Sharia Banking Financing: Can It Increase the Output of Micro Small and Medium Enterprises in Indonesia?

Dini Luspita[1*]
Email: dinikph93@gmail.com
Affiliation: University of Bengkulu
Rina Novitasari[2]
Email: rinans@gmail.com
Affiliation: University of Bengkulu
Dea Rustami[3]
Email: dearustami@gmail.com
Affiliation: University of Bengkulu
Ririn Nopiah[4]
Email: ririn_nopiah@unib.ac.id
Affiliation: University of Bengkulu

Abstract

The trend of increasing bank interest rates means that MSMEs cannot pay off their debts to the bank, and ultimately, the bank will confiscate their property to pay off their debts. For this reason, the community and micro and small-scale business actors need a financing system that supports business success, namely a profit-sharing system. Sharia banking, a financial institution with operational principles based on Islamic Sharia, can carry out this type of transaction. Sharia banking has basic principles prohibiting interest (riba) and applying a profit-loss sharing system in every financing transaction. This research aims to see the influence of Sharia banking financing on MSMEs in Indonesia. The method used in this research is multiple linear regression analysis. Based on the results of this research, Sharia banking financing seen from Mudharabah, Musyarakah, Murabahah, Ujrah and Istishna has a significant influence on MSMEs

Keywords: Sharia Banking Financing, MSMEs, Indonesia

Abstrak

Tren kenaikan suku bunga bank menyebabkan UMKM tidak dapat melunasi utangnya ke bank, dan akhirnya bank akan menyita hartanya untuk melunasi utangnya. Untuk itu, masyarakat dan pelaku usaha mikro dan kecil membutuhkan sistem pembiayaan yang menunjang keberhasilan usaha, yaitu sistem bagi hasil. Perbankan syariah, lembaga keuangan dengan prinsip operasional berdasarkan syariat Islam, dapat menjalankan jenis transaksi ini. Perbankan syariah memiliki prinsip dasar mengharamkan bunga (riba) dan menerapkan sistem bagi hasil dalam setiap transaksi pembiayaan. Penelitian ini bertujuan untuk melihat pengaruh pembiayaan perbankan syariah terhadap UMKM di Indonesia. Metode yang digunakan dalam penelitian ini adalah analisis regresi linier berganda. Berdasarkan hasil penelitian ini, pembiayaan perbankan syariah dilihat dari

akad mudharabah, musyarakah, murabahah, ujrah dan istishna memiliki pengaruh yang signifikan terhadap UMKM.

**Kata Kunci**: *Pembiayaan Perbankan Syariah, UMKM, Indonesia*

INTRODUCTION

The existence of Micro, Small and Medium Enterprises (MSMEs) provides a special role for people who have limited economic capabilities and skills. MSMEs have broad implications if their existence can be maximized. Not only is it able to absorb more labor than large industries but it is also able to become a tool for alleviating poverty (Rifa'i, 2017). Apart from that, the MSME sector can also make a very important contribution to the Indonesian economy during times of crisis (Malik & Suliswanto, 2015). MSMEs have the resilience to face the economic crisis because they do not depend much on external factors such as debt in foreign currency and imported raw materials in carrying out their operational activities (Ilham & Hariyani, 2020). The minimal dependence of MSMEs proves that the MSME sector has considerable independence in financing and managing its businesses without involving foreign intervention. MSMEs rely on all aspects of domestic (domestic) capital and raw materials, thus reflecting a business that can optimize the use of national resources.

One of the problems that MSMEs often face is the availability of capital (Cahaya et al., 2021). In running their business, MSMEs often experience various difficulties and obstacles, where in developing their business, MSMEs often face problems that include marketing, capital and management problems. Capital injections for MSMEs are very necessary in conditions like this (Muheramtohadi, 2017). Apart from that, the issue of large capital requirements must be considered by various parties, especially the government and financial institutions (Muttaqin et al., 2020). With this funding intermediary, funding needs for businesses are met relatively quickly, thereby speeding up production. This acceleration of production can then help economic growth nationally (Wahyudi et al., 2022).

