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# THE EFFECTIVENESS OF POJK 23/2022 AND IMPLICATIONS FOR MSME FINANCING INCLUSION (EVIDENCE FROM BPRS BTB BOGOR, EAST JAVA)

**Muhammad Yusup Saputra [1*], Isman[2], Azka Salsabila[3]**
[1] Universitas Muhammadiyah Surakarta, Indonesia, o200240010@ums.ac.id
[2] Universitas Muhammadiyah Surakarta, Indonesia, ism190@ums.ac.id
[3] Al Azhar University, Egypt, azkasalsabila425@gmail.com

*correspondence author: email; ism190@ums.ac.id

**Abstract:** This study examines the impact of implementing POJK No. 23 of 2022 on MSME lending at BPRS Tegar Beriman Bank in Bogor Regency, with a particular focus on the effectiveness of the minimum financing limit policy in promoting the financial inclusion of non-bank MSMEs (the unbankable community). BPRS Tegar Beriman was selected as a representative of rural banks based on APBD. The methodology employed is a mixed-methods approach, incorporating an ex post quantitative analysis through linear regression of data collected from January 2023 to March 2024. The dependent variable in this study is total financing to non-bank third parties, while the independent variables include murabaha, istishna, and multijasa receivables. The regression results indicate an R-square of 0.82359, suggesting that the model accounts for 82.36% of the observed variation in financing. Of the three variables, only istishna financing is statistically significant, with a negative coefficient. It suggests that banks are exercising caution when facilitating complex project financing. Theoretically, this finding is indicative of the preeminence of prudential logic in legal substance, the accommodation of community needs within legal culture, and structural efficiency resulting from regulatory pressure in the legal structure, as posited by Lawrence Friedman's theory. Bank adjustments to regulations are regarded not only as a form of normative compliance but also as a strategic effort to enhance risk management efficiency and achieve financing targets. The minimum lending regulation has been shown to affect bank compliance with it positively.

**Keyword:** Effectivity of Law; OJK, Financial Inclusion, Unbankable Community

## A. Introduction

The national financial policy for the microprudential sector needs to strike a balance between two key principles :maintaining the stability of financial institutions and enhancing the bank's support for MSMEs. This is especially true for microfinance entities, such as Sharia People's Financing Banks (BPRS). To help, the Financial Services Authority

(OJK: Otoritas Jasa Keuangan) issued OJK Regulation Number 23 of 2022 (Rani et al., 2025). This rule establishes a maximum limit for fund disbursement and manages risk, ensuring that risks are not concentrated in a single person or group. The idea is that BPRS not only maintains systemic stability but also supports national economic growth as leaders in real-sector financing (Mongid et al., 2024).

The implementation of this regulation should be reassessed. Research on "Cash Holding in Islamic Rural Banks" finds that limiting the distribution of funds leads BPRS to tighten financing to maintain liquidity and mitigate risk, with banks holding up to 22.21% of liabilities in cash. The observed positive correlation between cash holding, credit risk (LLR), and profitability (ROA) suggests that as risk increases, banks tend to maintain higher cash reserves rather than disburse funds. Thus, regulations focused on prudence may inadvertently restrict BPRS's ability to intermediate financing for the productive MSME sector (Mongid et al., 2024).

The gap between normative targets and implementative reality was also confirmed in the study "Comparative Industry Analysis Between Rural Banks and Financial Technology Companies in Indonesia". The research shows that fintech, which is not constrained by asset and liquidity regulations, can channel financing to MSMEs more agilely than BPRS, which is constrained by strict regulations. This suggests that regulation, intended to support financial inclusion by maintaining a stable and orderly financial system, as outlined in POJK 23/2022, may inadvertently shift financing to entities without equivalent prudential oversight, thereby obscuring its original purpose (Saifurrahman & Kassim, 2023).

Studies on risk management in Indonesian Islamic banks, such as "Mitigating Asymmetric Information to Enhance MSME Financial Inclusion" and "Development of Credit Risk Scoring Models," confirm that the leading causes of MSMEs' difficult access to financing are subjective risk assessments, not yet digitized, and the lack of formal financial data from MSME players. This emphasizes that the main challenge is not merely in limiting maximum lending, but in the absence of a risk model that can bridge the gap between prudence and inclusiveness (Hidayat et al., 2023; Saifurrahman & Kassim, 2022). However, no prior research has examined the effectiveness of POJK 23/2022, which sets the minimum lending limit to address these systemic limitations.

A review of the research literature indicates that the effectiveness of microprudential financial regulation is not always directly proportional to increased financial inclusion, especially for unbankable MSME communities. In the context of rural banks, integrating factor analysis methods with Tsukamoto fuzzy logic has been shown to improve lending quality by enabling more objective, standardized risk assessment. However, this approach has not yet reached informal MSMEs directly, which often lack the necessary data. Meanwhile, macro studies indicate that fiscal, monetary, and prudential policy coordination can enhance bank lending capacity by strengthening liquidity and market confidence; however, without micro-level strategies targeting the informal sector, financial inclusion remains unequal (Budiman et al., 2024; Warjiyo, 2024).

On the other hand, while innovative digital strategies and policy synchronization from monetary authorities, such as BI, do improve payment system efficiency and digital access, they have not directly enhanced the effectiveness of MSME financing regulations, as seen in POJK 23/2022. In contrast, the findings in Islamic finance indicate that regulations focusing on contract transparency and fairness in collateral proportionality help reduce default risk; however, they still fall short of reaching the unbankable segment due to structural barriers, such as low financial literacy and limited access to formal channels (Warjiyo, 2024).

