



Financial Inclusion and the Success of MSMEs

Sri Rahayu

Samawa University, Jln. Bay Pass Sering Kabupaten Sumbawa, Indonesia

*rahmaayu272@gmail.com

CITATION:

Rahayu, Sri. (2022). Financial Inclusion and the Success of MSMEs. *JIA (Jurnal Ilmiah Akuntansi)*, 7 (1), 147-158.

ARTICLE HISTORY:

Received:

February 13th, 2022

Revised:

June 18th, 2022

Accepted:

July 10th, 2022

DOI: 10.23887/jia.v7i1.46966

Abstract

The inability to access financial services can have a major impact on the sustainability and success of business actors. Financial inclusion is expected to be maximized so that business actors can be assisted in achieving business success. Currently, business actors based on creative and non-creative economics are the largest business actors in Sumbawa Regency, reaching 11,598 business units consisting of 11,347 micro businesses, 244 small businesses and 7 medium businesses. The results of this study indicate that in the development of economic in Sumbawa Regency, it is recognized that most micro business actors are still facing various problems. Lack of market access, capital, development of information technology and development of human resources, business networks, resulting in low productivity and competitiveness of business actors. However, some business actors have started to rise because they received assistance from the government in the National Economic Recovery scheme.

Keywords: financial inclusion; MSME; bussines success.

INTRODUCTION

It is undeniable that during the Covid-19 pandemic that has occurred to date, Micro, Small and Medium Enterprises (MSMEs) must change their business strategy to continue to run their business. The Covid-19 pandemic can make business actors strong, facing the pandemic situation as the right time to test themselves, whether they are able to survive in the face of various business challenges

(Putri, 2020). In a situation like this, MSME actors must be able to create new ideas, think creatively and be able to read business opportunities so that they can support business success in the midst of the Covid-19 pandemic (Sabattinie, 2020). MSMEs are the most important pillars in the Indonesian economy. The number of MSMEs in Indonesia is 64.19 million, of which the composition of Micro and Small Enterprises is very dominant,

namely 64.13 million or about 99.92 percent of the entire business sector.

Since the outbreak of the Covid-19 pandemic, many aspects of business activities have had to adapt, ranging from changes in prices, sales, costs, and so on. Business actors have difficulty in setting strategies and financial management as business capital. Financial inclusion is one of the things that is needed because it can help the process of increasing capital for MSME actors to improve and develop their business. Financial inclusion according to the *Center for Financial Inclusion* is defined as access to needed financial products, be it credit, savings, insurance, payments, including getting access to quality finance such as convenience, affordability, suitability of needs, and availability for everyone, especially for SMEs. . In this case, financial inclusion can be realized if every individual can access financial services easily. The inability to access financial services can have a major impact on the sustainability and success of MSMEs (Septiani and Wuryani, 2020). Financial inclusion is expected to be maximized so that MSMEs can be assisted in achieving business success. The opening of access to financial services for the public, especially MSME business actors, is also expected to be able to

provide capital support with the aim of growing businesses and assisting business actors' performance (Septiani and Wuryani, 2020).

The success of MSMEs in running their occupied businesses sometimes experiences obstacles in accessing financing to financial institutions. " formal financial services *unbankable*, this can be caused by strict rules and limited access (Sebastian, 2017). To overcome these financing problems, Hidayatulloh (2020) stated that one way that can be done is by implementing financial inclusion. Based on the Presidential Regulation of the Republic of Indonesia Number 82 of 2016 concerning the National Strategy for Financial Inclusion, financial inclusion is defined as a condition that every member of the public has access to various quality, timely, smooth and safe formal financial services at affordable costs according to their respective needs and abilities. -each. In this case, financial inclusion can be realized if every individual can access financial services easily.

The inability to access financial services can have a major impact on the sustainability and success of MSMEs. In line with this, the OECD & IFC explained that access to finance is needed to create an economic

environment that can allow economic growth and business development to occur. Especially during the current Covid-19 pandemic, financial inclusion is expected to be maximized with the aim of assisting MSMEs in achieving sustainable business success.

