

MSME Development during Covid-19 Through Sharia Banking in Madura Indonesia

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Abstract

Islamic banking has a different application from conventional banking which uses interest, while Islamic banking is based on profit-sharing financing developed through musyarakah and mudharabah financing products. Thus, Islamic banking should have a positive impact on the growth of the real sector during the Covid-19 period which has hit all corners of Indonesia, including Madura. One of the business units that need to be developed to encourage growth in the real sector is micro, small, and medium enterprises (UMKM) which in the current national economy have a very important position. The public hopes for Islamic banking in developing UMKM during the Covid-19 era. The purpose of the study was to determine the development of UMKM during the Covid-19 era through Islamic banking in Madura. Qualitative research method by making a systematic, factual, and accurate description of the development of UMKM during the Covid-19 period through Islamic banking in Madura, by observing, interviewing in-depth, and documenting. The key informants are the Director of BPRS and the Supporting Informants are sharia banking practitioners, MSME actors, and Madurese community leaders, informants are selected based on certain goals and considerations. 10 roles carried out by BPRS during the Covid-19 period in developing UMKM in Madura, BPRS Bhakti Sumekar is more sensitive to UMKM which are customers or partners even though during the Covid-19 pandemic they still serve financing for MSME actors and provide Financing Relaxation for UMKM in Madura and implement Profit Sharing Financing Program That Really Helps Develop UMKM in Madura.

Keywords : Covid-19, Finance, Islamic Banks, and MSMEs.

Introduction

Sharia Bank is a bank that operates according to or based on Islamic sharia principles by referring to the Qur'an and Hadith as the legal and operational basis.

The development of Islamic banking in the archipelago has had a broad influence on efforts to improve the Muslim economy and new awareness for the public to adopt and expand Islamic financial institutions. The banking crisis that occurred in 1997 has proven that banks operating with sharia principles can survive amidst turbulence in high interest rates and exchange rates. This awareness is supported by the characteristics and business activities of Islamic banks which prohibit conventional interest and declare it haram.

The principles adopted by Islamic banks in carrying out their objectives include the principle of murabahah, the principle of mudharabah, the principle of musharaka, the principle of wadiah and the principle of ijarah. Islamic economics is a science that studies all forms of human behavior in meeting the needs of life with the aim of obtaining falah (peace and prosperity of the hereafter). Human behavior here relates to the foundations of sharia as well as the way of behaving and the tendencies of human nature. These two things interact with their respective portions so as to form a unique economic mechanism based on divine values. In 1997-1998 Indonesia was experiencing a monetary crisis which resulted in the number of poor people in Indonesia increasing. Micro, small and medium enterprises (MSMEs) have played an important role in overcoming the economic crisis that has hit

Indonesia. On the other hand, the micro, small and medium enterprises sector has also been able to contribute in encouraging Indonesia's economic growth so far. This can

happen because MSMEs use domestic resources both human resources, raw materials and equipment so that they do not depend on exports. In addition, production results from the MSME sector are aimed at meeting the domestic market share.

At this time, at the beginning of 2020, almost the whole world, including our beloved country, Indonesia, is grieving because it was hit by the Covid-19 outbreak which greatly weakened the Indonesian economy, it is inseparable from Sumenep Regency, which is clear that MSMEs in Sumenep Regency have been affected by Covid-19, to recover these MSMEs is very important. need capital assistance from banks, in this case Islamic banking which is very close to the Sumenep community because of its profit-sharing system and its commitment to developing MSMEs is very good. Evidence of sharia banking commitment to people's economic empowerment is to provide financing that is channeled to the Micro, Small and Medium Enterprises (MSME) sector. The main focus of Islamic banks is the distribution of capital to the MSME sector which incidentally requires broad access to reach them. Why does the MSME sector need capital distribution? Because the national MSME sector is known to have positive characteristics such as a sector that absorbs a large workforce, accommodates the role of the poor and is dominant in the economic structure. Limited capital will cause MSMEs to move more narrowly, for example having difficulty in developing their business because they are unable to meet consumer needs. If this is not resolved, it is possible that efforts to create jobs will be difficult to pursue. The provision of credit or capital to MSME actors will directly affect the volume of business if it is used as working capital. If the financing is used for investment or for business diversification, it will increase job opportunities which in turn will increase business volume as well. The increase in business volume will be able to increase income for SMEs and workers who work for the company. The government as the policy holder is expected to support the development of micro, small and medium enterprises (MSMEs). In addition, existing financial institutions can support and help overcome capital problems which are a common problem faced by them during the Covid-19 pandemic, which has a very strong impact on MSMEs in Madura.