It is evident that, although regulations demonstrate effectiveness at the technical level through credit risk management, systemic stability, and payment system efficiency, a gap remains between the goal of financial inclusion and actual achievements at the grassroots level, particularly for MSME actors who lack a formal credit history or collateral. In addition, regulations that focus too much on prudentiality and risk mitigation often exclude the principle of inclusive alignment, especially in sharia-based financing, which should prioritize social benefits (Pebruary et al., 2025). Therefore, further research is needed to assess not only regulatory compliance but also its social impact on financially vulnerable groups. This approach is crucial for designing microprudential policies that are not only systemically safe but also fair and inclusive, thereby promoting economic growth based on social justice (Amuda & Al-Nasser, 2024).

It means that there is a lack of research directly addressing how POJK 22 of 2023, which sets the minimum financing distribution limit, is effective in overcoming the limitations posed by POJK 23 of 2022 whether this minimum financing limit is truly effective in promoting the expansion of MSME inclusion, particularly among the unbankable community segment, which is the primary focus of BPRS as a sharia-based and regional financial institution (Yap et al., 2025).

The question that this research will answer is how the effectiveness of the implementation of POJK 22 of 2023 concerning Minimum Financing Distribution Limits on increasing MSME financing inclusion, especially in the context of the role of BPRS Tegar Beriman in Bogor Regency, with a focus on BPRS Tegar Beriman Bogor Regency's efforts to balance between prudential principles and productive intermediation functions.

The research focuses on how the effectiveness of POJK 23 Year 2022 in enhancing the intermediation function of BPRS is influenced by internal structures, Sharia compliance, and post-credit supervision, while also examining the impact of macroeconomic conditions and fintech involvement as moderating factors.

## B. Method

The research employed a mixed-methods approach, integrating qualitative and quantitative methods to comprehensively assess the effectiveness of POJK 23 of 2022 in fund disbursement at BPRS BTB Bogor. The quantitative analysis was conducted through linear regression, using data collected from January 2023 to March 2024. In this framework, the total financing to non-bank third parties served as the dependent variable. In contrast, the independent variables comprised the various types of receivables, specifically murabaha, istishna, and multijasa. Prior to analysis, data were meticulously gathered and organized to reflect the institution's financing activities accurately. Results from the regression analysis were then interpreted to assess the relationships and impact of the independent variables on the dependent variable, facilitating a deeper understanding of the norms and their practical effectiveness within the context of Islamic People's Financing Banks.

The measurement results will be explored using a qualitative approach, drawing on literature studies that incorporate juridical and philosophical conceptual frameworks. The selection of this approach is based on the need to measure the effectiveness of these restrictions on the intermediation function of BPRS BTB Bogor in a sequential explanatory manner. Namely, the first stage involves linear regression of relevant variables, followed by qualitative interpretation of the resulting measurements (Čehulić, 2021; Hasanudin et al., 2024).

The data collection technique employs a mixed-methods approach, combining quantitative and qualitative methods, by analyzing the financial statements of BPRS BTB over the observed time period (2023-2024). The data triangulation techniques applied are source triangulation and method triangulation. Source triangulation was conducted by comparing findings across various legal documents, regulations with similar norm structures, and academic literature from reputable journals. The triangulation method was employed by combining normative, quantitative, and qualitative analyses simultaneously (Isman et al., 2024; Isman & Muttaqin, 2023).

Data analysis techniques involved linear regression analysis to measure the impact of POJK 23 Year 2022 on the intermediation performance of BPRS BTB Bogor. Domain analysis was then applied to explore the results of the linear regression analysis through data categorization and the abstraction of findings, revealing the type of relationship between the two variables —whether causal, associative, or correlational. With this combination, the research is expected to yield findings that can inform policymakers on integrating prudence with MSME financing inclusion (Mufidah & Isman, 2024).

## C. Result and Discussion

In the institutional structure regulated by POJK Number 23/POJK.03/2022 concerning the Maximum Limit of Fund Disbursement of Sharia People's Financing Banks (BPRS), several key institutions hold important authorities and roles in ensuring a balance between the effectiveness of financial inclusion and prudential principles. First, the Financial Services Authority (OJK), as the main regulator, is authorized to set the maximum limit of funds disbursement (BMPD) through supervisory policies and administrative sanctions (Article 4) (Utami & Ekaputra, 2021). The OJK not only determines risk and prudential measurement parameters but also evaluates the level of BPRS compliance with the BMPD principle and conducts structural interventions in the event of significant violations (Sochimin, 2025). Secondly, the internal structure of BPRS itself, specifically the Board of Directors and the Board of Commissioners, plays a crucial role as strategic decision-makers (Article 7). They are required to approve disbursements to related parties, which serves as an internal risk control measure to mitigate potential conflicts of interest. Third, the concept of "related parties" in this POJK expands the scope of supervised actors to include owners, families, and administrators, thereby establishing a control system to prevent the concentration of financing in certain groups (Articles 6-8) (Otoritas Jasa Keuangan, 2022).

The institutional structure in this POJK systemically defines and divides authority, with the OJK serving as the external regulatory and supervisory institution, and the board of directors and commissioners playing a role in risk mitigation (Ismail, 2021). This balance is crucial to ensure that the expansion of financial inclusion through BPRS, which targets the micro and MSME sectors, does not compromise financial stability. The effectiveness of this structure can be measured through a decrease in the ratio of BMPD violations, an increase in the distribution of funds to productive sectors, and periodic evaluation of the health level of banks by OJK (Otoritas Jasa Keuangan, 2022).

Assessing the effectiveness of *OJK Regulation Number 23 of 2023* and its implications for MSME financing inclusion, especially based on empirical evidence from BPRS BTB in Bogor, East Java, requires a deep understanding of *modern legal culture* as a key variable influencing the dynamics of contemporary legal systems. Modern legal culture not only reflects people's values and attitudes towards the law, but also expectations that the law can respond quickly to socio-economic changes, be instrumental, and favor the rights of individuals, especially those from weak economic groups, such as MSMEs (Otoritas Jasa Keuangan, 2024).

