



## Financing Relations Of MSME And Non-MSMEs, Number Of Syariah Bank Offices To Gross Regional Domestic Product

Darma Taujiharrahan<sup>1</sup>, Rahman El-Junusi<sup>2</sup>, Zuhdan Ady Fataron<sup>3</sup>

<sup>1,2,3</sup>Walisongo State Islamic University, Semarang, Indonesia.  
taujiharrahandarma@gmail.com

### Abstract

**Purpose** - This study aims to analyse the relations of financing of MSME, non-MSMEs and the number of offices on Gross Regional Domestic Product of Central Java Province during 2014-2019.

**Method** - This research is using The comparative causal research method which one of the ex post-facto quantitative research methods carried out by looking at the causal relationship between one change and another based on existing data.

**Result** - The result of this research indicates that the financing of MSME and non-MSMEs had positive and significant effect on Gross Regional Domestic Product of Central Java Province during 2014-2019 and the number of offices had negative non-significant effect on Gross Regional Domestic Product of Central Java Province during 2014-2019.

**Implication** - This study uses the data from Islamic bank in Central of Java and the Gross Regional Domestic Product of Central Java.

**Originality** - The paper looks into the relations of the financial inclusion that provided by Islamic banks to the public in order to support the creation of economic growth in Central Java. The number of offices described the access to Islamic banks and the financing of MSME and non-MSMEs described the usage of Islamic banks in Central Java.

**Keywords:** Number of Offices; financing of MSMEs; financing of Non MSMEs Gross Regional Domestic Product.



## Introduction

Based on data from the financial services authority in December 2019, there were 196 Islamic bank offices spread across various regions in Central Java with total disbursed Islamic bank financing reaching 20,341.421 trillion rupiah. Central Java is one of the provinces with the capital in the city of Semarang, located on the island of Java. It has a wealth of culture, dialectics, natural resources that are widespread in various regions. million tons of rice. In 2018 Central Java's economic structure consisted of 10.73 percent construction, 14.04 agriculture, 34.50 percent industry, 13.51 percent trade and 27.22 percent others.(Badan Pusat Statistik Jawa Tengah, 2019). In addition, the growth of micro, small and medium enterprises (MSMEs) is also quite fast, it was recorded in the Central Java province's cooperative and MSMEs offices in 2018 that the first quarter of the number of MSMEs assisted by Central Java province were 136,207 units that managed to absorb up to 933,989 people reached 50,068 billion rupiah(Dinkop-UMKM Provinsi Jawa Tengah, 2018).

Central Java's economic growth which is based on the amount of Gross Regional Domestic Product is still quite low, the growth rate for 5 years from 2014 to 2018 is stable at 5.31 percent with the highest growth rate in 2015 of 5.47 percent and quite low compared to neighboring provinces such as West Java and East Java.

Issues related to financial inclusion are topics that are closely related to community economic empowerment. RF Harrod and Evsey Domar, the initiators of economic growth, who are often known as the Harrod - Domar Model, argue that regional development has a very close relationship with investment and access to capital, he views that there is a need to change the attitude of a traditional cultured society towards a more rational, industrial society. and focuses on the economy(Wahid, 2014). As a developing country, the problem that is often faced is investment to support regional development. Sources of investment in a country not only come from abroad but also come from within the country, including in the form of public savings that are



deposited with the bank.(Cahya Rosyadah, Rachmat Arifin, Muhtadi, & Safik, 2020).

The main function of the bank is to channel funds to customers, besides that the distribution of these funds is also the most significant source of bank income which of course cannot be separated from various risks.(Kurnia Aufa, Cita Sary Dja'kum, 2019). In supporting the realization of financial inclusion, the government through banking financial institutions is required to provide easy and comprehensive financial access so that it can be utilized by all people, in the minister of finance regulation number 10 / PMK.05 / 2009 concerning the people's business credit guarantee facility (KUR) and regulations. Bank Indonesia number 17/12 / PBI / 2015 concerning the provision of credit or financing by commercial banks and technical assistance for the development of micro, small and medium enterprises, the government has provided policy certainty to support the creation of a climate of inclusive financial access provided by banking institutions for the sake of support regional development.

