

## Women's Empowerment Through Collateral-Free Credit (Case Study of the An-Nisa Pati Cooperative)

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### Kata Kunci :

Pemberdayaan perempuan, kredit mikro tanpa agunan, kesetaraan gender, koperasi, integrasi gender

### Abstrak

Sustainable Development Goals (SDGs), terutama SDG 5 tentang kesetaraan gender dan SDG 8 tentang pertumbuhan ekonomi dan pekerjaan layak, menekankan pentingnya pemberdayaan perempuan dalam pembangunan ekonomi Indonesia. Namun, perempuan masih sangat sulit mendapatkan pinjaman formal. Tujuan dari penelitian ini adalah untuk mempelajari peran Koperasi An-Nisa Pati sebagai inovasi kelembagaan lokal dalam memberikan akses kredit mikro tanpa agunan dan bagaimana hal itu berdampak pada pemberdayaan ekonomi perempuan. Penelitian ini dilakukan melalui pendekatan kualitatif deskriptif yang melibatkan observasi partisipatif, analisis dokumen, dan wawancara mendalam. Penelitian menunjukkan bahwa Koperasi An-Nisa meningkatkan rasa percaya diri, solidaritas sosial, dan partisipasi ekonomi perempuan selain memberikan akses pembiayaan bagi perempuan yang bekerja dalam bisnis mikro, pertanian, dan informal. Studi ini menunjukkan bahwa penguatan kelembagaan berbasis komunitas sangat penting untuk mengatasi ketimpangan struktural dan mendorong arus utama gender dalam pembangunan ekonomi lokal.

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### Keywords :

Women's empowerment, collateral-free microcredit, gender equality, cooperatives, gender mainstreaming

### Abstract

*Women's empowerment is a top priority in Indonesia's economic development, aligned with the Sustainable Development Goals (SDGs), particularly SDG 5 on gender equality and SDG 8 on economic growth and decent work. However, women still face significant barriers in accessing formal financing. This study aims to analyze the role of the An-Nisa Pati Cooperative as a local institutional innovation in providing access to collateral-free microcredit and its impact on women's economic empowerment. The research method used a descriptive qualitative approach with in-depth interviews, participant observation, and document analysis. The results show that the An-Nisa Cooperative not only opens access to financing for women in microenterprises, agriculture, and informal businesses, but also increases women's self-confidence, social solidarity, and economic participation. The implications of this study emphasize the importance of strengthening*

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*community-based institutions as an effective strategy to address structural inequalities and promote gender mainstreaming in local economic development.*

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## INTRODUCTION

Women's empowerment must be a top priority in Indonesia's economic development. This aligns with the Sustainable Development Goals (SDGs), particularly SDG 5 on gender equality and SDG 8 on economic growth and decent work. However, in reality, women still face significant obstacles in accessing formal financing. One major obstacle is collateral requirements. In most cases, men, as heads of households, own or register customary assets such as houses and land. A World Bank study (2022) found that less than 35% of Indonesian women are formal owners of productive assets. Consequently, they are unable to access formal credit. This indicates a structural gap in both the economic and socio-cultural domains.

This gap is exacerbated by a patriarchal culture, in which women are often positioned as subordinates. The interpretation of the verse "arrijālu qawwāmūna 'ala an-nisā" (Quran, An-Nisa: 34), which is conservatively considered the basis of male power and dominance in the household, is one of the most frequently used normative legitimations. This interpretation supports the idea that women do not have full access to family assets, including for productive purposes such as earning money.

Women are trapped in a cycle of inadequacy. They contribute to the family economy through microenterprises, farming, and other informal businesses, but lack the opportunities to become more financially independent. This situation creates a paradox: women remain marginalized in the formal financial system, even though they are responsible for household expenses.

Amidst this reality, various community-based institutional programs have emerged to address the shortage of formal financial institutions. The An-Nisa Pati Cooperative is a creative example of women's economic empowerment. This cooperative provides collateral-free microcredit, which not only provides financial access but also builds women's confidence to become more actively involved in economic activities. This cooperative not only provides money but also facilitates social and collective empowerment through a solidarity-based membership system.

