate, work in the banks or financial institutions, they know this.

Meanwhile, the NGOs adopted financial inclusion within their community empowerment approach. A critical informant from an NGO explained how financial inclusion had changed their approach in the community, from *gotong royong* (Indonesian terms for mutual cooperation) to self-help:

> …so people first need to get into the financial [system]. They must understand the basics of finance, knowledge of how to manage finance, products that they can access, etc. Then they can enter the next stage, to economic inclusion ... then social inclusion: people can access education, health, etc. This is what I always say to the communities and stakeholders. If we want to talk about welfare, we must walk them to financial inclusion first. ... We can't say 'I want to alleviate poverty; I want to promote prosperity'. But how? the first step is financial inclusion.

As for the parliament, no specific adoption style has been identified.

The two quotes above indicate how financial inclusion might be institutionalised in Indonesian society: First, formal education through university curriculum, and second, informal education such as through community empowerment activities. Although the latent actors did not actively engage in the policy process, this study shows that financial inclusion has influenced how they operate. Those pathways could be explored to identify and understand the paradigm shift regarding the role of finance within Indonesian society in the future.

9.4 Why did they manage the coordination as it is?

Coordination styles were not foreordained. Each style was chosen deliberately by the actors. However, none of them knew when and how the coordination style was started and ended. This makes coordination non-trivial; it is very dynamic and thus it is very difficult to predict. However, the process tracing method and coordination spectrum helps this study identify what might have happened during the policy process. Using three parameters of policymaking (interest, belief, and trust), the following sections explain why the coalitions might have chosen the particular styles.

Based on these coordination styles, this study concludes that the financial inclusion strategies were developed through ***antagonistic coordination***; the interactions between stakeholders were driven by of lack of trust, a battle of interests, and the contestation of different beliefs regarding the role of finance and who should regulate it.

A statement of a critical informant from the government illustrates the nature of antagonistic coordination on financial inclusion:

> BI is too strong in the payment system, OJK is too heavy in the financial services system, BAPPENAS is too SDG [laugh] maybe they push SDG too hard. [Ministry of] Finance is biased to the state budget.

Table 25 breakdowns the nature of the coalitions. The following sub-sections explain the root cause of the antagonistic coordination.

Table 25 Coalition breakdown

Coalition Breakdown					
		Market arranger	**Market enabler**	**Free Marketeer**	**Market creator**
Member		Otoritas Jasa Keuangan (OJK), Ministry of Finance, BAPPENAS	Bank Indonesia (BI), TNP2K	World bank group, UNSGSA, OECD, Bankers, Bill and Melinda Gates Foundation	Ministry of Economic Affairs
Interest		Public officers: career advancement & legitimation of expertise for more political power Commercial bankers: career advancement & legitimation of expertise to shape regulation for market expansion and profitability Development bankers: career advancement & legitimation of expertise to create dependence on technical and financial assistance			
Resources		Regulation on financial product and government payment	Regulation on payment system, and political pressure on social welfare policy	Infrastructure and technology in financial system, political pressure at the global level	Political pressure on economic policy
Beliefs	**What is the best instrument?**	Saving and credit	Payment	All formal financial services, financial techology	Property rights and governance structure
	What is the best approach?	Subsidy, regulation	Technology and incentives	Incentives and deregulation	Governance
	Who was the devil?	Bank Indonesia	Government	Bank Indonesia, OJK, and Government	Those who have different interests with the elected politicians
Coordination strategy: antagonistic coordination		Compete	Cooperate to compete Compete	Communicate to compete Cooperate to compete Collaborate among themselves	Coordinate to managed conflict

Source: Author analysis

9.4.1 The battle of interests

As described in Chapter Five, each institution has a different type of authority on the financial system. OJK has full authority on financial products while MOF has authority on government payment. BI has the authority on the payment system, while TNP2K has political pressure on social welfare policy. The free marketeers have authority on infrastructure and technology, while the market creators have authority on economic policy.

However, instead of seeing the differences as an opportunity to work together to deliver better policy outcomes, they perceived the differences as a threat to deliver their mission.

At a glance, the problem seems to exist at the level of institutions. However, as explained in Chapter Five, the institutions' missions were developed and maintained by the agents of change in each institution. Chapter Seven also demonstrated how the agents of change used their institutions to frame their interests. Chapter Seven identified at least two individual interests: career advancement and legitimacy of expertise.

For public officers, authority is achieved through career advancement and the legitimation of expertise. Authority is also be materialised in a higher rank and political closeness.

This analysis suggests that the higher position of an agent of change in an institution, the stronger their influence on their institution's belief and the nature of coordination. Four critical informants who were mid-level officers perceived that the root cause of OJK and BI's rivalry was on the high-level officers. They perceived that some high-level officers in BI and OJK were not pleased to get the same or less authority on financial inclusion policy.

These mid-level officers saw their superiors' attitudes as a barrier to cooperation. Their position was sandwiched between fulfilling their superior's orders and maintaining good relations with fellow mid-level officers from other institutions. One of the mid-level officers said:

> I and [name of a person from a different coalition], we met here to find the way. We sometimes laugh at their [the high-level officers] behaviour. Our boss were one of a kind; they were insisted [to be in charge] ...

The statements from the mid-level officers were corroborated with the statements from some high-level officers. When asked why financial inclusion was important for them, three high-level officers explained that the issue kept them in the circle of the top bureaucrat–politician linkages. As stated by one of them:

> … For BI, there are two things. The first is because the BI now has no direct supervision to the banks. That is the BI's channel, a policy tool to entry, to influence the financial sector, especially banks ... Secondly, for BI, this is also an essential communication tool for the president in the cabinet meeting. If financial inclusion is taken away from BI, automatically, they will never be invited to the cabinet meeting, ministerial meeting on financial inclusion. For OJK, obviously, it's important. It's a policy tool. Policy tool for the economy. Nothing to do with banking supervision. The one that governs financial inclusion, they're the ones who would be popular.

The G20 also contributed to create the competition.

As explained in Chapter Six, policy discussions on financial inclusion in the G20 moved between two policy tracks: the finance track and the development track. The financial regulators gathered on the financial track while the government was on the development track. Three critical informants involved in the G20 forums said that since it was first introduced into the G20, financial inclusion has been contested in both tracks. Groups in each track believed in financial inclusion as part of their work.

They also described how the competition at the global level was continued at the national level. A critical informant, who at that time was a mid-level officer, described a situation in which a high-level officer representing Indonesia in the finance working group became upset when financial inclusion shifted from the finance track to development track:

> [a name of high-level officer] got angry. They called me. They thought we wanted to take over their work … I explained: 'No Sir, I just coordinate this'.

For bankers, the authority on the financial system would be determined by their market share, which is materialised in profit. As described in sub-section 9.3.4, financial inclusion helps the bankers to better communicate their business activities to the financial system stakeholders. Commercial bankers use financial inclusion to gain stakeholders' trust to increase profit and expand their markets.

A banker illustrated how they used financial inclusion policy for their interest:

> This has vast potential, good potential. The market is there. And the interesting part is when we see the government and the regulator creating a climate for financial inclusion. They make it easy for everyone or business to work together … so the regulators need to more open, less strict with the rules. For example, the tariff setting [The interviewee provided some examples of the tariff setting for banks services, where people in the remote areas need and willing to pay more to get the financial services] we give them [people in remote areas] more benefits. For example, some people want to pay more expensive. It's okay. The most important is it [financial services] is available. So what's important is the government should not be too strict with the rules. Those whom we are facing are not like us, who lives in the city and have high education. For them, the most important thing is they can have access. That's it. Fast. That's all.

Meanwhile, for the development bankers, such as the WBG and ADB, financial inclusion was likely to lead to the government's loan commitment. There had been a chronological sequence and objectives between the assistance and the loan disbursements.

Interviews with two critical informants from the government said that at least two programme loans were associated with Indonesia's financial inclusion strategies. They also mentioned that WBG and ADB used assistance as a "sweetener" for the loan but stated it was a commitment to "assist Indonesia" to promote financial sector development.

After tracing the policy documents, the study found that in 2014 the WB provided USD$500 million loans under the "Financial Sector Reform and Modernization Development Policy Loan". Meanwhile, ADB provided USD$400 million under the "Financial Market Development and

Inclusion Program Subprogram 1". Each loan had a grant as part of its component. The grant is the "sweetener". It can be used for various activities to support financial inclusion in Indonesia (see ADB, 2014; and The World Bank, 2014).

9.4.2 The contestation of beliefs

Interests at the individual level were transferred into belief systems at the institutional level (see Streeck and Thelen, 2005; Borrás, 2011; Lewis, Orion and Steinmo, 2012). Chapter Six and Table 24 shows that each institution had different beliefs on financial inclusion. Each institution tried to influence the policy system by institutionalising their belief system into the policy area.

The commercial bankers were institutionalising their beliefs into their business strategy, aligning it with the policymaker's position. They did this by advocating for the importance of market incentive and less patronage from the regulators. A similar style was done by the other members of the free marketeer group: WBG, AFI, and UNSGSA. Overall, the free marketeers advocated their theory of change that expanding access to finance would increase economic growth and reduce poverty.

The government and regulators also tried to institutionalise their beliefs. For example, the government initially proposed agricultural insurance in the financial inclusion strategy to promote food security (help farmers restart production after a disaster and maintain the national agriculture self-sufficiency). While postal savings were initially designed to mobilise funds from domestic investors and reduce the dependence on foreign investors. None of these instruments aimed to increase financial access. However, in the 2016 strategy, they were stated as policy instruments to promote financial access.

Because each institution perceived beliefs being different to their own as "evil", they competed to institutionalise their beliefs instead of working together, making it impossible to accommodate all beliefs in one strategy. A statement from a critical informant illustrated this:

> The term ‘financial inclusion’ is used by those in Bank Indonesia and several Ministries. OJK uses ‘inclusive finance’ because we believe financial inclusion is achieved by setting the policy that could accommodate all people needs ... financial inclusion is about product development. Inclusive finance is to improve social welfare. Where should we put the ultimate goal of financial inclusion? Social welfare!

9.4.3 Lack of trust

Why did the policy actors not share their interests and create new beliefs by accommodating all beliefs?

This study suggests that when a party believed others had a conflict of interest, then trust would be damaged, perpetuating the competition of belief systems. In this case study, the perception of conflicting interests was manifested as the coalitions’ core belief; each party perceived others as the ‘evil’.

Many of the policy actors in the principal and broker group were double agents; they have high attachment with the business (for example, as SOEs’ commissioners or executive directors,) but also work as a bureaucrat, being able to exercise powers in the policy arena. Consequently, their decisions as policymakers could affect other citizens’ rights and interests and they could also misuse their power for personal benefit.

This study suggests that as other actors perceive the conflict of interests, their trust suffers. Two critical informants from the market arrangers group illustrated their perceived conflicts of interest on individuals from the market enablers, and explained how this perception damaged their trust. One said:

> … one that somewhat very escorting was BI. Because they think they have the authority for the financial system ... Agus Marto[31,] he was from Mandiri[32]. At that

[31] Governor for the central bank 2013-2018
[32] An SOE bank

> time, he went [transferred] from Mandiri to MOF [then] to BI. Those are crucial points. When Agus went to BI, the telco was bounced off [from the policy discussion] … everything [regarding payment of social assistance] must go through the banks ... So, when the preparation of the presidential regulation [for non-cash social assistance] was ready, [the discussion on] the business process, the distribution, everything, he insisted on leading. ... And that was an extraordinary fight … at high-level meetings, they accused each other. It [the fight] was not the only one. There were many points, which for me, they were just fights for power, for authority.

On the contrary, the market enablers perceived that some individuals from the market arrangers group were the ones who had a conflict of interests. One market enabler explained their perceived conflict of interests for one individual from the government and how it damaged their trust in government:

> [Because] the telco would bear losses. The minister is from the telco. If they committed to helping the poor, it would be easy. They could just say 'if it's social assistance, 0% [fee], 40 [pilot project], this the [phone] numbers'. After all, the money came from social assistance [government programme]. They [the government] can make the provisions if they want. Not to forget to mention, this is the president order. The tricky part is, this [decision] would change the political sphere, the politics in each company.

The "devil shift" phenomena, which often appeared during the interviews, reflects this core belief. In the interviews, each coalition accused the other parties of having a conflict of interest. They tried to dominate the policy area because they did not trust other parties and focused on protecting their own turf. A statement from a critical informant illustrated the impact of the perceived conflicted interest:

> BI has tried to lead. In Indonesia, as financial inclusion involves multiple stakeholders, BI is powerless. Moreover, they [BI] said that they are independent. I think, if they [BI] invite coordination [meeting], what is their authority? The same thing with the Ministry of Finance. Exactly the same. If they [MOF] invite [to attend] high-level meeting for echelon 1, they had never succeeded.

9.5 Summary: What is the role of coordination in policy development?

Using the coordination spectrum, this study has analysed the group and personal interactions of the policy actors in developing financial inclusion strategies. This study traced the non-trivial interactions between the stakeholders and identified their coordination style.

This section summarises the findings to explain the role of coordination in the development of financial inclusion strategies in five insights:

Firstly, similar with learning, the dynamic of coordination is driven by interests, the belief system, and trust. Considering these three parameters, the case study showed that financial inclusion strategies in Indonesia developed through antagonistic coordination; they were promoted through conflicting interests, competing beliefs, and a lack of trust. All stakeholders have a mutual objective but conflicted interests. All of them want to increase the number of people who participate in the formal financial system and develop financial inclusion as a new policy area (jurisdiction). However, they have conflicting interests and beliefs; each of them believes they need to have to the most authority in the new jurisdiction, to protect their own turf.

Secondly, the antagonistic coordination was manifested in compromise-based policy changes. Those are (i) compromise among TNP2K and BI in drafting the 2012 financial inclusion strategy to combine the banking approach and a poverty alleviation approach; (ii) compromise to set the national target (75% of the adult population should be in the formal financial services) ; (iii) compromise to transfer the policy coordinator from MOF to MOEA; (iv) compromise among the policy actors to accept the MOEA request to add property rights as a policy instrument without a proper policy discussion; and finally, (v) compromise among the policy actors to establish a formal coordination mechanism (national council for financial inclusion), to maintain their own turf.

Third, the coordination is inseparable from policy learning.

The analysis of the learning pathways suggests there was a lack of proper policy discussion on financial exclusion. The free marketeers used their soft power to dominate the understanding of financial inclusion at the global and national level, which was manifested in political-symbolic learning. This type of learning likely promoted competition rather than collaboration.

Finally, this study demonstrates that having various coordination styles, as is the case with the free marketeers, is helpful to win over other belief systems in the policy arena.

From all coalitions, the free marketeers developed the most varied coordination styles, where each style was adjusted to the characteristic of the opponent. Variation of style likely played a vital role in winning over the belief system of other coalitions and shaping the policy favouring their beliefs. As elaborated in section 9.3, the variation of style reflects a better self-awareness; the free marketeer was more aware of the power relations in the policy area than other coalitions.

Besides the diversification of coordination style, the victory of the free marketeers also contributed by the lack of opportunity for consumers and the lack of motivation of the local research centres to engage in policy discussion.

With the time pressures from the global policy forums and the lack of understanding of financial exclusion in the local context, the market arrangers, market enablers, and market creators held on to their core beliefs to decide. The market arrangers, market enablers, and market creators did not trust each other and chose to adopt some of the belief systems of the free marketeers, such as promoting the role of mainstream financial services into people's lives and providing incentives for the financial industry. The relatively higher trust in the free marketeers could explain why policymakers from other coalitions felt that the free marketeer's celebrity advocates (the two captured in this study are Queen Maxima and Bill Gates) were too right to be wrong.

CHAPTER 10 : CONCLUSION

10.1 Introduction

Financial inclusion has become an important global issue since the late 1990s. The policy promotes access and usage of mainstream financial products for marginalised groups. This thesis aims to understand why and how financial inclusion policy developed by investigating the black box of financial inclusion policy process based on the experience of the policymakers, including the bankers and regulators.

Using Indonesia as a case study and drawing on the Advocacy Coalition Framework (ACF) as the main analytical framework, the following main research question is set to fulfil the objective of this research: *Why and how does financial inclusion policy develop?*

This chapter closes this thesis by summarising the findings, highlighting its contributions, and spelling out its limitations and the potential for further study.

Section 10.2 summarises the investigation on the development of financial inclusion policy in Indonesia during 2010 and 2016. Section 10.3 provides two alternative explanations for policy development. Section 10.4 proposes the implications of this study on the theory of policymaking. Section 10.5, 10.6, and 10.7 consecutively explain the contribution of this thesis to the literature of financial inclusion, ACF, and the process tracing method. Section 10.8 outlines recommendations for policy practices in Indonesia. Section 10.9 presents notes from the research, making explicit the limitations and potential areas for further studies.

10.2 Why and how did financial inclusion policy develop in Indonesia?

Between 2010 and 2016, Indonesia released two documents on its financial inclusion strategy. The first was in 2012 by TNP2K (the vice president's office) and the second was in 2016 by the Ministry of Economic Affairs (MOEA). Each document also had a different parameter of success (from 40 per cent of the lowest income household to 75 per cent of adults included in formal financial services), target groups (from the poor to a mix of demography characteristics), and policy instruments (from mobile money to branchless banking and payment systems). The study used these two policy documents as a hook to understand why and how financial inclusion policy developed in Indonesia. The explanation was detailed in four chapters.

Chapter Six explained the role of policy actors in strategy development. It first identified the *agents of change* and explained how they used their agency to drive financial inclusion policy in particular ways in Indonesia.

Part of the analysis was done at the level of individuals. It focused on the agents of change: individuals who have the ability to take initiatives in the policy process. They proactively responded, created, and connected critical events, set learning conditions, and led interactions within and between institutions to promote change. This study found that these individuals had strong interests on financial inclusion; they see financial inclusion as a tool to enhance their expertise, expand their networks, and improve their career. They could transform their interests into the institutions' beliefs and promote these beliefs to other institutions in the policy arena.

In general, interests and initiatives are essential internal factors, which differentiate the agents of change from other policy actors. The study also identified three external factors that enabled the agents of change to drive change. The first factor was the legitimacy to carry out the initiatives. This includes education, experience, and position. The second was resources (time, money, and network)

to carry out the initiative. Among all external factors, trust from the superiors and peers is the most crucial factor for the agents of change to carry out their initiatives.

This study has suggested that the agents of change were able to leverage the available resources and make change in institutions and in the policy arena. The agents of change were the main reason why some institutions were more dominant than others in the policy process.

It is important to note that this study did not use the term "policy entrepreneurs", since this term is often associated with non-state policymakers (Kingdon, 1984; 2013; Anderson, DeLeo and Taylor, 2019), while state policymakers are often perceived as passive.

Then, this study mapped the stakeholders and dominant institutions and their belief systems, which also became the basis of coalitions. It categorised the stakeholders into six groups where the first four are coalitions: the market enabler (BI and TNP2K), the market arranger (MOF, BAPPENAS, OJK), the free marketeer (the bankers, private philanthropy, WBG, and UNGSGA), the market creator (MOEA), the outcast (Ministry of Cooperative and SME, post office, and credit unions), and the latent actors (parliament and local research centres).

Consumers were the only stakeholders who were absent from any group, coalition, and the policy process.

The belief system of each coalition was on a different spectrum. Stakeholders' core beliefs range between two extremes of partisanship: market-led or government-led. Their beliefs on the policy approach lie between two policy areas: economic growth and social welfare. Meanwhile, their beliefs on policy instruments are competition from three instruments: digital payments, savings, and credit.

Chapter Seven explained the role of critical events for policy development. There were hundreds of events that formed the development of financial inclusion policy in Indonesia. However only 44 events were perceived as being important by the critical informants, which were also supported by

published reports. These events were turned into critical events by different agents of change. A critical event is an event that stimulates policy actors to learn and coordinate changes.

This study identified seven critical events: (1) 2008 financial crisis; (2) the establishment of the TNP2K; (3) the establishment of OJK; (4) the change of government administration; (5) G20 summits; (6) Global Policy Forums by AFI; and (7) the diplomatic meetings between Queen Maxima and political leaders.

This study categorised these critical events into three types based on their causal mechanism on policy change.

The first type of critical event can be called focusing events (Kingdon, 1984; 2013). This study advances the concept by demonstrating that the focusing event is not always uncontrolled and does not automatically change policy, including events such as natural disasters (Birkland, 2006; Jenkins-Smith and Sabatier, 1994). A focusing event indirectly changes policy by providing windows of opportunity for policy actors in a policy area to coordinate and learn. In this case study, the uncontrolled focusing event was the 2008 financial crisis. The controlled focusing event was the meetings between Indonesia's leaders and celebrity advocates, such as Queen Maxima, between 2010 and 2016.

The second type of critical event is the reinforcing event. This type of event shaped policy indirectly by providing and redistributing resources (legitimation, network, information, and finance) for selected policy actors and eventually changed the power structure in the policy area. The reinforcing events in this case study were the G20 summitry and AFI global policy forums. These events were directed by the WBG, supported by UNGSGA and AFI. They took advantage of global policy forums by providing and directing resources that contributed to the change of power relations at the global and national level.

The last type of critical event was the structural event. This type of event shaped the policy directly by changing power relations in the related policy area. The agents of change exploited the structural events to institutionalise their interests and promote institutional learning. These actions manifested themselves in the changes of their institutions' objectives, instruments, or targets (Lewisand Steinmo, 2012). The structural events for Indonesia are the establishment of new institutions outside of the policy area, such as the establishment of TNP2K and OJK, and the change of government administration.

The investigation of policymaking has shown that various events shaped the development of financial inclusion in Indonesia. The events happened at the global and national level, contributing differently to the policy change.

In general, the events at the global level, such as the G20 summitry and AFI annual meetings, were responsible for the diffusion of financial inclusion policy to Indonesia and likely to other developing nations. However, how Indonesia interpreted the concept of financial inclusion into policy was strongly shaped by structural events, which in this case study happened at the national level.

The findings in this chapter suggested that resources (finance, information, legitimation, and network) are passive; they do not specify the direction of policy. The direction solely depends on how the stakeholders perceive resources and act upon them. Their perceptions are influenced by critical events.

Chapter Eight explained the role of policy learning in the policymaking process. This study suggested that policy learning happened at the individual and institutional level, successively and continuously.

Using the new Policy Learning Spectrum framework, the study demonstrated that each critical event stimulates learning at the individual level. The study suggests that the agents of change recognised the potentials of an event and used it to set the learning conditions that activated the interests of other

policy actors. The interviewees identified two strains of interests that triggered the learning process at the individual level: career advancement and legitimation of expertise.

The agents of change are aware that they could protect their interests by retaining their agency legitimacy in the policy process. Specifically, the future of these interests would be determined by how much their institution's authority is reflected in the policy targets, parameters, and paradigm (Hall, 1993). In this case study, the agents of change were aware that their future would be affected by the national strategy of financial inclusion.

At the institutional level, the interests were translated into different beliefs on how financial inclusion should be promoted and to what extent. The agents of change institutionalised these beliefs by managing institutional learning in their agencies. Most of the learning manifested itself in the changes in organisational structure and, automatically, the key performance indicators in these agencies. The new structure served as soft power for the organisation to adapt to the changes brought by critical events; the organisations would survive if they could use their soft power to maintain or better extend the institution's authority in the policy area.

The study showed that each critical event offered a different learning setting. From the seven critical events, the G20 summitry was the most influential to the learning setting. The dominance of the WBG and the UN in the G20 summitry established conditions that hindered voluntary learning. The Global Findex compared the performance of regulators and governments and became a powerful tool to establish competitive learning conditions. Global Findex became the 'rules' of success for Indonesia. It triggered a political obligation for policy actors to adopt financial inclusion into the national agenda and accept the new belief on the important role of mainstream financial services for welfare.

Overall, the significance of the agents of change in policy learning, which is supported by the findings, is that they could steer learning at the institutional level in a particular direction. However,

it is essential to note that none of the agents of change had complete control of policy learning and none of them knew precisely when and where the learning ends. The study suggested that each policy actor deliberately learned by reflecting on their experience and the context.

