



The Role of Islamic Banking in Supporting the Halal Community through MSMEs

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Abstract: MSMEs have a role in maintaining economic stability, especially in Indonesia. Understanding of Islamic principles needs to be supported from all parties, one of which is with BSI Banking which always encourages and works together in advancing MSMEs in Indonesia. However, there are still several aspects that still need to be optimized such as understanding sharia, halal certificates and others to create a halal ecosystem in Indonesia. This research uses qualitative research methods. The results of this study indicate that the five Islamic principles starting from tawhid, balance, free will, responsibility and ihsan must always be maintained. With the role of Bank Syariah Indonesia, it will be an extraordinary driving force for MSME / business actors in advancing their products while still paying attention to Islamic values.

Keywords: MSMEs, Bank Syariah Indonesia, Islamic principles.

▪ INTRODUCTION

Islamic economics in Indonesia itself has a special legal style by adjusting the socio-economic conditions of the Indonesian population. The government chose a gradual legal style (Gradual) as well as the majority of other countries which means that national Islamic economic law will always experience development in accordance with national needs and challenges (Nursaid et al., 2023). In other halal, the government through BPJPH has made efforts to support the halal ecosystem through the halal certification program which was reported in January 2023 BPJPH has issued 2,171 halal certificates (BPJPH, 2023).

In supporting this, the parties also took part in the success of halal culture in Indonesia, one of which is Bank Syariah Indonesia, which has made efforts to facilitate halal certification for 1,000 small, micro and medium enterprises (MSMEs) through the BSI e-channel (News, 2024). The increase in halal certification programs also increases the economy in an area due to the increasing number of consumers from within the country and abroad paying attention to it (Puspaningtyas, 2021). The businessman comes from various circles and various types and forms of business. In Indonesia itself, people who have small and medium-sized businesses or what is known as MSMEs. In addition to religious objections, producers, legislators, and consumer health and well-being are among the obstacles to halal standards and certification (Islam et al., 2023).

Indonesia has great potential in economic development through MSMEs, however, not many MSMEs manage them in accordance with good business management. So that these entrepreneurs have not been able to plan and organize their businesses for the long term. Although the development of MSMEs has greatly increased, there are still several obstacles that exist such as poor recording of financial conditions, poor marketing management and an uneven understanding of the importance of halal certification (Shohibboniawan Wahyudi et al., 2024). Therefore, this research wants to discuss how

the role of Islamic banks in developing halal communities, especially small business people.

▪ **METHOD**

The research used is library research, the techniques of which are the most important is research that collects material by reading journal books and other forms of material or commonly called literature research (Hadi, 1990). In this approach, the researcher briefly describes the role of Islamic banks in developing halal communities and other related disciplines. The data source used in this research is the documentation method, namely references to the role of Islamic banks in supporting the halal community for small business people.

Data collection techniques in the form of documentation techniques that look for data about things or variables in the form of notes, books, newspapers, magazines, inscriptions, meeting minutes, agenda, and so on (Arikunto, 2002). By researching a number of literature (library research), then sorting it out by prioritizing the excellence of the researcher. When analyzing data, the researcher uses qualitative data analysis method, that is, data that cannot be measured or evaluated directly with numbers. As one approach, the content analysis method is used (Nata, 2001). This analysis is a research technique for developing formulas that draw conclusions by systematically and objectively identifying specific characteristics of messages in a text (Nawawi, 1998).

▪ **RESULT AND DISCUSSION**

Essential Principles of Managing a Business

Business is an organized individual business activity to produce and sell goods or services with the aim of making a profit in meeting and satisfying the needs of society. Islamic business management is not much different from conventional-based business management but Islamic business management has its own perspective in each of its functions. Business is an organized individual business activity to produce and sell goods or services with the aim of making a profit in meeting and satisfying the needs of society (Maleha, 2016).

Managing a business requires good management. Management is a series of activities that aim to organize an activity. According to George Terry in his book entitled Principles of Management quoted by Syahputra in business management there are 4 theories in business management. The 4 theories are POAC or Planning, Organizing, Actuating and Controlling (Syahputra & Aslami, 2023).

Business management in Islam is the same as business management in a conventional perspective, but business in Islam has basic principles. There are 5 basic principles in sharia business management, the five principles are: Tauhid, Equilibrium, Free Will, Responsibility, and Ihsan

Islamic business management means managing business management based on Islamic values based on Islamic principles with the guidance of the Qur'an and sunnah. Islamic business is a business unit where those who run their business apply sharia principles (Mohammad, 2013). The Islamic principles referred to are all operations and operations of business units based on Islamic sharia provisions, such as doing business in an Islamic manner, by keeping away things that contain usury, things that harm others, gharar or deception, dharar or things of danger and jahalah or uncertainty as well as all forms that oppress others.

Micro, Small and Medium Enterprises

MSMEs have a significant role in the development of the economy in Indonesia (Anggun, 2022). based on data from the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia (Kemenkop) in 2017 that 60% of Indonesia's GDP came from MSMEs and the rest came from large businesses. Until now, the number of MSMEs in Indonesia in 2024 reached more than 65 million units (Indonesia.GO.ID, 2024). Every year the number of MSMEs continues to grow, but every year there are also many MSMEs that have to go out of business because they do not have management and strategies in running their business .

