

# The Role Of Bri Kur Financing In Supporting The Green Economy For Sustainable Development From An Islamic Economic Perspective

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**Abstract:** This study aims to analyze the role of People's Business Credit (KUR) financing in supporting a sustainable economy and to review its suitability with an Islamic economic perspective. The study employed a qualitative approach, with primary data sources obtained through interviews with BRI Regional Office Surabaya and KUR customers, as well as secondary data in the form of journals and relevant research findings. Data collection was conducted through interviews, observation, and documentation, while data analysis included data reduction, presentation, and drawing conclusions. Data validity was tested through extended interviews and discussions. The results indicate that KUR financing plays a role in supporting a sustainable economy by integrating environmental, economic, and social dimensions, through strengthening the productivity and resilience of MSMEs, increasing financial literacy and inclusion, and encouraging more responsible business practices.

**Keywords:** KUR BRI financing; Green Economy; Sustainable Development (SDGs); Islamic Economics

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## 1. INTRODUCTION

In recent decades, environmental and sustainability issues have become a global focus. This includes the UK, France, and China, with their greater focus on green growth, as well as several African countries such as Rwanda, Morocco, Ethiopia, Senegal, and South Africa (Kristianto, 2020). Raimi (2024), in Brunei Darussalam, who studied "The Role of Entrepreneurship as Catalysts for Sustainability and a Green, Resilient Economy: Critical Discourse Analysis," stated that entrepreneurship, sustainability, and the creation of a resilient green economy are closely interconnected because they serve as solutions to challenges faced by conventional economic models, such as climate change, natural resource depletion, and social inequality. In neighboring countries, research by Normalisa Md Isa (2021) states that Malaysia has taken proactive steps to adopt green technology. Likewise, Daryl D. Green & Jack McCann (2021) stated in his research that excessive reliance on technology to create jobs and maintain people's quality of life can have unintended consequences. Ganli Liao's (2024) research shows that the digital economy is positively related to industrial green innovation efficiency and external knowledge sources, with external knowledge sources mediating the relationship between the two.

Indonesia is a country with significant potential to achieve sustainable economic growth through a green economy. Indonesia itself possesses abundant natural resources, including those that can be converted into renewable energy sources such as biomass, wind, solar, and hydropower (Khoirunisa Wahida & Hoirul Uyun, 2023). According to Jänicke, this concept is a more efficient, environmentally friendly economic system and uses resource-saving technology (Kristianto, 2020). According to Efrenza et al. (2023), the development of a green economy will affect several aspects of management, including economics, society, politics, and culture.

The government is striving to develop MSMEs through credit distribution as a means to accelerate the growth of this sector, with the hope that MSMEs can play a significant role in addressing unemployment and poverty (Zia, H. 2020). An empirical study by Syahril (2021) confirms that the People's Business Credit (KUR) has a significant impact on improving the people's economy. Bank Rakyat Indonesia (BRI), as the largest bank with an extensive network, has great potential to support green economy initiatives. This was further proven through a study conducted by Hayati (2020), which showed that BRI believes that implementing sustainable finance principles can increase the company's resilience and competitiveness in facing the challenges of an increasingly dynamic banking world.

In 2017, BRI disbursed loans to 21 RSPO/ISPO-certified palm oil companies amounting to IDR 23.24 billion. Furthermore, BRI also conducted business sector assessments through environmental impact analysis (AMDAL) instruments. In 2019, to increase the value disbursed, BRI conducted several special programs such as outreach to BRI Internal and Customers to raise awareness so that they can immediately meet the specified criteria or certification. BRI set a target for sustainable credit to grow by 12% to 14%.

Meanwhile, in 2018, of the total credit of IDR 804 trillion ( bank only ), 44% or around IDR 353 trillion was in accordance with sustainable finance principles. Meanwhile, from the corporate sector, credit worth IDR 197.9 trillion, equivalent to 37% of the total credit disbursed, was based on sustainable finance principles (Hayati, 2020).

People's Business Credit (KUR) can play a role in supporting sustainable growth in Indonesia because it integrates economic, social, and environmental aspects in its massive and penetrating implementation, reaching even remote areas. From an environmental and social perspective, KUR aligns with the principles of sustainable development, where KUR financing can be directed to support environmentally friendly business activities, so that economic growth will not sacrifice the sustainability of natural resources. Socially, KUR increases financial inclusion, empowers underprivileged communities, and promotes prosperity through mentoring and business management education provided by BRI. That is why, KUR is a representative instrument in encouraging sustainable growth . Based on Indonesian banking statistics data for 2024, the total outstanding credit by usage can be seen in the following table:

Table 1. Total Outstanding Credit Based on Usage

No.	Use	Distribution	Percentage
1	Working Capital Loan	2,848.7 T	37%
2	Investment Credit	2,423.5 T	31%
3	Consumer Credit	2,554.8 T	32%
<b>Total</b>		<b>7827 T</b>	<b>100%</b>

Source: Processed Research Data, 2025.