Chapter Nine identified the coordination styles of the stakeholders. This study found that, from time to time, the agents of change led the coordination to exploit events, promote learning, and establish a coalition that helped their institutions survive and win over the beliefs of others in the policy area.

The agents of change played as messengers within and between agencies; they often represented their agencies in formal and informal policy discussions. They provided cues on what could be expected and communicated their intentions.

Using trust and interests as lens and belief systems as the unit of analysis, this study portrayed four dominant coordination styles in the policy area, each led by the agents of change. The first style was competition – this coordination strategy was used by the market enablers and the market arrangers toward each other. The second style was communicated to compete, which was used by the free marketeers toward the market arrangers. The third style was cooperation to compete, which the free marketeers used toward the market enablers. The fourth style was collaboration. This was a style used by the free marketeers among themselves. The fifth style was coordinate to compete. The market creators used this style towards other coalitions. The last style was co-existing. This was done by latent actors toward other coalitions.

The study called the interactions between the stakeholders in this case study ***antagonistic coordination***. The stakeholders had conflicting interests, competing beliefs, and lack of trust in each other.

The overall coordination mechanism happened during 2010-2016 ended by the legitimation of the national strategy for financial inclusion in 2016, which marked the victory of the free marketeers.

The victory of the free marketers was supported by strategic coordination and a high level of self-awareness. The free marketeers collaborated amongst themselves to win over the other belief systems: the BMGF subsidised the operationalisation of the national council, using UNGSGA and WBG as an intermediary. The commercial bankers performed data and infrastructure philanthropy. They also kept their rivals, such as the credit unions and post office, cast out from policy implementation. Meanwhile, the development banks such as WBG brokered the data and financial infrastructure by promoting a sandbox for deregulation and promoting the financial system to expand social security outreach. They also dominated the policy learning arena, taking advantage of the lack of motivation of the local research centres to perform critical assessments in policy discussions. The variety of coordination styles helped the free marketeers ally with the market enablers while maintaining a close relationship with the market arrangers.

If the antagonistic coordination persists and the consumers remain absent from the policy process, critics on financial inclusion might come into reality. The national strategy and the national council on financial inclusion could be vehicles for the free marketeers to open the following windows of opportunity. The free marketeers could expand and deepen the role of finance, without congruence benefits to Indonesians.

10.3 The alternative interpretations

The alternative interpretations are established by utilising a counterfactual analysis. This analysis is an inseparable part of the process-tracing method. It aims to provide alternative explanations which arguably still produce the same result (policy outcome), given the range of the possible pathways (Bennett and Checkel, 2014).

The counterfactual analysis is done by taking out two events that, compared to other events, seem essential for the outcome but are plausibly revocable (Mahoney, 2015). Based on these

characteristics, this study chose (i) the meetings between the celebrity advocate Queen Maxima and Indonesian leaders; and (ii) AFI forums.

Both are essential as they are categorised as critical events. However, compared with other critical events, they were not followed up by a change in power relations. This means that these events did not prove powerful enough to change policy (plausibly revocable).

The first alternative explanation is if there had no meetings between Queen Maxima and Indonesian leaders. When this possibility was discussed with one of the critical informants, they said: *"…financial inclusion strategy might still have been on place but need more time to be issued*".

Queen Maxima is critical for creating focusing events. The meetings stimulated the policy actors to coordinate the legitimation of the financial inclusion strategy. However, most critical informants perceived her role as a celebrity advocate as more like supporting pressure. The analysis from the interviews suggested that the G20 summitry is more potent in giving pressure to Indonesia to issue the national strategy. One possible reason could be because the diplomatic meetings stimulated coordination but not learning.

The second alternative explanation is if AFI had not existed. This study argued that the strategy might still have been released due to the insistence of the G20 summitry. However, it might also have taken more time for financial inclusion to emerge in Indonesia and other developing nations.

Financial inclusion gained momentum when the Maya Declaration was announced. AFI coordinate the the declaration, and likely, it made AFI pointed as one of the development partners in the G20. Nevertheless, WBG and UNG overshadow AFI's role in policymaking. For example, AFI proposed the Financial Inclusion Index, which promoted the quality and quantity of financial inclusion policy. Nevertheless, Indonesia favoured using Global Findex over the Financial Inclusion Index, which

WBG developed, and the financial literacy index developed by UNG. These measurements are also preferred by many other developing nations.

This condition shows that AFI could mobilise support on financial inclusion from developing countries, but they cannot compete with the WBG and UNG in promoting alternative policy. One possible reason is that AFI stimulates learning, but it does not provide enough resources (finance, network, and legitimation) to stimulate coordination. This is also reflected in the decision of BI and OJK to discontinue their membership in AFI.

The alternative interpretations demonstrate that when a critical event does not stimulate both coordination and learning, it is less likely they will produce a change of power relations in the policy area and even less likely to promote policy change. Another implication from the counterfactual approach is that the policy outcomes would not change with the removal of one or some of the critical events. However, the process would have likely taken longer.

Therefore, compared with these two alternatives, this study provided the most plausible explanation for the development of the financial inclusion policy in Indonesia up to 2016.

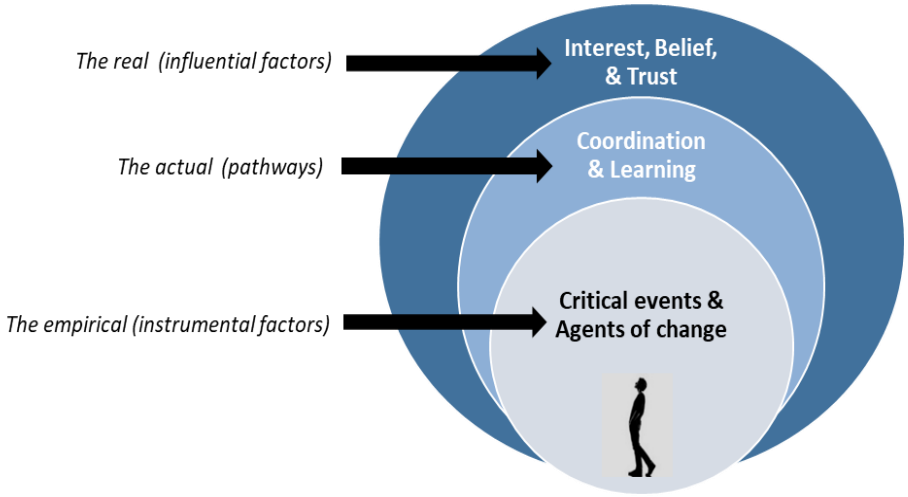
10.4 Implication: The black box of policymaking

The overarching research question of this thesis is why and how did financial inclusion policy develop? Using Indonesia as a case study and critical realism as the standpoint, this thesis proposed the general structure, or the black box, of the policymaking. The black box is disentangled by critically reflecting on the results of the analysis in the previous four chapters.

This study suggests that a policy area comprises two instrumental factors, two pathways, and three influential factors.

The agents of change are vital for policy development. The agents of change shape policy by connecting and creating critical events, steer policy learning, and manage coordination. Whilst the role of agents of change from transnational agencies, such as WBG and UNG – which could also refer as policy entrepreneur – are dominant in framing the problem (financial access) and promoting solutions (financial inclusion), the case study demonstrated that the agents of change from the state agencies should not be underestimated.

Figure 23 The general structure of the policymaking from critical realism point of view



Source: Author analysis

The empirical analysis also denotes the implication for critical realism. For example, during the interviews, it was evident that actors are not always aware of the influence of critical events.

In this study, only two critical informants were aware of the influence of the 2008 financial crisis on the development of the financial inclusion strategy.

At a glance, the 2008 crisis was not crucial for the emergence of financial inclusion globally, even less so for Indonesia. However, by analysing and comparing the critical informants' perspective (empirical) in the two periods (2010-2012 and 2013-2016), the study shows that the 2008 financial crisis is critical to the development of financial inclusion at the global level and for Indonesia.

This finding from the interviews highlights the bounded rationality of the policy actors and aligns with one of the critical concepts of critical realism, that 'reality' is complex; the difficulties in identifying the reality arise because each actor perceives events differently.

This study demonstrates that the agents of change and critical events are instrumental in the dynamic of interests, trust, and beliefs. They stimulate the three influential factors (interests, beliefs, and trust) through two pathways, policy learning and coordination. The change of these influential factors is the *real* cause of policy change.

10.5 Contribution: Opening the black box of financial inclusion policy

Many policymakers believe that improving financial access would promote welfare, despite the mix and unbalanced variety of empirical evidence (Duvendack and Mader, 2020). Most studies on financial inclusion focus on consumer experiences in accessing and utilising financial services. In contrast, the experience of policymakers, including the bankers and regulators, on financial inclusion policy is undetected.

This thesis appears to be the first study investigating financial inclusion from the experience of policymakers. It has gone some way towards enhancing an understanding of why and how financial inclusion policy emerges as a global and national agenda. It provides new perspectives on financial inclusion by revealing the policy's beneficiaries and how stakeholders use the policy for their benefits. The study extends Prabhakar's (2018; 2021) and Mader's (2017) arguments about the imbalanced debates in the policy literature on financial inclusion by unpacking the politicisation of the concept in policymaking.

Grounded on the general structure of policymaking proposed in section 10.4, the study concludes that policy on financial inclusion reflects the conflicting interests in the financial system, the contested

beliefs on how the financial system needs to be managed, and the lack of trust between the regulator, government, and bankers.

The financial system has four potential beneficiaries: bankers, consumers, regulators, and the government. This study shows that consumers were absent from the policy-making process, while the bankers dominated the policy on financial inclusion by taking advantage of the competition between the government and regulators.

The bankers used financial inclusion to survive from an uncontrolled focusing critical event, which is the 2008 financial crisis. They then used financial inclusion to pursue support from government and regulators for their technology and to expand their role in the policy area through the social welfare system. The international commitment in the G20 and evaluations on financial access published by UNG and WBG allowed bankers to ally with regulators, maintaining a close relationship with the government, and keeping the local financial intermediaries cast out.

The bankers would keep driving the policy as long as they still could use WBG and UNG as vehicles to lead the policy discussions, and take advantage of the lack of researchers' motivation and the opportunity for consumers to engage in the policy debates.

10.6 Contribution: Extending the discussion in ACF

This thesis proposes a taxonomy that distinguishes two approaches to analysing policymaking: the process model and the classic theory. The process model helps to explain the sequence of the occurrence of a policy without exploring the role of each policy element, while the classic theory helps to explain the role of a particular policy element without having the ambition to explicate the sequence of policymaking. This taxonomy could help other scholars in choosing the most appropriate theory to explain policymaking.

Building on this taxonomy, this study argues that ACF provides comprehensive propositions to explore possibilities of combining various classic theories, which provides a rich explanation of policymaking. This study also argues that ACF did not explicitly suggest the role of trust and interest. Consequently, scholars tend to focus their analysis on agenda setting (windows of opportunity). Such partial analysis fails to capture the causal mechanism of policymaking. The findings are often contextually dependent, limiting their ability to provide general theory and lessons learned to the practitioners. As a result, policymaking remains as a black box. The policy practitioners still cannot fully understand the nature of policymaking: what elements does a policy consist of? What does it attract to?

This study then demonstrates that, with some innovations, ACF can provide a comprehensive general understanding of policymaking.

The first innovation is establishing a new analytical framework called the Policy Learning Spectrum as an interactive analysis of learning and events. This study categorises and combines different learning concepts in one 'map' to help navigate learning dynamics.

An analysis of policy learning is often based on four main questions: Who learns? What do they learn? How do they learn? and What is the effect of learning? (Bennett and Howlett, 1992; Moyson, Scholten and Weible, 2017; Dunlop and Radaelli, 2013; 2018). In addition to these questions, this study proposes two other analytical questions: Where (and when) do they learn? And why do they learn?

By adopting the concept of policy transfer from Dolowits and Marsh (2000), this study implies that when resources for learning are dominated by one group (in this case, the WBG and UN group), learning is likely far from voluntary. This study showed the exact implications of epistemic learning described by Beach, Schäfer, and Smeets (2019) and Dunlop and Radaeli (2018). They argue that

when a problem is relatively complex, epistemic groups tend to steer the policymakers' understanding.

The second innovation is to combine the theory literature and the practical literature to develop an analytical tool for coordination, called the Coordination Spectrum. The role of interests, trusts, and beliefs has been mentioned separately in the literature, for example by Hall (1993), Sabatier (1987; 2007), Sabatier and Hunter (1989), and Rhodes (2017). This study improves their propositions by incorporating practical literature on the "Collaboration Spectrum" by Tamarac Institute (2017) to show how trust works hand in hand with interests and beliefs to form a coalition and promote change.

There are three principal conceptual implications of these innovations.

First, instead of positioning events as a key determinant for policy change, this study demonstrated that critical events and agents of change are instrumental factors in policymaking. *Second*, this study demonstrated that a coalition is not only formed by beliefs but also interest and trust. Thus, this study proposed interest, belief, and trust as key determinants for policy change. *Finally*, the inferences about policy learning and coordination would be more valid if scholars consider the influence of critical events to the interests, belief, and trust of policy actors in the analysis.

This study answers ACF's consistent limitations and challenges revealed in periodic evaluation of ACF application by Weible, Sabatier and McQueen (2009) and Pierce, Peterson, and Hickshe (2017; 2020): First, ACF has mostly been used to understand the policymaking on environmental issues in the USA. This study uses ACF beyond the context of enviromental issues in developed countries and promote ACF validity. Second, there is a lack of explanation regarding the causal mechanism between events, learning, and coordination. This study demonstrated the causal mechanism.

The overall innovations from this study lead to a practical implication: the urgent need to promote a deliberative and inclusive policy arena at global and national levels. This condition can be achieved

if stakeholders are willing to be open about their interests, beliefs, and trust and are willing to respect and overcome these differences.

10.7 Contribution: Modifying process-tracing

The study utilises process tracing as the basic methodology. Process tracing treats data (events) as a time series, reading them as input-output. It asserts equifinality. That is, various paths could lead to the same outcome. However, process tracing cannot explain why different paths could lead to the same outcome.

If the policy is a system, as proposed in ACF, the policy elements should have dynamic interactions; the present output is based on the accrual inputs in continuous events. However, process tracing treats policymaking as linear; the current output depends on the simultaneous inputs from the previous events. Therefore, process tracing would have difficulty in identifying the policy elements' shared values and, consequently, it could not explain their behaviours. Using process tracing in ACF would explain the policy process but would miss the lessons learned of why a policy changes. Consequently, for scholars and practitioners, the policy system would remain a black box and highly reliant on context.

As a method, process tracing is often distinguished into two main types of use: more inductive, aimed at theory building; and more deductive, aimed at theory testing (Trampusch and Palier, 2016; Jacobs, 2014; Checkel, 2005). Process tracing had made a major contribution to qualitative methods in both approaches. However, in both approaches, the analysis would present the 'actual', less likely the 'real' policy process.

Therefore, the study combines process tracing with systematic critical reflection used in analytic induction, as Hammersley (2010) has explained. The idea is to treat events like a panel instead of a time series but still 'read' them as input-output.

In this study, the series of events was divided into two periods of policy change (2010-2012 and 2013-2016), making them two different cases but with relatively the same context (similar stakeholders and intersecting policy areas). The study also analysed the events at two levels: individual and institutional. Institutions are formed by the interactions of various individuals. Thus, process tracing also helps pinpoint the timing and conditions where the data at the individual and institutional levels are met. These series of events in each level were then compared and contrasted.

The other strategy was to break down the process tracing into four steps: document analysis, backward analysis, abductive analysis, and retroductive analysis. The first two steps help to identify the structural mechanism or the 'actual' policy process. They explain how the policy developed. In comparison, the last two steps help identify the causal mechanism and the 'real' causes. They explain why the policy developed as it did.

This thesis demonstrated that the modification of process tracing opened many directions of discovery toward new causes, new concepts, or reconstruction of a theory.

One example of theory reconstruction is the advancement of the typology of event-related policy change, which was previously defined by Heclo (1972; 1978) and further elaborated by Kingdon (1984; 2001) and Birkland (1998; 2006; 2016).

An example of new causes is the proposal for shared values in the policy system. The three influential factors were noticed as important factors by Sabatier (1987), Rhodes (2017), and many other scholars. However, they never considered these factors as related and equally important.

This strategy also helps this study engage the new cause and concept with the existing classic theory on policymaking to establish the new concepts such as "Agents of Change", "Policy Learning Spectrum" and "Coordination Spectrums". Overall, these concepts facilitate a deeper understanding of the causal relationships in policymaking.

Regarding the limitations, both process tracing and analytic induction are resource demanding. Both methodologies require thoroughness and patience to develop and analyses multiple propositions. They also require much evidence – each piece of evidence demands a laborious analysis process, which does not guarantee the production of new and interesting information. Therefore, it is essential to underline that the research process is not as straightforward as presented in this thesis. It involved trial-and-error steps, messy diagrams, long tables, and dozens of scenarios on the causal mechanisms to assess.

However, this study has demonstrated that rigorous desk study prior to primary data collection (specially to identify critical informants), being open to the critical informants on the research objective, and an active interview approach (for example, by providing interviewees with a summary from the desk study to guide discussion) are useful research strategies to make the most of process-tracing and analytical induction methods.

Notwithstanding these challenges, this study substantiates that combining process tracing with systematic critical reflection between social data and different theories is a promising method.

10.8 Recommendations for policy practice in Indonesia

This section provides recommendations for the general policy process and financial inclusion policy in Indonesia.

10.8.1 The general policy process

As explained in Chapter Two, the guidance for policymaking in Indonesia is described in Law 24/2004. The law describes policymaking in Indonesia as successive stages. The policy process begins with problem mapping through public discussions by considering the result of the evaluation, followed by a technocratic process to produce evidence-based policy alternatives. This process ends with the selection of the best alternative policy through the political process. Evaluation is carried out

throughout policy implementation to generate input and themes for the next round of public discussion. Overall, the guidance suggests that policymaking in Indonesia is highly dependent on political events, the process is systematic, and relies on the technocrat institution, BAPPENAS, as having the elite policy-knowledge.

This research identifies four misconceptions from the guidance. It suggests that the guidance needs to be revised, as it is not currently realistic.

The first misconception: the policy process is determined not only by political events (election) but also by socio-ecological disruption. Disruptions are critical events that can take many forms, from international forums, new technology, to pandemics. This research shows how the G20 summitry and the development of financial technology have shifted the policy direction and instruments in finance and social policy in Indonesia from what had been previously agreed politically.

The second misconception: BAPPENAS, the state technocrat institution, does not have control over the agenda-setting. The agenda is controlled by those who can frame the problem, mobilise support for a policy alternative, and convince the stakeholders (Lukes, 2003), In this case study, they are transnational actors and donor agencies. This study added evidence on the dominant role of international organisations, development bankers, and donors in the Indonesia's policy process (see Diprose, Kurniawan and Macdonald, 2018; Kaasch, Sumarto and Wilmsen, 2015; also Silva-Leander, 2015).

The third misconception: there is lack of deliberative and inclusive policy forums. The regulation suggested that policymaking requires public discussions. However, there are no clear indicators for a proper public discussion. More importantly, there are no guidelines for public discussion in policy areas. Especially where there are a cross-cutting issues between government and independent institutions (financial regulators), such as is the case with financial inclusion.

The last misconception: the evaluation could not guide agenda setting as mandated in the regulation. This study showed that the policy process and context affected the policy implementation (also see Nugroho, Carden and Antlöv, 2018). The policy evaluation as guided in regulation no 24/2004 only assesses the costs and benefits of a policy. Thus, it is more about assessing the success of a policy, less about developing alternative policies.

This study argues that Indonesia's guidance on policymaking stated in Law 24/2004 needs modification. Three things are worthy of being explored:

First, establish clear indicators for participative and deliberative public discussion. The existing public discussion (MUSRENBANG) is only a ceremonial event (see Jackson, Purnawati and Shaxson, 2018; also Sopanah, 2012; and Purba, 2011). It does not promote discussion between parties with different interests and beliefs.

Second, transform the government technocrats (BAPPENAS) into an independent policy broker. An independent policy broker could facilitate MUSRENBANG better. It would have the power to hold participative and deliberative public discussions, minimising the use of evidence that benefits a small group of people at the cost of the public.

Third, include investigations of the policy process as part of policy evaluation. Elite beliefs and interests in the causal relationship between problems and solutions are crucial in agenda setting (Sabatier. and Hunter, 1989). The investigation could identify the elite beliefs and interests that provide a reason to leverage the debate on the priority of problems and alternative policies. In other words, the investigation would empower society while promoting instrumental and voluntary policy learning among the policy actors.

10.8.2 The financial inclusion policy

In Indonesia, the financial inclusion policy developed through a series of critical events in two policy areas (finance and social welfare), which were formed through involuntary policy learning, connected by antagonistic coordination and mediated by agents of change from transnational actors, bankers, regulators and governments.

This findings suggest one explanation as to why financial inclusion is heavier on the solutions to promote financial access and usage than on promoting fair benefits in the financial system. The case study demonstrates that the bankers are more successful in promoting their beliefs. They can make other beneficiaries accept that promoting financial access and mainstream financial services is the key to welfare. They do this by forming strategic coordination. In Indonesia, the bankers collaborated with BMGF, WBG, and UNSGSA while strategically choosing a favourable coordination strategy with other beliefs.

At a glance, technology seems to take over the banker's role in Indonesia. Yet, tracing the process up to 2008 at the global level, this study suggests that bankers were the initiators of the transition. This is their strategy to adapt to the crisis. All bankers are now beginning to work on their technology solutions to stay in the competition. Except for credit unions and local banks, who have fewer resources, the bankers would have the highest competitive advantage.

In the future, there could be two types of financial services in Indonesia. The credit unions and rural banks will be in one group. They provide simple but effective financial services for transactions and borrowing. The second group will consist of holding companies that control investments in several Fintech companies, offering unbundled variants and combinations between financial and public services. As holding companies, they could retain the nature of "banking conglomerates", similar to

the status of several international banks in 2007 that were called “too big to fail” companies (see Wilmarth, 2009).

As Indonesia’s social and financial policy become intertwined, there is a large chance the Fintech will also produce a “banking conglomerate” with more expansive manifestation than we have seen in the past. This study suggests one possible impact of the financial inclusion policy in Indonesia: the financial inclusion strategy would benefit those who have access to define the policy (government, regulators, and bankers) more than the general policy stakeholders, especially the consumers of financial services.

The public also needs to be aware that the financial inclusion strategy currently serves as a solution to the conflicting interests, contested beliefs, and lack of trust between the regulators, government, and bankers.

Rather than competing, the government and regulators need to collaborate to control the proclivities of destructive conflicts of interest from the bankers. Consumers also need to oversee the discourse of financial inclusion proactively. Local financial institutions and local researchers need to organise themselves to develop a coalition. To facilitate this, the policy formulation of financial inclusion needs to be carried out by taking a consultative approach involving all stakeholders.

10.9 Limitations and future study

Using a critical realism perspective, this study opens other possible conceptualisations of the policy system. For example, the links between interest, trust, beliefs, learning, coordination, critical events, and agents of change might be not reflecting causality but dispositionality; while the pattern in this case study proposed a set of rules, the pattern is retrospective, and thus, they cannot say anything

about the future. If this is true, the policy process does not follow the nature of a dynamic system but instead a complex adaptive system[33].

The concept of dispositionality in this study was demonstrated through Policy Learning Spectrum and the Coordination Spectrum: first, both analytical frameworks posit that interests, belief, and trust are closely connected (move together). For example, a relatively low level of trust is always accompanied by a high level of conflicting interests and a high level of contested beliefs. This combination drives the policy actors away from integration and instrumental learning. Second, the combinations were also not foreordained; it was a choice made by the policy actors.

These propositions strengthen the argument that a policy process is a complex adaptive system.

Therefore, assessing the general structure of the policy system in financial inclusion (or any policy area) with complexity theory, such as the Complex Adaptive System, might discover a better understanding of the link between trusts, interests, and beliefs. It could also help discover how the links work in a policy process (for studies and applications on Complex Adaptive System see Hall and Clark, 2010; and Santa Fe Institute, 2020; also Snowden, 2010).

