

The Role of Banking and Financial Inclusion in Developing Creative Economy in Madura

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Abstract

Indonesia has enormous potential which can be utilized by the community as capital to develop the creative economy. The three largest creative economy sectors in Indonesia are fashion, culinary and crafts. The large potential of the craft industry sector needs to be increased and it is hoped that this can also encourage other sectors. One of the problems faced by creative business actors is limited capital and financing. Banking has a very important role in developing the creative economy. Madura is an island that has great potential in the field of the creative economy. However, its development requires a third party. This research aims to determine the role of regional banks in developing the creative economy in Madura. This research uses a mixed method model exploratory design. This research begins with qualitative research, the results of the research will be used to develop instruments for quantitative research. The research locations are Sumenep and Pamekasan Regencies. The respondents were creative economic entrepreneurs and the BPRS Bhakti Sumekar bank.

Keywords: *Creative economy; Regional banks.*

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INTRODUCTION

Indonesia is a country rich in natural, cultural, and human resources. One of the current focuses of economic development is the creative economy sector. The creative economy is a new concept in an economic system that places information and creativity as the primary factors of production. (Sari, 2018). This sector includes creative industries such as arts and culture, design, fashion, culinary, and creative technology. This sector has great potential to increase economic growth and create jobs, especially in areas with great creative potential. The Government of the Republic of Indonesia through the Ministry of Tourism and Creative Economy has identified the scope of the creative industry to include 14 subsectors, namely: architecture, advertising, art goods (paintings, sculptures), crafts, design, fashion, music, interactive games, performing arts, publishing, printing, computer services and software, radio and television, research and development, as well as film, video, photography (Akhmad & Hidayat, 2015). From an economic perspective, there is a close relationship between creativity and socio-economic development that is not specifically separated (Wahyuningsih & Satriani, 2019). So, the creative economy is able to create prosperity because it can create jobs, increase income, reduce poverty, reduce unemployment, reduce inequality and encourage renewal and utilize local raw materials.

The creative economy is the utilization of not only renewable but also unlimited resources, including ideas, concepts, talents, and creativity. The economic value of a product or service in the creative era is no longer determined by raw materials or production systems, but rather by the utilization of creativity and the creation of increasingly advanced technological developments (Fitria, 2021) . Indonesia has enormous potential that can be utilized by the community as capital to develop the creative economy.

The creative industry has a significant role in the Indonesian economy. Bank Indonesia data shows that the creative industry contributed Rp 1,105 trillion to GDP in 2018, and the creative economy contributed Rp 21.5 billion to exports in 2017. The creative industry also absorbed 17.4 million workers in 2017. A mapping analysis conducted by Bank Indonesia in collaboration with the World Bank in 2014 indicated that almost all provinces in Indonesia have the potential for craft and fashion industries (Bank Indonesia, 2018) . The three largest contributors to the creative economy are fashion, culinary, and crafts. The potential of the large craft industry sector needs to be increased and is expected to boost the tourism sector. On the other hand, the industrial and craft sectors still face obstacles. Survey results show that in general, creative industry entrepreneurs face several obstacles, namely limited capital, market access, limited human resource skills, and competition with foreign products.

Madura, a small island in East Java, is a region with significant potential in the creative economy sector. However, the creative economy sector in Madura is still relatively new and has not been optimally utilized. Along with the development of the creative economy sector, the role of banks, especially regional banks, is becoming increasingly important. Banks are business entities whose activities collect funds from the public in the form of deposits and distribute funds to the public in the form of credit and other means to improve the community's economy (Simatupang, 2019) . Regional banks are commercial banks owned by the regional government, with the deed of establishment, capital, and profits also owned by the regional government. Regional banks play a strategic role in accelerating regional economic growth, including in the development of the creative economy sector and local potential. Regional banks can be strategic partners for creative economy actors in developing their businesses, including in terms of funding, market development, and risk management. With support from regional banks, creative economy actors in Madura can develop their businesses and better utilize local potential.

