

PRODUCTIVE FINANCING FOR MICRO, SMALL AND MEDIUM ENTERPRISES (MSMES): EFFORTS TO ACHIEVE THE SUSTAINABLE DEVELOPMENT GOALS (SDGS)

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ABSTRACT

This study aims to describe the productive financing of Bank Syariah Indonesia for MSMEs as an effort to achieve the SDGs using a literature review approach on secondary data in the form of financial statements and supporting data. The data was processed through financial statement analysis techniques, SATF Value performance measurement, and studies on relevant articles and literature. The results on Amanah's performance with the responsibility indicator, show that financing growth in MSME customers fluctuates, especially in 2021-2023 due to the Covid-19 pandemic. However, BSI continues to strive to follow its commitment to provide opportunities and convenience in financing, especially in the MSME sector. BSI has disbursed financing to MSMEs amounting to IDR 47.72 trillion or grew 14.54% annually. BSI also expands access to sharia financing, including through BSI Agen which resulted in 4.8 million transactions with a transaction volume of Rp 11 trillion, the MSME Center to increase the capacity and capability of MSMEs which has distributed financing of Rp 39.08 billion to more than 3,281 MSMEs fostered by BSI. BSI also has a platform namely the Digital Salam Portal to make it easier for the public to apply for microfinance digitally, to meet all business and investment needs, and provides financing for entrepreneurs at various levels of business, ranging from the micro level to corporations. BSI realizes that productive financing in the MSME sector has a huge role in realizing the SDGs, especially in the Decent Work and Economic Growth Target.

Keywords: MSMEs; Productive Financing; SDGs; Shariah Banking.

INTRODUCTION

The issue of sustainable finance in the Micro, Small, and Medium Enterprises (MSMEs) sector in Indonesia is in the spotlight because MSMEs play a role and contribute so much to realizing sustainable development goals. The importance of the position of MSMEs for Indonesia can be seen from the increase in MSME business actors in 2023 which will reach around 66 million (Indonesia

Chamber of Commerce and Industry 2023). MSMEs are in a positive trend with the number increasing every year and having a positive impact on the economy in Indonesia.

Table 1. MSME Data in 2018-2023

Year	2018	2019	2020	2021	2022	2023
Number of MSMEs (Million)	64.19	65.47	64	65.46	65	66
Growth (%)		1.98%	-2.24%	2.28%	-.070%	1,52%

Source: <https://kadin.id/data-dan-statistik/umkm-indonesia>

Based on data from the Ministry of Cooperatives and SMEs, the contribution of MSMEs to National GDP is 60.5% (Indonesia Chamber of Commerce and Industry 2023). This shows that MSMEs in Indonesia have great potential to be developed so that they can contribute even more to the economy. The Government of the Republic of Indonesia, as the state organizer, has helped MSMEs by providing People's Business Loans (KUR). Based on data from the Ministry of Cooperatives and SMEs, KUR growth amounted to IDR 178.07 trillion or approximately 16.25% in 2020 and amounted to IDR 192.59 trillion or approximately 8.16% in 2021. This also proves that MSME actors urgently need an injection of funds to develop their businesses (Kementerian Keuangan Republik Indonesia 2023).

In terms of national income, the MSME sector also contributes 61% to the Gross Domestic Product (GDP) and accommodates 97% of the total workforce of around 117 million. Thus, MSMEs play an important role in reducing unemployment and providing jobs for the community. However, this sector still faces challenges such as limited access to financing, technology, and digital literacy that hinder its development (Purwanti 2024). Therefore, the expansion of MSMEs is essential to increase Indonesia's higher economic growth through Islamic financial institutions in answering the challenge of limited access to MSME financing in achieving sustainable development goals or called Sustainable Development Goals (SDGs).

Sustainable development (SDGs) has been agreed to be implemented with 17 main goals to be achieved. Welfare in the economy is part of the SDGs goals that will be achieved by 2030. In achieving these goals, it involves many parties to be able to realize them, among the relevant institutions and in line with the goals of the SDGs are Islamic microfinance institutions. Both have the same goal, which is to be able to provide welfare to the community and equality in the economy.

