

Optimization Of Sharia Micro Credit Financing As An Inclusive Solution For Msmes: Swot Analysis Approach (Case Study: Bsi Kanwil S Parman)

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Abstract

This study aims to analyze the optimization of Sharia People's Business Credit (KUR) financing as an inclusive solution for MSMEs, using a case study at Bank Syariah Indonesia (BSI) S. Parman Medan Regional Office. Using a qualitative descriptive-analytical approach, data was collected through interviews with three financing marketers. The results show that Sharia KUR plays a crucial role in reaching MSMEs that have been underserved by formal banking. BSI's humanistic, religious, and educational approach has successfully built customer trust and loyalty. However, several challenges remain, such as low sharia financial literacy, inefficient administrative processes, and competition from loan sharks offering faster processing times, even though they are detrimental to customers. Nevertheless, the potential growth of MSMEs in the culinary and halal livestock sectors opens up significant opportunities for the expansion of this financing. In conclusion, Sharia KUR is not only a sharia-based financing alternative, but also an inclusive and transformative economic empowerment instrument. To support the sustainability of this program, service optimization, ongoing education, and strengthening social relations between banks and business actors are needed. Sharia KUR has great potential to accelerate the growth of MSMEs that is fair, sustainable, and in accordance with Islamic economic principles.

Keywords : Optimization, Sharia Micro Credit, MSMEs

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INTRODUCTION

The importance of the small business sector in driving inclusive economic growth is now recognized by the global economy. Micro, Small, and Medium Enterprises (MSMEs) are the main economic drivers in many countries, including Indonesia. According to data from the Ministry of Cooperatives and SMEs, there are currently around 64.2 million MSMEs in Indonesia, contributing about 61% of the national GDP and employing around 97% of the workforce. This shows that MSMEs form the foundation of the country's economy (Junaidi, 2023).

Law Number 20 of 2008 defines Micro, Small, and Medium Enterprises (MSMEs) as profitable businesses run by individuals or business entities that meet the legal standards and regulations for micro business (Harahap, 2023). MSMEs are very important for Indonesia's economy. In 2023, this sector is predicted to contribute

nearly 61% of the national GDP. Small home-based businesses with substantial labor force constitute the majority of MSMEs in Indonesia. The Ministry of Cooperatives and SMEs reports that MSMEs in Indonesia continue to grow every year (Sari & Fisabilillah, 2021)..

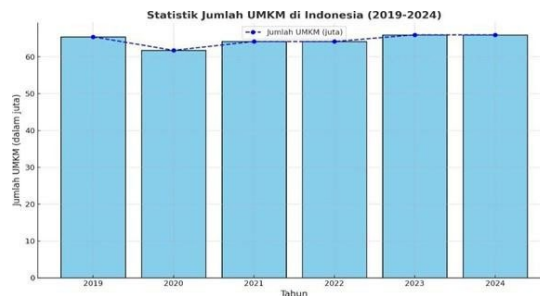


Figure 1: Statistics on the number of MSMEs in Indonesia (2019 – 2024)
(Source: KUR Website)

According to the graph from the official Indonesian MSMEs website, the number of MSMEs in Indonesia has continued to increase each year. The total number of MSMEs reached 65.46 million in 2019. However, this figure decreased to 61.8 million units in 2020. The number of MSMEs then rose again in 2021 and 2022, stabilizing at 64.2 million units. In 2023 and 2024, the number of MSMEs reached 66 million units, continuing this upward trend. With a total of 65.46 million business units, MSMEs were able to absorb approximately 123,300 workers in 2019. These statistics highlight the vital role of MSMEs in poverty alleviation efforts in Indonesia. As the MSME sector absorbs more labor, there is a greater likelihood that poverty reduction will accelerate. The expansion of MSMEs also has a positive impact on the national economy. Therefore, the government can better encourage the development of the MSME sector through financial support such as the People’s Business Credit (KUR) scheme (Lubis et al., 2024).

As of 2022, the SIMDAKOP MSME application in Medan City had registered a total of 38,343 MSMEs. The breakdown includes 3,500 MSMEs in the industrial sector and 5,000 MSMEs in the trade sector. (“Under the Leadership of Bobby Nasution, 1,875 MSME Actors Have Been Fostered”, 2024).

