

## **The Influence of Express Microfinance in Improving the Welfare of Market Traders (Case Study of Bank Mitra Mentari Sejahtera Ponorogo)**

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### **Abstract**

Usury-based financing practices, often through loan sharks or informal banks, are still common among traditional market traders. This situation prompted PT. BPRS Mitra Mentari Sejahtera Ponorogo to launch the Micro Express Financing (ME) product in May 2019 as a sharia-based financing alternative. This study aims to analyze the background, mechanisms, financing contracts, and impact of Micro Express Financing on market traders. This study employed a descriptive qualitative approach in its field research. Data were obtained through interviews with the bank, specifically Micro Field Officers (MFOs), Micro Express financing customers, as well as observation and documentation. The results indicate that Micro Express Financing uses a murabahah contract, which aligns with the business characteristics of market traders. Simple procedures, fast disbursement, no collateral, and a proactive service system are key factors in attracting customers. This financing has positive impacts in terms of increased liquidity, business development, and helping market traders gradually move away from usury practices. However, challenges include irregular installment payments and low customer financial literacy.

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### **Keywords**

Express Micro Financing; Sharia People's Financing Bank (BPRS); Market Traders; Murabahah; Sharia Economic Empowerment

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### **1. INTRODUCTION**

Traditional market traders are a group of micro-entrepreneurs who play a strategic role in supporting the community's economy. However, limited access to formal financial institutions often forces market traders to rely on informal financing, such as loan sharks or so-called "thithil banks." These financing practices generally employ high interest rates that violate the principles of fairness, potentially trapping traders in a cycle of usury-based debt. (Ascarya, 2011)

From an Islamic economic perspective, usury is prohibited because it creates injustice and exploitation of the vulnerable. Therefore, Islamic financial institutions play a crucial role in providing fair, transparent, and sharia-compliant financing alternatives. As part of the Islamic banking system,



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Islamic Rural Financing Banks (BPRS) exist to serve small communities and micro-enterprises that conventional banks do not yet cover. (Antonio, 2001)

PT. BPRS Mitra Sejahtera Ponorogo, one of the BPRS (School-Based Financial Institutions) in East Java, responded to the growing dependence of market traders on intermediary banks by launching the Micro Express Financing (ME) product in May 2019. This product is specifically designed for market traders, offering simple procedures, fast disbursement, no collateral, and adhering to Sharia principles through the murabahah contract. Furthermore, the proactive service system provided by Micro Field Officers (PLM) is a distinct advantage, facilitating access to financing for traders.

Micro Express Financing not only aims to meet the capital needs of market traders but also serves as an effort to empower the community economically and provide a means of Islamic financial education. Through this product, it is hoped that market traders will gradually abandon usurious financing practices and shift to safer and more equitable Islamic financial institutions.

Based on this description, this research is crucial to conduct an in-depth study of the implementation of Micro Express Financing, the contract mechanisms used, and its impact and influence on the business development of market traders as customers of PT. BPRS Mitra Sejahtera Ponorogo.

## 2. METHOD

This study employed field research, conducted directly at the research location, to obtain empirical data related to the implementation of Micro Express Financing at PT. BPRS Mitra Sejahtera Ponorogo. A qualitative descriptive approach was employed, with the aim of systematically, factually, and accurately describing the financing mechanism, the contracts used, and the impact of Micro Express Financing on traditional market vendors. (Sujarweni, 2014)

The research location was PT. BPRS Mitra Sejahtera Ponorogo, with the focus of the study on the implementation of Micro Express Financing for traditional market vendors. The research subjects included internal bank personnel, specifically Micro Field Officers (MFOs), as well as market vendors who were customers of Micro Express Financing. Subjects were selected purposively, as they had direct knowledge and experience related to the research object.

The data sources in this study consisted of primary and secondary data. Primary data were obtained through in-depth interviews with PLM and Micro Express Financing customers, as well as through direct observation of the financing process and interactions between bank officers and market vendors. Meanwhile, secondary data was obtained from official bank documents, internal reports, laws and regulations related to Islamic banking, and literature in the form of books and scientific journals relevant to Islamic microfinance. (Darmalaksana, 2020)

The data collection techniques employed included interviews, observation, and documentation. Interviews were conducted semi-structured to obtain in-depth and flexible information. Observations were conducted to directly observe Micro Express financing practices in the field, while documentation was used to strengthen the data obtained from the interviews and observations. (Elitear & Koto, 2016)

Data analysis was conducted through several stages: data reduction, data presentation, and conclusion drawing. The collected data were selected and simplified according to the research focus, then presented in narrative form. Conclusions were then drawn by interpreting the data comprehensively to obtain a complete picture of the implementation and impact of Micro Express Financing on market traders.

