DIFFERENTIATION IN RISK PREFERENCES AMONG SME ACTORS AS CUSTOMER OF CONVENTIONAL MFI VS ISLAMIC MFI AT PADANG

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Abstract

This study highlights the characteristics of Small and Middle Entrepreneurs (SMEs) as a debtor of micro finance institution (MFI), whether as conventional or sharia type. The study was conducted by taking primary data including 30 debtors of conventional MFI and 29 debtors of Sharia MFI using a questionnaire. In the first stage, the study established several indices to measure the religiosity level using Principal Component Analysis. Additionally, game field experiments use in order to reveal the debtor's risk preferences. At a later stage, the probit regression model used. This study found that debtors of sharia MFI is relatively more religious. There is also a fact that debtors from both types of MFI have the same risk preferences, risk lover. But debtors in sharia MFI have a relatively lower level one. So, in order to broaden the Sharia MFI inclution, the managers have to pay more attention to at least two other characteristics of SMEs; their age and the years of experience in business management.

Keywords: *Micro Finance Institutions, Risk Preference, Religiosity*

INTRODUCTION

Although microfinance institutions (read MFI) has been growing rapidly in many parts of the world since the last few decades, but there are still many people who do not have access to the products/services of this institution. Mix obstacles both in terms of demand and supply to explain this phenomenon. From the supply side, the presence and deployment location that is still not evenly distributed MFI causes people difficult to reach potential customers its services is one reason access barriers.

Some research states that the distance (*geographical distance*) is an important factor that weakens the financial access in some countries (Seep Network 2006), including in the United States (Petersen and Rajan, 2002).

When considering a transaction between two agents -in the case between individuals or groups of individuals as consumers and micro-finance institutions as producers, the effect of distance translates into physical costs to be paid agents to be able to realize the transaction. Some literature explaining the mechanism of transmission distance on access to the credit markets both in terms of producers and consumers in several ways. In terms of microfinance institutions as producers, first, there is a direct transaction costs, ie the cost of transport to provide financial services to individual borrowers (consumer). In the competitive financial markets, the cost is borne by the borrower in the form of screening a more intense and higher interest rates. The

second implication is the increase in the cost of monitoring: if the lender needs to gather information prior approval of the borrower (adverse selection), or monitoring the borrower after the loan is approved (moral hazard), during a visit to monitor. This in turn means tighter lending restrictions and the imposition of higher interest rates.

Meanwhile on the demand side of the borrower as a consumer, opportunistic behavior - namely choosing consumption rather than investment - tend to more easily arise as the greater the distance from microfinance institutions, because of the possibility of a lower detected (Presbitero, 2011). Shift the use of credit money from the agreed objectives will increase the possibility of termination of the credit. These results are very costly for individuals who generally do not have a bank account before joining the program and have the minimal information that makes their credit worthiness evaluation very difficult.

The same is also in force in Indonesia. Although relatively more developed than other micro finance business entity (eg micro-insurance), but the level of MFI service coverage is not optimal. There is still great potential to access more clients. In Arab countries alone, the gap in coverage is estimated at around 53 million (Malkawi et al., 2011). This is caused partly by fundamental differences in the types of clients who take out a loan in the Middle East. Basically, a lot of potential Middle East clients implement Sharia law, which specifically classifies usury on interest, as prohibited in economic transactions (Obaidullah, 2008).

Therefore, a major component MFI interest, some researchers argue that many Middle Eastern people living in poverty do not participate in the credit program (Abdul-Rahman, 2007, Dusuki, 2008). Presumably MFI coverage and range of services that have not yet reached its full potential, it would be significantly more widespread in the region with the presence of Shariah-based MFI alternative (read Islamic MFI) (Dhumale and Sapcanin 1999 and Obaidullah, 2008).

With the particular characteristics of Islamic microfinance contracts that do not charge interest on the loan it can be said that Islamic microfinance is expected to appeal to people who are more religious. Consumers who are religious are basically beneficial to both parties, both microfinance institutions (shari'a) as producer and (prospective) borrower as consumers. In terms of micro-finance institutions, in the context of lending model based on individual and group, religiosity (which is transformed into a form of behavior according to the guidelines of religion) the prospective borrower is an important indicator that is considered to be a proxy for social collateral (replaces physical collateral) as well as reduce the potential for moral hazard potential borrowers (Berggren, 2014).

