

DEVELOPMENT OF MICRO, SMALL AND MEDIUM ENTERPRISES (UMKM) BASED ON ISLAMIC BANKING IN THE CHIP INDUSTRY IN KELAYAN VILLAGE, SOUTH BANJARMASIN SUB-DISTRICT, BANJARMASIN CITY

Muhammad Irhami

Master of Management Program, Postgraduate Program, Asian Institute of Technology and Business Malang

Email Correspondence: sohib_irham@yahoo.com

ABSTRACT

The purpose of this study was to determine the strategies, constraints, and benefits in the development carried out by MSMEs in the Chips industry in Kelayan Village, Banjarmasin City based on Islamic banking. This type of research is qualitative with a descriptive approach. Primary data were obtained through interviews with informants, while secondary data included profiles of chips industry centers in Kelayan Village, Banjarmasin City and other supporting data. Based on the research that has been done, it can be concluded that the development strategy carried out by the Chips Industry UMKM in Kelayan Village, Banjarmasin City is to apply for capital financing to Bank BRI Syariah KCP Banjarmasin. The obstacles faced in the development of MSMEs in the chip industry are heavy collateral, application requirements that are rejected because they are not bona fide, and MSME actors who are not disciplined in paying installment interest. Microfinance provided by BRI Syariah KCP Banjarmasin for additional business capital can increase the income received by MSMEs in the chip industry and keep MSME businesses running.

KEYWORDS: Business Development, MSMEs, Sharia Banking



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Introduction

Banking is an institution that has a major role in the development of a country. This role is realized in the Bank's function as a financial intermediary institution, namely collecting funds from the public in the form of deposits and channeling them to the public in the form of credit or other forms in order to improve people's lives. In Law No. 10 of 1998 based on its operational principles, banks are divided into two, namely conventional banks based on interest and Islamic banks based on sharia principles, where Islamic Banks consist of Islamic Commercial Banks and Islamic Rural Banks or currently called Islamic People's Financing Banks.

The activities of PT Bank BRI Syariah became stronger after the signing of the deed of separation of the Sharia Business Unit of PT Bank Rakyat Indonesia (Persero), Tbk on December 19, 2008, to merge into PT Bank BRI Syariah (spin off process) which was effective on January 1, 2009. The signing was conducted by Mr. Sofyan Basir as President Director of PT Bank Rakyat Indonesia (Persero), Tbk. and Mr. Ventje Rahardjo. The development of Islamic Banking financial institutions, especially Bank BRI Syariah, is also expected to have a positive impact on economic development in Indonesia. The role and purpose of Islamic banking, especially those involving the community, will advance the people's economy by helping people's business programs or MSMEs (Micro, Small and Medium Enterprises) by presenting programs whose impact is directly felt by MSME actors.

Micro, small and medium enterprises (MSMEs) are an important part of the Indonesian economy. MSMEs are one of the most popular business practices among Indonesians. The large number of MSME activists makes this business sector one of the driving wheels of the country's economy. The micro, small and medium enterprise (MSME) sector has so far shown a very good stretch and has even been able to sustain national economic recovery and growth. This sector is also the driver of the economy when a crisis hits. Micro, Small and Medium Enterprises (MSMEs) as contributors to the national gross domestic product (GDP) have an important role in Indonesia's economic recovery. Based on data from the Ministry of Cooperatives and Small and Medium Enterprises (KemenkopUKM) in March 2021, the number of MSMEs in Indonesia reached 64.2 million with a contribution to Gross Domestic Product (GDP) of 61.07% or IDR 8,573.89 trillion. MSMEs are able to absorb 97% of the total workforce, and can raise up to 60.42% of the total investment in Indonesia.

The development of micro, small, and medium enterprises (MSMEs) in Banjarmasin City is quite rapid. Based on data from the Office of Cooperatives, Small and Medium Enterprises of South Kalimantan Province (2022) in 2018, there were 31,231 micro businesses in the Banjarmasin City area, South Kalimantan. Many of these businesses were able to survive and grow amid the Covid-19 pandemic. Banjarmasin City is the capital of South Kalimantan province, which is one of the cities in Indonesia that has MSMEs in various business sectors. Banjarmasin City has a unique pattern of industrial growth, where most of its industries are

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supported by the small and micro industry sector. One of the micro-industry centers in Banjarmasin City is the chip industry in Kelayan Village, Banjarmasin City based on Islamic banking.