Islamic Bank

A bank is a financial institution whose main activity is to collect funds from the public and channel these funds back to the public and provide other bank services. A financial institution is any company engaged in finance, where the activities carried out start from raising funds or channeling funds or both (Mohammed et al., 2015). According to Indonesian Law No.10 of 1998 concerning banking, the definition of a bank is a business entity that collects funds from the public in the form of deposits and distributes them to the public in the form of credit and or other forms in order to improve the lives of many people (Rusydia & Sanrego, 2018). With the above understanding, the banking business is divided into 3 main activities, namely: Raising funds, Distributing funds, and Providing other services

In carrying out its program, Bank Syariah Indonesia, which is a combination of BRI Syariah, BNI Syariah and Mandiri Syariah, has merged on January 21, 2021. BSI is an endeavor for the birth of an Islamic bank that is the pride of the people, which can provide new energy in the context of national economic development and contribute to the welfare of the wider community. The existence of BSI is also the main face of Islamic banking in Indonesia which is modern, universal, and provides goodness for all nature (Rahmatan Lil 'Aalamiin). This is important, because the majority of Muslims are in Indonesia.

In the BSI 2023 Annual Report, it was stated that the focus on the development of MSMEs also received important attention, one of which was by channeling funds to MSMEs of 45.5 trillion. This illustrates that BSI provides real action in encouraging the development of Indonesian MSMEs. In addition, BSI has also fostered around 3,009 MSMEs with details of MSME Centers in 3 provinces consisting of Aceh (1,670 MSMEs), Yogyakarta (752), and Surabaya (587 MSMEs) (BSI, 2023).

Halal Community Development

To achieve the goal of developing the halal community, the steps needed are as follows (Syahputra & Aslami, 2023): Planning is the initial activity that must be arranged in a job or organization with the aim of achieving maximum results. The planning process includes vision, mission, goals, strategies, policies and operational procedures and regulations. Organizing is one of the management functions that is dynamic in nature and is a process of obtaining an organization that becomes a tool or container for the morning manager in carrying out his activities in order to achieve company goals. The organizational structure described in the work position includes the division of labor, the type of work to be done, the relationship between superiors and subordinates, groups, components or parts, and management levels. Directing is a form of mobilization or supervision, direction can be carried out after there is a plan that has been made by the company and the employee's work plan. Aspects that are included in the direction are the

leadership model of a manager, the motivation given to employees and developing communication. Communication is a form of providing information between sections and between divisions. Controlling in the view of Islam is carried out to straighten what is not straight, correct what is wrong and justify what is. The control process comes from oneself based on tawhid and faith in Allah and comes from the system within the company.

After these four functions, the analysis that needs to be done is an analysis of Islamic values. There are 5 basic principles in sharia-based business management. The 5 principles are as follows (Harianto & Syafril, 2022): Tawhid leads humans to recognize the oneness of Allah as the Lord of the universe. Therefore, all activities, especially in muamalah and business, should follow the rules of Allah that have been written in the Qur'an and Sunnah. Business people are encouraged not to leave their worship activities, especially mandatory prayers and share some of the profits earned in business with people in need. Equilibrium justice or alignment is a concept that shows social justice. Islamic teachings have an orientation towards the creation of human characters who behave and behave in a balanced and fair manner in the context of human relations. As a businessman who applies sharia principles, a businessman needs to pay attention to matters relating to his business. A businessman should mutually benefit partners not harm partners and customers. Not harming other parties is one form of justice in business. Free will humans have the potential to make a variety of choices. However, in determining a decision, it should be compared with the intended interests so as not to harm other parties. These interests can be based on individual, collective or community interests. Responsibility a businessman is determined by his credibility from everything, services, goods or services offered, work partners to prices. Businessmen who adhere to the principles of sharia principles should sell good and good goods or services, and not commit fraud. Every businessman also has a big responsibility towards his employees. The responsibility of a businessman is also seen in how the leader manages and organizes his business. Everything is accounted for. Responsible for what has been done to God and to customers. Ihsan is a form of kindness and putting business with the aim of goodness. Basically, business orientation in Islam is to achieve 4 things, profit which is the main target of every company, and non-profit benefits, business growth, business continuity and blessings.

Thus, the hope of encouraging halal culture and ecosystems will be achieved when MSMEs are able to apply Islamic principles in business (Puspaningtyas, 2021), besides that the role of Islamic bank is also still expected starting from fostering MSMEs, halal certification programs and other programs to achieve a halal ecosystem. This is in line with what was conveyed by the Vice President of the Republic of Indonesia that the strategic achievement of halal is thanks to the efforts and contributions of multiple parties in strengthening the Islamic economic and financial ecosystem in Indonesia. Going forward, the sustainability of economic growth and Islamic finance in the country must continue to be guarded hand in hand.

▪ **CONCLUSION**

The management of the MSME halal community has experienced several improvements and advances to encourage the halal ecosystem in Indonesia. The sharia principles that must be adhered to by business actors are 5 principles consisting of tawhid, balance, free will, responsibility and ihsan. Cooperation and encouragement from Bank Syariah Indonesia is an important point in achieving a halal economy in Indonesia, this can be seen from the guidance and programs carried out by Sharia Banks for MSME

players. In the future this needs to be improved and continued in the midst of a fast technological culture, MSME players must also be ready to compete and maintain Islamic values.

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