According to the third National Survey of Financial Literacy and Inclusion conducted by the Financial Services Authority in 2019, it shows that the Indonesian state financial literacy index reached 38.03 percent and the Indonesian state financial inclusion index reached 76.19 percent which is an increase when compared to survey in 2016, namely the financial literacy index of 29.7 percent and the financial inclusion index of 67.8 percent(Otoritas Jasa Keuangan, 2019). In terms of its impact on the country's economic growth as measured by gross domestic product (GDP), financial inclusion has a significant effect on the growth of Indonesia's gross domestic product (GDP).(Anwar, 2017; Sarah & Sumiyarti, 2016; Susilo, Ratnawati Nirdukita, 2015). Therefore, the urgency of financial inclusion is a very important matter and must be pursued thoroughly by all levels of government, from the central government to local governments.

Several studies including by Purwanto (2017), Nurlaili (2016), Zaini (2015) explained that the economic growth of the province as measured by gross regional domestic product is significantly influenced by the access to capital and financing provided by financial institutions. such as banking(Faiza,



2016; Ibrahim, 2015; Purwanto & Rifai, 2017). According to Khairul Anwar (2017) efforts to develop the banking financial sector can be a strong factor as access to capital through channeling financing to the business sector in increasing regional GDP growth.(Anwar, 2017)Therefore, banking financial institutions are required to be able to support regional economic growth by presenting a climate of inclusive financial access. Based on this, there is a need for an analysis of the quality of access to capital and financing in Central Java Province as a variable that plays an important role in increasing the provincial economic growth.

Currently, Islamic financial institutions are an element of the Islamic economy. which is growing rapidly, seeing the Muslim population who is the majority in Indonesia is certainly an important segment in its development(Suhirman, 2020). Starting in 1992 since the issuance of Law number 7 of 1992 and the establishment of Bank Muammalat Indonesia (BMI), Indonesia officially has a new banking system, namely the Sharia Banking system which acts as an intermediary institution for surplus parties and deficit parties operating based on Sharia principles. The presence of Islamic banking is expected to bring a fairer financial climate with more product variants of savings, investment and financing and avoiding the practice of usury which is prohibited by Islam. Sharia banks continued to exist during the monetary crisis in 1998, motivating several conventional bank companies to establish Islamic Commercial Banks and Business UnitsSharia, based on data from the Financial Services Authority in 2019, there are 14 Islamic Commercial Banks and 20 Sharia Business Units in Indonesia, which are a form of the development of the Islamic financial industry. Based on data from the financial services authority (OJK) in December 2019, there were 196 Islamic bank offices spread across various regions in Central Java.

Although still relatively new, Islamic banks have started their contribution as access to capital by channeling financing to the micro, small and medium enterprises (MSMEs) and non-MSME businesses in Central Java province.

The growth in the number of industries, both MSMEs and non- MSMEs, which is quite rapid, should be accompanied by better financial access. The



financing products offered by Islamic banks both with profit sharing and buying and selling systems are very relevant to business activities that are very flexible or flexible. In addition, retail financing is a mainstay sector in the distribution of financing in Islamic Banks as conveyed by the main director of the Bukopin Islamic bank Jeffery Zhufran Carlous and the Director of Risk Management and Compliance of BSM Putu Rahwidhiyasa that the retail segment is still a focus as well as a mainstay in the distribution of Islamic Bank financing.(Rahadian, 2020)However, these years saw a fairly rapid increase in the industry, the total financing channeled to MSMEs tended to be stagnant and did not show a significant increase. Therefore the objectives of this paper are 1). To determine whether the number of Islamic bank offices affects the regional gross domestic product of Central Java province, 2). To determine whether the total MSME financing of Islamic banks in Central Java has an effect on regional domestic product. Provincial Gross Domestic Product of Central Java and 3). To determine whether the total non-MSME financing of Islamic banks in Central Java province has an effect on the provincial gross regional domestic product of Central Java.

## Literature Review

### Central Java Province Gross Regional Domestic Product

The rate of regional economic growth can be described by the amount of output of goods and services which is the basis for calculating the region's Gross Regional Domestic Product (GRDP), an increase in GRDP represents an increase in regional economic growth, on the other hand, a decrease in GRDP illustrates a state of declining regional economic growth. Gross Regional Domestic Product (GRDP) is the total value added of goods and services produced by all business units in a particular area, or it can be defined as the final value of goods and services produced through the activities of all economic units in that area.(Badan Pusat Statistik Jawa Tengah, 2019). GRDP at current prices illustrates the added value of the production of goods and services which is calculated using the prevailing price in the current year or at that time, while GRDP at constant prices shows the added value of goods and



services calculated using constant prices or prices prevailing at one period or one basic year. GRDP at current prices is used to determine the distribution and economic structure of a region, while GRDP at constant prices is used to determine real economic growth from year to year or economic growth that is not influenced by price factors.(Indonesia, 2015).

