

## The Role Of Islamic Financial Institutions Of BSI Bank In Empowering MSMEs Through The Sharia Micro Loan Program

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### ABSTRACT

This article is prepared with an effort focused on analyzing how BSI Bank Islamic financial institutions empower MSMEs through the sharia KUR acceptance program. The process of collecting data and information for writing this article adapts qualitative research methods through literature study techniques using books, articles, and scientific papers that are accessed electronically. Some of these data and information sources are accessed because they contain discussions that are in accordance with the topic. The data is then reduced to be classified and concluded in accordance with the subject matter of discussion contained in this article. The results of the discussion regarding the acceptance of the sharia KUR program on the empowerment of MSMEs. That the sharia KUR program can run smoothly and effectively. In accordance with several aspects stipulated in the sharia KUR program. The development of the sharia KUR program can increase sustainable growth and development for MSME business actors. The provision of capital as a matter that greatly affects the sustainability of the MSME business is also very effective. The sharia KUR program is beneficial for the growth and improvement of MSMEs; in addition to that, Yakini can also minimize the unemployment rate and expand new business fields or start new businesses.

**Keywords:** *Islamic financial institutions; KUR acceptance program; Micro, Small, and Medium Enterprises (MSMEs)*

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### INTRODUCTION

Islamic financial institutions play a critical role in a country's economy, providing various needs for the community. especially supporting the growth of MSMEs as they become more developed and advanced. SMEs contribute significantly to job creation, the increase of gross domestic product (GDP), and poverty alleviation. However, the main challenge faced by SMEs is the limited access to adequate financing sources. These limitations often hinder the growth and development of their businesses.

Islamic financial institutions, particularly Bank Syariah Indonesia (BSI), are present as a solution to address the financing problems of MSMEs. In the global context, Islamic financial institutions continue to grow significantly through flagship programs that are certainly beneficial to society. However, the Islamic perspective not only prioritizes material profit, but

also takes into account other aspects like spirituality and morality (Wahab & Mahdiya, 2023). BSI, through the Shariah People's Business Credit (KUR) program, strives to provide easier access to financing in accordance with Shariah principles.

The Sharia KUR program not only provides business capital at affordable costs but also empowers MSMEs through continuous mentoring and coaching. The program was launched to explore the role of Bank Syariah Indonesia in empowering MSMEs through the KUR Syariah acceptance program. The program's implementation and its effect on MSMEs' capacity and performance are the main focus. Through this research, it is hoped to provide a comprehensive picture of the effectiveness of Islamic financial institutions in supporting the growth of MSMEs and to offer recommendations for the development of similar programs in the future.

### **Concept and Definition of Business Ethics in Islam**

Ethics is a principle that encompasses rules that can regulate the activities and behavior of individuals. Whereas ethics is a part of philosophy that presents rational and critical discussions about norms and morality. Business ethics in Islam is a method of studying matters related to the concept of business in Islam. The topics discussed include good or bad and right or wrong in conducting business based on a principle of morality in accordance with the basic concept of Islamic Business. (Abd.ghafur, 2018)

Business ethics in Islam refers to ethical management or organizational ethics. This includes ethics in organizing and how the organization responds to various stimuli from outside (external) as well as from within (internal), and also concerns the principles or standards that can serve as behavioral guidelines for individuals within the organization. In addition, business ethics in Islam also emphasizes the aspects of halal and haram in accordance with the Islamic religious concept regarding Islamic business conduct.

As conveyed by the Prophet Muhammad (PBUH) regarding ethics and business in Islam, the most important aspect of conducting business in Islam is honesty. Furthermore, other things that must be considered include awareness in conducting business activities, such as not only seeking the maximum profit but also providing ease to others. A friendly attitude exhibited by business actors, not bargaining with excessively high prices, and not committing fraud in weighing. If this can be applied in business activities conducted automatically, the business can align with the basic concept of business ethics according to Islamic recommendations. (Ermansyah, 2022)

### **Islamic Financial Institution**

Islamic financial institutions are a platform for conducting activities in the financial sector based on Sharia principles. As stated in the sources of the Quran and Sunnah, Islamic financial institutions must apply ethics in conducting economic transactions, whether banking or non-banking, in accordance with the Quran and Sunnah. Islamic financial institutions are also not permitted to apply concepts and methods in conducting financial transactions that are not sanctioned by Islamic teachings.