Based on credit distribution data of Rp7,827 trillion, the composition is divided into three main categories: Working Capital Loans of Rp2,848.7 trillion (37%), Investment Loans of Rp2,423.5 trillion (31%), and Consumer Loans of Rp2,554.8 trillion (32%). This shows that the majority of credit is directed to support business operations through working capital, while investment and consumption have almost equal portions. For the 2015–2024 period, the total outstanding KUR reached Rp490 trillion, with BRI contributing Rp150 trillion (31%) and other banks contributing Rp340 trillion (69%). From these figures, it is clear that BRI has a very significant role in distributing KUR, especially in reaching MSMEs across various segments of society.

By type of financing, the largest portion of KUR for working capital was allocated, exceeding IDR 150 trillion. This indicates that the majority of MSMEs utilize KUR to strengthen liquidity and support daily business operations. KUR directly contributes to increased production capacity, business stability, and job creation. BRI's role in distributing KUR for working capital is crucial to supporting inclusive and sustainable economic growth, while also demonstrating the banking sector's effectiveness in promoting MSME-based economic development.

However, empirically, various problems remain concerning the effectiveness of the KUR's role in supporting sustainable development. From an economic perspective, fundamental structural issues remain, particularly related to unequal access to productive financing sources for micro and small businesses. Although the MSME sector is recognized as the backbone of the national economy, most businesses still rely on limited capital and economically inefficient informal financing. This situation hinders increased production capacity, business innovation, and long-term business sustainability. Consequently, the resulting economic growth is illusory because it is not accompanied by strengthening the real economic structure and increasing sustainable productivity. Agustien (2019) shows that the productivity level of MSMEs remains relatively low compared to medium and large businesses, which is influenced, in part, by limited investment capital.

From an environmental perspective, Gao's study in Yuniarti (2013) states that financial institutions' awareness of ecological responsibility is not yet widespread. Although several studies have shown that green businesses can transform resource management and create cleaner industries, institutional support for integrating green economy principles remains limited. Empirical studies in East Java have shown that some banks still disburse KUR without adequately considering potential environmental impacts. As a result, sectors with high ecological risks, including heavy industry or businesses without an AMDAL (Environmental Impact Assessment), continue to access financing. This situation is exacerbated by banks' need to disburse large sums of funds within a limited timeframe, often hindering selective environmental compliance verification processes, indicating a dilemma between achieving quantitative targets and sustainability commitments.

Another observed issue is the low understanding of green economic principles among MSMEs, particularly regarding waste management. However, according to Antasari (2020), increasing waste volumes without effective processing mechanisms have the potential to create a new environmental crisis. In the social aspects observed, there is unequal access to economic resources, particularly to formal financing for micro-enterprises and low-income communities. This limited access places most MSMEs in a cycle of socio-economic vulnerability, characterized by dependence on exploitative informal financing, such as loan sharks and high-interest loans. This situation can suppress business owners' incomes and weaken household social resilience, increase the risk of poverty, and widen the gap in social inequality within society.

Various studies have shown that limited financial literacy and administrative barriers to accessing bank financing are key factors in socio-economic exclusion (Muhammad Hikmal Yazid, 2025). Consequently, the benefits of economic growth are not distributed equitably and sustainably. Therefore, the role of People's Business Credit (KUR) financing presents both challenges and opportunities as a public policy instrument to promote social justice by expanding access to capital, strengthening community economic independence, and creating an inclusive and equitable business ecosystem, in line with the principles of sustainable development and Islamic economic values.

Thus, a strong commitment is needed from stakeholders by considering the principles of sustainable development when providing credit to corporations and small and medium enterprises, so that environmental sustainability aspects become an integral part of financial decisions, so that banking institutions are encouraged to comply with stricter ecological standards, while strengthening the bank's commitment to supporting environmentally friendly business practices through efforts to bring significant benefits.

Several previous studies have examined the role of banking in implementing a green economy system. I Gusti Putu Diva Awatara's (2015) research highlighted the performance of agro-industrial companies through compliance with environmental management systems. Furthermore, Sari Yuniarti's (2013) research highlighted the role of banking in implementing green business and sustainable development. Meanwhile, Muhamad Aldo Efrenza et al. (2023) focused on entrepreneurial development within a green economy framework in Indonesia. Research by Agustin Dwi Lestari et al. (2024) provides insight into the challenges of implementing green banking, demonstrating the complexities of adopting environmentally friendly banking practices. Widyaningrum & Ratna Ayu's (2020) research examined the application of green banking at BRI Syariah in Madiun and Fahira Jeby who examined the application of green banking at Bank Syariah Indonesia KCP Bandar Lampung Antasari, which describes various empirical experiences from the Islamic banking sector in encouraging a green economy. Fahira Jeby (2024) analyzed the Green Banking Application at Bank Syariah Indonesia KCP Bandar Lampung Antasari.

The research reviewed above shows significant differences with the current research. The current research presents a new perspective in the banking context, particularly on microfinance and financing accessibility for the small business sector, where BRI's KUR is a financing instrument that has the potential to accelerate the transformation towards a green economy. By directing financing to the KUR sector, the role of financial institutions, especially Bank BRI, is increasingly open in encouraging micro-entrepreneurs to shift to a more sustainable business model. Thus, this shows that the synthesis between the green economy and banking institutions is an interesting study for now, where natural, social and financial conditions are increasingly prominent to find a meeting point where and at the same time to solve environmental problems. Therefore, the current research is considered a relevant and urgent study to be studied.