Islamic banks are part of realizing the goals of the SDGs, by increasing their role as Islamic financial institutions that have a lot to do with the community. Islamic banks can distribute productive financing for Micro, Small and Medium

Enterprises (MSMEs). Through productive financing for MSMEs, Islamic banks not only provide financial access services but also provide opportunities for economic development from the lower communities, such as increasing income and improving welfare.

Islamic financial institutions, especially Islamic banking, continue to encourage MSME actors to grow, be competitive, and recover and rise from difficult times due to the COVID-19 pandemic. Not inferior to conventional banks, Islamic banking also continues to spur its financing to micro, small, and medium enterprises (MSMEs) in various sectors. This step is in line with the government's efforts to encourage the portion of financing in the MSME sector to reach 30% by 2024. The distribution of Islamic banking financing to the MSME sector increased at the beginning of the second quarter of 2024 (Mayasari 2024)

The Financial Services Authority (OJK) noted that Sharia Commercial Banks (BUS) and Sharia Business Units (UUS) have distributed financing to the MSME sector amounting to IDR 96.73 trillion as of April 2024. This amount increased by 8.4% annually from last year's position of IDR 89.23 trillion as of April 2023 (Simamora 2024). Meanwhile, if you look at the performance of MSME financing in several Islamic banks, it also recorded a significant increase. In line with the OJK data, PT Bank Syariah Indonesia Tbk (BSI) as the only Government-owned Sharia Commercial Bank also affirmed its commitment to continue to increase the portion of financing for the MSME segment by the government's directive to national banks to increase the credit ratio to the MSME segment.

Bank Syariah Indonesia has disbursed financing to MSMEs amounting to IDR 46.69 trillion or grew 17.05% annually. This is supported by the development of the increasing number of MSME actors and the lifestyle of people who are starting to see Islamic banking as one of the financing alternatives. Bank Syariah Indonesia's MSME financing focuses on resilient, strong, and sustainable businesses. Because Bank Syariah Indonesia wants to provide benefits not only for the community but also for nature through sustainable financing. BSI also encourages the expansion of access to sharia financing through BSI Agents. BSI currently has 90,628 BSI Agents which generate 4.8 million transactions with a transaction volume of IDR 11 trillion (Bank Syariah Indonesia 2024a)

Many previous types of research that discuss similar and relevant topics that are referenced in this study have found that Islamic banks play a crucial role in supporting micro, small, and medium enterprises (MSMEs) through productive financing, which aligns with Sustainable Development Goals (SDGs) for welfare and equity (Trimulato, Syamsu, and Octaviany 2021). However, the optimization of productive financing for MSMEs by Islamic banks is not yet optimal, with consumer financing still dominating (Trimulato, Syamsu, and Octaviany 2021). Despite this, Islamic bank financing for MSMEs has proven effective in boosting the real sector and national economy, with MSMEs demonstrating resilience during economic crises (Suretno and Bustam 2020) To achieve SDGs and maximize their impact, Islamic banks need to increase accessibility and the proportion of

productive financing for MSMEs, which currently stands below 20% compared to over 80% for consumer financing (Suretno and Bustam 2020)

Based on the results of previous research, this study focuses on defining the productive financing that are lacking in previous research, especially in Bank Syariah Indonesia for MSMEs as an effort to realize the SDGs through the analysis of financial statements and studies on relevant articles and literature.

METHODS

This study uses a descriptive qualitative method with the research subject, namely the growth of productive financing of Bank Syariah Indonesia in the MSME sector with the design of the role of productive financing of MSMEs in Bank Syariah Indonesia in achieving the Sustainable Development Goals (SDGs). This research uses secondary data in the form of financial statements of Bank Syariah Indonesia for 2018-2023 obtained from the official website of <https://ir.bankbsi.co.id/>, data on the growth of MSMEs in Indonesia from the Ministry of Cooperatives and MSMEs as well as the Indonesian Chamber of Commerce and Industry (KADIN) for 2018-2023 as well as theories from various literature related to SDGs. By adjusting the pattern of productive financing of Bank Syariah Indonesia in the MSME sector which in its activities supports and is in line with the SDGs as often proclaimed and echoed by the government, it becomes the limitation and focus of this research.