### **Sharia Bank Financing**

Islamic banking prioritizes financing in the form of business capital rather than debt. Thus, unlike conventional finance where risk is reflected in the amount of interest paid by the borrower, Islamic finance requires profit and loss sharing and other risk sharing. (Mashilal, 2020). Financing activities are one of the important activities for Islamic banks as intermediate institutions which are also oriented towards business / profit to seek profit by channeling customer funds that they collect through savings, current accounts and deposits and channeled in the form of buying and selling financing and business cooperation . In practice, financing is carried out by investing third party funds (DPK) in the business and non-business sectors (fund managers) in the form of working / working capital, buying and selling or investing, Islamic banks get profits in the form of profit sharing on the profits earned by the business sector. or profit margin on the sale and purchase of goods and services. In business capital financing activities (musyarakah),(Huda, Fitri Fajri, 2019).

Purwanto (2017) explains that the contribution of Islamic banks through the distribution of Islamic financing in Java and Sumatra in 2012-2016 has a positive and significant effect on the Gross Regional Domestic Product of Java and Sumatra. Furthermore, in Faiza's research (2016) that based on Islamic bank financing that is distributed to several business sectors, namely the processing and construction industry, it has a significant and positive influence on GRDP in East Java province.



### **Access to Sharia Financial Institutions**

The availability of access to sharia financial institutions such as sharia banks, BRPS, KSPS, sharia insurance and so on is very important for the development of the business world seeing its function as an institution that provides various kinds of financial services (financial) such as savings, financing, investment, transfers, insurance, capital. and so forth (Soemitra, 2015). Based on all the services provided by sharia financial institutions, the wheels of finance will be able to rotate properly, this is because people need access to investment, capital, financing and other financial services that are safe for that, the availability of access to financial institutions will have a good impact on the economy in a certain area.

Rizki Aulia (2013) and Dita Meyliana (2017) explain that the availability of access to Islamic financial institutions can be illustrated by the number of Islamic financial institution offices available to the public, in his research he explained that the number of Islamic bank offices has a significant effect on the total mudharabah deposits for banks. the sharia. The number of total deposits in a bank has a significant effect on the total financing to be disbursed by the bank, this is as explained in the research of Vidya Fathimah (2017). Nurul Hidayah (2017) and Nurhajati (2013) prove that Islamic bank financing has a significant influence on the level of income of Islamic banks. (Abdurrahman, 2013; Hidayah, 2017). In addition, based on research by L. Anggreani (2013) explains that financing by Islamic banking can have a significant effect on the development of industries, both small and manufacturing industries.

### **Hypothesis**

Based on the research results of Safaah Restuning (2014), Joko Susilo (2015), Atika (2017), Sinta Rani (2016) and Haqiqi Rafsanjani (2014), Rizka Faiza (2016) which shows that the amount of financing channeled by Islamic banks has a positive influence on economic growth in Indonesia.

The first hypothesis (H1): "The number of Islamic bank offices in Central Java Province has a positive influence on the Regional Gross Domestic Product



of Central Java Province". This hypothesis is based on the results of research by Khairul Anwar (2017) which states that the number of bank offices has a positive and significant effect on Indonesia's GDP.

The second hypothesis (H2): "The amount of MSME financing by Islamic banks in Central Java Province has a positive influence on the Regional Gross Domestic Product (PDRB) of Central Java Province".

The third hypothesis (H3): "The amount of non-MSME financing by Islamic banks in Central Java Province has a positive influence on the Regional Gross Domestic Product (PDRB) of Central Java Province". This hypothesis is based on the results of research by Khairul Anwar (2017) which states that the number of bank offices has a positive and significant effect on Indonesia's GDP, besides that Rizki Aulia's research (2013) also states that the number of bank branch offices has a positive effect on mudharabah deposits. also in research Dita Meyliana (2017) states that the number of bank offices has a significant effect on the amount of mudharabah deposits.

## Methods

The writing method used in this study is a comparative causal research method, which is one of the ex post-facto quantitative research methods carried out by looking at the causal relationship between one change and another based on existing data.(Yusuf, 2017). Research using this method aims to explain the importance of a decision or human action to have a causal relationship (influence) on the condition of the object of research. Comparative causal research can determine the causes, effects, or consequences that exist between several changes, so it is very appropriate to be used in research conducted by the author in analyzing the effect of access and financing on conditions of economic growth in Central Java Province as well as making it an evaluation and consideration in determining actions and policies.

