

# The Role of Islamic Banking in Achieving Sustainable Development Goals (SDGs) in West Sumatera

Sandra Dewi<sup>1</sup>, Yaswirman<sup>2</sup>, Rudi Febriamansyah<sup>3</sup>, Henmaidi<sup>4</sup>

## Abstract

*Bukittinggi is a tourist city that shows the potential of MSMEs for the community, but capital problems still constrain them from establishing MSMEs. Therefore, murabahah and mudharabah financing distributed by BSI KCP Bukittinggi has a role in supporting MSME activities. This study aims to determine the role of Islamic banking in achieving sustainable development in West Sumatera. Using a researcher-determined descriptive qualitative research approach, this study describes Islamic banking's involvement in reaching SDG 1 (no poverty) in Bukittinggi City, West Sumatera Province, in great detail. This study's findings point to the importance of Islamic banking in Achieving Sustainable Development in West Sumatera through the distribution of financing to the community, namely murabahah financing and mudharabah financing, will encourage regional economic movement, especially for MSME actors in Bukittinggi City.*

**Keywords:** *Murabahah, Mudharabah, and SDG's 1.*

## Introduction

Islamic banks in Indonesia are still fledgling, and their development in Indonesia has not been as expected. Discussion of the establishment of Islamic banks in Indonesia since the 1980s, but its realization occurred in 1992, was carried out by one of the government banks, namely Bank Muamalat Indonesia (Ahmad, 2022). Economic development in Indonesia is increasing with the support of Islamic financial institutions. One indicator of this shift is the proliferation of Islamic financial institutions, accompanied by facilities or products offered by them with a sharia nuance, including Islamic banking (Wahab & Mahdiya, 2023). The founding of Islamic financial institutions is a manifestation of the community's commitment to implementing sharia principles, which aim to help the community realize prosperity, honesty, and justice through a profit-sharing system. According to Soekarni (2014), in a developing economy, people always need financial capital to start new businesses and expand existing businesses. Business actors usually obtain financial capital from banks. Independently operated by people or entities not affiliated with larger corporations, micro, small, and medium-sized companies (MSMBs) contribute to local economies. Conventional company management, insufficient human resource quality, tiny ratios and methods of creation, and difficulty accessing funding are the most typical problems for MSMEs (Ertiyant & Latifah, 2022). Hence, in order to manage capital challenges, a financial entity is required to support community economic actors (MSMEs) in a way that is compatible with their needs and goals. The SDGs, which aim to improve people's wellbeing and reach their aims by 2030, will be implemented in 2015 and rely on the financial industry. Indonesia Islamic Bank will be the newest bank in Indonesia in 2021 and has gained the trust of the government and the wider community because of the services offered, the diversity of financing offered, and the regulations applied (Frita et al., 2022).

The existence of BSI is the largest Islamic bank, providing a significant influence on the country's economy. With a good perspective on Islamic banks, which can provide the best services and products to customers or the community. In this context, the existence of BSI is necessary. This is not only a significant opportunity as a link for every economic activity within the halal sector ecosystem, and more generally, as a means to achieve the goals set by the nation. Because of this, Islamic banking in Indonesia will become

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<sup>1</sup> State Islamic University (UIN) Bukittinggi, Indonesia, Email: sandradewi@uinbukittinggi.ac.id, (Corresponding Author)

<sup>2</sup> Andalas University, Padang, Indonesia, Email: yaswirman010857@gmail.com

<sup>3</sup> Andalas University, Padang, Indonesia, Email: rudifeb@yahoo.com

<sup>4</sup> Andalas University, Padang, Indonesia, Email: hen\_maidi@yahoo.com

an integral aspect of the country's development engine, becoming more inventive, practical, and empowered (Awwalunnisa, 2021).

One industrial sector that reliably indicates regional and local economic stability is the micro, small, and medium enterprises (MSME) sector. Besides being a hub for commerce, micro, small, and medium-sized enterprises (MSMEs) also play an important social role by fostering individual agency. In Bukittinggi, there are 2461 MSMEs, and the number of MSMEs fluctuates greatly. The number of MSMEs in 2018 was 1830 units and increased in 2019 to 1930 units. In 2020, the decline in MSMEs was quite high, namely to 1881 units. The role of Bank Syariah Indonesia, according to Andrianto & Firmansyah (2019), is that two indicators back local businesses' initiatives to help micro, small, and medium-sized enterprises (MSMEs) and MSMEs participate in sustainable development through means such as mudharabah and murabahah finance. This is the evolution of Bukittinggi's Bank Syariah Indonesia's murabahah funding.