One of the things that is not permitted in conducting economic activities within Islamic financial institutions is related to usury. Riba, or what can be referred to as interest, is an additional amount of money charged to the borrower. (Arif, 2012) One form of sharia financial institution is the sharia bank. Islamic banks are institutions that function in managing finances related to money lending, deposit and loan acceptance, and other activities supported by various programs that can help facilitate financial activities, especially for the community.

### **Micro, Small, and Medium Enterprises (MSMEs)**

MSMEs is a type of business that consists of micro, small, and medium enterprises. As defined by:

1. Micro enterprises are individually owned businesses or individual-owned business entities that meet the asset criteria specified in the law, namely a maximum of 50 million, and the maximum turnover criteria of 30 million rupiah.
2. Small businesses are independent enterprises with a productive economic form operated by individuals or business entities, but not branches of companies that are controlled, owned, and made part of medium or large enterprises, either directly or indirectly, which meet the small business criteria as stipulated in the law, namely asset criteria of 50 million–500 million and turnover of 300 million–2.5 billion.
3. Medium enterprises are independent businesses with a productive economic form operated by individuals or business entities, but not branches of companies that are controlled, owned, and made part of medium or large enterprises, either directly or indirectly, which meet the criteria for small or large businesses as stipulated in the law, namely assets of 500 million–10 billion and annual sales of >2.5 billion–50 billion.

The characteristic of MSMEs is that they are businesses that do not have extensive relationships, unlike companies in general. In addition, MSMEs also operate under the umbrella of business groups. In addition, MSMEs also have the characteristic of using low and simple technology methods, and micro enterprises often use manual technology. In addition, MSMEs also differ from companies in general, which have a wide scale, whereas MSMEs have a relatively narrow market share. SMEs only focus on the local market or the surrounding areas, their business capital is very limited, and access to funding assistance is generally difficult to obtain. (Muheramtohad, 2017)

### **Shariah Micro Credit Program**

People's Business Credit, or Shariah KUR, is a model of work financing, or what is also called investment, for individual debtors or individuals specifically aimed at the lower middle economic community and also at productive and viable business groups that still do not have additional collateral or whose additional collateral is still insufficient. Sharia aims to expand and enhance access to financing for the productive sector, improve the competitive capacity of micro, small, and medium enterprises, and also encourage job absorption and economic growth (Tarmizi et al., 2023). Kursyariah has funding sources from Sharia financial institutions that distribute Sharia microcredit, which include several facilities that can be used as collateral for financing, namely Askrindo Syariah and Jamkrindo Syariah. In the Sharia microfinance credit run by BSI, there is a guarantee. Collateral can be in the form of immovable or movable property provided by the customer to the Islamic bank to serve as a guarantee for the fulfillment of the customer's obligations (Wulandari & Setiyowati, 2022).

### **METHOD**

The research process used in writing this article was carried out using qualitative research through a literature study. Meanwhile, qualitative research is a type of research conducted with the aim of gaining an understanding of a reality through an inductive thinking process. This research also prioritizes comprehending social phenomena or symptoms, which can provide a detailed and comprehensive illustration of the phenomenon under investigation. Qualitative research also strives to narratively describe the activities conducted and the impact

of an action on natural life. A literature study is a method that gathers data by examining and comprehending diverse theories from various literatures relevant to the research. The data collection process is carried out by searching for sources that can be constructed from various ones, such as books, journals, or previous research studies. The results obtained from the literature will later be analyzed critically and in-depth so that they can support the ideas and propositions in the article writing. There are four stages that can be carried out in the process of conducting a literature review in research, namely preparing all necessary tools and equipment, preparing a working bibliography, managing time, and reading or taking notes on the research materials obtained. (Adlini et al., 2022)

## RESULTS AND DISCUSSION

Effectiveness is a benchmark in every activity or program to achieve the goals or objectives that have been set. The achievement of goals or objectives that have been jointly established. The benchmarks for measuring effectiveness are generally seen from several key aspects: 1) program success, 2) target success, 3) satisfaction with the program, 4) input and output levels.

The effectiveness of a program can be implemented by using operational capabilities in accordance with the previously established objectives. The benchmark for the success of the Sharia KUR program can be seen from the mechanisms and processes implemented in the field. According to Jones and Arif Rohman (2015: 101-102), a program is a form of a component within a policy. As the KUR Syariah program progresses, it is a government initiative aimed at meeting the needs of the community.