In this case what will be the object of research is how the activities of Islamic banks in Central Java Province fill their role as a solution to the constraints of access to capital for entrepreneurs, both micro, small, medium and non-micro, small, and medium enterprises in Java Province. Middle.





The use of the casual comparative method in quantitative research has several weaknesses including the condition of the independent (independent) variable that cannot be controlled because the event has occurred so that it is very limited in determining the sample, sometimes a symptom is not only caused by the same cause, in a certain symptom can be caused by other causes or other situations. For this reason, accuracy and accuracy is needed in determining the independent (independent) variables that will be used in research.

## Results and Discussion

### Description

The results of the descriptive data test in Table 1 Sharia Bank Offices in units show the number of data (N) of Sharia Bank Offices located in Central Java province during the 2014-2019 period were 24 data, with the lowest (minimum) unit value of 181, the highest unit value (maximum) is 235 and the mean (mean) is 198.38. Then MSME Financing in billion rupiahs shows the amount of data (N) MSME Financing distributed by Sharia Banks located in Central Java province during the 2014-2019 period is 24 data, with the lowest (minimum) unit value of 3776.67, the highest value (maximum ) amounting to 7216.67 and the average (mean) of 5081.0563.

The results of multiple linear regression Table 2, testing with the dependent variable (Y) Central Java Gross Regional Domestic Product and independent variables (X1) Islamic Bank Offices, (X2) MSME Financing and (X3) Non-MSME Financing

**Table 1. Descriptive Statistics**

	<b>N</b>	<b>Minimum</b>	<b>Maximum</b>	<b>Mean</b>
<b>Sharia Bank Office</b>	24	181	235	198.38
<b>MSMEs Financing</b>	24	3776.67	7216.67	5081.0563
<b>Non- MSMEs Financing</b>	24	3627.82	14715.72	10342,6779
<b>PDRB of Central Java Province</b>	24	185855.70	254548.10	218725.3213
<b>Valid N (listwise)</b>	24			



**Table 2. Multiple Linear Regression**

Model	Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
<b>1 (Constant)</b>	141925,01	19550,05		7,260	,000		
<b>Sharia Bank Office MSMEs Financing</b>	-49,893	68,328	-,045	-,730	,474	,512	1,954
<b>Non- MSMEs Financing</b>	4,753	1,291	,176	3,680	,001	,847	1,180
<b>Non- MSMEs Financing</b>	6,048	,387	,904	15,615	,000	,581	1,722

a. Dependent Variable: PDRB Central Java Province

In this study shows the following regression equation:

$$Y = 141925,014 - 49,893 X_1 + 4,753 X_2 + 6,048 X_3 + e$$

This equation can be explained:

The constant value is 141925.014, which means that if the variable number of Islamic bank offices, MSME financing and non-MSME financing is constant or zero, then the value of the variable Y or Central Java GRDP is IDR 141,925.014 billion.

The regression coefficient value of the variable number of Islamic bank offices is -49,893 which means that every addition of 1 unit of Islamic bank offices with the assumption that the other independent variables are fixed, it can reduce the value of Central Java's GRDP by Rp.49,893 billion.

The regression coefficient value of the MSMEs financing variable is 4.753, which means that each additional Rp. 1 billion in MSMEs financing, assuming that the other independent variables are fixed, it can increase the value of Central Java's GRDP by Rp. 4.753 billion.

The regression coefficient value of the non-MSME financing variable is 6.048, which means that each additional Rp. 1 billion in non-MSME financing, assuming that other independent variables are fixed, it can increase the value of Central Java's GRDP by Rp. 6.048 billion.



The hypothesis that has been established in this study can be accepted or rejected in a statistical count. Hypothesis testing in this study was carried out using the R<sup>2</sup> (Adjusted R Square) statistical test, t test (partial) and f test (simultaneous). Adjusted R Square amounting to 0.955, it can be explained that the three independent variables (Islamic bank offices, MSME financing and non- MSMEs financing) have the ability to explain their effect on the GRDP of Central Java Province by 0.955 or 95.5 percent. Based on these figures, it can be concluded that 95.5 percent of the variation in the PDRB variable of Central Java Province as the dependent variable can be explained by the three independent variables, namely Islamic bank offices, MSME financing and non-MSME financing, while the other 4.5 percent can be explained by other reasons: outside the model which is the contribution of the independent variable outside the three independent variables used in this regression model research.