In reality, the development of MSMEs such as the chip industry in Kelayan Village has its own obstacles, one of the main ones being weaknesses in the capital structure and limitations in obtaining access to capital sources. According to Rosmadi (2019), which states that the main problem faced by MSME actors is related to financial capacity. The capital factor is important but not the main thing in carrying out business activities. Capital is used to support the company's ability to improve the quality and quantity of production in order to have a competitive advantage and to improve the performance of MSMEs supported by determination, experience, courage, knowledge and good networking.

Methods

The type of research used in this research is qualitative research. In this study, researchers used field research methods. While the type of research uses descriptive research. The data sources used in this research consist of primary and secondary data sources. Primary data is obtained through interviews with relevant informants to explore information about the development of Islamic banking-based MSMEs in the Chips industry center in Kelayan Village, Banjarmasin City. The main source of data is the chip makers in Kelayan Village. Meanwhile, secondary data includes the profile of the Chips industry center in Kelayan Village, Banjarmasin City and other supporting data related to research materials and processing processes and information obtained during the research. The data will be analyzed and interpreted into words or explanations that can be clearly understood by others, and then presented in writing in the form of a research report. Qualitative data analysis while in the field uses the Miles and Huberman model which consists of data reduction, data presentation, and conclusion drawing.

Results

Based on the 3 respondents in this study, it can be seen that all respondents are MSME actors in Kelayan Village, Banjarmasin City. MSME development in Kelayan Village is with MSME financing. Microfinance at Bank BRI Syariah KCP Banjarmasin is financing provided by BRI Syariah to customers or prospective customers, either individual businesses or business entities engaged in MSMEs to finance their business needs through working capital financing or investment financing with a ceiling of Rp. 5,000,000,- to Rp. 200,000,000. with various margins depending on the amount of financing provided.

The agreement used for this microfinance application is a murabahah bil wakalah agreement, which is a sale and purchase agreement where Islamic banking represents the purchase of

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goods to the supplier by the customer, then the customer provides a purchase note to the bank, after the purchase note is owned by the bank, the bank determines the margin obtained and the repayment period to be agreed upon by the bank and the customer. It is hoped that future prospects will be able to assist potential customers in applying for financing that uses sharia principles that are far from usury. To find out how the development strategy of the Chips Industry MSMEs in Kelayan Village, Banjarmasin City is based on Islamic banking, the researchers conducted interviews with the perpetrators of the Chips MSMEs in Kelayan Village, including the following:

"So for my SOP chips business, it has been running for 2 years. Alhamdulillah, at this time I am greatly helped by the assistance of capital loans from Bank BRI Syariah. Of course, this financing is far from usury, so it's calmer. I use this capital to develop the chips and pastries business" (Interview with Mrs. Aminah, owner of the SOP Chips Business).

Based on the interview above, it can be seen that Mrs. Aminah is a customer of BRI Syariah KCP Banjarmasin, she said that her business has been running for 2 years. After getting financing from BRI Syariah KCP Banjarmasin, her income increased, before getting financing the income received was IDR 100 thousand per day, after getting financing of IDR 25 million from BRI Syariah KCP Banjarmasin her income increased to IDR 200 thousand per day. The bank also conducts direction related to the business so that it grows. With additional capital or financing from BRI Syariah Banjarmasin, it helps me develop my chips and cookies business.

"The beginning of my tempeh sago chips business started by accident. At that time I was hit by a flood disaster, because I was confused that I had no income, I finally tried to make tempeh sago chips. Alhamdulillah, it has been running until now. Currently, I received capital assistance from BRI Bank KCP Banjarmasin amounting to 20 million rupiah, which I used for additional capital and buying business support equipment" (Interview with Mrs. Musriati, Owner of Tempeh Sago Chips Business Ridho).