Seeing the problems above, the formulation of the research problem is: "How is the development of SMEs in the Covid-19 era through Islamic banking in Madura.? This study aims to determine the development of MSMEs during the Covid-19 period through Islamic banking in Madura.

Literature Review

Characteristics of Islamic Banking

The emergence of Islamic banking is seen as a solution to the inability of conventional banking to accommodate the objectives of economic activity according to an Islamic perspective, namely circulation of prosperity, security, authenticity, equity, labor welfare and morality.

According to The Sharia Training Center in Maheasy (2006), Islamic banking is a bank whose operations and products are developed based on Islamic sharia principles. Islamic banks operate on the principle of profit sharing and do not use interest as a tool to facilitate income. The main principles are partnership, fairness, transparency and universality.

Islamic banking is a banking system based on Islamic rules and regulations. Sharia bank operations are different from conventional banks. The difference between Islamic banks and conventional banks concerns the legal aspects, structure, financed business, and work environment (Antonio, 1999). Karim (1990) states that the feature that distinguishes Islamic banks from conventional banks is that all their financial transactions must comply with Islamic sharia. Meanwhile, Tomkis in Karim (1990) explains how the perception of Islam influences business behavior and highlights the differences between Islamic and Western business practices. Different social roles regarding business behavior result in differences in the organization's financial operations, accounting and financial

analysis. Furthermore, the Qur'an (Sura Al Baqoroh: verses 275-276) describes Islamic law which prohibits the payment and acceptance of usury, gambling (Sura Al Maidah: verse 90), hoarding (Surat At Taubah: verse 34), and speculation. (Khatib, 1961; Qureshi, 1976) in all financial transactions. Islamic institutes also cannot invest in companies that trade alcohol, pork, and other activities that are considered unlawful from an Islamic perspective.

Meanwhile, the establishment of banking with a sharia system is based on three main reasons, namely: (1) the existence of a profit-sharing system, (2) the view that interest in conventional banks is haram because it is included in the category of usury which is prohibited in Islam, (3) from the economic aspect, handing over business risks to other parties is considered to violate the norms of justice, according to (Ratnawati in Maheasy, 2006).

According to (Antonio, 2001: 95-123) the main activities of Islamic banking must use the basic principles of Islamic banks that are set, namely as follows:

1. Al Mudharabah
2. Al Musharaka
3. Al-Wadiah
4. Al Murabaha
5. Greetings
6. Istishna'
7. Al Ijarah
8. Al Qordhul Hasan
9. Rahn
10. Al Hawalah
11. Al Wakalah
12. Al Kafalah

Sharia Banking Business Activities

Sharia business is not only related to business prohibitions related to pornography, gambling, alcohol, and other activities that according to Islamic views are immoral and anti-social. However, sharia business is intended to make a positive contribution to the achievement of better social economic goals for the community. Sharia business is run to create a good business climate and free from fraudulent practices. Sharia business is a business that is conditional and value-oriented (Muhamad, 2002).

Islam is basically an ethical and moral code of human behavior. This is in accordance with the hadith of Abu Hurairah, which states that the Prophet Muhammad only sent for the purpose of moral perfection of good human beings assessed that the Islamic moral and ethical code on behavior would be able to penetrate human life.