**Table 1. Murabahah Financing of BSI Syariah Bank, Bukittinggi City**

Name of Bank	Murabahah Financing		
	2021	2022	2023
BSI KC Bukittinggi Sudirman 1	Rp 78.098.400	Rp 83.098.090	Rp 89.008.113
BSI KCP Bukittinggi Sudirman 2	Rp 65.087.690	Rp 68.987.400	Rp 71.098.000
BSI KCP Bukittinggi Pasar Aur 3	Rp 133.000.000	Rp 147.223.009	Rp 156.870.000
<i>Grand Total</i>	Rp 276.186.090	Rp 299.308.499	Rp 316.976.113

Source: BSI KCP Bukittinggi

Based on Table 1, it can be seen that the development of the amount of murabahah financing distributed by BSI in the operational area of Bukittinggi has increased, which is seen per year after the official merger of BNIS, BRIS, and BSM has increased significantly. It can be stated that murabahah financing plays a role in improving people's welfare in poverty alleviation. The existence of murabahah financing provided to MSMEs in Bukittinggi City has played a role in business development for business actors. As argued by Agustina & Kurniasari (2023). Bank Syariah Indonesia plays an important role in improving the welfare of MSMEs by providing capital assistance for customer businesses; in addition, customers also provide input and recommendations for customer businesses. Bank Syariah Indonesia also provides supervision so that payments can follow the customer's needs. This is the cause of BSI's success in improving the welfare of MSMEs, marked by increased customer income after receiving BSI KUR Micro financing. BSI KUR Micro Financing is a type of multi-purpose BSI KUR that can be used as working capital, investment, or consumer credit (Silviana et al., 2023). This means that this type of BSI KUR fund can be used to meet needs such as paying education fees for MSMEs in Bukittinggi City.

Many benefits can be obtained from Murabahah financing. MSMEs in Bukittinggi City also need Murabahah financing, and mudharabah profit-sharing financing will bring profitable results for Islamic commercial banks if in significant amounts. As a result, the greater the income, the greater the bank will be able to make payments of obligations to other parties (Sari & Sulaeman, 2021). With a large amount of Mudharabah financing, it will get profitable results, especially for the bank, in which the greater the financing that will be distributed, the greater the level of bank profitability (Hanafi, 2013). The benefits of financing with a mudharabah contract are as a form of channeling funds and obtaining income in the form of profit sharing according to the business income managed by the customer. In a mudharabah, one party (the investors) entrusts another party (the managers) with their capital to be used in trading activities (Novika, 2020). The development of mudharabah financing at the Indonesian Sharia Bank in Bukittinggi City.

**Table 2. Mudharabah Financing of BSI Syariah Bank, Bukittinggi City**

Name of Bank	Mudharabah Financing		
	2021	2022	2023

BSI KC Bukittinggi Sudirman 1	Rp208.098.400	Rp283.077.099	Rp289.008.113
BSI KCP Bukittinggi Sudirman 2	Rp165.051.210	Rp168.787.303	Rp 171.098.222
BSI KCP Bukittinggi Pasar Aur 3	Rp233.007.891	Rp247.721.176	Rp256.870.000
<i>Grand Total</i>	Rp276.186.090	Rp299.308.499	Rp316.976.113

Source: Bukittinggi dalam Angka 2023

Table 2 explains that mudharabah financing has increased significantly from year to year after Bank Syariah Indonesia officially merged in 2021. This was annulled by many business actors in Bukittinggi who rely on mudharabah financing as an alternative to maintain and increase business income. The capital structure used by MSMEs can affect their profitability. MSMEs will gain benefits for business owners because the capital structure is a strength for MSMEs to carry out production (Perdana et al., 2023). MSMEs in the city of Bukittinggi have contributed positively to economic development to be better where they use little working capital, by absorbing a lot of labour. The Indonesian state in the economic sector can be driven by MSMEs that have been empowered by entrepreneurs. MSMEs in Bukittinggi are seen from the development after receiving financing in 2023 as in table 3.

Table 3. Number of MSMEs in Bukittinggi City

Year	Number of units	Increase/Decrease (%)
2018	1830	0%
2019	1930	5%
2020	1881	-3%
2021	1908	1%
2022	2043	7%
2023	2197	8%

Source: Bukittinggi in Figures 2023

Based on the table above, it is explained that the number of MSME units has increased from year to year, but in 2020 it decreased. This is suspected to be due to the Covid-19 outbreak which disrupted the world's economic system in various sectors. The importance of Islamic banking in the economic subsystem will have a positive impact on economic and legal growth. The KUR BSI financing program presented by Islamic Indonesia Banking is expected to help MSME actors overcome capital constraints and encourage the development of their businesses, which in turn will affect the income earned. People's Business Credit is a government initiative to strengthen MSMEs and has been proven to have a positive impact on the development of this sector. By offering easily accessible and sharia loans, KUR has the potential to help MSMEs grow and overcome the challenges of unemployment and poverty (Fitriyani & Fatmayanti, 2023).