The data collection technique in this study uses literature studies to explore the theoretical foundations related to the Sustainable Development Goals (SDGs) and the development of productive financing of Bank Syariah Indonesia in the real sector of MSMEs. Every data obtained from various sources is observed and analyzed related to the growth conditions of Bank Syariah Indonesia's productive financing in the MSME sector, as well as related data and literature on the role and objectives of the SDGs which are in line with the existence of pre-existing Islamic financial institutions.

The analysis technique used in this study is qualitative descriptive analysis, namely analyzing, and describing the conditions of the research object. In this case, it outlines the proportion of productive financing of Bank Syariah Indonesia to MSMEs as an effort to achieve the SDGs based on literature reviews from various scientific articles, news relevant to research topics, analysis of Bank Syariah Indonesia's financial statements, and the performance of Amanah Bank Syariah Indonesia as an Islamic financial institution using SATF value.

RESULTS AND DISCUSSION

Results

Based on data from Bank Syariah Indonesia's financial statements, precisely in the 2018-2023 productive asset quality report and other information obtained from the official website of Bank Syariah Indonesia <https://ir.bankbsi.co.id/>.

However, the data for 2018-2020 still uses the financial statements of Bank Rakyat Indonesia Syariah (BRIS) before the merger with the government-owned Sharia Commercial Bank (BUMN) and the data for 2021-2023 uses the financial statements of Bank Syariah Indonesia as a government-owned Sharia Commercial Bank because of the merger of Bank Rakyat Indonesia Syariah (BRIS), Bank Negara Indonesia (BNIS) and Bank Syariah Mandiri (BSM) in February 2021.

Table 2. Bank Syariah Indonesia Financing for MSME in 2018-2023

Type of Financing (Bound and unbound parties)	Year (in millions of rupiah)					
	2018	2019	2020	2021	2022	2023
Receivables and rent-based financing	5.278.829	5.965.457	21.268.293	25.276.104	28.593.935	31.881.611
Revenue sharing financing	1.749.808	3.081.549	13.725.244	14.097.753	13.229.677	13.492.374
Total Financing for MSMEs	7.028.637	9.047.006	34.993.537	39.373.857	41.823.612	45.373.985

Source: Processed Data, 2024.

The type of financing provided by Bank Syariah Indonesia to MSME customers consists of bound and unbound parties. Information in the 2018-2023 productive asset quality report and other information shows that financing for bonded parties tends to be much smaller than for unbonded parties. Likewise, receivables and rent-based financing are much larger than 236% compared to profit-sharing financing.

In Table 2, receivables and rent-based financing for MSME customers in 2023 increased by 603% compared to 2018. Although profit-sharing financing is not too large compared to receivables and rent-based financing, this financing also contributed to the development of the MSME sector in the last 5 years, namely in 2023 financing increased by 771% compared to 2018.

Table 3. Growth of Bank Syariah Indonesia financing to MSME Customers
Year 2018-2023

Types of Financing (Bound and unbound parties)	Year				
	2018- 2019	2019- 2020	2020- 2021	2021- 2022	2022- 2023
Receivables and rent-based financing	13%	256%	19%	1%	11%

Revenue sharing financing	76%	345%	3%	-6%	2%
Total Financing for MSMEs	89%	601%	22%	-5%	13%

Source: Processed Data, 2024.

The peak of financing development for MSME customers was seen in 2020 during the Covid-19 pandemic, but receivables and rent-based financing increased by 256% and profit-sharing financing increased by 345% compared to 2019. Although in 2022 many sectors were affected by the COVID-19 pandemic, BSI remains committed to supporting the development of the MSME sector, which is one of the pillars of the community and the government in maintaining economic stability by providing financing assistance to MSME customers. The increase in the amount of financing for MSME customers also indicates that the ratio of the number of MSME customers in Indonesia has increased in line with data from the Indonesian Chamber of Commerce in 2023 that MSME business actors have reached around 66 million and continue to grow every year.

The performance assessment of Sharia Banks developed by (Hani, Nasution, and Siregar 2020) using an approach of Islamic values that refers to the exemplary values of the Prophet Muhammad Shallallahu A'laihi Wasallam, namely: Siddiq, Amanah, Tabligh and Fathona which are called SATF values, but the limitations of this research focus on productive financing of Indonesian Sharia Banks for MSMEs in the context of efforts to achieve the SDGs, Therefore, of the 4 performances, this study only uses Amanah performance with an indicator responsibility that is assessed by the focus of this research. The results of measuring Amanah's performance with responsibility indicators are presented in the following table.