### **3. FINDINGS AND DISCUSSION**

#### **3.1. INSTITUTION PROFILE**

##### **Brief History of BPRS Mitra Mentari Sejahtera**

BPRS Mitra Mentari Syariah Ponorogo was inaugurated on November 1, 2016, and held its Grand Opening on December 11, 2016, at the Watoe Dakon Graha IAIN Ponorogo, led by Mr. Budi Eko Cahyono, the then President Director. The purpose of establishing BPRS Mitra Mentari Sejahtera was to facilitate the use of Sharia-based banking services by the public, especially in the Ponorogo area. At that time, there were still a few Sharia banks or BPRS operating in East Java, especially in the Ponorogo area.

BPRS Mitra Mentari Sejahtera Ponorogo, which at the time consisted of commissioners, directors, and a Sharia board, underwent a fit and proper test in Kediri to process the necessary licensing procedures. The operational licensing process for providing infrastructure, including buildings, inventory, and personnel, followed this. The initial capital of BPRS Mitra Mentari Sejahtera was 6 billion rupiah. (Sisil, personal communication, 2025)

The initial capital of BPRS Mitra Mentari Sejahtera was obtained from several parties, the majority of which is owned by PT. Daya Mentari Utama (88%). PT. Daya Mentari Utama is a trading company based in Surabaya. Three investors in Ponorogo own the remaining 12%. Over time, BPRS Mitra Mentari Sejahtera has developed well and even reached its Break Even Point (BEP) in its sixth month of operation. This differs from other banks, which typically only reach BEP after one year of operation. (Rudi C, personal communication, 2025)

##### **Motto**

BPRS Mitra Mentari Sejahtera Ponorogo has the motto "Spreading benefits in accordance with Sharia."

##### **Vision**

BPRS Mitra Mentari Sejahtera's vision is "To become the best Islamic financial institution in the western

part of East Java."

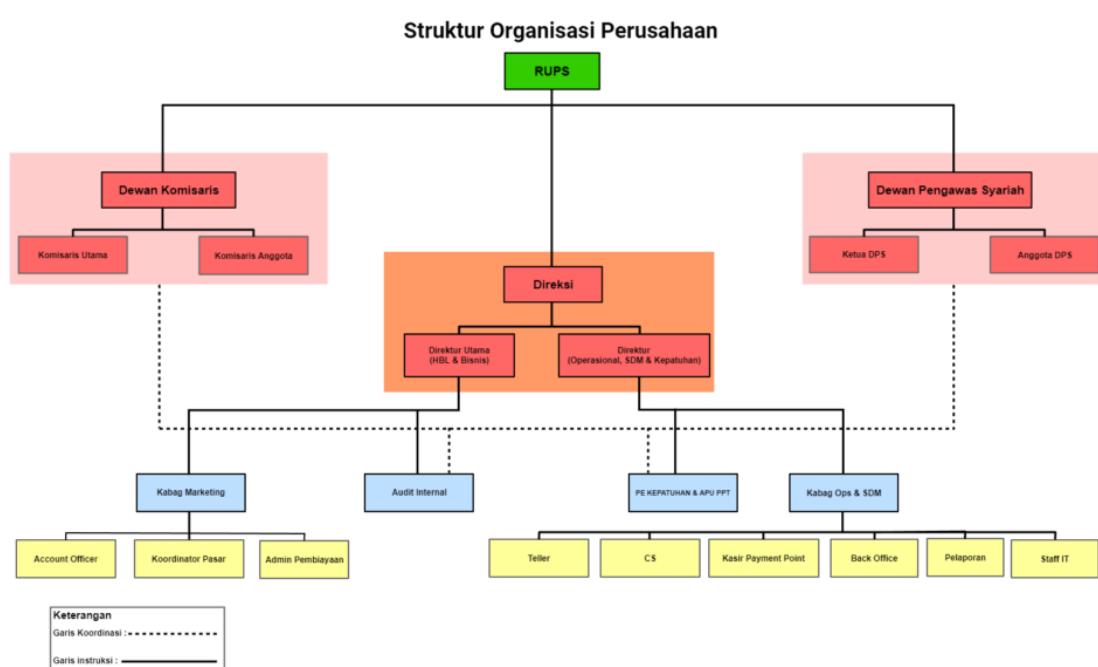
### Mission

BPRS Mitra Mentari Sejahtera's mission in realizing its vision is "to build the people's economy through the development of the Islamic economy in East Java."