The Ministry of Cooperative MSMEs stated that around 37,000 MSME actors in Indonesia were directly affected by the outbreak of the Covid-19 pandemic. It was further explained that 56 percent of MSMEs experienced a decline in sales, 22 percent experienced problems in the financing aspect, while 15 percent had problems with distribution of goods, and the remaining 4 percent experienced difficulties in obtaining raw materials. The various problems faced by MSME actors show that the success of MSME actors during the Covid-19 pandemic has decreased and many MSME actors have difficulty continuing their business.

Herawati (2019) explained that business success can be seen through the ability of MSMEs to survive and the development of the business, such as an increase in sales turnover, production volume, labor, and additional capital. However, the phenomenon that occurred during the Covid-19 pandemic, many MSMEs did not manage to survive in running

their businesses and even threatened to decline until they went out of business, as many as 47 percent of MSMEs had to go out of business due to being affected by the Covid-19 pandemic.

Most of the MSMEs in Sumbawa Regency were directly or indirectly affected by Covid-19, starting from MSME productivity, decreased sales volume, decreased business, inability to pay employee salaries which resulted in a decrease in the number of employees and difficulties in the capital aspect. Almost all MSME actors in Sumbawa Regency experience problems that lie in the aspect of the inability of MSME actors to pay bank installments. S. Rahayu, *et al* (2021) stated that the Covid-19 pandemic had an impact on the decline in the income of MSME actors in Sumbawa Regency.

LITERATURE REVIEW

Financial Inclusion

Center for Financial Inclusion (2016) describes financial inclusion as access to appropriate financial products, including credit, savings, insurance and payments, as well as providing access for all levels of society, especially MSME actors, with quality, getting access to convenience in the services provided. , affordability, in this case the ability of

the community as consumers to pay installments or credit, suitability and pay attention to access to consumer or community protection.

Soetiono (2018) in his book explains that financial inclusion is an effort made to eliminate all forms of obstacles that occur to public access to the use of financial services at affordable costs. Regarding the benefits, the World Bank in Kompas (2018) states that an increase in financial inclusion by a value of only one percent will increase economic growth by 0.03 percent. In addition, other implications arising from financial inclusion are job creation, poverty reduction, to the reduction of social inequality (Akbar, 2019).

Presidential Regulation of the Republic of Indonesia Number 82 of 2016 concerning the National Strategy for Financial Inclusion, financial inclusion is defined as a condition in which every member of the public has access to various quality, timely, smooth and safe formal financial services at affordable costs according to individual needs and abilities. Public.

Financial inclusion according to the Presidential Regulation of the Republic of Indonesia Number 82 of 2016, has been formulated in order to realize access to formal financial services for the public through a good

understanding of financial systems, products and services as well as the availability of quality, smooth, timely, secure and efficient formal financial services. affordable cost. The vision is redefined into several objectives; (1) Poverty reduction, income equality, and the realization of financial system stability through financial inclusion strategies; (2) Providing financial products and services in accordance with the needs of the community; (3) Increasing public knowledge regarding financial services; (4) Improving public access to financial services; (5) Strengthening the synergy between microfinance institutions, banks and non-bank financial institutions; (6) Maximizing the role of information and communication technology (ICT) in expanding the reach of financial services.

Hidayahtulloh (2020), there are 4 (four) indicators used including; (1) Availability of Access, measuring the ability to use financial services by looking at things that become obstacles such as ease of access and places where financial services are easily accessible; (2) Use, measuring the use of financial products and services through the frequency, time, and regularity of use, as well as knowing the availability of financial services and products according to needs; (3) Quality, namely the

availability of financial services and products that are able to meet customer needs through speed and accuracy of service, as well as appropriate services and (4) Welfare, measuring the impact of financial services that have been used.

