

Business Development Strategy at PT BPRS ABC

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Abstrak. PT BPRS ABC has recorded strong financing growth in the MSME sector; however, this expansion has not been matched by improved credit quality, as indicated by a persistently high Non-Performing Financing (NPF) ratio. This imbalance threatens the company's financial stability and long-term sustainability, underscoring the need for a targeted and sustainable business strategy to strengthen performance and manage risk. This research aims to formulate the right business strategy for PT BPRS ABC to improve business performance, particularly through controlling the risk of non-performing financing. The study employed a qualitative case study design. Primary data were collected through in-depth interviews with management and relevant divisions, supplemented by secondary data from financial reports and internal documents. Analytical frameworks, including RBV, VRIO, Porter's Five Forces, IFE, EFE, IE, SWOT, and QSPM, were integrated to identify internal and external factors influencing business performance and to formulate appropriate strategic alternatives. The results of the study show that PT BPRS ABC has several internal strengths, including a commitment to strengthening financing analysis based on the 5C principle, a focus on productive financing for MSMEs, and the support of a relatively experienced remedial department. On the other hand, there remain internal weaknesses in the form of a suboptimal Early Warning System (EWS), weak post-disbursement monitoring, and inadequate quality of customer data. Externally, the main opportunities stem from government policy support for MSMEs and the use of Financial Information Service Systems (FISS), while threats include competition from digital banks and fintech, regulatory pressures, and property sector risks.

Keywords: BPRS, NPF, business strategy, SWOT, QSPM

INTRODUCTION

PT BPRS ABC was initially established in 1993 under the name PT BPRS Saleh Artha. In 2011, PT BPRS ABC acquired PT BPRS Saleh Artha, which was then on the verge of bankruptcy. At the time of acquisition, the company's assets amounted to approximately IDR 5.32 billion, accompanied by a high NPF level. By 2012, PT BPRS ABC had grown significantly, with assets reaching IDR 23 billion, and by 2023 it achieved its highest asset value of IDR 634 billion. This growth indicates that the company has strong potential in asset management. However, the increase in assets has not been accompanied by an improvement in financing quality. Figure 1.1 illustrates the asset growth of PT BPRS ABC.

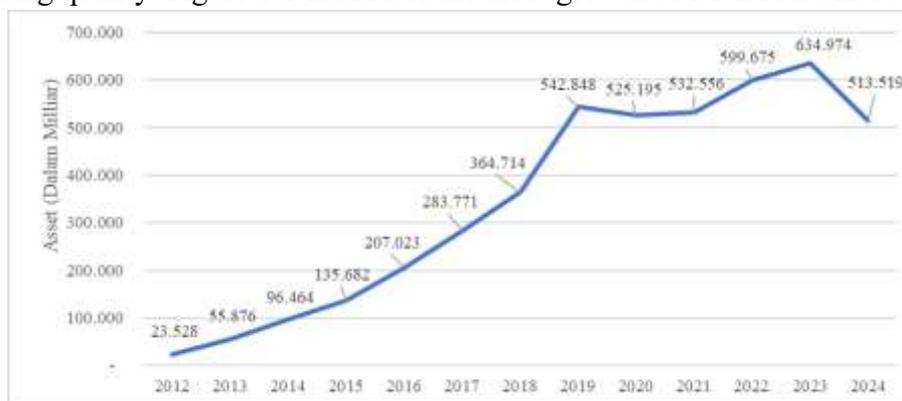


Figure 1. Pertumbuhan aset BPRS ABC

Source: PT BPRS ABC Internal Data (2025)

Indonesia’s current economic condition has shown significant improvement compared to previous years. This development has occurred because business actors continue to enhance competitiveness among businesses to achieve their desired targets. Based on the report of the Central Statistics Agency (2023), Indonesia’s economic growth remains robust at 5.17%, with a relatively low inflation rate of 3.08%. The MSME sector serves as a key pillar of the national economy, contributing 61% to Indonesia’s GDP. The real sector (production of goods and services) drives regional economic activity, promoting equitable economic growth across the country (Achmad & Hamzani, 2015; Barata, 2019; Doughan, 2020; Inshakova et al., 2024; Virjan et al., 2023).