The primary objective of this study is to explore and analyze the role of BRI's KUR (People's Business Credit) from an Islamic economic perspective in supporting sustainable economic development. This research is expected to significantly contribute to understanding the role of financial institutions in supporting a green economy and sustainable development. Furthermore, the results can serve as a reference for BRI and other financial institutions in designing more effective financing policies and strategies to encourage environmentally friendly business practices.

## 2. METHOD

This study uses a qualitative descriptive approach with a post-positivistic/interpretive approach and a grounded theory design to understand the phenomenon naturally and in-depth, while generating new

concepts or theories rooted in field data. This approach was chosen because it can explore the subjective meaning and social context related to the implementation of a green economy in BRI's KUR financing, where the researcher plays a key instrument. The research location is at the BRI Regional Office in Surabaya, which was chosen because it is a strategic institution in KUR distribution and sustainable economic practices.

Data collection was conducted through three main techniques: observation, in-depth interviews, and documentation. Observation was used to directly observe the activities and operational dynamics of the green economy -based KUR program; in-depth interviews were conducted with BRI stakeholders and KUR customers to gain their subjective understanding and direct experiences; and documentation was used to collect supporting data such as reports, policies, and archives related to KUR financing. These three techniques complement each other, providing a comprehensive and valid empirical picture.

Data analysis was conducted using a grounded theory process, which includes open coding, axial coding, and selective coding . In the open coding stage, researchers identified initial themes from the raw data; in axial coding , these themes were grouped into large, interrelated categories; while in selective coding , core categories were selected and organized into a new concept or theory regarding the application of a green economy in BRI KUR financing. Analysis was conducted simultaneously with data collection, so that the resulting theory was truly rooted in field findings.

### 3. FINDINGS AND DISCUSSIONS

The research found that KUR financing plays a significant role in linking financial inclusion and ecologically sound economic practices. KUR, in its capacity as an intermediary mechanism, has provided opportunities for Micro, Small, and Medium Enterprises (MSMEs) to articulate environmentally friendly production ideas through energy efficiency, waste management, and recycling-based product innovation. The Role of KUR Financing in Supporting a Sustainable Economy .

#### a. The Role of KUR in Supporting the Economic Pillars

BRI has a strong commitment to being a pioneer in expanding financial inclusion, namely ensuring that all levels of society, especially MSMEs, have easy access to banking services. In realizing this vision, BRI has developed a strategy that focuses on strengthening the MSME sector as the backbone of the Indonesian economy, because this sector has been proven to make a large contribution to the national Gross Domestic Product (GDP) and has great potential in creating jobs and advancing financial inclusion, which in turn reduces economic disparities, as shown in the following table data:

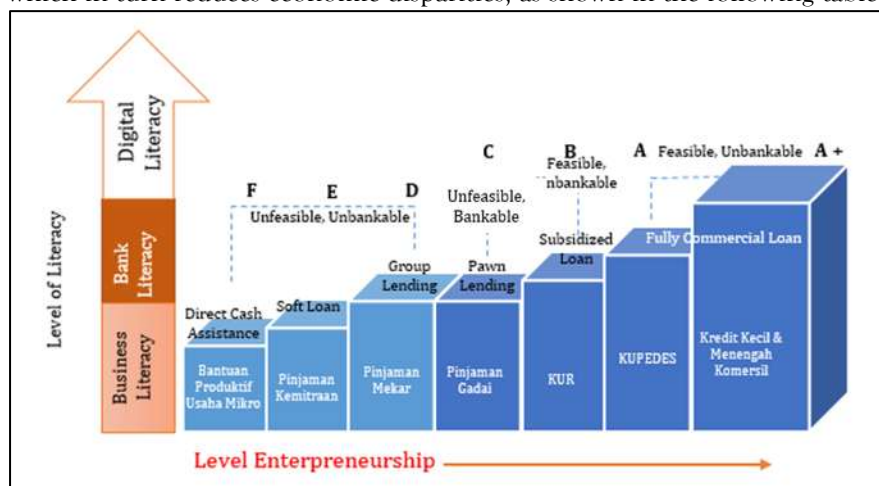


Figure 1. Research Documentation

The diagram shows BRI's strategy for empowering MSMEs in stages, from social assistance to commercial financing, tailored to the literacy and entrepreneurship levels of entrepreneurs. The goal is to encourage MSMEs to upgrade, become more independent, bankable, and contribute to sustainable economic development.

People's Business Credit (KUR) is designed to reach prospective customers whose businesses are deemed feasible and have economic prospects, even if they do not yet meet formal banking criteria ( unbankable ). Through access to KUR financing, customers gain the opportunity to scale up their businesses and maintain their sustainability . This financing not only serves as short-term working capital but also as a transitional instrument that encourages gradual and sustainable business growth. As businesses develop,

customers' capital needs tend to increase, thus opening up opportunities to shift from subsidized financing schemes to non-subsidized commercial financing, such as Rural General Credit (Kupedes) and Small Credit.