The effectiveness of OJK regulations can be assessed beyond mere formal compliance with legal norms. It also depends on how these regulations adapt to the financing needs of MSME actors, reach previously neglected segments of society, and fulfill the law's role as a facilitator of economic welfare (Otoritas Jasa Keuangan, 2022).

OJK Regulation Number 23 of 2023 needs to be analyzed in the context of dense, ubiquitous legal changes reflecting global convergence on the principles of financial inclusion and consumer protection. The success of the approach based on Lawrence Friedman's theoretical framework is measured by the character of the modern legal system, which is characterized by instrumental legitimacy. Namely, BPRS is subject to legal obligations because it can deliver tangible results, in this case by limiting the distribution of funds to increase access to and the quality of MSME financing. Therefore, it is also important to highlight the role of judicial and regulatory institutions, such as the OJK, as increasingly active (activist) legal actors who not only interpret rules but also design policies with direct influence on social and economic practices (Salsabila, 2021).

The literature indicates that the effectiveness of OJK regulations is measured by the causal link between modern legal culture, an independent variable, and the character of the legal system, a dependent variable. This is viewed in the context of rapid social change and demands for equitable economic justice (Otoritas Jasa Keuangan, 2025).

This underscores the need for a more objective and inclusive risk assessment model that does not compromise impartiality. Recent literature suggests that the effectiveness of microprudential policies depends heavily on regulations' ability to balance systemic safety and equitable access to financing, particularly in the context of region-based Islamic banking that targets the real sector and vulnerable communities.

This emphasizes the need for a more objective and inclusive risk assessment model, so that the prudential principle does not sacrifice the goal of partiality. Recent literature shows that the effectiveness of microprudential policies depends heavily on regulations' ability to balance systemic safety with equitable access to financing, especially in the context of region-based Islamic banking that targets the real sector and vulnerable communities.

Idris et al. (2023) found that prudential banking regulations in Indonesia are weak, especially for preventing non-performing loans (NPLs) in MSMEs. Data shows post-credit supervision is lacking. Only 12% of respondents felt bank supervision was very adequate; 36% said it was inadequate, particularly in the micro segment. The potential of credit insurance remains untapped due to limited socialization. The "one size fits all" approach ignores micro MSME vulnerability. Here, 40% and 33.3% of respondents perceive high NPL risk. Ironically, BPRs with low LDRs (73-79%) posted high NPLs (11.73% in 2024), and their numbers fell sharply from 1,597 (2018) to 1,377 (2024). It suggests that, if practical, prudential principles are linked to fewer NPLs. These findings confirm the need to focus on adaptive post-credit supervision and risk mitigation for better MSME financial inclusion (Idris et al., 2023).

The research of Mutia et.al (2024) highlighted the performance of Islamic micro banks in terms of the Sharia Board at the Islamic People's Financing Bank (BPRS). The causal propositions tested are: the DPS mechanism affects BPRS performance. Namely, suppose the intermediation function of Islamic financial inclusion relies on strong sharia compliance but does not contribute to performance. In that case, the effectiveness of Islamic financial inclusion as a form of differentiation from financial inclusion will be undermined. The data used include balanced panel data from 2017 to 2021, comprising 540 BPRS observations across Indonesia. This finding implies the need for further studies on how prudential regulations, especially related to sharia governance, can be redesigned to ensure that the structure of sharia boards plays a more active and strategic role in improving the performance and effectiveness of Islamic micro-inclusion financial intermediation (Mutia et al., 2024).

Based on research, Rani et al. (2025) indicate that indicators affecting the risk of bank failure can be grouped into macroeconomic, microprudential, and internal bank variables. Several of these indicators help reveal *blind spots* in the study of prudential regulation in Indonesia banking, specifically regarding the effectiveness of financial inclusion banks in serving MSMEs. The research highlights macroeconomic welfare indicators as the most significant in influencing the risk of failure of BPR/BPRS (Rani et al., 2025).

It suggests that existing prudential regulations may not be sufficiently adaptable to fluctuations in the economic well-being of the people who are the primary targets of Islamic *microfinance*. Furthermore, the liquidity indicator in the microprudential variable and internal resilience in the macroprudential variable are also significant factors, as BPR/BPRS are operationally close to MSMEs but still vulnerable to systemic and internal factors that disrupt stability. There are 22 BPR/BPRS on the LPS liquidation list as of February 2021, and 100 out of a total of 111 banks liquidated since 2006 are BPR/BPRS, which underlines that the viability of BPRS is threatened by failure factors that have not been fully addressed by the current microprudential regulatory framework, because there are two main issues, namely macroeconomics and internal management, that are more specific to the *microfinance* model (Mutia et al., 2024).

Regarding the factors influencing the imbalance in the intermediation function of BPRS, Kohardinata's study explains that if P2P is now more dominant in non-MSMEs, this diverts attention and potential P2P funding from the MSME sector that is more in need, including MSMEs served by Islamic *microfinance* (Kohardinata et al., 2024). It shows the failure of intermediation in channeling funds optimally to segments that are genuinely the targets of Islamic financial inclusion, creating an imbalance in which P2P, which was initially expected to complement MSME funding, has instead turned to markets already served by large banks.