Banks play a vital role in supporting community economic activities, particularly in fostering growth within the MSME sector. All MSME components engaged in real-sector activities rely on the active role of banking services through financing (credit) for productive business operations, helping increase working capital and ensuring smooth business continuity amid intensifying competition. One type of bank that strongly supports MSME activities through financing is the BPR. Therefore, maintaining a healthy banking condition is essential to sustain MSME growth (Chibueze, 2024; Ismanto et al., 2023; Rujitoningtyas et al., 2024; Srihandoko et al., 2025; Utama et al., 2024).

PT BPRS ABC is currently facing serious challenges in financing quality, as its Non-Performing Financing (NPF) rate continues to rise, reaching a peak of 11.25% in December 2024. This figure is well above the healthy limit set by the OJK, which is below 3%, and also higher than the national BPRS average NPF of 7.75%. The high NPF directly affects the company by reducing the Return on Assets (ROA), decreasing the effectiveness of financing distribution, and putting pressure on profitability and capital. As a visual comparison, the trend of PT BPRS ABC’s NPF relative to the national BPRS average can be seen in Figure 1.2.

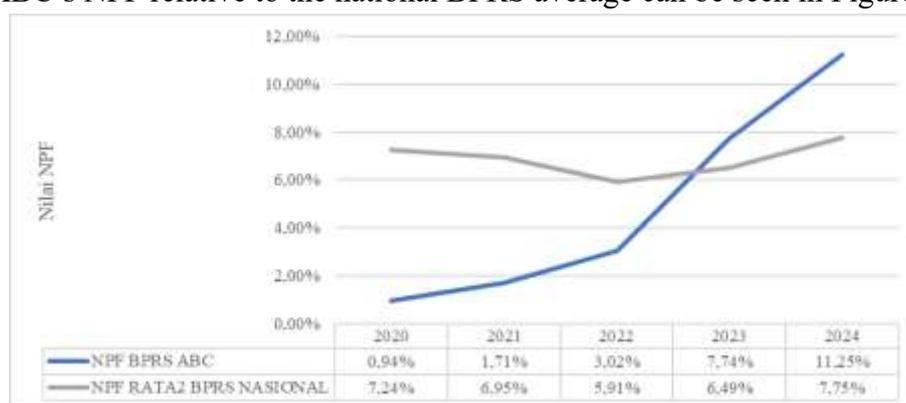


Figure 2. Comparison of NPF BPRS ABC and NPF Average of BPRS National
Source: OJK (2024) and PT BPRS ABC Internal Data (2025)

The high NPF depicted in Figure 2 has a direct impact on the decline in Return on Asset (ROA) and the effectiveness of financing distribution, as well as creating pressure on the company's profitability and capital, and regulations also add to this pressure. According to the Financial Services Authority (2018) in POJK No.33/POJK/03/2018, BPR/BPRS is obliged to establish a non-performing loan loss reserve of 100% of the NPF value. This is an additional

burden for BPRS which has a high NPF, because full reserves have an impact on the erosion of company profits and capital performance. In addition, BPRS's capital structure, which generally depends on shareholders, also narrows the space for flexibility in the management of non-performing financing (Baharuddin et al., 2025; Hossain, 2025; Mai & Sembiring, 2025; Sabila et al., 2025; Sewanyina et al., 2025).

It should be noted that the increasing NPF challenge does not stand alone, so it needs to be complemented by a more comprehensive picture of financial performance that also affects other indicators such as Return on Asset (ROA) and Financing to Deposit Ratio (FDR). Table 1 illustrates the financial performance of BPRS in Indonesia.

