

Challenges And Opportunities in Accessing Subsidized Home Ownership Credit For Informal Sector Workers (Case Study at Bank Tabungan Negara, Bitung City)

Tonny Chrishard Caerol Runtu, Anderson G. Kumenaung, Ita Pingkan Rorong

Universitas Sam Ratulangi, Indonesia

Email: tonyruntu1987@gmail.com, andersongkumenaung@unsrat.ac.id,
itapingkan@unsrat.ac.id

Abstract. Access to subsidized mortgages (KPR) remains a significant challenge for informal sector workers in Indonesia, particularly in Bitung City. Despite government programs aimed at increasing homeownership, informal workers often face barriers that limit their participation. This study addresses the research problem of identifying the challenges and opportunities for informal sector workers in accessing KPR provided by Bank Tabungan Negara (BTN). The objectives of the study are to examine the specific obstacles faced by informal workers, explore potential opportunities to enhance access, and provide recommendations for policy and practice improvements. A qualitative research approach was employed, involving in-depth interviews with informal sector workers, bank officials, and relevant stakeholders, as well as document analysis of government policies and financial regulations. The results reveal that income instability, lack of formal documentation, and strict banking requirements are the primary challenges hindering access to subsidized mortgages. Conversely, opportunities exist through financial innovations, the increasing role of fintech solutions, and government initiatives promoting financial inclusion. The study implies that greater flexibility in mortgage policies, tailored support for informal workers, and the integration of fintech platforms can significantly improve access to housing finance. These findings provide practical guidance for policymakers, financial institutions, and researchers seeking to enhance the inclusivity and effectiveness of subsidized mortgage programs for non-formal workers.

Keywords: Subsidized Mortgages, Informal Sector Workers, Bank Tabungan Negara, Financial Inclusion.

INTRODUCTION

Home is one of the fundamental human needs that must be fulfilled by every Indonesian family (Ali & Arenggoasih, 2021; Sunarti et al., 2021; Wiliyanarti et al., 2022). According to the 2023 National Socio-Economic Survey (Susenas) conducted by the Central Statistics Agency (BPS), Indonesia faces a housing backlog of approximately 12.7 million units (Baihaqi, 2025). This substantial deficit persists despite ongoing government interventions. Since 2015, the Indonesian government has been implementing the “One Million Houses Program” via the Ministry of Public Works and Housing (PUPR), providing subsidized housing—especially for low-income (MBR) households—through banking channels (Ministry of Public Works and Public Housing, 2022; UNDP, 2022). However, the sheer scale of the backlog highlights the need for sustained and expanded efforts, as available subsidized supply falls short of demand (Market Research Indonesia, 2024; Perdamaian & Zhai, 2024). Moreover, urbanization and soaring land prices continue to exacerbate affordability challenges, underscoring the structural nature of the housing shortage (Perdamaian & Zhai, 2024).

Housing is a fundamental human need and meeting it is essential to improving welfare. The Indonesian government has implemented various policies to increase public access to decent housing, notably through the subsidized Home Ownership Credit (KPR) program

targeted at low-income (MBR) households. The Liquidity Facility for Housing Financing (FLPP), commonly referred to as KPR Sejahtera, supports this effort by offering subsidized credit with sustained low interest rates and extended tenors, effectively reducing financial barriers for MBR groups (Akbar, Ramadhan, & Sugianto, 2025). Legal frameworks reinforce this support by facilitating access to KPR—both conventional and Sharia-based—offered via implementing banks (Utari, 2023). Research demonstrates that these subsidies, including interest-rate and down-payment relief, have significantly improved the affordability of housing and expanded ownership among low-income Indonesians (Kusumastuti, 2024; Sulistiowarni, 2025). However, uneven regional coverage, limited developer participation outside Java, and disparities in information dissemination continue to pose challenges for effective implementation and equitable access (Akbar, Ramadhan, & Sugianto, 2025).