Micro, Small and Medium Enterprises (MSMEs)

The Law of the Republic of Indonesia Number 20 of 2008 explains the definitions and criteria for SMEs, namely; (1) Micro-enterprises are productive businesses owned by individuals or business entities with the criteria as stipulated in the Law that businesses that have a maximum net worth of Rp. 50,000,000.00 (fifty million rupiahs) do not include buildings and land where the business is located. and have annual micro business sales with a maximum nominal of Rp. 300,000,000 (three hundred million rupiah); (2) Small businesses are productive economic businesses that are independent or stand-alone either individually or in groups that are not branches of the main company that are controlled, owned, or become a direct or indirect part of a medium-sized business. The criteria for a small business are in accordance with the law, namely a net worth of IDR 50,000,000.00 (fifty million rupiah)

with a maximum nominal value of IDR 500,000,000.00 (five hundred million rupiah) and having annual business sales of generated in the range of Rp. 300,000,000.00 (three hundred million rupiah) to Rp. 2,500,000,000.00 (two billion five hundred million rupiah); (3) a medium-sized business is a business in a productive economy that is carried out individually or as a business entity whose business is not a branch or subsidiary of the central company, either directly or indirectly. Medium-sized businesses are often categorized as large businesses with criteria in accordance with the law, including having a net worth of more than Rp. 500,000,000.00 (five hundred million rupiah) to Rp. 10,000,000.00 (ten billion rupiah), excluding building and land for business premises and annual sales results reach IDR 2,500,000,000.00 (two billion five hundred million rupiah) to IDR 50,000,000,000.00 (fifty billion rupiah).

Business success according to Ari and Hari (2016) can be assessed when a company or entity succeeds in achieving the goals or targets set by the organization, which can be in the form of increasing income and business productivity, high competitiveness and having a good business image. Meanwhile, Zulia

(2013) explains two points of view of business success, namely from an economic point of view and from a social point of view. Viewed from the economic aspect, business success can be assessed based on the increase in company wealth outside of loans, such as increased profits, additional equity and other ratios. Meanwhile, from a social point of view, the success of the business is reviewed based on the viability of the business, it is also related to the presence of employees and service to customers.

METHOD

This research is a descriptive type of research with a qualitative approach. Sugiyono (2016) stated that qualitative descriptive method is a research method based on the philosophy of postpositivism used to examine the condition of natural objects, researchers as key instruments, data collection techniques are carried out by triangulation (observation, interviews, documentation). Survey method is a research method that helps in observation, researchers select samples from the population using interviews and standardized questionnaires (Morrisson, 2012). The research location is in Sumbawa Regency of Nusa Tenggara Barat,

Indonesia. Respondents in this study were SMEs in Sumbawa Regency.

This study uses primary data and secondary data. The process of collecting data uses several techniques, namely observation, interviews, documentation and using a questionnaire. The secondary data collection is data on the number of MSMEs in Sumbawa Regency. Observations were made in this study aimed to determine the condition of the research area. Interviews and questionnaires were conducted to obtain primary data in analyzing financial inclusion on the success of MSMEs.

Business success is defined as the success of the business to achieve its goals. In this case, a business or business can be said to be successful if the business has increased from the previous results (Nursalina, 2018). The indicators in measuring business success according to Ardiana (2019) consist of three aspects; (1) Profit Growth, as reflected in the increase in demand and product sales that can affect profit growth so that in the end it will have an impact on business success; (2) Sales Growth, as reflected in the increase in sales achieved by the company from year to year; and (3) Growth in Fixed Assets, reflected in asset ownership. The existence of supporting assets in the business, it

can help to produce complete and sophisticated products so that it affects the development and success of the business.

RESULTS AND DISCUSSION

Financial inclusion is one of the things needed by MSME actors because it can help the process of increasing MSME capital to improve and develop their business. Especially during the current Covid-19 pandemic, MSMEs in Sumbawa Regency are very hard hit. MSMEs hope that through financial inclusion they can help their productivity and business sustainability. The government through financial institutions also hopes to provide capital assistance to business actors to achieve the goal of increasing productivity and not for consumption. So that what is planned by the government through financial inclusion can be achieved, namely the welfare of the community, especially helping and facilitating MSMEs in accessing capital.