The People’s Business Credit (KUR) program is one of the government’s initiatives to improve access to financing for Micro, Small, and Medium Enterprises (MSMEs) distributed through financial institutions under a guarantee scheme. The KUR program aims to strengthen business capital as part of the acceleration policy for real sector development and MSME empowerment. The objectives of the KUR program are to enhance and facilitate access for productive enterprises to financing, improve the competitiveness of MSMEs, drive economic growth, and increase the likelihood of employment absorption (Wahyudin, 2024).

The purpose of the KUR program is to enhance MSME competitiveness, drive economic growth, expand job opportunities, and improve and facilitate efficient access to finance for businesses. KUR is financed by banks and other financial institutions that disburse the credit. This financing includes working capital and investment provided to individual MSMEs, business entities, and business groups that are profitable

and successful but lack sufficient additional funds. The following diagram shows how KUR utilization continues to increase in Indonesia:

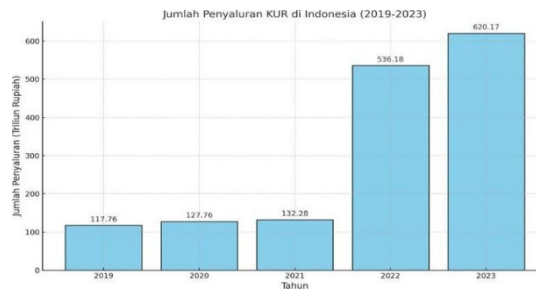


Figure 2: Amount of KUR Disbursement in Indonesia (2019 – 2024)
(Source: KUR Website):

Berdasarkan Based on the diagram above, the amount of KUR disbursement to MSMEs has increased every year. The data above represents the KUR disbursement in Indonesia from 2019 to 2023, while for 2024, the target for KUR disbursement is projected to reach IDR 300 trillion at each bank that administers it (Harahap, 2023).

Although KUR financing disbursement has experienced significant growth, the financing has not been fully distributed to MSMEs. According to the Ombudsman of the Republic of Indonesia website, the main reason KUR financing has not been fully distributed is because MSMEs find it difficult to provide collateral. Even though it has been stipulated in the Coordinating Ministry for Economic Affairs Regulation Number 1 of 2023 that additional collateral is not required for borrowers applying for KUR financing with a loan ceiling of up to IDR 100 million (Tjahjono, 2023).

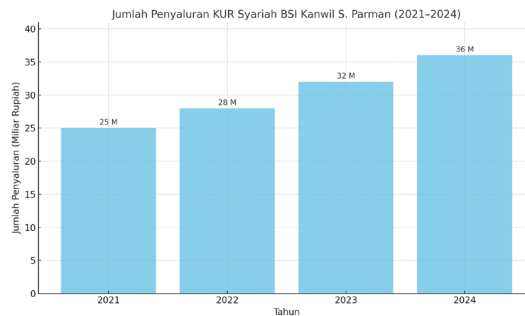


Figure 3: Amount of Sharia KUR Disbursement, BSI Regional Office S. Parman
(2021 – 2024)
(Source: KUR Website)

It can be seen from the diagram above that, based on the data of Sharia KUR disbursement by BSI Regional Office S. Parman from 2021 to 2024, there is a consistent increasing trend every year. In 2021, the total disbursement reached IDR 25 billion. This amount then increased to IDR 28 billion in 2022, IDR 32 billion in 2023, and reached IDR 36 billion in 2024. Overall, within the span of four years, Sharia KUR disbursement increased by IDR 11 billion or approximately 44%. This increase reflects

BSI's commitment to supporting the strengthening of the MSME economy through inclusive and sustainable financing.

Meanwhile, the disbursement of KUR through conventional banks is higher than through Sharia banks. One of the reasons for this is the lack of Sharia financial literacy among MSMEs; furthermore, many MSMEs still do not understand Sharia-based financing schemes, so they prefer conventional financing. Besides the lack of Sharia financial literacy, another reason MSMEs prefer KUR financing through conventional banks is that the administrative processes and requirements are less complicated compared to KUR financing in Sharia banks.