In terms of supply, the procurement of housing units in Indonesia cannot be separated from the role of several related parties, including the Government as a licensing regulator, developers or housing providers as suppliers of housing units, and financial or banking institutions in Indonesia as financing institutions through the Home Ownership Credit (KPR) scheme. Based on Cushman & Wakefield MarketBeat Reports Q2 data, the number of Indonesian citizens who can afford to buy a house through credit or Home Ownership Credit (KPR) is overwhelmingly dominant. “Home ownership loans (KPR) remain the preferred payment method in the first half of 2023, accounting for 74.1% of transactions, followed by cash payments in installments of 15.2% and full cash payments of 10%.”

Home ownership with a mortgage scheme remains the primary choice for Indonesians to purchase a home, influenced by income and house prices that are generally not affordable in cash. Referring to KEMEPERA data, most mortgage home buyers work as employees in both the formal and informal sectors.

Meanwhile, based on data from the Central Statistics Agency (BPS), the total number of Indonesian workers aged 15 years and above as of August 2019 was 126.51 million people. The largest share is found in informal workers, reaching 70.49 million people. This figure exceeds the number of formal workers, which amounts to only 56.02 million. This distribution contrasts with mortgage distribution by employment type, where Bank Indonesia (2020) noted that mortgages for formal sector workers far exceed those for informal sector workers.

Informal sector workers often face obstacles in accessing subsidized mortgage facilities. The informal sector includes a wide range of professions such as street vendors, online motorcycle taxi drivers, freelancers, and workers without a clear payslip. One of the main challenges they face is fulfilling the administrative requirements imposed by banks, such as proof of stable income and a good credit track record.

Home ownership through mortgages remains difficult to access for informal sector workers. Bank requirements for fixed income in mortgage applications hinder the process of obtaining credit for home ownership among informal workers, as there is no protection or guarantee regarding the sustainability of their employment or business.

In Bitung City, North Sulawesi, the informal sector plays a significant role in the local economy. Bank Tabungan Negara (BTN) (2023), as one of the banks appointed to distribute

subsidized mortgages, faces challenges in adapting mortgage products for informal sector workers. Therefore, it is important to conduct in-depth research on the challenges and opportunities associated with the accessibility of subsidized mortgages for this group.

Previous studies provide valuable insights into the barriers faced by informal sector workers in accessing subsidized mortgages. First, a study by Jaya & Yuliana (2019) found that the lack of stable income documentation and limited access to formal financial records are the primary barriers for informal workers in obtaining mortgages. This research highlights the discrepancy in access to subsidized homeownership credit (KPR) between formal and informal sectors but did not explore specific institutional policies that limit access. Second, Sutrisno & Rini (2020) examined how banks, particularly in rural areas, struggle to adapt mortgage products for informal workers due to regulatory constraints. Their findings reveal that informal workers often face discrimination due to a lack of collateral and the informal nature of their income. However, this study did not consider the role of fintech and innovative policy approaches that might overcome these barriers.

This study aims to identify the obstacles and challenges faced by informal sector workers, analyze the policies and procedures implemented by the State Savings Bank in distributing subsidized home ownership loans, and elucidate opportunities while providing recommendations to improve the accessibility of these loans. The research is expected to yield theoretical benefits by enriching the literature on access to inclusive finance and housing policies for informal sector workers, as well as practical benefits for the government in designing more inclusive housing policies, for State Savings Banks in understanding the challenges of credit distribution, and for informal sector workers in understanding obstacles and alternative solutions in obtaining subsidized home ownership loans.

MATERIALS AND METHOD

This study employed a qualitative approach with a case study method to explore the challenges and opportunities in accessing subsidized mortgages for informal sector workers. The research was conducted in Bitung City, North Sulawesi, chosen for its significant informal workforce and rapid economic growth, particularly in trade, services, and transportation sectors, as well as the active role of the State Savings Bank (BTN) in distributing subsidized mortgages.