BRI strengthens the empowerment of MSMEs through a phygital approach that integrates physical and digital networks, providing easily accessible e-channels, more than 8,000 outlets, and BRILink agents throughout Indonesia, which is strengthened by financial advisor assistance down to the ultra-micro level to improve literacy and financial management of business actors (Zalafina Safara Nasytha & Bestari Kumala Dewi, 2025). Synergy between banking, government, and the private sector is an important foundation in increasing productivity, competitiveness, export contributions, and encouraging MSMEs to move up a class. Through the KUR scheme that is able to reach various levels of society, BRI has succeeded in expanding access to financing in an inclusive manner, thereby accelerating the increase in financial inclusion and opening up fairer opportunities for low-income communities to obtain capital and strengthen economic independence.

Based on the research results, from 2025 until the third quarter (until September 2025), of all BRI KUR customers at the Surabaya Regional Office, 16,255 customers, or approximately 3.55 percent, experienced an upgrade to Kupedes Credit, while 76 customers, or approximately 0.02 percent, switched to Small Credit. This finding indicates vertical customer mobility within the banking financing system, indicating the role of KUR as a business incubation instrument for MSMEs. Further details regarding the distribution of credit class upgrade data are presented in the following section:

Table 2. Customer Credit Class Upgrade Data

No	Branch Office	Total KUR Mikro 2024	Naik Keats ke Kredit Kupedes Q3'25	Naik kelas ke Kredit Kecil Q3'25
1	Bangkalan	18.338	274	2
2	Bojonegoro	51.189	3.537	7
3	Jombang	50.164	1.534	15
4	Gresik	19.246	707	2
5	Lamongan	54.043	2.433	11
6	Mojokerto	40.912	1.234	4
7	Pamekasan	22.420	400	3
8	Sidoarjo	19.221	885	-
9	Sumenep	21.477	577	8
10	Tuban	40.335	1.713	6
11	Sampang	13.085	178	3
12	Surabaya Pahlawan	8.403	177	1
13	Surabaya Tanjung Perak	8.287	276	1
14	Surabaya Kusuma bangsa	9.225	332	1
15	Kapas Krampung	12.491	344	1
16	Surabaya Kertajaya	8.619	232	2
17	Surabaya Jemursari	9.655	157	1
18	Krian	20.737	483	6
19	Manukan	15.553	421	-
20	Waru	9.082	239	1
21	Surabaya Diponegoro	5.947	122	1
	<b>Total</b>	<b>458.429</b>	<b>16.255</b>	<b>76</b>
	<b>Persentase</b>		<b>3,55%</b>	<b>0,02%</b>

Source: Processed Research Data, 2025.

Based on this data, the total number of Micro KUR customers in 2024 in the BRI Surabaya Regional Office area reached 458,429. Of these, 16,255 customers, or approximately 3.55%, successfully upgraded to Kupedes Credit in the third quarter of 2025, while 76 customers, or 0.02%, upgraded to Small Credit. This data indicates that some KUR customers experienced business growth that enabled them to access larger, non-subsidized commercial financing. Customers who may have previously been unbankable were able to increase production capacity, expand their business networks, and strengthen their business sustainability. The credit upgrade to Kupedes or Small Credit indicates that KUR can provide access to financing that can encourage economic mobility, increase productivity, and increase the competitiveness of MSMEs.

This reality demonstrates that BRI, through its People's Business Credit (KUR), acts as a catalyst for financial inclusion and strengthens the economic capacity of low-income communities. The increase in savings demonstrates the multiplier effect of productive financing on the circulation of funds in the real sector. Previously unbankable MSMEs become more financially viable, contributing to financial system stability and supporting the goal of sustainable finance through inclusion-based economic empowerment. Many customers who previously did not have bank accounts are now becoming accustomed to using

banking services, both for savings and non-cash transactions. Many customers who previously did not have bank accounts are now becoming accustomed to using banking services, both for opening accounts, saving, and conducting non-cash transactions. This is in line with the findings of a study by Rimenda et al., showing that the dissemination of KUR among MSMEs in Depok helped change the financial behavior patterns of small business owners, through banking education and financial inclusion programs (Tetty Rimenda, et al., 2025).

The process of accustoming people to using bank accounts and cashless services has a significant impact on changing their financial behavior. When they regularly access banking services, they become accustomed to recording cash flow, saving regularly, and separating personal and business finances. These habits encourage them to be more aware of financial management, leading to more rational and structured financial decision-making.

Financial inclusion (access and use of financial services) and financial literacy (knowledge and attitudes toward finance) are interrelated and positively impact the development of micro-enterprises. In their research, Rosali and Dwito confirmed that financial literacy and inclusion positively influence the development of MSMEs in Indonesia (Edward Rosali and Bernard Dwito, 2025). A study by Sutadi & Tri Rahmawati demonstrated that higher financial literacy is associated with green investment decisions in Yogyakarta, ultimately contributing to community well-being (2024).