Scholars of complexity theory argue that this concept would help better understand how social systems are organised and how to influence them (see Bennet and Bennet, 2004; Levin et al., 2013; Kitson et al., 2018).

Therefore, this study invites a critical examination of the rules proposed in this study, regarding the link between trusts, interests, and beliefs, with complexity theory. Future studies could investigate what attracts the combination of these influential factors. For example, Barbalet (2009 p.368) argued

[33] The complex adaptive system is characterised by heterogeneous agents who interact and make evolving decisions, generating a system (Hall and Clark, 2010; Levin *et al.*, 2013).

that trust is often identified by the level of "a confident expectation regarding another's behaviour". It is determined by emotional comprehension, social capital, and rationality. However, Barbalet also argued that their links are subject to context. Therefore, future studies could examine these propositions on trust- also other influential factors. They are essential to identify ways to incentivise the instrumental factors, such as way to promote a combination of interests, trusts, and beliefs that create, promote, and facilitate more change agents or produce a fair reinforcing critical event for all stakeholders.

Another implication is, because the influential factors were not foreordained, it also means that the interpretations for the coordination and learning pathways in this study should have been more complex. For example, in terms of trust, a group might strategically choose to trust other groups with a different belief system or not, giving them a choice between competition and collaboration, as well as between instrumental and symbolic learning. This possibility should have been explored to explain the behaviour of the free marketeers, who used different coordination strategies for different coalitions and won over the other belief systems.

Those future directions represent the potential empirical works and illustrate a few of the many limitations of this study.

REFERENCES

Abhijit Banerjee, Esther Duflo, Rachel Glennerster and Cynthia Kinnan (2015) 'The Miracle of Microfinance? Evidence from a Randomized Evaluation', *American Economic Journal: Applied Economics,* 7(1), pp. 22-53. doi: 10.1257/app.20130533.

Abimanyu, A. (2003) 'Tantangan OJK [OJK's Challenges]', *KOMPAS,* 3 March.

Adams, G. (1982) *The politics of defense contracting, the iron triangle.* New Brunswick, NJ [u.a.]: Council on Economic Priorities.

ADB (2014) *Indonesia: Financial Market Development and Inclusion Program Subprogram 1*, Manila: ADB.

Adeola, O. and Evans, O. (2017) 'Financial inclusion, financial development, and economic diversification in Nigeria', *The Journal of Developing Areas,* 51(3), pp. 1-15.

Agarwal, S., Alok, S., Ghosh, P., Gosh, S., Piskorski, T. and Seru, A. (2018) 'Banking the Unbanked: What do 255 Million New Bank Accounts Reveal about Financial Access?', *Columbia Business School Research Paper,* (17-12). doi: //dx.doi.org/10.2139/ssrn.2906523.

Alliance for Financial Inclusion (2018) *#AFITurns10: Celebrating 10 years of financial inclusion.* Available at: https://www.afi-global.org/blog/2018/05/afiturns10-celebrating-10-years-financial-inclusion (Accessed: 10 August 2018).

Alliance for Financial Inclusion (2017) *Defining Financial Inclusion.* Available at: https://www.afi-global.org/sites/default/files/publications/2017-07/FIS_GN_28_AW_digital.pdf (Accessed: 10 August 2018).

Alliance for Financial Inclusion (2016) *An Index to Measure the Progress of Financial Inclusion.* Malaysia: Available at: https://www.afi-global.org/sites/default/files/publications/2016-08/guidelinenote-18_fidwg_progress_index.pdf (Accessed: 28 May 2018).

Alliance for Financial Inclusion (2012) *A Quick Guide to the Maya Declaration on Financial Inclusion.* Alliance for Financial Inclusion. Available at: https://www.afi-global.org/publications/286/A-Quick-Guide-to-the-Maya-Declaration-on-Financial-Inclusion (Accessed: 17 September 2019).

Alliance for Financial Inclusion (2010) *Financia inclusion measurement for regulators: Survey design and implementation* Alliance for Financial Inclusion.

Anderson, S.E., DeLeo, R.A. and Taylor, K. (2019) 'Policy Entrepreneurs, Legislators, and Agenda Setting: Information and Influence', *Policy studies journal,* 48(3), pp. 587-611. doi: 10.1111/psj.12331.

Anjarsari, L. (2014) *Ahli Pemohon Usulkan OJK Dibubarkan atau Jadi Bagian BI* [Expert Applicant Proposed OJK Dissected or become part of BI]. Available at: http://www.mahkamahkonstitusi.go.id/index.php?page=web.Berita&id=10270#.Wz-AptJKiM8 (Accessed: 6 Juli 2018).

Ant. (2003) 'Pembentukan OJK Sebaiknya Tak Buru-buru [The Establishment of OJK Should Not Hurry]', *Suara Karya,* 3 June.

Appleyard, L., Rowlingson, K. and Gardner, J. (2016) 'The variegated financialization of sub-prime credit markets', *Competition & Change*, 20(5), pp. 297-313. doi: 10.1177/1024529416657488.

Archer, A., Cawston, A., Matheson, B. and Geuskens, M.C.M. (2020) 'Celebrity, Democracy, and Epistemic Power', *Perspectives on politics*, 18(1), pp. 27-42. doi: 10.1017/S1537592719002615.

Archer, M. (1998) 'Realism and morphogenesis', in Archer, M., Bashkar, R., Collier, A., Lawson, T. and Norrie, A. (eds.) *Critical Realism: An Essential Reading* Routledge, pp. 380-406.

Asian Development Bank (2018) *Financial Sector Development and Inclusion Program: Report and Recommendation of the President.* Philiphines: Asian Development Bank. Available at: https://www.adb.org/projects/documents/vie-49331-001-rrp (Accessed: 20 January 2021).

Asian Development Bank (2015) *Asian Development Outlook 2015: Financing Asia's Future Growth.* Manila: Asian Development Bank.

Atkinson, A., McKay, S., Collard, S. and Kempson, E. (2007) 'Levels of Financial Capability in the UK', *Public money & management*, 27(1), pp. 29-36. doi: 10.1111/j.1467-9302.2007.00552.x.

Bachrach, P. and Baratz, M. (1962) 'Two Faces of Power', *The American Political Science Review*, 56(4).

Bakker, M.J. and Tijssen, M.A.J. (2010) 'Latah', in Kompoliti, K. and Metman, L.V. (eds.) *Encyclopedia of Movement Disorders* Oxford: Academic Press, pp. 120-122.

Bank Indonesia (2017) *Peraturan Bank Indonesia Nomor 19/12/PBI/2017 tentang Penyelenggaraan Teknologi Finansial.* Available at: https://peraturan.bpk.go.id/Home/Details/135776/peraturan-bi-no-1912pbi2017-tahun-2017 (Accessed: 3 April 2021).

Bank Indonesia (2016) *Digital Financial Inclusion in Indonesia.* Indonesia: Bank Indonesia.

Bank Indonesia (2013a) *Financial Identity Number.* Available at: https://www.bi.go.id/id/perbankan/keuanganinklusif/program/fin/Contents/Default.aspx (Accessed: 10 August 2018).

Bank Indonesia (2013b) *Forum Stabilitas Sistem Keuangan* [Forum on Financial System Stability]. Available at: https://www.bi.go.id/id/tentang-bi/forum-ssk/Contents/Default.aspx (Accessed: 7 July 2018).

Bank Indonesia (2013c) *Payment System.* Available at: https://www.bi.go.id/en/sistem-pembayaran/Contents/Default.aspx (Accessed: 15 July 2018).

Bank Indonesia (2010) *Bank Indonesia dan Perbankan Nasional Meluncurkan Gerakan Siswa Menabung* [Bank Indonesia and National Banks Launch the Student Savings Movement], Jakarta.

BAPPENAS (2017) *Koordinasi Penyusunan Kerangka Regulasi dalam RKP dan Renja K/L 2018 Menggunakan Sistem e-Planning* [Coordination of Formulating the Regulatory Framework in the 2018 Government Work Plans Using the e-Planning System], Jakarta: BAPPENAS.

Bappenas (2016) *Warta UMKM*. Jakarta: BAPPENAS. Available at: https://www.bappenas.go.id/files/8014/8116/6753/Warta_KUMKM_2016_Vol_5_No_1.pdf (Accessed: 15 July 2018).

Barbalet, J. (2009) 'A Characterization of Trust, and Its Consequences', *Theory and society*, 38(4), pp. 367-382. doi: 10.1007/s11186-009-9087-3.

Barbour, R.S. (2014) *Introducing qualitative research.* 2.th edn. Los Angeles, Calif. [u.a]: Sage Publ.

Barry, M.S. and Creti, A. (2020) 'Pay-as-you-go contracts for electricity access: Bridging the "last mile" gap? A case study in Benin', *Energy economics*, 90(August 2020), pp. 104843. doi: 10.1016/j.eneco.2020.104843.

Bateman, M. and Chang, H. (2009) 'The Microfinance Illusion'.

Baumgartner, F.R. and Jones, B.D. (1991) 'Agenda Dynamics and Policy Subsystems', *The Journal of Politics*, 53(4), pp. 1044-1074. doi: 10.2307/2131866.

Baxter, K., Mann, R.C., Birks, Y.F. and Overton, L. (2021) 'A scoping review of evidence on the use and effectiveness of decision aids in adult social care'. doi: 10.31389/jltc.56.

Bayliss, K., Churchill, J., Fine, B. and Robertson, M. (2016) 'Summary report on the impacts of financialisation and financial crisis on household well-being', *FESSUD working paper*, (199).

Bayliss, K., Fine, B. and Robertson, M. (2017) 'Introduction to special issue on the material cultures of financialisation', *New Political Economy*, 22(4), pp. 355-16. doi: 10.1080/13563467.2017.1259304.

Beach, D., Schäfer, D. and Smeets, S. (2019) 'The Past in the Present—The Role of Analogical Reasoning in Epistemic Learning About How to Tackle Complex Policy Problems', *Policy Studies Journal*. doi: 10.1111/psj.12372.

Beck, T. and De La Torre, A. (2007) 'The Basic Analytics of Access to Financial Services', *Financial markets, institutions & instruments*, 16(2), pp. 79-117. doi: 10.1111/j.1468-0416.2007.00120.x.

Beck, T., Demirguc-Kunt, A. and Levine, R. (2004) *Finance, inequality, and poverty.* Cambridge, Mass: National Bureau of Economic Research.

Beck, T., Demirguc-Kunt, A. and Martinez Peria, M.S. (2007) 'Reaching out: Access to and use of banking services across countries', *Journal of Financial Economics*, 85(1), pp. 234-266. doi: 10.1016/j.jfineco.2006.07.002.

Béland, D. (2010a) 'The Idea of Power and the Role of Ideas', *Political Studies Review*, 8(2), pp. 145-154. doi: 10.1111/j.1478-9302.2009.00199.x.

Béland, D. (2010b) 'The Idea of Power and the Role of Ideas', *Political studies review*, 8(2), pp. 145-154. doi: 10.1111/j.1478-9302.2009.00199.x.

Béland, D. (2009) 'Ideas, institutions, and policy change', *Journal of European public policy*, 16(5), pp. 701-718. doi: 10.1080/13501760902983382.

Béland, D., Carstensen, M.B. and Seabrooke, L. (2016) 'Ideas, Political Power and Public Policy', *Journal of European public policy*, 23(3), pp. 315-317. doi: 10.1080/13501763.2015.1122163.

Bennet, A. and Bennet, D. (2004) *Organizational survival in the new world: the intelligent complex adaptive system.* New York: Routledge.

Bennett, A. and Checkel, J.T. (2014) 'Process Tracing: From Philosophical Roots to Best Practices '*Process Tracing: From Metaphor to Analytic Tool, Strategies for Social Inquiry* United Kingdom: Cambridge University Press.

Bennett, C.J. (1991) 'What Is Policy Convergence and What Causes It?', *British Journal of Political Science,* 21(2), pp. 215-233. doi: 10.1017/S0007123400006116.

Bennett, C.J. and Howlett, M. (1992) 'The Lessons of Learning: Reconciling Theories of Policy Learning and Policy Change', *Policy Sciences,* 25(3), pp. 275-294. doi: 10.1007/BF00138786.

Berry, C. (2015) 'Citizenship in a financialised society: financial inclusion and the state before and after the crash', *Policy and Politics,* 43(4), pp. 509. doi: 10.1332/030557315X14246197892963.

Besley, T., Burchardi, K. and Ghatak, M. (2017) *The Gains from Financial Inclusion: Theory and a Quantitative Assessment*.

Beyene Fanta, A. and Makina, D. (2019) 'The Relationship Between Technology and Financial Inclusion: Cross-Sectional Evidence', in Makina, D. (ed.) *Extending Financial Inclusion in Africa* Academic Press, pp. 211-230.

Bhaskar, R. (2011) *Reclaiming Reality.* London: Routledge.

Bhaskar, R. (2009) *Scientific Realism and Human Emancipation.* London: Routledge.

Bill and Melinda Gates Foundation (2018) *How We Work.* Available at: https://www.gatesfoundation.org/How-We-Work/Quick-Links/GrantsDatabase/Grants/2013/08/OPPGD1456 (Accessed: 1 June 2018).

Birklan, T.A. (1998) 'Focusing Events, Mobilization, and Agenda Setting', *Journal of Public Policy,* 18(1), pp. 53-74. doi: 10.1017/S0143814X98000038.

Birkland, T. (2016) *An Introduction to the Policy Process.* Abingdon, Oxon: Routledge.

Birkland, T. (2015) 'Agenda Setting, Power, and Interest Groups'*An Introduction to the Policy Process: Theories, Concepts, and Models of Public Policy Making* Abingdon, Oxon: Taylor & Francis Group.

Birkland, T. (2006) *Lessons of Disaster.* Washington: Georgetown University Press.

Birkland, T. (1998) 'Focusing Events, Mobilization, and Agenda Setting', *Journal of public policy,* 18(1), pp. 53-74. doi: 10.1017/S0143814X98000038.

Blake, K., Nahrath, S. and Ingold, K. (2020) 'Combining the Institutional Resource Regime (IRR) framework with the Advocacy Coalition Framework (ACF) for a better understanding of environmental governance processes: The case of Swiss wind power policy', *Environmental science & policy,* 112, pp. 141-154. doi: 10.1016/j.envsci.2020.06.010.

Blomkamp, E., Sholokin, N., Nursyamsi, F., Lewis, J. and Toumbourou, T. (2017) *Understanding Policy Making in Indonesia: In Search of Policy Cycle.* Jakarta: Knowledge Sector Initiative. Available at: http://www.ksi-indonesia.org/en/news/detail/understanding-policy-making-in-indonesia-in-search-of-a-policy-cycle (Accessed: 1 June 2018).

Bold, C., Porteous, D. and Parker, S. (2012) *Social Cash Transfers and Financial Inclusion.* Available at: http://www.cgap.org/publications/social-cash-transfers-and-financial-inclusion (Accessed: 12 April 2018).

Born, P. (2004) *Review of Supporting Literature on community, leadership and community leadership*, Toronto: Tamarack Institute.

Borrás, S. (2011) 'Policy learning and organizational capacities in innovation policies', *Science & public policy*, 38(9), pp. 725-734. doi: 10.3152/030234211X13070021633323.

Brody, C., Hoop, T., Vojtkova, M., Warnock, R., Dunbar, M., Murthy, P. and Dworkin, S.L. (2015) 'Economic Self-Help group Programs for Improving Women's Empowerment: A Systematic Review', *Campbell systematic review*, 11(1), pp. 1-182. doi: 10.4073/csr.2015.19.

Bruhn, M. and Love, I. (2014) 'The Real Impact of Improved Access to Finance: Evidence from Mexico', *The Journal of Finance*, 69(3), pp. 1347-1376. doi: 10.1111/jofi.12091.

Brune, L., Gine, X., Goldberg, J. and Yang, D. (2016) 'Facilitating Savings for Agriculture: Field Experimental Evidence from Malawi', *Economic Development and Cultural Change*, 64(2), pp. 187-220. doi: 10.1086/684014.

Bryman, A. (2016) *Social Research Method.* 5th edn. London: Oxford University Press.

Bryman, A. (2014) 'June 1989 and beyond: Julia Brannen's contribution to mixed methods research', *International Journal of Social Research Methodology*, 17(2), pp. 121-131. doi: 10.1080/13645579.2014.892653.

Cabinet Secretariat of the Republic of Indonesia (2016) *Strategi Nasional Keuangan Inklusif (SNKI).* Available at: https://sikapiuangmu.ojk.go.id/FrontEnd/CMS/Download/218 (Accessed: 7 October 2017).

Cairney, P. (2016) 'The science of policymaking'*The politics of evidence-based policy making* London: Palgrave Macmillan.

Cairney, P. (2015) 'Paul A. Sabatier, "An Advocacy Coalition Framework of Policy Change and the Role of Policy-Oriented Learning Therein"', in Lodge, M., Page, E. and Balla, S. (eds.) *The Oxford Handbook of Classics in Public Policy and Administration* Oxford University Press.

Cairney, P. (2012) *Understanding public policy.* 1. publ. edn. Basingstoke: Palgrave Macmillan.

Cairney, P. (2011) 'The Advocacy Coalition Framework'*Understanding Public Policy: Theories and Issues* Red Globe Press.

Cairney, P. and Heikkila, T. (2014) 'A Comparison of Theories of the Policy Process'*Theories of the Policy Process* Westview Press.

Cairney, P. and Oliver, K. (2017) 'Evidence-based policymaking is not like evidence-based medicine, so how far should you go to bridge the divide between evidence and policy?', *Health research policy and systems*, 15(1), pp. 35. doi: 10.1186/s12961-017-0192-x.

Camara, N. and Tuesta, D. (2014) *Measuring Financial Inclusion: A Multidimensional Index.* Available at:(Accessed: 7 January 2018).

Carlin, B.I., Pagel, M. and Olafsson, A. (2017) *FinTech Adoption Across Generations: Financial Fitness in the Information Age.* Cambridge, Mass: National Bureau of Economic Research. Available at: http://www.nber.org/papers/w23798 (Accessed: 16 August 2018).

Carpini, M., Cook, F.L. and Jacobs, L.R. (2004) 'Public Deliberations, Discursive Participation and Citizen Engagement: A Review of the Empirical Literature', *Annual Review of Political Science,* 7.

Center for Financial Inclusion (2017) *Our Definition of Financial Inclusion.* Available at: http://www.centerforfinancialinclusion.org/about/who-we-are/our-definition-of-financial-inclusion (Accessed: 21 November 2017).

Center for Financial Inclusion (2014) *Financial Inclusion for Persons with Disabilities.* Available at: https://www.centerforfinancialinclusion.org/programs-a-projects/past-projects/pwd (Accessed: 25 May 2018).

CGAP (2017) *What is Financial Inclusion and Why is it Important?* Available at: http://www.cgap.org/about/faq/what-financial-inclusion-and-why-it-important (Accessed: 20 November 2017).

CGAP (2011) *Global Standard-Setting Bodies and Financial Inclusion for the Poor toward Proportionate Standards and Guidance.* Washington, DC: Available at: https://www.gpfi.org/sites/gpfi/files/documents/GPFI_WhitePaper_Mar2016.pdf (Accessed: 5 November 2018).

CGAP (2010) *The State of Financial Inclusion through the Crisis.* Washington DC: CGAP/The World Bank. Available at: http://documents.worldbank.org/curated/en/997001468160497796/Financial-access-2010-the-state-of-financial-inclusion-through-the-crisis (Accessed: 19 September 2019).

CGAP (2009) *Financial Access 2009: Measuring Access to Financial Services around the World.* Washington, DC: Consultative Group to Assist the Poor/The World Bank. Available at: http://hdl.handle.net/10986/12843 (Accessed: 12 September 2019).

Checkel, J.T. (2005) *It's the Process Stupid! Process Tracing in the Study of European and International Politics.* Available at: http://econpapers.repec.org/paper/erparenax/p0206.htm (Accessed: 28 March 2020).

Cihak, M. and Singh, P. (2013) 'An Analysis of National Financial Inclusion Strategies', *The World Bank,* Dec 12. Available at: http://blogs.worldbank.org (Accessed: 9 October 2017).

Claessens, S. (2006) 'Access to Financial Services: A Review of the Issues and Public Policy Objectives', *The World Bank research observer,* 21(2), pp. 207-240. doi: 10.1093/wbro/lkl004.

Collard, S., Kempson Ellaine and Whyley, C. (2001) *Tackling financial exclusion: an area-based approach.* United Kingdom: The Policy Press. Available at: https://www.bristol.ac.uk/geography/research/pfrc/themes/finexc/tackling-exclusion.html (Accessed: 15 February 2018).

Converse and Philip, E. (2006) 'The Nature of Belief Systems in Mass Publics (1964)', *Critical Review,* 18(1-3), pp. 1-74. doi: 10.1080/08913810608443650.

Cook, W. (2021) 'Comparing India's UPI and Brazil's New Instant Payment System, PIX', *www.cgap.org*, 2 February. Available at: https://www.cgap.org/blog/comparing-indias-upi-and-brazils-new-instant-payment-system-pix (Accessed: 7 July 2021).

Corbett, J. (2019) *Where Do Leaders Come From?* Birmingham: Development Leadership Program. Available at: https://www.dlprog.org/publications/foundational-papers/where-do-leaders-come-from (Accessed: 30 September 2019).

Corbin Dwyer, S. and Buckle, J.L. (2018) 'Reflection/Commentary on a Past Article: "The Space Between: On Being an Insider-Outsider in Qualitative Research"', *International journal of qualitative methods*, 17(1), pp. 160940691878817. doi: 10.1177/1609406918788176.

Crotty, W.J. (1968) 'Reviewed Work: The Power Structure: Political Process in American Life. by Arnold M. Rose', *The Journal of Politics*, 30(1), pp. 220-221. doi: 10.2307/2128321.

Dahl, R.A. (1958) 'A critique of the ruling elite model', *The American Political Science Review*, 52, pp. 463-469.

Datta, A., Febriani, V. and Susilastuti, D. (2014) *Social assistance policymaking in Indonesia: Opportunities for, and constraints to, promoting reform*, London: Overseas Development Institute.

Datta, A., Jones, H., Febriany, V., Harris, D., Dewi, R.K., Wild, L. and Young, J. (2011) *The political economy of policy-making in Indonesia: Opportunities for improving the demand for and use of knowledge.* London: Overseas Development Institute. Available at: https://www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/7531.pdf (Accessed: 1 June 2018).

Davies, P. (2015) 'Towards a framework for financial literacy in the context of democracy', *Journal of curriculum studies*, 47(2), pp. 300-316. doi: 10.1080/00220272.2014.934717.

Davies, S., Finney, A. and Hartfree, Y. (2016) 'The Poverty Premium - When low-income households pay more for essential goods and services'. doi: 10.13140/RG.2.2.11648.33280.

Davies, S. and Trend, L. (2020) 'The poverty premium: A customer perspective'.

DeCuir-Gunby, J.T., Marshall, P.L. and McCulloch, A.W. (2011) 'Developing and Using a Codebook for the Analysis of Interview Data: An Example from a Professional Development Research Project', *Field Methods*, 23(2), pp. 136-155. doi: 10.1177/1525822X10388468.

Deere, C.D. and Catanzarite, Z.B. (2018) 'Who borrows to accumulate assets? Class, gender and indebtedness in Ecuador's credit market', *CEPAL Review*, 2017(122), pp. 107-126. doi: 10.18356/6f73a472-en.

Demirgüç-Kunt, A., Beck, T.H.L. and Honohan, P. (2008) 'Access to Finance and Development: Theory and Measurement'*Finance for all: Policies and Pitfalls in Expanding Access* World Bank.

Demirguc-Kunt, A. and Klapper, L. (2012) *Measuring Financial Inclusion: The Global Findex Database.* Washington, DC: World Bank. Available at: http://hdl.handle.net/10986/6042 (Accessed: 26 April 2017).

