

Empowerment of Ultra Micro MSME's Through Financing of Sharia Non-Bank Financial Institutions

Ahmad Harun Arrasyid Nst¹, Muhammad Syahbudi²

¹Fakultas Ekonomi dan Bisnis Islam, Universitas Islam Negeri Sumatera Utara,

E-mail: ahmadharunarrasyid485@gmail.com

²Fakultas Ekonomi dan Bisnis Islam, Universitas Islam Negeri Sumatera Utara,

E-Mail : bode.aries@uinsu.ac.id

ARTICLE INFO



Email Correspondence:
anisamawaddah15@gmail.com

Keywords:

LKBB Sharia; Ultra Micro; MSMEs

ABSTRACT

Economic growth, especially MSMEs, cannot be separated from the role of the microfinance institution sector. Financial institutions are intermediation institutions whose function is to connect parties who have excess funds with parties who lack funds. Based on Law No.10 of 1998 concerning amendments to Law No.7/1992 concerning banking, bank financial institutions consist of commercial banks and people's credit banks. The Ministry of Finance of the Republic of Indonesia, issued Ultra Micro Financing Products (UMI) which are The advanced stage program from the social assistance program to business independence targets micro businesses at the lowest levels, which cannot yet be facilitated by banking through People's Business Credits. UMI is a maximum financing facility of IDR 20 million per customer group and is distributed by non-bank financial institutions (LKBB). This research was carried out in North Sumatra (SUMUT) with the aim of identifying differences between Ultra Micro (UMi) business actors before and after receiving financing assistance from sharia non-bank financial institutions. This research was carried out between June and August 2023. This research uses quantitative analysis methods. The Normality Test is carried out with the aim of finding out whether the data used in a regression model is normally distributed or not. If the distributed data is proven to be normal, this means that the sample used can represent the population used by the measurement. If the significant value is 0.05, it can be declared to have a normal distribution. From the results of research on the Empowerment of Ultra Micro MSMEs through Sharia Non-Bank Financial Institution Financing in North Sumatra before and after receiving Ultra Micro Financing (UMi): There is a development between daily income before and after financing. Sales revenue after getting financing is better than sales revenue before getting financing.

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) play an important role in developing the creative economy. Currently, there are 58 million MSME units in Indonesia as of the end of 2016 with a contribution to national GDP of 58%. Bank Indonesia (BI) noted that the creative economic potential of Micro, Small and Medium Enterprises (MSMEs) for Gross Domestic Product reached IDR 850 trillion per year and was able to create 15 million workers. (M Syahbudi 2021: 37)

Economic growth, especially for MSMEs, cannot be separated from the role of the microfinance sector. Financial institutions are intermediation institutions whose function is to

connect parties who have excess funds with parties who lack funds. (OJK Book 2 Banking, Financial Literacy Series Page 35)

Financial institutions are divided into two, namely bank financial institutions and non-bank financial institutions. Based on Law No.10 of 1998 concerning amendments to Law No.7/1992 concerning banking, bank financial institutions consist of commercial banks and people's credit banks. while non-bank financial institutions can be financing institutions (leasing companies, venture capital companies, factoring services companies, valuable companies), insurance businesses, pension funds, pawnshops, capital markets, and others. (Law No. 10 of 1998)

Financial institutions have an important role in empowering women that is not covered by formal financial institutions. Quantitatively, research confirms that the system of shared responsibility, capital financing from microfinance, and mentoring have a positive and significant influence (Andri Soemitra 2022:15)

The Ministry of Finance of the Republic of Indonesia has issued an Ultra Micro Financing Product (UMI) which is an advanced stage program from the social assistance program to business independence that targets micro businesses at the lowest level, which cannot yet be facilitated by banking through People's Business Credit. UMI is a maximum financing facility of IDR 20 million per customer group and is distributed by non-bank financial institutions (LKBB). (DSN Fatwa No.119/DSN-MUI/II/2018)

