

DEVELOPMENT AND EMPOWERMENT OF MSMEs THROUGH MICRO-FINANCE IN INDONESIAN SHARIA BANK JAMBI CITY

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ABSTRACT

This research is motivated by the importance of the role of Islamic banking in the development and progress of the community's economy, such as MSMEs. The objectives of this research are (1) to find out the role of Bank Syariah Indonesia in the development and empowerment of MSMEs in Jambi City after the Covid-19 pandemic. (2) To find out what are the obstacles faced by Bank Syariah Indonesia in developing and empowering MSMEs in Jambi City after the Covid-19 pandemic. (3) To find out how the solutions provided by Bank Syariah Indonesia Jambi city branch in overcoming post-pandemic constraints Covid-19 in the process of developing and empowering MSMEs in Jambi City. This research includes qualitative research with data collection methods through observation, interviews, and documentation. The data taken was in the form of primary data and secondary data. Selection of informants as data sources in research on subjects who master the problem, have data and are willing to provide information. In other words, the informant must fulfill the requirements as a source of informants. The informants in this study were Mr. Bambang Triatmojo as the Micro Relationship Manager of Bank Syariah Indonesia Jambi City and several MSMEs in the Jambi city area who were the research samples. The analytical techniques used in this qualitative research are data collection, data reduction, data presentation and drawing conclusions. The results of the study show that in the process of interviewing and observing the intended object, it was found that Bank Syariah Indonesia has played an important role for MSMEs, because many say that all roles in Bank Syariah Indonesia are like providing assistance, especially in the form of financing, consulting on business development, business guidance through seminars or conducting comparative studies with similar businesses that have developed have been proven. The obstacles faced by the bank are the lack of outreach to the public regarding the products and services offered by the bank and the age of the company merger which is only one year so that the program that should be running is not optimal. Constraints that are often complained of by SMEs are capital, marketing and distribution problems. This can be addressed by optimizing its role through bank products and services in the form of financing, training and assistance in developing and empowering MSMEs in Jambi City. Then the community is expected to be able to take advantage of the facilities provided by Bank Syariah Indonesia as an alternative solution to overcome obstacles that arise in the process of developing and empowering their business after the Covid-19 pandemic.

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1. INTRODUCTION

In accordance with Law no. 21 of 2008 concerning Islamic Banking, Islamic Banks are banks that carry out business activities based on sharia principles, or Islamic legal principles regulated in the fatwa of the Indonesian Ulema Council such as the principles of justice and balance ('adl wa tawazun), benefit (maslahah), universalism (alamiyah), and does not contain gharar, maysir, usury, unjust and unlawful objects

The biggest driving force in the improvement and development of the halal industry in Indonesia is partly due to the increased public awareness of the importance of halal matter. This includes Islamic Banks. Islamic banks also have an important role as a media facilitator for all economic activities in the halal industry carried out by the community. In (Anon 2018a) the Qur'an is explained as follows :

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ذَلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ وَمَنْ عَادَ فَأُولَئِكَ أَصْحَابُ النَّارِ هُمْ فِيهَا خَالِدُونَ

Those who swallow usury cannot rise up save as he ariseth whom the devil hath prostrated by (his) touch. That is because they say: Trade is just like usury; whereas Allah permitteth trading and forbiddeth usury. He unto whom an admonition from his Lord cometh, and (he) refraineth (in obedience thereto), he shall keep (the profits of) that which is past, and his affair (henceforth) is with Allah. As for him who returneth (to usury) – Such are rightful owners of the Fire. They will abide therein.” Q.S. Al-Baqarah [2] : 275

Sharia Banks also have a role in the development and empowerment of Micro, Small and Medium Enterprises (MSMEs). In the investment policy for Islamic banks on a priority scale, it is stated that one of the points is government policy or the monetary authority, which means that there is financing in the context of implementing government programs, for example, namely to support the achievement of food or self-sufficiency in food, financing for Micro, Small and Medium Enterprises. Medium Enterprises (MSMEs), export product financing, substitution financing for certain imported goods, and others.