Table 4. Results of Calculation of Amanah Performance at Bank Syariah Indonesia in 2018-2023

Year	Trust Performance Measurement (in millions of rupiah)		Value	Score
	Financing to MSMEs	Financing to non-MSMEs		
2018	7.028.637	14.826.445	0,47	3,76
2019	9.047.006	18.336.011	0,49	3,92
2020	34.993.537	121.294.404	0,29	2,32
2021	39.373.857	131.413.641	0,30	2,40
2022	41.823.612	165.292.695	0,25	2,00
2023	45.373.985	194.318.634	0,23	1,84

Source: Processed Product Data, 2024

Based on the results of performance measurement using SATF Value which focuses on Amanah's performance with responsibility indicators, it was found that in 2018-2019 with the status before the merger, namely still as Bank Rakyat

Indonesia Syariah had scores of 3.76 and 3.92, respectively. In 2020, Amanah's performance score dropped drastically due to the COVID-19 pandemic. Meanwhile, when the merger of BRIS, BNIS, and BSM became BSI in 2021, it coincided with the peak of the Covid-19 pandemic where Amanah's performance score attempted to rise to 2.40 and continue to decline in the following years until 2023 at a score of 1.84 where this score was the lowest for the last 5 years.

Discussion

Productive Financing at Bank Syariah Indonesia for MSMEs

The results of the study in Table 2 show that receivables and rent-based financing are much larger than profit-sharing financing by 236%. Receivables and rent-based financing for MSME customers in 2023 increased by 603% compared to 2018. The results of this study prove that Islamic banking, including Islamic microfinance, has proven to play an important role in increasing economic activity and employment (Setiawan 2019) Although profit-sharing financing is not too large compared to receivables and rent-based financing, this financing also contributed to the development of the MSME sector in the last 5 years, namely in 2023 financing increased by 771% compared to 2018.

In Table 3, it was found that total financing for MSME customers continued to increase significantly in 2018-2020 when Bank Syariah Indonesia had not been merged and still had the status of Bank Rakyat Indonesia Syariah, but in 2021 total financing increased even though it was low compared to 2020, this still has a positive signal even during the Covid-19 pandemic and the peak occurred in 2022 where the decrease in profit-sharing financing was up to -6% which had an impact on the total Bank Syariah Indonesia's financing to MSMEs is gradually improving in 2023 with a positive trend of increasing by 3%.

Based on the results of the performance measurement in Table 4 using SATF Value which focuses on Amanah's performance with the responsibility indicator, it was found that when the merger of BRIS, BNIS, and BSM became BSI in 2021 coinciding with the peak of the Covid-19 pandemic, Amanah's performance score attempted to rise to 2.40 and continue to decline in the following years until 2023 at a score of 1.84 where this score is the lowest for the last 5 years. The results of this performance measurement are in line with the results in Table 3 which shows the growth of Bank Syariah Indonesia's financing to MSME customers which fluctuates due to external factors, namely the Covid-19 pandemic which has an impact on the banking sector and also the MSME resilience sector. Although BSI always provides opportunities and convenience in financing by its commitment to continue to increase the portion of financing for the MSME segment, during the pandemic in 2020-2022 many MSMEs began to grow, but not a few MSMEs also closed due to the poor economic situation at that time which resulted in production and consumption activities experiencing significant negative impacts. An economic crisis like this also occurred from 1997 to 1998 where only the MSME sector was able to remain strong after the economic crisis. The number of MSMEs has not

decreased, but has increased in growth (Harmar, Fasa, and Suharto 2021), this is by and supports the data in Table 1.