This financial institution has various financing products which in their implementation use an interest system. Where in Islamic law the existence of interest (addition) is usury. To leave the problem of usury behind, sharia financial institutions are present in Indonesia. Which in its implementation does not rely on interest and is an institution whose operations and products are developed based on the Al-Quran and Hadith of the Prophet SAW. This ultra micro financing is regulated by Minister of Finance regulation N0 193/PMK.05/2020 concerning Ultra Micro Financing. (PMK RI NO 193/PMK.05/2020). And it is also regulated in the National Sharia Council Fatwa No.119/DSN-MUI/II/2018 concerning Ultra Micro Financing (AL-TAMWIL LI AL-HAJAH A-MUNTANAHIYAT AL-SHUGRA) Based on Sharia Principles, there are several differences in the two regulations. These include institutions that distribute ultra-micro financing, funding sources for ultra-micro financing, and determining margins/profits on ultra-micro financing. (DSN Fatwa No.119/DSN-MUI/II/2018)

Ultra Micro

The Minister of Finance introduced the UMi program in 2017 with the idea of managing APBN rolling funds. As a manager, the UMi Government Investment Central Public Service Agency (BLU PIP) has a number of benefits, one of which is that disbursement is carried out by a Non-Bank Financial Institution (LKBB), unlike banks which require collateral. (Andri Soemitra, Zuhri Nawawi, & M syahbudi 2022:7)

Ultra Micro Financing (UMi) is an advanced stage program from a social assistance program to business independence that targets micro businesses at the lowest level, which cannot yet be facilitated by banks through financing Micro, Small and Medium Enterprises (MSMEs). UMi provides a maximum financing facility of IDR 20 million per customer group and is distributed by Non-Bank Financial Institutions (LKBB). (Kemenkeu.go.id)

Ultra Micro Financing aims to provide easy and fast financing facilities for Ultra Micro Businesses and increase the number of entrepreneurs facilitated by the Government. The differences between Ultra Micro (UMi) financing and Micro, Small and Medium Enterprises (UMKM) financing are as follows:

Table 1. Differences between Ultra Micro Credit (UMi) and MSME Financing

	Ultra micro financing	MSME financing
Distribution agency	Non-Bank Financial Institutions (LKBB)	Banking and Financial Institutions
Ceiling	Maximum 20 million	elementary school IDR 25 million (micro) IDR 25 million to IDR 500 million (retail)
Recipient	Ultra Micro Business Actors	Micro and Small Enterprises
Loan tenor	Flexible tenor (under 1 year)	Long term (more than 1 year)
Collateral	Group financing/no collateral	Collateral is required as per banking regulations
Mentoring and training	Must	Not mandatory
Government support concept	Revolving fund	Interest subsidies
Loan procedures	LKBB mechanism	Banking mechanism

Source: PMK RI NO 193/PMK.05/2020

Based on Minister of Finance Regulation Number 193/PMK.05/2020 concerning ultra-micro financing, the government appointed the Government Investment Center Public Service Agency (BLU PIP) as the UMi Financing coordinator in charge of collecting and distributing funds. UMi financing is distributed by the Government Investment Center (PIP) through Non-Bank Financial Institutions (PMK RI NO 193/PMK.05/2020)

Ultra Micro (UMi) at BRI Bank

Ultra Micro Holding was officially formed on September 13 2021, in connection with the signing of an agreement to transfer Indonesian shares in Pegadaian and PNM to BRI. nor can it be accessed by banks. Smile Mobile itself, the main goal for the community is to help the Indonesian government in achieving financial inclusion. Because the financial inclusion variable contributes positively and significantly to economic growth, the hope is that these unbankable and infeasible customers will be served financially with Smile Mobile. The establishment of Smile Mobile itself is in line with its vision to become "The Most Valuable Banking Group in Southeast Asia and the Champion of Financial Inclusion." The point is to take advantage of what has not been utilized. (Nathaniel & Aprianingsih, 2023:1)

Sharia Non-Bank Financial Institution Financing

In Indonesia, non-bank financial institutions operate with two principles, namely sharia LKBB and conventional LKBB (Latifah & Nugroho, 2020).