Demirgüç-Kunt, A., Klapper, L., Singer, D., Ansar, S. and Hess, J. (2018) *The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution.* The World Bank. Available at: http://globalfindex.worldbank.org/ (Accessed: 19 April 2018).

Demirguc-Kunt, A., Singer, D., Klapper, L. and Van Oudheusden, P. (2015) *The Global Findex Database 2014 Measuring Financial Inclusion around the World.* World Bank, Washington, DC. Available at: http://hdl.handle.net/10986/21865 (Accessed: 11 January 2018).

Derek Beach and Rasmus Brun Pedersen (2013) *Process-Tracing Methods.* Ann Arbor: University of Michigan Press.

Deutsch, K.W. (1951) 'Mechanism, Organism, and Society: Some Models in Natural and Social Science', *Philosophy of Science,* 18(3), pp. 230.

Dewan Perwakilan Rakyat (2014) *Sistem Perencanaan dan Pembangunan Nasional.* Jakarta: Available at: https://www.dpr.go.id/dokjdih/document/uu/26.pdf (Accessed: 26 June 2021).

Dewan Perwakilan Rakyat (2003) *Keuangan Negara* [State budget]. Jakarta: Available at: https://peraturan.bpk.go.id/Home/Details/43017/uu-no-17-tahun-2003 (Accessed: 25 June 2021).

Diniz, E., Birochi, R. and Pozzebon, M. (2012) 'Triggers and barriers to financial inclusion: The use of ICT-based branchless banking in an Amazon county', *Electronic Commerce Research and Applications,* 11(5), pp. 484-494. doi: https://doi.org/10.1016/j.elerap.2011.07.006.

Diprose, R., Kurniawan, N.I. and Macdonald, K. (2018) 'Transnational policy influence and the politics of legitimation', *Governance (Oxford),* 32(2), pp. 223-240. doi: 10.1111/gove.12370.

Dobbie, L. and Gillespie, M. (2010) *The Health Benefits of Financial Inclusion: A Literature Review.* Glasgow: Available at: https://www.gcu.ac.uk/media/gcalwebv2/theuniversity/centresprojects/spiu/Health%20Benefits%20of%20FI%20final%20report%20pdf.pdf (Accessed: 1 April 2018).

Dolowitz, D.P. and Marsh, D. (2000) 'Learning from Abroad: The Role of Policy Transfer in Contemporary Policy-Making', *Governance: An International Journal of Policy and Administration,* 13(1), pp. 5-23. doi: 10.1111/0952-1895.00121.

Domhoff, G.W. (1978) 'Dhal's View of New Haven'*Who really rules?* Santa Monica, California: Goodyear.

Domhoff, W. (2012) 'An Invitation to a Four-Network Theory of Power: A New Viewpoint Compatible with Elite Theory', *Historical Social Research / Historische Sozialforschung,* 37(1 (139)), pp. 23-37. doi: 10.12759/hsr.37.2012.1.23-37.

Dunlop, C.A. and Radaelli, C.M. (2018) 'Does Policy Learning Meet the Standards of an Analytical Framework of the Policy Process?', *Policy Studies Journal,* 46, pp. S48-S68. doi: 10.1111/psj.12250.

Dunlop, C.A. and Radaelli, C.M. (2013) 'Systematising Policy Learning: From Monolith to Dimensions', *Political Studies,* 61(3), pp. 599-619. doi: 10.1111/j.1467-9248.2012.00982.x.

Dunlop, C.A., Radaelli, C.M. and Trein, P. (2018) 'Introduction: The Family Tree of Policy Learning'*Learning in Public Policy* Cambridge: Springer International Publishing, pp. 1-25.

Dupas, P. and Robinson, J. (2013) 'Why Don't the Poor Save More? Evidence from Health Savings Experiments', *The American Economic Review,* 103(4), pp. 1138-1171. doi: 10.1257/aer.103.4.1138.

Duvendack, M. and Mader, P. (2020) 'Impact of Financial Inclusion in Low- and Middle-Income Countries: A systematic Reviews of Reviews. ', *Journal of economic surveys*, 34(3), pp. 594-629. doi: 10.1111/joes.12367.

Dwiantika, N. (2010) 'Tolak OJK, Ratusan Pegawai BI Kenakan Pita Hitam [Reject OJK, hundreds of employees of BI wear black ribbon]', 6 December.

Dwipayana, A. (2016) 'Jokowi, Presiden Indonesia Pertama Ke Belanda Setelah 16 Tahun [Jokowi, First Indonesian President To The Netherlands After 16 Years]', *Redaksi Indonesia*, 23 April.

Easton, G. (2010) 'Critical realism in case study research', *Industrial marketing management*, 39(1), pp. 118-128. doi: 10.1016/j.indmarman.2008.06.004.

Epstein, G. (2015) 'Financialization: There's Something Happening Here', *Political Economy Research Institute*, 394.

Epstein, G.A. (2005) 'Introduction: Financialization and the World Economy' *Financialization and the world economy* Cheltenham: Edward Elgar Publishing.

Etheredge, L.S. (1981) 'Government learning: An overview', in Long, S.L. (ed.) *The Handbook of Political Behavior* New York: Plenum Press, pp. 73-161.

European Commission (2014) *The right to a basic bank account for all European citizens: Commission welcomes European Parliament adoption*, Brussel: European Commission.

Evans, G. and McAteer, M. (2021) *Getting Workforces Saving: Payroll Schemes with Credit Unions.* United Kingdom: The Financial Inclusion Centre. Available at: https://moneyandpensionsservice.org.uk/wp-content/uploads/2021/04/getting-workforces-saving-payroll-schemes-with-credit-unions-final-publication-report.pdf (Accessed: 7 July 2021).

Fatimah, S. (2020) *Ombudsman RI: 397 Komisaris BUMN Terindikasi Rangkap Jabatan pada 2019 [RI Ombudsman: 397 BUMN Commissioners Indicated for Multiple Positions in 2019].* Available at: https://ombudsman.go.id/news/r/ombudsman-ri-397-komisaris-bumn-terindikasi-rangkap-jabatan-pada-2019 (Accessed: 7 March 2021).

Finlayson, A. (2009) 'Financialisation, Financial Literacy and Asset-Based Welfare', *British Journal of Politics and International Relations*, 11(3), pp. 400-421. doi: 10.1111/j.1467-856X.2009.00378.x.

FinMark and Cenfri (2018) Cambodia Financial Inclusion strategy. Finmark. Available at: https://finmark.org.za/system/documents/files/000/000/225/original/Cambodia_Roadmap_13-February-2018.pdf?1601989113 (Accessed: 1 October 2019).

Finmark (2021) *Data for Financial Markets.* Available at: https://www.finmark.org.za/data-for-financial-markets (Accessed: Feb 15, 2021).

Fischer, M., Ingold, K. and Ivanova, S. (2017) 'Information exchange under uncertainty: The case of unconventional gas development in the United Kingdom', *Land use policy*, 67, pp. 200-211. doi: 10.1016/j.landusepol.2017.05.003.

Fligstein, N. (1996) 'Markets as Politics: A Political-Cultural Approach to Market Institutions', *American sociological review*, 61(4), pp. 656-673. doi: 10.2307/2096398.

Fouillet, C. and Morvant-Roux, S. (2018) 'Financial inclusion, a driver of state building in India and Mexico?', *International Development Policy,* (10). doi: 10.4000/poldev.2519.

Gabor, D. and Brooks, S. (2017) 'The digital revolution in financial inclusion: international development in the fintech era', *New Political Economy,* 22(4), pp. 423-436. doi: 10.1080/13563467.2017.1259298.

Gates, B. (2011) *What Is the G20? (And Why Am I Going?).* Available at: https://www.gatesnotes.com/Development/What-is-the-G20 (Accessed: 29 November 2019).

GCAP (2018) *What is Microfinance? How Does it Relate to Financial Inclusion?* Available at: http://www.cgap.org/about/faq/what-microfinance-how-does-it-relate-financial-inclusion-0 (Accessed: 12 April 2018).

Gibbons, D. (2015) *Where now for local welfare schemes*, London: Centre for Responsible Credit.

Goldenberg, S. (1993) 'Analytic Induction Revisited', *Canadian journal of sociology,* 18(2), pp. 161-176. doi: 10.2307/3341256.

Good Shepherd Microfinance (2018) *FIAP.* Available at: https://goodshepherdmicrofinance.org.au/services/financial-inclusion-action-plans-fiap/ (Accessed: 16 April 2020).

GPFI (2018) *G20 Financial Inclusion Action Plan (FIAP) 2017.* Available at: https://www.gpfi.org/publications/g20-financial-inclusion-action-plan-fiap-2017 (Accessed: 28 May 2018).

GPFI (2016) *G20 Financial Inclusion Indicators (2016 Update).* Available at:(Accessed: 7 January 2018).

GPFI (2015) *G20 Financial Inclusion Action Plan Progress Report 2010-2014.* Available at: https://www.gpfi.org/publications/g20-financial-inclusion-action-plan-fiap-progress-report-2010-2014 (Accessed: 1 November 2019).

GPFI (2011) *Global Partnership for Financial Inclusion Work plan 2011-2012.* GPFI. Available at: http://www.gpfi.org/sites/gpfi/files/documents/GPFI%20work%20plan-combined-200311%20Aug%2026.pdf (Accessed: 18 September 2019).

GSMA (2021) *Industry data and insights.* Available at: https://www.gsma.com/mobilefordevelopment/mobile-money/industry-data-and-insights/ (Accessed: Feb 15, 2021).

GSMA (2020) *Mobile money enabled cash assistance: User Journeys in Burundi*. United Kingdom: GSMA. Available at: https://www.gsma.com/mobilefordevelopment/wp-content/uploads/2020/12/M4H_Burundi_User_Journeys.pdf (Accessed: 6 March 2021).

Gunawan, H. (2016) 'Kantor Pos layani tabungan mulai semester I-2016' [Post office will serve savings from semester I-2016], *Kontan,* 26 Agustus.

Gyasi, R.M., Adam, A.M. and Phillips, D.R. (2019) 'Financial Inclusion, Health-Seeking Behavior, and Health Outcomes Among Older Adults in Ghana', *Research on aging,* 41(8), pp. 794-820. doi: 10.1177/0164027519846604.

Hall, A. and Clark, N. (2010) 'What do complex adaptive systems look like and what are the implications for innovation policy?', *Journal of international development,* 22(3), pp. 308-324. doi: 10.1002/jid.1690.

Hall, P.A. (1993) 'Policy paradigms, social learning, and the state', *Comparative politics,* 25(3), pp. 275-296.

Hammersley, M. (2018) *The dilemma of qualitative method: Herbert Blumer and the Chicago tradition.* Routledge.

Hammersley, M. (2010) 'A Historical and Comparative Note on the Relationship Between Analytic Induction and Grounded Theorising', *Forum Qualitative Sozialforschung / Forum: Qualitative Social Research,* 11(2), pp. No 2 (2010): Visualising Migration and Social Division: Insights from Social Sciences and the Visual Arts. doi: 10.17169/fqs-11.2.1400.

Hammersley, M. (1990) *The Dilemma of Qualitative Method.* 1989, reprinted edn. London: Routledge.

Hammersley, M. (1987) 'Some Notes on the Terms 'Validity' and 'Reliability'', *British educational research journal,* 13(1), pp. 73-82. doi: 10.1080/0141192870130107.

Head, B.W. (2008) 'Three Lenses of Evidence-Based Policy', *Australian journal of public administration,* 67(1), pp. 1-11. doi: 10.1111/j.1467-8500.2007.00564.x.

Heclo, H. (2010) *Modern social politics in Britain and Sweden.* 1. publ. edn. Colchester, UK: ECPR Press.

Heclo, H. (1978) 'Issue Networks and the Executive Establishment', *The New American Political System.*, (American Enterprise Institute), pp. 87-107.

Heclo, H. (1972) 'Review Article: Policy Analysis', *British journal of political science,* 2(1), pp. 83-108. doi: 10.1017/S0007123400008449.

Hennink, M.M., Kaiser, B.N. and Marconi, V.C. (2017) 'Code Saturation Versus Meaning Saturation', *Qualitative Health Research,* 27(4), pp. 591-608. doi: 10.1177/1049732316665344.

HM Government (2017) *Government response to the final report of the Lords Select Committee on Financial Exclusion.* Available at: www.gov.uk/government/publications (Accessed: 21 November 2017).

Hodson, R., Dwyer, R.E. and Neilson, L.A. (2014) 'Credit Card Blues: The Middle Class and the Hidden Costs of Easy Credit', *The Sociological Quarterly,* 55(2), pp. 315-340. doi: 10.1111/tsq.12059.

Hofstede Insights (2021) *Hoftede insights: National culture.* Available at: https://hi.hofstede-insights.com/national-culture (Accessed: 30 April 2021).

Honohan, P. (2004) *Financial Sector Policy and the Poor: Selected Findings and Issues.* Washington DC: The World Bank.

Honohan, P. and King, M. (2013) 'Cause and Effect of Financial Access: Cross-Country Evidence from the FinScope Surveys'*Banking the World: Empirical Foundations of Financial Inclusion* MIT Press, pp. 45-83.

Honohan, P. and King, M. (2009) *Cause and effect of financial access: Cross-Country Evidence from the FinScope Surveys*. 12-13 March 2009. Washington DC: IIIS.

Hornung, J. and Bandelow, N.C. (2021) 'Party Identification and Cultural Theory in Europe: Methodologically Advancing Comparative Studies of the Advocacy Coalition Framework', *Journal of comparative policy analysis,* ahead-of-print(ahead-of-print), pp. 1-21. doi: 10.1080/13876988.2021.1891834.

Howard, C. (2005) 'The Policy Cycle: A Model of Post-Machiavellian Policy Making?', *Australian journal of public administration,* 64(3), pp. 3-13. doi: 10.1111/j.1467-8500.2005.00447.x.

Hudson, D. and McLoughlin, C. (2019) *How is Leadership Understood in Different Context.* Birmingham: Developmental Leadership Program. Available at: https://www.dlprog.org/publications/foundational-papers/how-is-leadership-understood-in-different-contexts (Accessed: 24 November 2019).

Hudson, D., Mcloughlin, C., Roche, C. and Marquette, H. (2018) *Inside the Black Box of Political Will.* Birmingham: Development Leadership Program. Available at: https://www.dlprog.org/publications/research-papers/inside-the-black-box-of-political-will-10-years-of-findings-from-the-developmental-leadership-program (Accessed: 24 October 2019).

Hussain, F., Mishra, S., Bester, H., Gray, J., Saunders, D. and Hougaard, C. (2015) *ASEAN Financial Inclusion, for What?* UNDCF. Available at:(Accessed: 19 August 2018).

Ikeda, J. and Liffiton, K. (2019) *Fintech for the Water Sector: Advancing Financial Inclusion for More Equitable Access to Water.* World Bank, Washington, DC. Available at: http://hdl.handle.net/10986/31417 (Accessed: 4 June 2020).

ILO (2021) *ILO Monitor: COVID-19 and the World of Work, Updated Estimates and Analysis.* Internatioanal Labor Organisation. Available at: https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_767028.pdf (Accessed: 30 April 2021).

IMF (2021) *How COVID-19 Will Increase Inequality in Emerging Markets and Developing Economies.* Available at: https://blogs.imf.org/2020/10/29/how-covid-19-will-increase-inequality-in-emerging-markets-and-developing-economies/ (Accessed: 30 April 2021).

Ingold, K. (2011) 'Network Structures within Policy Processes: Coalitions, Power, and Brokerage in Swiss Climate Policy', *Policy studies journal,* 39(3), pp. 435-459. doi: 10.1111/j.1541-0072.2011.00416.x.

ISPI (2016) *G20's History and Membership.* Available at: https://www.ispionline.it/en/pubblicazione/g20s-history-and-membership-17116 (Accessed: 22 March 2021).

Jackson, E., Purnawati, E.B. and Shaxson, L. (2018) 'How and When Do Policymakers Use Evidence? Taking Politics into Account'*Knowledge, Politics and Policymaking in Indonesia* Singapore: Springer Singapore, pp. 67-88.

Jacobs, A.M. (2014) 'Process tracing the effects of ideas' *Process Tracing* Cambridge University Press, pp. 41-73.

Jacobs, A. and Buthe, T. (2015) 'Transparency in Qualitative and Multi-Method Research: A Symposium', *Qualitative and Multi-Method Research,* 13(1).

Janis, I. (1972) *Victims of groupthink; a psychological study of foreign-policy decisions and fiascoes.* Boston: Houghton, Mifflin.

Jann, W. and Wegrich, K. (2007) 'Theories of the Policy Cycle', in Fischer, F. and Miller, G.J. (eds.) *Handbook of Public Policy Analysis* New York: Routledge.

Jenkins-Smith, H., Silva, C.L., Gupta, K. and Ripberger, J.T. (2014) 'Belief System Continuity and Change in Policy Advocacy Coalitions: Using Cultural Theory to Specify Belief Systems, Coalitions, and Sources of Change', *Policy Studies Journal,* 42(4), pp. 484-508. doi: 10.1111/psj.12071.

Jenkins-Smith, H.C., Nohrstedt, D., Weible, C.M. and Ingold, K. (2018) 'The Advocacy Coalition Framework: An Overview of the Research Program', in Weible, C.M. and Sabatier, P.A. (eds.) *Theories of the Policy Process*. 4th edn. Routledge, pp. 135-171.

Jenkins-Smith, H.C., Nohrstedt, D., Weible, C.M. and Sabatier, P.A. (2014) 'The Advocacy Coalition Framework: Foundations, Evolution and Ongoing Research'*Theories of the Policy Process* Westview Press, pp. 183-223.

Jenkins-Smith, H.C. and Sabatier, P.A. (1994) 'Evaluating the Advocacy Coalition Framework', *Journal of Public Policy,* 14(2), pp. 175-203. doi: 10.1017/S0143814X00007431.

John, P. (2012) *Analyzing Public Policy.* 2nd edn. London: Routledge.

Jones, H., Jones, N., Shaxson, L. and Walker, D. (2012) *Knowledge, Policy and Power in International Development.* Bristol: The Policy Press.

Jones, M.D., Song, G., Arnold, G., Smith-Walter, A., Huett, B., Moyer, R.M., Tumlison, C., Galloway, B. and Surampalli, M. (2021) 'Editorial Introduction: Reaching Policy Change: Theoretical and Practical Advances in Policy Learning Research', *Policy studies journal,* 49(1), pp. 6-12. doi: 10.1111/psj.12423.

Kaasch, A., Sumarto, M. and Wilmsen, B. (2015) *Transnational Social Policy Development: The Case of Indonesia.* Switzerland: Available at: https://www.unrisd.org/80256B42004CCC77/(httpInfoFiles)/7F517244D3927C98C1257E120037519D/$file/Indonesia_conference%20output_RJ.pdf (Accessed: 20 October 2015).

KANTAR (2021) *About · Financial Inclusion Insights from Kantar.* Available at: http://www.finclusion.org/about/ (Accessed: Feb 15, 2021).

Kear, M. (2017) 'Playing the credit score game: algorithms, 'positive' data and the personification of financial objects', *Economy and society,* 46(3-4), pp. 346-368. doi: 10.1080/03085147.2017.1412642.

Kelly, S. and Mirpourian, M. (2021) *Algorithmic Bias, Financial Inclusion, and Gender.* New York: Women world banking. Available at: https://www.womensworldbanking.org/wp-content/uploads/2021/02/2021_Algorithmic_Bias_Report.pdf (Accessed: 13 May 2021).

Kelly, S., Rhyne, E., Livingston, A., Mikkonen-Jeanneret, E. and Contreras, P. (2015) *Aging and Financial Inclusion.* Center for Financial Inclusion. Available at: https://www.centerforfinancialinclusion.org/aging-and-financial-inclusion (Accessed: 13 March 2021).

Kementerian Hukum dan Ham (2011) *Otoritas Jas Keuangan [Financial Service Authority].* Jakarta: Kementerian Sekretariat Negara. Available at: https://www.ojk.go.id/id/regulasi/otoritas-jasa-keuangan/undang-undang/Pages/undang-undang-nomor-21-tahun-2011-tentang-otoritas-jasa-keuangan.aspx (Accessed: 1 August 2018).

Kementerian Koordinator Bidang Ekonomi (2021) *Menteri - Menteri Koordinator Bidang Perekonomian [The Ministers of Coordinating Minister for Economic Affairs]*. Available at: https://www.ekon.go.id/profil/menteri-detail/11/ir-aburizal-bakrie (Accessed: 7 March 2021).

Kementerian Koperasi (2019) *Rekapitulasi Data Koperasi Per 31 Desember 2018 (Data Sangat Sementara) [Recapitulation of Cooperative Data As of December 31, 2018 (Very Temporary Data)]*. Available at: http://www.depkop.go.id/datakoperasi (Accessed: 5 Februari 2020).

Kempson, E., Atkinson, a., Pilley and Odile (2004) *Policy level response to financial exclusion in developed economies: lessons for developing countries.* Bristol: The Personal Finance Research Centre. Available at:(Accessed: 30 April 2018).

Kempson, E. and Collard, S. (2012) *Developing a vision for financial inclusion*, Bristol: Friends Provident Foundation.

Kersten, R., Harms, J., Liket, K. and Maas, K. (2017) 'Small Firms, large Impact? A systematic review of the SME Finance Literature', *World Development*, 97, pp. 330-348. doi: 10.1016/j.worlddev.2017.04.012.

Kim, J. (2016) 'A Study on the Effect of Financial Inclusion on the Relationship Between Income Inequality and Economic Growth', *Emerging Markets Finance and Trade*, 52(2), pp. 498-512. doi: 10.1080/1540496X.2016.1110467.

King, R.G. and Levine, R. (1993) 'Finance and Growth: Schumpeter Might Be Right', *The Quarterly journal of economics*, 108(3), pp. 717-737. doi: 10.2307/2118406.

King, R.G. and Levine, R.E. (1992) *Financial indicators and growth in a cross section of countries.* Washington, DC: Country Economics Dep., the World Bank.

Kingdon, J.W. (2013) *Agendas, alternatives, and public policies.* Pearson Education.

Kingdon, J.W. (2001) *A Model of Agenda Setting, With Application*. April 4, 2001. Washington DC: Michigan State University.

Kingdon, J.W. (1984) *Agendas, alternatives and public policies.* Boston u.a: Little, Brown.

Kitson, A., O'Shea, R., Brook, A., Harvey, G., Jordan, Z., Marshall, R. and Wilson, D. (2018) 'Using Complexity and Network Concepts to Inform Healthcare Knowledge Translation', *International journal of health policy and management*, 7(8), pp. 768-770. doi: 10.15171/ijhpm.2017.79.

Koebele, E.A. (2019) 'Integrating collaborative governance theory with the Advocacy Coalition Framework', *Journal of public policy*, 39(1), pp. 35-64. doi: 10.1017/S0143814X18000041.

Kreger, A. (2021) *TOP 25 Case Studies of Digital Customer Experience in Banking and Fintech.* Available at: https://uxplanet.org/top-25-case-studies-of-digital-customer-experience-in-banking-and-fintech-5ca4515115ce (Accessed: 6 March 2021).

Kriesi, H. and Jegen, M. (2001) 'The Swiss energy policy elite: The actor constellation of a policy domain in transition', *European journal of political research*, 39(2), pp. 251-287. doi: 10.1023/A:1011032228323.

Langley, P. (2009) *The everyday life of global finance: saving and borrowing in Anglo-America.* Oxford University Press.

Lapavitsas, C. (2011) 'Theorizing financialization', *Work, Employment & Society,* 25(4), pp. 611-626. doi: 10.1177/0950017011419708.

Law, S.H. and Singh, N. (2014) 'Does too much finance harm economic growth?', *Journal of Banking and Finance,* 41, pp. 36-44. doi: 10.1016/j.jbankfin.2013.12.020.

Le Grand, J. (1991) 'The Theory of Government Failure', *British journal of political science,* 21(4), pp. 423-442. doi: 10.1017/S0007123400006244.

Leach, A. (2014) 'Debate: should financial inclusion be a development goal in its own right? ', *The Guardian (London),* Nov 19.

