

Farmer Preference to Access Agricultural Credit in Indonesia

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ABSTRACT

This research was conducted in Sempa Jaya Village, Berastagi Sub-district, Karo Regency, Indonesia. The research location is determined purposively based on the consideration that this village is horticulture production center and there is Credit Union (CU) Merdeka which give farm loan/credit to farmer. This research is aimed to analyze farmer preference to credit itself, by analyzing the most important credit attribute according to farmers. Through analysis of farmer preferences will be known level of farmer selection to credit based on credit attribute like service, supporting facility, requirement, time period, interest system and collateral. By knowing farmer preference to combination of credit attribute, credit institution can form credit system as expected by farmer, so that its utilization can be more effective and efficient. At the end of the targeted study, a new form of policy from government and credit institutions regarding the granting of credit towards farmer will be created, which will prevent the farmer to rent a credit to informal institution and individual.

Keywords: agricultural credit, credit union, conjoint analysis, farmer preference

JEL Classification: N5, O13, Q14.

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