



The Role of the Bali Provincial Regional Development Bank Sanur Sub-Branch in Strengthening MSMEs Through People's Business Loans

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Abstract

The People's Business Credit Program (KUR) channeled through Regional Development Banks (BPD) serves as a strategic instrument in supporting the growth of Micro, Small, and Medium Enterprises (MSMEs) and strengthening regional economies. This study aims to analyze the extent to which the Sanur Branch Office of Bank BPD Bali contributes to MSMEs, as well as to identify the role of KUR distribution in enhancing business productivity and income. The research employs a qualitative approach, with data collection techniques including interviews, literature reviews, and document analysis. Results indicate that Bank BPD Bali Sanur Branch Office plays a significant role as a financing facilitator for MSMEs and as a bridge between government programs and local MSME needs. KUR distribution by Bank BPD Bali has proven effective in boosting MSMEs growth and development. The study affirms that optimizing the role of Bank BPD Bali in the KUR program is key to sustainably strengthening the foundation of Micro, Small, and Medium Enterprises.

Keywords: KUR, Bank, MSMEs

I. Introduction

Micro, Small, and Medium Enterprises or MSMEs are independent businesses and are run by individuals and business entities in various fields of the economy. Micro, Small, and Medium Enterprises have a big role in encouraging economic development and growth, both in developing and developed countries. Compared to large companies, MSMEs are able to absorb a larger number of workers and make a significant contribution to the formation and increase of Gross Domestic Product (GDP). In Indonesia, the role of MSMEs is very important because this sector is the main source of job creation. The number of workers received by MSMEs is much more than that of large companies. Therefore, MSMEs are an important element in increasing job opportunities and people's income. This fact shows that MSMEs are expected to play an optimal and sustainable role in reducing the number of unemployed people who are increasing from year to year (Pradnyani et al., 2024).

MSMEs are one of the main foundations of the national economy. This sector not only plays a role in providing jobs, but also contributes to equitable development and poverty reduction. According to data from the Central Statistics Agency (BPS) in 2023 in Harahap (2025), MSMEs contribute around 61.97% to Indonesia's total Gross Domestic Product (GDP) and accommodate more than 97% of the domestic workforce. This fact illustrates that the MSME sector plays a significant role in maintaining the stability of the national economy. MSMEs play a role in creating more equitable economic development. This is because MSMEs are able to absorb a lot of labor, reduce socio-economic disparities, and encourage growth in less developed areas. According to Windusancono (2021) in Sutrisman et al. (2024), MSME empowerment is an alternative to help low-income groups. This effort is carried out to reduce income inequality and reduce poverty rates by empowering the community through entrepreneurial skills and business management skills.

Although MSMEs have shown an important role in the development of the national economy, the sector still faces various obstacles and challenges. According to Aulia et al. (2023) in Alfirad et al. (2023), the obstacles and challenges faced are interrelated, such as insufficient funds, low operational and managerial capabilities, marketing limitations, and unfair economic competition. Of the many obstacles that exist, the problem of funds and capital is the main factor that hinders business development. The difficulties of MSME actors related to capital show the existence of structural problems in the regional economy. Therefore, the government has a strategic role in formulating policies that are able to overcome these problems through pro-community economic empowerment programs. This program is one of the steps in maintaining regional and national economic stability. On November 5, 2007, the government launched Presidential Instruction No. 6 of 2007 concerning the People's Business Credit Program (KUR) as a form of government support for the management of MSMEs. The government provides a source of credit financing to MSMEs through a low-interest credit loan program called People's Business Credit or KUR. This program was launched to expand MSMEs' access to business capital and support MSME business development. According to Anisa et al. (2023) in Alfira (2023), the support of the KUR program is very crucial because it not only helps overcome capital problems, but also encourages the emergence of new business actors and provides convenience for MSME actors to continue to develop on a larger scale. The KUR program is one of the banking instruments in encouraging MSMEs and helping to strengthen the national economy.