Furthermore, P2P *lending* has a positive and significant impact on non-MSME loans in provinces with loose bank liquidity; however, the tighter the bank liquidity, the lower the complementarity of P2P lending to non-MSME loans. It implies that banks tend to collaborate with P2P to channel *idle* funds (loose liquidity). However, BPRS, as Islamic *microfinance* institutions often operate on a smaller scale and thus face different liquidity challenges compared to large commercial banks. If BPRS do not have significant loose liquidity, their ability to optimize their intermediation function is limited, thereby reducing the effectiveness of their intermediation for MSMEs. It is a *blind spot* in understanding how the *fintech* ecosystem, particularly P2P, can effectively support Islamic *microfinance* (Kohardinata et al., 2024).

Using panel data from 33 provinces in Indonesia between January and December 2022, with 540 bank observations per year from BPRS Indonesia. Bank liquidity conditions are categorized by the ratio of loans to deposits: loose liquidity (<78%), normal liquidity (78%-92%), and tight liquidity (>92%). Suppose Islamic microbanks are not effectively integrated into this collaborative model. In that case, they risk becoming increasingly ineffective at facilitating financial transactions for micro, small, and medium enterprises (MSMEs), thereby exacerbating the gap in Islamic financial inclusion (Kohardinata et al., 2024).

Building on these findings, research by Widiyanto et al. (2023) concluded that the factors affecting BPRS's ability to optimize the intermediation function are the objectivity of traditional risk assessment, the dominance of agency conflicts, and government demands. The above research also found that BPR LDR is not determined solely by the risk characteristics of debtors (either below- or above-average risk) or by bank health ratios, such as CAR, NPM, or ROE, but also by non-financial factors, including conflicts of interest. This means that X variables such as agency conflict, and risk and Y variables (LDR as an indicator of financing distribution) can be used as a reference to assess the effectiveness of the intermediary function of BPRS in a place to balance the intermediary function of Islamic banking which is not solely targeted at pursuing financing growth (high LDR) but also maintaining asset quality and sharia compliance to ensure safer and more prudential financing for MSMEs (Widiyanto et al., 2023).

Expanding on the above themes, the study by Mutia et al. (2024) examines the role of the *Sharia Board, which* has not effectively contributed to the performance of financial inclusion that BPRS should deliver (Mutia et al., 2024). Furthermore, the study of Rani et al. (2025) identified macroeconomic and liquidity factors as determinants of the risk of BPR/BPRS failure, indicating that regulations have not been adaptive (Rani et al., 2025). Finally, Kohardinata et al. (2024) and Widiyanto et al. (2023) highlighted that P2P lending diverts funding from MSMEs, and the objectivity of risk assessment and agency conflicts affect the effectiveness of BPRS intermediation. Taken together, the above literature review suggests that POJK 23/2022 requires further analysis regarding its implications for inclusion, not just stability, Kohardinata et al. (2024) and Widiyanto et al. (2023).

Based on the literature review above, it is concluded that there is an undeniable tension between the prudential principle of microprudential regulation (POJK 23/2022) and the goal of financial inclusion for MSMEs, particularly the unbankable segment. Regulations intended to maintain stability with minimum financing limits actually create an imbalance with the productive intermediation function of BPRS. A study by Idris et al. (2023) highlights the weakness of prudential regulation in preventing NPLs in MSMEs, emphasizing the need for post-credit adaptive supervision and the utilization of risk mitigation for inclusion (Idris et al., 2023).

## Legal Substance POJK 23 Year 2022

Based on the domain analysis of FSA No. 23 of 2022 above, it is clear that the principle of legality can be seen in the stipulation of detailed obligations and prohibitions for BPRS, namely the obligation to apply the prudential principle (Article 2) and the prohibition of entering into agreements that result in violations of the LLL (Article 3). The Sharia People's Financing Bank (BPRS) Maximum Fund Disbursement Limit (LLL) is explicitly stated as 10% for related parties, 20% for Unrelated Parties, and 30% for groups of Unrelated Parties. The compliance parameters use "LDR" and "BPRS Capital" to define specific BMPD violations and exceedances (Otoritas Jasa Keuangan, 2022).

POJK 23/2022 on the Maximum Limit of Fund Disbursement (BMPD) for Islamic People's Financing Banks (BPRS) establishes a comprehensive prudential regulatory framework, designed to strike a balance between optimal economic growth and increased financing to the real sector, while applying prudential principles and effective risk management. In this regulatory domain, the "maximum limit of funds disbursement of Islamic People's Financing Banks" can be structurally grouped based on legal elements, namely legal subjects, legal objects, legal events, and legal conditions (Otoritas Jasa Keuangan, 2022).

Under the law, the legal subjects in this POJK are parties that have certain obligations, authorities, or responsibilities. The first is the Sharia Rural Financing Bank (BPRS) itself, which is burdened with an absolute obligation to apply the prudential principle in any Disbursement of Funds to Facility Recipient Customers (Article 2) and is strictly prohibited from entering into agreements or disbursing funds that will result in a breach of BMPD (Article 3). This obligation includes determining the classification of related groups of Facility Recipient Customers (Article 12). Violation of this obligation can lead to administrative sanctions, including a written warning, a decrease in the BPRS health level, or a ban as the main party (Article 4 and Article 10) (Otoritas Jasa Keuangan, 2022).

Furthermore, the Board of Directors and the Board of Commissioners of BPRS are also important legal subjects; they have the authority and obligation to approve the Disbursement of Funds to Related Parties (Article 7), underscoring their roles in governance and risk control. Both, as "main parties", are also subject to administrative sanctions, including prohibition as main parties, in the event of significant violations (Articles 4 and 10). Finally, the Financial Services Authority is the legal subject with the highest regulatory authority, responsible for setting further provisions regarding the calculation of BMPD (Articles 6, 11, and 14), assessing significant violations, and imposing administrative sanctions on BPRS and its main parties.