In fact, although the majority of the population is Muslim, but access to Islamic MFI Muslim Indonesia is still limited. This can be referred to the number of MFIs per population ratio is still low. Theoretically, all financial institutions, both banks and micro-finance, both conventional and Islamic inherently identified

with individuals who tend to avoid risk. Does this mean that we should also expect the level of public access to both types of these institutions to be similar? Clearly, Islamic loan structure and different products and is governed by a contract different from conventional loans. Islamic microfinance in the contract, when the contract with the borrower, Islamic MFI will bear some of the risk, provide borrowers with opportunities that are less risky overall.

In addition, there will be a different motivation to choose access to one of the models on the other MFIs. For example, the debtor may choose to access the conventional MFI than to Islamic MFI for reasons of ease of accessibility or the need for specific products. If the proximity of the nearest bank branch or the suitability of the product is the main reason for choosing one over the other types of loans, we do not need to expect that level of access to services in both types of products are systematically MFI will be different. The question is among the various determinants, then what is more dominant factors constrain access to this institution?. If the distance constraints were a major factor then of course the risk factor of religiosity and preference will not be able to provide information on access variation. Meanwhile, if the factor of religiosity and risk preferences are a major constraint then of BMT wherever located, all Muslims who tend to be risk-averse will have the same access to it. This paper tried to compare the characteristics of individual perpetrators UKMK factors are more dominant in determining access as the debtor to the MFI (S).

PREVIOUS STUDIES

This section discusses several theories regarding the typical characteristics of MFIs mainly Islamic MFI which distinguishes it from conventional MFI. Besides tiu also continued with a discussion of the characteristics of individuals who belong to the dominant determining the decision to access, particularly in risk preferences.

Islamic MFI

Islamic microfinance can be understood in the context of Islamic attitudes toward the distribution of wealth, ethics, and social and economic justice (Dhumale and Sapcanin, 1999). Contrary to conventional micro-finance, Shari'ah finance guided by the objectives of Shariah (maqashiddul syar'iyyah) is to assure that the wealth circulated to as many people, making sure that growth and equity promoting justice and social welfare (Dusuki, 2008). There are four main guiding principles of Islamic financing methods, and then played an important role in Islamic microfinance. The first of these principles is the prohibition of interest in economic transactions. Several important part in the Qur'an relating to financial regulation, and specifically for usury. Interpretation of usury has been contested in practice, with some identified as exploitative or excessive rates of interest, and others basing the definition of the concept of overall interest (Abdul Rahman, 2007).

In addition to prohibiting usury, the next principle is the idea of risk sharing between lenders and borrowers. This idea promotes the

distribution of income between the two sides during periods of positive and negative (El-Komi and Croson, 2011). When an MFI becomes partner of a business owner, it means that both borrowers and lenders have a strong interest in the success of the project (IFAD, 2012). Finally, the fourth principle of Islamic law stipulates that the money can only be used as a medium of exchange, and can not be used as an investment towards unproductive activities. At its core, Shariah MFIs rely on spiritual brotherhood and help each other ideas to encourage members to repay their loans, or to encourage others to assist their colleagues in paying their loans (Ahmed, 2002). MFI Shari'ah also confirmed jargon to customers that do not pay the debt financing is considered sinful in Islam, which will motivate borrowers to repay their loans (Ahmed, 2002). Based on customers' sanctions mechanism "rogue" varies between Islamic and conventional finance, customers of the type of risk-lovers tend to be attracted to the model of Islamic finance. Moreover, this doctrine also creates opportunity for the emergence of moral hazard potential customers of the type of risk-lovers. One possible reason why the customers of the type of risk-lovers using Islamic microfinance services may be due to the availability of the opportunity to negotiate a petition filed types of loans.

Risk Preferences

In developing countries, the risk is widespread mainly due to the potential for frequent unexpected shocks, and also the inability of poor people to provide insurance against these shocks (Banerjee and Duflo, 2007). Risks and uncertainties play an important role in almost every important economic decision. Because everyone is different in how they make decisions that involve risk and uncertainty and because these differences are often described as different attitudes to risk, then understand the preferences of the individual risk is a prerequisite for understanding economic behavior. Economists traditionally use the Expected Utility Theory (EUT) to analyze the actions of individuals when they are faced with the decision of the uncertainty (Leiberman, 2011). With the use of probability, the EUT is derived from variations in individual utility as a consequence of different risk preferences (Leiberman, 2011). Neumann and Morgenstern (1953) found the EUT, rational decision makers will choose the outcome that offers the highest utility.

