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The Meaning of Money and Its Influence on Decision To Take A Loan: Study on Members of Credit Union

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Abstract

Purpose: This study aims to elaborate on how credit union members perceive money and how these perceptions inform the decision made before applying for a loan from a credit union.

Method: The study employed grounded theory as its methodology. Data were obtained from in-depth, semi-structured interviews and observations involving ten members of a credit union in Indonesia. This research's respondents are divided into two types: the first lists respondents who actively borrow (five respondents), and the second lists those who do not (five respondents).

Result: The study shows two categories in which money is perceived: money as a resource and money as a source of emotions. The study further found that six key factors inform the decision to apply for a loan. Past experiences (1) contribute to the meaning of money (2) and perceptions toward loans (3). Further, pressing needs (4) not accompanied by financial strength (5) to finance them result in motives for procuring loans. With access to loans (6), motives can turn into an action of taking out a loan. Based on the findings, Credit unions should perform a thorough analysis to identify pressing needs among their members and evaluate the access to loans regarding their capacity to fulfill the members' needs. Furthermore, loans should be conveyed as a means to achieve financial goals and improve the members' quality of life.

INTRODUCTION

Every money decision is based on individuals' unique experiences and the information they can access at a given time (Housel, 2020). These distinctive experiences are shaped by the meanings of money, which vary between persons. Each individual's perception of money, therefore, influences their financial decision-making. Doyle (1992) puts forth a conceptual framework for understanding how different types of individuals value money in different life situations. Given how modern society puts a high value on money, understanding the meanings of money will help one make a better financial decision.

Research shows that emotional and cognitive biases, such as availability heuristics and loss aversion, shape individual attitudes toward money (Kahneman, 2011). For example, past negative experiences with debt can trigger fear-based perceptions of borrowing (Calluso et al., 2021). Furthermore, according to Luan (2021), heuristics and framing greatly influence a person in making decisions about loans. When loans are framed as an opportunity to develop financial conditions and not as a burden, the pressure of psychological constraints to borrow will be reduced, and even vice versa, it will encourage positive interactions with loan products (Luan, 2021).

Financial literacy plays an important role in shaping the ability of Credit Union members to make decisions. Financial literacy enables a person to effectively assess loan options and align loans with long-term financial goals (Tambun & Nurwanti, 2023). By framing loans as a means to achieve financial stability and improve the quality of life, accompanied by good communication and mentoring services, Credit Union will be able to meet its members' diverse needs better (Karki et al., 2021).

According to Kahneman (2011), the human decision-making process is divided into System One and System Two. A decision-making employing System One is fast and impulsive, while the decision-making using System Two is slow and carefully considered. In System One, humans trust intuition, which is prone to cognitive bias and tends to lead to heuristics. Heuristics are mental shortcuts to solving problems practically, although they are not optimal, rational, or perfect ways. One form of heuristic is the availability heuristic, which relies on the ease of remembering (Kahneman, 2011).

System One operates automatically and quickly, with little to no effort and without any feeling of deliberate control. Meanwhile, System Two pays attention to mental activities that require effort, including complicated calculations. If System One has difficulties, he calls System Two to support detailed processing to solve the problems. System One constantly generates suggestions for System Two: perceptions, prejudgments, motives, and sentiments. When triggered by System Two, perceptions and prejudgments turn into beliefs, while motives materialize into actions voluntarily. One of the tasks of System Two is to be responsible for self-control by overcoming System One motives (Kahneman, 2011).

System One provides a perception that turns into trust and becomes a source of motives, often choices and actions. System One offers an implicit interpretation of what is happening and connects the present with the past and the hope of the near future. System Two is actively searching for information and arguments. System Two's search for information and arguments is mainly limited to information consistent with pre-existing beliefs (Kahneman, 2011).

Meanwhile, according to Kotler & Keller (2016), the process of purchase decision-making consists of five phases: (1) recognizing the problem, (2) seeking information about the problem, (3) evaluating alternative solutions, (4) purchasing decisions, and (5) post-purchase behavior. One thing that needs to be noted is that consumers do not necessarily follow the five steps of the purchase decision-making process in sequence. There could be skipped, reversed steps, or even consumers go back to the previous step to evaluate alternatives. Attitudes from other parties, such as the disapproval of close friends, unexpected events such as a decrease in income due to the pandemic, or the existence of a risk perception such as financial risk that questions whether the product or service is worth it to buy, can affect the purchase decision. Purchase decisions may be delayed or even canceled.

