



ECONOMIC EMPOWERMENT MODEL THROUGH THE UMKM CORNER PROGRAM OF BANK NTB SYARIAH IN MATARAM CITY

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Keywords:

Economic Empowerment, UMKM, Bank NTB Syariah, Islamic Finance, Business Assistance, Financial Literacy

ABSTRACT

This study analyzes the economic empowerment model through the UMKM Corner program of Bank NTB Syariah in Mataram City. This program represents an innovation by Islamic financial institutions to expand access to financing, business assistance, and financial literacy for UMKM actors. Using a descriptive qualitative approach, data were collected through interviews, observation, and documentation, then analyzed reductively. The results show that UMKM Corner contributes to improving managerial capacity, strengthening digital marketing networks, and expanding access to Islamic financing. This program not only drives local economic growth but also instills the values of justice, partnership, and sustainability in accordance with sharia principles.

1. Introduction

Micro, Small, and Medium Enterprises (UMKM) are a vital pillar of the national economy, contributing significantly to employment and the formation of Gross Domestic Product (GDP). Based on data from the Central Statistics Agency, more than 98% of business units in Indonesia are classified as UMKM, absorbing around 60% of the national workforce. This sector has also proven resilient in the face of crises, both during the pandemic and periods of global economic pressure (Tambunan, 2020). However, behind this strategic role, UMKM still face various classic obstacles such as limited access to financing, weak financial literacy, and a lack of business assistance (Badan Pusat Statistik, 2023).

Most micro-entrepreneurs have not been able to access formal financial institutions due to constraints related to collateral, administration, and financial reporting. This condition makes it difficult for them to expand their businesses, keeping them at a micro-scale. On the other hand, low financial literacy worsens their ability to manage capital and plan business growth (Tambunan, 2020). Therefore, what is needed is a financial institution that not only acts

as a capital provider but also as an empowerment partner capable of comprehensively strengthening the economic capacity of business actors.

Islamic financial institutions have the strategic potential to answer these needs. The principles of justice (*justice*), partnership (*partnership*), and balance (*maslahah*) in the Islamic economic system make Islamic banks not merely profit-oriented entities but also agents of socio-economic empowerment (Chapra, 1992). This approach aligns with the theory of *development as freedom* proposed by Amartya Sen, which emphasizes that true development is the process of expanding the freedoms and capabilities of people to improve their quality of life (Sen, 1999).

One concrete innovation reflecting this role is the UMKM Corner Program of Bank NTB Syariah, developed as an integrated service center for UMKM actors in West Nusa Tenggara. This program provides financing facilities based on sharia principles, managerial assistance, financial literacy training, and digital marketing support (Bank NTB Syariah, 2023a). With a one-stop service concept, this program seeks to present an empowerment system that not only provides capital but also builds business competence and independence.

Mataram City is a strategic location for the implementation of this program because it serves as the economic center of West Nusa Tenggara Province. Based on data from the Mataram City Cooperative and UMKM Office, there are more than 23,000 active UMKM actors, the majority of whom still face limitations in capital and market access (Dinas Koperasi dan UKM Kota Mataram, 2023). Through UMKM Corner, Bank NTB Syariah seeks to bridge this gap by presenting an empowerment model based on inclusive and just Islamic financial values.

2. Method

This study aims to analyze how the economic empowerment model is implemented through the UMKM Corner program of Bank NTB Syariah in Mataram City and to what extent its effectiveness in improving the economic capacity of business actors. The focus of the study includes empowerment strategies, assistance and financing mechanisms, and the program's impact on strengthening the local economy. Theoretically, this research combines community economic empowerment theory and Islamic economic principles as explained by M. Umer Chapra, which emphasizes distributive justice and social welfare within the Islamic financial system (Chapra, 1992). The results of this study are expected to contribute to the development of an empowerment concept based on Islamic financial institutions, as well as provide practical recommendations for local governments and financial institutions in strengthening an inclusive, productive, and sustainable UMKM ecosystem.