In the context of micro-credit, Stiglitz (1990) introduced a model of ex ante moral hazard in microfinance. Model Stiglitz revealed that transfer the risk would increase overall welfare of borrowers who are members in the group. Vereshchagina et al. (2009) Further study is to explore the idea of risk in the context of the entrepreneur. The researchers developed the theory of entrepreneurial risk as endogenous variables to observe the risk preferences of employers. In their study, researchers found that poor entrepreneurs have a greater tendency to pursue projects that are relatively risky. Several other studies support this statement, argued that the entrepreneur embodies a set of preferences that encourage them to engage in risky behavior.

Similarly, Cressy (2000) and Polkovnichenko (2003) suggests that employers

may be less risk averse because they are relatively more capital or human capital because they are rich. While this assumption may apply to employers, it does not represent the borrower microfinance in developing countries. In a related study, Pearlman (2012) specifically deals with risk and selection of micro finance. By outlining a model that involves a degree of risk of the project and the ability of households to manage risk, the authors determined that the significant risks in determining the participation of micro-finance as a whole. Here, Pearlman (2011) states linkages of microfinance penetration rate low vulnerability (vulnerability) client, or difficulty adjusting their consumption patterns when faced with negative income shocks from time to time.

RESEARCH METHODS

To explore this issue, we revealed the risk preference and religiosity of respondents in a survey by questionnaire. The survey was conducted to obtain data related to identity, socio-economic and financial status as well as customer-relationship between both the MFI; Islamic MFI and conventional MFI. conventional MFI customer survey results (conventional) and Islamic MFI (shari'a) that will be used in the comparative analysis of the trends of each customer in the context of risk preference and religiosity.

Data and Variable

The main datasets for analysis is the primary data consisting of each of 30 (thirty) people on both MFI customers for a total of 60 (sixty) respondents. Moreover, to see the effects of gender, the female participants were included in the sample. As the main variable in the study, the definition and measurement of these two variables; risk preference and religiosity, should be set correctly. Therefore, in this study the tools that are used to refer to a set of questions in the survey questionnaire IFLS (Indonesian Family Live Survey) and sets of experimental research related to the behavior and attitudes of individuals related financial aspects which has become a standard reference in various research-related behavior of individuals/households. Two main issues related to research attitudes and behavior of individuals in the financial aspect of this is the preference of risk (*risk-preference*) and risk preferences (*time-preference*).

Risk Preferences Measurement

Risk preference as variables used in this research is in the context of comparative superlative. In other words, risk preference is measured from the level of love for the individual against financial risk. Rational behind the use of these variables is the general trend of the homogeneity of client businesses against risks. The entrepreneur (pelaku UKMK) is considered likely to be more like the risk (*risk-lovers*). Therefore, this study tried to estimate the level of a love of risk itself (level of risk-lovers). In other words, the disclosure of risk preference in this study was not conducted with contradictory measurement of two extremes; hate (averse) or love (lovers) to risk.

To measure the level of risk-lovers is then used tools field experiment using simulated

game related 6 number selection risky conditions (on a positive level). Riset for the sake of this, the level of risk-lover categorized into two types, low and high. The individual is said to have a risk level that is low-lover, if in a single game (first time round) played, his.her choice will fall in numbers in the range of 2-4 and a level of risk-lover that high, if the choice fell on a number in the range 5-6. The higher the number of individual choice, it can be concluded that the greater the degree of love for the individual against the risk. Then proceed by providing binary code, if categorized as low given the code 0 and if high given the code 1.

Muslim Religiosity Measurement

To measure the level of religiosity, used questions related to practice individual worship in the data characteristics of the individual/household. In the questionnaire characteristics of individuals/households in IFLS4, the book section 3A TR, individuals (Muslims) TR13 asked to answer questions about how many times they pray (shalat) every day. A study in the different themes but in the context and the same variable (Gaduh, 2012) uses this data to validate the self-assessment of religiosity of respondents customer financing Gaduh Arya (2012).