The study involved two main groups of participants: informal sector workers—including street vendors, online motorcycle taxi drivers, and freelancers—interested in applying for subsidized mortgages, and BTN employees responsible for processing applications and managing housing credit policies. Participants were selected through purposive sampling to ensure they had relevant firsthand experience.

Data types included credit reports and qualitative information such as organizational overviews. Primary data were collected through interviews, observations of the mortgage application process, and relevant policy document reviews, supplemented by secondary data from literature studies.

Data analysis followed thematic methods, including transcription, coding to identify patterns and categories, theme development, and interpretation. To ensure validity, the study

applied triangulation of sources, methods, and theories, along with member checking to confirm the accuracy of interpretations with informants.

RESULTS AND DISCUSSION

Research Results

PT Bank Tabungan Negara (Persero) is a State-Owned Enterprise (BUMN) engaged in financial services and banking. BTN is committed to becoming a bank that serves and supports financing the housing sector through three main products: individual, business, and sharia banking. In general, the business of PT. The State Savings Bank includes:

Mortgage and Consumer Banking

Consumer credit products are divided into four, namely Subsidized Mortgages, Non-Subsidized Mortgages, Other Housing Loans and Consumer Loans. Savings products are also divided into three, namely Current Accounts, Savings, and Deposits.

- a) Home Ownership Loan: Providing guaranteed financing services with collateral in the form of a predetermined house or residence. Mortgage is used by individuals and businesses to make large real estate purchases without paying the entire purchase value upfront.
- b) Consumer Loan: Provides services for consumer financing and personal loans that are used for consumptive purposes and for the development of consumer loan businesses from the housing value chain.
- c) Consumer Funding: Providing services, fund products and services that are oriented to individual customers as well as for the development of wealth management businesses.

Sharia Housing and Banking

Financing products are divided into two, namely Sharia Consumer Financing and Sharia Commercial Financing. Funding products are divided into three, namely Sharia Current Accounts, Sharia Savings, and Sharia Deposits. Sharia business entities: Providing sharia products and services services that create business synergy of State Savings Bank.

Treasury dan Asset Management

Providing treasury services and products and managing the business of DPLK (Financial Institution Pension Fund).

The following is the mechanism and procedure for applying for a BTN Mortgage (Home Ownership Credit at Bank BTN) in general:

BTN KPR Submission Mechanism

- 1) Preparation of Documents & Information Before coming to the BTN bank, prepare complete required documents (Checklist attached)
- 2) Select a House & Make a Sure Developer Select the house you want to buy. Make sure the house has collaborated with BTN (partner developer) or it can also be a second house.
- 3) Come to the BTN Office / Through Online with BTN Property access.
Come to the nearest BTN branch office for consultation and submit documents. Alternatively: apply for a BTN Online Mortgage through the BTN Properti application or the BTN Property website.

- 4) Filling out the Form & Interview You will fill out the mortgage application form and conduct a brief interview with the bank officer.
- 5) The Verification & BI Checking Bank process will check documents, analyze the ability to pay (salary & withdrawal), and check at SLIK OJK/BI.
- 6) Survey & Appraisal Bank will conduct an appraisal of the house to be purchased to determine the appraisal value.
- 7) Credit Results If the verification and appraisal results are met, the bank will issue a Credit Approval Letter (SP2K).
- 8) Signature of the Contract, will be invited to the notary for the signing of the credit agreement and sale and purchase agreement with the seller/developer.
- 9) Liquid Funds & Home Handover BTN credit funds will be disbursed to the seller/developer, and you can start occupying the house while paying in installments according to the agreement.