Based on the interview above, it can be seen that Mrs. Musriati is a customer of BRI Syariah KCP Banjarmasin who has a sago tempeh chips business "Ridho". Mrs. Musriati said that the beginning of the sago tempeh chips business began during the flood season, which resulted in the submergence of her plantation. Mrs. Musriati was confused about getting household income so she tried to process tempeh chips and market them until the business ran until now and has been running for about 4 years. Mrs. Musriati received a capital loan from BRI Syariah KCP Banjarmasin amounting to 20 million rupiah which was used by her for additional capital and buying equipment to support her business.

"I started this banana chip business by selling banana chips from 2016, which were sold in stalls, then there were customers who ordered at home, since then the sales have been selling more and more. I also market online via Instagram, Facebook and WhatsApp. Until now, my pisang chips have spread to the Marabahan market and also to the island of Bali. I received a capital loan from BRI Syariah Bank KCP Banjarmasin amounting to 150 million rupiah which was used

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by him for additional business capital" (Interview with Mrs. Muni'ah, as the owner of the banana chip business.).

Based on the results of the interview above, it can be seen that Mrs. Muni'ah is one of the customers of Bank BRI Syariah KCP Banjarmasin. Mrs. Muni'ah said that the beginning of starting a business began with selling banana chips from 2016, which were sold in stalls, then there were customers who ordered at home, then there was a friend of Mrs. Muni'ah who marketed in Banjarbaru city up to 10 kg. Mrs. Muni'ah received a capital loan from BRI Syariah Bank KCP Banjarmasin of 150 million rupiah which was used by her for additional business capital.

Bank Syariah BRI Banjarmasin Branch has an important role to improve micro businesses and build confidence in the stability of the financial system. Providing excellent service to customers, through a widespread network and supported by professional human resources by implementing government policy practices with legal entities. Providing optimal profits and benefits to interested parties. Efforts to improve and develop micro businesses by BRI Syariah Bank Banjarmasin Branch in this case are carried out by encouraging the provision of banking credit to micro businesses. The micro business financing facility provided by BRI Syariah Banjarmasin Branch is a facility with a limit of up to IDR 50,000,000. Thus, it can support micro business financing.

Granting bank credit must have confidence based on in-depth analysis of the intention and ability and ability of the debtor customer to overcome debt or return the intended financing as promised. The credit provided by the bank contains risk so that in its implementation the bank must pay attention to the principles of credit to obtain this confidence, before providing credit, the bank must conduct a careful assessment of the character and ability, collateral capital, and business prospects of the debtor. Given that collateral is one of the elements of granting credit, if based on other elements it is possible to obtain confidence in the debtor's ability to repay debts, the collateral can only be in the form of goods, projects, or claims financed by the credit in question.

Supporting factors for BRI Syariah in increasing micro businesses include locations that are easily accessible to the community; the system implemented at Bank Syariah BRI Banjarmasin Branch such as products, procedures, accounting systems, and supervision is designed in such a way as to be very simple, efficient and effective; every employee in the ranks of Bank Syariah BRI Banjarmasin Branch must receive training to maximize the ability of each employee in order to provide the best for the script and the company.

Based on the results of interviews with BRI Syariah Bank Banjarmasin Branch, it was found that there are many obstacles faced by BRI Syariah in increasing micro-businesses, including limited human resources who understand sharia products and systems; the existence of guarantees at banks so that customers find it difficult to use micro-business financing products; difficulty

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in withdrawing funds in the event of default; on the other hand, banks also have difficulty channeling credit to micro-business groups.

Discussion

Judging from the income of those who do micro-business at Bank Syariah BRI Banjarmasin Branch, their income has increased. This proves that the presence of Bank Syariah BRI Banjarmasin Branch is very helpful for the people of Banjarmasin city to increase micro businesses in developing their business. Investment financing is provided to customers for investment purposes, namely the need for additional capital to carry out repairs, business expansion, or the establishment of new businesses. With the assistance of Bank Syariah BRI Banjarmasin Branch, people in the city of Banjarmasin get convenience in loans that can be used to improve the business being run. Bank Syariah BRI Banjarmasin Branch also gets a large profit from lending to micro businesses. The role of Bank Syariah BRI Banjarmasin Branch in financing micro businesses is still very small. This cannot be separated from the small amount of total assets of Bank Syariah BRI Banjarmasin Branch. But what Bank Syariah BRI Banjarmasin Branch has done in financing micro businesses so far is the first step in the role of Bank Syariah BRI Banjarmasin Branch in its alignment with these micro businesses.