Leach, W. and Sabatier, P. (2005) 'To Trust an Adversary: Integrating Rational and Psychological Models of Collaborative Policymaking', *American Political Science Review,* 99(4), pp. 491-503. doi: 10.1017/S000305540505183X.

Leifeld, P. and Schneider, V. (2012) 'Information Exchange in Policy Networks', *American journal of political science,* 56(3), pp. 731-744. doi: 10.1111/j.1540-5907.2011.00580.x.

Lemon, K.N. and Verhoef, P.C. (2016) 'Understanding Customer Experience Throughout the Customer Journey', *Journal of marketing,* 80(6), pp. 69-96. doi: 10.1509/jm.15.0420.

Leon, T. (2018) *Pusaran Nama yang Tersangkut Kasus Bank Century [The whirlpool of names involved in the case of Century Bank].* Available at: https://www.cnnindonesia.com/ekonomi/20180412181318-81-290415/pusaran-nama-yang-tersangkut-kasus-bank-century (Accessed: 8 July 2018).

Levin, S., Xepapadeas, T., Crépin, A., Norberg, J., de Zeeuw, A., Folke, C., Hughes, T., Arrow, K., Barrett, S., Daily, G., Ehrlich, P., Kautsky, N., Mäler, K., Polasky, S., Troell, M., Vincent, J.R. and Walker, B. (2013) 'Social-ecological systems as complex adaptive systems: modeling and policy implications', *Environment and development economics,* 18(2), pp. 111-132. doi: 10.1017/S1355770X12000460.

Levine, R. (2005) 'Chapter 12 Finance and Growth: Theory and Evidence'*Handbook of Economic Growth* Elsevier B.V, pp. 865-934.

Lewis, O.A. and Steinmo, S. (2012) 'How Institutions Evolve: Evolutionary Theory and Institutional Change', *Polity,* 44(3), pp. 314-339. doi: 10.1057/pol.2012.10.

Lewis, O. and Steinmo, S. (2012) 'How Institutions Evolve: Evolutionary Theory and Institutional Change', *Polity,* 44(3), pp. 314-339. doi: 10.1057/pol.2012.10.

Leyshon, A. and Thrift, N. (1995) 'Geographies of financial exclusion: financial abandonment in Britain and the United States', *Transactions of the Institute of British Geographers,* 20(3), pp. 312-341.

Leyshon, A., French, S. and Signoretta, P. (2008) 'Financial exclusion and the geography of bank and building society branch closure in Britain', *Transactions of the Institute of British Geographers,* 33(4), pp. 447-465. doi: 10.1111/j.1475-5661.2008.00323.x.

Lieberherr, E. and Ingold, K. (2019) 'Actors in Water Governance: Barriers and Bridges for Coordination', *Water (Basel),* 11(2), pp. 326. doi: 10.3390/w11020326.

Lindblom, C.E. (1959) 'The Science of "Muddling Through"', *Public Administration Review,* 19(2), pp. 79-88.

Lisnawati (2018) 'Urgansi Pengawasan dalam Perubahan Undang-Undang Perkoperasian' ['The Urgency of Supervision in Amendments to the Cooperative Law'], in Firdausy, C.M. (ed.) *Koperasi dalam Sistem Perekonomian Indonesia [Cooperatives in the Indonesian Economic System]*. Jakarta: Yayasan Obor.

Lukes, S. (2003) *Power: A Radical View.* 2nd edn. Macmillan Publishers Limited.

Lukes, S. (1975) 'Political Ritual and Social Integration', *Sociology,* 9(2), pp. 289.

Lusardi, A. (2019) *Financial literacy and the need for financial education* Springer.

Lusardi, A., Mitchell, O.S. and Curto, V. (2009) *Financial literacy among the young: evidence and implications for consumer policy* Goethe University, Center for Financial Studies (CFS) Frankfurt a. M.

Maag, S. and Fischer, M. (2018) 'Why Government, Interest Groups, and Research Coordinate: The Different Purposes of Forums', *Society & natural resources,* 31(11), pp. 1248-1265. doi: 10.1080/08941920.2018.1484973.

Mader, P. (2017) 'Contesting Financial Inclusion', *Development and change,* 49(2), pp. 461-483. doi: 10.1111/dech.12368.

Mahi, R. (2011) *Experiences of Developing Policy Frameworks for Investment: Indonesia* OECD.

Mahoney, J. (2015) 'Process Tracing and Historical Explanation', *Security Studies,* 24(2), pp. 200-218. doi: 10.1080/09636412.2015.1036610.

Majelis Permusyawaratan Rakyat (2011) *Pembentukan Peraturan Perundang-Undangan [Formation of Legislation]*.

Mandelow, A.L. (1981) *Environmental Scanning: The Impact of the Stakeholder Concept.* . 1981. USA: ICIS, pp. 20.

Manyika, J., Lund, S., Singer, M., White, O. and Berry, C. (2016) *Digital Financial for All: Powering Incusive Growth in Emerging Countries.* McKinsey & Co. Available at: https://www.mckinsey.com/~/media/McKinsey/Global%20Themes/Employment%20and%20Growth/How%20digital%20finance%20could%20boost%20growth%20in%20emerging%20economies/MG-Digital-Finance-For-All-Full-report-September-2016.ashx (Accessed: 1 June 2018).

March, J.G. and Olsen, J.P. (2011) 'Elaborating the "New Institutionalism"'*The Oxford Handbook of Political Science* Oxford University Press.

Marron, D. (2013) 'Governing Poverty in a Neoliberal Age: New Labour and the Case of Financial Exclusion', *New Political Economy,* 18(6), pp. 785-810. doi: 10.1080/13563467.2012.753043.

Martinez Peria, M.S., Demirguc-Kunt, A. and Beck, T. (2008) 'Banking Services for Everyone? Barriers to Bank Access and Use around the World', *World Bank Economic Review,* 22(3), pp. 397-430.

Maryuwanto, S. (2009) *Urgensi Pembentukan Otoritas Jasa Keuangan (OJK) Menjelang Akhir Batas Waktu 31 Desember 2010 [Urgency of the Financial Services Authority (OJK) Establishment Toward the End of December 31, 2010]*, Jakarta: University of Indonesia.

MasterCard (2018) *Financial Inclusion Program.* Available at: http://www.mastercardfdn.org/financial-inclusion-program/ (Accessed: 1 June 2018).

May, P.J. (1992) 'Policy Learning and Failure', *Journal of Public Policy,* 12(4), pp. 331-354. doi: 10.1017/S0143814X00005602.

Mendoza, R.U. (2011) 'Why do the poor pay more? Exploring the poverty penalty concept', *Journal of international development,* 23(1), pp. 1-28. doi: 10.1002/jid.1504.

Meseguer, C. (2005) 'Policy Learning, Policy Diffusion, and the Making of a New Order', *The Annals of the American Academy of Political and Social Science,* 598(1), pp. 67-82. doi: 10.1177/0002716204272372.

Meyer, S.B. and Lunnay, B. (2013) 'The Application of Abductive and Retroductive Inference for the Design and Analysis of Theory-Driven Sociological Research', *Sociological research online,* 18(1), pp. 1-11. doi: 10.5153/sro.2819.

Ministry of external affairs India (2012) *The Group of Twenty - G20*, India: Ministry of external affairs India.

Mitton, L. (2008) *Financial inclusion in the UK: Review of policy and practice.* Available at: https://www.jrf.org.uk/report/financial-inclusion-uk-review-policy-and-practice (Accessed: 20 August 2018).

MIX (2021) *MIX*. Available at: https://www.themix.org (Accessed: Feb 15, 2021).

Moeliono, M., Santoso, L. and Gallemore, C. (2013) 'REDD+ policy networks in Indonesia', *CIFOR infobriefs,* 63.

Mohannad A M Abu Daqar and Samer Arqawi (2020) 'Fintech in the eyes of Millennials and Generation Z (the financial behavior and Fintech perception)', *Banks and bank systems,* 15(3), pp. 20-28. doi: 10.21511/bbs.15(3).2020.03.

Mohd Daud, S.N., Ahmad, A.H. and Ngah, Wan Azman Saini Wan (2020) 'Financialization, digital technology and income inequality', *Applied economics letters,* ahead-of-print(ahead-of-print), pp. 1-5. doi: 10.1080/13504851.2020.1808165.

Money, A., Muir, K. and Nixon, M. (2016) *FIAP Launch Report: Collective Actions, Leading Change*, Australia: Good Shepherd Microfinance.

Montgomerie, J. (2019) *Should we abolish household debts?* Medford, MA, USA: Polity Press.

Moravcsik, A. (2014) 'Transparency: The Revolution in Qualitative Research', *PS, political science & politics,* 47(1), pp. 48-53. doi: 10.1017/S1049096513001789.

Moyson, S. (2018) 'Policy learning over a decade or more and the role of interests therein: The European liberalization policy process of Belgian network industries', *Public policy and administration,* 33(1), pp. 88-117. doi: 10.1177/0952076716681206.

Moyson, S., Scholten, P. and Weible, C.M. (2017) 'Policy learning and policy change: theorizing their relations from different perspectives', *Policy and Society*, 36(2), pp. 161-177. doi: 10.1080/14494035.2017.1331879.

Müller, J. and Kerényi, Á (2019) 'The Need for Trust and Ethics in the Digital Age – Sunshine and Shadows in the FinTech World', *Financial and Economic Review*, 18(4), pp. 5-34. doi: 10.33893/FER.18.4.534.

Mungcal, I. (2011) *Bill Gates to Highlight Innovation in Report to G20* . Available at: https://www.devex.com/news/bill-gates-to-highlight-innovation-in-report-to-g20-76477 (Accessed: 29 November 2019).

Nanda, K. and Kaur, M. (2016) 'Financial Inclusion and Human Development: A Cross-country Evidence', *Management and Labour Studies*, 41(2), pp. 127-153. doi: 10.1177/0258042X16658734.

Norris, E.D., Yan Ji, Robert M Townsend and D Filiz Unsal (2015) 'Distinguishing Constraints on Financial Inclusion and Their Impact on GDP and Inequality', *NBER Working Paper Series*, , pp. 20821. doi: 10.3386/w20821.

Nugroho, K., Carden, F. and Antlöv, H. (2018) *Local knowledge matters: Power, context and policy making in Indonesia.* Bristol ; Chicago, IL: Policy Press.

OECD (2020) 'Promoting stronger local employment outcomes in Indonesia'*Employment and Skills Strategies in Indonesia* Paris: OECD Publishing.

Ostrom, E. (2015) *Governing the Commons.* 1. publ., 22. pr. edn. Cambridge: Cambridge University Press.

Otoritas Jasa Keuangan (2018) *Data Lembaga Keuangan Mikro yang Terdaftar di OJK [Data on Microfinance Institutions Registered with OJK]*, Jakarta.

Otoritas Jasa Keuangan (2018) *Peraturan Otoritas Jasa Keuangan Republik Indonesia Nomor 13 /POJK.02/2018 Tentang Inovasi Keuangan Digital di Sektor Keuangan [Regulation of the Financial Services Authority of the Republic of Indonesia Number 13 /POJK.02/2018 Regarding Digital Financial Innovation in the Financial Sector]*. Available at: https://www.ojk.go.id/id/regulasi/Documents/Pages/Inovasi-Keuangan-Digital-di-Sektor-Jasa-Keuangan/pojk%2013-2018.pdf (Accessed: 3 April 2021).

Otoritas Jasa Keuangan (2018) *Statistik Perbankan Indonesia 2017 [Indonesian Banking Statistics 2017]*. Jakarta: Otoritas Jasa Keuangan. Available at:(Accessed: 1 June 2018).

Otoritas Jasa Keuangan (2017) *OJK Circulation on Business Operation for Micro Finance Institution.* Jakarta: Otoritas Jasa Keuangan. Available at: https://www.ojk.go.id/en/kanal/iknb/Pages/Microfinance-Institutions.aspx (Accessed: 18 January 2021).

Otoritas Jasa Keuangan (2016) *Overview Program JARING.* Available at: https://www.ojk.go.id/sijaring/id/tentang/Pages/Overview-Program-Jaring.aspx (Accessed: 23 January 2019).

Otoritas Jasa Keuangan (2014) *1/SEOJK.17/2014 Pelaksanaan Edukasi dalam Rangka Meningkatkan Literasi Keuangan Kepada Konsumen dan/atau Masyarakat [Implementation of Education in Order to Improve Financial Literacy for Consumers and/or the Community]*. Jakarta: Otoritas Jasa Keuangan.

Available at: https://www.ojk.go.id/id/kanal/edukasi-dan-perlindungan-konsumen/regulasi/surat-edaran-ojk/Documents/seojk-nomor%201-seojk-2014.pdf (Accessed: 25 October 2019).

Overton, L. and Fox O'Mahony, L. (2018) 'Stakeholder Conceptions of Later-Life Consumer Vulnerability in the Financial Services Industry: Beyond Financial Capability?', *Journal of consumer policy,* 41(3), pp. 273-295. doi: 10.1007/s10603-018-9375-2.

Pan, S. and Jensen, H.H. (2008) 'Does the Food Stamp Program Affect Food Security Status and the Composition of Food Expenditures?', *Journal of agricultural and applied economics,* 40(1), pp. 21-35. doi: 10.1017/S1074070800027954.

Pattison, A. (2018) 'Factors Shaping Policy Learning: A Study of Policy Actors in Subnational Climate and Energy Issues', *The Review of policy research,* 35(4), pp. 535-563. doi: 10.1111/ropr.12303.

Peachy, S. and Roe, A. (2006) *Access to finance - what does it mean and how do savings banks foster access.* Brussels: World Savings Banks Inst. [u.a.]. Available at:(Accessed: 4 April 2018).

Peters, B.G. (2019) *Institutional theory in political science.* Fourth edition edn. Cheltenham, UK; Northampton, MA, USA: Edward Elgar Publishing.

Pierce, J.J., Peterson, H.L. and Hicks, K.C. (2020) 'Policy Change: An Advocacy Coalition Framework Perspective', *Policy studies journal,* 48(1), pp. 64-86. doi: 10.1111/psj.12223.

Pierce, J.J., Peterson, H.L. and Hicks, K.C. (2017) 'Policy Change: An Advocacy Coalition Framework Perspective', *Policy Studies Journal*. doi: 10.1111/psj.12223.

Pierce, J.J., Peterson, H.L., Jones, M.D., Garrard, S.P. and Vu, T. (2017) 'There and Back Again: A Tale of the Advocacy Coalition Framework', *Policy Studies Journal,* 45(S1), pp. S13-S46. doi: 10.1111/psj.12197.

Powell, A. (2018) *Measuring the FIAP Impact: Process and Baseline Impact Evaluation of the Financial Inclusion Action Plan (FIAP) Program 2018.* Australia: Available at: http://handle.unsw.edu.au/1959.4/unsworks_50835 (Accessed: 20 January 2021).

Prabhakar, R. (2021) *Financial Inclusion.* 1st edn. Bristol: Policy Press.

Prabhakar, R. (2018a) 'Financial Inclusion: A Tale of Two Literatures', *Social Policy & Society*. doi: 10.1017/S1474746418000039.

Prabhakar, R. (2018b) *Financial Inclusion: an agenda for future research*, Birmingham: Centre for Housing Asset and Saving Management.

Prabhakar, R. (2013) 'Asset-based welfare: Financialization or financial inclusion?', *Critical Social Policy,* 33(4), pp. 658-678. doi: 10.1177/0261018313483491.

Preibusch, S., Peetz, T., Acar, G. and Berendt, B. (2016) 'Shopping for privacy: Purchase details leaked to PayPal', *Electronic Commerce Research and Applications,* 15, pp. 52-64. doi: https://doi.org/10.1016/j.elerap.2015.11.004.

Purba, R.E. (2011) 'Public Participation in Development Planning: A Case Study of Indonesian Musrenbang', *The international journal of interdisciplinary social sciences,* 5(12), pp. 265-278. doi: 10.18848/1833-1882/CGP/v05i12/51964.

Putnam, R.D. (1977) 'Elite Transformation in Advanced Industrial Societies', *Comparative Political Studies*, 10(3), pp. 383-412. doi: 10.1177/001041407701000305.

Radcliffe, D. (2017) *Opinion: How digital financial services can boost government accountability.* Available at: https://www.devex.com/news/opinion-how-digital-financial-services-can-boost-government-accountability-89776 (Accessed: 12 April 2018).

Rahman, A. (2015) *Financial Inclusion Bolstering Inclusive Economic Growth in Bangladesh.* UNESCAP. Available at: http://www.unescap.org/sites/default/files/Financial%20inclusion_Dr.%20Atiur%20Rahman.pdf (Accessed: 16 October 2020).

Rahman, A. (1999) 'Micro-credit initiatives for equitable and sustainable development: Who pays?', *World Development*, 27(1), pp. 67-82. doi: 10.1016/S0305-750X(98)00105-3.

Rajan, R.G. (2005) 'Has financial development made the world riskier?', pp. 313-369.

Rein, M., March, J.G., Pocock, J.G.A. and Olsen, J.P. (2011) 'Reframing Problematic Policies'*The Oxford Handbook of Political Science* Oxford University Press.

Retzmann, T. and Seeber, G. (2016) 'Financial education in general education schools'*International handbook of financial literacy* Singapore: Springer Singapore, pp. S. 9-23.

Rez. (2010) 'KPK dan Bapepam LK Dorong Pembentukan OJK' [KPK and Bapepam LK support the establishment of OJK], *Detik Finance*, 12 January.

Rhodes, R.A.W. (2017) *Network Governance and the Differentiated Polity.* Oxford: Oxford University Press.

Rhodes, R.A.W. (2017) 'How to Manage Your Policy Network'*Network Governance and the Differentiated Polity* Oxford: Oxford University Press.

Rhodes, R.A.W. (2006) 'Policy network analysis', in Goodin, R.E., Moran, M. and Rein, M. (eds.) *The Oxford Handbook of Public Policy* Oxford University Press.

Rhodes, R.A.W. (1990) 'Policy Networks', *Journal of theoretical politics*, 2(3), pp. 293-317. doi: 10.1177/0951692890002003003.

Ripley, R.B. (1985) 'The Nature of the Policy Process'*Policy analysis in political science* Chicago: Nelson-Hall.

Ritter, A., Hughes, C.E., Lancaster, K. and Hoppe, R. (2018) 'Using the Advocacy Coalition Framework and Multiple Streams Policy Theories to Examine the Role of Evidence, Research and Other Types of Knowledge in Drug Policy', *Addiction*, 113(8), pp. 1539-1547. doi: 10.1111/add.14197.

Robinson, N. (April 2006) *Learning from Lukes: The Three Faces of Power and the European Union*. April 2006.

Robinson, W.S. (1951) 'The Logical Structure of Analytic Induction', *American Sociological Review*, 16(6), pp. 812-818.

Ronit, K. and Porter, T. (2015) 'Harold D. Lasswell, The Decision Process: Seven Categories of Functional Analysis', in Lodge. Martin, Edward, P. and Balla, S. (eds.) *The Oxford Handbook of Classics in Public Policy and Administration* United Kingdom: Oxford University Press.

Rose, R. (1991) 'What is Lesson-Drawing?', *Journal of Public Policy*, 11(1), pp. 3-30. doi: 10.1017/S0143814X00004918.

Rowlingson, K. (2017) *Financial exclusion in the UK: Will the House of Lords' Select Committee recommendations solve this problem?*, Birmingham: Center of Household Asset and Saving Management.

Rowlingson, K. (2002) 'Private Pension Planning: The Rhetoric of Responsibility, The Reality of Insecurity', *Journal of Social Policy*, 31(4), pp. 623-642. doi: 10.1017/S0047279402006773.

Rowlingson, K., Appleyard, L. and Gardner, J. (2016) 'Payday lending in the UK: the regul(aris)ation of a necessary evil?', *Journal of Social Policy*, pp. 1-17.

Rowlingson, K. and Mckay, S. (2017) *Financial Inclusion Annual Monitoring Report 2017.* Birmingham: Unicersity of Birmingham. Available at: https://www.birmingham.ac.uk/Documents/news/15518-CHASM-Report-Stage-4.pdf (Accessed: 19 October 2017).

Rowlingson, K. and Mckay, S. (2015) *Financial Inclusion Annual Monitoring Report 2015.* Birmingham: CHASM. Available at: https://www.birmingham.ac.uk/Documents/college-social-sciences/social-policy/CHASM/annual-reports/chasm-financial-inclusion-monitoring-report-2015.pdf (Accessed: 4 March 2018).

Sabatier, P. (1993) 'Policy Change over a Decade or More', in Sabatier, P.A. and Jenkins-Smith, H.C. (eds.) *Policy Change and Learning* Washington DC: Westview Press.

Sabatier, P.A. (2007) 'The Need for Better Theories'*Theories of the Policy Process*. 1st edn. Routledge, pp. 3-17.

Sabatier, P.A. (1988) 'An Advocacy Coalition Framework of Policy Change and the Role of Policy-Oriented Learning Therein', *Policy Sciences*, 21(2/3), pp. 129-168. doi: 10.1007/BF00136406.

Sabatier, P.A. and Hunter, S. (1989) 'The Incorporation of Causal Perceptions into Models of Elite Belief Systems', *Political Research Quarterly*, 42(3), pp. 229-261. doi: 10.1177/106591298904200304.

Sabatier, P., Hunter, S. and McLaughlin, S. (1987) 'The Devil Shift: Perceptions and Misperceptions of Opponents', *Political Research Quarterly*, 40(3), pp. 449-476. doi: 10.1177/106591298704000306.

Salignac, F., Marjolin, A., Reeve, R. and Muir, K. (2019) 'Conceptualizing and Measuring Financial Resilience: A Multidimensional Framework', *Social indicators research*, 145(1), pp. 17-38. doi: 10.1007/s11205-019-02100-4.

Salignag, F., Muir, K. and Wong, J. (2016) 'Are you really Financially Excluded if you Choose not to be Included? Insights from Social Exclusion, Resilience and Ecological Systems', *Journal of social policy*, 45(2), pp. 269-286. doi: 10.1017/S0047279415000677.

Sanderson, I. (2006) 'Complexity, 'practical rationality' and evidence-based policy making', *Policy and politics*, 34(1), pp. 115-132. doi: 10.1332/030557306775212188.

Sanderson, I. (2002) 'Evaluation, Policy Learning and Evidence-Based Policy Making', *Public administration (London)*, 80(1), pp. 1-22. doi: 10.1111/1467-9299.00292.

Sandi, A.P. (2016) 'Berharap Restu Merdeka Selatan 13' [Hoping for the blessing of Merdeka Selatan 13], *TEMPO*, 18 July.

Sanjaya, I.M. and Nursechafia, N. (2015) 'Financial Inclusion and Inclusive Growth : A cross Provinces Analysis', *Bulletin of Monetary Economics and Banking*, .

Santa Fe Institute (2020) *Searching for Order in the Complexity of Evolving Worlds.* Available at: https://www.santafe.edu/about (Accessed: 8 October 2020).

Sarma, M. (2010) 'Index of Financial Inclusion', *Discussion Papers in Economics*, (10-05).

Sarma, M. and Pais, J. (2011) 'Financial inclusion and development', *Journal of international development*, 23(5), pp. 613-628.

Saunders, M. and Townsend, K. (2018) 'Choosing participants'*Sage Handbook of Qualitative Business and Management Research Methods* London: SAGE, pp. 480-494.

Sawyer, M. (2017) 'The Processes of Financialisation and Economic Performance', *Economic and Political Studies*, 5(1), pp. 5-20. doi: 10.1080/20954816.2016.1274523.

Sawyer, M. (2014) 'What is Financialization', *International Journal of Political Economy*.

Sayer, A. (1999) *Realism and Social Science.* London: SAGE Publications.

Scharpf, F.W. (1994) 'Games Real Actors Could Play', *Journal of theoretical politics*, 6(1), pp. 27-53. doi: 10.1177/0951692894006001002.