The An-Nisa Cooperative uses this method to demonstrate how local institutional innovation can address structural issues of gender inequality in access to funding. The cooperative also demonstrates the application of gender mainstreaming in development, a systematic effort to ensure that women's needs, experiences, and contributions are recognized in all aspects of economic development.

## LITERATURE REVIEW

### Women's Empowerment

The process of women's empowerment has many aspects, including political, social, and cultural. Naila Kabeer (1999) defines empowerment as a process that enables people to make strategic decisions in their lives, especially in situations where they have many options. Kabeer emphasizes three important dimensions: resources, agency, and achievement. In this context, obtaining collateral-free microcredit is an important resource because it can provide women with more life choices and enhance their decision-making ability.

Similarly, Amartya Sen (1999) argued that true development involves expanding people's substantial freedom to live their lives in ways they deem important. For women, microcredit is seen not only as a means of obtaining business capital but also as a way to expand their capabilities. This includes giving them the freedom to choose their type of business, manage family finances, and strengthen their bargaining power within household relationships.

This classical theory, however, is not isolated. According to Moser (1993), Gender and Development (GAD) emphasizes that women's limitations stem from conflicting power relations within patriarchal structures, not simply technical issues such as lack of access to economic resources. This perspective aligns with feminist economic critiques (Elson, 1995), which emphasize that women are often undervalued for their contributions in the domestic and informal sectors within the formal economic system. In such situations, microcredit owned by women can be seen as a recognition of women's economic contributions and a shared opportunity.

Modern theories that focus more on social protection, globalization, and digitalization have strengthened classical theories. For example, the updated Women's Economic Empowerment (WEE) concept by the OECD (2019) and UN Women (2022) aims to broaden the understanding of women's empowerment beyond simply gaining access to resources. They aim to create an ecosystem that provides social protection, robust participation in the labor market, and the removal of structural barriers. Collateral-free microcredit is just one aspect of a broader approach to building a gender-equal economic system in the context of WEE.

Furthermore, the Financial Inclusion 2.0 theory (World Bank, 2022; Demirgüç-Kunt et al., 2022) emphasizes the role of digital technology in improving financial access. With the emergence of platforms such as mobile banking, Islamic fintech, and peer-to-peer lending, collateral issues can be mitigated. This aligns with the concept of digital feminism (Fotopoulou, 2020), which emphasizes that the digital space can serve as a new arena for empowerment through access to information, networking, and opportunities for online entrepreneurship. Therefore, the use of digital technology to strengthen women's organizations is inseparable from women's economic empowerment in the modern era.

Furthermore, transformational social protection theory (Devereux & Sabates-Wheeler, 2021) suggests that transformational social protection must be integrated with economic mechanisms for women's empowerment. Therefore, the system developed must be able to change social customs and norms that discriminate against women, such as the belief that only men have the right to access family assets.

Therefore, there appears to be a connection between classical and contemporary theories. Classical theory establishes a crucial foundation for empowerment as an expansion of capabilities and changes in gender relations, while contemporary theory incorporates new perspectives on institutional transformation, social protection, and digital integration. The combination of the two suggests that women's empowerment through collateral-free microcredit is not simply about access to money but is also part of a broader transformation, including increased individual capabilities, social recognition, strengthened social capital, and gender-equitable institutional innovation.

### **Gender Planning**

Caroline Moser (1993) coined the concept of Gender Planning, emphasizing the importance of incorporating a gender perspective into development. Moser distinguishes between concrete gender needs stemming from women's traditional roles, such as the need for capital to support the household economy, and strategic gender needs stemming from efforts to change social structures that subordinate women, such as recognizing the right to own assets or participate in decision-making. Unsecured microcredit serves two functions in this context: it fulfills the basic need for access to capital, and it also creates a strategic space for recognizing women's previously marginalized economic roles.

However, our understanding of women's empowerment has evolved with modern theory. According to the concept of Women's Economic Empowerment (WEE), popularized by the OECD (2019) and UN Women (2022), women's economic empowerment encompasses more than just access to resources; participation in and control over resources; equitable benefits; and the removal of structural barriers. This means that microcredit must be seen as more than just a means of payment; it must be integrated into public policies and economic systems that support gender equality.