Justice (adala) and goodness (ihsan) (Al Qur'an Surah Al Maidah: verse 8) by Siddiqi in Yaya and Hameed (2004), are considered as the main moral values in economic activity derived from the Qur'an. Siddiqi in Yaya and Hameed (2004), argues that these two values are the basic values that guide almost every activity of Muslim life, even Islamic business should also be characterized by justice and kindness.

13. Adala (justice)
14. Ihsan (goodness)

The Impact of Covid-19 for MSME Actors

The spread of the Covid-19 virus has an impact on SMEs in Indonesia. One of them is Amin S Sutimin, who owns the Aneka Jaya Glass decorative lantern business in Jakarta. Amin admitted that the transactions he received had decreased suddenly since January 2020. "I feel like it's because of the corona virus, I don't know why suddenly our transactions have dropped by 20 percent since January," he said. Amin said that a month's

turnover usually reaches Rp. 100 million. The turnover was obtained because he exported his products to the United States and Australia. Not only that, the tourism and trade sectors have also experienced a drastic decline, especially for street vendors who are no longer able to trade due to the implementation of social restrictions, as well as online transportation. Even so, there are several factors that make MSMEs still able to survive in the midst of the Covid-19 outbreak.

Generally, MSMEs produce consumer goods and services that are close to the needs of the community. People's incomes that have fallen drastically do not have much effect on the demand for goods and services produced. MSMEs can even move and absorb workers even though they are limited in number and in the Covid-19 situation.

MSME business actors generally utilize local resources, both human resources, capital, raw materials, to equipment. This means that most of the needs of MSMEs do not rely on imported goods. And third, in general, MSME businesses are not supported by loan funds from banks, but from their own funds.

The role of MSME actors in the midst of the epidemic to maintain the growth of MSMEs is very important. What the government now needs to do is contain the spread of Covid-19. Because, holding back the spread of Covid-19 will affect the economy. The question is, how long can they survive, and how many SMEs can survive? Therefore, the government needs to take concrete steps to protect MSMEs affected by Covid. 19. Therefore, it is worth waiting for the realization of the directives from the government.

The Role of Islamic Banking on MSMEs

Micro, Small and Medium Enterprises (MSMEs) in the Indonesian economy have a very important role in increasing the competitiveness of the micro economy, this role includes the MSME sector which is known as a sector that can absorb a large number of workers nationally, accommodate the role of the poor in the structure of the economy, and is a sector that has great potential to contribute to GDP. Therefore, it is an obligation for the government and related parties to take a

leading position in encouraging this sector to develop better. One of the efforts that is the driving force for the development of the MSME sector is to provide easy access to business capital for the MSME sector. The focus of the role of Islamic banking today is to help the MSME sector. Islamic banking realizes that the MSME sector is the largest sector in Indonesian society. There are around 52 million MSME units active in Indonesia and 9 percent of them are engaged in the micro sector.

Regarding working capital funding, Islamic banks channel it through direct or indirect financing. Some Islamic banks use *baitul maal wat tamwil* (BMT) to channel financing. Each Islamic bank has a variety of financing strategies, for example, Islamic banks establish micro-financing service centers such as MSME outlets or MSME centers. In addition, the concept of linkage was also developed, in which larger Islamic banks channel their MSME financing through smaller Islamic financial institutions, such as BPRS and BMT. This program runs because large Islamic banks have not yet reached the center of the micro and small business community. In addition, small Islamic financial institutions have more direct contact with MSME business actors. Linkage financing between Islamic banks and BMTs can be in the form of joint financing and executing. Joint financing is that Islamic banks and BMT both provide financing to MSME actors. While executing is that Islamic banks provide funding that can be used by BMTs in their financing to their MSME customers. Renny Oktafia also stated that there are 3 forms of linkage programs between Islamic banking and Islamic microfinance institutions, namely first, the form of channeling which means that Islamic microfinance institutions do not have the authority to decide on the financing provided by Islamic banks to customers of Islamic microfinance institutions, because they act only to the extent of agent. Second, the form of executing, which means that financing originating from Islamic banks is given to Islamic microfinance institutions, to be channeled to their customers and Islamic

microfinance institutions have the authority to decide whether the financing is approved or not. Third, the form of joint financing, which means joint financing of Islamic banks with Islamic microfinance institutions, where the authority lies with both parties and outstanding is recorded in accordance with the portion of financing to customers of Islamic microfinance institutions. (Oktavia, 2014) The sharia banking service products that serve as guidelines for the MSME sector include:

Profit sharing (*Musyarakah*), ie profits earned will be divided in a ratio agreed upon at the beginning, while losses will be divided based on the ratio of equity owned by each party. The basic difference with *mudharabah* is that in this concept there is management intervention, while *mudharabah* does not.

Mudharabah, which is an agreement between the capital provider and the entrepreneur. Each profit earned will be divided according to a certain agreed ratio. The risk of loss is fully borne by the Bank except for losses caused by mismanagement, negligence and irregularities on the part of the customer such as fraud, fraud and abuse.

Based on the two types of Islamic banking services that have high potential to help business actors in the MSME sector above, it can be concluded that financing from Islamic banking institutions is very supportive of economic and industrial activities. This means that Islamic banking has rules and tolerance for business conditions and facilitates the needs of entrepreneurs and customers for financing facilities. One of the superior products for financing micro, small and medium enterprises in Islamic banking is *mudharabah*, in the *mudharabah* system the determination of profit sharing is guided by the profit and loss of the borrower. The amount of profit sharing deposited with sharia institutions is known after trying or after making profits. Because the *mudharabah* system is profit sharing and is based on profit and loss, it is considered very suitable for financing micro, small and medium enterprises for small business actors because they do not feel burdened.

Method

The research uses qualitative research methods, namely by describing systematically, accurately and factually about the facts and characteristics that exist in the object of research qualitatively. This means that in this study the researcher will reveal a phenomenon or problem that occurs in the object of research related to the development of MSMEs during the Covid-19 period through Islamic banking in Madura. The research was conducted in the Madura area, starting from January to July 2021. Key informants who will be interviewed by researchers are the Director of Sharia Banking and several MSME actors in Madura, while the supporting informants are Islamic banking practitioners and MSME actors and several academics in the Madura area.

The type of qualitative data, and the source of research data is primary, where researchers obtain data directly from informants through observations, intense and in-depth interviews and documenting conducted by researchers with technical data analysis carried out by collecting and interpreting data by making comparisons between results and existing theories and combines the results of observations, interviews and documentation. Later, it will also be presented and describe the answers of the informants chosen by the researcher. There are 3 ways to find activities in data analysis, namely: Data Reduction, Data Presentation, and Drawing Conclusions with Triangulation Data sources and methods.

Results and Discussion

The losses caused by the Covid-19 pandemic have penetrated all sectors of the economy which will take a long time to recover as before. The pandemic has also caused millions of people to lose their jobs. Based on the data released, the ILO estimates that 6.7% or the equivalent of 195 million full-time workers will be affected by the global pandemic in the second quarter. In early 2020, before the outbreak of the COVID-19

outbreak, the global unemployment rate reached 190 million. Today, it is estimated that around 81% of the 3.3 billion global workforce is fully or partially affected. However, the sectors that suffered the biggest losses were micro, small and medium enterprises (MSMEs). This does not only happen in big cities in Indonesia but throughout Indonesia, including all districts in the Madura region.

MSMEs are closely related to banking. In fact, most of the perpetrators are debtors or banking customers, including Islamic banking which is closest to MSME actors in Madura, banking is the main factor so that MSMEs can continue to survive during the Covid-19 Pandemic or adaptation of new habits implemented by the government.