The Bali Provincial Regional Development Bank as one of the Regionally Owned Enterprises also provides the KUR program for MSME actors. Bank BPD Bali is a financial institution owned by the local government that helps the development of the local economy. Assistance in the form of credit can support MSME entrepreneurs who are customers of the Bali Provincial Regional Development Bank Sanur Sub-Branch in increasing their business income. One of the factors causing difficulties in MSME development is the limitation of obtaining financing or capital, so that the KUR program launched through the Bali Provincial Regional Development Bank Sanur Sub-Branch can help the development of MSMEs in Sanur Village. Bank BPD Bali Sanur Sub-Branch has disbursed loans of IDR 194,543,000,000 from the range of 2020 to 2024, this credit distribution can be a solution to capital problems faced by the community. Bank BPD Bali is a bridge between government programs and the needs of MSME actors. Under the supervision of the Regional Government, Bank BPD Bali is an important catalyst in strengthening the regional economy through KUR financing for MSME actors.

Based on the initial research, it was found that there was a problem that there was a lack of a specific study in evaluating the role of Bank BPD Bali in distributing KUR for strengthening MSMEs, so there is a need for a study that further assesses the role of Bank BPD Bali in the implementation of KUR through research entitled *The Role of the Bali Provincial Regional Development Bank in Strengthening MSMEs Through People's Business Credit with a case study at PT. Bali Provincial Regional Development Bank Sanur Sub-Branch Office*.

II. Research Methods

This research was conducted at PT Bank Pembangunan Daerah Bali Sanur Sub-Branch Office located on Jl. Bypass Ngurah Rai No. 82, Denpasar City. This research uses a qualitative descriptive approach and through a literature study method which aims to examine more deeply the role of Bank BPD Bali towards MSMEs through the implementation of KUR. Data sources were taken through various scientific journals, interviews, and official documents related to the topic of discussion. The researcher examines the theory of Economic Growth according to Schumpeter (1934) as the main theoretical foundation. This theory recognizes the role of bank credit in driving economic development. Financing for MSMEs is a strategic step to build the economy. According to Joseph Schumpeter, economic development does not take place naturally but requires entrepreneurs and innovations to replace old products (Wiratnoko & Putra, 2022). This theory is used to assess the extent of the role of Bank BPD Bali companies in strengthening MSMEs through KUR innovation. The analysis was carried out by examining the primary and secondary data obtained, then elaborated to describe the specific role of Bank BPD Bali towards MSMEs through KUR.

III. Results and Discussion

Banks are financial institutions that carry out various roles, namely distributing loans, circulating and supervising money circulation, collecting funds from the community, and financing community business activities. Banks play a crucial role in supporting economic development in a region, one of which is by supporting MSME actors through the provision of low-interest loans. This business credit is one of the government programs that aims to provide solutions for business actors who have limited capital. According to Alfira et al (2023), some people who want to start a business face various obstacles, one of which is related to business capital management. Capital management is often the main obstacle for MSME actors to start building their businesses and developing their businesses, especially for the lower middle class of society. In dealing with the above problems, the government has provided subsidies through the People's Business Credit (KUR) program which targets people with limited economic capabilities. This financing support from the government is expected to have a positive impact, especially in encouraging the development of MSMEs and increasing economic growth.

The government relies on banks as a company that is able to provide credit to overcome capital problems among MSMEs. This is in line with Joseph Schumpeter's theory that the main key to economic development is the company with its innovation. Through banking facilities, the KUR program is able to help the community in obtaining capital to develop their businesses. This program is applied to certain banks that have been appointed by the government. These banks are banks under the auspices of SOEs such as BRI, MANDIRI, and BNI, then private banks such as BCA, as well as banks under the auspices of the local government, one of which is Bank BPD Bali. The credit program for MSMEs or so-called KUR is distributed to people who specifically have independent businesses or MSMEs. KUR is part of productive credit that focuses on providing loans for the purpose of business capital. This KUR program has a low interest rate compared to other productive loans. The list of productive loans at Bank BPD Bali and their interest:

Table 1 Types of Productive Credit and Interest Rates

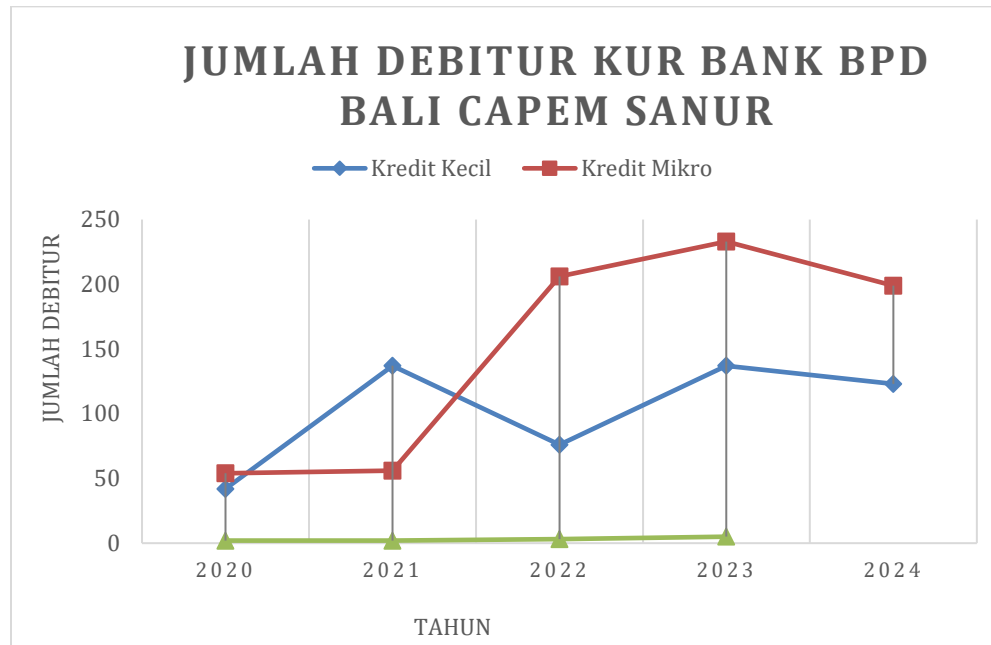
No.	Productive Credit	Interest Rates
1.	Retirement Preparation Business Credit	10,5%
2.	Retired Business Credit	10%
3.	Credit KUSUMA	8,75%
4.	Loan KUSUMA SARI	8,75%
5.	People's Business Credit	6%

Source: Interview with Bank BPD Bali Capem Sanur employees

Based on the table above, it can be concluded that the KUR program has the lowest interest rate with a percentage of 6%. The government contributed greatly to the provision of low interest on this program. In KUR type loans, Bank BPD Bali receives interest of 12% with the public paying 6% and the government providing a subsidy of 6%. It can be concluded that the government pays half of the interest on loans belonging to the community. This is proof of concrete steps from the government to the community in overcoming problems by collaborating with regional banks. Bank BPD Bali plays a role as a catalyst for strengthening MSMEs through pro-community financial innovation.

KUR distribution at Bank BPD Bali Sanur Sub-Branch can be classified quite well in supporting the development of MSMEs. The level of effectiveness can be seen from the number of MSMEs that receive loans, the total credit disbursed, and the ease of access provided to beneficiaries (Putra & Ariana, 2024). The total number of lenders and the number of loans disbursed can be seen through the following graph:

Figure 1 Number of KUR Debtors at Bank BPD Bali Sanur Sub-Branch in 2020-2024



Source: Processed from Bank BPD Bali Capem Sanur data

Based on the graph above, the number of KUR debtors at Bank BPD Bali Capem Sanur tends to increase, this indicates that there is growth which is a positive indicator that the bank has succeeded in attracting more customers during the KUR program. The increase in the number of customers also shows increasing public trust and interest in the products and services provided by banks. Thus, the bank is considered to have succeeded in expanding the market reach and has helped customers who tend to increase per year. The provision of KUR funds by banks is very helpful for business actors in carrying out their business activities with few obstacles, without having to look for loans in various places and without rejecting buyer requests due to limited capital. In addition, the distribution of KUR allows business actors to continue operating and survive by fulfilling orders from customers. That way, customers do not need to look for other sellers due to companies that lack the availability of goods, which often occurs when business capital is limited (Putra & Ariana, 2024).