Furthermore, the Financial Inclusion Strategy 2.0 (World Bank, 2022) emphasizes the role of digitalization in increasing financial access. With the emergence of mobile banking, Islamic fintech, and peer-to-peer lending platforms, access to collateral-free capital has become easier, cheaper, and faster. The concept of digital feminism aligns with this perspective (Fotopoulou, 2020), which views the digital space as a new place where women can be empowered through access to information, social networks, and opportunities for online entrepreneurship.

Furthermore, according to transformational social protection theory (Devereux & Sabates-Wheeler, 2021), empowerment can only occur if social protection systems are not only compensatory but also transformational, meaning they have the capacity to change discriminatory social norms against women. In terms of financing, this

means not only providing collateral-free credit but also ensuring that women are officially recognized as asset owners and full participants in local economic institutions.

Therefore, there has been a shift in perspective on gender planning. Gender planning emphasizes the differences in practical and strategic needs as the basis for gender planning, while modern theory emphasizes building an ecosystem that supports empowerment through the integration of digital technology, social protection, and institutional transformation. These two frameworks complement each other, with gender planning providing the foundation for gender analysis, while modern theory provides support.

### **Financial Inclusion**

The World Bank (2014) states that financial inclusion is crucial to ensuring that all segments of society have equal access to formal financial services. It is believed that financial inclusion can reduce poverty, improve household welfare, and enhance national economic stability. Within this framework, women's access to finance is crucial, as they are often marginalized from conventional banking services due to collateral requirements and patriarchal social norms.

Cooperatives that provide collateral-free microcredit are a concrete example of gender-inclusive practices in banking. This mechanism provides women with business capital and social recognition for their economic role. Wider access to financing can help women strengthen bargaining power within the household, open up business opportunities, and ultimately increase their financial independence.

Furthermore, the modern concept of financial inclusion prioritizes the availability of services. This aligns with a report by the Global Findex Database, which emphasizes the importance of safe, affordable, and tailored access for vulnerable groups (World Bank, 2022). In other words, the existence of women's cooperatives that provide collateral-free microcredit services can be considered a strategic step in reducing gender disparities in financial access. Furthermore, they also serve as catalysts for sustainable, inclusive economic development.

### **RESEARCH METHODOLOGY**

This research employs a qualitative case study method. The decision to use this approach is based on the belief that qualitative research allows researchers to gain a deeper understanding of social phenomena, particularly those related to the practice of providing unsecured microcredit in the context of women's empowerment. This case study was chosen because it allows for analysis of the specific dynamics within the An-Nisa Pati Cooperative, which serves as the research focus, enabling a contextual and comprehensive understanding.

The An-Nisa Pati Cooperative, a women's cooperative established in Pati Regency, served as the research site. This cooperative was purposively selected because of its innovative feature: providing collateral-free microcredit services

specifically for women. Therefore, this cooperative serves as a good example of the relationship between access to finance and women's empowerment.

Data was collected using several methods. First, participant observation, in which researchers were directly involved in cooperative activities to study management mechanisms, social interactions, and credit-granting practices. Second, in-depth interviews with cooperative administrators and members were conducted to learn about their opinions, subjective experiences, and the tangible impact of obtaining microcredit on their lives. Third, a documentation review, consisting of program records, cooperative archives, and financial reports.

This study employed a triangulation approach across sources and methods to ensure data credibility. To ensure the validity of the findings, triangulation was conducted by comparing the results of observations, interviews, and documentation. Furthermore, member checking was conducted to confirm preliminary results from respondents and ensure that the researcher's understanding aligned with the participants' experiences.

Thematic analysis was used to analyze the collected data. This allowed researchers to identify patterns, meanings, and impacts of unsecured credit practices. The analysis was conducted through data reduction, categorization, theme discovery, and conclusion drawing. Thus, the research is expected to increase understanding of how access to microcredit can help empower women in sociocultural contexts still influenced by patriarchal norms.

## RESULTS AND DISCUSSION

The research findings show that women participating in the An-Nisa Pati Cooperative face complex and multi-layered challenges in obtaining formal financing. These barriers are structural, cultural, and technical. From a technical perspective, women are unlikely to meet the collateral requirements set by formal financial institutions such as banks. This is due to the fact that men, as heads of households, typically control productive assets such as land, houses, and cars. This situation indicates inequality in asset ownership, which directly hinders women's ability to earn money independently.