In addition, the questionnaire was also enriched by adding several questions related to other religious practices, such as the habit of charity and reading the Qur'an in the past week. The emphasis on this custom varied by a repetition of events represented by the question how many times charity and had been reading the Qur'an in the past week. Instead of using the variation in quantity, such as how much charity and many pages of reading the Qur'an. Thus, it was concluded that the more often an individual charity and reading the Qur'an in the past week, the individual was considered to be relatively more religious. Furthermore, measurement of the level of religiosity done in two ways. First, combine the three components of worship had been using PCA (*Principal Component Analysis*). This method generated from the constructs and level of religiosity of each individual parameter. Second, use the last three components separately. In this case also concluded that the greater the PCA scores of individual religiosity, the individual was considered to be relatively more religious. The individual characteristics of respondents in full can be seen in Table 1 below.

Table 1. Description of SME's Respondent Characteristics as MFI Client

Variable	Obs	Mean	Std. Dev.	Min	Max
Karakteristik ART					
Sex (1=pr, 0=lk)	59	0.6440678	0.4829047	0	1
Umur	59	44.32203	9.782886	28	67
Jumlah_ART	59	4.59322	2.393372	1	16
Status_RT (1=KRT, 0=IRT)	59	0.3559322	0.4829047	0	1
pca_rel	59	6.631419	3.206021	1.72	18.32
Baca_Al-Qur'an	59	2.338983	2.418393	0	7

Risk_lover (1=Yes, 0=No)	42	0.6428571	0.4849656	0	1
Konsistensi (1=Yes, 0=No)	59	0.8305085	0.378406	0	1
Karakteristik Usaha					
Lama_usaha	59	12.47458	10.52478	1	46
Peng_usaha (1=Yes, 0=No)	59	0.8965517	0.3072033	0	1
Omset_usaha	59	11.35424	10.87641	0	45
Karakteristik LKM					
lkm (1=lkm, 0=Islamic MFI)	59	0.5084746	0.5042195	0	1
Jarak	59	3.296102	3.902471	0.005	15
Diantar (1=Yes, 0=No)	59	0.5932203	0.4954498	0	1
Temu (1=Yes, 0=No)	59	0.2542373	0.4391693	0	1
Pemb_lain (1=Yes, 0=No)	59	0.2881356	0.4567821	0	1

Sources: Survey data processed

Estimation Method

To estimate the determinants of access to finance both the Islamic MFI and conventional MFI of various socio-economic conditions of the respondents, used two analyzes, the description and multivariate analysis. Analysis is done by displaying the description of the facts mean personal characteristics, operations and relationship with an MFI of individuals of both types of MFIs. This descriptive analysis gives a preliminary description of the similarities and differences of customers on both the type of MFI earlier than all of the characteristics that delivered earlier. Furthermore, multivariate analyzes were performed by using an econometric model will determine whether the similarities and differences earlier, means (significant) statistically. Econometric model used in the form of linear probability estimation (probit regression). In the linear probability function, the dependent variable is a binary variable that takes the value of zero or one. The model in question can be seen from the following equation below.

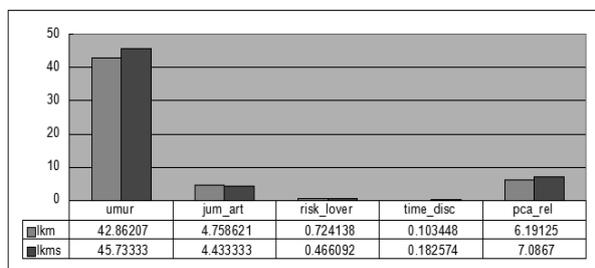$$P_i = \lambda X_i + \delta H_{h} + \theta L_l + \varepsilon_{ihl}$$

Where variable X_i is the vector of personal characteristics and household members (ART) individuals i, who in addition to revealing the main variable risk preferences and status religiosity also include age, gender (sex), number of ART and the status of RT. While H_{h} it is a vector of characteristics of the i individual-owned enterprises covering a long effort, the turnover of the business, previous business experience and business sectors. While L_l it is a vector of characteristics of the MFIs that became a source of financing i individual and the i individual relationships that include how long got home financing and the distance to the MFI (S), the installment payment, regular meetings and the financing status of other MFIs today.

RESULTS AND DISCUSSION

This section presents the results of a data description and analysis of the estimation performed by multivariate analysis. Multivariate analysis is done by using an econometric model described in the previous section.