The development of BSI and financing programs such as KUR BSI also help address obstacles in Islamic banking, such as lack of guidance for customers. Islamic banks should involve coaching and guidance in cooperation agreements with customers, especially MSMEs. There are several indicators that must be considered to be able to support the Islamic Bank in Bukittinggi City in supporting sustainable development. The role of Bank Syariah Indonesia in empowering the community's economy to realize the goals of the SDGs has shown quite significant progress and this implementation is advantageous for the community in the economy in terms of concept and implementation of murabahah and mudharabah financing for the community in the economy as a user of MSMEs/MSMEs in achieving sustainable development in alleviating poverty (Fauzan, Rosida, and Salwa 2023).

Islamic financial institutions can contribute to the SDGs' aims of reducing poverty, according to Pravita et al. (2022). Helping those without access to financing build their businesses is an important function of Islamic financial institutions. The distribution of productive funding in the MSME sector is highly pertinent and aligned with the SDGs, which aim to promote welfare and equality (Trimulato, Syamsu, and Octaviany 2021). Due to Islamic banking's adherence to the principles of musyarakah, murabahah, ijarah, and the

prohibition of usury practices, Bank Syariah Indonesia contributes significantly to the growth of the Indonesian economy (Dianita, Irawan, and Mulya 2021).

BSI is a must-have. Not only does this present a great opportunity to connect all commercial activity within the halal business, but it also represents a step towards the country's goals. As a result, Islamic banking in Indonesia will grow more progressive, practical, and self-reliant, and it will contribute to the country's economic growth (Suretno and Bustam 2021). The interrelated social, environmental, and economic pillars form the basis of sustainable development. The realisation of the Sustainable Development Goals (SDGs), which have been in force since 2015 and are aimed at being accomplished in 2030. Bank Syariah Indonesia's Function? Also, the distribution of capital, specifically murabahah and mudharabah financing, are two indicators that help the community's economy empower MSMEs in sustainable growth (Andrianto and Firmansyah 2019).

## Methodology

This study used a descriptive qualitative research method (Sugiyono 2015) determined by the researcher to describe in detail the Role of Islamic Banking in Achieving Sustainable Development in West Sumatra. The location of this research is Bukittinggi City which was conducted on January 4 to April 4, 2024. Bank Syariah Indonesia KC Bukittinggi staff and BSI KUR Mikro borrowers served as informants for this research. Researchers in this study gathered their data via reading, interviewing, citing, and assembling previously acquired materials. This research made use of both primary and secondary sources for its data. Researchers utilized observation, interviews, and documentation as data collection approaches in assembling.

## Results And Discussion

An essential part of running a bank is securing funding, since this is how the institution will generate its primary revenue and ensure its survival. The inverse is also true: difficulties arise and the bank's operations come to a halt due to poor management. As a result, businesses and banks alike need competent Sharia financing management to ensure that funds are dispersed in a way that serves both their goals and the requirements of Islamic law (Rahmayati, 2019). The designation of Bukittinggi as both a tourist city and the primary tourist destination region in West Sumatra occurred on March 11, 1984, so it is not incorrect to say that it is also a tourist destination city in West Sumatra Province. So, the distribution of murabahah and mudharabah finance are two indications of Bank Syariah Indonesia's participation in Bukittinggi's community economy that support efforts to empower MSMEs and MSMEs in sustainable development.

### *Murabahah Financing*

Using a system of instalment payments with a bank profit margin, the notion of murabahah financing allows for the purchase and sale of items. Payment plan transactions that dominate the distribution of funds in Islamic banks, which amount to almost seventy-five percent of the total financing and the impression that all Islamic bank fund distribution transactions are murabahah-ed, possibly to minimize the risk that will befall the bank in each distribution of its funds. In addition, compared to other financing mechanisms, murabahah is the most profitable and has the least risk for Islamic banks. The purpose of murabahah financing according to Rahmat Prayudi, Head of the MSMEs Division stated that the purpose of murabahah financing distributed by BSI Bukittinggi City:

"Improving the people's economy means that people who do not have economic access, with the murabahah financing distributed by BSI Bukittinggi City can improve the welfare of the community."

According to Mrs. Veni Oktasari (Head of BSI KCP Birugo), the purpose of murabahah financing distributed by BSI Bukittinggi City.