Schicks, J. (2013) 'The Definition and Causes of Microfinance Over-Indebtedness: A Customer Protection Point of View', *Oxford development studies*, 41(sup1), pp. S95-S116. doi: 10.1080/13600818.2013.778237.

Schicks, J. (2013) 'The Sacrifices of Micro-Borrowers in Ghana - A Customer-Protection Perspective on Measuring Over-Indebtedness', *The Journal of development studies*, 49(9), pp. 1238-1255. doi: 10.1080/00220388.2013.775421.

Schlager, E. (2007) 'A Comparison of Frameworks, Theories, and Models of Policy Processes', in Sabatier, P. (ed.) *Theories of the Policy Process* Cambridge MA: Westview Press, pp. 293-320.

Schmid, N., Sewerin, S. and Schmidt, T.S. (2020) 'Explaining Advocacy Coalition Change with Policy Feedback', *Policy studies journal*, 48(4), pp. 1109-1134. doi: 10.1111/psj.12365.

Schneider, A. and Ingram, H. (1993) 'Social Construction of Target Populations: Implications for Politics and Policy', *The American Political Science Review*, 87(2), pp. 334-347. doi: 10.2307/2939044.

Seifert, H. and Goldstain, J. (2016) *A case for Financial Inclusion of Persons with Disabilities* ACCION.

Sekretariat Dewan Nasional Keuangan Inklusif (2018) *Struktur Dewan Nasional Keuangan Inkusif [Structure of the National Financial Inclusive Council].* Available at: http://snki.ekon.go.id/sekretariat/ (Accessed: 7 September 2018).

Sekretariat Negara (2009) *Undang-undang no 11 tentang Kesejahteraan Sosia [Law no 11 on Social Welfare]*. Jakarta: Available at: https://jdih.setkab.go.id/PUUdoc/16614/UU0112009.htm (Accessed: 16 Juli 2021).

Sekretariat Negara Republik Indonesia (2010) *Percepatan Penanggulagan Kemiskinan [Poverty Reduction Acceleration]*. Jakarta: Available at: http://www.tnp2k.go.id/images/uploads/downloads/Perpres%20Nomor%2015%20Tahun%202010-1.pdf (Accessed: 26 June 2018).

Shaw, Z. and Vassallo, S.J. (2013) *G20 Leaders Conclusions on Financial Crises, 2008-2011.* G20 Research Group/University of Toronto. Available at: http://www.g20.utoronto.ca/analysis/conclusions/fincrisis-l.pdf (Accessed: 17 September 2019).

Silva-Leander, A. (2015) *The role and influence of nongovernmental organisations on anti-corruption policy reform in Indonesia.* Available at: http://etheses.lse.ac.uk/3247/ (Accessed: 1 August 2018).

Simon, H.A. (1985) 'Human Nature in Politics: The Dialogue of Psychology with Political Science', *The American Political Science Review*, 79(2), pp. 293-304. doi: 10.2307/1956650.

Simpson, W. and Buckland, J. (2009) 'Examining evidence of financial and credit exclusion in Canada from 1999 to 2005', *The Journal of socio-economics*, 38(6), pp. 966-976. doi: 10.1016/j.socec.2009.06.004.

Siregar, K. (2014) 'BI Sebut Kinerjanya Terganggu OJK [BI Stated that their Performance Disturbed by OJK]', *Gressnews*, 23 December.

Smith, C. and Elger, T. (2012) *Critical Realism and Interviewing Subjects*, The School of Management, Royal Holloway University of London.

Snowden, D. (2010) *The Cynefin Framework.* Available at: https://www.cognitive-edge.com/ (Accessed: 12 November 2020).

Sopanah, A. (2012) 'Ceremonial Budgeting: Public Participation in Development Planning at an Indonesian Local Government Authority', *Journal of Applied Management Accounting Research*, 10(2), pp. 73.

Sotirov, M. and Winkel, G. (2016) 'Toward a cognitive theory of shifting coalitions and policy change: linking the advocacy coalition framework and cultural theory', *Policy sciences*, 49(2), pp. 125-154. doi: 10.1007/s11077-015-9235-8.

State Bank of Vietnam (2018) National Financial Inclusion Strategy in Vietnam. Vietnam: State Bank of Vietnam. Available at: https://microfinance.vn/draft-of-vietnam-national-financial-inclusion-strategy-2025-vision-to-2030/?lang=en (Accessed: 1 October 2020).

Stein, D. and Valters, C. (2012) *Understanding theory of change in international development* Justice and Security Research Programme, International Development Department, London School of Economics and Political Science.

Streeck, W. and Thelen, K. (2005) *Introduction: institutional change in advanced political economies*, United Kingdon: Oxford Press.

Suara Karya. (2003) 'RUU OJK Harus Segera Diajukan ke DPR [The Bill of OJK Has to Be Submitted to the Parliament Soon]', *Suara Karya*, June, 18.

Sumarto, S. (2016) *The Art of Evidence Based Policy Making in Indonesian Social Policy*, Jakarta: The Knowledge Center Initiative.

Tansey, O. (2007) 'Process Tracing and Elite Interviewing: A Case for Non-probability Sampling', *PS, political science & politics,* 40(4), pp. 765-772. doi: 10.1017/S1049096507071211.

The European Commission (2018) *Top News from the European Commission 19 May to 16 June 2008.* Available at: http://europa.eu/rapid/press-release_AGENDA-08-18_en.htm (Accessed: 2 May 2018).

The G20 Research Group (2011) *G20 Leaders Statement: The Pittsburgh Summit.* Toronto: The G20 Research Group/University of Toronto. Available at: http://www.g20.utoronto.ca/2009/2009communique0925.html (Accessed: 12 September 2019).

The G20 Research Group (2009) *G20 Leaders Statement at Pittsburgh Summit*, Toronto, Canada: University of Toronto.

The Gates foundation (2019) *Financial.* Available at: https://www.gatesfoundation.org/Who-We-Are/General-Information/Financials (Accessed: 7 March 2021).

The Inclusive Finance Steering Committee (2015) *National Strategy for Financial Inclusion.* Manilla: Banko Sentral Pilipinas. Available at: https://www.bsp.gov.ph/Inclusive%20Finance/PhilippinesNSFIBooklet.pdf (Accessed: 17 November 2017).

The Select Committee on Financial Exclusion (2017) *Financial Exclusion Select Committee 1st Report of Session 2016-17. Tackling financial exclusion: A country that works for everyone? Volume 1. Report*.

The Tamarack Institute (2017) *The Collaboration Spectrum*, Ontario: Tamarack Institute.

The U.S. Department of the Treasury (2017) *Financial Inclusion: The Initiatives.* Available at: https://www.treasury.gov/initiatives/Pages/financial-inclusion-.aspx (Accessed: 21 November 2017).

The United Nation (2020) *COVID-19 and Human Development: Assessing the Crisis, Envisioning the Recovery.* Available at: https://doi.org/10.18356/161b9678-en (Accessed: 30 April 2021).

The US Department of the Treasury (2015) *"What We Heard" Summary and Follow Up from the 2015 Financial Inclusion Forum.* United States: Available at:(Accessed: 15 December 2017).

The US Department of Treasury (2016) *Eight Years of Progress on Financial Inclusion.* Available at: (Accessed: 20 May 2018).

The World Bank (2021) *World Bank Open Data.* Available at: https://data.worldbank.org/ (Accessed: 2021).

The World Bank (2018) *Financial Inclusion Global Initiative.* Available at: http://www.worldbank.org/en/topic/financialinclusion/brief/figi (Accessed: 1 June 2018).

The World Bank (2018) *Global Payment Systems Survey (GPSS).* Available at: https://www.worldbank.org/en/topic/financialinclusion/brief/gpss (Accessed: Feb 15, 2021).

The World Bank (2017) *Financial Inclusion.* Available at: http://www.worldbank.org/en/topic/financialinclusion (Accessed: 18 January 2018).

The World Bank (2017) *Financial Inclusion - Overview.* Available at: http://www.worldbank.org/en/topic/financialinclusion/overview (Accessed: 20 November 2017).

The World Bank (2016) *Financial Inclusion Support Framework (FISF).* Available at: http://www.worldbank.org/en/topic/financialinclusion/brief/financial-inclusion-support-framework (Accessed: Oct 16, 2017).

The World Bank (2014) *Press Release: Indonesia Receives Us$500 Million from World Bank in Support of Financial Sector Reform Policies.* Available at: https://www.worldbank.org/in/news/press-release/2014/07/01/indonesia-receives-500-million-world-bank-support-Õnancial-sector-reform-policies (Accessed: 10 March 2020).

The World Bank (2012) *Getting to know the World Bank.* Available at: https://www.worldbank.org/en/news/feature/2012/07/26/getting_to_know_theworldbank (Accessed: 7 March 2021).

The World Bank (2010) *Biggest donors by countries.* Available at: https://finances.worldbank.org/Trust-Funds-and-FIFs/Biggest-donors-by-countries-2010/r2cs-ptjn/data (Accessed: 30 November 2017).

Thelen, K. (1999) 'Historical Institutionalism in Comparative Politics', *Annual review of political science,* 2(1), pp. 369-404. doi: 10.1146/annurev.polisci.2.1.369.

Thiel, M. and Maslanik, J. (2017) 'Transnational Actors'*Oxford Research Encyclopedia of International Studies* Oxford University Press.

Thomas, G. (2013) *How Do You Do Your Research Project.* 2nd edn. London: Sage.

Thomas, R. (2002) 'Transnational Actors and World Politics'*Handbook of International Relations* London: SAGE Publications Ltd.

Thorsten Beck, Asli Demirgüç-Kunt and Vojislav Maksimovic (2003) *Bank Competition, Financing Obstacles, and Access to Credit.* The World Bank.

TNP2K (2012) *Strategi Nasional Keuangan Inklusif [National Strategy for Financial Inclusion]*, Jakarta: TNP2K.

Toynbee Hall (2011) *Measuring financial inclusion: Thinking Three Dimensionaly*, London: Toynbee Hall.

Trampusch, C. and Palier, B. (2016) 'Between X and Y: how process tracing contributes to opening the black box of causality', *New Political Economy,* 21(5), pp. 437-454. doi: 10.1080/13563467.2015.1134465.

Uchoa, P. (2018) 'Krisis ekonomi 2008 dan keadaannya di sejumlah negara, termasuk Indonesia, 10 tahun kemudian' [The 2008 economic crisis and its situation in a number of countries, including Indonesia, 10 years later], *BBC World Service,* 17 September.

UNCDF (2017) *Financial Inclusion.* Available at: http://www.uncdf.org/financial-inclusion (Accessed: 20 November 2017).

UNCDF (2005) *International Year of Microfinance 2005.* Available at: http://www.yearofmicrocredit.org/ (Accessed: 12 April 2018).

UNCDF (2005) *Shaping the "Blue Book" on Building Inclusive Financial Sectors for Development - An Issues Paper for the Global Meeting.* Geneva: Available at:(Accessed: 7 February 2018).

UNGSA (2017) *UNSGSA - Financial Inclusion.* Available at: https://www.unsgsa.org/about/financial-inclusion (Accessed: 20 november 2017).

United Nation (2016) 'Identifying social inclusion and exclusion'*Report on the World Social Situation 2016* New York: United Nations, pp. 17-31.

Van der Zwan, N. (2014) 'Making sense of financialization', *Socio-Economic Review,* 12(1), pp. 99-129. doi: 10.1093/ser/mwt020.

V-Dem Institute (2021) *V-Dem Dataset.* Available at: https://www.v-dem.net/en/data/data/v-dem-dataset-v111/ (Accessed: 30 April 2021).

Vieira, D.M. (2019) 'The discourse and coordination among advocacy coalitions: the case of Belo Monte', *RAUSP Management Journal,* 55(1), pp. 86-99. doi: 10.1108/RAUSP-10-2018-0096.

Villarreal, F. (2017) *Financial inclusion of small rural producers.* Santiago: Economic Commission for Latin America and the Caribbean (ECLAC).

Visa (2018) *Financial Inclusion.* Available at: https://usa.visa.com/about-visa/financial-inclusion.html#3 (Accessed: 1 June 2018).

Wahyuni, N.C. (2016) 'Jokowi Presiden Pertama Indonesia Kunjungi Belanda Setelah 16 Tahun' [Jokowi First President of Indonesia Visits Netherlands After 16 Years], *Berita Satu,* 22 April.

Waldner, D. (2014) 'What makes process tracing good?'*Process Tracing* Cambridge University Press, pp. 126-152.

Wareza, M. (2020) 'Ini Dia Perbedaan Dampak Krisis 1998, 2008 & 2020' [This is the Difference in Impact of Crisis 1998, 2008 & 2020], *CNBC Indonesia,* 8 May.

Weaver, L. (2018) *Making Sense of the Multiple Faces of Leadership*. 1-4 October 2018. Toronto: Tamarack Institute.

Weible, C., Sabatier, P. and McQueen, K. (2009) 'Theme and Variation: Taking Stock of the Advocacy Coalition Framework ', *Policy Studies,* 37(1). doi: //doi.org/10.1111/j.1541-0072.2008.00299.x.

Weible, C.M., Sabatier, P.A. and McQueen, K. (2009) 'Themes and Variations: Taking Stock of the Advocacy Coalition Framework', *Policy Studies Journal,* 37(1), pp. 121-140. doi: 10.1111/j.1541-0072.2008.00299.x.

Weible, C. and Ingold, K. (2018) 'Why Advocacy Coalition Mater and Practical Insights About Them', *Policy and Politics,* 46. doi: 10.1332/030557318X15230061739399.

Weiss, J.A. (1989) 'The Powers of Problem Definition: The Case of Government Paperwork', *Policy Sciences,* 22(2), pp. 97-121.

Wicaksono, E., Amir, H. and Nugroho, A. (2017) *The sources of income inequality in Indonesia: A regression-based inequality decomposition.* Tokyo: Asian Development Bank Institute (ADBI). Available at: https://www.econstor.eu/handle/10419/163166 (Accessed: 30 April 2021).

Widianto, B. (2013) *Tim Nasional Percepatan Penanggulangan Kemiskinan [National Team for the Acceleration of Poverty Reduction]*, Jakarta: TNP2K.

Widodo, J. and Kalla, Y. (2014) *Jalan Perubahan untuk Indonesia yang Berdaulat, Mandiri, dan Berkepribadian [The Path of Change for a Sovereign, Independent, and Identity of Indonesia]*.

Wikaya, A. and Murti, E. (2019) 'Implementation of the Non-Cash Food Aid Program in Social Protection in Gerih District and Geneng District, Ngawi District', *Public Policy and Administration Research*, . doi: 10.7176/PPAR/9-6-04.

Wolf, C. (2019) 'Diversifying Digital Financial Services: A Way to Tackle Defaults and Over-Indebtedness', *www.centerforfinancialinclusion.org*, 22 May. Available at: https://www.centerforfinancialinclusion.org/diversifying-digital-financial-services-a-way-to-tackle-defaults-and-over-indebtedness (Accessed: 9 July 2021).

World Bank (2010) *Improving Access to Financial Services in Indonesia.* Jakarta: The World Bank. Available at:(Accessed: 2 January 2018).

Wyman, O. (2017) *Accelerating financial inclusion in South-East Asia with digital finance*, Mandaluyong City: Asian Development Bank.

Yin, R.K. (2003) *Case study research.* 3. ed. edn. Thousand Oaks [u.a.]: Sage.

Yoshino, N. and Morgan, P. (2017) *Financial inclusion, regulation, and education.* Tokyo: Asian Development Bank Institute.

Yoshino, N. and Peter, M. (2016) 'Overview of Financial Inclusion, Regulation, and Education', *ADBI Working Paper Series*, 151.

Zavolokina, L., Dolata, M. and Schwabe, G. (2016) 'The FinTech phenomenon: antecedents of financial innovation perceived by the popular press', *Financial innovation (Heidelberg)*, 2(1), pp. 1-16. doi: 10.1186/s40854-016-0036-7.

Zeller, M., Schrieder, G., Von Braun, J.1. and Heidhues, F. (1997) *Rural finance for food security for the poor: implications for research and policy.* Washington DC: International Food Policy Research Institute.

Zimmerman, J.M. and Baur, S. (2016) *Understanding How Consumer Risks in Digital Social Payments Can Erode Their Financial Inclusion Potential.* World Bank, Washington, DC.

Zollman, J. (2015) *CNBC coverage of FinAccess spatial mapping project.* Available at: http://www.fsdkenya.org/research-and-publications/videos/cnbc-coverage-of-finaccess-spatial-mapping-project/ (Accessed: 15 February 2021).

APPENDICES

Appendix 1. Operationalisation of financial inclusion in various organisations

Selected measurement and datasets for financial inclusion

No	Name of data set	Proxy	Type of data	Method	Comparable	Level / Area	Sponsor
Demand side							
1	AFI financial inclusion measurement	Access, usage, quality, and wellfare.	Various	Mix	No	Individual /National	Alliance for financial inclusion
2	FI-3D	Financial participation, capability, and wellbeing	Various	Mix	No	Individual/National	Toynbee Hall
3	Global Findex	Access, usage	Primary	Survey	Yes	Individual/National	BMGF and the world bank
4	Financial literacy	Financial knowledge	Primary	Survey	Yes	Individual/National	OECD
5	Financial capability	Financial decision	Primary	Survey	Yes	Individual/National	OECD
6	Finscope	Various (depend on user need)	Primary	Survey	No	Individual/National	Finmark Trust
7	FinAccess	Various (depend on user need)	Primary	Survey	No	Individual/National	The Financial Sector Deepening Kenya
8	Financial Inclusion Tracker survey (FITS)	Financial behaviour	Primary	Survey	No	Household/Regional	BMGF and Intermedia
9	Financial Inclusion Insight Survey (FII)	Financial behaviour	Primary	Survey	No	Individual/Regional	BMGF and Intermedia
Supply side							
1	Index Financial Inclusion (IFI)	Access, availability, and usage.	Secondary	Desk research	Yes	Financial institution/National	ICRIER
2	Financial Access Survey (FAS),	Access and usage	Secondary	Desk research	Yes	Firm and household/National	IMF
3	Fspmaps.com	Access and usage	Primary	Geospatial	Yes	Financial services/Various	BMGF and Spatial Development International
4	MIX's Geospatial Maps	Microfinance	Primary	Geospatial	Yes	Microfinance Institution/Various	Microfinance Information Exchange (MIX)
5	GSMA Mobile Money Adoption Survey	Mobile money	Primary	Tracking	Yes	Financial transaction/Various	GSMA
6	The World Bank Global Payment Survey	Payment system	Secondary	Mix	Yes	Central bank/ global	the world bank

Source: Author analysis

Indicator of financial inclusion by selected organisations

No	Organisation	Key Proxy
1	Asian Development Bank (ADB) (2015)	access
2	Alliance for Financial Inclusion (AFI) (2010)	access, quality, usage
3	Centre for Financial Inclusion (2017)	access and quality
4	Consultative Group to Assist the Poor (CGAP) (2018)	access and usage
5	European Commission (2008)	access
6	G20 Global Partnership for Financial Inclusion (GPFI) (2011)	access
7	The World Bank (2017)	access
8	The United Nation on MDG (2010)	access
9	UNCDF (2017)	access and usage
10	UNSGSA (2017)	access and usage
11	ToynBee Hall (2011)	financial participation, financial capability and financial well-being.

Source: Author summary

Appendix 2. Summary of literature review on policymaking in Indonesia

No	Year of published	Author	Policy area	Policy reviewed	Time frame	Policy Dynamic	Theory	The determinant	Key Policy Actors	Policy stage observed
1	2011	Mahi, Raksaha	Investment	Minister Regulations related with investment	2010	Change	NA	Superior jurisdiction (Presidential regulation on improving investment climate)	The National team for Investment and Export Acceleration. OECD, Academic, Private sectors	policy formulation, legitimation
2	2012	Gindarsah, Iis	Foreign policy	International sanctions against Iran under UNSC Resolution No. 1747	2007-2008	Change	Political risk	Coalition (Religious mass organizations and religious based political parties)	Indonesia's Parliament, ministry of foreign affairs, and CSO	Policy formulation
3	2013	Moeliono, et al	Deforestation	The government and ministry regulations related to REDD+	2011- 2013	Stability	Network Analysis	Superior jurisdiction (The global pressure on the adoption of REDD+ concept into national policy)	Ministry of Forestry, associations (RSPO, IPOP, ISPO, SPOM, POIG)	Implementation
4	2013	Lassa, Jonathan	Disaster policy	Disaster Risk Management Policy and Regulation	1930-2010	Change	Institutionalism	Belief system (Government's perception of risk) and Superior jurisduction (global pressure and international commitment)	Indonesian Disaster Management Society, National Disaster Management Office, relevant CSO	policy formulation and implementation
5	2013	Mulyaningrum, Jaya, and Nugroho	Timber Legality Policy on Private Forest	Ministry of Forestry Regulation P.38/Menhut-II/2009 on Standard and Guidelines for Assessment of Sustainable Forest Management Performance and Timber Legality Verification of Concessionaire or of the Private Forest License Holder	2003-2013	Change	Stakeholders Analysis	Superior jurisdiction, interests, and coalition (link with ministry of forestry)	Ministry of forestry, private farmers, NGO	Policy formulation and implementation
6	2013	Suryanto, Kartikaningsih	The formation of new province	The Law Number 23 of 2000 on the establishment of Banten	1999 - 2000	Change	Elite	Structure of political system (decentralisation and political reform), and coalition (elite of banten, CSO, and parlement)	Local elites Banten, CSO, media, parlement, local elite west java	Policy formulation
7	2014	Buehler, Michael	Sharia Law	The adoption of Islamic law (shari'a) in South Sulawesi	1998-2013	Change	Elite theory	Coalition (Elite politicians and religious-based CSO)	Elite politicians and religious-based CSO	Agenda setting
8	2014	Datta et all	Social Assistance	Policy on Raskin and PKH program		Change	NA	Structure of political system (decentralisation, reform) , coalition	TNP2K, BAPPENAS, Ministry of finance, elected politicians	Agenda setting, policy formulation
9	2016	Sumarto, Sudardo	Social Assistance	Ministry Instruction	2012-2013	Change	Evidence base policy	Coalition (Researcher, media pressure, donor, and think-tank)	Researcher, media, CSO, TNP2K, donor	Agenda setting, policy formulation, legitimation, and implementation
10	2016	Ekayani, Nurrochmat, Darusman	Forest Fire	Government and ministry policies related with forest fire	2014	Stability	Policy Discourses	Superior jurisdiction (international pressure) and coalition (Media pressure abd scientist)	Media. Scientist, street level bureaucrat (forest police, local instructors)	Agenda setting

(Cont.) Summary of literature review on policymaking in Indonesia

No	Year of published	Author	Policy area	Policy reviewed	Time frame	Policy Dynamic	Theory	The determinant	Key Policy Actors	Policy stage occurred
11	2016	Eddyono, et al	Gender inequality	Laws and policies to address violence against women, the protection of domestic workers and unpaid care work	1998-2015	Change	Social movement	Structure of political system (Decentralisation), Superior Jurisdiction (international convention), and coalition (Institutions with the mandate and mission to promote women's rights and gender equality)	CSO, ILO, the National Commission of Women, the Ministry of Women's Empowerment and Child Protection, the Ministry of Labour and the Ministry of Foreign Affairs	Agenda setting and policy formulation
12	2016	Hermawati et al	Renewable Energy	National Energy Policy (KEN)	March 2015 to Sept 2015	Change	NA	Structure of political system (the Gulf War), Superior jurisdiction (new government administratration), coalition	Ministry of Research, Technology, and Higher Education, the Ministry of Energy and Mineral Resources, the energy council (DEN), BAPPENAS	Policy formulation
13	2017	Bloomkamp, et al	Small claims court	Ministry regulation	2015	Change	Policy Cycle	Superior jurisdiction (Blue print of judiciary reform in 2010)	Donor, NGO, supreme court, researcher	Policy formulation, legitimation, implementation
14	2017	Bloomkamp, et al	The management of traffic violation cases	President regulation and Supreme Court Regulation	2016	Change	Policy Cycle	Coalition (Researcher and media pressure)	Researchers, media, supreme court	Policy formulation, legitimation, and part of implementation (pilot)
15	2017	Bloomkamp, et al	Research Procurement	Presidential regulation	2016-2017	Stability	Policy Cycle	Coalition (Researcher and donor)	Researchers, donor agency	Agenda setting, policy formulation
16	2017	Bloomkamp, et al	Civil Service Reform	The law on civil service	2014	Stability	Policy Cycle	Superior jurisdiction (The national agenda of bureaucratic reform)	Media, researchers	Policy formulation and legitimation
17	2017	Bloomkamp, et al	Village Law	Government regulation	2012-2014	Stability	Policy Cycle	Structure of political system (Decentralisation agenda)	Donor, political parties	Policy formulation and legitimation
18	2017	Bloomkamp, et al	Disability	Law on Person with disabilities	2014-2016	Stability	Policy Cycle	Superior jurisdiction (International convention on the right for persons with disabilities)	NGO, DPR	Policy formulation, and legitimation
19	2017	Ramadhan, Thabrany, and Ayuningtyas	Planning and budgeting in Health Ministry	Planning and budgeting policy in the Directorate for Occupational and Sports Health of the Ministry of Health	2011-2016	Change	NA	Superior jurisdiction (the national government work plan) and Coalition (between street level bureucrats)	BAPPENAS, Ministry of Finance, Directorate for Occupational and Sports Health Minsitry of Health	Legitimation
20	2020	Fatonie, Iskhak	Poverty alleviation-oriented Village Law	Village Law	2014-2015	Change	Think tank	Structure of political system (Decentralisation, government reform agenda), coalition (local NGO, parlement, local government, donor)	NGO (IRE), ministry of village, Parlement, and donor	Agenda setting, polcy formulation, policy implementation

Appendix 3. Financial Inclusion Policy in Indonesia 1945 - 2016

Year	Policy instrument	Rationale	Policy Makers/Regulators	Policy implementors
1945	Indonesia Independence			
1960 - 1970	Regulation to establish Regional Development Banks	Restore financial and monetary health, focused primarily on combating inflation	Central Government	Provincial Government and Regional Development Banks (BPDs)
	Regulation on microfinance scheme to encourages the establishment of MFIs across the country		Central Government	Village funds and Credit Institutions (*Lembaga Dana Kredit Pedesaan*)
	Subsidy Credit Program (credit for inputs) for Rice Farmers (*Bimbingan Masal, BIMAS*)		Central Government	Ministry of Agriculture, BRI (SOE bank)
1973 - 1981	Oil Boom - Budget surplus			
1985-1990	Oil price collapsed - Budget deficit			
1983 - 1990	Saving products: · *Tabungan Berhadiah* · *Tabanas* · *Taska*	Domestic financial mobilization to finance the development	The Central Bank	SOE banks Post office (SOE)
	Regulations to increase the volume and number of banks (Pakto, Pakdes, and Pakmar)			
1990 - 1997	Ministry of Finance Regulations issued in 1994 and 1995, as well as a Presidential Regulation issued in 1995, require all state-owned corporations to use 5 percent of their profits for revolving loan program	Poverty reduction	BAPPENAS Ministry of Finance	SOEs
	Subsidised Credit Schemes for Targeted Groups - Credit for SME (*Kredit Usaha Kecil*) - Credit for Farmers (*Kredit Usaha Tani*) - Credit for Home Ownership (*Kredit Kepemilikan Rumah*) - Credit for transmigrants - Credit for Youth - Credit for Poor Household (*KUKESRA & TAKESRA*)			Related Ministries

Cont.

