

The Role of Banking in Empowering MSMEs

Peran Perbankan Dalam Pemberdayaan UMKM

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ABSTRAK

Usaha Mikro, Kecil, dan Menengah (UMKM) telah membangun kredibilitasnya, terutama setelah krisis keuangan dan mata uang melanda negara. Krisis-krisis ini menunjukkan bahwa sektor UKM merupakan sektor kunci ekonomi dengan banyak potensi pertumbuhan lapangan kerja. Pada penulisan kali ini tujuan dilakukannya penelitian ini adalah untuk mengetahui tentang regulasi pengembangan usaha kecil dan menengah serta tentang peran perbankan dalam pemberdayaan usaha di sektor mikro dan menengah, yang menggunakan metode penelitian usaha mikro dan kecil yang undang-undangnya mempunyai maksud dan tujuan untuk memberikan kontribusi bagi pertumbuhan ekonomi Indonesia. Aturan Undang-undang ini berisi aturan untuk perusahaan kecil dan ramping. Referensi terbaru standar ini ada dalam Keputusan Presiden (KEPRES) No. 99 Tahun 1998, yang membahas tentang berbagai jenis usaha kecil dan pertumbuhan sektor usaha kecil. Segala bentuk kebijakan yang diwajibkan oleh undang-undang hampir selalu mendapat bantuan pemerintah. Untuk memastikan bahwa ide panduan inisiatif akan dipahami oleh penduduk lokal dan perwakilan pemerintah.

Kata Kunci: Peran Perbankan, Pemberdayaan UMKM, Bisnis.

ABSTRACT

Micro, Small and Medium Enterprises (MSMEs) have established their credibility, especially after the financial and currency crisis hit the country. These crises show that the SMEs sector is a key sector of the economy with a lot of potential for job growth. In writing this time the purpose of conducting this research is to find out about the regulations for the development of small and medium enterprises as well as about the role of banking in empowering a business in the micro and medium sector, which uses the research method of micro and small enterprises whose laws have the intent and purpose to provide contribution to Indonesia's economic growth. Rules This law contains rules for small and slim companies. The most recent reference to this standard is in Presidential Decree (KEPRES) No. 99 of 1998, which discusses various types of small businesses and the growth of the small business sector. All forms of policy are required by law to almost always receive government assistance. to ensure that the initiative's guiding ideas will be understood by local residents and government representatives.

Keywords: The Role of Banking, MSME Empowerment, Business.

INTRODUCTION

MSMEs are businesses or businesses started by small business owners with modest financial resources, but in this case they have a tremendous impact as the most important factor affecting Indonesia's economic growth. On the other hand, they also operate as a rental-paying business due to limited access to capital, a small number of goods produced, or an absolute slow moving part of the market. The main issue handled by MSMEs is capital.

In another example, Islamic Financial Institutions (LKS) do not only focus on maximizing profits, they also have a self-help function which includes implementing empowerment for MSME extension workers. The main goal of all financial institutions, both banks and Savings and Loans Cooperatives, is to "take" profit from the interest given.

Therefore, it is necessary for financial institutions to be present in several locations because they serve more than one purpose,

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such as the convenience of providing easy-to-use modalities. The function of Islamic Financial Institutions is the same as other financial institutions, in the form of wadi'ah goods which in its application are in the form of wadiah savings in Islamic financial institutions known in Islamic fiqh as wadi' goods. Wadiah savings can be used by bankers to invest their money in their business by using a license itself, or it can be called wadi'ah yad dhamanah.