However, developing the creative economy sector in Madura also faces challenges that must be addressed, such as limited access to financing, a lack of business networks, and a lack of supporting infrastructure and facilities. Therefore, this paper will discuss the role of regional banks and financial inclusion in developing the creative economy in Madura, as well as identify the challenges and opportunities faced by regional banks in developing the creative economy sector in Madura. The research findings are expected to provide recommendations for enhancing the role of regional banks in developing the creative economy sector in Madura.

Indonesia's socio-cultural diversity indicates the high level of creativity of its people and the diversity of products from various ethnicities, which are supporting factors in the development of the creative economy in Indonesia (Rakib, 2017) . Likewise, the creative economy and local potential in Madura are a source of inspiration in developing the creative economy in Madura. In developing the creative economy and local potential, business actors often experience problems with capital,

financing, and limited funds. Therefore, the role of third parties, namely banks, is very necessary in the development of the creative economy and local potential in Madura. Creative industry development activities can be carried out on a cultural basis through special programs such as training, development, and capital (El Hasanah, 2018) .

METHODOLOGY

The method used in this research is a *mixed methods* . This research is a research step by combining two forms of research that have previously existed, namely quantitative and qualitative. According to Sugiyono, the combined research method (*mixed method*) is a research method between quantitative and qualitative methods used together in one research activity. *Mixed Methods Research* is also referred to as a methodology that provides philosophical assumptions in showing direction or providing instructions on how to collect and analyze data as well as a combination of quantitative and qualitative approaches through several phases of the research process (Mertens, 2013) . The combined method used is the *exploratory design model* , namely *the instrument development* model where this model is used to develop quantitative instruments to clarify qualitative findings. So in this study, first will conduct qualitative research from the research results will be developed instruments for quantitative research so that later can clarify the findings in this study.

This research was conducted in Sumenep and Pamekasan Regencies. This location was chosen because Sumenep has a regional bank with offices spread across all sub-districts in Sumenep and has a branch in Pamekasan. Respondents who became the data source for this study were creative entrepreneurs, tourism managers and the head of the regional bank, namely BPRS Bhakti Sumekar. Sampling will be carried out using the *snowball sampling technique* , where in this technique the sample size is initially small and will gradually increase. With the presence of key informants, it is hoped that the sample size will increase like a snowball.

Data collection techniques in this study were conducted using several methods, including interviews, field observations, questionnaires, and documentation. Interviews were conducted to obtain primary data from respondents. In this case, semi-structured interviews were chosen to allow respondents to be more open in providing their answers. Interviews were conducted with parties deemed to have knowledge and understanding of the problems in this study, thus being able to answer the questions posed by the researcher. Next, field observations aimed to determine the actual conditions on the ground. Questionnaires were also filled out with creative economy entrepreneurs to answer several questions prepared in the form of a questionnaire. This study also used a documentation method, where researchers collected related data related to sales volumes and turnover generated by creative economy entrepreneurs and tourist attractions in Madura, especially in Sumenep and Pamekasan.

This research uses a phased qualitative-quantitative data analysis, with the qualitative research conducted first using interviews. The interview results will then be developed into instruments for the quantitative method. A questionnaire will then be developed and distributed to respondents to determine the role of regional banks in developing the creative economy. In the quantitative phase, data analysis will be conducted using multiple linear regression statistical tests. The following is an overview of the research design:

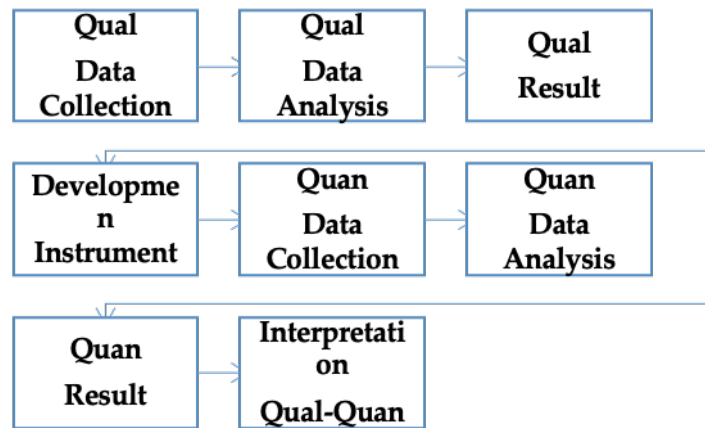


Figure 1. Research Design

RESULTS AND DISCUSSION

PT Bank Bhakti Sumekar (BBS) is a regional development bank owned by Sumenep Regency. BBS was established through an acquisition by the Sumenep Regency Government of PT BPR DANA MERAPI in Sidoarjo. The acquisition plan from the Sumenep Regency Government has received recommendations and approval from the Regional People's Representative Council (DPRD) of Sumenep Regency on November 19, 2001 with the number 910/953/435.040/2001 and has also been approved by Bank Indonesia on February 20, 2002 with the Approval Letter Number 4/5/DPBPR/P3BPR/Sb .

In its development, PT BPR Dana Merapi has undergone a name change to PT BPR Bhakti Sumekar with Deed Number 24 dated September 16, 2002 by Notary Karuniawan Surjanto, SH, notary in Sidoarjo and Approval from Bank Indonesia No. 04/8/KEP/PBI/sb/2002 dated November 11, 2003. And received approval from the Indonesian Ministry of Justice and Human Rights, No. C-19351 NT.01.04 of 2002 dated October 8, 2002 concerning Approval of the Deed of Amendment to the Articles of Association of a Limited Liability Company.

Furthermore, to confirm the establishment of PT BPRS Bhakti Sumekar – Sumenep, the Sumenep Regency Government has ratified it in a Regional Regulation (PERDA) Number 6 of 2003 dated 31-07-2003 concerning the Establishment of PT. Bank Perkreditan Rakyat Syari'ah Bhakti Sumekar. Changes in the Conventional System to the Sharia System and the change in the name of PT BPR Bhakti Sumekar to PT. BPRS Bhakti Sumekar in the notarial deed of Sukarini SH, notary in Sidoarjo No. 1 dated November 1, 2003 has received approval from the Indonesian Ministry of Justice and Human Rights, No. C-01389 HT.01.04.TH.2004 dated January 19, 2004 and approval of the principle permit from Bank Indonesia NO. 6/606/DPBs Jakarta dated May 21, 2004 and Bank Indonesia Surabaya Branch No. 6/353/DPBPR/IDBPR/Sb dated June 22, 2004.

The BBS head office is located at Jalan Trunojoyo No. 137 Sumenep. BBS Bank is spread across various sub-districts to the easternmost island region of Sumenep Regency. BBS also opened branches in Pamekasan Regency and Jember Regency. BBS Bank has 27 pratama branch offices, 2 cash offices and 2 middle branch offices. The purpose of establishing BBS Bank is to improve and empower the potential of the regional economy in order to increase Regional Original Income (PAD) in order to achieve equitable prosperity for local communities. BBS provides e-Channels to make

it easier for customers to conduct several transactions. There are 3 e-Channels provided by BBS, namely BBS ATM, Mobile BBS and Setrik. BBS Bank Automated Teller Machines (ATMs) are always ready to serve cash needs whenever needed. BBS ATMs are cardless so cash withdrawals will be easier and more practical. BBS Mobile is an Android smartphone-based application presented to facilitate transactions anytime and anywhere. Setrik is a savings deposit and withdrawal service carried out by Setrik agents anywhere and anytime. All e-Channels provided by BBS are free of monthly fees and administration fees.