The results of Table 2, the coefficients of Islamic Bank Offices on PDRB in Central Java Province obtained t value = -0.730, which means t count < t table 2.085 and for a significance value is 0.474 > 0.05, it means that the number of Islamic bank offices does not have a significant effect on GRDP Province of Central Java. Thus, H1 which states that "The number of Islamic bank offices in Central Java Province has a positive influence on the Regional Gross Domestic Product (PDRB) of Central Java Province" is rejected.

The results of the MSME Financing coefficients on the PDRB of Central Java Province obtained t value = 3.680, which means t count > t table 2.085 and for the significance value is 0.001 < 0.05, it means that MSME financing has a significant effect in a positive direction on the GRDP of Central Java Province. . Thus, H2 which states that "the amount of MSME financing by Islamic banks in Central Java Province has a positive influence on Regional Gross Domestic Product (PDRB) of Central Java Province" is accepted.

The results of the non-MSME financing coefficients on the PDRB of Central Java Province obtained t value = 15.615, which means t count > t table 2.085 and for the significance value is 0.000 < 0.05, it means that MSME financing has a significant influence in a positive direction on Provincial GRDP Central Java.



Thus, H3 which states "The amount of non-MSME financing by sharia banks in Central Java Province has a positive effect on Regional Gross Domestic Product (PDRB) of Central Java Province" is accepted.

### **The Effect of the Number of Sharia Bank Offices in Central Java on the GRDP of Central Java Province**

AL-ARBAH | 12

The results of data testing using statistical analysis with the Statistical Package for the Social Sciences or SPSS Statistics version 25, resulted in a coefficient value on the variable Number of Islamic Bank Offices located in Central Java Province of -49.893 with t count -0.730 and a probability of significance of 0.474. With a significance limit of 0.05, the t table value of 2.085 is obtained so that the t value is greater than the t table ( $t \text{ count} > t \text{ table}$ ). Then the significance probability value of 0.474 is greater than the significance limit of 0.05 ( $0.474 > 0.05$ ). So it can be concluded that the number of Islamic Bank Offices located in Central Java Province has a negative but insignificant effect on the Gross Regional Domestic Product (PDRB) of Central Java Province.

The results of testing the negative and insignificant effect on the variable number of Islamic bank offices in Central Java province on the GRDP of Central Java province are very accurate, this is based on conflicting results from the concept of financial inclusion. The availability of easy access to finance through sharia banks is an important indicator of the creation of financial inclusion. The financial inclusion index in Indonesia, which is based on the 2019 survey results, is still at 76.19 percent, which means that the penetration of financial institutions in Indonesia is still not optimal and requires improvement. Then the negative and insignificant effect on the variable number of Islamic bank offices in Central Java shows that there is still a need for improvement in determining the number of offices in Central Java Province.

The results of this test also contradict the results of research by Khairul Anwar (2017) which resulted in a positive and significant influence on the variable number of Islamic bank offices on a national scale on Indonesia's Gross Domestic Product (GDP) during the period 2004 - 2015. The contradiction between the two test results is based on differences. period and



region, in this study, the observation period is 2014 - 2019 in the area of Central Java Province, while in Khairul Anwar's research (2017) the observation period is 2004 - 2015 with the territory of Indonesia. In addition, it is known that in the period 2004 - 2015 there was a fairly rapid growth in the number of sharia bank offices in Indonesia, recorded in the sharia banking statistics from 2004 to 2015 the growth in the number of offices reached number 2. Wimboh Santoso as Chairman of the OJK Board of Commissioners stated that services that can be done online through digital technology make bank expansion through the opening of new branch offices no longer effective and even cost a lot of money and take longer to operate optimally. The application of digital strategies in the industrial era 4.0 which is decorated with the phenomenon of disruption in various threats to human activity is an important requirement for companies, especially in the banking sector. Based on the results of the 2018 Pwc survey on Digital Banking in Indonesia, it is stated that 90% of the focus on implementing digital banking strategies is aimed at the retail sector (consumer bank) which is the defense guard for financial service stability with  $\pm 86\%$  of its customers who currently have made digital transactions through mobile applications banking and the like. In fact, the option to establish a digital branch has been inaugurated by the Financial Services Authority by launching a guide to digital banking by commercial banks in 2016. Seeing the development of digital banks in the form of mobile banking, internet banking, ATMs, In fact, the very rapid digital branch has made the banking expansion strategy move from what was originally carried out by opening service offices to providing access to financial services through digital technology which is felt to have a more effective and efficient impact on banking. According to Asti Marlina (2018) based on the results of his research on bank digitization on improving service and customer satisfaction at BTN Syariah, it shows that the use of digital banking in addition to its positive impact on banking, can also improve service quality and satisfaction for customers. In addition to its impact on the closure of Islamic bank service offices, the digital strategy also has an impact on the absorption of labor by Islamic banks. The role of service (service) which is replaced by machines and technology makes the quantity of Human