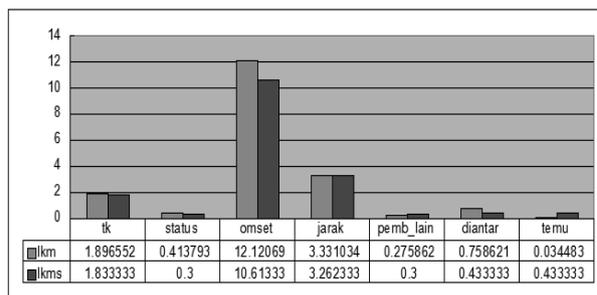## Description Analysis Characteristics of Respondents

Grafik 1 below provides information on the personal characteristics of the offender respondents UKMK sebagai financing customers for each type of MFI.

	umur	jum_art	risk_lover	time_disc	pca_rel
lkm	42.86207	4.758621	0.724138	0.103448	6.19125
lkms	45.73333	4.433333	0.466092	0.182574	7.0867

Sources: *Survey data processed*
Grafik 1. Individual SME Actor Characteristics

Based on survey data obtained, it appears that in terms of age, the average customer financing on Islamic MFI relatively older than on conventional MFI customer financing. The average of SME actors as customers Islamic MFI are 45.7 years old, while the average customer of conventional MFI are 42.86 years old. Meanwhile, the facts of the main variables which are the main concern of this research; the risk preference and religiosity, in conformity with the initial hypothesis. Scores of both variables referred to table above reveals that it is indeed SME actor as Islamic MFI customer are more likely to avoid risks and also tend to be more religious. Instead the customers conventional MFI relatively risk-lovers and have lower levels of religiosity. One thing that is actually quite surprising from a glance at the data readout time variable-preference is evidently actors Islamic MFI, SME actor are relatively prefer to discount the time than SME actors in conventional MFI. It may be

that there are two (2) perspective explanation of this, First, from a negative perspective, it is the customer Islamic MFI relatively impatient and inconsistent financial aspects. Secondly, from a positive perspective, it could be also perpetrators of SME actor as Islamic MFI customers relatively better understand the concept of time value of money. Furthermore, grafik 2 below gives details of the characteristics of the respondent's business as customer financing SME actors and their relationships with each type of MFI.

	tk	status	omset	jarak	pemb_lain	diantar	temu
lkm	1.896552	0.413793	12.12069	3.331034	0.275862	0.758621	0.034483
lkms	1.833333	0.3	10.61333	3.262333	0.3	0.433333	0.433333

Sources: *Survey data processed*
Grafik 2. Business Characteristics and MFI-SME Actor Relations

Based on survey data obtained, it appears that the perpetrators of the business aspects of SME actor both in the number of workers, managers and monthly turnover, conventional MFI customers are relatively better than in Islamic MFI customers.. Average of conventional MFI clients manage the business, in case the KRT (Head of Household) as the main organizer, employ more and bigger turnover. Meanwhile, the fact of the distance of a residence with offices showed that the average MFI MFI clients in this relatively remote. On the other hand, was on the side of a relationship with an MFI, although relatively more SME actors as customer of Islamic MFI s have an

alternative financing on other (micro) financial institutions than SME actors as customer of conventional MFI, but they are still regularly attended a meeting with the manager od Islamic MFI.

Multivariate Analysis

Processed probit regression showed that the relationship between choices to become a conventional MFI customers with risk-lover levels showed a consistent pattern with the previously hypothesis. Relationships direction (positive) both variables and their significance revealed the fact that customer financing at conventional MFI relatively more love than the risk of customer financing to Islamic MFI. In other words, the concept underlying the practice of shariah financial institutions, in general, aims surely, not speculation. Meanwhile, it also revealed the fact that although the relationship status with access religiosity have a sign - (negative), according to the hypothesis. It is becoming an interesting fact the first to be questioned, Suspected status to two main variables, namely the risk preferences or religiosity itself, are also related and level determined by the individual characteristics of the perpetrator SME actor itself.