MSMEs have a strategic position as the backbone of the national economy and job absorbers. This is also in line with the government's directive to national banks to increase the credit ratio to the MSME segment. Along with the government's attention to the development of MSMEs in Indonesia, Islamic banking also participates in the empowerment of MSMEs, which will then drive economic sectors and spur economic growth (Harmar, Fasa, and Suharto 2021) BSI President Director Hery Gunardi said that BSI continues to increase its contribution to encourage MSME actors through skill improvement, one of which is by encouraging financing for MSMEs. Until May 2024, BSI has disbursed financing to MSMEs amounting to IDR 46.69 trillion or grew 17.05% annually (Bank Syariah Indonesia 2024a)

BSI also encourages the expansion of access to sharia financing through BSI Agents. BSI currently has 90,628 BSI Agents which generate 4.8 million transactions with a transaction volume of IDR 11 trillion. BSI Agent is not limited to only business owners. Administrators of mosques or prayer rooms, Islamic boarding schools, and sharia cooperatives can also become BSI Agents (Bank Syariah Indonesia 2024a) BSI Agen is the spearhead of BSI in all corners of Indonesia so that people who have been unbanked can get the same Islamic financial services as a solution to answer the current challenges of Islamic financial inclusion. This fact supports the role of productive financing of Islamic banks based on Law No. 21 of 2008, which is to encourage economic growth through financing productive economic sectors such as agriculture, industry, trade, and services, which follow Sharia principles. Islamic banks are expected to provide access to financing to various levels of society, including small and micro business actors, who often have difficulty getting access to financing from conventional financial institutions. Through productive financing, Islamic banks are expected to contribute to sustainable economic development, strengthen potential economic sectors, and create jobs (Trimulato, Syamsu, and Octaviany 2021). This productive financing is a bridge for the implementation of SDG targets and objectives and the achievement of business development. The development of business and the decrease in the level of inequality and getting decent jobs can have a good impact on the achievement of the SDGs targets and can provide easy access to financial institutions, following the goals and targets of the SDGs themselves (IIs 2023a).

Bank Syariah Indonesia's Productive Financing for MSMEs: Efforts to Achieve the SDGs

The concrete form of encouraging the SDGs in Indonesia is contained in the implementation of sustainable finance in OJK Regulation Number 51/POJK.03/2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies. The provision regulates the steps that must be taken by financial institutions in Indonesia in the implementation of sustainable finance so it is expected that there will be a

transformation of the financial system towards sustainable finance. That way it can make a significant contribution to the implementation of the SDGs where is the role of Sharia economics and finance in the SDGs as poverty alleviation and income equity.

The role of Islamic financial institutions in achieving the SDGs is urgently needed, especially to reach the community as a whole. The form of role of Islamic microfinance institutions in achieving the SDGs is to provide business capital for the small and middle class to improve the economic level of all communities (Dewi et al. 2023). Then provide access to good and quality services for every community who wants to access financial products, including financing and investment products. Islamic microfinance institutions must provide understanding and introduce forms of investment to all people to be able to obtain additional and increased economic income. Productive financing includes working capital and investment financing, while consumptive financing is financing used to finance customer consumption (desires in the form of consumptive goods such as vehicles and others) (Trimulato, Syamsu, and Octaviany 2021)

PT Bank Syariah Indonesia Tbk. (BSI), as a government-owned bank Islamic financial institution, continues to strengthen its commitment to supporting micro, small, and medium enterprises (MSMEs) in the country to become empowered, grow sustainably, and realize sustainable development in Indonesia. This commitment is realized by the company through productive financing with easy and affordable access to sharia financing for MSMEs. Not only that, BSI runs various other programs and initiatives to increase the capacity and capabilities of MSMEs supported by the MSME Center as the spearhead of empowering Islamic finance-based entrepreneurs for MSME actors.

BSI MSME Center is present as a business incubator that provides a complete ecosystem for MSME actors to grow and develop. At the BSI MSME Center, MSME actors not only receive training and business coaching, but also intensive mentoring, business consulting, and facilities in obtaining halal certification and managing business legality facilitated by BSI. The BSI MSME Center also provides a display space for Fostered MSMEs to display their various products. Not only that, the BSI MSME Center also facilitates MSMEs to open market access through participation in various bazaars/expos (Bank Syariah Indonesia 2024b). This comprehensive approach aims to equip MSME actors with the knowledge, skills, and confidence needed to upgrade and compete in an increasingly dynamic market.