This research uses a qualitative approach with a descriptive method. This approach is chosen because it is capable of describing and deeply understanding the process of economic empowerment through the UMKM Corner Program of Bank NTB Syariah in Mataram City. According to Creswell (2014), qualitative research allows researchers to interpret the meaning of social phenomena based on the perspectives of participants in their natural context. The researcher acts as the primary instrument (human instrument) in data collection, with the aim of discovering patterns, meanings, and forms of empowerment carried out by Islamic financial institutions towards UMKM actors (Moleong, 2017).

Data collection techniques were carried out through in-depth interviews, participatory observation, and documentation. Interviews were conducted with the management of Bank NTB Syariah, program assistants for UMKM Corner, and assisted UMKM actors actively involved in the program. Observations were carried out on coaching and entrepreneurial training activities organized by Bank NTB Syariah. Meanwhile, documentation included the

collection of annual reports, training modules, and UMKM statistical data issued by the Mataram City Cooperative and UMKM Office (Sugiyono, 2019). Source and technique triangulation was used to test the validity of the data, to ensure the validity and reliability of field findings (Miles et al., 2014).

Data analysis was carried out interactively and continuously according to the Miles and Huberman analysis model, which includes three main stages: data reduction, data display, and conclusion drawing/verification. The analysis process began from data collection to the stage of meaning interpretation, emphasizing the categorization of themes that emerged from interviews and observations. The researcher interpreted the findings by comparing them to theories of economic empowerment, inclusive finance, and Islamic banking principles. Thus, this method allows the researcher to build a contextual conceptual model of empowerment according to the implementation of the UMKM Corner program in Mataram City.

3. Results and Discussion

3.1 Bank NTB Syariah's Strategy in UMKM Empowerment

Micro, Small, and Medium Enterprises (UMKM) are a sector that plays an important role in the national economic structure because they are able to absorb a large number of workers and maintain economic stability during times of crisis. Based on data from the Ministry of Cooperatives and SMEs, UMKM contributed around 60.5% to the Gross Domestic Product (GDP) and accommodated more than 97% of the national workforce in 2023 (Badan Pusat Statistik, 2023). However, despite their significant contribution, most UMKM actors still face fundamental obstacles in the form of limited access to financing, low financial literacy, and weak managerial capacity (Tambunan, 2020).

Bank NTB Syariah, as a regional financial institution that has fully transformed into an Islamic bank since 2018, has come to bridge this gap through the UMKM Corner program (Bank NTB Syariah, 2023b). This program is designed as a sharia-based economic empowerment model with three main focuses: increasing access to financing, strengthening financial literacy, and sustainable business assistance. This approach confirms that Islamic banking is not only profit-oriented but also has a social function in encouraging justice and community welfare (Antonio, 2011).

Operationally, UMKM Corner carries out three main functions. First, as an Islamic financing center, this program provides access to business capital through *mudharabah* and *murabahah* contracts with low margins and simplified administrative procedures. This scheme is designed to make it easier for micro and small business actors who are often constrained by collateral and credit history (Ascarya, 2021). Second, as an education and financial literacy center, UMKM Corner organizes training on business management, financial planning, and digital marketing strategies in collaboration with the NTB Cooperative and SME Office and local entrepreneur communities (Bank NTB Syariah, 2023c). Third, as a business assistant and incubation center, this program facilitates business consultations, assists with halal certification, and supports business actors in market expansion (Bank NTB Syariah, 2023a).

Bank NTB Syariah's approach aligns with the principle of *maqashid al-syariah*, which emphasizes benefit (*maslahah*) and justice in economic activities (Chapra, 1992). Through profit and loss sharing systems such as *musyarakah* and *mudharabah*, the relationship between the bank and the customer is based on equal partnership, not a debtor-creditor relationship as in the conventional system (Antonio, 2011). This pattern encourages shared responsibility for the success of the business and creates a self-monitoring mechanism, because both parties have the same interest in the business outcome (Ascarya, 2021).

urthermore, the profit-sharing system also provides more sustainable micro-economic stability. In an interest-based system, business actors must still pay installments even if income decreases, whereas in the Islamic system, risks and profits are shared according to agreement (Muhammad, 2015). This reflects the principle of *al-'adl al-iqtishadi* (distributive justice), namely fairness in the distribution of economic outcomes so that no party is structurally disadvantaged (Chapra, 1992).