Sharia financial institutions are financial institutions that bridge between parties who need funds and parties who have excess funds through financial products and services that comply with sharia principles. (Soemitra, 2009:19)

Sharia principles are the principles of Islamic law in banking activities based on a fatwa issued by the Indonesian Ulema Council, in this case the National Sharia Council (DSN-MUI), then the fatwa is stated in Bank Indonesia Regulations. (Budiono, 2017)

Islam as a universal religion is very open to the dynamics of the development of human civilization. This is no exception in terms of technological developments in the economic and financial sectors. (Syahbudi & Moertiono, (2021:4))

Economic development is marked by the growth of businesses, including cooperatives and MSMEs. They will develop if they continue to collaborate and keep up with changing developments. In the industrial era 4.0, all economic activities are moving towards digitalization, as well as MSMEs and cooperatives must be able to become a mainstay in turning the wheels of the economy. (Ichsan, Syahbudi, & Nasution, 2023:2))

In this modern era, sharia LKBB is increasingly recognized alongside the banking sector. Because compared to banks, LKBB sharia processes customer financing requests quickly and more flexibly. On the other hand, some customers do not qualify for access to bank finance due to the policies that the organization has set. However, at LKBB sharia, customers get many conveniences. Sharia LKBB plays an important role in Indonesia by providing additional financial services that banks cannot always provide. (Nelly & Soemitra, 2022:2)

LKBB sharia, with more diverse products and services provided have taken their place in the competitive financial market to meet customer demands. Sharia LKBB also plays an important role in the capital market as well as in the real sector. Like banks, most sharia LKBBs have separate subsidiaries to carry out their activities. Because of its important role and the breadth of its activities, LKBB is supervised by the financial services authority to ensure it follows a risk-based supervision system. So sharia LKBB tends to focus on bankruptcy risk analysis, which is influenced by the economic cycle and economic crises that can occur (Leon et al., 2020).

LKBB sharia is present and has become one of the strengthening factors for the sharia financial industry in Indonesia. In general, there is no visible contrast between sharia and conventional LKBB. The obvious difference is the special characteristic of LKBB sharia, namely that it operates according to Islamic sharia principles. So that the types of products, services and transactions carried out adapt to sharia compliance. Apart from that, sharia LKBB is also divided into various types according to the business being carried out and in accordance with the permits granted. (Nelly & Soemitra, 2022:2)

In his article, Aminullah said that Umi Financing could be used as a solution to provide fast and easy facilities for micro businesses. These business actors are micro business actors who have not been touched by KUR. The difference between the two capital assistance programs lies in the channeling institution, maximum amount of financing, and business assistance. KUR is distributed through banks with a maximum financing amount of IDR 50 million and no business assistance is required. In contrast to UMi financing, distribution is through non-bank financial institutions with a maximum financing amount of IDR 10 million (20 million according to the latest regulations) and is required to provide business assistance to members (Muttaqin, AA, & Hartono, AR (2019:3-4))

According to Widya Sari's research There are several problems that are the cause of the lack of development of Umi MSMEs, including: Lack of capital for business actors so that it is difficult for them to recover from the economic downturn due to the impact of Covid-19 and the lack of knowledge of micro business actors in using the internet. Some solutions that can be offered are to advise Umi MSME players to register their businesses with the sub-district to obtain a

business permit, so that they can access assistance from the government. The next solution is to increase the role of regional governments to provide guidance to business actors in developing their businesses, such as providing entrepreneurship training facilities and infrastructure. (Widya Sari (2021:5))

According to Vincencia's research, this non-banking credit program can be used by the government to encourage the growth of micro and small industrial production. Even so, UMi financing has not been able to have a significant impact on GRDP. This is likely due to the low loan value per recipient and the low disbursement of UMi financing received by the processing industry sector. The high absorption of UMi financing by the trade sector also indicates that ultra-micro businesses in Indonesia are still extractive and uncreative. (Hia, VDP, Handaka RD, & Zega YT (2021:8))

The purpose of this article is to analyze the Empowerment of Ultra Micro Enterprises (UMi) Differences before and after receiving ultra micro sharia financing in the Empowerment of Ultra Micro MSMEs through Sharia Non-Bank Financial Institution Financing in North Sumatra.