The role of MSME development in Kelayan Village, Banjarmasin City through Islamic banking, in this case Bank BRI Syariah KCP Banjarmasin, is carried out by encouraging the provision of banking credit to micro businesses. The micro business financing facility provided by Bank Syariah BRI Banjarmasin Branch is a facility with a limit of up to IDR 50,000,000. Thus, it can support micro business financing. The efforts that have been made by Bank Syariah BRI Banjarmasin Branch in increasing micro businesses have many stages. Bank Syariah BRI Banjarmasin Branch introduces the sharia system to the public by convincing and providing understanding to the public about BRI Syariah products.

Not only fixated on the mindset that prioritizes halal-haram issues and usury interest in introducing Bank Syariah BRI Banjarmasin Branch to the public, but trying to highlight things that are more common and popular in the community. This is because most of the people of Banjarmasin city think about the advantages and disadvantages of saving or borrowing money at BRI Syariah. For rational people, the most important thing is the attractive returns and other benefits, such as satisfactory service, sophisticated technology, security, extensive network, and ease of access.

Some of the obstacles faced in developing MSMEs in Kelayan Village, Banjarmasin City are limited human resources who understand sharia products and systems. This may be due to the lack of socialization to explain the advantages of sharia products. There is still an impression in some communities that BRI Syariah Bank Banjarmasin Branch is exclusive in the sense that BRI Syariah is only aimed at the Muslim community and involves people who are

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Muslim only. There is a view from some people who say that in general the system of activities and products of banks follows conventional banks. The main thing that makes the difference is only the elimination of the element of usury or interest which is forbidden in Islamic law.

In addition, the obstacle faced in the development of MSMEs in Kelayan Village, Banjarmasin City is collateral or guarantee. The requirement for sufficient collateral is an obstacle faced by banks. The collateral in question is collateral that can be used as a requirement in applying for capital financing, which can be in the form of land certificates or motor vehicle CPCPs. This is because not all business actors in the chip industry MSMEs in Kelayan Village, Banjarmasin City have collateral requirements that must be met when applying for microfinance-based financing. Thus, business actors who are unable to meet these requirements cannot obtain capital loans that can help the continuity of the business they are running.

As for what BRI Syariah Bank Banjarmasin Branch sees from the ability to pay to customers who do micro business financing is from the business side, the ability to make payments is highly dependent on factors that affect sales volume, selling prices, costs and expenses. This all depends on the quality of products and services, the effectiveness of labor, the price and availability of raw materials and the quality of management. Given that the ability to pay is based on the income from the customer's business, the bank must be confident that based on the business the customer can fulfill his financial obligations.

The development of MSMEs in Kelayan Village, Banjarmasin City carried out by Bank BRI KCP Banjarmasin has not fully supported micro businesses because it is limited by prudential factors. Therefore, Bank Syariah BRI Banjarmasin Branch requires collateral for those who carry out financing in order to avoid losses that can arise at any time from the customer's performance. On the other hand, banks also have difficulty channeling credit to micro business groups. Another obstacle faced in the development of chip industry MSMEs in Kelayan Village, Banjarmasin City based on microfinance is the submission requirements that cannot be met so that they are rejected by Islamic banks. This is because MSMEs that apply for financing do not meet the requirements or are deemed not bona fide. The research findings also show that there are obstacles faced by chip industry MSMEs in Kelayan Village, namely business actors who have received sharia-based capital financing are not disciplined in paying installment interest. This is because the installment burden is subject to interest and payments made within a predetermined period are considered burdensome in terms of costs (interest) and mind burden.

Conclusion

Based on the research that has been conducted, it can be concluded that the development strategy carried out by the Chips Industry MSMEs in Kelayan Village, Banjarmasin City is by applying for capital financing to BRI Syariah Bank KCP Banjarmasin. The obstacles faced in the

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development of chip industry MSMEs in Kelayan Village, Banjarmasin City based on microfinance are heavy collateral, application requirements that are rejected because they are not bona fide, and MSME players who are not disciplined in paying installment interest. Microfinance provided by BRI Syariah KCP Banjarmasin for additional business capital can increase the income received by chip industry MSMEs in Kelayan Village and keep MSME businesses running.

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