### Objectives

The objective of BPRS Mitra Mentari Sejahtera Ponorogo is to conduct all banking business activities in accordance with Sharia principles and improve the welfare of the Muslim community, particularly in Ponorogo Regency.

### Organizational Structure



### 3.2. BPRS Mitra Mentari Sejahtera Products (Santoso & Riawan, 2017)

#### a. Savings

##### 1) Mitra IB Savings

Mitra IB Savings is a savings account designed for individual and corporate customers.

###### a) Features and Fees

- (1) Based on Sharia principles with a wadiah contract.
- (2) Minimum initial deposit of IDR 100,000 for individuals and IDR 500,000 for legal entities.
- (3) Minimum subsequent deposits of IDR 10,000.
- (4) Minimum balance of IDR 10,000.
- (5) Account closing fee of IDR 10,000. 10,000,-

b) Benefits

- (1) Free from usury
- (2) Safe and in accordance with Sharia principles
- (3) No monthly administration fees
- (4) Guaranteed by the Deposit Insurance Corporation (LPS) and supervised by the Financial Services Authority

c) Requirements for individual customers

- (1) Personal Identity Card (KTP)
- (2) Taxpayer Identification Number (NPWP) (if any)

For legal entity customers

- (1) Copy of Deed of Establishment and Amendments
- (2) Copy of Company/Foundation Taxpayer Identification Number
- (3) Copy of Management Identity Cards (KTP)
- (4) Copy of Trade Business License (SIUP)

2) Mitra Express IB Savings

Mitra Express IB Savings is only available to market customers

a) Features and fees

- (1) Based on Sharia principles, using the wadiah contract
- (2) Minimum initial deposit of IDR 10,000
- (3) Minimum subsequent deposits of IDR 10,000
- (4) Minimum account balance of IDR 10,000
- (5) Account closing fee of IDR 10,000

b) Benefits

- (1) Safe and Sharia-compliant
- (2) Guaranteed by the Deposit Insurance Corporation

c) Requirements

- (1) Identity Card: KTP/SIM/Passport, NPWP
- (2) Complete the registration form

3) IB Simple Savings

a) Features and fees

- (1) Based on Sharia principles, using the wadiah contract
- (2) Minimum initial deposit of IDR 10,000
- (3) Minimum subsequent deposits of IDR 10,000
- (4) Minimum account balance of IDR 10,000

(5) Account closing fee of IDR 10,000

b) Benefits

(1) Safe and does not violate sharia

(2) Has been guaranteed by the Deposit Insurance Corporation (LPS)

c) Conditions

(1) Have student status

(2) Fill out the registration form and submit the FC Deed and KK.

b. IB Deposit

IB Deposit is a savings account with a withdrawal period of 1, 3, 6, and 12 months.

1) Benefits

a) Safe and does not violate Sharia law

b) Includes Sharia insurance

c) Guaranteed by the Deposit Insurance Corporation

2) Requirements

a) Indonesian citizen

b) KTP/SIM/Passport

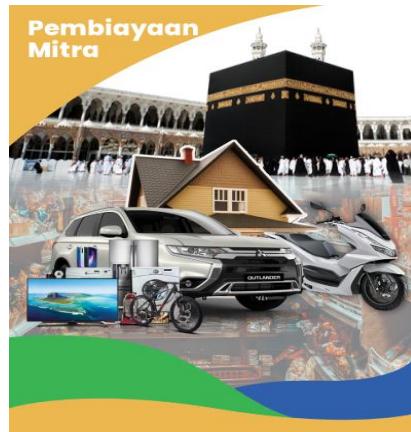
c) NPWP



c. Financing

1) Micro Express Financing

Micro Express Financing is a financing option provided to Micro Express Savings customers who have a minimum of 3 months' savings (after approval by the financing committee) and work as traders in markets managed by BPRS Mitra Sejahtera.



## 2) Mitra IB Sharia Pawn

Mitra IB Sharia Pawn offers loans secured by gold, vehicles, electronics, gadgets, agricultural equipment, and other valuable assets.