RESEARCH METHOD

This research was carried out in North Sumatra (SUMUT) with the aim of identifying differences between Ultra Micro (UMi) business actors before and after receiving financing assistance from sharia non-bank financial institutions. This research was carried out between June and August 2023. This research used quantitative analysis methods. Quantitative research techniques which basically process data obtained from respondents who are tested using statistical methods, the SPSS application. Quantitative data is data expressed in the form of numbers or figures. (M. Syahbudi, ElidaE.B & Dana .SB)

The tests carried out include the Normality test and the Paired sample T test via the SPSS application. This is one of the testing methods used to assess the effectiveness of treatment, characterized by the difference in the average before and the average after treatment is given (Widiyanto 2013). In this research, the population was 100 ultra-micro businesses. The criteria for determining the sample for this research use saturated sampling. Saturated sampling is a sample determination technique when all members of the population are used as samples (Sugiyono 2019:85). with the following conditions:

- a. Businesses domiciled in North Sumatra (SUMUT)
- b. Ultra Micro Businesses that receive financing assistance from Non-Bank Financial Institutions in 2023.

Therefore, according to the criteria above, the research sample consists of 100 businesses, recipients of Ultra Micro Financing.

DISCUSSION RESULT

Normality test

The Normality Test is carried out with the aim of finding out whether the data used in a regression model is normally distributed or not.

If the distributed data is proven to be normal, this means that the sample used can represent the population used by measurement. If the significant value is > 0.05 , it can be declared to have a normal distribution.

Based on the Normality Test results table in Table 1, it can be seen that the significance level obtained from the SPSS Kolmogorov-Smirnov (Lilliefors) test results is $0.060 > 0.05$, which

can be interpreted as a significance level greater than 0.05. So it can be interpreted that all variable values used in this research are normally distributed.

Paired Sample T Test

This test is used to determine whether or not there is a difference in the average between two paired (related) sample groups. What this means is that two samples still receive two different treatments. The data used is usually on an interval or ratio scale (Abdul Muhid 2012).

Table 2 shows the mean value or average daily income of Ultra Micro (Umi) businesses before obtaining financing of 187,400.00. Meanwhile, after obtaining financing it increased to 328,000.00 per day. This means that there is an increase in Ultra Micro (Umi) business income per day after obtaining Ultra Micro financing from non-Sharia Bank Financial Institutions.

In table 3, shows the results of the correlation or relationship between the two data, namely before obtaining financing and after obtaining financing. It is known that the significance value is 0.000, meaning the value is <0.005 .

As is the basis for decision making in the correlation test, because the significance value is <0.005 , the indication is, there is a relationship between before the Ultra Micro business (Umi) obtained financing and after obtaining financing.

In accordance with the basis for decision making in the Paired sample T-Test, namely Table 4:

1. If the Sig. (2-tailed) < 0.05 , then there is a significant difference between Ultra Micro (Umi) business income before and after obtaining financing from Non-Bank Financial Institutions (LKBB).

2. If the Sig. (2-Tailed) > 0.05 , so there is no significant difference between Ultra Micro business income before and after obtaining Ultra Micro financing (UMi) from non-bank financial institutions (LKBB).

It is known that the Sig value. (2-Tailed) is $0.000 < 0.05$, so it can be concluded that there is a real difference between the income of Ultra Micro business actors before and after obtaining Ultra Micro financing (UMi) from Non-Bank Financial Institutions (LKBB).

Descriptive addition: According to an interview conducted with Mr. Rusdi, a perfume seller, he felt a difference in the increase in profits after getting Ultra Micro (UMi) financing. Mr. Rusdi also said that he could add aroma variants to his business.