From the results of previous research, stated that the role of banking is to provide credit to Micro, Small and Medium Enterprises (MSMEs) can help the sustainability and development of Micro, Small and Medium Enterprises (MSMEs), especially during the Covid-19 period. According to Erwin Saputra Siregar and Fitri Ana Siregar, Islamic banks have great potential and opportunities. It can be seen in terms of asset growth which has proven that Islamic banks are ideal banks to encourage economic progress. Probosari explained that: "MSMEs can play an important role and can be seen in 3 parameters according to a study from Bank Indonesia in 2009 including: based on how many industrial units there are, then based on the ability of MSMEs to absorb labor, and finally how big the contribution of MSMEs to National income".

Based on the current situation, the Covid-19 Pandemic has limited consumers from buying MSME products directly. The existence of this pandemic has also caused many regulations issued by the government, such as the prohibition on crowds and the existence of Large-Scale Social Restrictions (PSBB). This condition causes difficulties for partners in serving consumers who usually gather at the stalls of MSME partners. The Covid-19 pandemic has had an impact on economic instability, including Micro, Small and Medium Enterprises (MSMEs). In general, the majority of MSMEs have experienced a decline in income and even bankruptcy due to the Covid-19 pandemic. Therefore, the purpose of this research is to confirm the role of Islamic banks in developing and empowering MSMEs during the post-COVID-19 pandemic

2. METHOD

The data or information that becomes the raw data for researchers to process is data in the form of primary data and secondary data

A. Primary data

Primary data is data taken from primary data sources or field data sources. This primary data was obtained directly through direct interviews with the leaders and employees of Bank Syariah Indonesia, as well as through direct interviews with the community, especially the people who incidentally are business actors. As well as company documentation or archives in the form of social actions and words from parties involved with the problems directly examined

The requirements for finding primary data in this study are as follows:

- Is a customer of Bank Syariah Indonesia.
- Have a business / MSME actor.
- Submit a financing program to Bank Syariah Indonesia.
- Willing to be interviewed.

B. Secondary data

Secondary data is data obtained from a second or secondary source of the data we need. Secondary data in this study are books, journals, theses and other sources related to the topic or discussion in this study. Secondary data in this study is in the form of a list of MSMEs that have joined the list of capital assistance provided by Bank Syariah Indonesia and data on capital procurement procedures from Bank Syariah Indonesia for MSME actors in the city of Jambi.

Analysis Method

In quantitative research, the data analysis technique used is clear, which is directed at answering the problem formulation or testing the hypotheses that have been formulated in the proposal. Because

the data is quantitative, the data analysis technique uses statistical methods that are already available. In terms of qualitative data analysis, Bogdan stated that : “Data analysis is the process of systematically searching for and compiling data obtained from interviews, field notes, and other materials, so that it can be easily understood, and the findings can be informed to others. Data analysis is carried out by organizing data, breaking it into units, synthesizing, compiling into patterns, choosing which ones are important and which will be studied, and making conclusions that can be told to others.

Based on the foregoing it can be stated here that data analysis is the process of systematically searching for and compiling data obtained from interviews, field notes, and documentation, by organizing data into categories, describing them into units, synthesizing , arrange into patterns, choose which ones are important and which will be learned, and make conclusions so that they are easily understood by themselves and others.

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3. RESULT AND DISCUSSION

3.1 The Role of Bank Syariah Indonesia Jambi City Branch in the Development and Empowerment of MSMEs in Jambi City After the Covid-19 Pandemic

A business cannot be separated from the role of Islamic banking or other financial institutions. Islamic banks as institutions that have a role in various businesses, especially MSMEs, the first is financing, consulting on business development, business guidance through seminars, conducting comparative studies with similar businesses that have developed and reduced poverty.