Resources no longer needed, but the absorption of labor is more focused on the quality of Human Resources. The Financial Services Authority noted in the 2019 Sharia Banking Statistics that the employment of BUS and UUS in 2019 year on year only grew 0.67% from the original 54,471 people to 54,840 people, even in the long term from 2015 it decreased by 976 people.

Apart from the implementation of the digital strategy, the results of testing the negative and insignificant effect on the variable number of Islamic bank offices in Central Java province on the GRDP of Central Java province are very precise, this is based on conflicting results from the concept of financial inclusion. The availability of easy access to finance through sharia banks is an important indicator of the creation of financial inclusion. The financial inclusion index in Indonesia, which is based on the 2019 survey results, is still at 76.19 percent, which means that the penetration of financial institutions in Indonesia is still not optimal and requires improvement. Then the negative and insignificant effect on the variable number of Islamic bank offices in Central Java shows that there is still a need for improvement in determining the number of offices in Central Java Province.

#### **Effect of MSME Financing in Central Java on PDRB in Central Java Province**

The results of testing this data produce a coefficient value on the MSMEs Financing variable distributed by Islamic Banks in Central Java Province of 4.753 with a t count of 3.680 and a probability of significance of 0.001. With a significance limit of 0.05, the t table value is 2.085 so that the t value is greater than the t table ( $t \text{ count} > t \text{ table}$ ), then the significance probability value is 0.001 less than the 0.05 significance limit ( $0.001 < 0.05$ ). So it can be concluded that the amount of MSME Financing disbursed by Sharia Banks in Central Java has a positive and significant effect on the Gross Regional Domestic Product (PDRB) of Central Java Province.

The hypothesis states that "the amount of MSME financing by sharia banks in Central Java Province has a positive influence on regional gross domestic product (PDRB) of Central Java Province", this hypothesis is accepted as in previous studies conducted by Safaah Restuning (2014), Joko Susilo (2015),



Rizfa Faiza (2016), Atika (2017), Sinta Rani (2016), Haqiqi Rafsanjani (2014), but contrary to research by Zaini Ibrahim (2015) which explains that the partial test of Islamic bank financing variables has no effect on the increase PDRB Banten Province.

The results of testing the positive and significant influence on the variable of MSME financing by Islamic banks in Central Java province on the GRDP of Central Java province are very precise, this is based on results that are in accordance with the indicators of financial inclusion. The comprehensive utilization of the financial facilities provided by Islamic banks is an important indicator of financial inclusion. The availability of financial facilities, especially in the financing of MSMEs, can be a gateway for capital for businesses that are still at the small to medium level so that they can develop more and increase their productivity. The development of MSMEs can be a solution in alleviating poverty through absorption of labor and increasing per capita income.

#### **The Influence of Non- MSMEs Financing in Central Java on the GRDP of Central Java Province**

The results of testing this data produce a coefficient value on the Non-MSME Financing variable distributed by Sharia Banks in Central Java Province of 6.048 with t count 15.615 and a probability of significance of 0.000. With a significance limit of 0.05, the t table value is 2.085 so that the t value is greater than t table ( $t \text{ count} > t \text{ table}$ ), then the significance probability value of 0.000 is smaller than the 0.05 significance limit ( $0.000 < 0.05$ ). So it can be concluded that the amount of Non-MSME Financing provided by Islamic Banks in Central Java has a positive and significant effect on the Gross Regional Domestic Product (PDRB) of Central Java Province.

The hypothesis states that "the amount of non-MSME financing by Islamic banks in Central Java Province has a positive influence on regional gross domestic product (PDRB) of Central Java Province", this hypothesis is accepted as in previous studies conducted by Safaah Restuning (2014), Joko Susilo (2015), Rizfa Faiza (2016), Atika (2017), Sinta Rani (2016), Haqiqi Rafsanjani (2014), but contrary to Zaini Ibrahim's research (2015) which explains the



partial test of Islamic bank financing variables has no effect on increase in PDRB Banten Province.