In terms of sustainable development, improving financial literacy has a significant impact on strengthening the green economy. Financially literate communities tend to be more capable of managing capital productively and responsibly, including maintaining the sustainability of their businesses to avoid environmental damage. This was found in research by Sumastuti et al., which showed that financial literacy, social capital, and green finance jointly influence the performance and financial sustainability of MSMEs in Indonesia (Sumastuti, Subur Harahap, and Godlif Sianipar, 2025). Therefore, financial literacy acts as a link between financial inclusion and sustainable economic practices. According to data from the Central Statistics Agency (BPS), MSMEs contribute significantly to Gross Domestic Product (GDP) at 62.58%, demonstrating the sector's vital role in creating jobs, increasing competitiveness, and strengthening the economic structure of society.

The distribution of People's Business Credit (KUR) is an affirmative economic policy directed at productive business sectors with measurable risks and a real contribution to the local economy. The focus of financing on the trade, services, agriculture, and household-based businesses indicates that KUR's orientation in strengthening the foundations of the people's economy is quite focused. This is then carried out through a financing selection process to assess business feasibility and cash flow sustainability as key indicators, so that KUR funds are allocated to economic activities that have growth potential in the medium and long term. A study by Sudarmi, Rahman Ambo Masse, and Nasrullah Bin Sapa (2024) states that banking in Indonesia has experienced rapid growth and is now an integral part of the global financial system, playing a vital role in supporting economic development, financial inclusion, and financing the real sector. Sumarlin (2019) states that banking institutions are currently required to be more dynamic in facing increasingly complex and competitive market challenges. Therefore, banks cannot ignore the discourse on a sustainable economy.

Thus, BRI Surabaya Regional Office's KUR financing demonstrates a significant transformation toward an inclusive, equitable, and sustainable economic system. The integration of Islamic economic principles and the green economy concept has been realized through policies, digital innovation, and community development. In the long term, this step will strengthen BRI's position as a national financial institution oriented toward sustainability and the economic well-being of the people.

### **The Role of KUR in Supporting Environmental Pillars**

Empirical findings on the application of the green economy concept in the People's Business Credit (KUR) program at BRI Regional Office Surabaya demonstrate an adaptive dynamic between the profitability orientation of financial institutions and the demands of ecological sustainability. The implementation of Islamic economic principles in this context appears as a normative instrument that guides the direction of financing policies to align with the principles of sustainability (sustainable growth). This approach positions the environmental dimension not as an external factor, but as an inherent part of the financial decision-making process.

BRI's environmentally-based business selection process demonstrates a paradigm shift in microfinance practices. The selection process is not solely based on financial feasibility but also considers the potential ecological impact of the business activities being financed. However, field findings indicate that the

environmental indicators used are still visual and descriptive and have not been institutionalized into standardized evaluation instruments .

In credit selection, field officers tend to assess business feasibility based on visible indicators. However, there is strong institutional awareness to improve the selection mechanism to make it more systematic. Although there are no formal regulations that normatively govern environmentally friendly financing within the KUR scheme, interview results indicate that the environmental ethical dimension has been internalized in institutional awareness . BRI demonstrates epistemic courage to act based on ecological moral principles without waiting for written regulations. This is a manifestation of social awareness as a self-regulated institution , where environmental responsibility grows as a collective moral consciousness . Practically, monitoring mechanisms for potential clients' businesses are a significant preventative measure. When a business is suspected of potentially causing environmental damage, financing tends to be withheld. This demonstrates that financial institutions have placed moral values and social responsibility at the heart of their economic considerations .

The absence of formal regulations on green financing in the KUR program does not mean a lack of sustainability in practice. In fact, this flexibility allows BRI to implement socially conscious prudent principles . This approach combines environmental ethics and economic rationality within the framework of empowering MSMEs. BRI simultaneously functions as a catalyst for the people's economy and maintains ecological balance . BRI's commitment to a green economy is also realized through efforts to digitize banking services and reduce paper use. Digital transformation is a measure for administrative efficiency, while also serving as an ecological strategy aimed at reducing institutional waste .

The implementation of a sustainable economy at the BRI Surabaya Regional Office is also carried out through a preventative and participatory approach. Post-credit disbursement monitoring is a key instrument in maintaining sustainability commitments. Field officers are required to conduct periodic visits to ensure business activities are running according to environmentally friendly principles. This post-disbursement review mechanism reflects a social control system based on trust and community closeness, not simply a formal audit.

In its implementation, Bank BRI conducts post-disbursement evaluations and provides guidance to debtors, particularly if there is any indication of potential environmental pollution from the financed business activities. This step demonstrates that BRI is beginning to adopt a supervisory mechanism that addresses sustainability aspects, although it is not yet systematically based on a green financing framework . This is further reinforced by a study by Amini et al., which confirmed that green economy training provided to assisted MSMEs significantly increased the adoption of environmentally friendly business practices (Amini, DS, M. Syahid, and L. Salsabila, 2024).

Quarterly environmental monitoring serves as a mitigation measure to identify potential social and ecological risks. This participatory approach strengthens the social legitimacy of financial institutions in the eyes of the public. Post-credit disbursement assistance serves as a sustainable empowerment mechanism. By being directly present in the field, BRI builds non-hierarchical partnerships between institutions and customers, strengthening the spirit of mutual trust , which is the essence of ethically based inclusive finance.