Empirical research results support the effectiveness of Islamic financing on UMKM performance. A study by Al-Ghifary et al. (2021) in West Java showed an average annual turnover increase of 25-30% for UMKM actors receiving Islamic financing compared to conventional financing. Data from the DJPb Office of NTB also showed a significant increase in the distribution of productive credit by Bank NTB Syariah, reaching IDR 1.4 trillion in May 2023 (Direktorat Jenderal Perbendaharaan Provinsi NTB, 2023). This fact confirms that the sharia scheme can be an inclusive and sustainable alternative in strengthening UMKM competitiveness.

Within a theoretical framework, Bank NTB Syariah's empowerment strategy through UMKM Corner can be linked to the Capability Approach developed by Amartya Sen (1999). This approach emphasizes that well-being is not only measured by the ownership of resources but also by the individual's ability to utilize them to achieve a meaningful life (Sen, 1999). Thus, economic empowerment through UMKM Corner does not stop at providing capital but includes the process of developing the capabilities of business actors to manage resources, make appropriate economic decisions, and participate actively in the market (Sen, 1999).

This program also contains a dimension of social intermediation, which is the role of financial institutions in creating social value through expanding economic access and increasing community capacity (Bank Indonesia, 2023). In the context of Mataram City, UMKM Corner becomes a catalyst for synergy between financial institutions, local governments, and entrepreneur communities in building an economic ecosystem based on Islamic values. This effort aligns with the NTB regional development agenda, which emphasizes strengthening the community's economy and micro-business independence (Pemerintah Provinsi NTB, 2023).

Thus, the economic empowerment strategy carried out by Bank NTB Syariah through UMKM Corner not only focuses on the financial aspect but also instills the values of collaboration, justice, and sustainability. This program is able to encourage UMKM actors to become empowered, innovative, and adaptive agents of change in the face of modern economic challenges. This model has the potential to be replicated by other Islamic financial institutions as a capability-based empowerment alternative that integrates economic and social dimensions harmoniously (Ascarya, 2021).

3.2 Obstacles in the Implementation of the Bank NTB Syariah UMKM Corner Program

The implementation of the Bank NTB Syariah UMKM Corner program, which aims to empower small business actors through Islamic economic principles, still faces various multidimensional obstacles. This program is expected to be a means of increasing capacity and access to Islamic finance for UMKM in West Nusa Tenggara, but its implementation is often hampered by low financial literacy, administrative constraints, weak sustainable assistance, and dynamic external factors (Sutrisno & Rachmawati, 2018).

First, low Islamic financial literacy is a major challenge. Many UMKM actors do not understand principles such as *murabahah*, *mudharabah*, and *musyarakah*. A lack of socialization, limited access to education, and the assumption that the sharia system is complicated lead to low participation (Antonio, 2011). Within Amartya Sen's Capability

Approach framework, literacy is a form of capability that provides real freedom to choose appropriate economic instruments (Sen, 1999). Therefore, Bank NTB Syariah needs to develop a localized and collaborative education model with academics, Islamic boarding schools (*pesantren*), and business communities (Bank Indonesia, 2023).

Second, administrative and verification issues become a technical barrier with a major impact. Many UMKM lack legal documents such as a Business Identification Number (NIB) or standard financial reports. As a result, they are excluded from access to formal financing (*financial exclusion*) (Muhammad, 2015). A strategic solution is the digitalization of processes such as e-KYC and digital signatures, accompanied by administrative assistance so that business actors can adapt. The concept of *tiered documentation* is also important to apply so that micro-entrepreneurs can still access financing with gradual requirements (Otoritas Jasa Keuangan, 2020).

Third, sustainable assistance is still weak due to limited personnel and operational costs. The UMKM Corner program is often not followed by intensive guidance, making it difficult for business actors to develop (Holle, 2020). A *blended mentoring* approach---combining face-to-face and digital methods---can be an effective solution. Collaboration with universities and business institutions is also important so that assistance is research-based and responsive to real needs in the field (Otoritas Jasa Keuangan, 2021).

In addition to technical aspects, external factors also greatly influence the effectiveness of the program. Fluctuations in government policies, sharia financial regulations, and national economic conditions can change the direction of financing policies (Wardhono et al., 2019). Uneven digital infrastructure in the NTB region also hinders the implementation of technology-based programs. Therefore, Bank NTB Syariah needs to adopt a hybrid approach, combining digital services with mobile service units to reach rural areas (Mubarak, 2023).