Surprisingly, the study's findings reveal different things with the initial allegations. Figure 1 below shows that the love of the risk of SME perpetrators sought to be increased with age (umur). So that, in turn, is increasing the age will lead to the choice to become customers of conventional MFI, not Islamic MFI one. Indeed, when both these variables interacted, then the new variable relationship was the

result of interaction with access to conventional MFI showed a positive direction, although not significant at the 10% level though.
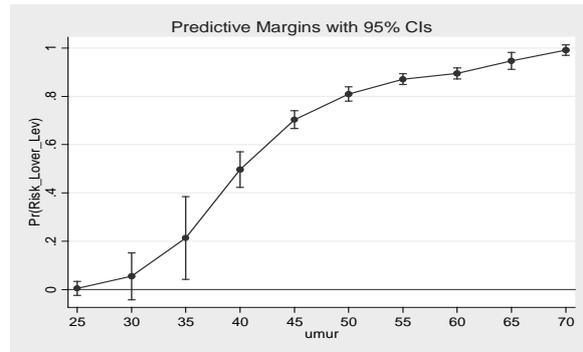
Sources: *Survey data processed*
Figure 1. Margin Probability: Correlation of Risk Preferences-Age

Robustness Test

Furthermore, to test the sensitivity (robustness-test) mode, then a variety of other variables entered into the model as a control. If the presence of other variables in the model will not change the direction and significantly of relationship patterns among the main variable as in the previous model, it can be concluded that the pattern was a steady relationship (robust). In the third model, the relationship status of religiosity and love of risk with the choice of type MFI, has the sign (direction) in accordance with the model of the previous one. But as interesting note, the pattern of the relationship between religiosity status with access to financing to conventional MFI, increased significance
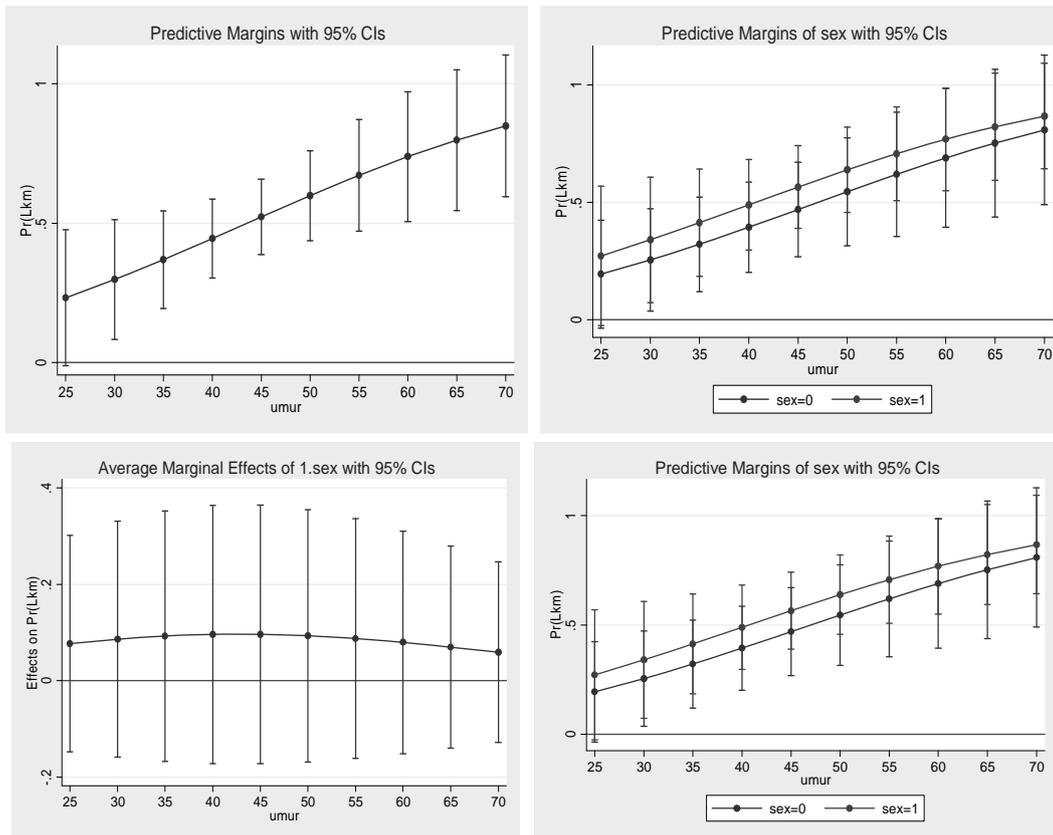
Role of Age and Gender

n figure 2 below, the relationship between the main variables - the status of religiosity and love of risk with MFIs --- types to be tested (controlled) by dividing the data by age and

gender perpetrators of SMEs. The first box, which is located on the upper left in the image, showing the role of the control variables of age before diinterkasikan the gender variable. It appears that the main variable relationships increases with age. In other words, the probability (likelihood) between risk-lover level with the choice of a customer turns to conventional MFI, increase as the same way with the age of SME actor. The second box, which is located at the upper right in the picture, then try to look at the role of gender in these relations. There was no significantly differentiation in the relation between the main variable which based on gender. Both individual men and women have the same

tendency in relations earlier. It reinforced by the third picture on the box, which is located at the bottom center of the image. The third box is the gender differential margin, which tends to show a horizontal pattern.