Empowering MSMEs operating in the recycling sector is concrete evidence of the implementation of a sustainable economy. Environmentally based. Financing used goods processing businesses has a dual effect: creating added economic value while reducing waste. This reflects the circular economy orientation of the KUR scheme, where waste is no longer considered residue but rather a new resource that can be managed productively.

A crucial component of a sustainable economy is the green economy , which holds significant potential for driving sustainable economic growth by increasing the efficiency of natural resource use, reducing greenhouse gas emissions, and creating green jobs . Investments in renewable energy and green infrastructure have a positive impact on environmental sustainability (Nabila, 2025). The application of green economy principles encourages changes in production and consumption patterns toward more efficient and ethical practices, thus creating a balance between economic growth and environmental preservation.

#### **The Role of KUR in Supporting Social Pillars**

The role of People's Business Credit (KUR) represents an affirmative policy instrument aimed at expanding equitable financial access. Today, KUR serves as a means of social empowerment for business groups whose involvement in the formal financial system has been limited, such as micro-entrepreneurs,

low-income households, and community-based businesses. Simplified financing requirements, coupled with business mentoring, have implications for improving household welfare, strengthening economic independence, and enhancing the social capacity of business actors to make rational, long-term economic decisions.

Field studies show that KUR has a significant impact on improving customer welfare. The capital support provided enables MSMEs to expand their businesses, increase productivity, and ultimately increase income. In other words, through easier and more affordable access to capital, MSMEs are able to strengthen their economic position, thereby creating more equitable prosperity across society. This can be seen in the data on the growth of KUR customer savings balances below:

Table 3. Savings Balance Growth Data

No	BRI Branch Office	Number of Customers	Before Taking the Kur Facility		After Taking the Kur Facility	
			Total Savings Balance	Average Savings Balance	Total Savings Balance	Average Savings Balance
1	Bangkalan	661	680,728,764	1,029,847	2,566,515,842	3,882,777
2	Bojonegoro	1851	2,706,770,643	1,462,329	5,899,841,694	3,187,381
3	Gresik	744	1,107,611,354	1,488,725	4,192,987,841	5,635,736
4	Jombang	1686	2,005,669,423	1,189,602	5,609,002,908	3,326,811
5	Kapas Krampung	476	324,109,177	680,902	2,350,551,333	4,938,133
6	Krian	711	1,352,055,866	1,901,626	3,364,827,404	4,732,528
7	Lamongan	2254	3,622,800,269	1,607,276	8,810,752,597	3,908,941
8	Manukan	579	491,601,574	849,053	2,746,877,682	4,744,176
9	Mojokerto	1556	2,301,926,494	1,479,387	7,245,136,051	4,656,257
10	Pamekasan	626	660,640,874	1,055,337	1,988,701,167	3,176,839
11	Sampang	470	696,349,634	1,481,595	1,963,745,101	4,178,181
12	Sidoarjo	691	1,217,044,454	1,761,280	3,628,613,323	5,251,249
13	Sumenep	691	912,555,940	1,320,631	2,638,420,974	3,818,265
14	Surabaya Diponegoro	198	202,455,843	1,022,504	1,039,586,535	5,250,437
15	Surabaya Jemursari	317	391,405,305	1,234,717	1,724,340,560	5,439,560
16	Surabaya Kertajaya	387	290,847,383	751,544	1,991,025,009	5,144,767
17	Surabaya Kusumanation	363	421,997,754	1,162,528	1,576,819,638	4,343,856
18	Surabaya Heroes	316	296,904,535	939,571	1,637,591,420	5,182,251
19	Surabaya Tanjung Perak	316	356,454,047	1,128,019	1,207,046,201	3,819,766
20	Tuban	1464	2,474,432,433	1,690,186	5,865,569,774	4,006,537
21	Waru	289	152,572,843	527,934	1,243,598,068	4,303,108
<b>TOTAL</b>		<b>16,646</b>	<b>22,666,934,608</b>	<b>1,361,705</b>	<b>69,291,551,123</b>	<b>4,162,655</b>

Source: Processed Research Data, 2025.

BRI's contribution to MSMEs through People's Business Credit (KUR) financing can be analyzed from data on changes in total savings balances and average savings balances before and after receiving KUR facilities at 21 branch offices. Empirically, there was a significant increase in both total balances and average savings balances, indicating an increase in the economic capacity and financial literacy of MSME customers receiving KUR.

Based on empirical data from 21 BRI Surabaya Regional Office branches, there has been a significant increase in the total savings balance of KUR recipient customers, from Rp22.6 billion to Rp69.2 billion. This surge indicates a shift in people's financial behavior, from previously passive attitudes toward financial institutions to more active savings and financial management. The increase in average savings balances indicates that KUR has successfully strengthened customers' economic capacity.

Before receiving financing, total customer savings reached Rp22,666,934,608, with an average of Rp1,361,705 per customer. After receiving the KUR facility, the total balance increased dramatically to Rp69,291,551,123, or more than 205%, with the average deposit also increasing almost threefold to Rp4,162,655. This increase indicates that access to KUR financing helps MSMEs increase working capital and expand their businesses.