People's Credit Agencies are growing and developing in Indonesia, this has opened up new opportunities for MSMEs, especially in rural areas, to gain access to capital (Artika, 2010). Apart from that, other banks also help people who want small amounts of capital or financing, because the financing provided by BPR is financing that is focused on small and micro financing (Suhartini, Arsy Tamika, & Nor, 2024). However, conventional financing systems that apply an interest system often result in MSMEs facing difficulties in obtaining business financing. The trend of increasing bank interest rates means that MSMEs are no longer able to pay off their debts to the bank, and ultimately the bank will confiscate their property to pay off their debts (Maryati 2014). For this reason, the community and micro and small-scale business actors need a financing system that is more supportive of business success, namely a profit-sharing system. This type of transaction can be carried out by Sharia banking which is a financial institution with operational principles based on the concept of Islamic Sharia, Sharia banking has basic principles that prohibit interest (riba), and applies a profit-loss sharing system in every financing transaction. . MSMEs that have urgent funding needs tend to be responded to as well as possible by Sharia banks by

providing conditional financing facilities. Sharia banks that have diversified financing products can adjust the type of financing according to the needs of MSMEs (Ahyar, 2021).

Figure 1
Percentage of growth in Sharia Banking & MSME Financing on 2014-2022
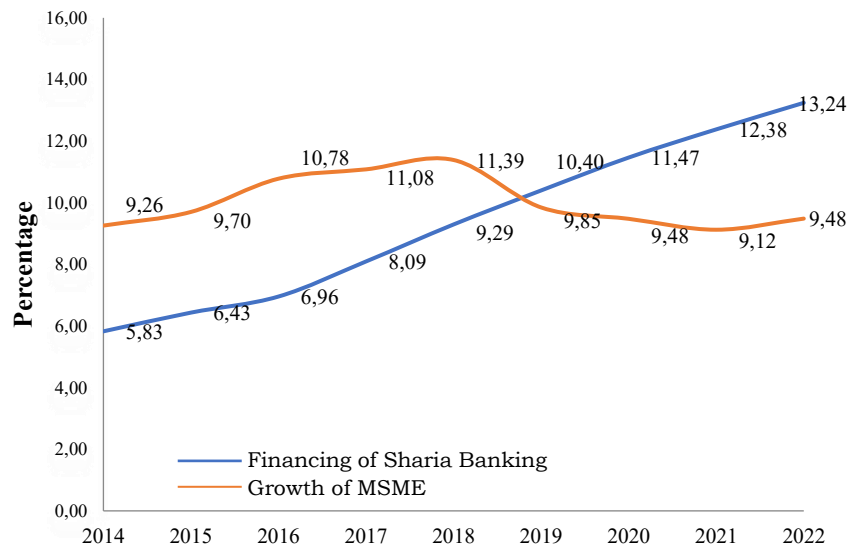
Source: Financial Services Authority processed by author, 2024

Figure 1 shows the percentage change in growth in Sharia Bank & MSME financing from 2014-2022. This figure indicates that during the 2014-2022 period the percentage growth in Sharia bank financing continues to increase. On the other hand, MSMEs experienced increased growth from 2014 to 2017. However, in 2018-2021 it experienced a decline from 11% to 9%, although in 2022 there was another increase, namely 9.86% from the previous year. This shows that there is a discrepancy in previous research which states that there is a significant relationship between the growth of Sharia Bank financing and the growth of MSME output, because based on the data above, the growth in Sharia bank financing in 2018-2021 is not followed by the growth of MSMEs. The decline in MSME growth at the end of 2019-2021 occurred due to facing various challenges in the midst of the pandemic.

One of them is a decline in sales due to reduced community activity. Apart from that, they also experienced difficulties in obtaining capital due to declining sales, and faced obstacles in product distribution due to movement restrictions in several regions. In addition, MSMEs also face difficulties in obtaining raw materials due to dependence on other industrial sectors (Arifqi & Junaedi, 2021). To deal with economic contraction after the pandemic, there needs to be a solution that provides stimulus and policies to improve the economy.