Microfinance is an effort to provide financial services, notably savings, loans, and other financial services, geared to low-income families lacking access to commercial banks (Karki et al., 2021). Providing well-designed loan products catering to the members' needs is expected from all microfinance institutions (MFIs) (Respicio et al., 2023).

As a form of MFIs, credit unions (CU) provide loan products that enable their members to access financing. MFIs holding public assets are liable to excess liquidity (Wajebo, 2022). This problem of high liquidity is also prevalent among credit unions in Indonesia, including the Yogyakarta-based Credit Union Kridha Rahardja (CUKR). In 2022, the credit union’s loans-to-assets ratio stood at 58.84%, lower than the ideal 70–80% ratio. The low ratio indicates the abundant supply of funds that can be extended as credits to the members. Working-age members with substantial savings are critical to the CU’s lending. Enough knowledge of the members’ perceptions of money and their effect on their decisions on whether to take out loans provides the CU with greater confidence in extending credits to the members, enabling the CU to address its excess liquidity.

The facts that research on the meaning of money is dominated in the area of organizational behavior. The implications of the difference in the meaning of money for individuals in human resource management and organizational behavior are concerning, as intrinsic job satisfaction is related to the concept that money symbolizes freedom and power. In contrast, extrinsic job satisfaction is related to the idea that money is not evil, and also the lack of research on the meaning of money and its impact on loan decision-making among Credit Union members encouraged this study.

This study contributes to addressing the situation by identifying the meanings of money and its influences on the borrowing decisions made by the members, allowing the CU to deliver loan products built around the needs of its members. It also fills the gaps left by previous studies focused on credit union members using qualitative approaches based on grounded theory and proposes perceptions of money theory and its relationship with the decision-making process among credit union members concerning loan applications.

RESEARCH METHODS

This exploratory study aims to develop a theory of how credit union members attach meanings to money and how these meanings inform their decision on whether to apply for a loan. The study was based on grounded theory as its methodology. In grounded theory, a theory is formulated from data collected systematically and analyzed throughout the study (Ligita et al., 2020).

The study collected both primary and secondary data. The former was collected from direct interviews in the respondents' residence or work and direct and indirect observations. Both primary and secondary data were obtained from several working-age members (aged 15 to 65) of CUKR. Preliminary data were collected through purposive sampling, in which the authors deliberately chose respondents and data sources that could answer the study's questions (Tie et al., 2019). In this case, the authors selected respondents with knowledge of and experiences with credit unions and the capacity to express their ideas satisfactorily.

The study's analysis of an early data set guided the selection of the following respondents, who were chosen using theoretical sampling. The authors selected respondents theoretically to help develop the theory of how credit union members regard money in their lives and how their perceptions influence their borrowing decisions. The sampling was not limited to a particular number of respondents before theoretical saturation was reached, that is, when responses no longer produce variations or when a researcher can elaborate on the proposed theory with all its complexities (Barreto et al., 2021). From December 2022 to February 2023, the authors successfully obtained saturated data from ten respondents.

Some ways to ensure the quality and validity of the data are to study small populations over a long period, using triangulation or *theoretical sampling* (Grass, 2024). In this study, the researcher used triangulation methods (a combination of interview methods, observation, and the use of secondary data) and applied theoretical sampling to select informants.

Theoretical sampling is a concept-driven data collection method derived from the theory being developed and based on comparison. The goal is to maximize the opportunity to find variation between concepts and condense categories (Strauss & Corbin, 1998). *Theoretical sampling* is a central factor in the research design to support the developed theory and ensure the final theory is based on data (Tie et al., 2019).

The data obtained were then analyzed to provide answers to the study. This analysis began with the transcription of the interviews. The resulting transcriptions were then coded with categories in an open coding process. Following the open coding process, the findings were presented in idiographic-thematic charts, one for each respondent, as part of axial coding and in a global nomothetic-thematic chart, as part of selective coding.

The results of a grounded theory study are communicated as a set of interconnected concepts and expressed as a substantive theory, which is a theoretical interpretation or explanation of the studied phenomenon (Tie et al., 2019; Liu, 2022). The results of selective coding are presented in a global nomothetic-thematic chart and become the substantive theory proposed by the study.