Various collections of information and facts studied from different sources regarding the Sharia KUR program have been carried out effectively. This can be proven based on the research conducted by Aulia (2017). In the study, it was found that the implementation of the KUR Sharia program can have a positive impact on the performance of MSMEs. This can also be proven from several aspects, including the accuracy of the target of the sharia KUR program, the accuracy of the credit amount, the accuracy of the burden, the accuracy of the timing, and the accuracy of the procedures.

1) Aspect of target accuracy: It is an aspect where the target of the Sharia KUR program can be precisely achieved. As its target, it aims at the community that has micro, small, or medium enterprises (UMKM) facing issues of insufficient capital to start or to improve and develop their businesses sustainably, 2) Timeliness aspect: This aspect discusses the time limits that have been set during the provision of Shariah People's Business Credit (KUR) in relation to the application for determining the amount of credit requested by the customer, 3) Aspect of accuracy of amount: This aspect focuses on the accuracy of the nominal amount in accordance with the customer's application during the application stage, 4) Aspect of credit accuracy: This aspect discusses the provisions that have been previously agreed upon between the debtor and various matters that have been conveyed earlier regarding the People's Business Credit (KUR).

Other information is also obtained through literature studies. The community acknowledges that with the existence of Shariah Micro Business Credit (KUR), their businesses feel greatly assisted. In addition, their businesses can also grow. The community also acknowledges that the ease of the requirements for applying for Sharia KUR is very simple (Suginam et al., 2021).

The following are the requirements for the community who wish to apply for the Sharia KUR program: 1) customers who wish to apply for a loan of up to 50 million must provide

several specified documents, 2) customers who wish to apply for a loan of up to 50 million must have an MSME that has been established for at least 6 months, 3) submit a photocopy of the family card, 4) submitting photocopies of the husband's and wife's ID cards if they are already married, 5) submit a 4x5 passport-sized photo of the husband and wife, 6) submitting a photocopy of the business certificate, 7) submitting a photocopy of the last 3 months' bank statement, 8) submitting a photocopy of the business premises rental agreement, 9) submitting a photocopy of the NPWP (specifically for loans above 50 million), 10) submitting business records/invoices for purchased goods, 11) being an Indonesian citizen (WNI), 12) minimum age of 21 years or already married (Makki, 2022).

### **The benefits of the KUR Sharia program for the growth and advancement of MSMEs**

The implementation of the Sharia KUR program can provide many benefits to the community as actors in the MSME business. Many aspects serve as driving factors in the growth and development of sustainable MSME businesses. Here is information obtained from a literature review on several benefits received by MSME business actors from the implementation of the Sharia KUR program. 1) The people's business credit program can influence the increase in MSME income. As a matter of fact, if the distribution of KUR increases, it will automatically boost the income of those MSMEs. 2) The distribution of KUR can encourage the community to develop their businesses or start new ones. Based on this, it can automatically increase income for the community of MSME business actors. 3) The distribution of KUR sourced from the government is also believed to reduce the unemployment rate and can expand and create new business opportunities for the community. Thus, this has a positive relationship with the development of MSMEs (Nazirah & Chairiyaton, 2022).

## **CONCLUSION**

### **Conclusion**

Based on the results of the paper titled "The Role of Sharia Financial Institutions Bank BSI in Empowering MSMEs Through the Sharia KUR Acceptance Program," it can be concluded that the Sharia KUR acceptance program can have a very significant impact on the operation of MSME businesses for the community. The research method used in this paper is a qualitative method with a literature study, collecting various references from journals and articles related to previous research, which serve as supporting arguments to explain the impact of the Sharia KUR acceptance program on the empowerment of MSMEs. The Sharia microfinance program can operate effectively in providing assistance towards the improvement, growth, and sustainability of MSME businesses. In addition, the Sharia currency program can also minimize unemployment rates and expand or create new business opportunities for the community.

### **Suggestion**

It is expected that BSI will continue to enhance socialization and education for MSME actors regarding the benefits and mechanisms of Sharia KUR. In addition, the KUR distribution process should be made simpler and more efficient so that more MSME actors can access the financing. This research still has limitations in scope and the data analyzed. Therefore, it is recommended for future researchers to expand the study with more varied methods and involve more respondents from different regions to make the research results more representative. With these suggestions, it is hoped that the KUR Syariah program in the future can become more

optimal in supporting the empowerment of MSMEs, in line with the principles of fair, inclusive, and sustainable sharia finance.

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