The legal objects in this POJK are the rights and obligations imposed or received by the legal subject, as well as the regulated assets or activities. The Maximum Fund Disbursement Limit (MFDL) is the primary legal objective, defined as the maximum percentage of funds that may be disbursed from a BPRS's capital (Article 1, point 6). This finding establishes a quantitative limit on BPRS's right to disburse funds. Fund Disbursement is a broader legal concept encompassing the investment of BPRS funds through financing and/or interbank placements (Article 1, point 8), which is specifically regulated by a maximum limit. There are two specific forms of financing, namely the provision of funds based on Sharia principles, such as mudharabah, ijarah, murabahah, multijasa, and istishna (Article 1, point 10). Including the placement of funds between banks for BPRS, namely the investment of funds in other Islamic banks/UUS/BPRS or conventional banks for transfer (Article 1 number 12) (Otoritas Jasa Keuangan, 2022).

BPRS capital (core capital and supplementary capital) is the legal object on which BMPD is calculated (Article 1, point 13). Parties that receive benefits or are burdened with obligations are also legal entities. Facility Recipient Customers (individuals, companies, or entities that obtain Fund Disbursements from BPRS) have the right to receive financing, subject to regulatory restrictions (Article 1, point 19). This customer category is further divided into Related Parties and Non-Related Parties (Article 1 points 14 and 15), each with different BMPD limits (maximum 10% of BPRS Capital for Related Parties, 20% for a single Non-Related Party, and 30% for a group of Non-Related Parties).

Legal events are occurrences that give rise to rights, obligations, or legal consequences. The realization of Fund Disbursement is a crucial event because it is at this time that the LLL calculation is performed and potential violations arise (Article 1, point 16). A breach of LLL is a legal event that occurs when the Fund Disbursement, when realized, exceeds the permitted LLL, thereby directly triggering the imposition of administrative sanctions (Article 1, point 16). Conversely, a BMPD Exceedance is a legal event in which the percentage of Fund Disbursement that has been realized exceeds the BMPD as of the reporting date. However, it is caused by factors other than a direct violation, such as a decrease in BPRS Capital, mergers and acquisitions, changes in the ownership/management structure, or changes in regulatory provisions (Article 1, point 17, and Article 14). Another event that gives rise to an obligation is the making of an engagement or the stipulation of a requirement that obliges BPRS to provide a distribution of funds, which would result in a violation of BMPD (Article 3, paragraph 1) (Otoritas Jasa Keuangan, 2022).

**Legal conditions** refer to the circumstances, time, or place that affect the application of legal norms. **Prudential principles and risk management** are fundamental requirements that BPRS must continuously adhere to in every fund disbursement activity (Article 2). This condition underlies all BMPD regulations. **The capital position of BPRS in the last month prior to the realization of Fund Disbursement** is a specific time condition that becomes the reference for BMPD calculation (Article 1, point 16). Similarly, the **report date** is the time condition used to identify BMPD exceedances (Article 1, point 17). **Ownership, management, and/or financial relationships** are relational conditions that determine whether a party is categorized as a "Related Party" or a "group of Facility Recipient Customers", with detailed criteria such as percentage of capital ownership or concurrent positions (Article 8 and Article 12). These conditions are essential to prevent risk concentration and abuse of authority. Overall, POJK 23/2022 establishes a clear framework for managing financing concentration risk, enabling BPRS to grow healthily and sustainably in support of Islamic financial inclusion while remaining compliant with prudential principles.

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### Loan Distribution

Based on Figure 1, Total Financing (Variable Y) in the financial statements of BPRS BTB Bogor during the observation period, from quarter 1 2023 to quarter 3 2024, exhibits a dynamic and significant trend. Total financing in Quarter 1 was Rp 6,652,529,000, which then increased slightly in Quarter 2 2023 to Rp 11,889,007,000. However, it showed a mild decline in Quarters 3 and 4 2023, as well as in Quarter 1 2024, with the lowest value recorded during this period at Rp 9,267,870,000. However, a significant turning point occurred in Quarter 2, 2024, where total financing jumped dramatically to IDR 53,571,646,000 and continued to rise sharply to reach IDR 82,444,551,000 in Quarter 3, 2024. This trend illustrates a stable initial phase with minimal fluctuation, followed by a significant acceleration of financing growth in the second half of 2024. This dramatic increase indicates an aggressive expansion or successful disbursement strategy of BPRS in a relatively short period of time (BPRS Bogor Tegar Beriman, 2022, 2023).

**Table 1:** Loan Distribution Performance 2023-2024

| Quarter | Total Financing | Murabahah | Istishna | Multijasa |
|---|---|---|---|---|
| Q1 2023 | 6.652.529.000 | 74.213.352.000 | 135.000.000 | 256.092.000 |
| Q2 2023 | 11.889.007.000 | 67.366.781.000 | 270.000.000 | 2.956.717.000 |
| Q3 2023 | 11.052.193.000 | 99.149.226.000 | 405.000.000 | 3.368.491.000 |
| Q4 2023 | 10.177.967.000 | 102.836.776.000 | 432.000.000 | 4.640.176.000 |
| Q1 2024 | 9.267.870.000 | 95.257.291.000 | 405.003.000 | 5.843.845.000 |
| Q2 2024 | 53.571.646.000 | 137.051.070.000 | 394.474.000 | 10.658.349.000 |
| Q3 2024 | 82.444.551.000 | 150.509.490.000 | 377.938.000 | 11.773.999.000 |

**Data Source:** BPRS BTB Bogor Financial Report (2023-2024).

Murabahah Financing (in thousands) showed fluctuations but with an increasing trend at the end of the period. Initially at Rp 74,213,352,000 in Quarter 1, 2023, it declined in Quarter 2, 2023, but recovered and continued to increase, reaching Rp 150,509,490,000 in Quarter 3, 2024. This data indicates the important role of murabaha in the bank's financing portfolio. BTB's Istishna financing (in thousands), although smaller in nominal terms, showed a fluctuating but relatively stable trend at the end of the period. Starting from Rp 135,000,000, it increased sharply in Quarter 4 2023 to Rp 432,000,000, then fluctuated slightly around Rp 377,938,000 until Quarter 3 2024. BTB's Multijasa Financing (in thousands) showed the most consistent and substantial increasing trend among the three. Starting from Rp 256,092,000 in Quarter 1 2023, the value continued to jump significantly to reach Rp 11,773,999,000 in Quarter 3 2024 (BPRS Bogor Tegar Beriman, 2022, 2023).