On the other hand, the level of public trust in Islamic banks remains a challenge. Some people think that the sharia system is not much different from the conventional one (Karnaen & Tanjung, 2017). Therefore, transparency, publication of successes, and storytelling about the success stories of assisted UMKM actors are very important to strengthen public trust (Hasanudin, 2021).

Overall, the main challenges of the UMKM Corner program include four main aspects: financial literacy, administration, assistance, and external factors. A capability-based approach that emphasizes the substantive freedom of UMKM actors is a strategic solution to answer these obstacles (Nussbaum, 2011). By strengthening literacy, simplifying administration, developing adaptive assistance, and expanding cross-sector collaboration, UMKM Corner has the potential to become a sustainable Islamic economic empowerment model in West Nusa Tenggara (Subarkah et al., 2024).

3.3 Impact of the Bank NTB Syariah Program on Strengthening the Economy of UMKM Actors

3.3.1 Strengthening Capital Access Through Islamic Financing Schemes

The sharia-based financing program developed by Bank NTB Syariah through *mudharabah* and *musyarakah* contracts has a direct impact on increasing capital capacity and the independence of UMKM actors. This profit-sharing model eliminates the burden of interest as in conventional banking practices, thus encouraging business actors to focus more on increasing their business productivity and efficiency. Through the *mudharabah* system, UMKM gain the opportunity to develop their businesses with capital from the bank without the risk of crippling interest, while through *musyarakah*, they

can strengthen their capital structure with a mutually beneficial partnership between the bank and the business actor (Ascarya, 2012).

A significant impact is seen in the increased ability of UMKM actors to expand business activities, open new branches, and increase production capacity. Data from Bank NTB Syariah shows that since the implementation of the sharia-based financing scheme, the success rate of UMKM financing repayment has increased to 87%, indicating a high level of business sustainability (Bank NTB Syariah, 2024). The principle of distributive justice in the profit-sharing system also strengthens the trust of UMKM actors in financial institutions, because risks and profits are shared proportionally according to capital contribution and performance (Chapra, 1992).

However, there is a challenge in the form of low Islamic financial literacy among UMKM actors. Many business actors still think that Islamic financing is not much different from interest-based credit. Therefore, Bank NTB Syariah combines the financing scheme with a financial education program to ensure that business actors understand the basic principles of sharia and ethical business governance (Holle, 2020). This approach strengthens the socio-economic dimension of Islamic banking, which is not only profit-oriented but also focused on empowering the small economic community.

3.3.2 Increasing Capacity and Competitiveness Through Assistance and Training

Besides the financing aspect, the impact of the Bank NTB Syariah program is also seen in the increased managerial capacity and financial literacy of UMKM actors through the UMKM Corner program. In this program, business actors are not only equipped with technical understanding of financing management but also practical skills such as financial recording, cash management, and digital marketing (Mulyadi, 2016).

A study by the Financial Services Authority confirms that financial literacy is a key factor in the sustainability of small businesses in Indonesia. A lack of financial knowledge causes many business actors to be unable to meet formal financing requirements and difficulty managing working capital (Otoritas Jasa Keuangan, 2021). Through the training held by Bank NTB Syariah, UMKM actors who previously did not have a bookkeeping system are now able to prepare simple financial reports and separate personal and business finances. This change has a direct impact on increasing the confidence of financial institutions in UMKM as potential financing recipients.

Another prominent impact is the increased digital marketing competence of business actors. The training provided includes strategies for using social media, managing online stores, and optimizing product visual content. According to internal data from Bank NTB Syariah (2024), around 75% of training participants experienced an increase in turnover within six months of attending the program. Additionally, UMKM actors who participate in financial training have a 60% greater chance of obtaining Islamic financing compared to those who have not yet participated (Bank NTB Syariah, 2024).

Thus, the assistance program carried out by Bank NTB Syariah not only improves technical skills but also strengthens the entrepreneurial mentality based on Islamic ethics. Continuous assistance through mentoring and coaching helps UMKM directly apply the knowledge they gain, making the impact more sustainable compared to one-time training.