LITERATURE REVIEW

One of these solutions is to rebuild sectors that are truly real. Sharia economics, as an economic system that focuses on truly real sectors, can play a role through various financing with Sharia principles which are considered friendlier than conventional interest charges. Since the pandemic has caused a decline in economic activity, including in the MSME sector, Sharia economic and financial institutions have had an important role in restoring MSME economic activity which may not be accessible to banks that only provide loans to large companies (Khairunnisa & Nofrianto, 2023).

Research on the relationship between Islamic banking and MSMEs has been carried out before, but there are still many differences in the results found by each researcher. Disli et al., (2023)) found that Islamic banks are more involved in MSME financing and generate more income from MSME services. Apart from that, in terms of the quality of the MSME lending portfolio, there is no distinguishable pattern between Islamic banks and conventional banks. Meanwhile, Kara (2013) conducted research on the contribution of Sharia bank financing to the development of MSMEs but only limited to Makassar City, finding that the role of Sharia banking financing in improving MSMEs in Makassar City was not optimal. This means that the role of Sharia banking has not significantly influenced MSMEs. Seeing the condition of MSMEs which are still faced with many problems makes it increasingly difficult for MSMEs to develop their businesses (Muheramtohadi 2017). Especially as a Muslim community who wants halal transactions without interest and in accordance with Islamic religious Sharia, the right financing choice is to use productive financing through Sharia banking instruments (Rai, 2022).

Based on research conducted by Suhartono & Selamet (2022) which analyzed the influence of qardhul hasan financing, mudharabah financing, musyarakah financing, murabahah financing, and ijarah financing on increasing Micro, Small and Medium Enterprises (MSMEs) in the former Pekalongan residency area. By using an associative approach and type of field research. The analysis method uses linear regression. The research results show that providing work financing has a positive and significant effect on increasing customer business. The highest coefficient of determination value in the qardhul hasan contract is 56.8% which can explain the increase in customer business. Meanwhile, financing with mudharabah, musyarakah, murabahah and ijarah contracts can explain the increase in business with coefficient of determination values of 37.4%, 38.2%, 7.3% and 7% respectively. Financing using the cooperation principle can stimulate an increase in customers' business, and financing using the buying and selling principle does not really stimulate an increase in business because most of them finance consumer goods and assets.

Furthermore, previous research was conducted by Fitria et al., (2022) to determine the influence of mudharabah and murabahah financing on the development of Micro, Small and Medium Enterprises (MSMEs) in Banyuasin Regency. The analysis technique uses Multiple Linear Regression. The results of this research show that partial mudharabah financing has a significant effect on the development of MSMEs, while partial murabahah financing does not have a significant effect on the development of MSMEs. In line with research conducted by Triana (2021) which also found that mudharabah financing has a significant impact on the MSME sector. Simultaneously mudharabah and murabahah financing have a significant effect on the development of MSMEs. Nina & Vina (2023)

also analyzed the optimization of financing and mudharabah financing at Sharia People's Financing Banks for the development of MSMEs with a quantitative descriptive approach using secondary data. The data analysis method used is Multiple Linear Regression. The research results partially have a positive and significant effect on the development of MSMEs and Mudharabah financing partially has a positive and significant effect on the development of MSMEs. Simultaneously Optimizing Financing and Mudharabah Financing simultaneously has a positive and significant effect on the development of MSMEs.

Furthermore, Antin & Sri (2022) in their research which aims to help find out the influence of mudharabah financing on the development of MSMEs in the new normal era using a quantitative approach, and the primary data was created using a questionnaire to customers who own MSMEs registered with the Al Madani Sharia cooperative. The analytical methods used are instrument testing, classical assumptions, hypothesis testing and coefficient of determination. The result is that mudharabah financing has a positive influence on the development of MSMEs. On the other hand, research by Widagdo & Qomar (2015) found that the murabahah financing variable had a positive and significant effect on the development of micro businesses, but the musyarakah financing variable did not have a positive and insignificant effect on the development of micro businesses.