RESULTS & DISCUSSION

Respondents of this research are divided into two types: the first type lists respondents who actively borrow (respondents 2, 4, 5, 7, and 8), and the second one lists those who do not (respondents 1, 3, 6, 9, and 10). Data from the five respondents who actively borrow show some patterns. First, the respondents in this category had past experiences with money that influenced their perceptions of money and attitudes toward loans. These respondents regarded money as a resource and a source of happiness. They also had a relatively positive attitude toward loans. Second, they would apply for loans to fulfill urgent needs. Third, they had a sense of ownership of the credit union.

The respondent' past experiences affected their perceptions of money and attitude toward loans. On the one hand, those who do not actively borrow regarded money as a resource, but, on the other hand, considered it a source of fear. In addition, they showed varied views toward loans: positive, negative, and neutral. Respondent 1 believed that money should be in as small amounts as possible and that loans are mind-bothering. He, therefore, would only take out small loans in case of pressing needs. Respondent 6, meanwhile, with his negative attitude toward loans, chose not to apply for any loans without pressing needs. More details about the research findings are presented in the following five tables.

Table 1.
Details of Respondents

Respondent	Age	Sex	Occupation	Currently Borrowing?
1	48	Male	Business Owner	Inactive
2	33	Male	Employee	Active
3	50	Male	Employee	Inactive
4	54	Male	Business Owner	Active
5	40	Female	Employee	Active
6	37	Male	Business Owner	Inactive
7	41	Male	Employee	Active
8	43	Female	Employee	Active
9	31	Female	Employee	Inactive
10	52	Female	Business Owner	Inactive

Table 1 shows 10 respondents of the research, covering information about their age, sex, profession, and their borrowing status. The respondents are between 48 and 52 years old, and the number of males (6 people) surpasses females (4 people). The table also shows that the respondents have two occupations, business owner and employee. Regarding borrowing status, the table shows that there are equal numbers between active and inactive. The five active respondents consist of one business owner and four employees, while the five inactive respondents consist of 3 business owners and two employees. The table generally indicates relatively equal composition in terms of occupation and borrowing status.

Table 2. presents respondents' opinions of actively borrowing, the meaning of money, and their perception of loans. The table shows that respondents have different meanings of money and different perceptions about loans. Respondent 2 states that money is a means for fulfilling the necessities of life and perceives a loan as a liability. Differently, respondent 4 considers money as a source of happiness and loans as a tool for seizing opportunities. Respondent 4 uses a more proactive approach to managing the financial issues than Respondent 2.

Meanwhile, Respondent Five indicated a transactional perspective, which considers money a medium of exchange. Further, this respondent also links the usage of loans with a particular purpose. Respondent 7 defines money as a means of securing assets, suggesting the role of money in securing assets and wealth, and sees loans as vital for an institution's survival, highlighting the importance of borrowing in supporting business sustainability. Lastly, respondent 8 reflects money as a boon to life, signifying a constructive opinion about financial resources, whereas supporting loans as a source of hope indicates a positive view of borrowing as a way to expand economic condition.

Table 2.
The Meanings of Money and Perceptions of Loans in Respondents Who Actively Borrow

Respondent	Meaning of money	Perception of loans
2	Resource for fulfilling the necessities of life	Liability
4	Source of happiness	Tool for seizing opportunities
5	Medium of exchange	Sense of purpose
7	Means of securing assets	Important for an institution's survival
8	Boon to life	Hope

Generally, Table 2 explains that the respondents' knowledge meaningfully forms their loan-securing tactics, with each implementing methods that reflect their financial experiences, principles, and objectives.

Table 3.
Past Experiences and Loan Securing Strategies in Respondents Who Actively Borrow

Respondent	Past experience	Loan securing strategy
2	Modest family background, forcing respondent to always pinch pennies	Taking out loans when strictly necessary
4	Experience as an entrepreneur with a money-making mindset	Taking out loans to raise capital
5	Stable childhood, giving peace of mind even when running out of money	Taking out loans only to fulfill needs in order to keep the savings intact.
7	Having a belief that loans are essential for an institution/s survival, being a member of family that founded the CU	Obtaining loans when in need and to financially support the institution
8	Regarding CUs as a source of hope after knowing someone who had healthy finances and bought land with the help of a CU.	Building a good history to be eligible for larger loans.

Table 3 shows past experiences and loan-securing strategies for actively borrowing respondents in the research. Further, it reveals how an individual's experiences and background influence borrowing strategy and financial management. Respondent 2, who belongs to a modest family background and has been familiar with frugal living, tends to take out loans only when needed. This prudent action indicates that the respondent is financially literate, especially regarding financial responsibility. On the contrary, respondent four is experienced as an entrepreneur and has a money-making mindset. Such background encourages him to quickly decide to take out loans as a way to raise capital.