It is commonly known that a bank is a business entity whose activities collect funds from the public in the form of deposits and distribute funds to the public in the form of credit and so on to improve the community's economy. The same thing is also done by BBS bank, namely collecting funds from the public and distributing funds to the community. Where BBS bank was established with the aim of increasing the potential of the regional economy to achieve a prosperous society. This is in line with the vision and mission of BBS. Based on the results of interviews with the Director of BBS, it is known that BBS bank has several products that support the Sumenep Regency program to develop the potential of the creative economy. BBS bank products that support the development of the creative economy are Sharia MSME Financing and MSME Partner Financing.

Sharia-compliant MSME financing is financing for micro, small, and medium-sized enterprises (MSMEs) to be used as working capital. Some of the benefits offered by this product include Islamic sharia-compliant contracts, a simple and fast process, a fixed murabahah margin, profit sharing based on a ratio (nisbah), and flexible early repayment. Meanwhile, MSME partner financing is low-margin financing for MSMEs to be used as working capital.

This MSME partner financing is a Sumenep Regency government budget program to support and develop MSMEs in Sumenep. BBS Bank has allocated Rp 50 billion for this program. BBS Bank offers low margins for MSME partners, as outlined in the following table:

Table 1 Financing Margin and Ceiling Table

No	Financing Margin	Amount of Financing
1	0%	Max Rp. 5,000,000.00
2	3%	Max Rp. 25,000,000.00
3	6%	Max Rp. 50,000,000.00

Source: Processed Data

In addition to providing financing to support regional programs, BBS Bank consistently strives to help improve and develop the creative economy in Sumenep. Some concrete activities undertaken by BBS Bank to support creative economy development include:

- Providing a showcase for MSMEs
- Providing tents for selling MSMEs at the Sunday market
- Providing t-shirts to MSMEs at the Sunday market
- Buying UMKM batik for office uniforms
- Buying MSME products to be distributed to customers, such as handicrafts in the form of tissue holders, figures, carvings and others.
- Building shops for MSMEs in tourist attractions
- Assisting in the process of managing halal certificates for MSMEs

- Assisting in the HKI management process for Sumenep batik artisans
- Supporting the holding of cultural festivals

This research is a *mixed-methods study*, with a qualitative approach first and a quantitative approach second. The results of the first phase were used to develop the research instruments for the second phase.

Based on the interview results, we identified three variables: the role of banking, financial inclusion, and the creative economy in the music, crafts, culinary, and performing arts sectors in Sumenep and Pamekasan Regencies. Indicators for each variable are explained in the table below.

Table 2 Operational Definition of Variables

Variables	Definition	Indicator	Measurement
Role of Banking (X1)	Banking is a financial institution whose main activity is collecting funds from the public and distributing them to the public to improve the economy and public welfare.	Products offered to support the creative economy	Likert Scale 1-5
		Activities that support the development of the creative economy	
		Services from the banking sector	
		Trust from the community	
		Ease of process	
Financial Inclusion (X2)	Availability of access to various financial products and services according to the needs of the community, especially in the development of the creative economy.	Strategic location of financial institutions	Likert Scale 1-5
		Knowing the bank's financial services	
		Financial services are easily accessible	
		Able to use financial institution facilities to meet needs and manage finances	
		Financial institutions create guidelines on procedures for accessing financial services.	
		Creative economy people feel helped by financial services	

		Products or services provided by financial institutions increase revenue	
Economy Development (Y1)	An economic concept in the new economic era that intensifies information and creativity by creating ideas and ideas that can be developed to improve the economy (Marlinah, 2017)	Production Marketing Sale Business development Economic and environmental conditions	Likert Scale 1-5

The formulated hypothesis is:

H1 : The role of banking influences the development of the creative economy in
Madura

H2 : Financial inclusion has an impact on the development of the creative economy in
Madura

Data collection was conducted by distributing questionnaires to creative economy entrepreneurs in Sumenep Regency. The collected data were analyzed using SPSS (Statistical Product and Service Solution) to test the validity of the hypothesis. The analytical tool used in this study was Multiple Linear Regression Analysis. The following is the multiple linear regression equation in this study:

$$Y = \alpha + b_1.X_1 + b_2.X_2$$

Where:

Y = creative economy

α = constant

b_1, b_2 = coefficients of X_1, X_2

X_1 = role of banking

X_2 = financial inclusion

Based on the results of the normality test, it is known that the P-Plot produces a diagonal line, thus indicating a normally distributed pattern. Furthermore, the Asymp.Sig value is greater than 0.05, thus concluding that the residuals are normally distributed, and vice versa. The Kolmogorov-Smirnov normality test yielded a result of 0.200, indicating a normally distributed pattern .