Research conducted by Musfiroh et al., (2017) states that Sharia banking makes a significant contribution to the development of MSME businesses in the city of Banjarnegara, Central Java, Indonesia. Furthermore, other research tested the effect of Islamic bank financing on business performance and analyzed the extent of the influence of Islamic bank financing on the welfare of Small and Medium Enterprises (SMEs). This research uses partial Least Square analysis. The research results show that Islamic bank financing has a significant and positive influence on the performance of SMEs. This means that when Islamic bank financing improves, it will improve the performance of MSMEs. Furthermore, Islamic bank financing has a significant and positive influence on the welfare of MSMEs (Faisol, 2017).

In addition, other research highlights the important role of Islamic bank financing in mitigating the unemployment crisis in Nigeria (Sabiu & Abduh, 2021) . Other research conducted by Irawan & Mulyany (2020) , tested whether there was an increase in profits, number of customers and number of employees in Micro, Small and Medium Enterprises (MSMEs) before and after receiving Sharia financing. This research is quantitative descriptive in nature using a questionnaire to obtain data about the development of MSMEs. Data were analyzed using the Wilcoxon sign rank test. This research found differences and increases in profits based on descriptive statistical tests and the Wilcoxon rank test. Likewise with the customer and employee aspects, this research found that there were differences and increases in the number of customers and employees based on the receipt of Sharia financing by MSMEs. This means that Sharia financing plays a role in the development of MSMEs. Likewise, research conducted by Prayogi & Siregar (2017) found that Sharia microfinancing also had a significant effect on the level of development of MSMEs.

Other research also reveals in (i) analyzing the influence of Sharia banking services on increasing the business of MSMEs, (ii) analyzing the influence of e-commerce on

increasing the business of MSMEs, and (iii) analyzing the influence of Sharia banking and e-commerce on increasing the business of MSMEs . The research method used is quantitative statistical software version 18 with multiple linear regression statistical methods. The results of this research are that Islamic banks have a significant effect on increasing MSME business, and e-commerce has an insignificant effect on increasing MSME business. However, e-commerce is an added value for Sharia banking services in improving MSME business. The contribution of this research is to provide information, both to Islamic banking practitioners and stakeholders regarding the needs of society, especially entrepreneurs in the MSME segment, for digital services that can make it easier for them to carry out online business transactions (Nugroho & Nugraha, 2020) .

Other research reveals that Cost Benefit and Halal Awareness are two factors that influence the use of Sharia Financing. Apart from that, Cost Benefit and Reputation are two variables that have a direct impact on the attitude of MSMEs towards Sharia Financing. Interestingly, this research also found that Blessing as a key component in Sharia financing will be obtained by MSMEs when they use Sharia financing instruments, so that it will encourage the intention of Halal MSMEs to reuse Sharia financing. Furthermore, service quality and competitiveness are very important to maintain customer satisfaction. Apart from that, preaching Blessing as a key component in the lives of Muslims is an important agenda in the development of the Halal Industry in the future, especially in the MSME sector (Qoyum & Fauziyyah, 2019) . Apart from that, to find out the role of Sharia finance in capital in developing MSMEs during the pandemic.

The method used in this research consists of qualitative methods with a descriptive approach. Based on the results in this paper, the role and contribution of Sharia finance in relation to capital plays an important role in the development of MSMEs during the pandemic. This provides limited opportunities for micro, small and medium enterprises (MSMEs) to develop their businesses (Aulia Rahmah et al., 2021) . Other research was conducted to prove the role of Sharia banking in helping SMEs in Indonesia. The method and data analysis used was descriptive statistics. The results show that the development of SMEs in terms of the number of business units, employment opportunities and financing from Sharia banking shows a positive direction or has increased significantly. Apart from that, the interaction between SMEs and Islamic banking is relatively close but needs to be improved (Purnamasari and Darmawan, 2017).