This situation presents one of the main challenges in the disbursement of KUR financing, which is called inclusivity. Inclusivity is a concept that refers to openness, equality, and acceptance of diversity, where all individuals, groups, or elements of society are given equal opportunities to participate fully in various aspects of life without discrimination. In this case, inclusivity becomes the main challenge due to the lack of equality for MSMEs applying for KUR financing. The banks' lack of openness in distributing KUR financing to MSMEs makes it difficult for MSMEs to obtain additional capital to expand their existing businesses. In particular, the requirements set by the banks are also a major reason why MSMEs find it difficult to apply for KUR financing, including that the business must have been running for more than 6 months and possess collateral corresponding to the loan ceiling requested.

Based on the background above, I am interested in analyzing "Optimizing Sharia KUR Financing as an Inclusive Solution for MSMEs: Opportunities and Challenges." This study aims to assess how optimal the Sharia KUR financing at Bank Syariah Indonesia, S. Parman Regional Office Medan, is in addressing inclusivity for MSMEs, which is a major challenge for MSMEs without collateral and for MSME actors who have not yet understood Sharia financing.

METHODOLOGY

Focusing on the case study at the BSI S. Parman Regional Office, this research uses a qualitative approach to understand the complex dynamics and strategies in maximizing Sharia KUR financing as an inclusive option for MSMEs. The bank's internal report on Sharia KUR financing allocation is one of the secondary data sources used for data collection. Additional information was gathered by distributing questionnaires to bank staff and financed MSMEs to supplement the data. To determine the advantages, disadvantages, opportunities, and challenges of implementing Sharia KUR as part of financial inclusion initiatives for micro, small, and medium enterprises, all data were reviewed using a SWOT analysis approach.

RESULTS AND DISCUSSION

Table 1 : IFAS (Internal Factors Analysis Summary) Strength

Instrument	Amount	Weight	Rating	Weighted Score
Sharia KUR has the advantage of using contracts in accordance with Sharia principles.	11	0.1058	4	0.3878
The disbursement process of Sharia KUR at BSI Kanwil S Parman is structured and follows prudential principles.	12	0.1154	4	0.4615
BSI Kanwil S Parman actively conducts education and socialization about prospective MSME customers.	9	0.0865	3	0.2596
The Sharia KUR product can reach MSME segments previously unreached by formal financing.	11	0.1058	4	0.3878
Sharia KUR adds value to the bank's image as a financial institution committed to ethical finance.	12	0.1154	4	0.4615
Total	55			1.9583

Weakness

Instrument	Amount	Weight	Rating	Weighted Score
Many community members or MSME actors are unfamiliar or do not understand the Sharia KUR program.	8	0.0769	4	0.3878
Information regarding requirements and procedures for applying for Sharia KUR is limited or unclear.	11	0.1058	4	0.4615
Assistance or training for MSMEs after receiving Sharia KUR financing is still uneven.	9	0.0865	3	0.2596

Some MSME actors feel confused by the Sharia contract terms used in the financing.	11	0.1058	4	0.3878
The digital system or technology for Sharia KUR services has not fully assisted in expediting applications.	10	0.0962	4	0.4615
Total	49			1.5609
Total S + W	104	1		3.5192

Table 2 : Efas (Eksternal Factors Analysis Summary)

Opportunities

Instrument	Amount	Weight	Rating	Weighted Score
Sharia KUR opens opportunities for small business actors to obtain financing without the burden of interest.	13	0.1140	4	0.4942
Demand for Sharia-based products and services is an opportunity for the future development of Sharia KUR.	14	0.1228	5	0.5731
Digitalization (such as e-commerce and non-cash payments) supports the utilization of Sharia KUR for business growth.	10	0.0877	3	0.2924
Government support for MSMEs expands the opportunities for the Sharia KUR program.	12	0.1053	4	0.4211
Sharia KUR provides opportunities for cooperation between banks and MSMEs to grow sustainably together.	11	0.0965	4	0.3538
Total	60			2.1345

Threats

Instrument	Amount	Weight	Rating	Weighted Score
Many MSMEs still feel confused about understanding the full	11	0.0965	4	0.3538

terms and conditions of Sharia KUR financing.				
The Sharia KUR application process can sometimes feel complicated or require many documents.	11	0.0965	4	0.3538
Public perception that it is easier to borrow from loan sharks than from Sharia banks.	10	0.0877	3	0.2924
Difficult requirements often cause MSMEs to prefer borrowing from loan sharks.	11	0.0965	4	0.3538
Lack of education about Sharia finance causes the public to choose to borrow from loan sharks despite high interest rates.	11	0.0965	4	0.3538
Total	54			1.7076
Total O + T	114			
Overall Total	218	1		3.8421