Meanwhile, respondent 5 had a good childhood and is economically stable, so things will remain fine even when she is short of money. She will only take out loans to keep her savings stable. This indicates that she is trying to manage her financial issues as well as possible while keeping her savings safe.

Respondent 7 believes that loans are important to keep a financial institution operating correctly. This belief arises from the respondent's background -from a family that contributed to establishing a credit union. He will only take out a loan when necessary or take out a loan to support the sustainability of the credit union of which he is a member.

Finally, respondent 8 considers the Credit Union a source of hope. She witnessed several CU members in good financial condition, and some could even buy a plot of land because they received loans from the CU. With this belief, she tries to build a good reputation as an active debit of the CU in the hope that one day, she could get a larger loan to finance more significant interests.

Generally, Table 3 shows that respondents' past experiences shaped their strategies for securing loans. Respondents will choose a strategy that suits their background, beliefs, and goals.

Table 4 presents the non-actively borrowing respondents' views about the meaning of money and their perceptions of loans. The views of these respondents reveal that their different responses to financial resources resulted from their caution and deep reflection.

Table 4.
The Meanings of Money and Perceptions of Loans in Respondents Who Do Not Actively Borrow

Respondent	Meaning of money	Perception of loans
1	Catalyst	Mind-troubling
3	Medium of exchange, reserve, and speculative investment	Means of seizing opportunities
6	Instrument for reaching goals	Factor in consumerism
9	Source of fear	Double-edged sword
10	Means to life goals	Source of Motivation to grow business

Respondent 1 interpreted money as a catalyst that could accelerate the achievement of goals they set previously. However, the respondent also perceives loans as distracting, indicating that the respondent feels uncomfortable or has concerns regarding loans. These feelings of discomfort and worry may arise from his limited capacity to manage loans and the potential burdens that could arise from loans. Meanwhile, respondent 3 considers money to have multiple meanings: money as a means of exchange, reserve, or speculation tool. This view shows her understanding of the practical function of money. The respondent also perceives loans as a means to capitalize on opportunities. This perception indicates that she believes that there are strategic benefits from loans if they are managed well. Respondent 6 interpreted money as a means to realize goals. This result emphasizes the importance of money in realizing personal and professional plans. On the other hand, He perceives loans as one of the factors that could strengthen consumerism behavior. This perception shows that he sees the possibility that loans can encourage excessive spending or lead to financial difficulties. Respondent 9 considers money as a source of fear, an interpretation indicating emotional distress rooted in financial problems (Zaleskiewichz & Traczyk, 2020). Meanwhile, concerning perceptions of loans, the respondent thinks that loans can provide benefits or risks. Lastly, respondent 10 perceives money as a means to realize goals. This result indicates that she puts orientation into achieving specific goals in managing finance. She sees loans as something that motivates her to develop business. Although she might not currently take out a loan, she understands that a loan can provide benefits.

In sum, Table 4 shows respondents' different meanings of money and perceptions of loans. Some respondents expressed the strategic benefits of loans, while others emphasized the risks that can arise from loans.

Table 5.
Past Experiences and Loan Securing Strategies in Respondents Who Do Not Actively Borrow

Respondent	Past experience	Loan securing strategy
1	Knowledge of a relative saddled with debt, which drives a negative attitude toward the pursuit of money	Taking out loans that are lower in amount than saving.
3	Broad access to financial products, owing to occupation as an economics teacher and experience as a former CU commission	Taking out low-interest loans and putting the money into saving account with a higher interest rate.
6	Negative initial attitude toward loans after seeing that loans drive consumerism in people	Saving up regularly and only obtaining loans if the application process is made easier.
9	Negative initial attitude toward loans after seeing a friend saddled with debt.	Taking out loans to accustom oneself to paying installments.
10	Having goals achieved in the past with funds at hand.	Obtaining loans as capital.