Table 1. BPRS Financial Performance from 2020 to 2024

Indikator	2020	2021	2022	2023	2024	Growth Rata2
NPF	7,24%	6,95%	5,91%	6,49%	7,75%	0,76%
ROA	2,01%	1,73%	1,92%	2,05%	1,51%	-3,13%
FDR	108,78%	103,38%	107,45%	111,50%	112,73%	0,40%

Source: OJK (2024)

Table 1 shows that overall BPRS in Indonesia has decreased its financial performance, with average NPF growth increasing by 0.7%, ROA decreasing by -3.13% and FDR increasing by 0.40%. Ishak et al. (2024) have conducted research on the influence of NPF on banking financial performance. This study says that NPF has a negative and significant effect on financial performance. This indicates that an increase in NPF value will reduce the bank's profit rate. Islamic bank assets, one of which is in the form of financing, can be a source of risk if the distribution process is not accompanied by the principle of prudence. Credit risk or financing risk is a risk that arises due to the failure of the customer or debtor to fulfill the obligations that must be paid. For comparison, the financial performance condition of PT BPRS ABC is attached to Table 2.

Table 2. Financial Performance of BPRS ABC from 2020 to 2024

Indikator	2020	2021	2022	2023	2024	Growth Rata2
NPF	0,94%	1,71%	3,02%	7,74%	11,25%	31,76%
ROA	4,42%	3,16%	2,49%	-2,45%	1,25%	-13,09%
FDR	93,85%	100,19%	88,12%	75,41%	94,87%	0,12%

Source: PT BPRS ABC Internal Data (2025)

Table 1.2 shows that PT BPRS ABC experienced a decline in financial performance consistent with national trends. However, these conditions have become more challenging because the company's NPF level remains well above the national average. Therefore, formulating a recovery strategy that focuses on NPF issues is a relevant and critical step to enhance profitability and maintain the company's sustainability (Atichasari et al., 2023; Martin, 2025; Sidin et al., 2025; Sunaryo et al., 2025; Syaifuddin, 2025).

The primary challenge faced by PT BPRS ABC is the rising Non-Performing Financing (NPF) ratio, which reached 11.25% in December 2024. This figure significantly exceeds the Financial Services Authority (OJK)'s healthy threshold of below 5% and is also higher than the national BPRS average of 7.75%. The high NPF has directly led to a decline in Return on

Assets (ROA), an increase in loss provision burdens, and a weakening of the company's capital structure. It has also hampered the effectiveness of financing in the MSME sector, which is the institution's core focus. Furthermore, OJK Regulation No. 33/POJK/03/2018, which mandates 100% provisioning for non-performing loans, has imposed additional financial pressure on the company. Therefore, this study seeks to formulate an appropriate business strategy to reduce NPF by considering the company's internal and external conditions, thereby enabling effective financing for the MSME sector once again.

Based on the identified issues, this research aims to address three main questions: (1) what internal factors influence the improvement of business performance at PT BPRS ABC; (2) what external factors influence the improvement of business performance at PT BPRS ABC; and (3) what alternative strategies can be implemented to enhance the company's business performance. The research objectives are to identify and evaluate the internal and external environmental factors affecting PT BPRS ABC's business performance and to formulate various alternative strategies for improvement. The findings are expected to benefit the company by providing input for strategy formulation aligned with its internal and external conditions, as well as to serve as a reference for readers in understanding strategic issues related to NPF management.

METHODS

This research will be conducted in the Business Division, Risk Financing Division, and Risk Management and Compliance Division of a banking institution, with data collection scheduled for August 2025. The data used in this study consist of both primary and secondary data. Primary data were obtained through interviews and the distribution of questionnaires to individuals working in the three divisions to obtain direct information related to internal policies and practices relevant to the research. Meanwhile, secondary data were collected through literature studies—both printed and electronic sources—as well as literature reviews related to the research topic, which serve to strengthen and complement the findings from the primary data. The sampling technique used is purposive sampling, which involves deliberately selecting respondents based on their expertise, experience, and specialized knowledge relevant to the research objectives. This ensures that the data collected accurately and comprehensively describe the internal conditions and policies of the banking institution.