BRI's involvement as a primary distributor of KUR also reinforces the social pillar by strengthening institutional relationships between financial institutions and the community through the formation of educational clusters. This scheme then encourages the formation of social trust and social cohesion at the local level, as MSMEs shift from mere recipients of financing to active participants in the economic development process.

People's Business Credit (KUR) serves as a strategic instrument for strengthening the independence and economic resilience of communities, particularly micro and small businesses, by breaking dependence on exploitative loan shark financing practices and high-interest online loans. Social reality shows that easy access to funds tends to override rational considerations regarding the risk of long-term interest burdens due to low financial literacy.

To mediate this problem, BRI implemented a flexible payment scheme and empowered community-level assistants as an effective form of social adaptation, as it was able to bridge the gap between the formal financial system and the socio-economic realities of the community, while simultaneously encouraging changes in financial behavior that were more responsible and sustainable.

Trust built through access to safe and affordable financing enables a social learning process, allowing MSMEs to increase their economic capacity and develop financial discipline, savings skills, and a focus on business stability. This strengthening of social capital leads to the creation of a more resilient, competitive, and adaptive business network to economic change. Thus, the Small Business Credit (KUR) contributes to a sustainable economy by transforming the socioeconomic structure of society toward an inclusive, equitable, and sustainable financing system.

Meanwhile, KUR also contributes to strengthening the business capacity of customers, particularly in the batik creative industry cluster. From here, KUR customers utilize financing facilities to increase production scale and strengthen business community networks. Based on field findings, the batik production process broadly includes three main stages: batik pattern drawing, batik manufacturing, and distribution/sales, as shown in the following figure:

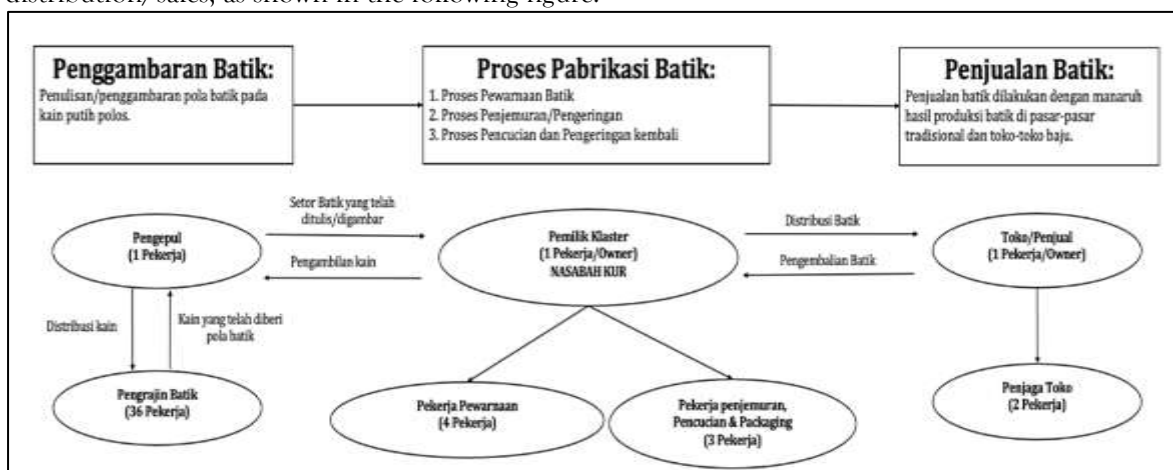


Figure 2. Batik Making Process and the Clusters Formed

Source: Processed Research Data, 2025

KUR financing allows customers to form strategic communities or business groups to meet increasing market demand due to overcapacity. These clusters serve as business associations and empowerment platforms for skills transfer, production resource sharing, and marketing coordination. The following is a simulation of monthly cash flow from the batik cluster:

Table 4. Simulation of Cash Flow from the Batik Cluster per Month

Proses	Gaji/Harga Jual (Rp/Kain)	Jumlah Karyawan (Org)	Kuantitas Hasil/Hari/Org (Kain)	Jml Hari Kerja Sebulan	Jml Kain Pola yg Dihasilkan	Total Perputaran Uang Per Bulan (Rp)
Pengepul kain pola dan pengiriman kepada pabrikasi	150.000	1	18,0	20	360	54.000.000
Pembuatan Pola Batik	100.000	36	0,5	20	360	36.000.000
Pewarnaan	15.000	4	4,5	20	360	5.400.000
Penjemuran & Packaging	5.000	3	6,0	20	360	1.800.000
Penjualan Batik ke Toko	300.000	3	6,0	20	360	108.000.000
<b>Total Perputaran Uang per Bulan (Rp)</b>						<b>205.200.000</b>

One KUR customer involved in the batik manufacturing process can employ at least 47 people, with a total capital turnover of approximately Rp 205,200,000. This data indicates that KUR financing has a multiplicative effect on the surrounding community, both in the form of job creation and increasing local economic capacity. Thus, KUR plays a significant role in socio-economic empowerment, where the disbursed capital can strengthen the business community structure, encourage productivity growth, and ultimately improve the community's quality of life in a sustainable manner.