This success is inseparable from the role of bank credit analysts who consistently monitor the business development of customers. Customers can use their credit loans to develop their businesses, so that with existing facilities they can increase production and expand their market reach. The loan amount also varies, ranging from IDR 50,000,000 (Fifty million rupiah) to IDR 500,000,000 (Five hundred million rupiah). The total loans submitted by MSME business actors at Bank BPD Bali Capem Sanur can be seen in the following table:

Table 2 Number of Credit Disbursements by Bank BPD Bali Sanur Sub-Branch in 2020-2024

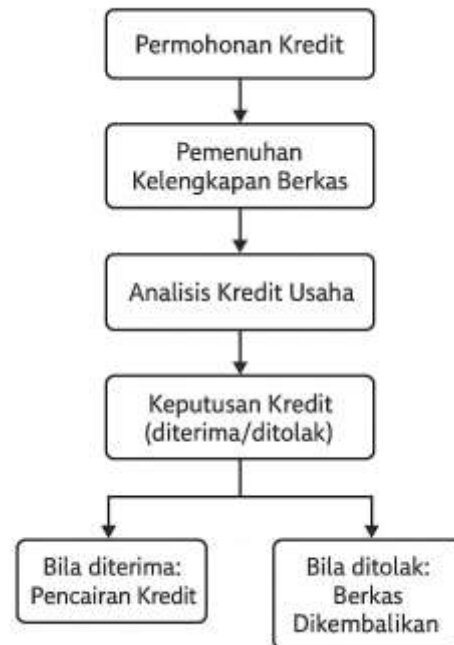
Year	Amount of Credits	
	Small Loans	Micro Credit
2020	IDR 13,033,000,000	IDR 2,246,000,000
2021	IDR 28,099,000,000	IDR 2,225,000,000
2022	IDR 20,800,000,000	IDR 12,180,000,000
2023	IDR 43,350,000,000	IDR 16,530,000,000
2024	IDR 40,325,000,000	IDR 15,755,000,000

Source: Processed from Bank BPD Bali Capem Sanur data

Based on the table above, it is known that the total loans from year to year at Bank BPD Bali Sanur Sub-Branch have increased with the highest amount in 2023 for small loans of IDR 43,350,000,000 and micro loans of IDR

16,530,000,000. Based on this data, it is known that the number of people who use KUR facilities is increasing, both in terms of the number of debtors and the nominal amount of loans. The increase in the number of debtors and credit nominal is inseparable from the effectiveness of KUR distribution which has easy conditions and procedures that must be implemented by customers. Bank BPD Bali Capem Sanur provides convenience and trust for customers. The bank cannot distribute credit until it fully understands the identity and characteristics of the customer. The provision of KUR is based on the principle of trust, so banks must carefully assess the reputation and character of prospective debtors first.

Figure 2*Mechanism for Distributing People's Business Credit*



Source: Processed from the Results of an Interview with Bank BPD Bali Employees Capem Sanur

The picture above illustrates the stages that must be carried out by prospective debtors in applying for KUR. In general, the procedure for taking KUR includes two main stages, namely the submission of a credit application and the implementation of payment until full repayment is achieved. The entire procedure is described as follows:

a. Credit Application

Prospective debtors apply for KUR by attaching supporting documents, such as the type of business, the name of the owner, the type of collateral, and other information needed.

b. Business Examination of Prospective Debtors

Credit officers conduct a business feasibility survey directly to the business location to assess the business and reduce the risk of default. The survey was also carried out on collateral that was used as collateral. Then, the results of the survey are analyzed to determine the ability of prospective debtors to pay installments, the amount of credit provided by creditors, and the appropriate payment term.

c. Credit Decision Process

Based on the analysis, the bank decides whether credit will be granted or will be denied. If approved, the administrative documents will be prepared by the Legal and Credit Administration field. If it is rejected, the debtor's documents will be returned.

d. Credit Disbursement

Before disbursement, prospective debtors sign credit agreements, credit agreements, and other credit documents. After that, KUR funds are disbursed according to the credit decision without deduction. Credit installment payments are made until credit repayment and collateral return which is used as credit collateral.