MSMEs are the most common type of business in Indonesia and can employ many people. The MSME development process requires substantial funding, so that many MSMEs obtain financing through bank loans, both private and state-owned. SOEs have an important role in growing the economy and mapping employment, as well as in distributing national income

This study took a sample of 45 informants based on a purposive sampling technique. So researchers have conducted interviews with 45 informants to obtain information related to existing problems. Based on the results of interviews conducted by researchers, the role of Bank Syariah Indonesia was obtained in the development and empowerment of MSMEs in Jambi City after the Covid-19 pandemic. Of course, in this case, Bank Syariah Indonesia plays an important role in helping MSMEs to be more advanced and developing

In general, the development and empowerment carried out by Bank Syariah Indonesia as a form of its role in Jambi City SMEs that researchers can find are:

- 1) Providing financing in the form of Sharia KUR (People's Business Credit),
- 2) Empowering and coaching traders as MSME actors in Jambi City, and
- 3) Carry out development for MSME actors to increase the economic growth of the people of Jambi City.

3.2 Obstacles of Islamic Banks in the Development and Empowerment of MSMEs in Jambi City after the Covid-19 Pandemic

According to Mr. Bambang Triatmojo as the Micro Relationship Manager of Bank Syariah Indonesia Jambi City, during interviews with (Isma, Wita, Marzuan dan) the obstacles faced by Bank Syariah Indonesia in the process of developing and empowering MSMEs in Jambi city after the current Covid-19 pandemic are as following:

- a. Outreach to the community is still lacking.
- b. The high public assessment of Islamic banks which are similar to conventional banks.
- c. The lack of public understanding of the importance of the purpose of submitting the program offered by Bank Syariah Indonesia.
- d. Company Mergers

Lack of outreach to the public regarding bank products and services offered by BSI. This is also reinforced by the high public assumption regarding the similarity of the operational system of Islamic banks with conventional banks. Another obstacle faced by Bank Syariah Indonesia is the age of Bank Syariah Indonesia which has just turned one year after the company merger so that Bank Syariah Indonesia is still not optimal in carrying out its program properly.

The obstacles faced by MSME actors themselves include the most frequently complained about, namely:

- a. Capital problem
- b. Marketing problem
- c. Distribution problem

The number of rules and policies issued by the government, both local and central government as a form of preventing the spread of Covid-19, actually greatly impacted the income of MSMEs. So that many MSMEs have experienced a decrease in income turnover and even went bankrupt. In addition, other obstacles are marketing and distribution problems. In marketing, people are required to be able to adjust to the current situation and conditions by taking advantage of technological advances. In other words, people sell online. However, not all MSMEs understand the use of technology itself. Many of them are technologically illiterate, thus making it difficult for them. The distribution channel at this time was also very disrupted. So that access for SMEs is increasingly narrow.

3.3 Solutions Provided by Bank Syariah Indonesia Jambi City Branch in Overcoming Obstacles After the Covid-19 Pandemic in the Process of Developing and Empowering MSMEs in Jambi City

MSMEs have experienced a decrease in income due to the impact of Covid-19, so many MSME players have experienced losses and some have closed their businesses because the profits earned cannot be reprocessed to be used as business capital, so MSME players ask for the best advice or solutions from the Bank. Sharia Indonesia in order to be able to provide a new breakthrough in dealing with the problems that have occurred after Covid-19

In overcoming the obstacles from the impact of Covid 19, Bank Syariah Indonesia made efforts in the form of developing and empowering MSMEs for the stability of the community's economy, especially MSME actors, Bank Syariah Indonesia provided several solutions which were later expected to be able to support and support the process of Development, Empowerment and Progress of this MSME including :

- a. Provision of venture capital,
- b. MSME assistance, and
- c. MSME training.

4. CONCLUSION

Based on the results of the research and discussion that has been carried out, the researchers draw conclusions that the role of Bank Syariah Indonesia in the development and empowerment of MSMEs in Jambi City after the Covid-19 pandemic is as follows: Providing a financing program in the form of Sharia KUR (People's Business Credit) Funds. Provide mentoring and training programs to improve the technical and managerial capabilities of MSMEs in order to increase qualified human resources in their fields.

However, in practice, Bank Syariah Indonesia has obstacles such as the lack of outreach to the public regarding the bank's products and services offered and the age of the company's merger which is only one year old. This has caused several Bank Syariah Indonesia programs to not run properly, such as mentoring and training programs. Therefore, Bank Syariah Indonesia is expected to be able to optimize its program as a form of its role in the development and empowerment of MSMEs after this pandemic.

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