The head of the Sumbawa Regency Diskoperindag stated that:

"It is approximately 14,000 MSME actors in Sumbawa Regency have been proposed to obtain business capital."

Furthermore, it was also explained that there were 5,000 MSME actors

who had received business capital assistance.

Currently, MSMEs, both those based on creative and non-creative economics, are the largest business actors in Sumbawa Regency, reaching 11,598 business units, each consisting of 11,347 micro businesses, 244 small businesses and 7 medium businesses. The results of this study also show that in the development of economic development in Sumbawa Regency, it is recognized that most MSME actors are still facing various problems. Lack of access to markets, capital, information technology development and human resource development, business networks and so on will affect the low productivity and competitiveness of MSMEs.

These problems are certainly a formidable obstacle in an increasingly competitive global economy. In general, MSMEs in Sumbawa Regency still have several obstacles in business development efforts, this is due to traditional business management, inadequate quality of human resources, production scale and techniques, low innovation capability and limited access to financial institutions.

SMEs are directed to be able to build their businesses for the better so that they can survive in the midst

of the Covid-19 pandemic. The first thing that feels urgent to be addressed is how to build a spirit of innovation and creativity. Innovation itself is the main thing as the key to win the competition. Creativity and innovation can increase the competitiveness of MSMEs and be able to reduce production costs as low as possible and be able to use and continue to preserve especially MSMEs in the Sumbawa weaving and batik business, so that they can be better known in the national arena.

To overcome various problems faced by MSMEs, therefore the government has provided support incentives for MSMEs through the National Economic Recovery (PEN) program in 2020 and continued in 2021. The realization of PEN to support MSMEs amounting to Rp. 112.84 trillion has been enjoyed by more of 30 million MSMEs in 2020. Meanwhile, for 2021, the Government has also budgeted PEN to support MSMEs with a fund of Rp 121.90 trillion to maintain the momentum of economic recovery. The PEN program to support MSMEs in 2020 was noted to have succeeded in providing support for the business world, especially for the informal sector and MSMEs to survive the impact of the Covid-19 pandemic. In addition, it can also help in suppressing the decline in

the workforce. Based on BPS data as of August 2020, there was the creation of new job opportunities with the addition of 0.76 million people who opened businesses and an increase of 4.55 million informal workers.

The government continues to encourage MSME actors to go on board to digital platforms through the Proudly Made in Indonesia National Movement Program (Gernas BBI), it is recorded that by the end of 2020 there have been 11.7 million MSMEs on. It is hoped that by 2030 the number of MSMEs that go digital can reach 30 million. The government also encourages the expansion of Indonesian product exports through ASEAN Online Sale Day (AOSD) activities in 2020.

Financial inclusion has three important roles for the economy, namely improving people's welfare, especially in the midst of the Covid-19 pandemic. In addition, financial inclusion can also encourage the process of economic recovery and to support the economic resilience of the community. Several MSME actors have started to rise because they have received assistance from the government in the National Economic Recovery (PEN) scheme such as relaxation of KUR, interest subsidies, working capital, and Productive

Presidential Assistance (Banpres) for micro-enterprises in the form of grants. However, financial inclusion can be said to be realized if all people can access financial services easily. The expected effect through financial inclusion is to increase economic capacity and can reduce poverty and reduce economic inequality.

In an effort to improve human resources in Sumbawa Regency, education for MSME actors is very important in order to improve financial literacy so that MSME actors have access to various institutions, financial products and services according to their needs.

In Sumbawa Regency, there are 7 PEN programs. First, JPS (Social Safety Net) Gemilang NTB. A total of 44 MSMEs in Sumbawa Regency are involved in the program, which consists of business actors from shredded fish, pastries, coffee, salt, dried fish, eucalyptus oil, rice and ginger sherbet. Second, business capital assistance for 20 ultra micro business actors (UMI) in Sumbawa Regency. Third, the government facilitates licensing subsidies for MSMEs with an allocation of 200 MSMEs in Sumbawa Regency with details, PIRT as many as 50 MSMEs, MD as many as 50. Then brand rights/copyrights as many as 50 MSMEs and marketing licenses for