Tabel 3 Matriks Swot

IFAS / EFAS	<p style="text-align: center;">Strengths</p> <p>(Sharia KUR has the advantage of using contracts according to Sharia principles. The disbursement process at BSI Kanwil S Parman is structured and follows prudential principles. BSI Kanwil S Parman actively conducts education for prospective MSME clients. The Sharia KUR product reaches MSME segments previously unreached by formal financing. Sharia KUR adds value to the bank's image as a financial institution committed to ethical finance.)</p>	<p style="text-align: center;">Weaknesses</p> <p>(Many community or MSME actors have not yet known or understood the Sharia KUR program. Information on application requirements and procedures is unclear or limited. Assistance or training for MSMEs post-financing is uneven. Some MSMEs are confused by the Sharia contract terms used. Digital systems have not fully assisted application processes.)</p>
<p style="text-align: center;">Opportunities</p> <p>(Sharia KUR creates opportunities for small</p>	<p style="text-align: center;">WO</p> <p>Bank Syariah Indonesia Kanwil S Parman</p>	

<p>business actors to obtain financing without interest burden. Increasing demand for Sharia-based products and services offers growth opportunities. Digitalization supports utilization of Sharia KUR for business development. Government support expands program opportunities. Sharia KUR enables sustainable partnerships between banks and MSMEs.)</p>	<p>implements Sharia financial literacy through socialization activities to open opportunities for small businesses to obtain financing without interest burden and anticipates rising demand for Sharia-based products and services (W1, O1, O2). Accelerate digital system improvements to support Sharia KUR utilization for MSME growth (W5, O3). Enhance assistance and training to MSMEs after financing, taking advantage of government support expanding the program (W3, O4). Broaden information dissemination about application requirements and procedures to improve understanding of Sharia contracts. BSI Kanwil S Parman provides opportunities for collaboration between bank and MSMEs to grow sustainably, making financing more accessible (W2, W4, O5).</p>	
<p>Threats (Many MSMEs are confused about Sharia KUR terms and conditions. The application process can be complicated and require many documents. Public perception favors borrowing from moneylenders over Sharia banks. Difficult requirements push MSMEs toward moneylenders. Lack of financial education leads to borrowing from high-interest moneylenders.)</p>		

Diagram Analisis SWOT



Discussion

The optimization of Sharia People's Business Credit (KUR) financing is a significant strategic step in realizing financial inclusion based on Sharia principles, especially in the working area of BSI Regional Office S. Parman. Based on the results of the conducted SWOT analysis, it was found that the development and utilization of Sharia KUR can be improved through various targeted strategies. This strategy combines Weaknesses and Opportunities, where the weaknesses can be overcome by utilizing various available opportunities to ensure inclusive, fair, and sustainable access to financing for micro, small, and medium enterprises (MSMEs).

One of the main strengths of BSI Regional Office S. Parman is its position as a leading Sharia bank with a wide network and competent human resources in the field of Sharia finance. This strength is optimized through massive Sharia financial literacy and education activities directed at the community and MSME actors, especially regarding the benefits of Sharia KUR, which is interest-free and complies with Islamic principles. These socialization activities open opportunities to increase public understanding and trust in the Sharia financial system.

Furthermore, in response to technological developments and the need to expand service reach, accelerating the digitalization of the Sharia KUR system becomes an important focus. The development of digital-based applications, online submission systems, and services based on digital customer service assistants can accelerate the process of application and fund disbursement, making it more efficient, faster, and on target. This strategy is a response to the expanding digitalization opportunities among the Indonesian population, as well as the challenge posed by limited physical access to branch offices, especially in remote areas.

Assistance and training for MSME actors also become key strategies to overcome internal weaknesses such as limited understanding of the Sharia system and the KUR application procedures. Comprehensive training programs are expected to improve MSMEs' capacity in business management, Sharia financial management, and understanding of various Sharia contracts such as murabahah, ijarah, or musharakah used in the Sharia KUR financing scheme.