Through the BSI MSME Center, until June 2024, BSI has distributed financing to MSMEs amounting to IDR 47.72 trillion or growing 14.54% annually and to more than 3,281 fostered MSMEs amounting to IDR 39.08 billion (Bank Syariah Indonesia 2024b) This financing is focused on resilient, strong, and sustainable businesses, with the aim that MSMEs can develop their businesses in a modern and digitized manner and even be able to penetrate the global market. This supports the results of research (Herlinawati and Arumanix 2017) which found that

Islamic microfinance has a positive impact on the development of MSMEs, with an influence of 67.5% on business growth. This is also in line with the results of research (Arrahman and Arminingsih 2024) that Bank Kalbar Syariah financing products, including murabahah, musyarakah, and mudharabah, have played an important role in supporting the development of MSMEs in Pontianak City. The financing helps MSMEs obtain business capital, improve their performance, and develop their businesses. In addition, Bank Kalbar Syariah also provides coaching and mentoring programs for MSME actors. This research provides practical implications for Bank Kalbar Syariah and MSME actors in making optimal use of the role of Islamic financial institutions in supporting the development of MSMEs in Pontianak City. In addition, MSME customers also felt an increase in revenue, an increase in sales volume, and the addition of new employees for their business after financing at Bank Syariah (Asari 2023; Dewi et al. 2023) This means supporting the results of research (IIs 2023b) that productive financing has a positive and significant effect on the development of MSMEs and is evidenced by the growing business of financing customers after receiving assistance in the form of capital from banks. There are significant changes in the business they have and feel the difference before and after getting capital assistance from the bank.

The trend of MSME financing at BSI shows a significant increase, in line with the growth in the number of MSME actors and the increasing interest of the public in Islamic banking as an alternative to financing. BSI MSME financing distribution, both subsidized and non-subsidized, is the majority or almost 80% of trade and retail clusters. Access to sharia financing can be obtained through BSI's network of outlets spread across more than 1,000 points throughout Indonesia. In addition, BSI has a platform to support MSMEs, namely the Digital Salam Portal to make it easier for the public to apply for microfinance digitally, to meet all business and investment needs.

The SDGs are a series of mandates of the 1945 Constitution, namely the welfare of the Indonesian people, which is then detailed in Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises. Article 3 states that MSMEs aim to grow and develop their businesses to build a national economy based on a just economic democracy. Tools to achieve that through empowerment followed by inclusive financing and partnership support. To realize the SDGs goals, BSI provides financing for entrepreneurs at various levels of business, ranging from the micro to corporate levels. Through this approach, BSI offers a variety of financial solutions that suit the needs of each level of business. For micro businesses, BSI provides financing through the Sharia KUR Program and intensive assistance, while for larger businesses, such as BSI SME, BSI Commercial, and BSI Corporation, BSI offers more complex financing following banking standards. Through the provision of capital to small and medium enterprises, it is hoped that it can increase the welfare, economic income, and standard of living of the community. Islamic financial institutions and the SDGs have the same goal of being present for the welfare of the community, through financial services and products of Islamic

microfinance institutions can realize the goals of the SDGs, namely improving the community's economy and providing prosperity (Dewi et al. 2023)

Providing affordable and easy access to capital is very important for MSMEs, so that their role in achieving the first SDGs target, namely poverty alleviation in all forms anywhere, can be realized immediately. Through sound financing, MSMEs can also play a deeper role in ending hunger and realizing food security. The urgency of MSMEs to realize the SDGs has also been recognized by the Department of Economic and Social Affairs (DESA) from the United Nations (UN). According to this international institution, the 17 SDGs targets can only be achieved if all public and business activities are carried out sustainably and synergistically, including by involving MSMEs. According to the United Nations Commission on Business and Sustainable Development, sustainable business models can unlock US\$12 trillion worth of economic opportunities and create 380 million new jobs by 2030. The creation of many jobs, and massive economic growth at the same time, will make the SDGs targets easier to realize (Media Digital 2020). Currently, the MSME sector accommodates 97% of the total workforce of around 117 million. Thus, MSMEs are important in reducing unemployment and providing jobs for the community and have the potential to realize most of the SDGs targets including (1) no poverty, (2) no hunger, (3) healthy and prosperous life, (4) quality education, (8) decent work and economic growth, (9) industry, innovation and infrastructure and (10) reduced inequality.