The interviews in this study employed the in-depth interview method to obtain qualitative data on financing management and the risk of non-performing financing at BPRS ABC. Through these interviews, the researcher comprehensively explored the experiences, perceptions, and insights of the resource persons regarding financing analysis practices, control and monitoring mechanisms, early warning systems, and the influence of external environmental factors on financing performance. Interviews were conducted with six resource persons, selected through purposive sampling, from the Business Division, Risk Financing Division, and Risk Management & Compliance Division. Each informant holds a role related to financing initiation, risk analysis and mitigation, or supervision of compliance with OJK internal policies and regulations. The data obtained from these interviews form the basis for identifying internal and external factors influencing the level of non-performing financing at BPRS ABC.

Data Analysis Methods

The data analysis in this study utilizes several strategic analysis tools to process and interpret information comprehensively, namely the IFE–EFE Matrix, Porter’s Five Forces, VRIO, Internal–External (IE) Matrix, SWOT, and QSPM. The IFE and EFE Matrices are used to evaluate the internal (strengths and weaknesses) and external (opportunities and threats) conditions of the banking institution through the weighting and ranking of each factor to provide an overview of the organization’s strategic position. Furthermore, Porter’s Five Forces analysis was applied to assess the level of competition in the banking industry through five main forces: the threat of new entrants, the bargaining power of suppliers, the bargaining power of consumers, the threat of substitute products, and the intensity of rivalry among competitors.

The VRIO Matrix is used to evaluate internal resources and capabilities based on four aspects—value, rarity, inimitability, and organizational readiness—to determine their potential as sources of sustainable competitive advantage. The results of the IFE and EFE Matrices are then combined in the Internal–External (IE) Matrix to determine the institution’s strategic position within a specific quadrant, which then serves as the foundation for strategy formulation through SWOT analysis and the selection of priority strategies using the QSPM Matrix. Through this approach, the research can offer strategic recommendations that are systematic, measurable, and aligned with the internal and external conditions of the banking institution.

		3.0 - 4.0	2.0 - 2.99	1.0 - 1.99
EFE	3.0 - 4.0	I	II	III
	2.0 - 2.99	IV	V	VI
	1.0 - 1.99	VII	VIII	IX
		IFE		

Figure 3. Matriks IE

Source: Research Analysis Results (2025)

RESULTS AND DISCUSSION

PT BPRS ABC was established as an Islamic financial institution committed to providing banking services based on Islamic principles to the community. The establishment of PT BPRS ABC was driven by the spirit of presenting a fair and ethical financial system capable of empowering society. At the beginning of its establishment, PT BPRS ABC focused on raising community funds through mudharabah savings and deposits, as well as distributing profit-sharing-based financing to small and medium business actors. Through a close approach to customers and a deep understanding of the community’s economic needs, PT BPRS ABC succeeded in building trust and strengthening its position in the MSME and micro-finance sectors.

Over time, PT BPRS ABC has continued to demonstrate steady growth by expanding its range of services and improving the quality of its sharia-based products. The principles of

prudence, professionalism, and commitment to sharia values serve as the foundation of every operational activity. With a dedication to supporting community economic development and strengthening the sharia-based financial system, PT BPRS ABC is determined to become a trustworthy institution capable of making a tangible contribution to improving societal welfare.