"It can increase business productivity with murabahah financing, providing opportunities for the community to increase their production capacity, because production efforts will not be able to run without funds."

In line with Mr. Yusrizal as the head of the Bukittinggi Cooperatives and Trade Service, he stated that the purpose of murabahah financing distributed by BSI Bukittinggi City.

"It can improve the welfare of the people of Bukittinggi who have the opportunity to build a business without any initial capital by applying for murabahah financing provided by BSI."

Mr Rozi Eka Putra, a customer of Bank BRI KC Bukittinggi also said that, the purpose of murabahah financing was distributed by BSI Bukittinggi City.

"It exposed new jobs, by opening business sectors through additional financing funds, the business sector will absorb labour. This means adding or opening new jobs."

According to the interview results, BSI Bukittinggi City distributes murabahah financing with the goals of improving people's welfare, increasing community production, and creating new jobs for the residents of Bukittinggi City. Murabahah is a type of sales contract in which the vendor and customer agree on a purchase price and a profit margin (margin) in advance (Karim, 2003) (Bank and customer). The purpose of murabahah financing is for consumptive financing such as houses, land, shops, cars, motorbikes, and so on (Karim, 2003). Mainly, the right to the goods has been transferred from the seller to the buyer at the time the goods are delivered even though the payment has not been paid in full, what is meant by the seller here is the bank and the buyer is the customer who applies for financing and at that time the rights and obligations of debt between the two. However, the purpose of murabahah is to help parties who do not have the ability to buy in cash (Rachman et al., 2023).

The principle of the murabahah contract is an agreement between the bank and the customer to sell an item at a price higher than the purchase price, by listing several profits to be received by the bank. Customers can pay the price in instalments or within a previously agreed period. The murabahah contract is often used in consumer financing, such as vehicle financing, home purchases, or business financing. In this case, the customer needs the item as business capital or a means of transportation, and the bank facilitates by providing funds through the murabahah contract. It is important to remember that the basic principle of the murabahah contract is there is no element of usury, so the bank must ensure that the price set and received is reasonable and by the principle of justice. The provision of capital is carried out, in poverty and helps boost revenue and provide new chances for entrepreneurs (Jasri et al., 2021) While Islamic banks do offer a number of benefits when it comes to assisting SMEs in their development, they also face challenges in this area, including issues with capital, human resources, and government rules that are both slow and harmful to Islamic banks. The distribution of funds has the potential to significantly aid local entrepreneurs in expanding their enterprises and cut down on The expansion of the manufacturing sector is largely attributable to the efforts of small and medium-sized businesses (SMEs). According to Jasri et al. (2021), small and medium-sized enterprises (SMEs) are highly adaptable and can quickly adjust to changes in the market. As a diversified population, they contribute significantly to exports and trade, and they can generate jobs more quickly than others. Small and medium-sized businesses (SMEs) in the area have tremendous untapped potential. The development of Islamic banks is associated with the potential of the existing region, it is not an exaggeration to say that Islamic banks have substantial opportunities for regional economic development.

Murabahah financing is a financing for buying and selling between banks and customers where the bank becomes the party that provides goods by purchasing goods/units with the criteria and specifications ordered by the customer. After the goods are purchased and owned by the bank, the bank sells them to customers at a higher price which is the bank's profit from the murabahah transaction. It is believed that Islamic banks, which are expanding rapidly, would be able to best support the growth of small and medium-

sized businesses (Sari & Anggraini, 2020). The small and medium business sector makes a very important contribution to the Indonesian economy during times of crisis, where small and medium businesses have the resilience to face the economic crisis that occurs.

In the current era, all MSMEs in Bukittinggi City are dependent on murabahah financing distributed by BSI to increase the amount of income by obtaining murabahah financing, MSME actors become more flexible in expanding their business scale. Bank Syariah Indonesia (BSI) through the financing distributed has a positive impact on sustainable economic development following the achievement of SDGs 1 (No Poverty) in efforts to alleviate poverty with the role of BSI which is utilized as a support or providing capital to MSME actors in Bukittinggi City. The economic development that has occurred in Bukittinggi City has not been able to eradicate poverty, but the active role of the Islamic banking industry has been able to reduce poverty rates with productive financing distributed to MSMEs will approach the achievement of SDGs 1 (No Poverty) namely poverty alleviation which is known as the city of Bukittinggi which is called a tourist city, it means that the environment has great opportunities for the people of Bukittinggi City in developing local culture through the MSME centre which can be used as an added value to the community's economy.