This structured and clear credit application procedure is inseparable from various factors that affect the customer's decision to apply for KUR. The existence of factors such as the need for business capital, the level of trust in the bank, low lending rates, and the bank's reputation are considered by customers in applying for credit. By understanding this causal relationship, banks can design more effective and responsive procedures to make it easier for customers to obtain financing according to their business needs. Then there are supporting factors that allow the process to run effectively and this factor strengthens the role of banks in supporting and improving the performance of MSMEs. According to Wahyu et al. (2025), the main factors for the role of banks that can strengthen the income of MSME actors or strengthen the position of MSMEs in the local economy are as follows:

1. Providing loans to customers

Bank BPD Bali provides financing for customers with a carefully and professionally managed process. This process includes an in-depth creditworthiness analysis, friendly and responsive service, and careful risk management. The Bank also assists customers in adjusting financing products to customer needs and provides clear and transparent information so that customers do not make mistakes in understanding the procedures and benefits of the KUR program. This factor ensures that customers get financing according to their ability, so that the application process can run more smoothly.

2. Public trust that is maintained

Procedures in banks are inseparable from the principles of Good Governance which uphold the application of the principles of transparency, accountability, and high business ethics as the main foundation of banks. The bank and the public affirm the bank's commitment to maintaining the trust of MSME customers through objective and fair service. The honesty and professionalism of employees further strengthens the bank's reputation as a trustworthy institution. This trust has the opportunity to attract people to make loans and has a direct impact on increasing customer income.

KUR financing really helps business actors in meeting their capital needs. The increase in the number of KUR customers and the nominal number of KUR loans shows that more and more MSMEs can develop, and the capital factor is no longer the main obstacle in starting or developing their business. The KUR program also increases the profitability of MSMEs because it has a positive influence on the performance of the business run. Problems related to capital experienced by MSMEs make it difficult for people to achieve their business profitability targets, which have now been resolved through KUR financing. This shows that there is a difference in the performance of MSMEs before and after utilizing the KUR program, where with the KUR program, MSME actors can achieve their business profitability targets.

According to Astaman et al (2020) in Alfirad et al (2023), People's Business Credit plays a role in increasing MSME income. Then according to Nurbayani (2019) in Alfirad et al (2023), the role of KUR in increasing MSME income occurs because the loan funds received can be optimally utilized by business actors according to their business needs. Through the KUR facility, MSME actors can manage their capital in a more targeted manner, because if management is not done properly, then MSME actors have the potential to experience difficulties in fulfilling their installment payment obligations. Thus, the existence of KUR loans encourages MSME actors to be more responsible in managing the funds they borrow.

The KUR program has a positive impact on the income of MSMEs. This is supported by Salsabila & Martilova (2024) that this program helps strengthen business capital so as to increase business productivity, which ultimately contributes to improving the welfare of business actors and increasing production results. The provision of access to capital through KUR provides direct benefits for MSME business actors. Through simple requirements and a non-burdensome financing flow, KUR makes it easier for MSMEs to obtain the necessary capital support. Based on research conducted by Elliyana et al (2023), it shows that the procurement of KUR plays a role in increasing the income of MSME actors.

This is strengthened by the results of research by Berata et al. (2023) where the effectiveness of KUR has a positive effect on MSME income. The provision of assistance in the form of credit can help MSME entrepreneurs in improving business performance, labor absorption, income and the amount of production. The distribution of business loans by MSME Banks in general can increase the income of business actors, which is one of the indicators of business success.

IV. Conclusion

People's Business Credit Financing through the Bali Provincial Regional Development Bank Sanur Sub-Branch plays a significant role in strengthening MSMEs. The distribution of KUR is a solution step in dealing with the shortage of business capital which is the main obstacle for MSME actors. The procurement of KUR has proven to be beneficial for MSME actors, which includes providing business capital, increasing business productivity and profitability, and encouraging local and national economic growth. This research is supported by data on the number of debtors with the number of loans from 2020 to 2024 which tends to increase. This proves that KUR financing is able to strengthen MSME actors in developing their businesses. The results of this study are in line with previous research obtained that the provision of business loans distributed by MSME banks is able to increase the income of business actors and strengthen MSMEs in developing their businesses (Berata et al., 2023).

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