The vision of PT BPRS ABC, namely “The realization of a superior and trusted Islamic bank,” reflects the company’s commitment to becoming a competitive Islamic financial institution with integrity and public trust through the application of fair, transparent, and benefit-oriented sharia principles. This vision is realized through the mission of managing a sound and trustworthy banking business, providing professional and Islamic services, supporting the development of micro and small enterprises, improving stakeholder welfare sustainably, and fulfilling the function of da’wah that is rahmatan lil ‘alamin. Furthermore, the identification of internal factors was systematically conducted using the Resource-Based View (RBV) approach, which emphasizes the importance of resources and capabilities as sources of competitive advantage. This analysis was operationalized through the VRIO framework to assess the value, rarity, imitability, and organizational readiness of resources. The results of the VRIO analysis provide an overview of PT BPRS ABC’s internal resources as strategic strengths or weaknesses and show the competitive implications that serve as a foundation for the formulation of the company’s strategy.

Table 3. VRIO Analysis Results

No	Issues/Challenges	V	R	I	O	Competitive Advantage	Position
Human Resources							
1	Awareness and Commitment to Strengthen Analysis	√	x	x	√	Competitive Parity	Strengths
2	Experienced Remedial Parts	√	√	x	√	Temporary Competitive Advantage	Strengths
Physical Resources							
1	Lack of Follow-Up to Post-Disbursement Operations	√	x	x	x	Competitive Parity	Weaknesses
Organizational Resources							
1	Focus on Financing the Productive Sector (MSMEs) after normal NPF	√	x	x	√	Competitive Parity	Strengths
2	Early warning System (EWS) Still not optimal	√	x	x		Competitive Parity	Weaknesses
3	The quality of Customer Data is often invalid	x	x	x		Competitive Disadvantage	Weaknesses
4	The results of the analysis of the <i>Financing risk</i> section are often deviated by the Business Section	√	x	x		Competitive Parity	Weaknesses
5	Relationship with the MSME Community	√	x	x	√	Competitive Parity	Strengths
6	Public Trust	√	x	x	√	Competitive Parity	Strengths
Financial Resources							
1	High Dependence on Property Sector Development	x	x	x	x	Competitive Disadvantage	Weaknesses
2	Losing Competition in Teacher Certification Financing	x	x	x	x	Competitive Disadvantage	Weaknesses

Source: Research Analysis Results (2025)

Table 3 presents the results of the VRIO analysis of the internal factors of PT BPRS ABC, which are grouped according to the Resource-Based View (RBV) approach. These factors include human resources, physical resources, organizational resources, and financial resources. The VRIO analysis is used to assess the strategic value of internal resources and capabilities through four main criteria—value, rarity, inimitability, and organization—as well as to determine the competitive implications and position of each factor as either a strength or weakness within the company.

The results of the analysis show that most of PT BPRS ABC's internal factors fall under the category of Competitive Parity, indicating that these resources and capabilities are valuable and have been adequately managed, but are not rare and are relatively easy for competitors to replicate. This condition is reflected in human resource and organizational resource factors, such as the commitment to strengthening financing analysis based on the 5C principle and focusing on productive sector financing once the NPF level is controlled. In addition, the presence of an experienced remedial division demonstrates a Temporary Competitive Advantage, reflecting human resource capabilities that provide a short-term competitive edge.

Conversely, several factors within the physical, organizational, and financial resource groups are classified as internal weaknesses. Limited physical outreach for financing monitoring, the absence of an effective Early Warning System (EWS), weak customer data quality, and discrepancies in analytical results from the business department indicate that some valuable resources have not been optimized or fail to deliver strategic value. Furthermore, a financing portfolio still concentrated in the property sector and low competitiveness in teacher certification financing are categorized as Competitive Disadvantages, representing strategic weaknesses that require special attention in the formulation of improvement strategies.

Awareness and Commitment to Strengthen the 5C Analysis

The results of the analysis indicate that PT BPRS ABC demonstrates a high level of managerial awareness and strategic commitment to enhancing financing quality through the reinforcement of the 5C principles (Character, Capacity, Capital, Collateral, and Condition). This commitment is not merely a normative policy but a direct response to financing performance evaluations, particularly the rising Non-Performing Financing (NPF) ratio in certain sectors. This situation motivates management to reaffirm the importance of prudential principles as the main foundation of financing analysis and decision-making. By tightening the application of the 5C framework, PT BPRS ABC aims to ensure that every prospective debtor possesses integrity of character, sufficient repayment capacity, a healthy capital structure, adequate collateral, and sustainable business conditions before financing is disbursed.