Alkes 50 MSMEs. Four, facilitating the halal certification of 12 MSMEs. Fifth, assistance for micro business actors (BPUM) or Presidential Assistance (Banpres). To get this assistance, the Sumbawa Regency Government through the Sumbawa Diskoperindag proposed 10,436 MSMEs as candidates for BPUM Phase I recipients and 19,431 SMEs as candidates for BPUM Phase II recipients. It was recorded that the distribution of aid from August 17 to November 5 2020 was 22,653 MSMEs. The sixth PEN program is empowering MSMEs through training, namely digital-based Beginner Entrepreneurship Training which was attended by 34 MSME Beginners in Sumbawa Regency and Beginner Entrepreneurship Management Training which was attended by 30 MSMEs.

The last program is the economic stimulus program by purchasing MSME products such as rice, shredded fish, sweet beef jerky, salt, eucalyptus oil, biscuits, Sumbawa oil, honey, hand sanitizer and packaging bags and as many as 1,231 stunting beneficiaries.

The Head of the Sumbawa Communications and Information Technology Office, Rachman Ansori, stated that the Covid-19 pandemic is forcing people to stay at home more.

Of course, this condition makes people forced to look for other alternatives to be able to connect with the outside world without having to meet face to face. In addition, the community also strives to remain and be more productive in seeking and realizing various innovations, including MSME actors with the aim that their products can be recognized and sold in the market. One of them is utilizing the existence of technology that encourages the emergence of MSMEs to go digital.

Furthermore, the Head of the Sumbawa Communication and Information Technology Office stated that:

"There are several advantages of using digital technology for MSMEs, namely an increase in income of up to 80 percent. This does not rule out the possibility to increase job opportunities and make MSMEs more innovative. MSMEs that use digital technology are becoming more competitive in developing their businesses."

However, the Head of the Sumbawa Regency Industry and Trade UMKM Cooperative Agency, H. Arif also explained that

"The occurrence of the Covid-19 outbreak greatly affected the activities of UMKM in Sumbawa Regency. Meanwhile, it is known that there are hundreds of MSMEs that have stopped their operations, including those that have reduced production and some have closed completely and

some are still running their business."

The realization of financial inclusion is part of the government's stimulus in restoring the economy through strengthening MSMEs so that MSMEs can develop.

CONCLUSION, IMPLICATION AND LIMITATION

Financial inclusion is basically still relatively low, this can hamper the distribution of assistance from the government to MSME actors. Approximately 70 percent of MSME actors have not been included in businesses with good financial inclusion, this causes MSME actors in Sumbawa Regency to experience difficulties in accessing financial assistance and business capital from the government. In addition to funding, the government has also enacted the Omnibus Law on Job Creation which is expected to facilitate access for business actors, not only MSMEs, to financial instruments. Digital technology is also used to increase the value of financial inclusion, especially MSMEs.

The implication of this research is the basic problems faced by MSME actors, namely MSME structural problems, from MSME problems, several programs provided by the government to support MSME actors

to survive in the midst of the Covid-19 pandemic, including placing funds in banks, ultra micro financing, interest subsidies loans, working capital guarantees, grants for micro-enterprises, and final income tax incentives. This program is also a national economic recovery program (PEN).

Limitations in this study, which is that the results of this study are only valid in one period of time, namely the results of this study are only valid at the time this research takes place. Therefore, the results of this study cannot describe the same conditions in the period or in the following year and in the future.