### a) Benefits

- (1) Safe and Sharia-compliant
- (2) Sharia-compliant insurance
- (3) Guaranteed by the Deposit Insurance Corporation (LPS)

### b) Requirements

- (1) Indonesian citizen
- (2) Minimum age 20 years / e-KTP (e-KTP)
- (3) Collateral submitted
- (4) Mitra iB savings account



### 3.3 Target Markets for Micro Express Financing

Micro Express Financing targets market traders. This is because PT. BPRS Mitra Mentari Sejahtera Ponorogo assesses that the market has significant potential for development. Currently, PT. BPRS Mitra Mentari Sejahtera Ponorogo operates 13 markets as part of its Micro Express savings and microfinance program. These thirteen markets are located in Ponorogo Regency and Madiun Regency, including Sooko Market, Pulung Market, Sambit Market, Jetis Market, Bungkal Market, Balong Market, Sumoroto Market, Songgolangit Market, Danyang Market, Kedung Banteng Market, Pagotan Market, Mlilir Market, and Dolopo Market. (Rudi C, personal communication, 2025) Market traders who are Micro Express financing customers are commonly referred to as market customers.

Micro Express Financing uses the murabahah contract. This contract was chosen because the transactions conducted by PT. BPRS Mitra Mentari Sejahtera Ponorogo and its customers primarily engage in the buying and selling of goods to supply merchandise or fulfill consumer needs. Micro Express Financing utilizes the murabahah contract because the majority of its customer transactions involve merchandise.

Customers applying for Micro Express financing must have a family card (KK), an identity card (KTP), and a savings account with a minimum age of three months. A minimum balance of IDR 500,000 for financing above IDR 1,000,000, a minimum balance of IDR 300,000 for financing between IDR 500,000 and IDR 1,000,000, and a maximum financing amount of IDR 3,000,000.

The Micro Express financing procedure has seven stages. First, the financing application is submitted through the Micro Field Officer (PLM). Second, documents are checked, including an ID card (KTP), family card (KK), and a photocopy of the Mikro Express savings book, to determine whether the customer's savings meet the minimum requirements. Third, a SLIK (Scale Infrastructure Credit) test is conducted to determine whether the prospective customer has financing elsewhere. Fourth, all documents are submitted to the board of directors for their determination of whether the financing decision is feasible. Fifth, if the customer is deemed feasible, funds are disbursed. Sixth, the PLM provides the goods the customer desires. Seventh, the goods are delivered (through sale and purchase), and the murabahah contract is signed. (Sisil, personal communication, 2025)

Micro Express financing refers to a faster and simpler approach to microfinancing. While this term may have slightly different interpretations depending on the context, it can generally be interpreted as a more efficient and quickly accessible microfinancing method. The following are some of the potential influences and impacts of microexpress financing:

a. Fast Access to Financing

Micro express financing provides fast access to individuals or small businesses in need of additional funds. This can help meet urgent needs or business opportunities that may arise

suddenly.

b. Increased Liquidity

With express microfinance, the liquidity of microbusinesses can increase, enabling them to manage their daily needs, such as purchasing raw materials or working capital.

c. Microbusiness Development

Rapid financing can support microbusiness development, such as expanding production or increasing market reach. This can contribute to local economic growth.

d. Credit Risk Reduction

Express microfinance may involve a faster and less complicated approval process compared to traditional financing methods. This can reduce credit risk for lenders and increase access to financing for borrowers with lower risk profiles.

e. Community Economic Empowerment

Through express microfinance, individuals or community groups who previously had difficulty accessing the formal financial sector can become more economically independent. This can have a positive impact on poverty alleviation and economic empowerment at the grassroots level.

f. Financial Innovation

Express microfinance can foster innovation in financial services, particularly through the use of technology. The use of technology, such as online platforms or financial applications, can simplify the financing process and business monitoring.

g. Increased Financial Resilience

Easier access to financing can increase the financial resilience of individuals or micro-businesses against unexpected economic or financial shocks.

While express microfinance can offer various benefits, it is also essential to acknowledge potential risks, particularly those associated with potentially higher interest rates and stricter repayment terms. Therefore, it is essential to ensure that express microfinance is conducted properly.