Table 5 presents past experiences and strategies for securing loans for respondents who do not actively borrow. The table shows how past experiences influence strategies employed by respondents in securing their loans. Respondent 1 knows a relative saddled with debt, which drives a negative attitude toward pursuing money. This knowledge leads him to be very careful when taking out loans because he does not want to get trapped in difficulties resulting from the loans. Therefore, if he has to take out loans, he will take less than his savings. Respondent 3 has broad access to financial products, owing to occupation as an economics teacher and experience as a former CU commission. Having that access, he utilizes it to accumulate financial benefits from taking a low-interest loan and depositing the money into his savings account with higher interest rates. Respondent 6 has a negative initial attitude toward loans after seeing that loans drive consumerism in people. This understanding encourages the respondent to prioritize managing his savings and to obtain loans only when they give advantages. Respondent 9 had a similar experience to respondent 6, with a negative initial attitude toward loans after seeing a friend saddled with debt. However, she has different strategies to secure loans; she takes out loans to accustom herself to paying installments. Lastly, respondent 10, with the experience that she achieved her goals in the past with funds at hand, considers loans as capital and will take out loans when an opportunity could be settled using the loans.

In short, table 5 describes that among the non-actively borrowing respondents, past experiences significantly influenced their strategy in securing loans. The strategies are various, from prudent attitude to leveraging loans to gain financial benefit.

The global thematic chart shows that the respondents' varying perceptions of money are not the only factor contributing to their borrowing decisions. Six key factors inform the decision made to apply for a loan from their credit union: (1) past experiences, (2) perceptions of money, (3) attitudes toward loans, (4) pressing needs, (5) financial strength, and (6) access to loans. These factors are illustrated in Figure 1—the Iceberg of Borrowing Motives in Credit Union Members.

Past experiences shape the meaning of money and perception toward loans in credit union members. Arising pressing needs not accompanied by financial strength to finance them results in motives for obtaining loans. These first five factors are internal factors. The resulting motives can turn into an action of borrowing money when accompanied by access to loans, which is an external factor in the equation. Conversely, motives unaccompanied by access to loans will only discourage them from obtaining loans from their credit union.

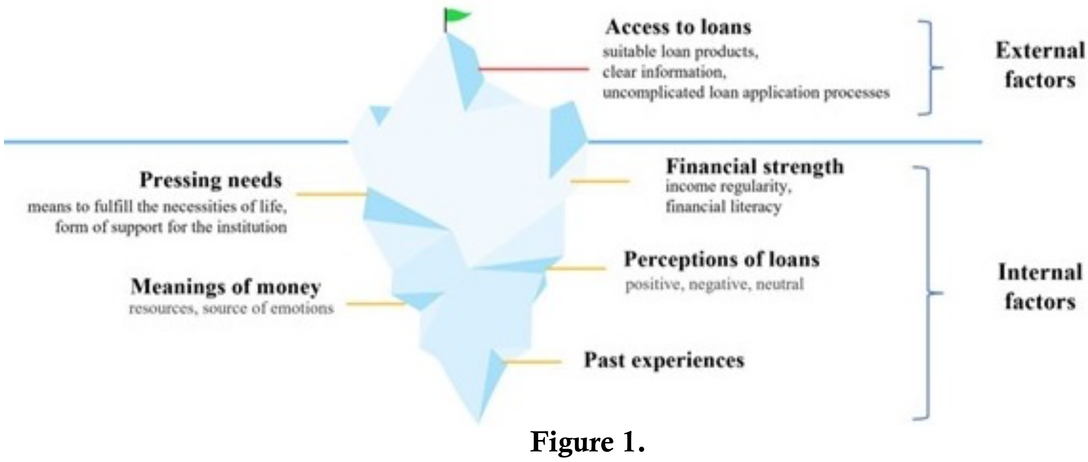

Figure 1.
The Iceberg of Borrowing Motives in Credit Union Members

Factor 1: Past experiences. Past negative experiences—e.g., seeing members of the extended family saddled with debt— stirred negative attitudes toward pursuing money and obtaining loans in the respondents. Respondents with negative experiences with money in the past tended to avoid loans. By contrast, positive experiences with money, which the respondents considered a form of aid, a means to fulfill the necessities of life, and a source of hope, drove away the fear of obtaining loans. As Housel (2020) and Porto et al. (2021) express, each individual's unique experiences form the basis of their money decision. Memorable experiences that leave lasting impressions are likely to induce availability heuristics. Du (2022) notes that individuals are predisposed to rely on memories readily available when making decisions. Further, Malmendier (2021) states that experiences with money in the past, both positive and negative, shaped the meanings attached to money and the attitudes toward loans in the respondents.

