

Financing Comparison of UMKM Conventional Banks and Syariah Banks in Indonesia

1)Ela Elliyana

1)Universitas Indonesia Timur

2)Irmah Halimah Bachtiar

2)Universitas Indonesia Timur

ela.elliyana_0910108204@uit.ac.id

ABSTRACT

The purpose of this study was to compare the increase in lending for Micro, Small and Medium Enterprises (UMKM) by Islamic banks and conventional banks after determining the minimum percentage of UMKM credit distribution from the total ceiling of commercial bank lending through Bank Indonesia Regulation (PBI) Number 17/12 / PBI / 2015, where the mandatory amount of commercial bank lending applies gradually at 5% in 2015 to 20% in 2018. Using quantitative data sourced from the Financial Services Authority (OJK) using the parametric inferential statistical method with the independent T-Test technique, in two homogeneous groups that have no relationship, namely the Islamic bank group and the conventional bank group. The result is that the average increase in the amount of UMKM lending in Islamic banking is greater than that of conventional banks.

Keywords: *Islamic Banks; Conventional Banks; Financing; UMKM.*

History Article _____ *Recieved: 2020-10-16* *Revised: 2020-10-17* *Accepted: 2020-10-27*

**Corresponding author*

INTRODUCTION

The enactment of Bank Indonesia regulations (PBI) regarding the obligations of Commercial Banks in Indonesia to fulfill Micro, Small, and Medium Enterprises (UMKM) loans and technical assistance in the context of developing micro, small and medium enterprises as stipulated in Bank Indonesia Regulation (PBI) Number 17/12 / PBI / 2015 concerning Amendments to Bank Indonesia Regulation Number 14/22 / PBI / 2012. Obligations to apply gradually. In 2015-2018, the ratio of UMKM credit by commercial banks is a minimum of 5% of the amount of credit extended. Furthermore, the amount of lending will increase gradually, starting at a minimum of 10% in 2016, then 15% in 2017, and a minimum of 20% in 2018. However, Bank Indonesia noted that around 20% of total domestic commercial banks have not been able to meet their obligations. The minimum ratio of credit disbursement to Micro, Small, and Medium

Enterprises (UMKM) is 20% of the total loan portfolio. There are limitations for commercial banks to reach UMKM, which are of very varied types because one of them is constrained by administrative requirements. That is, to maximize the distribution of the amount of credit to this segment, a bank must have the ability to reach all areas, another thing because there is competition for customers in certain areas due to the limited number of UMKM (Mariam and Ramli, 2019a; Takaya, Ramli and Lukito, 2019; Mariam and Ramli, 2020) . This study aims to compare the effect of lending to conventional banks and Islamic banks on the increase in the gross domestic product (GDP) of UMKM. In measuring the economic growth of UMKM, the value of UMKM GDP used is the real UMKM GDP value. This is because by using constant prices, the effect of price changes has been eliminated so that even though the figure that appears is the money value of the total output of goods and services (Mariam and Ramli, 2019b; Ghazmahadi, Basri, Kusnadi and Ramli, 2020; Chandra, Takaya and Ramli, 2019; Ramli and Mariam, 2020; Ramli, 2019) , changes in the value of GDP at the same time indicate changes in the number of goods and services produced during the observation period (Rahardja, 2001).

LITERATURE REVIEW

(Afsanjani, H. & Sukmana, 2014) analyzed the effect of banking and economic growth in his research entitled "The Effect of Banking on Economic Growth: A Case Study of Conventional Banks and Islamic Banks in Indonesia". The results of this study show that Islamic and conventional banking has an influence on the economy in Indonesia.

(Lumintang, 2019) The credit channeling policy does not affect UMKM credit growth in North Sulawesi because the credit interest rate is still considered high by UMKM players in North Sulawesi.

(El Ayyubi, 2018) financing in Islamic banking has the greatest contribution in influencing economic growth but not on TPF. Therefore, Islamic banking must be more efficient in distributing TPF in financing.

(Haryanto, 2012) Effect of Bank Soundness (Camel) on Credit and Credit Effect on Indonesian Gdp (Case Study in Indonesia 2004: Q1-2010: Q4 explains that the effect of credit on GDP (Gross Domestic Product) has a significant relationship "explaining the effect of Credit to GDP (Gross Domestic Product) has a significant relationship.

(Freeztika, 2017) "The Effect of Micro, Small, and Medium Business Credit (UMKM) and Bank Non Performing Loans (NPL) on Indonesia's Gross Domestic Product (GDP)" UMKM (UMKM) debtors have a significant negative effect on GDP, which means that an increase in the number of UMKM debtors will lower the GDP level, this can happen because there are still obstacles experienced by business units in accessing banking financial services. UMKM credit in Indonesia dominates the increase in the amount of credit owned by previous UMKM debtors. Meanwhile, prospective new debtors have difficulty accessing UMKM credit in banks. The importance of credit for UMKM is because of the greater the amount of credit for people's business, the higher the level of income that will be obtained by UMKM entrepreneurs, and vice versa (Anggraini, 2013). As of December 2015, the stipulation of the mandatory policy for commercial banks to extend credit to UMKM was not found to have a positive effect on increasing the amount of lending to UMKM. The average credit growth to UMKM in the period January 2013 to December 2015 decreased compared to the period of January 2011 to December 2012 (Nisa, 2016).