The results of testing the positive and significant influence on the variable of non-MSME financing by Islamic banks in Central Java province on the GRDP of Central Java province are very precise, this is based on results that are in accordance with the indicators of financial inclusion. The comprehensive utilization of the financial facilities provided by Islamic banks is an important indicator of the creation of financial inclusion. In addition to MSMEs, the non-MSME sector also has a major role in the development of the regional economy both in terms of production, taxes and availability of jobs, therefore the distribution of non-MSME financing by Islamic banks, especially in Central Java Province, is needed to encourage the development and productivity of non-MSME companies for the sake of creating economic growth in Central Java Province.

## **Conclusion**

Based on the results of research that has been carried out using multiple linear regression analysis regarding the effect of the number of Sharia Bank Offices, MSME and Non-MSME Financing which is allocated for Islamic Banks in Central Java Province on the growth of the Gross Regional Domestic Product of Central Java Province, it can be concluded.

Based on the results of data analysis, it shows that the number of Islamic Bank Offices in Central Java Province has a negative but insignificant effect on the Gross Regional Domestic Product (PDRB) of Central Java Province. Thus, hypothesis 1 (H1) which states that "The number of Islamic bank offices in Central Java Province has a positive influence on the Regional Gross Domestic Product (PDRB) of Central Java Province" is rejected.

Based on the results of data analysis, it shows that the amount of MSME Financing channeled by Sharia Banks in Central Java Province has a psychological and significant effect on the Gross Regional Domestic Product (PDRB) of Central Java Province. Thus, hypothesis 2 (H2) which states that "The amount of MSME financing by Islamic banks in Central Java Province has





a positive effect on Regional Gross Domestic Product (PDRB) of Central Java Province" is accepted.

Based on the results of data analysis, it shows that the amount of Non-MSME Financing channeled by Islamic Banks in Central Java Province has a psychological and significant effect on the Gross Regional Domestic Product (PDRB) of Central Java Province. Thus, hypothesis 3 (H3) which states that "The amount of Non-MSME financing by Islamic banks in Central Java Province has a positive effect on Regional Gross Domestic Product (PDRB) of Central Java Province" is accepted.

## References

- Abdurrahman, N. dan D. (2013). Kajian Pembiayaan Murabahah Terhadap Pendapatan Operasional Bank Syariah: Studi Kasus Bank BNI Syariah. *JPAK: Jurnal Pendidikan Akuntansi Dan Keuangan*, 1(1).
- Anwar, A. K. (2017). Pengaruh Inklusi Keuangan terhadap PDB Indonesia. *Jurnal Ilmiah Mahasiswa Ekonomi Pembangunan, Fakultas Ekonomi Dan Bisnis, Unsyiah*, 2(3), 454–462. Retrieved from <http://www.jim.unsyiah.ac.id/EKP/article/view/5719>
- Badan Pusat Statistik Jawa Tengah. (2019). Produk Domestik Regional Bruto Provinsi Jawa Tengah Menurut Lapangan Usaha 2014-2018. Retrieved from <https://jateng.bps.go.id/publication/2019/07/05/bdea44fd01ce6dcde19fec6c/produk-domestik-regional-bruto-provinsi-jawa-tengah-menurut-lapangan-usaha-2014-2018.html>
- Cahya Rosyadah, P., Rachmat Arifin, N., Muhtadi, R., & Safik, M. (2020). Factors That Affect Savings In Islamic Banking. *AL-ARBAH: Journal of Islamic Finance and Banking*, 2(1), 33–46. <https://doi.org/10.21580/al-arbah.v2i1.5499>
- Dinkop-UMKM Provinsi Jawa Tengah. (2018). Data Koperasi & UMKM Triwulan I 2018. Retrieved from [dinkop-umkm.jatengprov.go.id](http://dinkop-umkm.jatengprov.go.id)