The implementation of large-scale social restrictions (PSBB) policies in several cities in Indonesia some time ago, including in Madura, made MSMEs experience severe suffering. How not, many MSMEs are forced to lay off their employees, even forcing them to take leave without salary compensation. From the description above, the researcher wants to know

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Impact of the Covid-19 Pandemic on MSMEs

The Covid-19 pandemic has become a threat for Micro, Small and Medium Enterprises. The existence of the Covid-19 pandemic has become an obstacle for MSMEs in running their business. However, this is not felt by all SMEs. There are some SMEs whose businesses are still running smoothly despite the Covid-19 pandemic. To find out the impact of the Covid-19 pandemic on MSME actors in Madura, the author went directly to the field to conduct in-depth interviews with the object under study. The obstacles faced by SMEs in Madura.

During the Covid-19 pandemic, MSMEs in Madura experienced a decline in sales. A decrease in sales will have an impact on the employees or craftsmen who work there. The author asked whether you experienced a drastic decline in sales during the Covid-19 pandemic to UD owners. Al Barokah Mr. Taufan Febriyanto he stated that:

“In the beginning, it could be said that it was drastic, when there was an impact, the term was affected. When at the beginning of Madurai there was something positive, it was felt all over. In fact, some of my workers have been laid off before, not actually laid off. Currently at home and not working. They haven't worked, I'm both sorry, because of a situation like this, it might even be said that half of my craftsmen don't work at all. Well, it's up to them if I let them go, the term is what they want to do for now, it's up to that.” (Taufan Febriyanto, 10 June 2021).

Taufan febriyanto said that he experienced a decline in sales during the Covid-19 pandemic so that half of his craftsmen were laid off.

During the Covid-19 pandemic, the government issued regulations to implement Large-Scale Social Restrictions or PSBB so that people were prohibited from leaving the area, the government also issued regulations to close the tourism sector. This regulation caused my Batik MSMEs to experience a decline in sales. Because currently there are no visits from tourists to buy their products. The author asks about whether the implementation of PSBB and the closure of the tourism sector are one of the causes of the decline in demand from consumers during this Covid-19 pandemic?

Taufan Febriyanto replied: "Yes, that's right". (Taufan Febriyanto, 10 June 2021).

The decline in sales experienced by MSMEs UD, Al Barokah was caused by the regulation on the implementation of Large-Scale Social Restrictions or PSBB and the closure of the tourism sector.

This is in line with what Ahmad Zaini, the owner of CV. Jasmine Batik. During the Covid-19 pandemic, SMEs CV. Batik Tulis Melati experienced a decline in sales. Ahmad Zaini says:

"There are no buyers at all because of this corona, everything is total, all the workers have stopped, because there are no outside guests coming in." (Ahmad Zaini, 10 June 2021).

There is a decline in sales experienced by CV. Jasmine Batik has a great impact on the fate of the employees and craftsmen who work in these SMEs. All employees and craftsmen were laid off due to a decrease in consumer demand for batik products. Where currently there are no visitors from outside the region or abroad who buy these batik products. This is due to the implementation of Large- Scale Social Restrictions or PSBB and the closure of the tourism sector. Ahmad Zaini says:

"Especially from tourism, there is none at all, right? It's down in sales. There are only one or two but not many, but still local people, not people from outside." (Ahmad Zaini, 10 June 2021).

The decline in sales experienced by CV. Al Barokah's Batik Tulis is currently due to the absence of visitors from tourists who buy their batik products. Right now there are only one or two people buying.

The same question was also asked to the owners of SMEs Carving. During the Covid-19 pandemic, Mr. Ahmad experienced a decline in sales, he said that:

"It's drastic that the remaining 10% of turnover is far from the years before Covid, when it entered February, after February, there was a total traffic jam, only a few have just started again. After Lebaran until now it has started well until today we have a decent turnover, we have already got several tens of millions of them". (Ahmad, 15 June 2021).