METHODS

This research is comparative research which is a study that compares the increase in the amount of UMKM credit distribution in conventional banking and Islamic banking UMKM financing which has a significant effect on the growth of UMKM Gross Domestic Product in increasing National Economic growth for the period 2011 - 2018 based on before and after the enactment of Bank Regulations Indonesia. The data used is the type of quantitative data sourced from the OJK. The method of data analysis is the parametric inferential statistic with the independent T-Test technique, which is a different test for 2 independent groups that have the same variance or homogeneity, namely the Islamic bank and conventional banks, with the use of normally distributed data.

Independent T-Test

The independent t-test that was tested differently was the increase in the distribution of the amount of credit/amount of financing to UMKM after the enactment of the provisions regarding UMKM credit fulfillment obligations as stipulated in Bank Indonesia Regulation (PBI) Number 17/12 / PBI / 2015. Where the increase is the

difference between after the implementation of the PBI and before the entry into force of the PBI, with the formula of increase = after PBI – before PBI.

The terms or assumptions for the independent t-test are the normality of the dependent variable per group and the homogeneity of variance.

Table.1: Case Processing Summary

Group		Cases					
		Valid		Missing		Total	
		N	Percent	N	Percent	N	Percent
Enhancement	Islamic Bank	4	100.0%	0	0.0%	4	100.0%
	Conventional Bank	4	100.0%	0	0.0%	4	100.0%

Below is a descriptive test like the one above, it's just that below is an ENHANCEMENT (AFTER - BEFORE) descriptive test for each type of bank. The results show that the average or mean of Islamic banks is 1360 751.5000> the average of conventional banks is 282441.7500. Whether this difference is significant or not, it will be tested using the independent t-test.

Table 2: Descriptives

Group		Statistic	Std. Error	
Enhancement	Islamic Bank	Mean	1360751.5000	172442.04409
		95% Confidence Interval for Mean		
		Lower Bound	811963.9539	
		Upper Bound	1909539.0461	
		5% Trimmed Mean	1351261.9444	
		Median	1275345.5000	
		Variance	118945034280.333	
		Std. Deviation	344884.08818	
		Minimum	1.08E+6	
		Maximum	1.81E+6	
		Range	726213.00	
		Interquartile Range	634078.50	
		Skewness	.832	1.014
		Kurtosis	-1.398	2.619
Conventional Bank		Mean	282441.7500	5510.83409
		95% Confidence Interval for Mean		
		Lower Bound	264903.8164	
		Upper Bound	299979.6836	
		5% Trimmed Mean	282023.5000	
		Median	278677.5000	

Variance	121477169.583	
Std. Deviation	11021.66819	
Minimum	274160.00	
Maximum	298252.00	
Range	24092.00	
Interquartile Range	19549.75	
Skewness	1.533	1.014
Kurtosis	2.139	2.619

Table.3 is the result of the GRIT normality test for each BANK group using the Shapiro Wilk test. One way to detect the normality of data is the Shapiro Wilk technique, the Shapiro Wilk test is generally used for small samples of less than 50 samples. The result is according to the s will test: p-value (sig) in SYARIAH BANK is $0.315 > 0.05$ then accept H_0 or which means normally distributed. Likewise, in a CONVENTIONAL BANK where the p-value is $0.209 > 0.05$, then H_0 is accepted or which means normal distribution. Because everything is normally distributed, the normality assumption is fulfilled.

Table 3: Tests of Normality

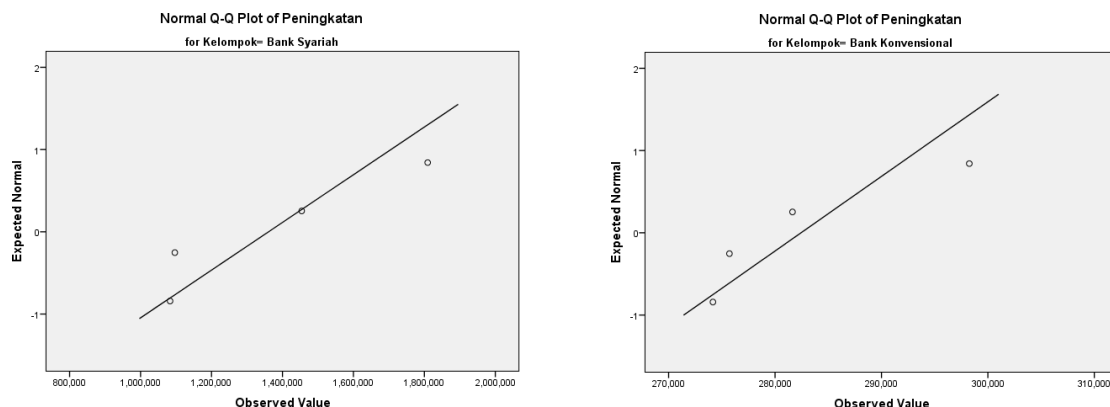
Group	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Enhancement Islamic Bank	.278	4	.	.874	4	.315
Conventional Bank	.279	4	.	.844	4	.209