Islamic Financial Institutions (LKS), as businesses engaged in goods, can utilize these goods to enter more productive sectors. Market share is a market characteristic that distinguishes MSMEs from large-scale businesses. In the Islamic banking system, these funds may only be provided to organizations with legitimate business purposes and for legitimate business expansion. On the other hand, for non-business purposes, such as paying tuition fees, the available options are only loans and no profits or even bonuses. As mentioned above, these coins are known as mudharabah in the Islamic financial system. In addition, Islamic banking practices other types of loan agreements such as wakalah, qardh al hasan, and others. Banks have a significant advantage in terms of collecting donations from the general public and then using those donations as a business model to fuel economic growth. This illustrates the importance of financial institutions in supporting the economic development of a nation.

METHOD

Based on its purpose, the type of analysis used in this study is called explanatory descriptive analysis, which is a technique used to collect information on why a particular event or event occurs. The objectives of explanative research are to tinking many entities that are similar but related; and establish a contract due to certain circumstances (Sugiyono, 2012). There are three components in the qualitative data analysis process: data editing, data visualization, and questioning or data verification (Sugiyono, 2016).

RESULT AND DISCUSSION

In the activities of every business will have problems that must be solved to advance it. The obstacles to developing the business of each company will differ from one business to another, but in general the obstacles that are often experienced by MSMEs include, among others, lack of management capabilities, decreased ability to run. There are several factors that affect the form of MSME businesses (Micro, Small and Medium Enterprises), including fluctuating currency exchange rates, inadequate managerial supervision, and mental health problems. In fact, MSMEs can affect the economy. Businesses with strong potential need to launch as soon as possible, especially by offering special credit and long tracking. In addition, the government must implement a regulatory system to reduce the surcharge that arises when the price of a product increases in the international market.

The Role of MSMEs in Indonesia

MSMEs play a role as a driving force for the national economy because their contribution to GDP (Gross Domestic Product) reaches 61% and employment is 97%. In addition, MSMEs also increase investment and exports in Indonesia. Total MSME investment is recorded at 60% of total national investment and as much as 16% contribution to national non-oil and gas exports.

Constrains Facing SMEs

1. Lack of Capital

Under-capitalized, despite the fact that their demand for more funding for their business is increasing, they are often unable to do so due to the fact that they are currently drowning in cash. The reason is that not many people know how to get information about standard methods of earning money and the difficulty of building the resources needed to create forms for earning money.

2. Strong Managerial Ability

When starting out without any planning, evaluation or planning, most businesses operate on a small scale. The anomaly that will occur both in the achievement of these activities and in the use of money will result from the absence of the

intervention of important deadlines such as the most urgent ones and the absence of inhibiting restrictions.

MSME Empowerment

Empowerment is the process of realizing weaknesses or potentials that affect the level of confidence to solve or even eliminate various problems. Empowerment is also a program to train people or residents to be more independent. Both independent in thinking, acting and directing activities. Basically, MSME means businesses or businesses that are carried out and run by individuals, groups, small business entities, and households. There are certain criteria for a business to be said to be an MSME, namely:

1. Micro Business

Micro Enterprises are businesses that have a profit of 300 million in one year and have assets or a net worth of at least 50 million.

2. Small Business

Small Business is a business that has a profit from its business of 50 million to 500 million, then sales profits of between 300 million to 2.5 billion in one year.

3. Medium Business

Medium Enterprises are businesses that have business profits of 2.5 billion to 50 billion in one year. And net worth is 500 billion in a year. The principle of empowering MSMEs in Indonesia according to Law no. 20 of 2008 are as follows: growing independence, cohesiveness, and entrepreneurship of MSMEs to work on their own initiative. Business development based on regional potential and market orientation. Realizing transparent, responsible and fair public policy. Increasing the competitiveness of SMEs. Implementation of planning, implementation, and control in an integrated manner.

These five principles form the basis for developing and empowering MSMEs with the aim of realizing an advanced, balanced and just national economic structure. In addition, MSMEs are able to become strong and independent businesses, and strengthen the role of MSMEs in regional development, job creation, income distribution, economic growth, and poverty alleviation for the community.