Examining the interactions between domains, the drastic spike in Total Financing in Q2 and Q3 of 2024 was significantly higher across all three financing components, particularly Murabahah and Multijasa. Although Multijasa showed the most consistent and sharp percentage growth, the considerable nominal value of Murabahah also contributed significantly to the total. This pattern suggests that BPRS BTB Bogor may be in an intense expansion phase, leveraging its Islamic financing products to drive overall portfolio growth. This simultaneous increase suggests a well-rounded lending strategy, with distinct products serving different market segments. (BPRS Bogor Tegar Beriman, 2022, 2023).

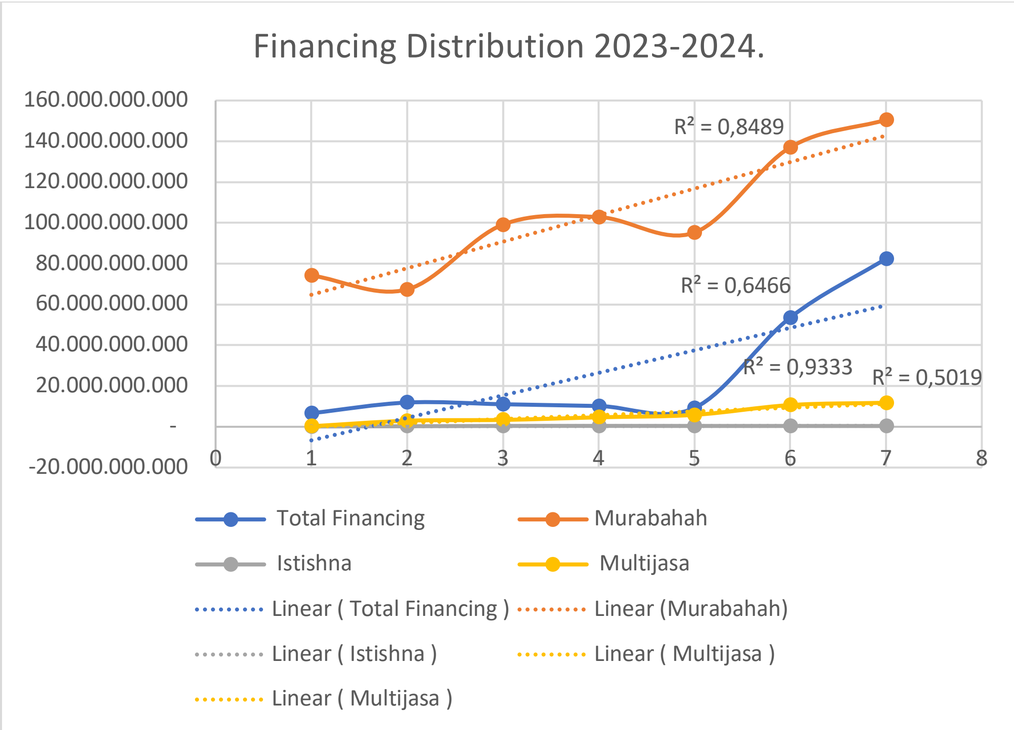


**Figure 1.** Loan Distribution

Based on Figure 1 above, an explanatory review reveals an important finding: the dynamics of financing growth. Total Financing (Y), represented by the blue line, exhibits a sloping growth trend at the beginning of the period (from 2023 to the first quarter of 2024) and then jumps dramatically after the second and third quarters of 2024. This data indicates a substantial acceleration of disbursements in the second half of the year.

The increase suggests the bank's expansionary strategy or a substantial rise in market demand. On the Variable X side, Murabahah (orange) remains the most significant contributor, with a consistent positive trend ($R^2$ = 0.8489), indicating its primary role in driving financing volume. Meanwhile, Multijasa (yellow) exhibits the most linear and sharp growth ($R^2$ = 0.9333), which explains why this product is a significant driver of growth. Istishna (gray) has a flatter contribution ($R^2$ = 0.5019), indicating its more limited role in the surge of total financing.

**Table 2:** Regression Statistics

| | |
|---|---|
| **Multiple R** | **0,975485451** |
| **R Square** | 0,951571864 |
| **Adjusted R Square** | 0,903143729 |
| **Standard Error** | 9225231043 |
| **Observations** | 7 |

**Data Source:** BPRS BTB Bogor Financial Report (2023-2024).

Based on the results of the regression test in Table 1, the measured model, which includes Y (total financing) and murabahah, istishna, and multisaja as independent variables, exhibits an excellent fit in explaining Total Financing. The Multiple R value of 0.975485451 indicates a powerful linear relationship between Total Financing (Y) and the combination of Murabahah (X1), Istishna (X2), and Multijasa (X3). The R-squared value of 0.951571864 indicates that approximately 95.16% of the variation in Total Financing is explained by the regression model involving the three financing types. This figure indicates that the model exhibits very high explanatory power, accounting for only 5% of the variation attributable to factors outside the model.