Despite playing a significant role in the country's economy, most Islamic banks struggle with low market share. Market share concerns are a challenge that has not been fully addressed by Islamic academics and banking professionals. Various efforts have been made to increase the Islamic market share to achieve the achievement of SDGs 1 (No Poverty) poverty alleviation according to (Melina et al., 2024) Islamic banks must pay attention to important indicators including Psychological and Personality, and Demographic Culture.

#### *Psychology and Personality*

Developing one's personality entails a process of self-adjustment that involves mental and behavioral responses to challenges such as meeting one's own needs while also balancing those demands with societal expectations. (Anas Rohman, 2018). Psychology views personality as an empirical field of study not as a basis for making good or bad judgments. This empirical field of study is very complex and continues to develop until now. According to Schiffman and Kanuk, personality is a trait in oneself or the psyche, namely the quality of the innate nature of the ability to influence people, and special behaviour that distinguishes one individual from another.

Personality is a factor that can influence customer decisions regarding a product or service offered by Islamic banks. Everyone has a different personality that influences their purchasing behaviour. Based on the results of interviews with several informants, factors that can influence the Psychology and Personality of customers according to Rahmat Prayudi, the Head of the MSMEs Division of BSI KCP Bukittinggi.

"The culture of the local environment that is usually or has become a BSI customer. For example, what makes the generation interested in becoming a BSI customer? Considerations of a cultural, social, individual, and psychological nature. Culture has an important role in shaping customer purchasing behaviour"

In line with Maulia Sri Rezki as the Head of BSI KCP Aur Kuning, factors can influence the psychology and personality of customers.

"The family environment will influence the interest of customers to become BSI customers and those who will apply for inexpensive financing for their business with information from customers that can stimulate potential financing customers."

Mr. Yusrizal, the head of the Bukittinggi Cooperatives and Trade Service, also stated some factors that can influence the psychology and personality of customers.

"The psychological cause that assumes that Islamic banks are the choice for Muslims, however, this is formed due to environmental and cultural factors which are the main factors."

Rozi Eka Putra as a customer of BSI KCP Bukittinggi also argued some factors that can influence the psychology and personality of customers.

"An environment with many BSI customers will stimulate UKM and MSME players to apply for financing. This is because they often get recommendations from customers who have felt the benefits of murabahah financing."

Based on the data from the interview above showed that the Psychology and Personality of customers who become BSI customers in Bukittinggi City are due to the influence of the environment that forms the psychology and personality of prospective financing customers in Bukittinggi City. Community, familial, and formal institutional groupings all contribute to the formation of a person's cultural set of values, beliefs, habits, aspirations, and behaviors (Kotler & Armstrong, 2008). All parts of a person's life are touched by this external factor, making it the most fundamental determinant of their expectations, willingness, and behavior as a consumer.

People in West Sumatra are more likely to be interested in saving money in Islamic banks if they hold the views expressed by (Andespa, 2017). Customers' perceptions of the product and brand are shaped by their level of belief, which in turn affects their actions and behaviors while making a purchase. Discovering one's general personality within the West Sumatra community is the responsibility of Islamic bank management.

A person's unique personality is a psychological trait that shapes their reaction to their surroundings in a predictable and long-lasting way. Common personality traits include assurance, assertiveness, independence, integrity, directionality, self-control, and flexibility. Personality can be very useful in analyzing customer behaviour, as long as the personality type can be classified accurately and there is a strong correlation between certain personality types and the choice of Islamic banking products (Kaniawati, 2019). Also related to personality is a customer's self-concept.

### *Demographic Culture*

Demography is writing about people or human population. Demography is also known as population science, which is the science that studies the dynamics of the human population. One reason is that the level of variation in consumer needs, wants, and usage is often closely related to demographic variables. Demographics also offer information about valuable insights into how the population is organized, its size and composition. In addition, demographics can also play an important role in the economy. Furthermore, demographics are also built by the government to divide resources, organize electoral districts, plan policy initiatives, and so on. Based on the results of interviews with several informants regarding the demographic culture of Bukittinggi city customers. According to Rahmad Prayudi, as Head of the MSMEs Division in BSI KCP Bukittinggi.

"In demographic terms, the population of Bukittinggi City is Muslim with a population percentage of 97.36%, it can be said that the majority of the community is interested in becoming customers of Indonesian Islamic banks because they have an understanding of usury."

Agreement with Maulia Sri Rezki, the Head of BSI KCP Aur Kuning regarding the demographic culture of Bukittinggi city customers.

"Customer habits in purchasing are usually based on their own beliefs about the product (goods) or services purchased and what advantages/superiors can be found in the product."

Consistent with Mr. Yusrizal, the head of the Bukittinggi Cooperatives and Trade Service regarding the demographic culture of Bukittinggi customers.