This study examines the influence of Sharia Financing in the development of Micro, Small and Medium Enterprises (MSMEs) in Indonesia. Furthermore, it is hoped that this research will provide benefits to related parties, namely local governments, Sharia Banking and observers of related topics as input in determining policies regarding the implementation of Sharia-based financing to increase the growth of Micro, Small and Medium Enterprises, and contribute academic insight to improve similar studies in the future. Therefore, this research fills the gap in previous research by breaking down Islamic bank financing into two categories, namely financing from the income side, profit sharing and financing from the receivables side and connecting it directly to the output value of MSMEs with a population coverage of one Indonesia . The results of this research can certainly make it easier for both parties, both Islamic banks and MSMEs, to identify more

effective types of financing to improve their performance in order to advance the national economy.

RESEARCH METHODS

The data used in this research comes from the Central Statistics Agency (BPS), literature studies, the Ministry of Tourism and Creative Economy, the Financial Services Authority (OJK), as well as previous research in journal form. In the form of a time series, it is data that is structured based on a certain time series and consists of all provinces in Indonesia as research objects for the period 2013 to 2021 (monthly data). This research uses a number of variables which are divided into dependent variables and independent variables. The dependent variable used in this research is the output value of MSMEs. To explain the dependent variable, the researcher chose Sharia bank financing as the independent variable. The Sharia bank financing variable was further divided into 2 categories, namely profit sharing income and receivables. The tests that will be used in this research are the classic assumption test (normality test, autocorrelation test, heteroscedasticity), hypothesis test by multiple regression method. Multiple regression analysis is used so that we can see the magnitude of the relationship and influence of more than two independent variables (Gujarati, 2013; Ghozali, 2016; Ghozali. 2018). The multiple regression equation is formulated as follows:

$$Y_t = \beta_0 + \beta_1 X_{1t} + \beta_2 X_{2t} + \beta_3 X_{3t} + \beta_4 X_{4t} + \beta_5 X_{5t} + e_t$$

Where:

Y   : Income received by MSMEs in millions

X_1 : Mudharabah financing in billions (profit sharing variable)

X_2 : Musyarakah Financing in billions (profit sharing variable)

X_3 : Murabahah financing in billions (receivables variable)

X_4 : Ujrah financing in billions (receivables variable)

X_5 : Istishna' financing in billions (receivables variable)

e   : Interference Error

t   : time series

RESULT AND DISCUSSION
Result

The classic assumption test is a prerequisite test that is tried before carrying out further analysis of the information that has been collected. This classical assumption test is intended to create a regression model that meets the BLUE (Best Linear Unbiased Estimation) criteria which assumes that the estimation results do not have biased parameters Adam et al, (2022). The results of the classical assumptions in this research are described in table 1 below:

Table 1
Result of Classical Assumption Test

Test Summary		
Normality Test	Prob>Chi2	0.1665
Multicolinearity Test		
• Mudharabah Financing	VIF Value	2.76
• Musyarakah Financing		2.74
• Murabahah Financing		1.18
• Ujrah Financing		1.18
• Istishna' Financing		1.12
Heteroscedasticity Test	Prob> Chi2	0.9429
Autocorrelation Test	Prob> Chi2	0.4125

Source: data processed by author, 2024

The first assumption is normality test. The normality test in this research is used to see whether the research data is normally distributed or not (Ghozali, 2013). Based on table 1, it shows the Prob>chi2 value namely 0.1665 > 0.05, then based on this value conclusions can be drawn the regression model has met normality. Secondly, to detect whether or not there is a relationship between independent variables in the regression model. If the VIF value is <0.8 , it can be said that there are no symptoms of multicollinearity. Based on the results of the multicollinearity test, it indicates that this research is free from symptoms of multicollinearity, this can be seen from the VIF value of each variable which is less than 0.8. The Third is the heteroscedasticity test is used to see whether there is an inequality *of variance* from *the residuals* of one observation to another in the regression equation (Ghozali 2013). There is no heteroscedasticity problem in the regression model if the significance value is more than 0.05. The results of heteroscedasticity testing. Based on these results, it shows that the probability value is 0.9429 > 0.05, indicating that the data is homogeneous/homosedastic. The fourth is the autocorrelation test is used to see whether the regression model has an autocorrelation problem using the *Breusch-Godfrey* serial *Correlation LM Test method.* Table 4 shows the significance value , namely 0.4125 > 0.05, so it can be concluded that the regression model does not have an autocorrelation problem.

