

## **UTILIZATION OF PEOPLE'S BUSINESS CREDIT BY MSMES IN THE CONTEXT OF BUSINESS DEVELOPMENT IN THE COASTAL MARKET AREA, MALABERO VILLAGE**

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### **ABSTRACT**

*Micro, Small, and Medium Enterprises (MSMEs) play a vital role in the Indonesian economy by absorbing labor, creating jobs, and supporting economic growth, particularly in coastal market areas such as Malabero Village, Bengkulu City. This research aims to analyze the utilization of People's Business Credit as a government-supported micro-credit program and its role in supporting business development among MSMEs in the coastal market area of Malabero Village. This research employed an empirical legal research approach using field data as the primary source, collected through interviews with MSME actors in the Malabero coastal market area. The findings indicate that the utilization of micro-credit remains relatively low, as only a small proportion of business actors have accessed the program, mainly those with higher capital needs, while limited information, low financial literacy, and fear of debt hinder wider participation. The research concludes that strengthening financial literacy, improving program socialization, and providing continuous assistance are essential to enhance effective micro-credit utilization and promote sustainable MSME development in coastal areas.*

**Keywords:** MSMEs, Capital, KUR, Government.

### **INTRODUCTION**

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in the Indonesian economy by absorbing labor, generating income, and supporting national economic growth. MSMEs operate across various sectors, including trade, production, services, culinary businesses, and tourism, and serve as a

vital foundation for community-based economic activities. Despite their significant contribution, MSMEs continue to face structural constraints, particularly related to limited access to capital, which restricts their ability to expand and remain competitive in an increasingly dynamic market.

Recognizing the importance of MSMEs, the Indonesian government has introduced various policy interventions under the National Economic Recovery (PEN) framework to strengthen business sustainability. One of the key initiatives is People's Business Credit (Kredit Usaha Rakyat/KUR), a government-supported micro-credit program designed to improve MSMEs' access to formal financing through low-interest loans and simplified requirements. Indonesia currently has more than 65 million MSMEs, and the disbursement of government-supported micro-credit increased toward the end of 2020,<sup>1</sup> indicating a growing demand for formal financing among small business actors.

However, despite the wide availability of micro-credit programs, their utilization among MSMEs remains uneven, particularly in coastal market areas where economic activities are highly dependent on tourism and fisheries. The main research problem addressed in this article is the low level of utilization of People's Business Credit among MSMEs in the coastal market area of Malabero Village, Bengkulu City. Many MSME actors experience difficulties in accessing formal credit due to limited financial literacy, lack of information regarding credit procedures, fear of debt, and reliance on traditional business practices. These conditions indicate a gap between government policy objectives and the actual capacity of MSMEs to access and manage financing facilities effectively.

Several previous studies have examined the role of micro-credit programs in supporting MSME development. Prior research has shown that access to government-supported credit can contribute to increased business capital, higher income, and employment growth among MSMEs. Studies focusing on KUR implementation have also reported positive impacts on business expansion and productivity. However, most existing studies emphasize quantitative outcomes or banking performance, with limited attention to the behavioral, socio-economic, and contextual factors influencing credit utilization at the local level, particularly in coastal market communities.

This research aims to analyze the utilization of People's Business Credit among MSMEs in the coastal market area of Malabero Village and to examine the factors influencing its effectiveness in supporting business development. The novelty of this research lies in its focus on a coastal market context and its empirical legal approach, which highlights not only economic outcomes but also the social, psychological, and institutional factors affecting MSMEs' access to and use of micro-credit programs. By emphasizing local characteristics and business actors' experiences, this research contributes to a deeper understanding of how government-supported credit programs can be optimized to promote sustainable MSME development in coastal regions.

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<sup>1</sup> Christy, Firdhy Esterina. (2025). "Jumlah UMKM di Indonesia.

<https://data.tempo.co/read/1111/jumlah-umkm-di-indonesia>, accessed 10 Mei, 2025.

## RESEARCH METHODS

This research employed an empirical legal research approach, which examines how legal norms related to government-supported micro-credit programs are implemented in society. The study focuses on the utilization of People's Business Credit (Kredit Usaha Rakyat/KUR) by Micro, Small, and Medium Enterprises (MSMEs) in the coastal market area of Malabero Village, Bengkulu City.

The data used in this research consisted of primary and secondary data.<sup>2</sup> Primary data were obtained directly from the field through in-depth interviews and direct observation of MSME actors operating in the Malabero coastal market area. The interviews were conducted to explore MSME actors' experiences, understanding, and perceptions regarding access to and utilization of KUR. Observation was carried out to understand business characteristics and operational conditions of MSMEs in the research location.

Secondary data were collected from legal materials, including laws and regulations related to MSMEs and KUR, such as Law Number 20 of 2008 on Micro, Small, and Medium Enterprises and relevant government regulations governing the implementation of KUR. In addition, secondary data were obtained from official government reports, statistical data, and previous research relevant to MSME financing and micro-credit programs.

The population of this research consisted of all MSME actors operating in the coastal market area of Malabero

Village, Bengkulu City. Due to the absence of an official and comprehensive registry of MSMEs in this area, this research applied a purposive sampling technique. A total of fifteen (15) MSME actors were selected as research respondents based on specific criteria, including business continuity, type of business, and experience in accessing or not accessing KUR. This sampling technique was chosen to obtain in-depth and relevant empirical data regarding different patterns of KUR utilization.

The collected data were analyzed using qualitative descriptive analysis with a legal perspective. Empirical findings from interviews and observations were analyzed by connecting them with applicable legal norms and regulations to assess the effectiveness of KUR implementation and to identify gaps between normative legal provisions and their application in practice among coastal MSME.