BRI, as the banking institution with the largest KUR penetration in Indonesia, has strategic potential to promote productive, environmentally friendly financing, oriented toward social welfare. Therefore, this paper formulates a green KUR integration model based on Islamic economics, emphasizing the strengthening of *maslahah* (benefit) as its primary foundation. The model is illustrated below:

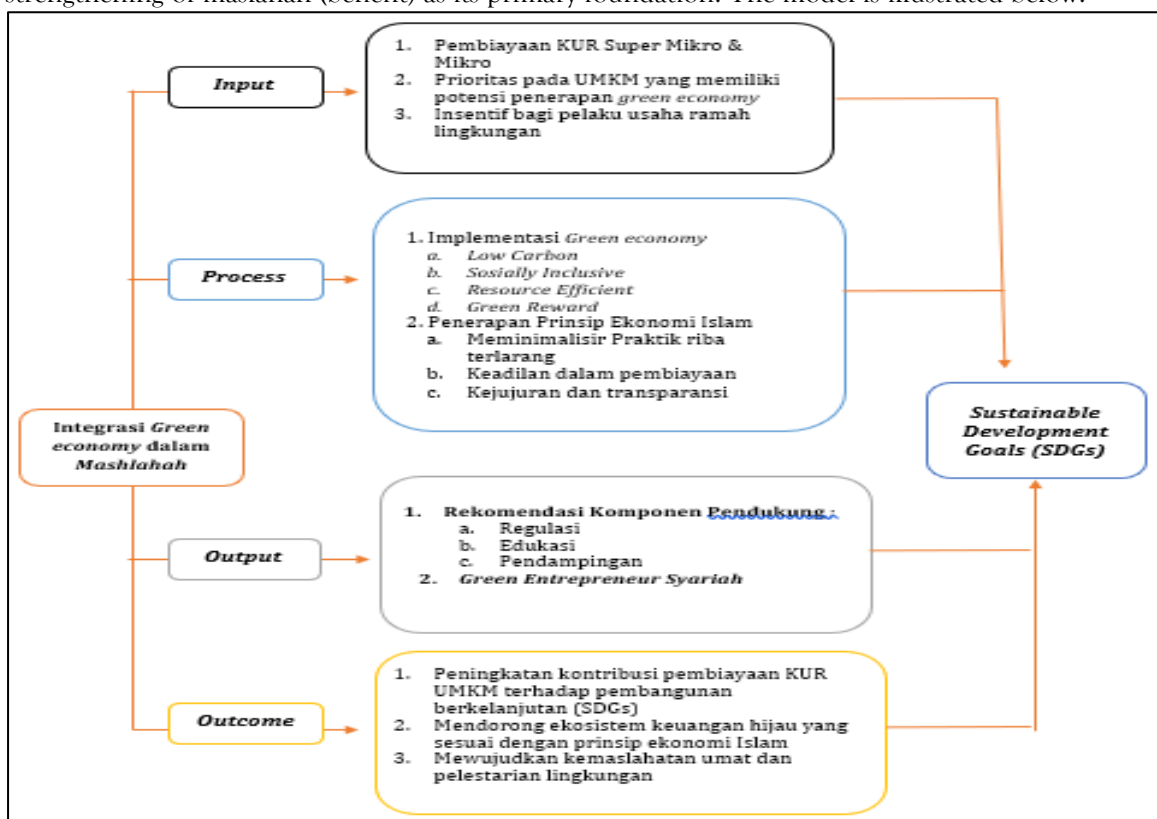


Figure 3. Green KUR Integration Model Based on Islamic Economics

This research offers a novelty through the development of an Islamic Economics-Based Green KUR Integration Model, a framework that simultaneously combines the KUR microfinance scheme with green economy principles and the *maqashid sharia*. This model makes KUR an instrument for empowering MSME capital and a behavioral transformation tool to encourage business actors to shift toward halal, environmentally friendly, and sustainable business practices. This integration presents a new financing standard that assesses business feasibility not only in terms of profitability, but also in terms of ecological footprint, green production practices, and compliance with *sharia* principles.

Another novelty lies in the placement of *maqashid sharia* as the center of integration that connects environmental sustainability indicators with the protection of basic Islamic values (*hifzh al-din, al-nafs, al-aql, al-nasl, al-mal*), so that KUR financing produces *Sharia Green Entrepreneurs* as the main output.

This approach offers a theoretical framework and an applicative model that encourages BRI to adopt a selection, monitoring, and evaluation mechanism for financing that is both green economy and sharia-based. Thus, this research provides an original contribution in building an inclusive, ethical, and sharia-based green financial ecosystem that is able to respond to global challenges such as the climate crisis and encourage the achievement of the SDGs in a more measurable and equitable manner.

#### 4. CONCLUSION

The People's Business Credit (KUR) financing disbursed by BRI Regional Office Surabaya plays a role in supporting sustainable economic development through the operational integration of environmental, economic, and social pillars. From an environmental perspective, KUR encourages more responsible business practices through ecologically conscious selection and monitoring; from an economic perspective, KUR strengthens the people's economic structure by increasing productivity, income stability, and the resilience of MSMEs to market shocks; while from a social perspective, KUR expands financial inclusion and literacy, strengthens social capital, and encourages equitable distribution of prosperity.

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