Furthermore, socio-religious norms that place men as more deserving of managing family assets create cultural challenges. Often, the normative interpretation of the verse "arrijālu qawwāmūna 'ala an-nisā" (QS. An-Nisa: 34) is used to support the idea that men are the leaders and primary controllers of resources. In a patriarchal cultural context, people believe that women are not qualified to make decisions about asset management, let alone use them for business purposes. As a result, women who have the ability and desire to become entrepreneurs must rely on male approval and control, thus maintaining their subordinate position.

To address this reality, the An-Nisa Pati Cooperative is an institutional innovation that offers microcredit to women without specific collateral. This policy is based on the widespread awareness that women need access to business capital, but

formal banking collateral mechanisms pose a difficult challenge. The cooperative provides a real opportunity for women to develop microenterprises through a small, unsecured loan scheme. This study found that, despite the relatively limited loan amounts, the funds are used for various purposes, such as establishing culinary businesses, selling daily necessities, and developing local crafts. These businesses not only increase household income but also provide women with a space to demonstrate their financial capabilities to their families and communities.

The high loan repayment rate is a significant finding. This is driven by strong social bonds, a sense of shared responsibility, and trust-based solidarity among cooperative members. Compared with rigid formal mechanisms, a membership-based system that prioritizes collaboration has proven more effective in ensuring credit continuity. This suggests that, in addition to access to capital, social values such as trust, loyalty, and emotional bonds are crucial for the success of community-based microcredit programs.

Beyond simply providing financial access, this cooperative offers a platform for empowerment in various forms. Economically, women gain capital, making them more financially independent and reducing their dependence on men's income. Women are now seen not only as household managers but also as economic actors from a social perspective. From a micro-political perspective, women's active participation in the cooperative enhances their role in decision-making at the household and village community levels. In other words, the An-Nisa Pati Cooperative has become a useful tool to challenge patriarchal structures that prevent women from participating in economic activities.

According to Naila Kabeer's (1999) theory, cooperative practices provide resources such as access to credit, empower women's agency in business management and decision-making, and achieve goals such as increased income, financial independence, and social recognition. Meanwhile, according to Caroline Moser's (1993) framework, cooperatives fulfill pragmatic gender needs by providing business capital that supports the family economy and meets necessary gender needs.

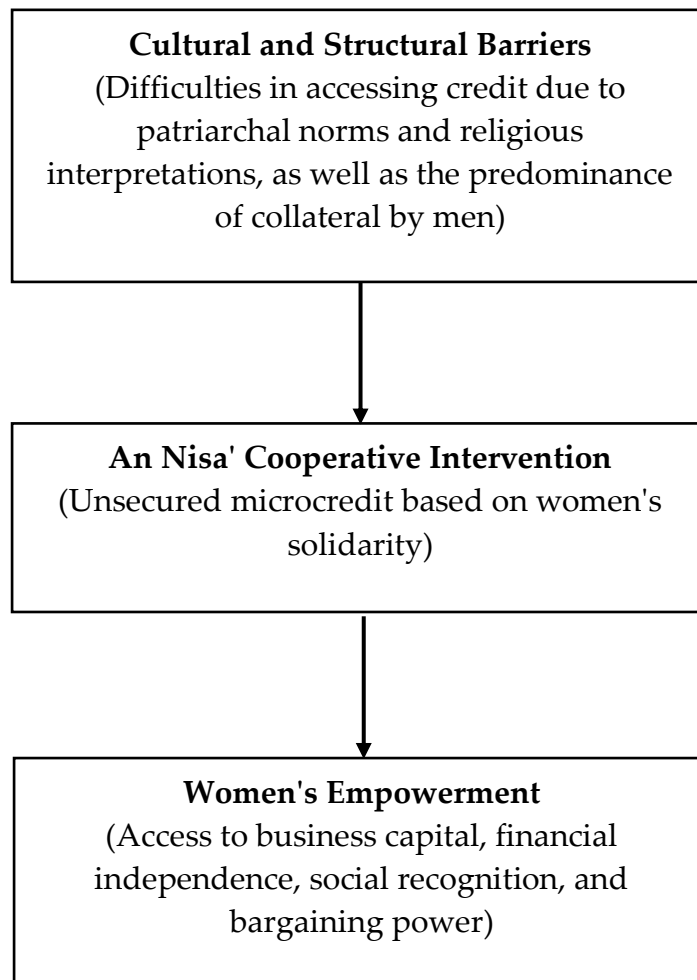
This research also confirms the relevance of modern theory. This cooperative is a concrete example of a local organization capable of overcoming women's limitations in accessing formal financial services (World Bank, 2014; 2022). Cooperatives help women become economically stronger (OECD, 2019; UN Women, 2022). They also provide them with opportunities to build social networks, gain confidence, and enhance their leadership skills. Furthermore, from a transformational social protection perspective (Devereux & Sabates-Wheeler, 2021), cooperatives can be considered a transformational community-based social protection mechanism. This is due to their ability to eradicate discriminatory norms in society and uphold women's rights as economic subjects.