- website: <https://dinkop-umkm.jatengprov.go.id/content/index/2/73/6/data-koperasi-umkm>
- Faiza, N. A. R. (2016). Pengaruh Alokasi Pembiayaan Sektor – Sektor Ekonomi Oleh Perbankan Syariah Terhadap Produk Domestik Regional Bruto (PDRB) Provinsi Jawa Timur (Periode Triwulan Tahun 2010-2015). *El-Qist*, 6(2). <https://doi.org/10.15642/elqist.2016.6.2.1246-1265>
- Hidayah, N. (2017). Pengaruh Pembiayaan Murabahah, Musyarakah dan Mudharabah Terhadap Tingkat Profitabilitas Bank Umum Syariah Tahun 2012-2016. *Jurnal Ilmiah, Universitas Muhammadiyah Surakarta*.
- Huda, Fitri Fajri, N. (2019). The Analysis Of Musyarakah Contract SharingSystem Implementationin BPRS Saka Dana Mulia Kudus. *AL-ARBAH: Journal of Islamic Finance and Banking*, 1(1). <https://doi.org/10.21580/al-arbah.v1i1.4159>
- Ibrahim, Z. (2015). Kontribusi Perbankan Syariah Terhadap Perekonomian Banten. *ISLAMICONOMIC: Jurnal Ekonomi Islam*, 6(1). <https://doi.org/10.32678/ijei.v6i1.32>
- Indonesia, B. (2015). Statistik bank Indonesia: Metadata Sekda Desember 2015, Produk Domestik Regional Bruto (PDRB). Retrieved from [bi.go.id](http://bi.go.id) website: <https://www.bi.go.id/id/statistik/metadata/sekda/Contents/Default.aspx>
- Kurnia Aufa, Cita Sary Dja'kum, E. (2019). Risks Of Sharia Commercial Bank In Indonesia: Analysis Of Internal And External Factors. *AL-ARBAH: Journal of Islamic Finance and Banking*, 1(1).
- Mashilal. (2020). Risk Of Sharia Banking In Indonesia: Viewed From Types Of Financing. *ARBAH: Journal of Islamic Finance and Banking*, 2(1), 61-80. <https://doi.org/10.21580/al-arbah.v2i1.5669>
- Otoritas Jasa Keuangan. (2019). SP 58/DHMS/OJK/XI/2019 SIARAN PERS SURVEI OJK 2019: INDEKS LITERASI DAN INKLUSI



- KEUANGAN MENINGKAT. Retrieved from <https://www.ojk.go.id/id/berita-dan-kegiatan/siaran-pers/Pages/Siaran-Pers-Survei-OJK-2019-Indeks-Literasi-Dan-Inklusi-Kuangan-Meningkat.aspx>
- Purwanto, P., & Rifai, F. Y. A. (2017). Kontribusi Pembiayaan yang Diberikan oleh Perbankan Syariah Terhadap Produk Domestik Regional Bruto di Pulau Jawa Dan Sumatera Tahun 2012-2016. *IQTISHADIA: Jurnal Ekonomi & Perbankan Syariah*, 4(2), 214. <https://doi.org/10.19105/iqtishadia.v4i2.1498>
- Rahadian, L. (2020). 2020, Bank Syariah Memilih Pembiayaan Sektor Ritel. Retrieved from *Bisnis.com* website: <https://finansial.bisnis.com/read/20200106/90/1187298/2020-bank-syariah-memilih-pembiayaan-sektor-ritel>
- Sarah, S. R. S., & Sumiyarti. (2016). Pengaruh Penyaluran Dana Bank Konvensional dan Bank Syariah Terhadap Produk Domestik Bruto di Indonesia. *Media Ekonomi*, 24(2), 127. <https://doi.org/10.25105/me.v24i2.3799>
- Soemitra, A. (2015). *Bank Syariah & Lembaga Keuangan Syariah*. Jakarta: Kencana.
- Suhriman. (2020). The Future Of Sharia Based Village Business Agencies Religious Response Management Of Village-Owned Enterprises In Central Lombok. *AL-ARBAH: Journal of Islamic Finance and Banking*, 2(1), 81–102. <https://doi.org/10.21580/al-arbah.v2i1.5677>
- Susilo, Ratnawati Nirdukita, J. (2015). Analisis Pengaruh Pembiayaan Bank Syariah dan Tenaga Kerja Terhadap Peningkatan Produk Domestik Bruto (PDB): Analisis Sektoral Tahun 2006-2013. Seminar Nasional Cendekiawan.
- Wahid, N. (2014). *Keuangan Inklusif Membongkar Hegemoni Keuangan*. Jakarta: PT. Gramedia.
- Yusuf, M. (2017). *Metode Penelitian Kuantitatif, Kualitatif, & Penelitian Gabungan*. Jakarta: Prenada Media

Darma Taujiharrahman, Rahman El-Junusi, Zuhdan Ady Fataron



AL-ARBAH | 20