General Requirements Document

For employees

- a) Applicant's and spouse's ID card (if married)
- b) Family Card
- c) TIN
- d) Last payslip or income certificate
- e) Current statement/savings account for the last 3–6 months
- f) Certificate of employment and appointment decree (if civil servant/permanent employee)
- g) Marriage certificate (if married)

For entrepreneurs/professionals

- a) Identity (KTP, KK, NPWP)
- b) Current account/savings account for the last 6 months
- c) SIUP, TDP, or practice license
- d) Business financial statements

The process time from submission to contract usually takes around 7-21 working days, depending on the completeness of the documents and the results of BI checking.

Informal Workers in Bitung City

Bitung City has a fairly developed economic sector, especially in the fields of trade, services, transportation, and fisheries. Many people work in the informal sector, such as street vendors, online motorcycle taxi drivers, day laborers, and fishermen. Based on the results of observations and interviews, informal sector workers in Bitung City have the following characteristics:

- 1) Irregular Income: The majority of informal workers do not have a fixed income per month. Their income varies depending on economic conditions, seasons, and market demand. Example: A street vendor can earn a higher income when there is a big event in the city, but experience a decrease in income during the rainy season.
- 2) Minimal Financial Track Record: Most informal workers do not have documented payslips

or financial statements and few of them have active bank accounts with regular transactions, which is an obstacle in applying for subsidized mortgages.

- 3) **Limited Access to Banking Services:** Many informal workers still rely on cash transactions and rarely use formal financial services. Lack of understanding of mortgage procedures is also the main obstacle.

The Central Statistics Agency (BPS) of North Sulawesi has released the latest data on the average monthly net income of informal workers in Bitung City in 2024. This data provides a clear picture of the income of informal workers in various sectors, ranging from agriculture, industry, to services

Table 1. Average Monthly Net Income of Informal Workers in Bitung City in 2024

Main Job Opportunities	Average Monthly Net Income
Agriculture	Rp. 1.580.444,-
Industry	Rp. 3.156.203,-
Service	IDR 2,957,272,-
Average	Rp. 2.891.578,-

Source : Central Statistics Agency (BPS) North Sulawesi (2025)

Based on the data collected, the average income of informal workers in Bitung City reaches Rp, 2,891,578 per month.

Details of the income of informal workers based on agriculture recorded an average income of Rp. 1,580,444 per month. Industrial Sector: reaching Rp. 3,156,203,-. and in the service sector obtained an average income of Rp. 2,957,272,-.

With this data, it can be seen that informal workers in the industrial sector tend to earn higher incomes than the agriculture and service sectors.

The government is expected to continue to encourage the improvement of the welfare of informal workers through various economic programs and social assistance. In addition, access to job training and business capital is also an important factor in improving their welfare in the future.

Table 2. Loan Amount approved by BTN Bitung City

Yes	Year	Approved Credit Amount	Amount of Credit Approved by Informal Sector Workers
1	2020	219	10
2	2021	276	13
3	2022	336	14
4	2023	227	20
5	2024	391	24

Source : BTN Bitung City (2025)

From table 2. It can be said that the number of approved home ownership loans fluctuates from 2020 to 2024 while the number of loans approved by informal sector workers tends to increase. In 2020, the number of approved loans was 219 with 10 approved loans for informal sector workers. In 2021, the number of approved loans increased by 276 followed by an increase in the number of loans approved by informal workers by 13. In 2022, the number of approved loans increased from the previous year of 336, followed by an increase in the number of approved loans for informal workers by 14. In 2023, the number of approved loans decreased

from the previous year of 227, while the number of loans approved by informal workers actually increased by 20. The number of approved loans increased significantly in 2024 by 391 followed by an increase in the number of approved loans for informal workers by 24.