Cont.

Year	Policy instrument	Rationale	Policy Makers/Regulators	Policy implementors
1997-1998	Asia Financial Crisis			
1998	Revolving Fund Programs	Poverty Reduction	BAPPENAS Ministry of Finance	Relevant Ministries
2005	Increase of Oil Price and Reduction in the fuel price subsidy			
2004	The National Revolving Fund Program	Poverty Reduction	BAPPENAS Coordinating Ministry of Social Affairs Coordinating Ministry of Maritime Ministry of Home Affairs	PNPM (CSO developed by the government)
2007	Subsidised Credit for SME (*Kredit Usaha Rakyat*)	Economic Growth and Poverty Alleviation	Ministry of Finance Ministry of Economic Affairs	SOE banks
2008	Global financial crisis			
2010	Regulation to established Basic Saving Account (Tabunganku)	Economic Growth and Poverty Alleviation	The Central Bank	Commercial Banks
	The Vice President Office - The National Team for the Acceleration of Poverty Reduction (TNP2K) established			
2011	The first Global Findex report was released			
2011	The Financial Service Authority (OJK) established			
2012	Requirement for commercial banks to lend 20 percent of their total portfolio to SMEs	Economic Growth and Poverty Alleviation	The Central Banks	Commercial Banks
	The National Strategy for Financial Inclusion released by TNP2K			
2013	Micro insurance (incentive for financial services)	Economic Growth and Poverty Alleviation	Financial Services Authority	Financial Institutions
	Digital Financial Service		The Central Bank	Financial Institutions and telecomunication companies
	Branchless Banking		Financial Services Authority	Commercial Banks, Ministry of Social Affairs (pilot project)
	Financial Identity Number		The Central Bank	Ministry of home affairs
2014	Electronic Money		The Central Bank	Commercial Banks, telecomunication companies, Minsistry of communication and information, Ministry of Social Affairs (pilot project)
2016	Regional Team for Financial Access Acceleration (TPAKD)		Financial Services Authority	Provincial Government Financial Services at the provincial level
	Presidential Decree on the National Strategy for Financial Inclusion			
	The National Council for Financial Inclusion established			

Source: Author Analysis

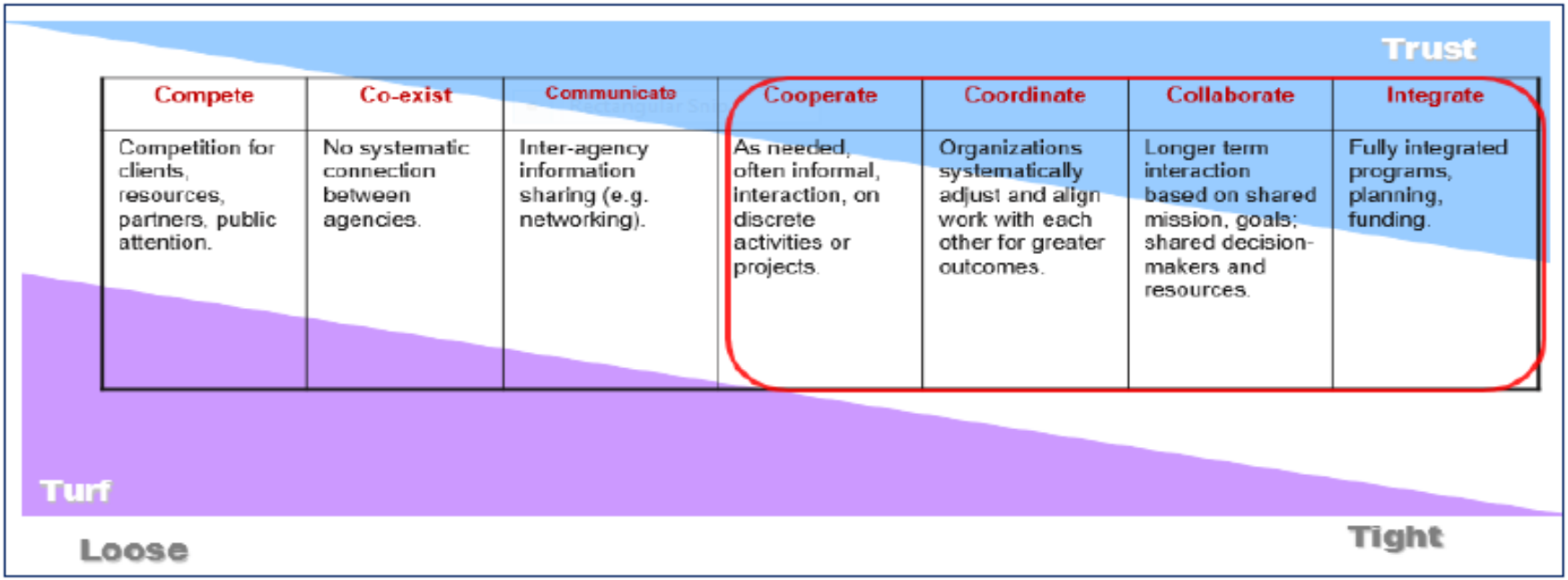
Appendix 4. The operationalisation of analytical framework for policy learning spectrum

Elements of causal mechanism	OUTCOME		INPUT		OUTPUT	INTERMEDIARIES		
Steps & objective	(1) Identifying the policy change	(2) Identifying organisational change	(3) Identifying learning community	(4) Identifying critical events	(5) Identify the learning style	(6) Identify interests	(7) Identify beliefs	(8) Identify trust
Inductive Analysis	**Guide question: what changes could be identified from policy documents?** See any changes in policy instrument, objective, target of intervention, governance, parameter of success.	**Guide question: what changes could be identified from organisational levels?** The changes can be identified from the practice, new unit, new key performance indicators.	**Guide question: who are the member of learning community?** Stakeholders (policy actors) in a policy area . Organisation membership can be guidance but should not be a benchmark. The consistent and/or significant activity of actors to the policy change was the key characteristic.	**Guide question: when (and where) did they learn?** Identify events within the range of time studied which triggered the stakeholders to learn about an issue or a solution.				
Deductive analysis					**Guideline question: what did they learn?** Each critical event identified in step 4 is analysed individually. This question is not about the solution (policy) proposed but how they use the knowledge in each critical event. Categorised them into one of the learning types: instrumental, social, political, and symbolic.	**Guideline question: what motivated policy actors to utilise knowledge as it is?** Each critical event identified in step 4 is analysed individually. The analysis used the concepts of interest from May (1992), Streeck and Thelen (2005), Boras (2011), and Louise and Stainmo (2012). They proposed that interests of key policy actors reflect (or used to justify) the institutional change	**Guideline question: what was the orientation of the institution when/after policy actors utilised the knowledge as it is?** Each critical event identified in step 4 is analysed individually. The analysis used the concept of belief system developed by Converse (2006) and Sabatier (1988). They identifies belief orientation at the institutional level.	**Guideline question: What was the climate of trust within an organisation and between learning community?** Each critical event identified in step 4 is analysed individually. This study adapted Dunlop and Radaelli (2013; 2018) arguments to identify trustworthiness among the policy community.
Abductive analysis			**Guideline question:** **what is their role?** Clarified the role of each stakeholder in the policy area. Typology from Wieble and Ingold (2018) was used for the specifications.	**Guide question: what is the nature of each event?** Clarify how each event influences the conceptual and contextual of the issue and the role of the stakeholders identified in stage 3.	**Guideline question: how does each stakeholder (from step 3) utilise conceptual and contextual information from the critical events (step four)?**	**Guideline question:** **what was the role of interests, belief, and trust within the knowledge utilisation (step 5)?** **How does it affect to the knowledge utilization?**		

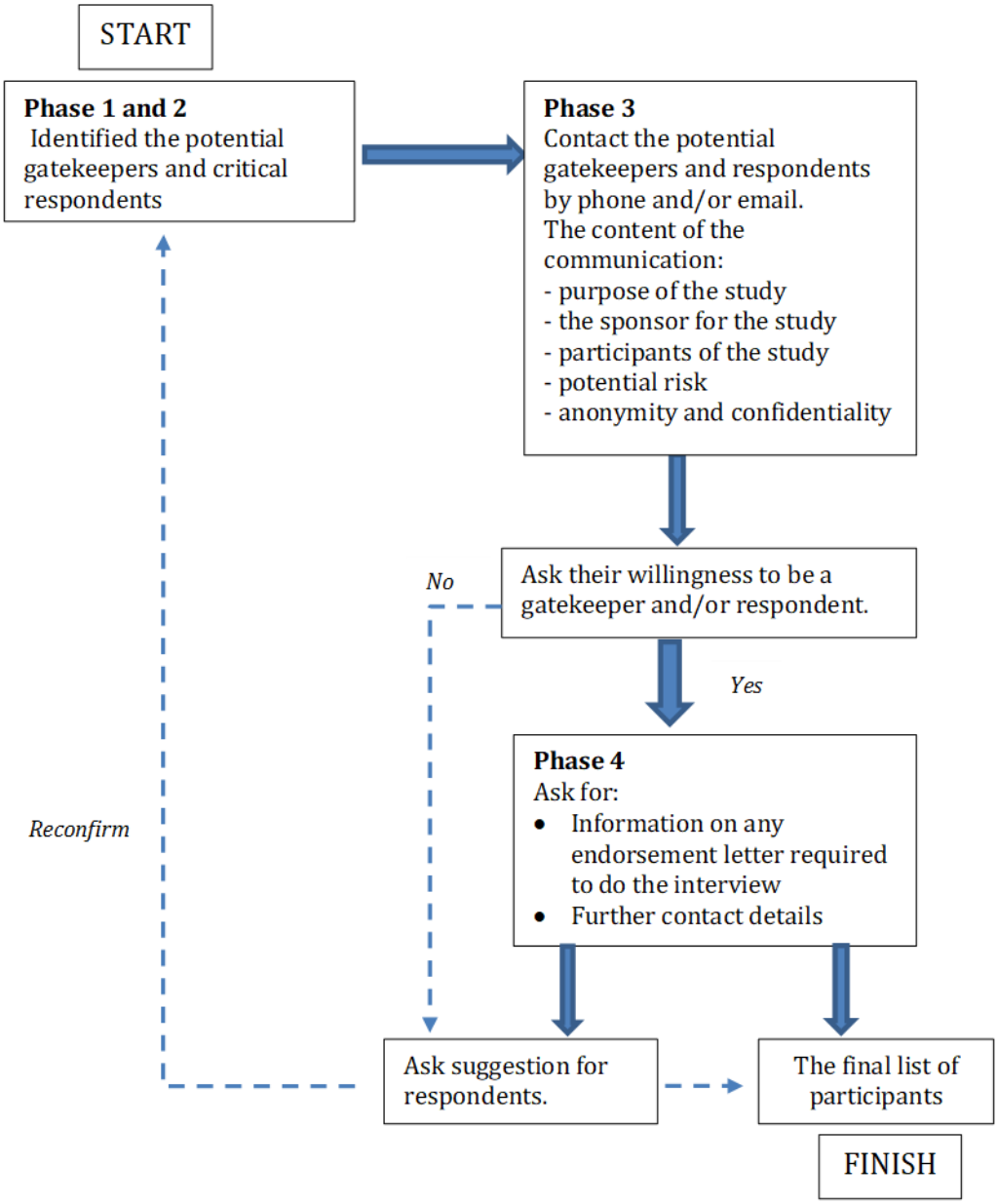
Appendix 5. The operationalisation of analytical framework for coordination spectrum

Elements of causal mechanism	OUTCOME		INPUT		OUTPUT	INTERMEDIARIES		
Steps & objective	(1) Identifying the policy change	(2) Identifying organisational change	(3) Identifying stakeholders and coalitions	(4) Identifying critical events	(5) Identify the coordination style	(6) Identify interests	(7) Identify beliefs	(8) Identify trust
Inductive Analysis	**Guide question: what changes could be identified from policy documents?** See any changes in policy instrument, objective, target of intervention, governance, parameter of success.	**Guide question: what changes could be identified from organisational levels?** The changes can be identified from the practice, new unit, new key performance indicators.	**Guide question: who are the stakeholders? What are the coalitions?** Stakeholders (policy actors) in a policy area . Organisation membership can be guidance but should not be a benchmark. The consistent and/or significant activity of actors to the policy change was the key characteristic. Coalition could be identified from the	**Guide question: when (and where) did they coodinate?** Identify events within the range of time studied which triggered the stakeholders to interacts and make decision about an issue or a solution.				
Deductive analysis					**Guideline question: Did the stakeholder trust each other?** Each critical event identified in step 4 is analysed individually. How trust might explain their action / interaction during these critical events?	**Guideline question: what motivated policy actors to act as it is?** Each critical event identified in step 4 is analysed individually. Identify different motivations of the stakeholders and how they might influence the actions of the actors.	**Guideline question: what belief guide the acts of the policy actors?** Each critical event identified in step 4 is analysed individually. Identify different beliefs of the stakeholders and how these beliefs might influence the actions of the actors.	**Guideline question: What was the climate of trust within an organisation and between learning community?** Each critical event identified in step 4 is analysed individually. This study adapted Tamarack Institutue tolls, coalition specturm, to identify trustworthiness among the policy community.
Abductive analysis			**Guideline question: what is their role?** Clarified the role of each stakeholder in the policy area. Typology from Wieble and Ingold (2018) was used for the specifications.	**Guide question: what is the nature of each event?** Clarify how each event influences the conceptual and contextual of the issue and the role of the stakeholders identified in stage 3.	**Guideline question:** **what was the role of interests, belief, and trust in the interactions?** **How does they affect to the interactions of stakeholders?**			

Appendix 6. Collaboration Spectrum by Tamarack Institute (2017)



Appendix 7. Critical informant selection



Appendix 8. Summary from desk study for critical informants

The national strategy for financial Inclusion 2012 and 2016 (English version)

No	Components	National Strategy for Financial Inclusion 2012	National Strategy for Financial Inclusion 2016
1	Types of policy	A white paper issued by the vice president office for poverty alleviation (TNP2K)	Presidential decree
2	Definition of Financial Inclusion	The right of every individual to have access to a full range of quality financial services in a timely, convenient, informed manner and at an affordable cost in full respect of his/her personal dignity.	A condition where all members of the society have access to quality formal financial services that are timely, smooth, and safe at affordable fees in accordance with the needs and abilities
3	Objective	To Achieve a Financial System that is Accessible by all Layers of the Community to Promote Economic Growth, Poverty Reduction and Income Equality in Indonesia	75 percent of the adult population have access to financial services at formal financial institutions by the end of 2019
4	Target groups	The poor, migrant workers, women, and people lived in remote areas.	The poor, migrant workers, women, and groups with social welfare issues lived in remote areas, students, and youth.
5	Main Policy Instruments	Basic Saving Account, KUR, Revolving fund (through PNPM and PKBL), Financial Identity	Basic Saving Account, KUR, Digital Financial Services, Branchless Banking, Postal Saving, Property rights

Strategi Nasional Keuangan Inklusif 2012 dan 2016 (Indonesia version)

No	Komponen	Strategi Nasional Keuangan Inklusif 2012	Strategi Nasional Keuangan Inklusif 2012
1	Bentuk kebijakan	Dokumen Kantor wakil presiden (TNP2K)	Peraturan Presiden
2	Definisi Keuangan Inklusif	Hak setiap individu untuk memiliki akses ke berbagai layanan keuangan berkualitas dengan cara yang tepat waktu, nyaman, informasi dan dengan biaya yang terjangkau untuk menghormati martabat pribadinya.	Kondisi ketika setiap anggota masyarakat mempunyai akses terhadap berbagai layanan keuangan formal yang berkualitas secara tepat waktu, lancar, dan aman dengan biaya terjangkau sesuai dengan kebutuhan dan kemampuan
3	Tujuan	Mencapai sistem keuangan yang dapat diakses oleh semua lapisan masyarakat, mendorong pertumbuhan ekonomi, pengentasan kemiskinan dan kesetaraan pendapatan di Indonesia	persentase jumlah penduduk dewasa yang memiliki akses layanan keuangan pada lembaga keuangan formal sebesar 75% pada akhir tahun 2019.
4	Target group	Orang miskin, pekerja migran, perempuan, dan orang-orang yang tinggal di daerah terpencil.	Orang miskin, pekerja migran, perempuan, kelompok dengan masalah kesejahteraan sosial, orang yang tinggal di daerah terpencil, pelajar, mahasiswa dan pemuda.
5	Instrumen kebijakan	TabunganKu, KUR, Dana bergulir (lewat PNPM and PKBL), Identitas Keuangan (*Financial identity*)	TabunganKu, KUR, Layanan Keuangan Digital, Laku Pandai, Tabungan Pos, Hak properti tanah

Appendix 9. Interview guideline

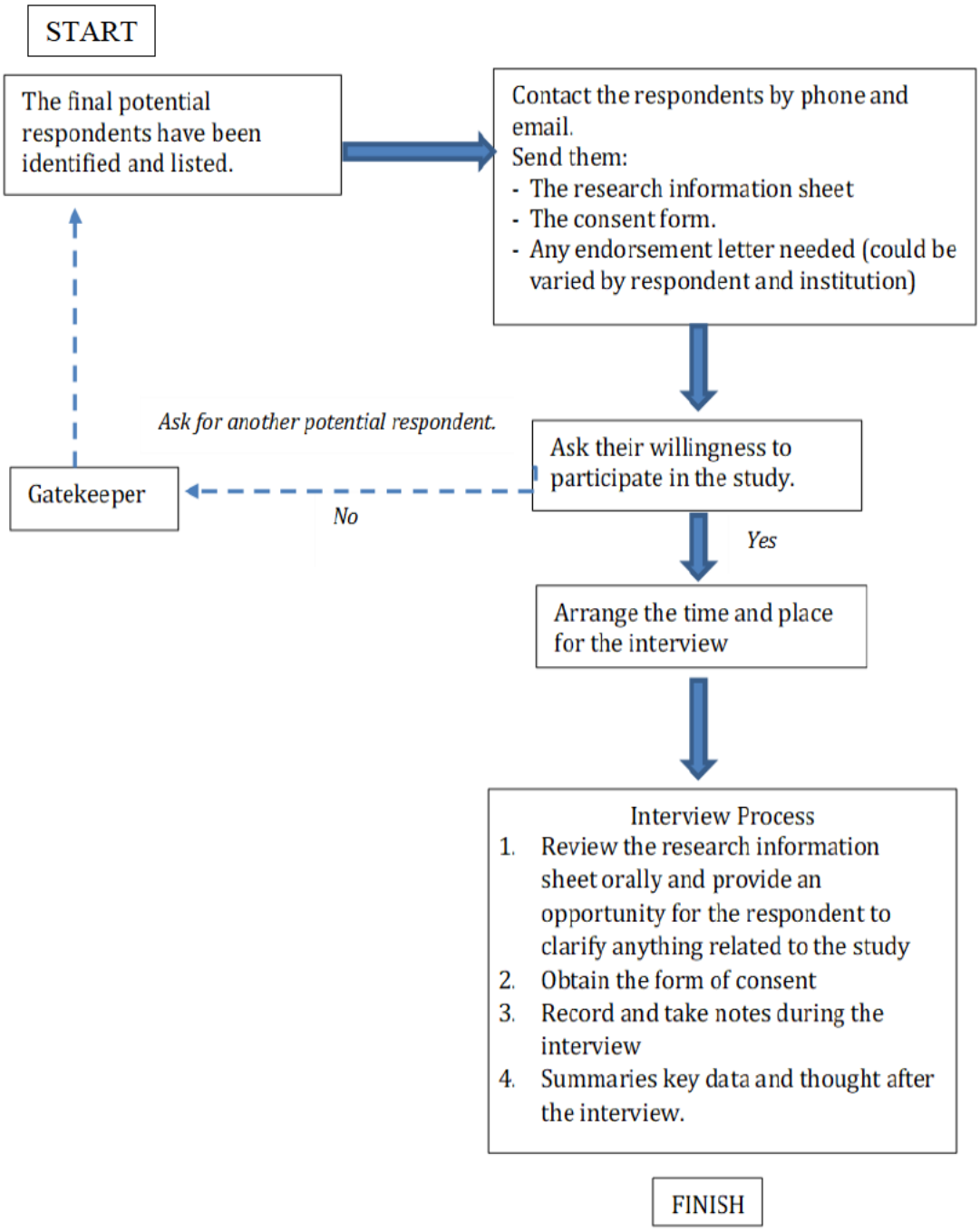
No	Question	Probing
	Theme 1: Financial Inclusion in general	
1	From your view, what is financial inclusion?	*Do you think financial inclusion is more about poverty or economic growth? Why?*
2	Could you tell me how you become involved in the financial inclusion policy?	• *When is the first time you hear about financial inclusion?* • *What was your reference to understand about financial inclusion?* • *How does financial inclusion' shape your role today? The role of your institution?*
	Theme 2: The role of critical event and social-economy structure	
3	Why do you think Indonesia promoted the financial inclusion agenda in 2012? Why the government promotes a new strategy on financial inclusion in 2016?	*I noted some events that happened circa 2012 and 2016. I would like to know your opinion if these events influence the emergence of Indonesia's financial inclusion agenda in 2012, and how?* 1. *The global financial crisis in 2008?* 2. *The annual meeting of G20?* 3. *The establishment of AFI and its annual meeting?* 4. *The publication of the Global Financial Inclusion Index by the World Bank?* 5. *The elected president in 2009 and 2014?* 6. *The establishment of OJK?* 7. *The establishment of TNP2K?* • *Did the strategy based on the evaluation of previous policies on improving financial access?* • *The government had promoted various policies instruments to improve financial access before 2012, such as Tabanas/Taska (Basic Saving Account), KUR (credit for people), and revolving funds at district and sub-district level. Do you think the financial inclusion strategy in 2012 makes any difference? How about in 2016? How?*
4	Why the government came up with this definition, target, objective, and instrument in 2012 and 2016? *(Show the table comparing strategy in 2012 and 2016)*	• *Why the government defined financial inclusion as a right in 2012?* • *Why the government defines financial inclusion as a condition and formal financial services in 2016?*