Factor 2: Meanings of money. Meanings of money vary between respondents. The meanings assigned by the ten respondents can be divided into two main categories: money as a resource (a catalyst, tool, instrument, or means) and money as a source of emotions, which include happiness and fear. They expand on the categories of factors proposed in the Money Ethic Scale (Tang, 1992). Money as a source of happiness becomes a part of Factor 1 (good), while money as a source of fear belongs to Factor 2 (evil). Moreover, money as a resource is associated with Factor 5 (behavioral). Respondents who actively borrow regarded money as both a resource and a source of happiness, whereas those who do not believe that while money is a resource, it is also a source of fear. Thus, both respondents who actively borrow and those who do not share a view that money is a resource. When needing a resource to address urgent needs, some would take out loans, while others would not. It can be inferred that other factors existed and influenced their borrowing decisions (Addo & Asante, 2023).

Factor 3: Perceptions of loans. Not only did past experiences shape the respondents' meaning of money, but they also influenced their perceptions toward loans. The respondents' perceptions of loans can be categorized into positive (viewed as a means to seize opportunities, a source of sense of purpose/motivation/hope, and an aid to an institution's survival), negative (mind-troubling and driving consumerism in individuals), and neutral (a liability and a double-edged sword). Respondents who actively borrow showed relatively more positive attitudes toward loans, and, in contrast, respondents who do not have varying perceptions of loans belong to either positive, negative, or neutral attitudes.

Factor 4: Pressing needs. Both respondents who regarded money as a resource (a catalyst, tool, instrument, or means) and those who viewed it as a source of emotions (happiness or fear) chose to take out loans when faced with urgent needs for which they should obtain the loans. The pressing needs, therefore, become a factor of greater significance in influencing money borrowing decisions compared to the three preceding factors: past experiences, perceptions of money, and attitudes toward loans. The needs can be grouped into two main categories: loans as a means to fulfill the necessities of life and loans as a form of support for the institution. The necessities of life encompass the basic needs and the needs for business growth, which include procuring manufacturing equipment and materials.

On the other hand, support for an institution is based on embracing its credit union's core values. Respondent 8's embrace of the credit union's core values prompted her to apply for loans supporting the institution. Self-sufficiency, one of the pillars of credit unions, refers to the principle of a credit union being established by its members, managed by them, and run on their behalf. Thus, funds obtained from the members' savings are redistributed as credits extended to the members. By securing loans, the members contribute to the credit union's survival and longevity.

*"The interest on the loans (*Elements inside square brackets in the quoted speeches are provided hereinafter for additional context) *is what keeps us afloat. This is why I borrow because it helps the union to thrive. Ensuring its survival is what matters." —Respondent 8*

Given the finding that urgent needs become the most significant factor in influencing members' borrowing decisions, CUKR, on its part, should completely identify what pressing needs are and will be faced by the members.

Factor 5: Financial strength. Pressing needs should be followed by financial strength in the form of solvency. A gap between the needs and the capacity to meet them financially leads to motives for obtaining loans. Financial strength is influenced by income regularity and financial literacy. Based on their income regularity, the respondents fall under two main categories: those with regular incomes (employees and educators) and those with irregular incomes (business owners). Respondents with regular incomes can increase their savings regularly to obtain larger loans, repay their debts, and eventually grow their assets.

In contrast, respondents with irregular incomes need to devise clever strategies to seize any arising opportunities while managing to make regular repayments. Financial literacy will provide the necessary knowledge and raise the awareness that sound finance management is important in ensuring the fulfillment of needs currently faced and the attainment of financial goals in the future. Adequate levels of financial literacy will contribute positively toward an individual's quality of life (Kakinuma, 2022). Wise use of loans is believed to be one of the means to fulfilling the needs of credit union members in their lives and achieving financial goals, entitling them to improved quality of life.

Factor 6: Access to loans. Loan obtainment motives processed internally by credit union members may not always immediately materialize into a decision to secure a loan if the external factor of access to loans is absent. The access to loans factor encompasses relevance to needs, availability of clear information on loan products, and uncomplicated loan processes and requirements. A shortage of clear information on loan products could discourage loan obtainment. Data from the open coding step show that the respondents lacked complete knowledge of the available loan products. They even were unaware of the names of the loan products they used. When applying for loans, they relied on information provided by the CUKR staff.

"Ma'am, what's that productive loan called again? I think the name keeps changing. [Laughs] Doesn't matter. It's the productive one. You have that? —Respondent 1

Regarding the loan requirements and processes, Respondent 6 said that he would borrow even without any urgent needs if the loan application process were more straightforward. His suggestion for a more manageable loan application process using a smartphone application—which CUKR has already provided its members with—for loan application and approval purposes is worth considering.