After the Covid-19, buying and selling transactions were not smooth so that the turnover of Canteng Koneng was only 10% left. However, after the month of Ramadan, buying and selling transactions began to run smoothly again. The decline in sales he experienced was due to regulations from the government to implement Large-Scale Social Restrictions or PSBB and the closure of the tourism sector. Mr Ahmad says:

"That's right, very impactful." (Ahmad, 15 June 2021).

The existence of Large-Scale Social Restrictions or PSBB regulations and the closure of the tourism sector have had an impact on the decline in sales experienced by MSMEs carving.

The same question was also asked to the Catering Business owner, During the Covid-19 pandemic, Mrs. Sakinah experienced a very drastic decline in sales.

Based on the results of the interview above, it can be concluded that MSMEs in the Madura region experienced a decline in sales during the Covid-19 pandemic. The decline in sales experienced by MSMEs in the district was caused by government regulations to implement PSBB and the closure of the tourism sector. So that currently there are no tourists who visit to buy their products.

Developing MSMEs During the Covid-19 Period Through Islamic Banking in Madura Indonesia

The corona outbreak or what is known as Covid-19 has triggered a major economic impact that is more severe than that caused by the global financial crisis in 2008. The losses caused by the Covid-19 pandemic have occurred in all sectors of the economy which will take a long time to recover. However, the sectors that suffered the biggest losses were micro, small and medium enterprises. This is not only happening in Indonesia, but also in other countries affected by the outbreak.

The MSME industry is suffering the most from the economic slowdown caused by the implementation of large-scale social restrictions (PSBB) in several cities in Indonesia. Many of them are struggling to survive in order to keep operating even during the pandemic.

In fact, many MSMEs are forced to lay off their employees or force them to take unpaid leave. According to data from the Ministry of Manpower, the total number of

workers who have been laid off and laid off has reached more than three million workers as of May 8, 2020. This is also what happened in the Madura district and according to what the existing MSME actors said. in Madura.

OJK has issued POJK No. 11/POJK.03/2020 to provide relaxation to banking customers, including sharia banking in it, namely to facilitate the restructuring and rescheduling process for customers affected by the spread of the Covid-19 virus, especially MSME or non-MSME customers who have financing below Rp 10 billion, valid for the next one year depending on the policies of each Islamic bank.

The researcher conducted an interview with the President Director of BPRS Bhakti Sumekar on May 15, 2021, namely Mr. Fajar, who is also the Director of Operations, He said many things about the more roles that the BPRS Bhakti Sumekar bank could take for MSMEs during the pandemic, including:

First, providing a delay in payment of murabahah or rental installments in ijarah and musharakah mutanaqishah contracts (between 6-9 months) for customers affected by the pandemic, both direct and indirect impacts. As for mudharabah, musharakah, and wakalah contracts, the payment of profit sharing can be postponed or abolished.

Second, providing restructuring facilities to affected customers, especially in ijarah and musharakah mutanaqishah contracts so that the rental fees charged to customers can be smaller than usual.

Third, provide rescheduling facilities based on customer requests so that the nominal installments or rental fees are small, for example, the initial five years can be extended to 10 years, or the 10 years can be extended to 20 years. This is with a note for murabahah contracts, the price cannot be changed from the initial agreement. That is, the bank's profits will remain. However, for ijarah contracts and the like and musharakah mutanaqishah contracts, the rental fee can be adjusted according to the circumstances and mutual agreement between the Islamic bank and the customer.

Fourth, for customers who have previously been in arrears, customers can also request restructuring or rescheduling facilities.

Fifth, costs. Islamic banks must also reduce the cost of various banking services and not incur new costs during the pandemic.

Sixth, Zakat of companies and shareholders. Islamic banks and shareholders issue 2.5 percent of their corporate zakat to help the economically weak community and channel it to professional state and private zakat institutions. In accordance with the patwa, international scholars also agree that zakat can be issued before reaching the haul.

Seventh, employee Zakat. Collecting zakat on employee income to be distributed to zakat institutions.