On the average, the aging of the gender did not show an increase in the magnitude of the probability coefficient as a customer option conventional MFI significantly. Research shows that the increase in the probability of selection of a customer conventional MFI of SME actors only an average of 0.005 points for each additional (margin) of 5 years of age or 0.0001 point for each additional (margin) 1 year of age in a different gender (female gender as a benchmark = 1).

Sources: *Survey data processed*
Figure 2. Probability Margin of Correlation between Main Variables Controlled by Age and Gender

At the age of 25 years, the probability coefficient for 0077 into 0096 at the age of only 45 years. Analogous to the concept of elasticity, the relationship is quite inelastic, with a coefficient of less than 1. Where each increment of 100% units (1 year) age at different gender would only increase the probability of a customer to become conventional MFI customer by 10% only.
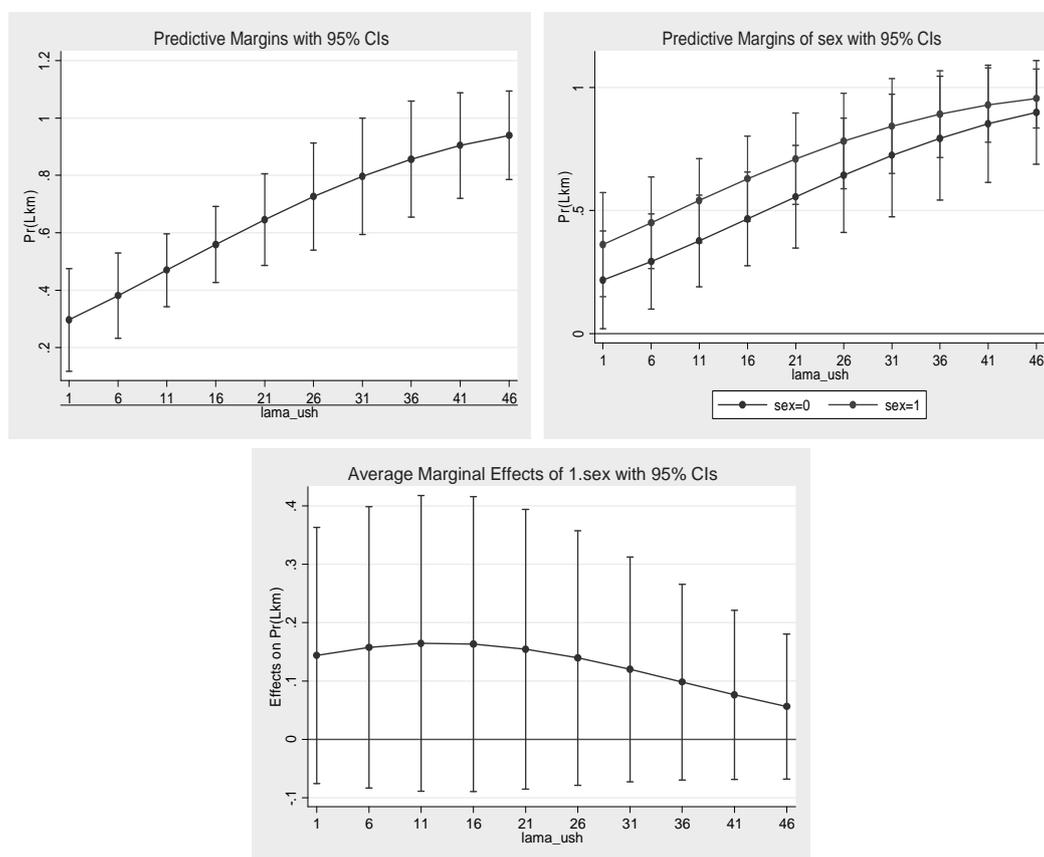
Role of Years of Managing Business and Gender

In figure 3 below, the relationship between the main variables - the status of religiosity and love of risk with the choice of the type of MFI --- will be tested (controlled) by dividing the data by age and gender of the individual. The first box, which is located on the upper left in the image, showing the role of the old variable control efforts (lama_ush) before diinteraksikan the gender variable. It appears that the main variable relationships increases with age. In other words, the relation between the probability (likelihood) between risk-lover level with the choice to become conventional MFI customer increase as the same way of SME actor's years of managing business.