REFERENCES

- Akbar. (2019). *Inklusi Keuangan*. Retrieved From <https://adalah.co.id/inklusi-keuangan/>
- Ardiana, Fitria. (2019). *Faktor-Faktor yang Mempengaruhi Keberhasilan Industri Kecil Dan Menengah Berbasis Industri Kreatif di Kabupaten Magelang*. Universitas Semarang.
- Ari dan Hari. (2016). *Pengaruh Keterampilan Wirausaha terhadap Keberhasilan (Studi Kasus pada Distro Anggota Kreative Independent Clothing Community Usaha di Kota Bandung)*.
- Center for Financial Inclusion. (2016). *Global Microscope 2016: The Enabling Environment for Financial Inclusion*. CFI.
- Herawati, N., & Yustien, R. (2019). Pengaruh Modal, Penggunaan Informasi Akuntansi dan Karakteristik Wirausaha terhadap Keberhasilan Usaha Kecil (Survei Pada Usaha Rumahan Produksi Pempek di Kota Jambi). *Jurnal Ilmiah Akuntansi dan Finansial Indonesia*, 3(1), 63-76.
- Hidayahtulloh, Iqbal. (2020). *Pengaruh Inklusi Keuangan, Literasi Keuangan, dan Kemampuan Menyusun Laporan Keuangan terhadap Kinerja Keuangan UMKM Kabupaten Tegal*. Universitas Pancasakti Tegal.
- Kompas. (2018). OJK: *Inklusi Keuangan Solusi Tangani Kemiskinan dan Pengangguran*. Retrieved From <https://amp.kompas.com/ekonomi/read/2018/02/14/164200526/ojk-inklusi-keuangan-solusi-tangani-kemiskinan-dan-pengangguran>
- Morissan. (2012). *Metode Penelitian Survei*. Edisi Pertama 2012. Cetakan Ke 5, Oktober 2018. ISBN 978.602.8730. Penerbit: Prenada Media Group. (Divisi Kencana)/ Depok.
- Nursalina. (2018). *Faktor-Faktor yang Mempengaruhi Keberhasilan Usaha Mikro Kecil Berbasis Ekonomi Kreatif di Kota Makassar*. Universitas Negeri Makassar.
- Putri, Citra Narada. (2020). *Karakteristik yang Dibutuhkan Para Pebisnis dalam Menghadapi Masa Sulit*. Retrieved From <https://www.femina.co.id/Trending-Topic/ini-karakteristik-yang-dibutuhkan-para-pebisnis-dalam-menghadapi-masa-sulit>

- Sabattinie, Gabrella. (2020). *Perilaku Kreatif Berwirausaha di Tengah Pandemi COVID-19*. Retrieved From <https://kumparan.com/fanongg/perilaku-kreatif-berwirausaha-di-tengah-pandemi-covid-19-1tvSAwhXaQy/full>
- Sebastian, Atmodjo. (2017). *OJK. Kajian Perlindungan Konsumen Sektor Jasa Keuangan: Perlindungan Konsumen Pada Fintech Jakarta*. Departemen Perlindungan Konsumen OJK, 2017. Retrieved From <https://finance.detik.com/monev/d4192994/ojk-terbitkan-aturan-baru-soalfintech-iniisinya>
- Septiani, R. N., & Wuryani, E. Pengaruh Literasi Keuangan dan Inklusi Keuangan Terhadap Kinerja Umkm Di Sidoarjo. *E-Jurnal Manajemen*, 9(8), 3214-3236.
- Soetiono, K. S. S. C. (2018). *Literasi dan Inklusi Keuangan Indonesia*. PT Raja Grafindo Persada.
- S. Rahayu & I P G. Diatmika & Fitriyani, Ika. (2021). Dampak Pandemi Covid- 19 Terhadap Penggunaan E-Banking Pada UMKM Di Kecamatan Labuhan Badas Kabupaten Sumbawa. <http://www.e-journalppmunsa.ac.id/index.php/samalewa/article/view/351>. Vol. 1 No. 1 (2021): Samalewa: Jurnal Riset & Kajian Manajemen.
- Sugiyono. (2016). *Metode Penelitian Kuantitatif, Kualitatif, R&D*. Bandung: IKAPI.
- Zulia, Hanum. (2013). *Pengaruh Persepsi Pengusaha Kecil Atas Informasi Akuntansi Keuangan Terhadap Keberhasilan Perusahaan (Survei Pada Usaha-Usaha Kecil Di Kota Medan)*. Universitas Muhammadiyah Sumatera Utara. *Jurnal Riset Akuntansi Bisnis*, ISSN: 1693-7597, Vol No 2 September 2013.