Transparent and considerate of consumer protection. The impact of ME financing on market traders is their attraction to ME financing products due to the speed of disbursement and the ease of making installments without visiting the office. Therefore, market traders simply wait for the PLM officer to visit the customer. (Syamsudin & Fadly, 2021)

Customers who participate in ME financing will be treated with good facial expressions and polite body language, as this can significantly impact the relationship between the PLM and market traders during the financing process. For example, a positive and friendly facial expression can increase attractiveness and improve the relationship between the trader and the buyer. Conversely, a negative facial expression can diminish customer trust and negatively impact sales. Therefore, awareness and

micro-management of expressions can play a crucial role in the success of market traders' businesses.

### **3.4. Supporting and Inhibiting Factors**

Express microfinance can be influenced by various factors that support and inhibit its growth. Here are some of these factors:

#### **Factors Supporting Express Microfinance:**

- a. Financial Technology (Fintech): Financial technology innovations enable faster and more efficient financing processes.
- b. Government Policy: Policies that support the microfinance sector, such as regulations that facilitate the operations of microfinance institutions and fiscal incentives, can help the sector grow.
- c. Financial Inclusion: Efforts to increase financial inclusion, including access to banking services for previously underserved groups.
- d. Training and Mentoring: Training and mentoring programs for micro-entrepreneurs can improve their managerial and financial skills.
- e. Partnerships with Financial Institutions: Collaboration between financial and non-financial institutions can enhance access to financing and bolster the capacity of borrowers.
- f. Use of Information Technology: The use of information technology to collect and analyze data can improve the efficiency of the credit process and risk management.

#### **Factors Inhibiting Express Microfinance: (Ayu Safitri, 2024)**

- a. Credit Risk: High credit risk can make financial institutions reluctant to provide financing without adequate collateral.
- b. Lack of Collateral: Many micro-enterprises cannot provide sufficient collateral, which can be a barrier to financing.
- c. Heavy Regulation: Complex or stringent regulations can deter financial institutions from providing microfinance.
- d. Economic Conditions: Unstable economic conditions can increase credit risk, prompting financial institutions to exercise greater caution in providing financing.
- e. Lack of Financial Literacy: A lack of understanding of finance can be a barrier for micro-entrepreneurs in managing funds effectively.
- f. Over-Indebtedness: The risk of borrowers experiencing excessive debt burdens arises if there are no mechanisms in place to prevent over-indebtedness.
- g. High Operational Costs: High operational costs, particularly for microfinance institutions, can make it challenging for them to compete or offer financing at reasonable interest rates. (Sintya, 2020)

Successful express microfinance requires a holistic approach that considers these factors. A combination of proactive policies, technology, financial education, and inter-institutional collaboration can help create a supportive environment for micro-enterprise growth. Good customer relationships facilitate the PLM (Micro-Economic Loan Management) process.

Customers who regularly save or make installment payments facilitate financing, as they maintain a minimum of three months' financing and regular savings. However, if customers do not regularly save for three months, financing will be hampered. Customers also hinder PLM if they make irregular payments or are past due, which complicates month-end reporting and financial management. (Alfikaromah & Nurhidayati, 2023)

### **3.5. Analysis of the Impact and Influence of ME (Mechanical Loan)**

Customers are attracted to ME financing because it is easy to disburse funds and requires no collateral from the bank. Once established, customers will have no difficulty accessing the office; they can simply visit, and a PLM officer will meet with them. This makes financing easier for customers. Over time, customers who have already applied for financing will grow their businesses and expand their reach. A good business is one that consistently maintains its operations and strives to improve its quality and quality, making it easier to obtain financing. (Ahmad, 2024)

## **4. CONCLUSION**

Based on the research results and discussion outlined above, it can be concluded that Micro Express Financing (ME), implemented by PT. BPRS Mitra Sejahtera Ponorogo is a Sharia-compliant microfinance product designed to address the capital challenges faced by traditional market traders, who have traditionally relied on usury-based financing, such as loan sharks or sharia banks. This financing offers a fairer, safer, and Sharia-compliant alternative.

Customers who have participated in ME financing have seen their businesses grow. With ME financing, it's easy to obtain and disburse quickly. Customers also don't need to visit the bank; they simply wait for an officer to come and collect the funds, without requiring collateral.

Micro Express Financing utilizes a murabahah contract, which aligns with the needs of market traders, particularly in the provision of merchandise. Simple financing procedures, fast disbursement without collateral, and a proactive service system by Micro Field Officers (PLM) are key factors driving the high level of interest in this program.

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