The Role of Banking in Promoting the Development of MSMEs

Role is an action taken by a person or group of people in an event. The role is also interpreted as a process carried out consciously by humans who are in a certain position. According to Law no. 21 Article 4 of 2008, Concerning Sharia Banking, defines the functions of banking, namely :

1. Collect funds and then channel those funds back.
2. Receive funds originating from zakat, infak, alms, grants, or other social funds and distribute them to zakat management organizations.
3. Collecting social funds originating from cash waqf and channeling them to the waqf manager (nazhir) according to the will of the waqf giver (wakif).
4. The implementation of social functions as referred to in paragraphs (2) and (3) is in accordance with the provisions of laws and regulations.

Article 3 Law no. 21 of 2008 concerning Islamic Banking also states that Islamic Banking aims to support the implementation and national development in the framework of increasing justice, unity and equity in the welfare of society.

Bank Indonesia has the ability to encourage MSMEs, especially in terms of policy. After the regulation of Law No. 13 of 1968 became Law no. 23 of 1999 and then Law no. 6 of 2009, Bank Indonesia no longer offers credit programs. Effective in various fields, including obtaining bank loans, expanding institutions, and providing technical loans, is Bank Indonesia. Assistance provided by Bank Indonesia included training for bank employees, training for Bank Partner Financial Consultants (KKMB), research activities, and provision of information systems (Debtor Information Systems or SID, and Small Business Integrated Information Systems or SITUK). In particular, Bank Indonesia is persistent in fostering inter-bank relations by promoting stability in the macroeconomic sector (inflation, exchange rates, interest rates).

Banking institutions play a role in meeting the needs of capital or funds to support business activities. Banks can also

establish working relationships with other organizations, such as educational institutions or social organizations that are strong in the field of education and training for MSMEs. MSME credit financing is carried out in exchange for guarantee services, interest subsidies, microfinance guarantee activities such as guarantees through insurance, and also people's business credit or what is often referred to as KUR. In 2020, the interest rate on people's business loans will reach 6%. This year, the Government again increased the KUR limit to IDR 373.17 trillion and continued the 3% KUR interest subsidy, so that the 3% KUR interest rate continues until the end of June 2022.

Strengthening MSME capital is currently one of the government's main programs. Considering that MSMEs are believed to be a solution in facing the threat of a global recession. The ratio of MSME credit to total bank credit is still around 20.78% or IDR 1,316 trillion. By dividing the loan value for MSMEs, namely the portion of credit for micro businesses of 38.58%, small businesses of 34.68%, and medium enterprises of 26.74%.

The MSME credit portion is still around 18% of national bank loans. The President continues to give orders to increase the MSME loan portion to 30% in 2024. Achieving the 30% target is believed to be able to encourage MSMEs to develop further and reduce unemployment and increase the role of MSMEs in the national economy.

CONCLUSION

The existence of MSMEs makes it easier for MSME workers to obtain funding for their businesses to overcome problems that will gradually harm the people's economic welfare and damage the country's currency system. As a financial institution that provides funds for the general public to use for business initiatives. On the other hand, MSME employees not only need money but also have the skills necessary to research credit card applications and substantial persistence. The need for capital assistance by the government with conditions that are not burdensome to MSMEs is training assistance for MSMEs in the aspects of entrepreneurship, management, administration and knowledge and skills in

writing. the success of small businesses will provide rewards to banks that partner with them in the form of long-term credit card payments or bonuses.

The authors are highly confident in their ability to understand bank policies within a financial institution and can assist in providing proper record keeping. To create a cash plan, the use of money can be limited, and it can be done by allowing the small business plan to do so. The information can then be used to convince the bank to extend the credit line.

Author's declaration

Authors' contributions and responsibilities

The authors made substantial contributions to the conception and design of the study. The authors took responsibility for data analysis, interpretation and discussion of results. The authors read and approved the final manuscript.

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Availability of data and materials

All data are available from the authors.

Competing interests

The authors declare no competing interest.

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