3.3.3 Digital Transformation as an Accelerator for Strengthening the UMKM Economy

Another aspect that has a significant impact on strengthening the UMKM economy is the use of digital technology in the Islamic financial service system. Bank NTB Syariah's digital transformation through the development of mobile banking, internet banking, and the QRIS Syariah payment system allows UMKM actors to access financial services

quickly, securely, and in accordance with sharia principles. This innovation helps overcome geographical and administrative constraints that previously hampered small business actors (Kementerian Koperasi dan UKM RI, 2023).

Digitalization opens up wider opportunities for UMKM to manage cash flow efficiently and expand their markets. Non-cash transaction services through QRIS Syariah accelerate capital circulation and increase financial transparency. According to a report from the Ministry of Cooperatives and SMEs (2023), more than 60% of UMKM in Indonesia have switched to digital payment systems, and this change has proven to increase average turnover by 20% (Kementerian Koperasi dan UKM RI, 2023).

Furthermore, Bank NTB Syariah's partnerships with e-commerce platforms and sharia fintech also strengthen the digital business ecosystem at the local level. Sharia fintech offers uncollateralized micro-financing based on *murabahah* and *mudharabah* contracts, which is very helpful for small business actors with limited fixed assets (Ahmad & Abdillah, 2023). The impact is not only increased productivity and efficiency but also expanded market access and strengthened regional economic supply chains.

However, the digitalization process also faces obstacles in the form of low digital literacy and concerns about online transaction security. According to Nasution (2020), some UMKM actors are still reluctant to switch to digital systems due to concerns about data security. Therefore, Bank NTB Syariah conducts cybersecurity education and training on the safe use of Islamic financial applications to build the trust of business actors in the digital system.

With these various innovations, digitalization has proven to be an accelerator for strengthening the UMKM economy. Digitalization not only facilitates transactions but also integrates UMKM into the national Islamic financial ecosystem. This success shows that a technology-based approach and sharia principles can go hand in hand in creating economic independence for small business actors.

3.3.4 Social and Economic Impact on UMKM Independence

The financing, training, and digitalization programs carried out by Bank NTB Syariah in an integrated manner have produced real socio-economic impacts. Many UMKM actors who previously depended on personal capital are now able to expand their businesses and create new jobs for the surrounding community. The increase in household income of UMKM actors also strengthens people's purchasing power, thus creating a multiplier effect on the local economy (Robinson, 2001).

According to Chapra's (1992) view, an Islamic financial system based on justice and social balance has the potential to create broad financial inclusion because it eliminates elements of exploitation in economic transactions. This concept is reflected in Bank NTB Syariah's financing practices, which emphasize not only profit but also social responsibility through improving community welfare.

Overall, Bank NTB Syariah's program has strengthened the economic foundation of UMKM actors through three main dimensions: 1) inclusive sharia capital access, 2) business capacity assistance and financial literacy, and 3) digital transformation that facilitates business efficiency and expansion. The integration of these three aspects forms a sustainable UMKM empowerment ecosystem, in accordance with the principles of *maqashid sharia*, namely protecting wealth (*hifzh al-maal*), upholding justice, and increasing public benefit (*maslahah*).

4. Conclusion

The UMKM Corner program of Bank NTB Syariah has become an effective Islamic value-based economic empowerment model in strengthening small business actors in Mataram City. Through an integrated approach, including interest-free financing access, managerial assistance, financial literacy, and digital transformation, this program has succeeded in increasing business capacity, expanding market networks, and fostering the independence of UMKM actors. The principles of justice and partnership in sharia contracts such as *mudharabah* and *musyarakah* make the relationship between the bank and the customer participatory, not exploitative, thereby fostering trust and business sustainability.

More broadly, UMKM Corner makes a tangible contribution to strengthening the regional economy through job creation, increasing local competitiveness, and fostering a culture of entrepreneurship based on Islamic ethics. This program not only supports economic goals but also reflects the implementation of *maqāṣid al-syarī'ah* in the social dimension, namely protecting wealth (*hifẓ al-māl*) and realizing public benefit (*maslahah*). Thus, Bank NTB Syariah's UMKM Corner can serve as a replication model for other regional financial institutions in building a sustainable and just UMKM empowerment ecosystem.

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