No	Question	Probing
		• *Why the government chooses 75% by 2019 as the target in the 2016 strategy? What was the rationalisation?* • *Why the government put migrant worker as one of the targets in 2012?* • *Why the government put people with welfare issues, youth and students, as one of the targets in 2012?* • *Do these have any relation with the president agenda (Yudhoyono for the strategy in 2012 and Jokowi in 2016)? How about the economy indicator (the Gini coefficient was 0.41 in 2011-2012)?* • *What were the references used at that time?* • *Who proposes the policy instrument? What about the target? What was their rationalisation?* • *Was there any evaluation or research use as a base for promoting these instruments and targets into the strategy?*
	Theme 3: The role of key policy actors	
5	Why the 2012 strategy led by the vice president office (TNP2K)? Why the 2016 strategy led by the Ministry of economic affairs	• *Why was the strategy not led by the other institutions? (Mention other key stakeholders such as the central bank, OJK, BAPPENAS, Ministry of Finance)* • *Was there any key person involved in the legitimation? Experts? Third sector? Media? Politician? Senior Executive (the leader of TNP2K)? The representative from the international organisation?* • *Why do you think their role is significant?* • *How did they influence strategy development and issuance?*
6	When developing the 2012 strategy, with whom do you / your organisation interact more often? And why? When developing the 2016 strategy, with whom do you / your organisation interact more often? And why?	• *Did they come to you or you come to them?* • *Where do you meet?* • *What do you discuss with them? Regulation? Financial? The elected leader's agenda? Coordination mechanism? Research evidence? Technical assistance? Training?* • *What did they/you offer?* *<u>At the international level:</u>*

No	Question	Probing
		• *How do you differentiate the various international organisations' role that concern about financial inclusion, especially between G20, the World Bank, and the UN in 2012 and 2016?* • *Why do you think they promote financial inclusion?* • *Who has the most influence on the emergence of the financial inclusion agenda in Indonesia in 2016? Why do they have such significant power?* • *Who has the most influence on the emergence of the financial inclusion agenda in Indonesia in 2016? Why do they have such significant power?* *At the national level:* • *Do you see any different role among national institutions in 2012 and 2016?* • *How do you differentiate the central bank's role, OJK, BAPPENAS, Ministry of economic affairs, the vice president office on financial inclusion?* • *Why do you think they promote financial inclusion?* • *The strategy has many institutions involved; who has the most influence on the emergence of Indonesia's financial inclusion agenda in 2016? And why do they have such a significant power?*
	Theme 4: strategy and resources	
7	Why did the government choose the TNP2K document as a format for the 2012 strategy? Why did the government choose a presidential decree document as a format for the 2016 strategy? I noted several new policy instruments in 2016 strategy. From your opinion, why and how these policy instruments could be promoted in the strategy? **a. Digital financial service** **b. Branchless banking (Laku Pandai)** **c. Property rights**	• *What is the role of TNP2K in the legitimation process in 2012?* • *What is the role of the Ministry of economic affairs in the legitimation process in 2016?* • *Does the format effective to promote financial inclusion in Indonesia? Why?* • *Was there any problem or tension during the strategy legitimation? Why? Who involved in this issue? How was the tension/problem solved?*

No	Question	Probing
	d. Postal Saving (Tabungan Pos)	
8	What is the most challenging thing from your experience in developing financial inclusion strategy in 2012/2016?	
9	What makes financial inclusion interesting or exciting for you?	
	Closing: Validation	
10	From your experience working on financial inclusion issues, what did you learn?	
11	How do you see the financial inclusion strategy in Indonesia in the next 5 years? Will it change? Why? How?	*What will be the role of technology, business, and government?*

Appendix 10. Interview Protocol



Appendix 11. The Gantt chart for fieldwork activity

No		Activities	March'19				April '19				May '19				June '19				July'19				August'19			
			1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
General Election																										
1		Campaign																								
2		National election for president and parlement							17																	
3		Recapitulation																								
4		Settlement of the election results' disputes																								
National Holiday																										
1		Good Friday							19																	
2		Labour day									1															
3		Ascension Day of Jesus Christ											30													
4		Public holiday eid ul fitr														3-7										
5		Indonesian Independence Day																							17	
Fieldwork																										
1		**Correspondence**																								
2		**Pilot: Testing interview questions and protocol**																								
3		**Refinement of interview questions and protocol**																								
4		**Interviews with representatives of government**																								
	a	*Ministry of Cooperatives and SME*																								
	b	*Coord Ministry of Economic Affairs*																								
	c	*Ministry of Finance*																								
	d	*The National Development and Planning Agency*																								
	e	*CoordinatorMinistry for Human Development and Culture*																								
	f	*Ministry of Information and Technology*																								
	g	*Ministry of Agrarian and Spatial Planning*																								
	h	*Ministry of SOE*																								
5		**Interviews with representatives of the financial regulator**																								
	a	*Bank Indonesia*																								
	b	*Financial Service Authority*																								
6		**Interviews with representatives of the parlement**																								
7		**Interviews with representatives of the NGOs**																								
	a	*TNP2K*																								
	b	*World Bank Group*																								
	c	*DFAT, GIZ, USAID*																								
	d	*Research centers*																								
	g	*The UN Group*																								
8		**Interviews with representatives of the private sectors & SOEs**																								
	a	*SOE financial institutions*																								
	b	*PT Pos Indonesia*																								
	c	*Commercial banks*																								
	d	*Insurance companies*																								
	e	*Fintech companies*																								
	f	*Credit Unions*																								

Appendix 12. Ethics Approval

Application for Ethical Review ERN_18-1967

Samantha Waldron (Research Support Group) <S.M.Waldron@bham.ac.uk>

Fri 3/8/2019 3:52 PM

Inbox

To: Karen Rowlingson (Department of Social Policy Sociology and Criminology) <K.Rowlingson@bham.ac.uk>;

Cc: Louise Overton (Department of Social Policy and Social Work) <[redacted]>

Dear Professor Karen Rowlingson,

Re: "Financial Inclusion in Indonesia"
Application for Ethical Review ERN_18-1967

Thank you for your application for ethical review for the above project, which was reviewed by the Humanities and Social Sciences Ethical Review Committee.

On behalf of the Committee, I confirm that this study now has full ethical approval.

I would like to remind you that any substantive changes to the nature of the study as described in the Application for Ethical Review, and/or any adverse events occurring during the study should be promptly brought to the Committee's attention by the Principal Investigator and may necessitate further ethical review.

Please also ensure that the relevant requirements within the University's Code of Practice for Research and the information and guidance provided on the University's ethics webpages (available at https://intranet.birmingham.ac.uk/finance/accounting/Research-Support-Group/Research-Ethics/Links-and-Resources.aspx) are adhered to and referred to in any future applications for ethical review. It is now a requirement on the revised application form (https://intranet.birmingham.ac.uk/finance/accounting/Research-Support-Group/Research-Ethics/Ethical-Review-Forms.aspx) to confirm that this guidance has been consulted and is understood, and that it has been taken into account when completing your application for ethical review.

Please be aware that whilst Health and Safety (H&S) issues may be considered during the ethical review process, you are still required to follow the University's guidance on H&S and to ensure that H&S risk assessments have been carried out as appropriate. For further information about this, please contact your School H&S representative or the University's H&S Unit at healthandsafety@contacts.bham.ac.uk.

Kind regards,

Ms Sam Waldron
Deputy Research Ethics Officer
Research Support Group
C Block Dome (room 132)
Aston Webb Building
University of Birmingham
Edgbaston B15 2TT
[redacted]

Appendix 13. Informant Recruitment Letter

Dear Sir or Madam

(Name of Organization/ Government department)

My name is Resya Kania and I am a PhD student at the University of Birmingham, United Kingdom. I am conducting research about financial inclusion strategy in Indonesia. My research is interested in understanding the policymaking process of financial inclusion in Indonesia. To obtain an in-depth understanding of the topic, I would like to conduct interviews with key persons related to financial inclusion policy in Indonesia, which come from a national government institution, financial industry regulator, financial institutions, research centre and parliament. In this regard, your institution has been identified as one of the relevant stakeholders related to the subject. It would be greatly appreciated if I may interview *(name of potential participants)* as his/her experience and role representing your institution will provide a deeper understanding of the topic of my research.

I would expect the interview to last approximately 1 to 1.5 hour. The participant would be requested to give consent to participate in the interview and would have the right to not answer any questions they do not wish to. I will sent the interview transcript where participants will have a chance to factually correct the transcript. They may also decide to remove some of their statement from the transcripts or withdraw their participation in this research within one week after the participants express their agreement on the transcript, without any consequences. All the quotes used in the publication will be anonymous.

The information provided by the respondent will be kept in strict confidence and will be shared with any third party. However, a summary of the findings of the research can be shared with the participants and institutions. The anonymised interview transcripts will be stored securely in a cloud-based data management system provided by the University of Birmingham. The data storage will be strict the policy of the University of Birmingham, which requires a 10-year mandatory period. Data will be disposed of, according to the University of Birmingham data management policy. To have a clearer understanding, please read the participant's information sheet in the attachment.

I would like to assure you that this study has been reviewed and received ethics clearance through the Research Ethics Review Committee at The University of Birmingham**.** Should you have any comments, questions or concerns resulting from your participation in this study, you may contact my lead supervisor, Prof. Karen Rowlingson (email [redacted] or telephone +[redacted]

I look forward to speaking with you, and thank you in advance for your assistance in this research project.

Sincerely,

Resya Kania
PhD Student
Department of Social Policy, Sociology, and Criminology
School of Social Policy
University of Birmingham

Appendix 14. Certificate of Consent

CERTIFICATE OF CONSENT

Nama Narasumber :
Name of interviewee

Judul Penelitian : Financial Inclusion Policy in Indonesia
Title of the project

Nama Peneliti : Resya Kania
Researcher's name

Alamat Peneliti : 1.
Researcher's contact details

2. University of Birmingham
Department of Social Policy, Sociology and Criminology
Muirhead Tower, 10th floor, Room #726
Edgbaston, Birmingham, United Kingdom, B15 2TT

Saya, yang bertandatangan dibawah ini, menyatakan bahwa:
I, the undersigned, confirm that:

1	Saya telah membaca lembar informasi peserta. Saya memiliki kesempatan untuk bertanya terkait hal tersebut dan setiap pertanyaan telah dijawab dengan memuaskan. *I have read the interviewee information sheet. I have had the opportunity to ask questions about it and any questions I have been asked have been answered to my satisfaction.*	☐
2	Saya memahami bahwa partisipasi saya bersifat sukarela dan bahwa saya bebas untuk mengundurkan diri selambat-lambatnya satu minggu sejak wawancara. *I understand that my participation is voluntary and that I am free to withdraw one week after the interview at the latest.*	☐
3	Saya setuju kutipan anonim dari wawancara saya digunakan dalam thesis, laporan, publikasi and presentasi yang berkaitan dengan penelitian ini. *I agree to the use of anonymized quotes from my interview in thesis, reports, publications, and presentations relating to this study.*	☐
4	Saya telah diberikan salinan lembar persetujuan dan lembar informasi narasumber *I have been provided with a copy the consent form and the interviewee information sheet*	☐
5	Saya mengerti bahwa data akan disimpan dengan aman sesuai dengan peraturan Universitas Birmingham *I understand that the data will be stored securely according to the regulation of the University of Birmingham*	☐
6	Saya setuju bahwa wawancara direkam secara audio. *I agree to the interview being audio recorded.*	☐
7	Saya ingin menerima transcript wawancara untuk bisa mengkoreksi transkrip interview saya. *I would like to receive the interview transcript and factually correct a transcription of my interview.*	☐
8	Saya ingin menerima salinan ringkasan laporan penelitian ini untuk dikirim ke alamat email saya : ..... *I would like to receive a copy of summary of this research report to be sent to my email address : .....*	☐

Nama Narasumber _____ **Tanda tangan Narasumber** _____ **Tanggal** _____
Name of Participant *Signature of Participant* *Date*

Nama Peneliti_____ **Signature of Researcher** _____ **Tanggal**_____
Name of Researcher *Signature of Researcher* *Date*

Appendix 15. Participant Information Sheet

LEMBAR INFORMASI NARASUMBER
PARTICIPANT INFORMATION SHEET

Nama Peneliti *Name of Researcher*	**: Resya Kania**
Lead Supervisor *Supervisor Utama*	**: Prof. Karen Rowlingson**
Co-Supervisor *Co-Supervisor*	**: Dr. Louise Overton**
Nama Organisasi *Name of Organization*	**: University of Birmingham**
Nama Sponsor *Name of Sponsor*	**: The Indonesian Endowment Fund for Education (LPDP)**
Nama Projek *Name of Project / Version*	**: Financial Inclusion Policy in Indonesia**

Nama saya Resya Kania. Saya adalah pegawai negeri sipil dari Kementerian PPN/BAPPENAS yang sedang menjalankan tugas belajar. Saat ini saya tengah menjalankan program Phd di University of Birmingham di UK dengan program Social Policy. Sebagai bagian dari riset Phd, saya akan melakukan rangkaian wawancara. Lembar informasi ini dibuat untuk memberikan informasi mengenai penelitian saya yang dapat digunakan sebagai bahan pertimbangan Anda untuk berpartisipasi sebagai narasumber.

My name is Resya Kania. I am a civil servant from the Ministry of PPN / BAPPENAS who is carrying out a study assignment. I am pursuing a Phd program at the School of Social Policy, University of Birmingham, UK. As part of the PhD research, I will conduct a series of interviews. This information sheet is created to provide information about my research that can be used for your consideration to participate as an interviewee.

Tujuan Penelitian / *Purpose of the research*

Keuangan inklusif merupakan salah satu agenda global yang terus berkembang. Agenda ini juga merupakan salah satu program pemerintah Indonesia yang tengah dijalankan. Penelitian ini bermaksud untuk menjelaskan proses pembentukan strategy nasional keuangan inklusif di Indonesia. Melalui wawancara saya ingin mengetahui bagaimana pandangan dan pengalaman berbagai pihak atas hal ini.

Financial Inclusion is one of the growing global agendas. It is also one of the Indonesian government programs that are being carried out. This study aims to explain the strategy-making process in Indonesia. Through interviews, I want to understand the views and experiences of various groups on this matter.

Jenis Intervensi / *Type of Research Intervention*

Penelitian ini akan melibatkan Anda sebagai narasumber. Wawancara akan dilakukan selama kurang lebih 1 – 1.5 jam.

This research will involve you as an interviewee. The interview will be carried out for approximately 1 – 1.5 hours.

Pemilihan Narasumber / *Interviewees Selection*

Anda diminta untuk menjadi bagian dari penelitian ini karena kami melihat pengalaman professional Anda dapat berkontribusi signifikan terhadap pemahaman keuangan inklusif di Indonesia. Narasumber akan berasal dari berbagai kelompok yang terkait dengan kebijakan keuangan inklusif di Indonesia. Termasuk diantaranya:

- **Lembaga Pemerintah**
- **Lembaga Non-Pemerintah**
- **Regulator**
- **Parliament**
- **Lembaga Keuangan**

You are asked to be a part of this research because we see your professional experience can contribute significantly to the understanding of financial inclusion in Indonesia. Resource persons will come from various groups related to financial inclusion policies in Indonesia, includes:

- *Government agencies*
- *Non-Government Institutions*
- *Regulator*
- *Parliament*
- *Financial institutions*

Partisipasi Sukarela / Voluntary *Participation*

Partisipasi Anda dalam penelitian ini sepenuhnya bersifat sukarela. Pilihan Anda tidak akan memberikan dampak apapun kepada profesi Anda. Informasi yang Anda sampaikan tidak akan dikaitkan dengan kinerja Anda maupun kredibilitas institusi tempat dimana Anda bekerja.

Your participation in this research is entirely voluntary. Your choice will not have any effect on your professional status. The information you provide has nothing to do with your performance or the credibility of the institution where you work.

Prosedur / *Procedures*

Jika Anda setuju untuk menjadi bagian dari penelitian ini, Anda akan diwawancarai sebanyak satu kali. Wawancara akan dilakukan selama 1- 1.5 jam. Seluruh wawancana akan direkam. Selama wawancara saya juga akan menulis catatan untuk memastikan agar tidak ada informasi yang terlupakan. File hasil rekaman wawancara akan disimpan dalam PC dan external hardisk dengan kata kunci untuk menjaga keamanannya. Namun jika Anda ingin agar wawancara tidak direkam atau ada bagian dari percakapan yang tidak ingin direkam mohon dapat memberitahu saya sebelum atau pada saat wawancara. Anda boleh tidak menjawab pertanyaan dalam wawancara.

Anda juga dapat memutuskan untuk menarik kembali pernyataan dari wawancara atau memutuskan untuk mengundurkan diri sebagai narasumber dua minggu sejak Anda diwawancara. Setelah dua minggu penarikan

kembali pernyataan dalam wawancara maupun pengunduran diri kurang memungkinkan karena data kemungkinan sudah diproses atau laporan sudah di tulis.

Wawancara sedapat mungkin akan dilakukan di tempat publik atau kantor Anda dengan bertatap muka. Namun jika hal ini kurang memungkinkan, wawancara juga dapat dilakukan melalui *video call*. Tidak ada orang lain yang akan terlibat dalam wawancara selain Saya dan Anda, kecuali jika Anda ingin ada orang lain yang terlibat.

If you agree to be part of this study, you will be interviewed once. The interview will be conducted for 1 -1.5 hours. All interviews will be recorded. During the interview, I will also write notes to ensure that nothing from the interview is forgotten. The file recorded by the interview will be stored on the PC and external hard disk with keywords to maintain security. But if you want the interview or any part of the interview not to be recorded, please let me know before or during the interview. You may also not answer questions in the interview.
You may decide to withdraw some of your statement or withdraw your participation in this research a two since the interview. After two weeks, withdrawal and correction statement is not possible because the data may have been processed or the report has been written.
Interviews will be carried out in public places or your office, face to face. But if this is not possible, interviews can also be done through video calls. No one else will be involved in the interview other than me and you, unless if you want someone else to be involved.

Resiko / *Risks*

Penelitian ini secara umum diperkirakan tidak akan mengandung resiko bagi Anda. Meski demikian, ada kemungkinan bahwa dalam wawancara Anda merasa tidak nyaman atas pertanyaan yang saya ajukan. Jika demikian, Anda dapat mengutakarannya dan saya akan melanjutkan ke pertanyaan berikutnya atau mengakhiri wawancara. Durasi wawancara mungkin dapat menimbulkan ketidaknyamanan bagi jadwal Anda namun saya akan fleksibel terkait jadwal wawancara.

This research is generally not expected to pose any risk to you. However, it is possible that in the interview, you feel uncomfortable about the questions I ask. If so, you can say it, and I will proceed to the next question or end the interview. The interview period also may cause inconvenience to your schedule, but I will be flexible regarding the interview schedule.

Keuntungan / *Benefits*

Tidak ada keuntungan langsung bagi Anda dari penelitian ini. Namun demikian partisipasi Anda akan dapat membantu memperkaya informasi terkait proses pembuatan kebijakan keuangan inklusif di Indonesia. Partisipasi Anda akan menjadi referensi untuk menjelaskan keuangan inklusif dari konteks kebijakan kepada khalayak yang lebih luas.

There is no direct benefit for you from this research. However, your participation will enrich the information related to financial inclusion in Indonesia. Your participation will be a reference for explaining financial inclusion from the policy context to the wider audience.

Kerahasiaan / *Confidentiality*

Saya tidak akan memberikan informasi mengenai identitas Anda dan apa yang Anda bicarakan selama wawancara kepada pihak lain selain kepada pembimbing. Informasi yang disampaikan bersifat rahasia dan akan diproses secara aman. Rekaman akan di simpan dengan label nomer dan tidak akan ada identitas (nama, pekerjaan, atau unit kerja) yang tertera. Jika diperlukan, nama samaran akan digunakan sebagai referensi wawancara Anda. Walau demikian Anda berhak untuk meminta agar nama Anda dimunculkan dalam thesis maupun publikasi yang dihasilkan dari penelitian ini. Tidak akan ada kutipan langsung dengan nama Anda. Kutipan akan digunakan tanpa nama, namun mungkin perlu menyebutkan institusi yang terafiliasi. Namun demikian nama institusi akan dibuat umum seperti NGO, kementerian, atau lembaga keuangan. Seluruh data, baik fisik maupun elektronik, akan dimusnahkan sepuluh tahun sejak penelitian berakhir.

Perlu dipahami bahwa karakteristik peserta membuat anonimitas bersifat terbatas. Peserta adalah pelaku utama dari kebijakan. Dengan demikian, ada kemungkinan bahwa peserta dapat diidentifikasi oleh orang lain yang mengenal mereka.

I will not provide information about your identity and what you talked about during interviews with other parties besides the supervisors. Information submitted is confidential and will be processed safely. Records will be labelled with a number, and there will be no identity (name, position, or working unit) listed. If it is needed, the pseudonym will be used as a reference for your interview. However, you have the right to request that your name appears in the thesis and publication that resulted from this research. There will be no direct quote with your name. The quote will be used anonymously but might link to an organisation. However, the name of the organisation will be general, such as NGO, Ministry, financial institution. All data, both physical and electronic, will be destroyed ten years after the study ends.
It should be understood that because of the characteristics of the participants, anonymity is limited. Participants are the main actors of the policy. Thus, it is possible that participants can be identified by others who know them.

Informasi Terkait Hasil / *Sharing the Results*

Hasil dari penelitian ini akan digunakan untuk thesis Phd. Seluruh maupun sebagian dari penelitian ini dapat dipresentasikan pada konfrensi maupun publikasi. Kesimpulan yang saya dapatkan dari penelitian ini akan saya berikan kepada Anda sebelum dipresentasikan atau dipublikasikan.

The results of this study will be used for PhD thesis. All or part of this research can be presented at conferences and publications. The conclusion that I got from this research will be given to you before being presented or published.

Kontak / *Contact*

Penelitian ini telah dipelajari dan disetujui oleh komite etik University of Birmingham. Jika Anda punya pertanyaan terkait penelitian ini, anda dapat menghubungi saya:

This study has been reviewed and approved by the University of Birmingham ethics committee. If you have questions regarding this research, you can contact me:

Resya Kania
[redacted]

Anda juga dapat menghubungi para supervisor saya:

You can also contact my supervisors:

Karen Rowlingson
[redacted]

dan
and

Louise Overton
[redacted]

Keluhan terkait partisipasi Anda dalam penelitian ini, dapat disampaikan kepada

Any *complaints about your participation in this project may be directed to*

The Research Ethics Officer

ethics-queries@contacts.bham.ac.uk

+44 121 414 8825