Table 1. Test of Normality

Tests of Normality

Kolmogorov-Smirnova			Shapiro-Wilk		
Statistics	df	Sig.	Statistics	Df	ig.
,087	100	,060	,977	100	082
,087	100	,060	,977	100	078

a. Lilliefors Significance Correction

Source: Data processed by researchers (2023)

Table 2. Paired Sample T Test

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
air 1	BEFORE RECEIVING UMi FINANCING	18740 0.00	10 0	69363,921	6936,39 2
	AFTER RECEIVING UMi FINANCING	32800 0.00	10 0	112051,575	11205,1 58

Source: Data processed by researchers (2023)

Table 3. Paired Samples Correlations

Paired Samples Correlations

		N	Correlation	Sig.
air 1	BEFORE RECEIVING UMi FINANCING & AFTER RECEIVING UMi FINANCING	100	,817	,000

Table 4.

Paired Sample Test

	Pair	Paired Differences					Q	df	(2-tail)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
1	BEFORE RECEIVING UMi FINANCING - AFTER RECEIVING UMi FINANCING	-140600,000	68280,763	6828,076	-154148,385	127051.615	-20,591	99	

CONCLUSION

From the results of research on the Empowerment of Ultra Micro MSMEs through Sharia Non-Bank Financial Institution Financing in North Sumatra before and after receiving Ultra Micro Financing (UMi), it can be concluded that: There is a development between daily income before and after financing. Sales revenue after getting financing is better than sales revenue before getting financing. The difference before obtaining financing from Sharia Non-Bank Financial Institutions (LKBB) was that there was an average sales income of Rp.187,400.00,- and after obtaining financing from a Sharia Non-Bank Financial Institution (LKBB) has an average sales income of Rp.328,000.00,-. It can be concluded that the average sales income has increased after obtaining financing, the comparison is IDR 140,600.00.

It can be said thatUMi financing is an important pillar and has a central role in reviving the economic sector in the regions, especially North Sumatra Province. If MSMEs rise, the economy will be leveraged, therefore it can be said that UMi financing is a significant factor to encourage economic growth in North Sumatra even higher.

REFERENCES

- Abdul Muhid. 2012. Analisis Statistik. Surabaya : Zifatama, hal, 37.
- Akber, S. M., Researcher, M. P., Barua, D., & Researcher, M. P. (2021). *a Comparative Analysis of Financial Performance of Non-Bank Financial Institutions in Bangladesh*. *American Finance & Banking Review*, 6(1), 1-13.<https://doi.org/10.46281/amfbr.v6i1.1455>
- Andri Soemitra, 2009. Bank & Lembaga Keuangan Syariah (Jakarta: Prenadamedia Group).
- Andri Soemitra, Zuhrinal Nawawi, & M syahbudi, 2022. Pembiayaan Syariah : Untuk Usaha Mikro Di Indonesia (Medan: Merdeka Kreasi group)
- Arief Budiono, 2017. Penerapan Prinsip Syariah Pada Lembaga Keuangan Syariah, *Jurnal Law and Justice*, Vol.2 No.1.
- Fatwa DSN-MUI No. 119/DSN-MUI/II/2018 tentang Pembiayaan Ultra Mikro Berdasarkan Prinsip Syariah.
- Hia, V.D.P, Handaka R.D, & Zega Y.T. (2021). Pengaruh pembiayaan ultra mikro (umi) terhadap pertumbuhan ekonomi daerah melalui pertumbuhan produksi industri mikro dan kecil. *Indonesian Treasury Review: Jurnal Perbendaharaan, Keuangan Negara dan Kebijakan Publik*, 6(1), 75-84.
- Ichsan, Reza Nurul, Muhammad Syahbudi, and Venny Fraya Hartin Nst. 2023. *Development of Islamic Human Resource Management in The Digital Era For MSMEs and Cooperatives in Indonesia: English*. *IQTISHODUNA: Jurnal Ekonomi Islam* 12, no. 2): 497-514.<https://doi.org/10.54471/iqtishoduna.v12i2.2336>
- Jeremy Nathaniel, Atik Aprianingsih, 2023. *Banking Industry in Indonesia: Bank Rakyat Indonesia (BRI) and the Competition Landscape*. *International Journal of Current Science Research and Review*, 6(6), 3497-3502
- Latifah, N. A., & Nugroho, S. A. (2020). Optimalisasi struktur dan regulasi lembaga keuangan syariah di indonesia. *Jurnal Ekonomi Syariah*, 07(01), 176-211.<https://doi.org/https://doi.org/10.21274/an.2020.7.1.176%20-%20211>
- Leon, R. D., Treapăt, L. M., Gheorghiu, A., & Stan, S. O. (2020). *A microcredit evaluation model for non-bank financial institutions*. *Kybernetes*, 49(9), 2185-2199. <https://doi.org/10.1108/K-05-2018-0250>
- Madani, (2015). Aspek Hukum Lembaga Keuangan Syariah Di Indonesia, Jakarta: Kencana,.