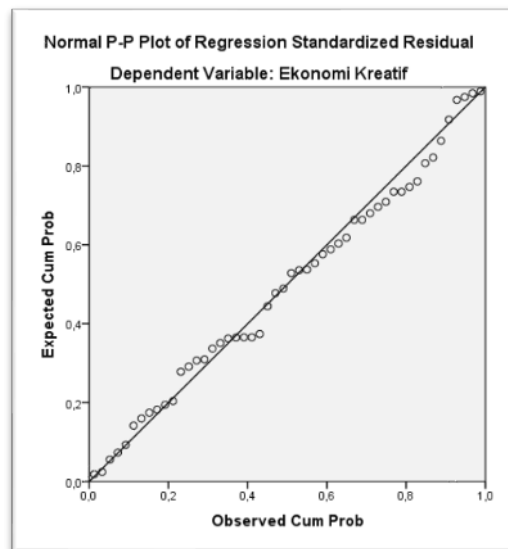


Figure 2. Normality Test Results

After the normality test is carried out, a multicollinearity test is then carried out to test whether there is a correlation between the independent variables in the regression model. The requirements for the multicollinearity test are if the tolerance value is greater than 0.10, it means that there is no multicollinearity, and if the VIF value is less than 10.00, it means that there is no multicollinearity. From the SPSS test results, it is known that the tolerance value of 0.999 is greater than 0.10 and the VIF value of 1.001 is less than 10.00, so it can be concluded that there is no multicollinearity or no correlation between the variables .

Table 3 Coefficients

Model	Coefficients ^a						
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	13,158	3,790		3,471	,001		
The Role of Banking	,672	,133	,591	5,064	,000	,999	1,001
Financial Inclusion	,079	,109	,085	,725	,472	,999	1,001

a. Dependent Variable: Creative Economy

The next test is the autocorrelation test. This test aims to determine whether there is a correlation between the nuisance error in period t and the nuisance error in period t-1 (previously). The SPSS results show that the Durbin-Watson (DW) value obtained is 1.609, which lies between $dL < DW < 4 - dU$, meaning the research data does not experience autocorrelation.

Then there is the heteroscedasticity test which aims to test whether in the regression model there is inequality of variance from the residuals of one observation to another observation. The results of the heteroscedasticity test on the scatterplot graph note that the points are spread randomly and are spread both above and below

the number 0 on the Y axis. This means that there is no heteroscedasticity in the regression model so that the regression model is suitable for use .

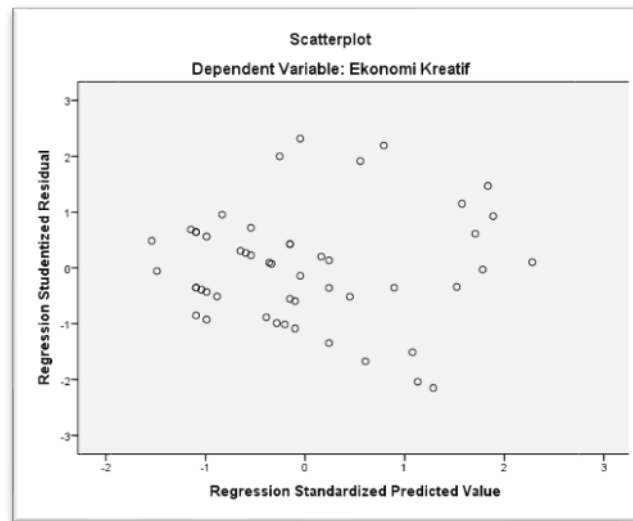


Figure 4. Results of Heteroscedasticity Test

Furthermore, the results of the heteroscedasticity test using the weighted least squares method show no significant relationship between all independent variables and the absolute value of the residual, as indicated by a Sig. greater than 0.05. This means that this model is free from heteroscedasticity.