“The habits of the people in the surrounding environment are a reflection and factor that supports the formation of a person's attitude in responding to financing distributed by BSI Bukittinggi City.

Alignment with Rozi Eka Putra as a BSI Bukittinggi Customer regarding the demographic culture of Bukittinggi city customers.

" The term "culture" refers to the norms of conduct that a people acquire via their interactions with one another, their families, and other formal institutional groupings."

Based on the results of interviews with informants, demographically, the majority of Bukittinggi city customers are Muslim with a population percentage of 97.36%, this is dominant in having an interest in becoming a customer of murabahah product financing which is based on the beliefs held by the community. Bank Syariah Indonesia is one form of alternative banking that can be chosen by the community, especially the Muslim community in Indonesia. BSI Bank as the first Islamic bank has been followed by the birth of other Islamic banks which is a breath of fresh air for the Muslim community (Nasrullah, M., Ismanto, K., 2017). This development has also spread to the world, both in countries with Muslim populations and in countries where Muslims are a minority. This means that the role of Islamic banks in achieving SDGs 1 (No Poverty) is in accordance with sustainable goals.

#### *Mudharabah Financing*

Profit-sharing financing of mudharabah will bring profitable results for Islamic general banks in huge amounts. With a large extent of Mudharabah financing, it will get profitable results, especially for the bank where the greater the financing that will be distributed, the greater the level of bank profitability (Hanafi, 2013).

Based on the principles of al mudharabah, this principle in sharia will work as a bridge between those with surplus funds and those with deficit funds; in this arrangement, Islamic financial institutions will play the role of fund managers (mudharib) and savers will play the role of fund owners (shahibul maal). The mudharabah agreement specifies how the parties will divide up the earnings. In light of the results of interviews with several informants who are considered capable of providing information regarding the financing of the purpose of BSI Bukittinggi City distributing mudharabah financing. According to Rahmad Prayudi as Head of the MSEM's Division.

"One alternative for obtaining certain goods is through financing from a bank which can be paid in instalments with an amount that cannot change during the agreement period (mudharabah contract)."

In line with this, Mrs. Veni Oktasari (Head of BSI KCP Birugo) stated that:

"Obtaining the opportunity to gain profit if the market price of the customer's ordered goods is higher than the amount of financing and obtaining income in the form of a margin on the goods payment transaction when it is delivered to the end customer."

Furthermore, Yusrizal as the head of the Bukittinggi Cooperatives and Trade Service also agreed that.

"Mudharabah financing can provide opportunities for all SME/UMKM actors to develop their businesses in terms of quantity and quality of SMEs and UMKMs."



It is also in line with the statement from Mr. Rozi Eka Putra a customer of Bank BSI KC Bukittinggi.

“Mudharabah financing is beneficial for SMEs/MSMEs, this is because the financing is based on a work agreement, so that people no longer have to worry about getting capital support because there is mudharabah financing provided by BSI.”

It is possible to infer the goal of the Indonesian Sharia Bank from the interview data presented above in Bukittinggi City is to distribute mudharabah financing to obtain goods through loans and to gain profit from the agreed transaction results. It can provide business opportunities for business actors who are constrained by capital problems, mudharabah financing as a solution to obtaining funds. Mudharabah financing is advantageous for supporting the rate of sustainable economic growth through the SME/UMKM empowerment sector.

Products and services related to financing often employ the mudharabah transaction pattern. Savings and deposits are subject to mudharabah when it comes to fundraising. On the other hand, mudharabah is a kind of profit-sharing finance that traders can use to get the working cash they need to trade (Rusby, 2017). As a cornerstone of Sharia economics, mudharabah finance exemplifies Islam's goal of achieving social justice via a profit-sharing structure. According to Budi Suharto et al. (2021), the fundamental tenet of Islamic banking is that customers should be able to earn interest on their deposits that is competitive with, or more than, what conventional banks offer.

Bank Syariah Indonesia officially merged in 2021, this was annulled by many business actors in the city of Bukittinggi who rely on mudharabah financing as an alternative to maintain and increase business income. The capital structure used by MSMEs can affect their profitability. MSMEs will gain benefits for business owners because the capital structure is a strength for MSMEs to carry out production (Perdana et al., 2023). MSMEs in the city of Bukittinggi have contributed positively to economic development to be better where they use little working capital, by absorbing a lot of labour. The Indonesian state in the economic sector can be driven by MSMEs that have been empowered by entrepreneurs.

### *Sharia System*

Islamic economics, of which Islamic banking and finance are subsets, seeks to infuse economic practices with Islamic principles and ethics. For the majority of Muslims, Islamic banking and finance is about more than just making money. For most Muslims, adhering to Islamic principles in financial dealings is a matter of faith.