"If I were to be honest, I would borrow. I have the ID, and the app is already there. I just need to apply, and it's a deal. But, [as it stands], I have to deal with all the complexities to be trusted with the loan and stuff. And because I'm not in dire need, I'm not borrowing." —Respondent 6

As an institution, CUKR should develop loan products that allow business owners to seize opportunities. Respondent 4 noted that the currently available loan products are more geared toward the CUKR staff. They have yet to cater to business owners' need for freedom to seize business opportunities. Respondent 4's suggestion for a buy now, pay later plan—which provides the CUKR members with loans up to a specific credit limit—is also noteworthy. Many digital wallet companies and e-commerce platforms have offered this type of financing. With credit limits, the members do not have to follow a lengthy loan application process. Members whose livelihood depends on their businesses can then be free to capture opportunities. From the standpoint of CUKR as a credit union, default risk can be minimized by extending a credit limit equal to a member's savings balance. Excess liquidity can then be quickly redistributed as loans to the members.

"A pay later plan is just like a current account. You are given a credit limit. Can we adopt this scheme in our cooperative? So, you don't have to apply ever again. Every member has pledged some form of collateral—their savings. It's the key. Give them a credit limit equal to their collateral. —Respondent 4

Interventions in Borrowing Decisions Made by Credit Union Members

Past experiences shape borrowing decisions through the System 1 mode of thought, which is fast and impulsive. The system relies on heuristics to make a quick decision (Kahneman, 2011). Memorable experiences that leave lasting impressions give rise to availability heuristics. As stated by Respondent 1, the past shapes. While one cannot change their past experiences, they can change their current course, whether by controlling the internal factors or by taking advantage of the external factor of access to loans, which converts motives into action of taking out loans from a credit union (Bu, 2023).

Intervention options include utilizing these internal and external factors. CUKR should identify and examine urgent needs that are currently or will be faced by its members. Pressing needs that cannot be adequately financed by savings held to have the potential to drive borrowing motives. In a scenario where financial literacy is adequate, good practices in financial management are adopted, and the demand for loans is relatively low, CUKR can improve the members' sense of ownership by promoting the credit union's core values. Interventions in the external factor can be done by improving access to loans.

By promoting the awareness among the CUKR members that loan obtainment is a form of active participation and that loans obtained contribute to the survival of the credit union, where members are the owners, coupled with improved access, which includes the availability of clear information and easy loan application processes, motives materialize into a decision to secure a loan. At CUKR, the members' understanding of credit union core values has been fostered through training in credit union basics. Participation in the training is compulsory for CUKR members after admission. Self-sufficiency and solidarity among members lay the foundations for the loan products. Assets accumulated from the members' savings are redistributed as loans for the members in need. Since, in principle, the ownership of a credit union is shared among its members, they, as a result, are also responsible for contributing to it and ensuring its survival.

With enough financial literacy, credit union members can make better borrowing decisions. CUKR members are given financial literacy training in person or via Zoom meetings. Information about the credit union's products and services is also provided on the day of a given training session. In one of the courses, the trainers encourage the members to settle their bad debts, i.e., consumption loans. CUKR should free itself from the dichotomy between productive and consumption loans to extend credits more effectively to more members. While the dichotomy is not explicitly used to label the loan products, during the interviews and observations, the members and staff of CUKR still referred to them as either productive or consumption.

As stated by Kahneman (2011), to think clearly about the future is to cleanse the language one uses to label one's past attitude. Loans labeled or viewed negatively will result in resistance to borrowing. If an idea perceived by credit union members betrays a negative subtext of borrowing, they will feel disinclined to apply for a loan. Another possibility is that they will lie about their loan purposes. For instance, a loan obtained is said to be used for starting a business when it is only used to fulfill the necessities of life. There is a risk of information asymmetry (Kusumajati, 2021).

Access to loans becomes the third step in the purchasing decision-making process: evaluating available solution alternatives (Andersch et al., 2019). In a scenario where a credit union member has to finance an urgent need immediately and is subsequently seeking information and evaluating solution alternatives, the availability of 1) suitable loan products, 2) clear information on the products, and 3) uncomplicated loan application processes and requirements play a significant role in converting a motive into a decision to secure a loan.

The study indicates that the CUKR members obtained loans to finance their pressing needs but did not mull over how urgent the needs were. CUKR, therefore, needs to perform a needs assessment to identify what kind of loan products the members seek to finance their pressing needs. Additionally, CUKR should review the design of its loan products and their suitability for the members' needs by considering, among others, their varying occupations, e.g., employees and business owners.