Next step is hypothesis test by multiple regression method. It is used in order to see the magnitude of the relationship and influence of more than two independent variables (Suharyadi and Purwanto, 2004). The following are the results of multiple regression analysis on research data processing:

Table 6
Results of Multiple Regression Analysis

Dependent Variable: MSMEs
Method: Ordinary Least Square
Sample: 2013m1 2021m12
Total Observations: 108

Variables	Coefficient	Std, Error	t	prob
Constanta	4.18E+08	4.81E+07	8.68	**0,000***
Mudharabah Financing	7499.676	3074.084	2.44	**0.016****
Musharkah Financing	2185,006	969.9169	2.25	**0.026****
Murabahah Financing	1298,542	242.5343	5.35	**0,000***
Ujrah Financing	-9989.782	2860.027	-3.49	**0.001***
Istishna Financing	-2303,782	6967.54	-3.33	**0.001***
Value Test				
R-Square	**0.8960**			
Adjusted R-Squared	0.8909			
F-Statistics	175.73			
Prob(F-Statistic)	**0.0000**			

Notes : Significancy Level : 1% (0.001)***; 5% (0.05)**; 10% (0.1)*. Dependent variable is Output of MSME.
Source: Stata Process 2024

$$MSMEs_{it} = 4.18e08 - 7499{,}676\ Mudharabah_t - 2185{,}006\ Musyarakah_t + 1298{,}542\ Murabahah_t - 9989{,}782\ Ujrah_t - 2303{,}782\ Istishna_t$$

From this equation, it can be explained that the constant of 4.18e08 states that without being influenced by Mudharabah, Musyarakah, Murabahah, Ujrah and Istishna, the MSME Output value is 4.18e08. Furthermore, the regression coefficient for the mudharabah variable is 7499,676, indicating that every time a Sharia bank increases financing by 1% mudharabah, the output value of MSMEs will increase by 7499,676. The regression coefficient for the musyarakah variable is 2185,006, stating that every time a Sharia bank increases 1% musyarakah financing, the output value of MSMEs will increase by 2185,006. The regression coefficient for the murabahah variable is 1298,542, indicating that every time a Sharia bank increases 1% murabahah financing, the output value of MSMEs will increase by 1298,542. Then the regression coefficient for the ujrah variable is -9989.782, stating that every time a Sharia bank increases financing by 1% for ujrah, it will reduce MSME output by 9989.782. Meanwhile, the regression coefficient for the istishna variable is -2303,782, indicating that every time a Sharia bank increases financing by 1% istishna, it will reduce MSME output by 2303,782.

After carrying out multiple linear regression testing, then proceed with hypothesis testing as a decision making method. In this research, hypothesis testing consists of the t statistical test, F test and simultaneous test, the results of hypothesis testing are as follows: The t statistical test was carried out to see the influence that exists between the independent variables on the dependent variable. The assumption used is that if the probability is > 0.05 then the hypothesis is accepted, which means that the independent variable does not have a significant influence on the dependent variable. However, if the probability is <0.05 then the hypothesis is rejected, which means that the independent variable has a significant influence on the dependent variable. Based on the results of multiple regression analysis in table 6 above, the Mudharabah, Musyarakah and Murabahah variables have positive coefficient values and probability values of less than 5%, namely 0.016, 0.026, 0.000 < 0.05 respectively. On the other hand, the coefficient value of the Ujrah variable and the Istishna variable has a negative value and the respective probability value is 0.001 < 0.05, this indicates that the hypothesis is accepted.