The second box, which is located at the upper right in the picture, try to look at the role of gender in these relations. There was no significant difference in the relation between the main variable was based on gender. Both individual men and women have the same tendency in relations earlier. It showed by the third of the picture on the box, which is located at the bottom center of the image. The third box is a differential margin of gender, tend to exhibit an inverse U-shaped pattern (inverted U-shaped). Added long years in the business management in different gender showed increased probability coefficient magnitude as a customer option conventional MFI at one point of the year and then declined again after next year significantly.

Research shows that the increase in the probability of selection of a customer conventional MFI an average of 0.01 points for each additional (margin) 5 year old business management or 0.001 points for each additional (margin) 1 year old business management at different gender to achieving year on year to 11 and to 12 and then subsequently decreased to an average of -0012 point for each additional (margin) of 5 years or -0.0012 point for each additional (margin) 1 year. In the old business management during the first 10 years, the probability coefficient increased choice conventional MFI of 0144 amounted to Rp 0164 or an increase of 6.76% or 0.67% (nearly 1%) every year. Analogous to the concept of elasticity, the relationship is relatively closer to unitary elastic, with a coefficient close to 1. Where each increment of 100% units (1 year) age at different gender will also increase the probability of a customer conventional MFI 67% or close to 100% as well.

Sources: *Survey data processed*
Figure 3. Probability Margin of Correlation between Main Variables Controlled by Years of Managing Business and Gender

CONCLUSIONS

Probit regression estimation results showed some interesting and surprising conclusions also. Perpetrators of SMEs with a relatively higher level of risk loving, have a greater probability to take a loan on conventional MFI. These results are consistent with the null hypothesis that there are differences in the level of risk preferences between Islamic and conventional borrowers. This hypothesis comes from the idea that risk is shared (equally shared) between SME actors and MFI in the production sharia sharing contract. Because the risk is shared in this situation, the borrower will bear fewer risks in their business management.

Perpetrators of SMEs are relatively more religious also tend to take loans on Islamic MFI. This result is not too surprising, since the main justification for the proliferation of Islamic microfinance is to provide a method of financing for religious individuals without charging interest. Along with this idea, the research results show intuitively intuitively that Islamic MFI will attract people who are relatively more religious (Dutta and Magableh 2004, Abdul Rahman, 2007 and Ashraf, 2010). Surprisingly, it turns out the perpetrators of SME actor relatively more old age tend to take loans on conventional MFI. Although at first glance analysis found no significant relationship

between age and status of religiosity, but this rising tickle questions related to the age of the perpetrator SME actor relationship with his choice to become a particular MFI clients. Why is getting older a SME actors, the options tend to conventional MFI?.

At first when the perpetrator of SME actor are grouped by gender (sex) alone, did not have an impact on the relationships among the major variables earlier. Both individual men and women have the same tendency in the relationships among the major variables, both in terms of risk preference and religiosity to the loan options to conventional MFI. But after that relationship is tested by incorporating several additional variables (control) in the form of a personal characteristic; age and characteristic of business; old business management (variable sex encounters with other characteristic variables).

The findings apparently found an interesting relationship patterns patterned U-inverse (inverted U-shaped form) between the old ("flying hours") perpetrators of SME actor between gender (sex) in managing the business with conventional MFI choice. To the point boundary (threshold) long years of business management, female sex offenders SMEs tend to take loans at conventional MFI. But after a year, instead turned into tend to take loans on Islamic MFI. It seems that women tend to be more religious with age which influence his choice of the type of MFI, ie Islamic MFI. Although the processing of data generally indicates patterns of relationship direction (positive) between age with conventional MFI option, but partially

(when the data break downed) showed several different trends. It is possible that women tend to be more religious with age and old business management. This in turn implies Islamic MFI important that managers be more careful in scrutinizing the client profile.

There are at least three important characteristics of the offender SME actor, both in terms of business characteristics The characteristics of self and the relationship pattern SME actor with their choice of MFI type, such as age, years of ,managing business (years of experience) and gender. On the other hand, it could be a guide for managers in conducting mapping future developmen of Islamic MFI.

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