

## IMPACT OF BPRS AL-WASHLIYAH FINANCING ON MSMEs DEVELOPMENT IN EAST MEDAN

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### Abstract

*The aim of this research is to empirically analyze the impact of providing working capital financing by PT. Al-Washliyah Sharia People's Financing Bank on the performance of MSMEs in East Medan District, as well as identifying factors that influence this impact. By filling out questionnaires by distributing questionnaires via Google Form to MSMEs in East Medan District and document analysis, this research identifies changes that occur in various business aspects, such as production scale, product diversification and income. The research results show that financing has a positive impact on the growth of MSMEs, but this impact varies on the characteristics of MSMEs and type of business.*

**Keywords:** MSMEs, BPRS, Financing Impact, MSME Development, Islamic Banking.

### Introduction

Micro, Small and Medium Enterprises (MSMEs) are the core of the Indonesian economy, including in the city of Medan. To absorb labor, increase economic growth and reduce inequality, the role of MSMEs is very important. Many financial institutions, including banks, provide financing to support the growth of MSMEs. PT. Al-Washliyah Sharia People's Financing Bank is a financial institution that focuses on financing MSMEs. PT. Al-Washliyah Sharia People's Financing Bank has a strategic role in developing MSMEs in Medan City, especially in East Medan District, especially by providing working capital financing. It is hoped that the provision of financing by the Al-Washliyah Sharia People's Financing Bank will increase production capacity, expand the market, and ultimately increase MSME income. However, there is not much research that specifically investigates the impact of providing financing on the performance of MSMEs, especially in East Medan District. BPR Syariah can provide easy financing services, especially for entrepreneurs, planters and farmers from weak groups by providing temporary business capital loans so that they will be able to increase business income, increase productivity, and can develop the economy in the real sector. (Sarifudin, 2021).

According to Amelia (2017), it is recognized that in developing countries such as Indonesia, MSMEs have a very important role in growing employment opportunities and increasing income. Apart from contributing to employment, the MSME sector also has a role in the national economy. During 2010, the contribution of MSMEs was around 57% of GDP (Hamid, 2005:43). MSMEs have demonstrated their resilience, such as when facing the storm of the monetary crisis in 1977-1998 (Rahcmawan et al, 2015: 4).

A study by the Pacific Economic Corporation Council shows that APEC's advanced economic members generally have a larger ratio of entrepreneurs to population compared to APEC members which are classified as already developed. Rachmawan (2015) shows that to support APEC economic growth, one MSME class unit is needed for every 20 residents. The independence of MSMEs through financing provided by the BPRS can be seen through banking industry data which shows that MSME credit growth only reached an average of 26.67% per year. This credit provision is dominated by national commercial banks, such as the Sharia People's Financing Bank.

**Table 1. BPRS Financing (Rupiah) to Non-Bank Parties (Billion Rupiah), 2014-2023**

Sharia Financing Bank	
Year	Value (Billion Rupiah)
2014	5.005
2015	5.765
2016	6.663

2017	7.764
2018	9.084
2019	9.943
2020	10.681
2021	11.984
2022	14.448
2023	17.025
<b>Annual Average (%)</b>	<b>26,67</b>

Source: BPS Indonesia 2024

Based on the data in table 1, the value of financing provided by Sharia People's Financing Banks to non-bank parties from 2014 to 2023 is presented, which includes a large jump of up to 240.1% from the last 10 years. This shows that one of the factors for the progress of MSMEs in Indonesia, especially the city of Medan, is the receipt of financing from the Sharia People's Financing Bank which is quite large with an annual average of 26.67%.

**Table 2. Number of MSMEs Registered on the OSS Platform in Indonesia in 2022**

Province	Units
West Java	1.497.723
Central Java	1.457.126
East Java	1.153.576
DKI Jakarta	658.365
North Sumatra	595.779

Source: UMKMINDONESIA.ID

Based on table 2 for the 2022 period, North Sumatra holds the title of top 5 as the most MSME units registered on the OSS platform. This shows that people in North Sumatra, especially MSMEs, are aware of the importance of registering their businesses so that they are officially recorded. Micro, Small and Medium Enterprises (MSMEs) are an important part of a nation's economy. Because of this important role, the government continues to make efforts to develop MSMEs (Sarfiah et al, 2019).

Much previous research has been conducted on the impact of financing on MSMEs, but most of it focuses on the impact in general or on certain types of MSMEs. Several studies show that financing can improve the performance of MSMEs, such as increasing turnover, profits and productivity. However, there is also research that shows that not all MSMEs are able to utilize financing effectively. Based on the problems encountered from previous research, the researcher concluded that there were 2 things that needed to be researched in depth regarding the impact of providing working capital financing by PT. Al-Washliyah Sharia People's Financing Bank on the performance of MSMEs in East Medan District before and after obtaining financing, and what factors influence the impact of providing this financing.

### Research Methods

The research method that will be used in this research is qualitative in the form of collecting sample data from various MSME actors in East Medan District. The population in this research is MSMEs in East Medan District who have received financing from BPRS AL-Washliyah with a research sample of 10 people. This research was conducted in East Medan District. The object of this research is MSME actors in East Medan District.