Based on the results of the regression analysis in Table 3, the multiple linear regression model equation is obtained as follows:

$$Y = \alpha + b_1.X_1 + b_2.X_2$$

$$= 13.158 + 0.672 X_1 + 0.079 X_2$$

From the multiple linear regression model, several conclusions can be drawn. First, the constant of 13.158 is the intersection of the regression line with the Y-axis, indicating the development of the creative economy when all independent variables, namely the role of banking (X1) and financial inclusion (X2), are equal to zero. Therefore, the development of the creative economy has a value of 13.158. Second, the role of banking (X1) has a positive regression coefficient of 0.672. This means that if the role of banking increases by one unit, the creative economy will increase by 0.672, assuming that the other variables examined in this study are constant. Third, the financial inclusion variable (X2) has a coefficient value of 0.079. This indicates that financial inclusion has a positive influence on the development of the creative economy. This means that for every one unit increase in financial inclusion, the creative economy increases by 0.079, assuming that the other variables are constant.

To test partially, a t-test was conducted, the test results can be seen in table 3 coefficient, which shows that the calculated t value of the banking role variable (X1) is 5.064, this means that the calculated t is greater than the t table and the significance level is $0.000 < 0.005$ so it can be concluded that the role of banking has a significant influence on the development of the creative economy in Manura. The calculated t value of the financial inclusion variable (X2) is 0.725, this means that the calculated t is smaller than the t table and the significance level is $0.472 > 0.05$ so it can be concluded that financial inclusion has no influence on the development of the creative economy in Madura .

Banking is a financial institution that collects funds from the public in the form of savings and distributes them back to the public in the form of loans. Banking plays a crucial role in a country's economy. Furthermore, banking also plays an active role in the development of the creative economy. The development of the creative economy in Indonesia has increased year after year. Research shows that banking plays a significant role in the development of the creative economy in Sumenep Regency. Banks offer several products that support the development of the creative economy, such as BBS Bank, which offers financing for MSME partners in Sumenep Regency. This product is offered exclusively to business owners with low interest rates. Most business owners acknowledge that banking products, such as financing, credit, and similar products, are very helpful in developing their businesses. Banking activities support the development of the creative economy, such as helping market and introduce creative economy products. Banks frequently conduct outreach by offering their products to business owners.

It is widely known that one of the obstacles faced by MSMEs is limited capital. Opening access to capital in the formal financial sector will automatically open up business opportunities or increase their business capacity. A study found that access to capital is one of the important problems often faced by MSMEs (Abor & Quartey, 2010) . With easy financial services, the performance of MSMEs in a country will improve due to the convenience obtained from financial institutions. In line with the role of banking, the availability of access to various financial institutions, financial products and services is also needed by entrepreneurs in developing the creative economy. However, the results of this study indicate that financial inclusion has a positive but not significant effect on the development of the creative economy in Sumenep Regency. This occurs because, MSME entrepreneurs in the creative economy sector in Sumenep Regency are mostly older who are not familiar with financial applications provided by banks. In addition, unstable internet access is a barrier.

CONCLUSION

Based on the research conducted, it can be concluded that banking plays a significant role in the development of the creative economy in Sumenep Regency. This role is particularly felt by business actors, particularly in banking products such as financing for MSMEs with low interest rates. Furthermore, access to various financial institutions, products, and services is also essential for business actors in developing the creative economy.

Based on the research results, the sustainability plan for this research will include community service activities in the form of mentoring MSMEs, focusing on implementing business management to develop businesses in the creative economy. Furthermore, it is necessary to introduce financial applications to streamline financial management.

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