Eighth, Fund the benevolence account. Distribute all funds in charity accounts originating from late payment fines for customers or agreements that are not in accordance with sharia for handling Covid-19.

Ninth, CSR Fund PT. BPRS Bhakti Sumekar distributes for handling the pandemic, distribution of basic necessities, and medical equipment for people in need.

Tenth, bank profits. Lastly, PT. BPRS Bhakti Sumekar distributed a few percent of the profits in 2019 for handling the spread of Covid-19 in 2020.

Ten roles that can be carried out by BPRS Bhakti Sumekar to improve or maintain and develop MSMEs in the Madura area during the Covid-19 Pandemic.

On the same day in a different place, the researcher conducted an interview with one of the Directors of PT. BPRS Bhakti Sumekar On May 15, 2021, Mr. Cahya said the same thing that the role of BPRS in increasing MSMEs in Sumenep Regency during the covid-19 period. We have fully implemented these ten things, this is in accordance with POJK No. 11/POJK.03/2020, which is to provide relaxation to our banking customers, and God willing, in the near future, this year, we will launch a program that will help existing MSMEs. in Sumenep Regency in the form of financing that eases MSMEs.

In addition, Islamic banks are expected to be able to present products that provide more social impact during this pandemic, not only focusing on profit maximization. Because last year, Islamic banks have also been able to generate large profit growth compared to the previous year. So there is nothing wrong with this year's focus on economic recovery and helping SMEs affected by Covid-19.

To deepen our research, we conducted an interview with one of the heads of the BSI branch office in Madura, Mr. Miming on 20 May 2021, he stated that many of our customers, namely MSMEs, took advantage of the leeway or relaxation provided by us, although not all MSMEs took advantage of it. because there are MSMEs who are not too affected by the Covid-19 Pandemic, some ask for a rescheduling so that the nominal installments or rental fees are small, for example, initially 4 years can be extended to 6 years, or 8 years can be extended to 12 years. with a note for murabaha contracts, the price cannot be changed from the initial agreement. That is, the bank's profits will remain. However, for ijarah contracts and the like and musharakah mutanaqisah contracts, the rental fee can be adjusted according to the circumstances and mutual agreement between the bank and the customer.

At a different time and place, we conducted an interview with one of the MSME actors in the islands who is a customer of BPRS Bhakti Sumekar on May 25, 2021, he stated that it is true that the role of Islamic banking is highly expected, especially during the Covid-19 pandemic like this to support capital in running a business for maintain and develop, as I feel now with the relaxation from BPRS Bhakti Sumekar I can breathe during the Covid-19 pandemic which caused our business turnover to decline and even plummet, and we also heard that financing at BPRS continues despite the current pandemic.

The author talks or FGD with academics about the role of Islamic banking for MSMEs in Madura, actually Islamic banking has a noble mission to develop the people's economy but also has a double burden, it can even be said to have three burdens, namely tax obligations, CSR and Corporate Zakat. This has become a close meeting point between MSMEs and Islamic Banking in Madura, where the Madurese community is famous for its high religious community so that people are closest to Islamic banking than conventional banking, especially starting in 2020 3 BUMN Sharia Banks, namely BRI Syariah, BNI Syariah, and Bank Syariah Mandiri into One, namely BSI (Bank Syariah Indonesia). In addition, the existence of a BPRS owned by the region in Madura is very helpful for MSME actors in developing their business because they know best and are the closest to the community, meaning that Islamic banks are already popular in the hearts of the people of Madura.

From the description above, the researcher concludes that Islamic banking is very helpful, especially BPRS in improving MSMEs during the Covid-19 pandemic, this is really felt by MSMEs in Madura. already a Partner of BPRS Bhakti Sumekar, there are about ten roles that can be taken by Islamic banking and BPRS Bhakti Sumekar in Madura to maintain and develop MSMEs during the pandemic.

The role of Islamic Banking (PT. BPRS Bhakti Sumekar) during the Covid- 19 era in Developing MSMEs in Madura was felt and expected by MSME actors to maintain and develop MSMEs in Madura.