The slightly lower adjusted R-square of 0.903143729 still indicates that the model has good generalizability, given the number of predictors and the sample size (7 observations). The Standard Error value of 922531043 indicates the predictive Accuracy of the model, which should be interpreted relative to the scale of the dependent variable data (Total Financing).

Next, to test the validity of the overall model in the analysis of variance (ANOVA) domain, the results show that the regression model is statistically significant. The Significance F value of 0.0178272 is much smaller than the general significance level ($\alpha$=0.05). This result indicates that at least one of the independent variables (Murabahah, Istishna, or Multijasa) has a significant linear relationship with Total Financing. The high F-statistic value (19,64915336) also strongly supports this conclusion. The conclusion is that the constructed regression model is valid and can be used to analyze the relationship between financing types and total financing.

As the regression test results will assess the impact of POJK 23.2022 on the intermediation function of BTB BPRS in the context of financial inclusion for unbankable MSMEs, it is necessary to describe the individual coefficient domains that measure the specific influence of each Variable X.

**Table 3:** Regression Statistics of Murabaha On Total Loan

| | |
|---|---|
| **Multiple R** | **0,89699166** |
| **R Square** | 0,804594039 |
| **Adjusted R Square** | 0,765512847 |
| **Standard Error** | 14353998816 |
| **Observations** | 7 |

**Data Source:** BPRS BTB Bogor Financial Report (2023-2024).

Based on Table 2, the linear regression test with Total Financing as the dependent variable (Y) and Murabahah as the independent variable (X) shows a strong, significant relationship. The $R^2$ value of 0.804594039 indicates that about 80.46% of the variation in Total Financing can be explained by Murabahah Financing, suggesting a high explanatory power of the model. The very low *F-value* (0.006183555) indicates significance at the 0.05 level. This result statistically proves that Murabahah has a significant influence on Total Financing. The coefficient value for Murabahah, 0.871443173, and a significant *p-value* of 0.006183555 indicate that a one-unit increase in Murabahah financing significantly increases Total Financing by 0.871 units. This result corroborates the dominant role of Murabahah as the main driving factor in the bank's total financing portfolio. It can be concluded that the bank's strategy focusing on Murabahah is very effective in increasing the overall financing distribution (BPRS BTB 2022; BPRS BTB 2023).

Furthermore, to find out the correlation between the three independent variables and variable Y (financing performance), the following is presented: the correlation test equation of the three independent variables (variable X):

**Table 4:** Correlation Equation of Financing, Murabahah, Istishna, and Multijasa

| | ***Total Financing*** | ***Murabahah*** | ***Istishna*** | ***Multijasa*** |
|---|---|---|---|---|
| *Total Financing* | 1 | | | |
| *Murabahah* | 0,124724737 | 1 | | |
| *Istishna* | 0,572705393 | 0,851932763 | 1 | |
| *Multijasa* | 0,478735331 | 0,661515599 | 0,897709716 | 1 |

**Data Source:** BPRS BTB Bogor Financial Report (2023-2024).

Based on the results of the correlation test above, the correlation coefficient (r) between total financing and murabaha is 0.124724737, indicating a very weak positive correlation. Furthermore, the correlation between Financing Distribution (Y) and Istishna (X2) is 0.57. This finding suggests that an increase in Istishna financing is associated with a moderate correlation with Financing Distribution. Istishna financing products have a greater impact on Total Financing Distribution than Murabahah financing products. Finally, the correlation coefficient between Financing (Y) and Multijasa (X3) is 0.48. This data indicates that as the distribution of Multijasa financing increases, it aligns with the corresponding increase in Total Financing issued by BPRS BTB. Although lower than Istishna, Multijasa still shows a stronger relationship with Total Financing than Murabahah.

Based on the simple correlation test above, the independent variables (Murabahah, Istishna, Multijasa) were tested for correlation with Total Financing. Istishna (0.57) shows the strongest positive correlation, followed by Multijasa (0.48), and the weakest is Murabahah (0.12). This data indicates, inferentially, that within the tested data domain, Istishna and Multi-service financing types have a more substantial contribution to the movement of Total Financing at BPRS BTB than Murabahah financing. The results of the correlation test above will serve as a basis for assessing whether the purpose of the financing restrictions in POJK 23 Year 2022 is qualitative causation (BPRS Bogor Tegar Beriman, 2022, 2023).

To assess the reliability of the variables, a multicollinearity test was conducted.

**Table 5:** Multicollinearity Test

| X1 | X2 | X3 |
|---|---|---|
| **1** | | |
| **0,577345495** | 1 | |
| **0,93956117** | 0,587325534 | 1 |

Based on Table 5, it is known that in the Murabahah and Istishna relationship, the Tolerance value is 0.6667 and VIF is 1.50. The correlation between Istishna and Multijasa shows a Tolerance value of 0.1172 and a VIF of 8.53. For Murabahah and Multijasa, the Tolerance value is 0.6550 and the VIF is 1.53. Since all Tolerance values are above 0.10 and all VIF values are below 10, it can be concluded that multicollinearity does not affect data quality, so the regression model coefficients are sufficiently reliable.

### Analysis

Based on the findings and statistical analysis of BPRS BTB Bogor data, the initial assumption stated in the preamble of POJK 23 of 2022 — that increased financial inclusion can be achieved through restrictions on financing disbursement, given BPRS BTB's ability to *do so — is not fully* supported. This finding is based on testing the relationship between total financing (Y) and the three main types of Islamic financing products, Murabahah, Istishna, and Multijasa (X1, X2, X3), which are used as proxies for the effectiveness of the intermediation function of BPRS as a result of the POJK 23 Year 2022 regulation (Isnurhadi et al., 2022).