Data collection :

Questionnaire (questionnaire), namely data collection by giving questionnaires to respondents using a Linkert scale with a score of 1 – 5. The Linkert scale answer score form used:

**Table 3.**

ALTERNATIVE ANSWER	
ANSWER	SCORE
Strongly Agree (SA)	5
Agree (A)	4
Neutral (N)	3
Disagree (D)	2
Strongly Disagree (SD)	1

The data analysis technique used in this research uses frequency distribution. The method of carrying out this research is that the questionnaire is tested using a frequency test. Then, the data collection technique is by distributing questionnaires to respondents or samples in the research.

## Results and Discussion

### Statement Test Results

The frequency test uses the FPSS application which aims to classify data that has been processed and then presented in tables or graphs.

### Responses from East Medan MSME Actor Respondents Regarding Preferences for the Impact of BPRS Al Washliyah Financing on MSMEs

**Table 4.**

Question	Respondent's Answer Level			
	Accept (SA+S+N)		Do not accept (D+SD)	
	%	F	%	F
The process of applying for financing at BPRS Al-Washliyah is very easy.	100 %	10	0 %	0

Based on the test results in table 3, it shows that 100% of respondents agree with the statement that the application process at BPRS Al-Washliyah is very easy.

**Table 5**

Question	Respondent's Answer Level			
	Accept (SA+S+N)		Do not accept (D+SD)	
	%	F	%	F
The requirements put forward by BPRS Al-Washliyah to obtain financing are very realistic.	90 %	9	10 %	1

Based on the test results in table 4, it shows that 90% of respondents agree with the statement that the conditions needed to apply for financing are very realistic, and 10% of respondents disagree.

**Table 6**

Question	Respondent's Answer Level			
	Accept (SA+S+N)		Do not accept (D+SD)	
	%	F	%	F
The time required to obtain financing approval is quite short.	80 %	8	20 %	2

Based on the test results in table 5, it shows that 80% of respondents agree with the statement that the time required for financing approval is quite short, and 20% of respondents disagree.

**Table 7**

Question	Respondent's Answer Level			
	Accept (SA+S+N)		Do not accept (D+SD)	
	%	F	%	F
Financing from BPRS Al-Washliyah has helped increase my business turnover	90 %	9	10 %	1

Based on the test results in table 6, it shows that 90% of respondents agree with the statement that the financing received from BPRS Al-Washliyan helps increase business turnover, and 10% of respondents disagree.

**Table 8**

Question	Respondent's Answer Level			
	Accept (SA+S+N)		Do not accept (D+SD)	
	%	F	%	F
Because of financing from BPRS Al-Washliyah, I was able to expand my business.	90 %	9	10 %	1

Based on the test results in table 7, it shows that 90% of respondents agree with the statement that financing from BPRS Al-Washliyah helps expand business, and 10% of respondents disagree.

**Table 9**

Question	Respondent's Answer Level			
	Accept (SA+S+N)		Do not accept (D+SD)	
	%	F	%	F
Financing from BPRS Al-Washliyah has helped me improve the quality of products/services.	90 %	9	10 %	1

Based on the test results in table 8, it shows that 90% of respondents agree with the statement that financing from BPRS Al-Washliyah improves product/service quality, and 10% of respondents disagree.

**Table 10**

Question	Respondent's Answer Level			
	Accept (SA+S+N)		Do not accept (D+SD)	
	%	F	%	F
I am very satisfied with the services provided by BPRS Al-Washliyah	90 %	9	10 %	1

Based on the test results in table 9, it shows that 90% of respondents agree with the statement that respondents are satisfied with the services provided by BPRS Al-Washliyah, and 10% disagree.

**Table 11**

Question	Respondent's Answer Level			
	Accept (SA+S+N)		Do not accept (D+SD)	
	%	F	%	F
I feel safer and more comfortable in running my business after getting financing from BPRS Al-Washliyah.	100 %	10	0 %	0

Based on the test results in table 10, it shows that 100% of respondents agree with the statement that respondents feel safer and more comfortable in running their business after receiving financing from BPRS Al-Washliyah.

**Table 12**

Question	Respondent's Answer Level			
	Accept (SA+S+N)		Do not accept (D+SD)	
	%	F	%	F
Financing from BPRS Al-Washliyah has increased the competitiveness of my business	90 %	9	10 %	1

Based on the test results in table 11, it shows that 90% of respondents agree with the statement that financing from BPRS Al-Washliyah has increased business competitiveness, and 10% disagree.

## Conclusions and Suggestions

### Conclusions

The research results obtained regarding the preferences of MSME actors who have received financing from BPRS Al-Washliyah, the majority of respondents felt the benefits after receiving financing. MSME players are of the opinion that financing is an alternative solution for running a business, especially when the business being run is not optimal. However, there are still MSME players who have received financing, but do not feel the benefits of this financing. This is because MSME actors are still lacking in allocating financing funds so that the benefits they receive are not optimal.

### **Suggestions**

It is hoped that similar research can be deepened because there are still many areas in Medan City that have not yet been exposed, both in terms of financing for MSMEs and the development of MSMEs themselves. As the people of Medan, we must support MSMEs by buying local goods so that MSMEs in Indonesia, especially in the city of Medan, can develop even better.

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