This managerial awareness is further supported by internal monitoring data on sector-based financing quality. Data show that the property sector has the highest NPF ratio compared with other sectors, while the MSME and multipurpose financing sectors remain relatively stable with lower NPF levels. These findings reinforce the urgency of strengthening the 5C analysis as a key instrument for mitigating financing risks and as a stricter selection mechanism for assessing debtor eligibility. Therefore, the commitment to implementing the 5C principles functions not only as an operational procedure but also as an internal strength that supports risk control and fosters continuous improvement in PT BPRS ABC's financing portfolio quality.

Table 4 Total Outstanding NPF by Sector in 2025

Types of Financing	Outstanding (IDR)	NPF (%)
Umrah Package	0.00	0.00%
Fixed Income	13,658,543	0.00%
Internal Employees	0.00	0.00%
Hajj Departure Management	49,375,272	0.01%
General	260,270,293	0.07%
Groups	320,111,084	0.08%
Indonesian Labor Providers Organization	0.00	0.00%
Retirement	0.00	0.00%
Multipurpose	0.00	0.00%
Micro	2,809,873,813	0.70%
Teacher Certification	2,215,921,891	0.55%
KPR	3,571,728,920	0.89%
Pension Financing	0.00	0.00%
MSMEs	15,798,683,514	3.95%
Properties	34,351,982,821	8.59%
Total Outstanding	59,391,606,151	14.86%

Source: PT BPRS ABC Internal Data (2025)

In Table 4, it can be seen that the property sector has the highest NPF ratio compared to other financing sectors, so strengthening the financing analysis based on the 5C principle is an important preventive step in reducing the risk of non-performing financing.

Focus on Productive Sector Financing (MSMEs) After Normal NPF

BPRS ABC has a clear focus on financing the productive sector, especially MSMEs, as a direction for business development after NPF control. Based on financing portfolio data, the MSME sector occupies a significant portion and is considered more supportive of the real sector than consumptive or speculative financing. This focus is a strength because it is in line with the characteristics of BPRS as an Islamic financial institution that is oriented towards community economic empowerment. To see the direction and focus of BPRS ABC financing, Table 5 presents the composition of the financing portfolio based on the type of financing.

Table 5. Composition of Financing Portfolio by Sector in 2025

Type of Financing	Total Outstanding (Rp)	Portfolio (%)
Umrah Package	40,367,172	0.01%
Fixed Income	65,597,935	0.02%
Internal Employees	206,746,918	0.05%
Hajj Departure Processing	434,856,554	0.11%
General	1,507,269,737	0.38%
Group	1,906,171,305	0.48%
PJTKI	2,121,433,239	0.53%
Pension	2,241,842,982	0.56%
Multipurpose	3,812,555,242	0.95%
Micro	6,845,669,666	1.71%
Teacher Certification	18,341,157,279	4.59%
Mortgage	18,420,080,335	4.61%
Pension Financing	25,842,665,927	6.46%
MSMEs	129,164,570,391	32.31%

Property	188,798,487,231	47.23%
Total Outstanding	399,749,471,913	100.00%

Source: PT BPRS ABC Internal Data (2025)

Financing in the MSME sector, as shown in Table 5, occupies a significant portion of PT BPRS ABC’s financing portfolio. This condition indicates that, internally, the bank possesses experience and a strong financing base in the productive sector. Although the property sector still dominates the financing portfolio, the increased focus on MSME financing provides an opportunity for the bank to develop financing that is more aligned with the real sector and carries a relatively more diversified level of risk.