The efforts and innovations carried out by Bank Syariah Indonesia are a form of support and realization of the mandate conveyed by the Vice President of the Republic of Indonesia 2019-2024 Ma'ruf Amin to Islamic banking to increase access to Islamic financing for MSMEs to encourage the creation of inclusive and sustainable economic development (Mayasari 2024) The results of this study found that the financing provided by Islamic banks has also been proven to contribute to the growth of MSMEs, especially in the context of the fourth industrial revolution. These findings are in line with the broader role of microfinance in poverty alleviation, with a focus on livelihoods and business growth. Therefore, the financing products of Islamic banks in Indonesia can be seen as the main driver in supporting sustainable development goals, especially in alleviating poverty and unemployment (Fadilah 2024).

The Existence of Sharia Banks in Realizing SDGs Based on Sharia Maqashid

The SDGs encourage all economic activities by paying attention to three things in a balanced manner, namely people, the environment, and profits. The implementation of the SDGs is in line with the principles of Islamic teachings that prohibit destruction on earth (*ifsad fil-ardhi*), both physical and non-physical damage. In addition, the principle of sustainability, following the *maqashid* of sharia by maintaining religion, nurturing the soul, preserving intellect, or nurturing offspring, and preserving property (Komite Nasional Ekonomi dan Keuangan Syariah 2020)

Sharia banks, in carrying out their business operations, with a financial mechanism that avoids *riba* and excessive speculation, and prioritizes fairness in every transaction. These principles guarantee that wealth circulating in the community is obtained and used ethically, and sustainably, and provides benefits to all parties involved. The development of Sharia banks is closely related to the achievement of SDG goals, especially Decent Work and Economic Growth, as well as *Maqashid Sharia* in maintaining wealth (*hifzh al-mal*). With a fair financing mechanism, orientation to the real sector, and strong financial stability, Islamic banks are expected to be able to become agents of change in creating a more inclusive, equitable, and sustainable economy. The role of Islamic banks in maintaining economic stability during a crisis and encouraging sustainable economic growth makes it an important pillar in supporting development in line with sharia principles and the global goals of the SDGs. Some of the SDGs goals that can be realized through Islamic bank financing are; SDGs 1 eliminate poverty, SDGs 2 reduce hunger, SDGs 8 Decent work and economic growth, SDGs 10 reduce inequality, SDGs 12 Responsible consumption and production, and SDGs 17 partnerships to achieve the goals (Trimulato, Nafis, and Amalia 2022).

Specifically, the Sustainable Development Goals (SDGs) can have a positive indirect effect on the development of MSMEs through productive financing products at Sharia Banks. When viewed from an Islamic perspective, the goals and targets of the SDGs are in line with the goals of Islam that, both want to achieve prosperity for the community, of course, following sharia rules (IIs 2023a)

CONCLUSION

Bank Syariah Indonesia as a government-owned bank Islamic financial institution plays a role in realizing the SDGs through productive financing in the MSME sector based on the results of performance measurement using SATF Value which focuses on Amanah performance with responsibility indicators showing the growth of financing for MSME customers which fluctuates, especially in 2021-2023 due to the Covid-19 pandemic. However, BSI continues to strive in accordance with its commitment to provide opportunities and convenience in financing, especially in the MSME sector. BSI has disbursed financing to MSMEs amounting to IDR 47.72 trillion or grew 14.54% annually. BSI also expands access to sharia financing, including through BSI Agen which resulted in 4.8 million transactions with a transaction volume of Rp 11 trillion, the MSME Center to increase the capacity and capability of MSMEs which has distributed financing of Rp 39.08 billion to more than 3,281 MSMEs fostered by BSI. BSI also has a platform to support MSMEs, namely the Digital Salam Portal to make it easier for the public to apply for microfinance digitally, to meet all business and investment needs, and BSI provides financing for entrepreneurs at various levels of business, ranging from the micro level to corporations according to the needs of each level of business. Bank Syariah Indonesia realizes that productive financing in the MSME sector has a huge role in realizing the sustainable development goals (SDGs), especially in the Decent Work and Economic Growth target.

ACKNOWLEDGMENTS

We would like to thank our family, colleagues, and Bank Syariah Indonesia's website, as well as the articles and reference literature that have helped and supported the completion of this article. Especially the Kunuz journal management team who have accepted this article and facilitated us with help and convenience in the entire series of this article publication process.

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