Therefore, the research findings show that the An-Nisa Pati Cooperative does more than provide unsecured microcredit; it also works to transform society. This cooperative has the capacity to intervene in structures of gender inequality in a

sustainable, contextual, and community-based manner. The An-Nisa Pati Cooperative has significant economic, social, political, and cultural impact, making it a model for women's empowerment practices elsewhere.

### Conceptual Framework

This research focuses on the relationship between structural challenges faced by women, cooperative interventions through collateral-free microcredit, and women's empowerment outcomes.



Women often face challenges in accessing financial resources, particularly business credit, due to cultural and structural barriers. These barriers stem from patriarchal societal norms, where men have greater dominance over financial resources and productive assets such as housing and land. Gender-biased religious interpretations also support this structure in some situations. One example is the belief that men have greater authority as heads of households. This aligns with structural feminist theory, which emphasizes that gender inequality is part of a broader socio-cultural system and not simply an individual issue (Walby, 1990).

The An Nisa Cooperative, which offers collateral-free microcredit, is one example of an alternative institutional intervention in this situation. This method is



based on women's solidarity and adopts the principles of financial inclusion. Grameen Bank's microfinance theory supports this model (Yunus, 2003), which states that when women have business capital, they are the most effective agents of change in their households and communities. Furthermore, organizational design that addresses the social and cultural challenges that lead to market failure is crucial (North, 1990).

Women's empowerment results from this cooperative intervention. This translates into more business capital, financial independence, social recognition, and bargaining power in household and community decision-making. This aligns with Kabeer's (1999) empowerment theory, which emphasizes three dimensions: resources (resources), authority (the capacity to act and make decisions), and achievement (tangible results). Women have the opportunity to improve these three aspects through access to unsecured credit. Therefore, this framework states that:

1. Women cannot gain access to credit due to structural and cultural issues.
2. An alternative solution to these challenges is cooperative institutional intervention based on women's solidarity.
3. Through increased economic access, independence, social recognition, and bargaining position in social structures, women's empowerment is achieved.

## CONCLUSION

This study found that the main obstacles for women in accessing formal financing lie in male dominance over ownership of productive assets as collateral, as well as cultural and religious legitimacy that reinforces patriarchal structures. These conditions limit women's ability to start businesses and achieve financial independence. The An-Nisa Pati Cooperative is an institutional innovation that can address this issue by offering collateral-free microcredit based on women's solidarity. This cooperative not only provides access to capital but also fosters the formation of social capital, a sense of collective responsibility, and emotional bonds among members, which helps the program survive.

The results show that women experience two benefits: increased income and financial independence, and social recognition as legitimate economic actors. They also gain a stronger bargaining position in decision-making at the household and community levels. Therefore, cooperative interventions through collateral-free microcredit have proven to be an effective method for empowering women. In addition to expanding access to capital, this approach has the potential to address cultural and structural challenges, enhance socioeconomic roles, and drive change towards gender equality.

Practically, the findings of this study help strengthen local institutions and encourage the use of the women's cooperative model as a solution for financial inclusion. Collateral-free microcredit programs can be used as a policy tool to promote economic empowerment, social transformation, and long-term collaboration between community institutions and local governments. Academically, this study demonstrates the relationship between access to capital, social capital, and changing

gender relations, enriching research on gender and economics. This study also opens up opportunities for further research on the digitalization of cooperatives to improve women's financial inclusion and emphasizes the importance of a multidisciplinary approach to understanding the dynamics of women's empowerment.

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