Weaknesses of PT BPRS ABC

PT BPRS ABC faces several internal weaknesses that have the potential to increase the risk of Non-Performing Financing (NPF). First, post-disbursement monitoring of customers—particularly in distant property sector projects—is still suboptimal, causing delays in detecting potential financing issues. Second, the Early Warning System (EWS) remains reactive and unable to detect risks in a timely manner due to limited data integration and inadequate updates of customer financial statements. Third, the quality of customer data is often invalid, resulting in difficulties in making objective assessments of business capacity and risk. Fourth, deviations still occur between the risk recommendations from the Financing Risk Division and the final financing decisions made by the Business Division, thereby increasing the potential for NPF. Fifth, the financing portfolio remains highly dependent on the property sector, which carries a higher concentration risk compared to the MSME sector. Sixth, PT BPRS ABC is less competitive in financing teacher certification programs due to limitations in digital services and customer cash flow monitoring.

Matriks Internal Factor Evaluation (IFE)

The IFE results show that the main strength of PT BPRS ABC lies in its awareness and management commitment to strengthening the 5C analysis (score 0.32), while the most significant weakness is the deviation of financing decisions by the Business Division from the Financing Risk Division’s recommendations (score 0.14). The total internal score of 2.32—slightly below the average benchmark of 2.50—indicates that despite existing weaknesses, PT BPRS ABC still possesses fairly good internal potential in financing management and risk mitigation.

PT BPRS ABC has several key strengths, including managerial awareness and commitment to improving financing analysis based on the 5C principles, which help maintain financing quality. However, internal weaknesses persist, such as suboptimal post-disbursement monitoring (particularly in property financing), an underperforming EWS, invalid customer data, decision-making deviations between business and risk units, a high dependence on the property sector, and limited competitiveness in teacher certification financing.

Externally, PT BPRS ABC has several strategic opportunities: growth in the MSME sector that opens possibilities for expanding productive financing; linkage financing schemes that enable more measurable portfolio management; government support for MSME development; the availability of the Financial Information Service System (SLIK) to enhance financing analysis quality; and potential growth opportunities if the NPF ratio can be reduced

to a healthy level.

CONCLUSIONS

Based on the results of data collection and analysis, conclusions can be drawn from the formulation of the identified problems. The conclusions of this study are as follows:

The identification and evaluation of internal environmental factors that influence the improvement of PT BPRS ABC's business performance, analyzed through the Resource-Based View (RBV), VRIO, and Internal Factor Evaluation (IFE) approaches, show that the company possesses several key strengths, namely: a strong commitment to enhancing financing analysis based on the 5C principles, a focus on financing the productive sector of MSMEs, and the support of a relatively experienced remedial division. However, the study also found several internal weaknesses that affect business performance, including a suboptimal Early Warning System (EWS), weak post-disbursement financing monitoring, inadequate customer data quality, and deviations in financing decisions from the results of risk analysis.

The identification and evaluation of external environmental factors influencing PT BPRS ABC's business performance, analyzed through Porter's Five Forces framework and the External Factor Evaluation (EFE) Matrix, reveal that the company's main opportunities stem from government policy support for MSME development, the use of the Financial Information Service System (SLIK), and the potential for growth in productive financing following NPF reduction. Meanwhile, the main threats faced by the company include increasing competition from digital banks and fintech institutions, disruptions to customer business cash flows, regulatory pressures from the Financial Services Authority (OJK) regarding provisions for non-performing financing, and heightened risks in the property financing sector. These external factors directly affect the company's capacity to improve business performance sustainably.

Based on the formulation of alternative strategies using the SWOT Matrix and the prioritization of strategies through the Quantitative Strategic Planning Matrix (QSPM), it can be concluded that the market penetration strategy is the top priority for improving PT BPRS ABC's business performance. This strategy achieved the highest Total Attractiveness Score (TAS) compared to the product development strategy, indicating that, given the current condition of the company, the most relevant approach is to deepen the existing market by strengthening financing quality and risk control.

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