The regression test results indicate a *good fit,* with an R-squared of 95.16%, suggesting that the combination of the three variables effectively explains the variation in total financing. However, the simple correlation test results show that Murabahah has only a very weak correlation with total financing ($r = 0.12$), Istishna has a moderate correlation ($r = 0.57$), and Multijasa has a relatively strong correlation ($r = 0.48$).

Meanwhile, if we base causal validity on direct correlations between variables, the results do not fully support the hypothesis underlying POJK 23 of 2022. Although the overall regression model is strong, the low correlation between Murabahah, the dominant financing product, and the improved intermediation function weakens the claim of a direct relationship between regulatory success and the improved intermediation function (Soekarni et al., 2024). This finding suggests that it is not solely regulation, but also specific product strategies and market dynamics that are the main drivers of financing (Badriyah et al., 2023).

The subject of the above test is BPRS BTB Bogor, a financial institution with 95% share ownership held by the Bogor Regency Government. As a representation of BPRS that is within the scope of supervision of POJK 23/2022. This finding is important because BPRS BTB Bogor is used as a case study to assess the generalizability of the hypothesis that POJK is effective nationwide in promoting the intermediation function (Faizulayev, 2025).

Testing was conducted based on financial statements and financing data from BPRS BTB in Bogor, West Java. This finding is important because local conditions, including market demand, MSME absorption capacity, and internal bank readiness, affect the response to regulations. This finding suggests that the success of financing expansion at BTB does not necessarily reflect the overall effectiveness of the regulation (Asrori, 2024).

The observed data span from Quarter 1, 2023, to Quarter 3, 2024, covering more than a year since the enactment of POJK 23/2022. During this period, financing increased, especially in the second half of 2024. However, the relationship cannot be directly attributed to the regulation without considering other external variables, such as management expansion strategies, macroeconomic conditions, and product marketing policies.

Statistically, the regression model indicates that the combination of the three financing types makes a significant contribution to total financing, with an F-value of 0.017 and an adjusted R-squared of 90.31% (Syarif, 2024). However, when analyzed individually, only Multijasa and Istishna show a stronger correlation to total financing. Murabahah, previously assumed to be the primary driver, shows a weak correlation, suggesting that the growth of total financing is no longer dependent on a single dominant instrument. This finding suggests that product diversification strategies and multi-service innovation are more decisive than mere *compliance* with regulatory restrictions (Adenan, 2025).

The correlation test results show a difference in strength among financing product variables, with Murabahah as the dominant product and having a weak influence. This finding suggests that financing expansion is more the result of internal strategies and market needs than of POJK 23 of 2022 alone. This regulation contributes structurally but not significantly, because regulatory factors are not the only or main drivers of increased intermediation (Waluyo, 2025).

However, the hypothesis can be partially supported, as instruments such as Multijasa and Istishna continue to show a meaningful correlation with total financing, indicating that POJK 23/2022 does not hinder product diversification and may even provide room for flexibility in fund distribution. Thus, regulatory effectiveness is optimal only when supported by the quality of internal governance, product innovation, and the overall readiness of the microfinance ecosystem (Azhar et al., 2025).

### Research contribution

The contribution of this research is to understand the effects of Financial Services Authority Regulation (POJK) Number 23 of 2022 on Sharia People's Financing Banks (BPRS), particularly regarding the Maximum Fund Disbursement Limit (BMPD) (Damanik et al., 2024). The study underscores how this regulation encourages BPRS to diversify their financing products, thereby enhancing their intermediation function and promoting financial inclusion for underserved Micro, Small, and Medium Enterprises (MSMEs) (Pramita et al., 2024). Although POJK 23 does not directly increase Total Financing, it incentivizes BPRS to adopt a product diversification strategy, especially by optimizing financing methods such as Multijasa and Istishna (Wahyudi & Suwitho, 2022).

This approach reduces reliance on traditional financing methods, fostering a healthier financial ecosystem (Risfandy & Pratiwi, 2022; Akbar & Siti-Nabiha, 2022). Moreover, the research highlights the importance of mediator variables, demonstrating that the product diversification strategy is essential for translating regulatory compliance into increased financing. It also identifies moderator variables, such as the quality of internal governance, that can either strengthen or weaken the regulation's impact on intermediation outcomes. Overall, this study emphasizes the significance of strategic adaptation to regulation in enhancing the operational success of BPRS (Rahayu & Isfianadewi, 2023; Zulpahmi et al., 2022).

## D. Conclusion

Based on the above discussion, it can be concluded that quantitatively, the effectiveness of POJK 23 of 2022 and total financing representing financial inclusion of BPRS BTB does not take place in a direct linear manner, but is mediated by product diversification strategies and moderated by internal and external factors such as governance and market conditions. The case study on BPRS BTB Bogor shows that POJK 23 Year 2022 encourages strategic adaptation, shifting from Murabahah dominance to Istishna and Multijasa financing, which is more strongly correlated with the increase in total financing. The regression model exhibits high explanatory power; however, the item-level correlation indicates that Murabahah is the primary driver. This conclusion suggests that regulatory effectiveness is optimal only when the BPRS is internally prepared and responsive to the market. This conclusion means that POJK 23 Year 2022 can only act as a catalyst for institutional behavior change, rather than being the sole determinant of increasing financial inclusion among MSMEs. The interaction between variable X (Murabahah, Istishna, and Multijasa) and variable Y (total financing) occurs through the activation of internal mechanisms (M) that are strengthened or weakened by governance conditions and market conditions, making POJK 23 Year 2022 functionally effective in the context of adaptive institutions. This analysis result enriches the policy discourse by emphasizing the importance of context-based regulatory design and institutional responsiveness to normative pressures.

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