The MSME actors in Madura are very closely related to Islamic banking, namely PT. BPRS Bhakti Sumekar is one example. In fact, most of the business actors are debtors or customers of BPRS Bhakti Sumekar, with this kind of banking being the main factor so that MSMEs can continue to survive and be able to develop their businesses during the Covid-19 Pandemic.

The implementation of large-scale social restrictions (PSBB) policies in 4 districts in the Madura region some time ago, made MSMEs experience severe suffering. How not, many MSMEs are forced to lay off their employees, even forcing them to take leave without compensation or salary or lay off their employees.

Fortunately, there is POJK No. 11/POJK.03/2020 to provide relaxation to banking customers, on that basis BPRS Bhakti Sumekar provides ease of restructuring and rescheduling processes for customers affected by the spread of the Covid-19 virus, especially MSME or non-MSME customers who have financing in Indonesia. BPRS Bhakti Sumekar.

In responding to this policy, there are 10 things that must be done by BPRS Bhakti Sumekar in supporting the sustainability of MSMEs in Madura.

First, Islamic banks provide delays in installment payments for customers who use murabahah, ijarah, and musyarakah mutanaqishah contracts whose time periods are in accordance with the policies of each bank. . For example, the initial five years can be extended to 10 years, provided that certain contracts such as mudharabah profit sharing cannot be changed from the initial agreement. However, for some other contracts such as ijarah and the like, the rental fee can be adjusted according to the conditions and mutual agreement between the customer and the bank. Third, customers who previously experienced payment arrears can also request restructuring and rescheduling facilities. On the other hand, Islamic banks must also reduce various banking costs and not incur new costs.

In addition, there are many funds in Islamic banking that must be managed wisely by Islamic banks, including zakat funds for companies, shareholders, and employees; benevolence funds, CSR funds, and even Islamic banks must also distribute some of their profits for handling Covid-19 in Madura, this is according to the results of interviews with the Director of PT. BPRS Bhakti Sumekar Sumenep. and God willing, in the near future, this year, to be precise, we will launch a program that will help MSMEs in Madura in the form of financing that eases MSMEs.

Conclusions and Suggestions

Conclusion

From all the information data obtained, the researcher can solve the problems that have been discussed in previous chapters, so from the discussion or results that have been written the researcher can give the following conclusions:

Based on POJK No. 11/POJK.03/2020. The 10 roles played by BSI and BPRS Bhakti Sumekar during the Covid-19 era in developing MSMEs in Sumenep Regency, namely providing delays in installment payments, scheduling installments or re-sharing results according to customer requests. provide restructuring and rescheduling facilities. In addition, there are many funds in Islamic banking that must be managed wisely by Islamic banks, including zakat funds for companies, shareholders, and employees; benevolence funds, CSR funds, and even BPRS also distribute some of their profits for handling Covid-19 in the Madura area.

Sharia Banking in Madura and BPRS Bhakti Sumekar, which are more sensitive to the development of MSMEs which are customers or partners, even though during the Covid-19 pandemic, they still serve financing for MSME actors and provide Financing Relaxation for MSMEs in Madura and God willing, in the near future, namely this year, even during the Covid era. -19 will launch a program that will help develop MSMEs in Madura in the form of financing that relieves MSMEs.

Suggestion

1. For MSMEs, always innovate even during the Pandemic to create new products, consider giving credit, and use social media as much as possible by utilizing electronic trading applications.
2. For the government, the government should be more alert to ensure that the assistance affected by Covid-19 is quickly distributed to MSMEs in need on a regular basis so that MSMEs continue to develop.
3. For BSI and BPRS Bhakti Sumekar, provide programs that can revive

MSME actors, such as the light profit sharing program and flexibility from the Islamic Banking side.

4. For the next researcher, it is recommended to compare the role of conventional banks and Islamic banks in developing MSMEs in Madura.

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