Sharia Principles, or the rules of Islamic law as they pertain to banking, must govern the Islamic Financial System. These rules are based on fatwas issued by organizations with the power to decide fatwas in the area of sharia. It is worth noting that Islamic banks coexist with conventional banks and explaining the Islamic banking products system in detail. According to Rahmad Prayudi, Head of the MSMEs Division of BSI KCP Bukittinggi, interviews were conducted with multiple informants who are believed to have knowledge of the sharia system.

"According to Rahmad Prayudi, the system applied to Islamic banks conduct their financial activity in accordance with the tenets of Islam, which include collaboration, justice, transparency, and universality.”

Consistent with Maulia Sri Rezki, the Head of BSI KCP Aur Kuning regarding the implemented sharia system. She said that,

"BSI, which implements the principle of partnership, is one of BSI's roles in increasing the scale of business for SMEs/MSMEs actors in obtaining productive financing that can be utilized. Many customers assume that the Sharia system is not yet capable and flexible, this is because many people have the perception that Sharia

banks and conventional banks are the same but the transaction systems and products offered by Sharia banks are different compared to conventional banks."

Mr. Yusrizal as the head of the Bukittinggi Cooperatives and Trade Service regarding the implemented sharia system, also supported that.

"The financing concept in BSI Bukittinggi City does not use transactions in the form of debts with interest consequences, but uses transactions in the form of capital sharing with a profit-sharing system or buying and selling transactions with profit margins and rent and fees for service transactions."

In contrast to the statement of Rozi Eka Putra as a customer of BSI KCP Bukittinggi regarding the implemented Sharia system, he stated.

" According to its profit-sharing principle, Islamic banks do not make money by charging interest on deposits or loans; instead, they share in the profits because interest is usury which is forbidden. Financing products provided are based on the capacity of the business unit and the guarantee provided by the customer."

One of BSI's functions is to facilitate the expansion of SMEs' and MSMEs' access to productive financing through the distribution of murabahah loans by Indonesian Islamic banks in accordance with the principles of cooperation, equity, and openness. Shared nominal profit is the foundation upon which Islamic banks are built given based on the guarantee submitted by the customer. However, in business activities, most people and Muslim business actors are still accustomed to and find it easier to understand the concept of conventional banks. This could be because the policies of the government and religious elite have been "floating" the legality of interest all this time. As a result, some people (Muslims) are very accustomed to interest and are no longer critical of the weaknesses of interest ideologically.

#### *Customer Service*

Service is a form of service provided by a service provider to users of the service. Services can be in the form of goods produced from a production process or can also be in the form of services offered. Service quality can be measured by comparing what is expected and received by service users. One of BSI's functions is to facilitate the expansion of SMEs' and MSMEs' access to productive financing through the distribution of murabahah loans by Indonesian Islamic banks in accordance with the principles of cooperation, equity, and openness. Shared nominal profit is the foundation upon which Islamic banks are built.

"The quality of BSI KCP Bukittinggi's services focuses focused on satisfying the demands of potential clients and fulfilling their deadlines in order to fulfill their expectations of customers who have applied for murabahah financing. Service Quality applies to all types of services provided by the Islamic bank when the client is in the company".

Maulia Sri Rezki as the Head of BSI KCP Aur Kuning also stated a similar argument regarding the quality of services implemented by BSI Bukittinggi City.

"The services provided by Islamic banks are the standards set by the company, namely providing facilities following the rights that must be obtained by customers that are adaptive and able to follow the tastes of consumers or customers so that BSI is chosen by customers to obtain financing."

In line with Mr Yusrizal, the head of the Bukittinggi Cooperative and Trade Service concerning the quality of services implemented by BSI Bukittinggi City.

"The services of BSI Bukittinggi city refer to the standard operating rules of the BSI company that have been set from the central regulations. By providing facilities following the rights that must be obtained by new and old customers".

Rozi Eka Putra as a BSI Bukittinggi Customer also made the same point concerning the quality of services implemented by BSI Bukittinggi City.

"The service facilities provided by Islamic banks in Bukittinggi city are in accordance with the rights of customers in the application of the system that we expect, this is because good service will be a consideration for customers in applying for financing or products provided by BSI".

Based on the data above, it can be summarized that the services and facilities provided by Indonesian Islamic banks follow the company's operational standards, although they are still not suitable because the services provided are not yet supported by a system that is able to keep up with the flow of developments. As stated by Almas Azhar et al. (2023), the reliability of a service provider's physical facilities and infrastructure is a key indicator of the quality of the service they offer.