Next, the F test aims to show whether all the independent variables included in the model have a joint influence on the dependent variable or dependent variable. It is known in table 6 above that the probability F value is 0.0000 <, it can be concluded that the variables in this research consisting of Mudharabah, Musyarakah, Murabahah, Ujrah and Istishna together have an influence on the dependent variable (UMKM). Then in the coefficient of determination (R^2) test which aims to describe the extent to which the model can explain dependent variations. It is known in table 6 above that the coefficient of determination value is 0.8960 or 89%, meaning that 89.60% of the increase in MSME output in Indonesia can be explained by the dependent variable and the remaining 10.4% is explained by confounding variables which were not examined in this research.

Discussion

The results of the research that has been carried out can be concluded that the role of Sharia banking through Mudharabah, Musyarakah, Murabahah, Ujrah and Istishna financing has a significant influence on the growth and development of MSMEs. By providing financing instruments that comply with Sharia principles, Sharia banking enables MSMEs to gain easier access to financing to encourage business growth. This is in line with the findings made by Berliana and Suri (2023) who found that Mudharabah, Musyarakah and Murabahah financing had a positive and significant effect on increasing MSME output. And the results of these findings are also the same as the findings of Afkar and Purwanto (2021) that the distribution of Sharia banking funds through Ujrah and Istishna financing has a significant but negative correlation with increasing MSME output.

The regression results provide the answer that Islamic bank financing in the form of working capital is more effective than investment financing in increasing MSME output. This can be seen from the coefficient and level of significance of the variables, where working capital financing provides more positive results than investment financing. Working capital financing, which produces inventory items, has a greater impact because it is directly used as production materials. On the other hand, investment financing tends to focus on business expansion such as procuring fixed assets such as equipment or constructing new buildings. However, the use of this kind of funds does not have a

significant effect on the output value because new equipment without an adequate supply of raw materials will only become a less productive asset. (Alghifary et al., 2021).

The push to empower the MSME sector by Sharia financial institutions is stronger than conventional banks. This is due to the basic Islamic principles, where the protection of the weak (mustadh'afin) is emphasized. Apart from that, there are Islamic aspirations that Sharia economic actors must pay attention to, namely the principle of "likay laa duulatan baina aghniyaa-i minkum" which means that wealth should not be concentrated only on the rich among you (QS Al Hasyr: 7). In the future, financing for underprivileged small businesses has the potential to be expanded based on Islamic principles (Muheramtohadi, 2017). These findings underline the importance of understanding the characteristics of each type of Sharia financing. Mudarabah and musyarakah provide access to capital without high interest charges, while murabahah allows the purchase of assets or meeting working capital needs. On the other hand, the practice of ijarah and istishna is less suited to the needs of MSMEs, because it results in limited access to capital and productive assets. It is hoped that the development of Sharia banking products and services that are more suited to the needs of MSMEs and increasing awareness about Sharia finance can increase the contribution of MSMEs to inclusive and sustainable economic growth in Indonesia.

CONCLUSION

Based on the analysis carried out, it can be concluded that Sharia banking financing through mudharabah, musyarakah and murabahah has a positive and significant influence on increasing the output of MSMEs in Indonesia. However, testing of Sharia banking financing through ujrah and istishna shows a negative and significant impact on increasing MSME output in Indonesia. Ijarah or leasing often only makes MSMEs temporary users without ownership of assets, hampering the ability to expand or invest in production infrastructure. Istishna, meanwhile, may not provide an optimal solution because MSME financing needs are more related to financing in terms of profit sharing. The results of this research show that financing activities from Sharia banking to MSMEs are classified based on certain needs. Most MSMEs need capital in the context of facilities to support business processes. Therefore, Sharia banking financing from the profit sharing side produces inventory items that are more influential because they are used directly as production materials. The push to empower the MSME sector by Sharia financial institutions is stronger than conventional banks, driven by Islamic principles that emphasize protection of the weak and the aspiration to prevent the accumulation of wealth only in the rich. It is hoped that the development of Sharia banking products and services that are more suited to the needs of MSMEs and increasing awareness about Sharia finance can increase the contribution of MSMEs to inclusive and sustainable economic growth in Indonesia.

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