Based on the results of interviews with informal sector workers and the State Savings Bank (BTN), several main challenges were found in accessing subsidized mortgages:

- 1) **Strict Administrative Requirements:** Informal sector workers have difficulty meeting document requirements such as payslips, income certificates, and financial statements which are the main requirements for applying for subsidized mortgages. Banks require proof of ability to pay installments, while informal workers generally do not have official documents related to their income.
- 2) **Lack of Credit Track Record:** Most informal workers have no credit history in banking, making it difficult for banks to assess their eligibility as a debtor. The lack of access to formal financial services makes many informal workers lack a credit score that can be used as a basis for mortgage approval.
- 3) **Unstable Income:** The income of informal sector workers fluctuates, making it difficult for banks to assess their ability to pay monthly installments consistently. For example, online motorcycle taxi drivers can earn high income in certain seasons, but decline at other times, thus creating a risk of default.
- 4) **Lack of Socialization Regarding Subsidized Mortgages:** Many informal sector workers are unaware of the subsidized mortgage program, including its benefits, conditions, and application procedures. Socialization from banks and the government is still limited, so that information is not conveyed to potential debtors.
- 5) **Complicated Verification Procedures:** The process of document verification and credit analysis by banks is time-consuming and quite complex for informal sector workers who are unfamiliar with banking procedures. Some informal workers complained of being rejected for mortgage applications without a clear explanation, which led them to be reluctant to try again.

Opportunities and Strategies to Increase Access to Subsidized Mortgages for Informal Sector Workers

Despite the many challenges, there are several opportunities and strategies that can be implemented to increase access to subsidized mortgages for informal sector workers.

1. **Use of Credit Scoring Alternatives:** Banks can use digital transaction data, such as transaction history in digital wallets, bank accounts, or online transportation apps, to assess the income stability of informal workers. The financial behavior-based credit scoring model can be used to replace the payslip as an indicator of the ability to pay installments.
2. **Simplification of Administrative Requirements:** Governments and banks can create more flexible mechanisms, for example: Income Certificates that can be issued by certain labor associations or professional communities. The use of digital banking technology to facilitate financial recording for informal workers
3. **Education and Socialization of the Subsidized Mortgage Program:** There is a need for an intensive socialization program from banks and the government regarding subsidized mortgages, especially for informal sector workers. Socialization can be done through social media, workshops, or collaboration with the informal worker community.

4. More Flexible Payment Schemes: Banks can offer more adaptive installment schemes, such as:
5. Flexible installments based on the income season (e.g., lower installments in low months and higher in high months). Longer tenor options to adjust the pay ability of informal workers.
6. Government Support in Credit Guarantee: The government can provide credit guarantees for informal sector workers to reduce banking risks in distributing subsidized mortgages. Schemes such as housing microcredit can be developed to assist informal workers in owning their own homes.

Analysis of Findings with relevant Theories

Relationship with Financial Access Theory

The findings of this study are in line with the theory of the Financial Inclusion Framework (Beck & Demirguc-Kunt, 2008), which states that access to finance is influenced by:

- a) Availability of financial services → Many informal workers do not have adequate access to banking products.
- b) Affordability of → Although subsidized mortgage interest rates are low, initial administration costs are still an obstacle for informal workers.
- c) Administrative requirements → the stringent paperwork required is a major obstacle for informal workers.

Relevance to Financial Inclusion for Informal Workers

The strategy proposed in this study supports the concept of financial inclusion, where financial services must be more adaptive to the economic conditions of community groups that do not have a fixed income. The use of financial technology and flexibility in credit terms is a step that can increase the accessibility of mortgages for informal workers

CONCLUSION

Based on the data analysis and discussion, banking regulations for subsidized mortgages currently favor formal sector workers with fixed incomes and complete financial documentation, limiting access for informal sector workers despite their significant economic contribution. To address this, government policies should become more inclusive, and BTN should innovate credit scoring by incorporating alternative data such as digital transactions and bill payment histories. Simplifying administrative procedures and increasing financial literacy among informal workers are also crucial for improving mortgage accessibility. Encouraging informal workers to utilize digital financial services can help build stronger financial records. For future research, it is recommended to explore the effectiveness of collaborative digital platforms between the government, banks, and fintech companies in enhancing financial inclusion and mortgage access for informal sector workers.

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