Furthermore, based on their performance, the currently available loan products should be evaluated to ensure their costs are comparable to the benefits they can provide. Product performance evaluation should be regularly carried out, individually or across the entire portfolio. MFIs should have the confidence to discontinue products and services that are no longer relevant to the needs of their members or are underperforming (Aguenaou et al., 2019).

The principle of least effort proposes that when given several ways to achieve the same goal, people choose the one that involves the least effort. Economics regards efforts as costs; according to Kahneman (2011), laziness is inherent in human nature. When access to information on loan products is scarce, credit union members are likely to be reluctant to borrow. It is, therefore, important for CUKR to provide more precise information on its loan products to make it easier for the members to choose a loan product that suits their needs and financial strength.

The information should be available in channels accessible to the members, such as the website and social media accounts. In addition to providing easy access to information, CUKR should assist the members in making a borrowing decision by providing a loan calculator to simulate the right amount of loan they can repay timely according to their financial strength.

Further, access to loans drives decision-making through the System 2 mode of thought, which is slow and calculated (Kahneman, 2011). One of System 2's functions are to be responsible for self-control by overcoming impulses from System 1. Past experiences may shape the perception of money as a source of fear and negative attitudes toward loans. By taking advantage of the principle of System 2, impulses in the form of negative attitudes toward loans can be contained.

This study found that the perceptions of money varied between the CUKR members. The meanings they attach to money fall under two main categories: money as a resource (a catalyst, tool, instrument, or means) and money as a source of emotions, including happiness and fear.

Formulation of the Theory of Decision-Making in Loan Obtainment

This study postulates a theory that diverse perceptions of money are not the only factor influencing credit union members' borrowing decisions. Six key factors inform the decision to apply for a loan from a credit union: past experiences, perceptions of money, attitudes toward loans, pressing needs, financial strength, and access to loans. These factors are illustrated as an iceberg of borrowing motives.

Past experiences shape perceptions of money and attitudes toward loans in credit union members. Arising pressing needs not accompanied by financial strength to finance them results in motives for obtaining loans. The first five factors listed above are internal, with the pressing needs factor having the most significance. The resulting motives can turn into an action of borrowing money when accompanied by access to loans, which is an external factor in the equation. Conversely, motives unaccompanied by access to loans will only discourage members from obtaining loans from their credit unions. They may also choose to obtain loans from other financial institutions.

Regarding borrowing decision-making among members, a credit union, as an MFI, has the responsibility to understand the members' behaviors. By understanding and considering the key factors that shape borrowing decisions among its members, credit unions will be able to design loan products that can become a solution relevant to their members and, in the context of CUKR, a means to address excess liquidity.

CONCLUSION

The study found that the members' perceptions of money can be divided into two categories. First, money is regarded as a resource. It can be a catalyst, a tool, an instrument, and a means to achieve a goal. Second, money is viewed as a source of emotions. Money, on the one hand, can give rise to happiness and, on the other hand, fear. The study later found that six key factors inform the decision made concerning loan procurement. These varying factors together make up an iceberg of motives for borrowing. They can be broken down into two categories: internal and external.

The internal factors comprise five key factors: past experiences, perceptions of money, attitude toward loans, pressing needs, and financial strength. Past experiences build perceptions of money and attitudes toward loans. Arising pressing needs not accompanied by financial strength to finance them results in motives for obtaining loans. Access to loans, the sixth factor, becomes the only external factor. Motives can turn into an action of taking out a loan when accompanied by access to loans. Conversely, motives unaccompanied by access to loans will discourage the members from obtaining loans from the credit union. They might also likely choose to obtain loans from other financial institutions. The study lends a perspective that borrowing decisions are made against various rather complex backgrounds. How did the CUKR members understand money in their lives, and several other factors influence their borrowing decisions? Apart from these push factors, a pull factor existed in the form of loan access. The dynamics in this borrowing decision-making are intricate. Every stakeholder must understand these dynamics, including the members and the credit union alike, to devise a solution-oriented policy and address the credit union's excess liquidity. The limitations of this study include its reach and scope and the lack of an analysis of the degree of significance of each factor driving loan decision-making. This study recommends that subsequent research expand the range of informants to include individuals with varying educational and occupational backgrounds to explore how these differences influence the meaning of money and members' borrowing decisions at Credit Unions. Further, future studies should analyze the degree of significance of internal and external factors driving the decision to apply for a loan.

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