- Muttaqin, A. A., & Hartono, A. R. (2019). Implementasi Penerapan Pembiayaan Ultra Mikro Di BmtUgt Sidogiri. *El-Barka: Journal Of Islamic Economics And Business*, 2(2), 273-299
- M. Syahbudi, Elida E. B & Dana .S.B (2023). Buku ajar: metodologi penelitian ekonomi islam. Medan : Merdeka kreasi group.
- Nelly Ross, Soemitra Andri, (2022). Studi Literature General Issu Lembaga Keuangan Non Bank Syariah di Indonesia. *El-Mal: Jurnal Kajian Ekonomi & Bisnis Islam*, Vol 3 No 4, (700-710). DOI: 1047467/elmal.v3i4.1056
- OJK Buku 2 Perbankan, Seri Literasi keuangan Hal 35
- Park, Hun Myoung. 2008. *Univariate Analysis and Normality Test Using SAS, Stata, and SPSS. Working Paper. The University Information Technology Service (UITS) Center for Statistical and Mathematical Computing, Indiana University.*
- PERATURAN MENTERI KEUANGAN REPUBLIK INDONESIA NOMOR 193 /PMK.05/2020 TENTANG PEMBIAYAAN ULTRA MIKRO
- Power Comparisons of Shapiro-wilk, Klomogorov Smirnov , Liliefors And Anderson Darling-Test. Faculty of Computer and Mathematical Science, University Teknologi MARA, 40450 Shah Alam, Selangor, Malaysia.*
- Rivai, Veithzal. dan Andria Permata Veithzal, (2008), *Islamic Financial Management* Jakarta: Raja Grafindo Persada.
- Sari widya, 2021, Pendampingan Pengembangan Pemasaran Dan Kewirausahaan UMKM Ultra Mikro Melalui pemanfaatan Digital Marketing, *Jurnal Of Empowerment* VOL. 2, No. 2.
- Soemitra Andri, Kusmilawaty, Tri inda Fadhila Rahma, 2022, *The Role of Micro Waqf Bank in Women's Micro-Business Empowerment through Islamic Social Finance: Mixed-Method Evidence from Mawaridussalam Indonesia*, *Economies* 10, no. 7: 157. <https://doi.org/10.3390/economies10070157>
- Sugiyono 2019, *Metode penelitian kuantitatif, kualitatif dan R&D* : Bandung, Alfabeta.
- Syahbudi M, E, E, Barus, D, S, Barus, 2023, *Buku Ajar : Metodologi Penelitian Ekonomi Islam* : Merdeka Kreasi Group.
- Syahbudi M, Moertiono, J, R, 2021, *ZAKATECH : THE READINESS OF ISLAMIC ECONOMIC DEVELOPMENT IN NEW NORMAL ERA*, *Proceeding International Seminar on Islamic Studies*. Vol 2 No 1.
- Syahbudi M, 2021. *Ekonomi Kreatif Indonesia Strategi Daya Saing UMKM Industri Kreatif Menuju Go Global (Sebuah riset dengan model pentahelix)*, edisi 1, cetakan 1. Medan: Merdeka Kreasi Group.
- Triandaru, Susilo Sri Y. Sigit A. & Totok Budi Santoso. 2005, *Bank dan Lembaga keuangan Lain*, Jakarta: Salemba Empat.
- Widyanto Agus Mika. 2013. *Statistika Terapan Konsep dan Aplikasi dalam Penelitian Bidang pendidikan, psikologi dan Ilmu Sosial lainnya* PT. Elex Media Komputindo, Jakarta.