a. Lilliefors Significance Correction

The results of the GRIT normality test for each BANK group used the normal qq and detrend qq graph tests. Normal QQ: If the plot follows a diagonal line it is normally distributed. Otherwise, it is not normally distributed. Detrend QQ: If the plot is evenly distributed above and below the 0 axes then it is normally distributed. Otherwise, it is not normally distributed.

Enhancement

Graph 1:Normal Q-Q Plots



Graph 2: Detrended Normal Q-Q Plots

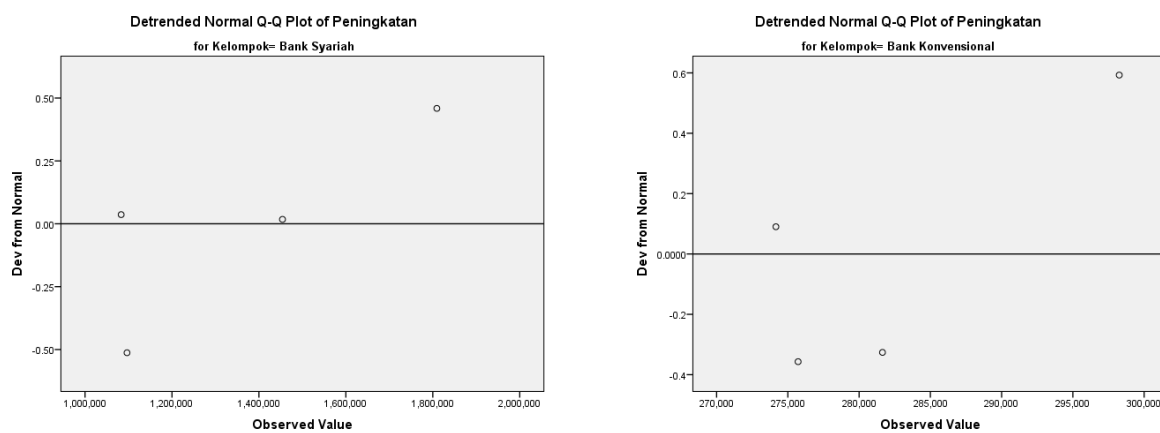


Table 4 is the result of the independent t-test.

Table.4: T-TestGroup Statistics

	Group	N	Mean	Std. Deviation	Std. Error Mean
Enhancement	Islamic Bank	4	1360751.	344884.0	172442.0
			5000	8818	4409

Independent T-Test:

Table 5: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means					
		F	Sig.	T	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
Enhancement	Equal variances assumed	13.130	.011	6.250	.006	1078309.75000	172530.07814	656143.85712	1500475.64288
	Equal variances not assumed			6.250	.006	1078309.75000	172530.07814	529874.66710	1626744.83290

The independent t-test is an unrelated or unpaired t-test which means comparing two samples. The results of the Levene test table. 5 show that the p-value Levene test is 0.011 < 0.05, so the INCREASE variance between BANK groups is significantly different, or which means a significant difference. NOT HOMOGEN so that it does not meet the assumption of homogeneity of variance. Then the independent t-test formula used is the UNEQUAL VARIANCE ASSUMED formula.

The results of the independent t-test table.5 show that: the difference in INCREASE between the two BANK groups is 1078309.75000 with a standard error of 172530.07814. Then the p-value is 0.008 < 0.05, so accept H1 or which means the difference is significant or significant. With the standard error of the difference, namely 172530.07814, the lower and upper ranges of the difference in the 95% confidence interval are between 529874.66710 to 1626744.83290.

The policy of opening access to credit by UMKM players, makes problems that arise due to the source of capital, will be resolved easily which has an impact on the productivity of UMKM to increase so that the products produced will be more competitive. (Suci, 2017). And in the end, the solution for efforts to accelerate the

distribution of KUR is highly dependent on the political will of the Regional Leaders who are derived in the preparation of programs and activities in each agency (SKPD) (Zulfaidah, Bachtiar and Nursyam, 2020), the increased sense of care of the Regional Government towards increasing the empowerment of UMKM, which will increase the budget allocation for UMKM (Aristanto, 2019).

Result

The result is that the average increase in the amount of UMKM lending in Islamic banking is greater than that of conventional banks.

Thank you Note

The author would like to thank DRPM and the Ministry of Research and Technology Brin as well as to the Financial Services Authority and the UKM Cooperative Office, the university, and all colleagues who have helped so that this research can be completed

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