Another strategy applied is to expand access to information and clarify the procedures for applying for Sharia KUR. Many MSME actors still find it difficult to

understand the administrative stages as well as the Sharia requirements attached to this financing. Therefore, BSI Regional Office S. Parman takes the initiative to establish strategic cooperation with MSME communities, entrepreneur associations, and educational institutions to provide integrated education while building a mutually supportive financing ecosystem. This synergy will strengthen the position of Sharia KUR as an inclusive and ethical solution within the community.

The strategies formulated and implemented are grounded in strong theoretical foundations within Islamic finance literature. One relevant figure is M. Umer Chapra, who in his work states that the Islamic financial system must be able to promote economic equity and prevent social inequality (Yusuf, 2022). Sharia financing, free from usury and based on profit and loss sharing, is considered capable of creating economic justice, strengthening public trust, and improving the welfare of small economic actors, in line with research by Eka et al., which states that Sharia KUR financing has a significant impact in helping MSMEs manage finances for business operations, business management, income improvement, and performance enhancement (Ningrum & Tambunan, 2025). The optimization strategy of Sharia KUR also aligns with the principle of financial inclusion advocated by Bank Indonesia within the framework of Sharia finance, where Sharia financing becomes a key instrument in expanding access to productive financing for the unbanked and underbanked population.

The implications of this strategy from an Islamic economic perspective are very broad. The optimal application of Sharia KUR can serve as a means to achieve *maqashid syariah*, especially in aspects of *hifz al-mal* (protection of wealth), *hifz al-din* (preservation of religion through an interest-free system), and *hifz al-nafs* (ensuring the survival and welfare of business actors). This financing system not only emphasizes economic benefits but also instills values of justice, blessing, and social responsibility in financial transactions. The existence of Sharia KUR provides space for small business actors to grow without being burdened by suffocating interest-based systems, while also fostering entrepreneurial spirit in accordance with Islamic ethics.

Looking ahead, the impact of this optimization strategy is projected to provide a significant contribution to the growth of the MSME sector in Indonesia. The increased easy, fast, and affordable access to Sharia financing will encourage the emergence of new businesses, create jobs, and reduce economic disparity. Additionally, on a macro scale, this strategy will strengthen the national Sharia economic ecosystem, which is currently being developed by the government through the National Committee for Sharia Economy and Finance (KNEKS). In the long term, Sharia KUR is expected to become the main foundation of an inclusive, ethical, and sustainable Sharia financial system in Indonesia.

CONCLUSION

This study shows that the Sharia People's Business Credit (KUR) program run by Bank Syariah Indonesia Regional Office S. Parman has a strategic role in promoting financial inclusivity, particularly for Micro, Small, and Medium Enterprises (MSMEs) that have so far been underserved by the formal financial system. The main strength of this program lies in its humanistic, religious, and educational service approach, which builds customer trust and loyalty. However, the program still faces significant challenges, such as low Sharia financial literacy, perceptions of complicated

administrative procedures, and the presence of loan sharks offering quick but crippling loans. On the other hand, there are great opportunities open with the rising trend of MSMEs in the halal sector and the growing public preference for Sharia-based financial products. Overall, Sharia KUR proves to be not only an alternative financing scheme but also an inclusive and transformative economic empowerment instrument if optimized sustainably.

Based on the research findings, it is recommended that Bank Syariah Indonesia Regional Office S. Parman enhance Sharia financial literacy among MSMEs through massive and continuous educational programs to increase public understanding of the principles and benefits of Sharia KUR. In addition, simplifying administrative procedures without compromising prudential principles needs to be undertaken to make financing access easier and faster. Strengthening digitalization through the use of technology-based applications and integration with e-commerce platforms can be an effective strategy to reach businesses more broadly. The bank also needs to strengthen the role of MSME facilitators who function not only as financing facilitators but also as mentors in business management. Moreover, progressive public campaigns and socialization efforts should be conducted consistently to eliminate the stigma that Sharia financing is complicated and less competitive compared to conventional financing. With a targeted and comprehensive strategy, the Sharia KUR program has the potential to become a key driver in creating an inclusive, sustainable, and equitable financing system for MSMEs in Indonesia.

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