The level to which the output can fulfill the requirements of client needs is determined by a collection of attributes and qualities that make up service quality. The degree to which these features and qualities satisfy the needs of the customers will be determined and evaluated by them. Customers may stop using the company's services altogether if they are unable to meet their expectations for quality. Specifically, the company's understanding, personnel' civility, and their ability to build trust with clients. Communication, trustworthiness, safety, skill, and politeness are all part of it. There are certain features shared by definitions of assurance: ability to serve clients in a kind, cordial, and considerate manner (Tjiptono, 2004).

Customer care that is both genuine and tailored to each client's unique needs is a strength of Bank Syariah Indonesia. In order to succeed, a business must know its clients inside and out, cater to their unique wants and needs, and be open at times that are convenient for them. All of the company's customer service efforts should stem from a desire to fulfill Allah SWT's command to conduct good deeds.

#### *Customer Attitudes*

Attitude is a person's evaluation, feelings, and tendencies that are relatively consistent towards an object or idea consisting of aspects of belief and attribute evaluation. Attitude according to I Ketut Swarjana (2022) in (Fadhillah & Prayetno, 2018) can also be interpreted as a point of view, attitude, or sentiment towards certain things, people, or events (Suprayitno et al., 2020). One definition of attitude is the disposition to behave in a particular manner in response to specific stimuli. There are two sides to this attitude: positive and negative. Results from discussions with multiple sources regarding potential responses to the attitudes of Indonesian Islamic bank customers according to Rachmat Prayudi, the head of the MSMEs division of BSI KCP Bukittinggi.

"In dealing with customer attitudes, employees can provide Smiles, Greet, Greetings, Polite, Please, Sorry, and Thank you. A service provider is expected to always smile friendly and then greet all customers politely, ask for help if they need something, apologize if the service is not as expected, and say thank you to all customers."

In line with Maulia Sri Rezki as the Head of BSI KCP Aur Kuning regarding how to deal with the attitude of BSI Bukittinggi City customers.

"To provide oral communication services, it is an important part to pay attention to, ethics in speaking can support the realization of a service to be by customer expectations. By using the aesthetics of speaking, communication will run well."

Mr. Yusrizal as the head of the Bukittinggi Cooperatives and Trade Service, Bukittinggi, also agreed that,

"To fulfil customer needs, BSI Bukittinggi City always provides the best solutions to customers and prospective customers, and always provides accurate information to customers."

Rozi Eka Putra as a BSI Bukittinggi Customer also felt the same way regarding how to deal with the attitude of BSI Bukittinggi City customers.

"When providing service, try to show perfect body posture. Both from the posture when sitting, when standing, and the posture when providing service so that customers feel comfortable. the way of walking, sitting, and standing must be arranged as well and as attractively as possible so that it looks graceful and authoritative in the eyes of customers."

Hence, the way to deal with customer attitudes is to build good verbal communication by showing friendliness and politeness and must be able to provide clear information to customers to create a perception of security and comfort for customers. In general, customer service is a person or part of the job that interacts directly with customers and customers, besides tellers and security. Customer service has a crucial role for the Bank because it can give a direct impression to the public in general and bank customers in particular.

To meet customer needs, Bank Syariah Indonesia utilizes technological developments to make it easier for customers to make transactions without having to come directly to the office. The convenience obtained by customers will increase customer loyalty to the bank. In addition to providing convenience to customers, this technological progress and development can further facilitate the bank's operations in serving customers.

Mudharabah financing can help business actors in increasing the scale of production and provide benefits for the bank where the greater the financing that will be distributed, the greater the level of bank profitability. A key player in guiding economic growth and national development is Bukittinggi City's Bank Syariah Indonesia. Banks primarily engage in two key activities: receiving community contributions and lending those funds out.

## Conclusion

The Role of Islamic Banking in Achieving Sustainable Development in West Sumatra can be concluded with the distribution of murabahah and mudharabah financing. Mudharabah financing will certainly get profitable results, especially for the bank, where the greater the financing that will be distributed, the greater the level of bank profitability will be. Mudharabah financing is implemented through a system that allows customers to purchase products and services over time while also giving the bank a cut. Payment plan transactions that dominate the distribution of funds in Islamic banks, which amount to almost seventy-five percent of the total financing and the impression that all Islamic bank fund distribution transactions are murabahah-ed, the possibility of minimizing the risk that will befall the bank in each distribution of funds. This is mainly because of the bank's function as an intermediary (surplus of funds) and a party that needs funds (lack of funds). Banks, as development agents, help the government create the economy by providing capital for various national economic development projects, mostly by acting as a financial intermediary and bringing in tax money (Marbun & Jannah, 2022).

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