## RESULTS AND DISCUSSION

The coastal market area of Malabero Village constitutes a central hub of community economic activities in Bengkulu City, particularly for populations whose livelihoods depend on tourism and fisheries. Micro, Small, and Medium Enterprises (MSMEs) operating in this area are engaged in various business sectors, including dried fish trading, processed food production, beverage vending, handicrafts, and tourism-support services. These MSMEs play a significant role in

<sup>2</sup> Efendi, Jonaedi and Johhny Ibrahim. (2018). Metode Penelitian Hukum, Cet. 2, Depok: Kencana Prenamedia Group, p.149.

sustaining the local creative economy and generating employment opportunities for coastal communities. However, despite the considerable economic potential of the region, MSME actors continue to face structural challenges, particularly limited access to capital, low managerial capacity, restricted marketing reach, and minimal utilization of digital technology.

The increasing intensity of economic activities in the Malabero coastal area is also reflected in regional tourism growth. Data from the Central Statistics Agency show that tourist visits to Bengkulu during January–August 2025 reached 4.89 million trips, representing an increase of 71.23 percent compared to the same period of the previous year.<sup>3</sup> In response to this economic potential, the government has expanded the People's Business Credit (KUR) program with a national distribution target of IDR 300 trillion by 2025,<sup>4</sup> offering a subsidized interest rate of 6 percent per annum as regulated under the Coordinating Minister for Economic Affairs Regulation Number 7 of 2024.<sup>5</sup> At the provincial level, KUR distribution in Bengkulu has reached IDR 1.95 trillion to 26,557 debtors by mid-2025.<sup>6</sup> However, despite the significant scale of credit allocation, empirical findings in the Malabero coastal market area demonstrate

that increased financial availability does not automatically translate into effective access for MSMEs, thereby indicating a legal gap between policy design and implementation.

To address capital constraints faced by MSMEs, the Indonesian government has introduced People's Business Credit as a government-supported micro-credit program aimed at improving MSMEs' access to formal financing. Normatively, the KUR program has been regulated comprehensively, covering eligibility requirements, distribution mechanisms, interest subsidies, and supervision. Empirical legal studies consistently indicate that the principal challenge of KUR implementation lies not in regulatory absence but in the effectiveness of implementation, particularly in relation to socialization, monitoring, and institutional assistance provided to MSME actors.<sup>7</sup>

Empirical findings based on field interviews with MSME actors in the Malabero coastal market area indicate significant variation in the utilization of KUR. Some MSME actors have accessed KUR as a source of working capital, while others have never utilized the program despite being eligible

<sup>3</sup> Indonesia, B.P.S. (2025). Perjalanan wisatawan nusantara ke Provinsi Bengkulu pada Januari hingga Agustus 2025 mencapai 4,89 juta perjalanan, Badan Pusat Statistik Indonesia. Accessed 02 Oktober, 2025, p. 3.

<sup>4</sup> Limanseto, H. (2024). Resmi! Target KUR 2025 Naik Menjadi Rp300 Triliun, Kementerian Koordinator Bidang Perekonomian Republik Indonesia, 2024, accessed 2 Oktober, 2025.

<sup>5</sup> Peraturan Menteri Koordinator (Permenko) Bidang Perekonomian Nomor 7 Tahun 2024.

<sup>6</sup> Haicing, I. (2025). Penyaluran KUR Tembus Rp1,95 Triliun, Kinerja TPAKD Bengkulu

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<sup>7</sup> Lutfi, Amanda Gheanisa , Moh. Indra Bangsawan, "Efektivitas Program Kredit Usaha Rakyat dalam Meningkatkan Usaha Kecil dan Menengah (Studi di PT. BPR Bank Boyolali)", *Jurnal Ilmu Hukum*, Fakultas Hukum Universitas Muhammadiyah Surakarta.

**Table 1**  
**List of Business Actors Based on KUR Utilization Status**

Yes	Name	Types of MSMEs	KUR Utilization Status	Information
1	Rani (mother)	Dried Fish Seller	Have taken KUR loans 2 times within 2 years & 1 1/2 years with a total loan of 50,000,000	It has been 4 years of selling and lending as additional business capital and adding to the variety of types of dry fish sales.
2	Hamdani	Dried Fish Seller	Never taken out a KUR loan	It has been selling for 20 years and has never done a KUR loan (at the bank) but has made a loan through MBK.
3	Santi	Dried Fish Seller	He has made several loans from the initial nominal of 5,000,000 to 200,000,000	Borrowing KUR for business capital and some personal needs. Have taken loans many times because credit is smooth and very helpful to them.
4	Sapphira	Dried Fish Seller	Have taken a KUR loan with a loan amount of 25,000,000/2 years	KUR loans are all used for business capital, not personal needs.
5	Rina	Dried Fish Seller	Have taken a KUR loan with a loan amount of 50,000,000/2 years	It has been 10 years of selling and only once has made a KUR loan. The utilization is the same as before, namely for business

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				capital, not personal needs.
6	Rani	Processed Food Vendor <i>(Traditional Cake)</i>	Never taken out a KUR loan	Choose not to borrow.
7	Pirkanawati	Processed Food Seller <i>(Tekwan)</i>	Never taken out a KUR loan	Not knowing about KUR.
8	Swing	Processed Food Seller <i>(Seafood Fried Food)</i>	Never taken out a KUR loan	Have no desire to borrow.
9	Effendi <i>(deol)</i>	Processed Food Seller <i>(Sempol, Meatballs)</i>	Never taken out a KUR loan	I don't understand KUR but also want to get a loan, I just don't know about the steps to borrow.
10	Rica	Processed Food Seller <i>(Seblak)</i>	Have taken a KUR loan with a loan amount of 50,000,000/3 years	I have taken a loan once, previously I have sold dried fish as well.
11	Andri	Beverage Vendor <i>(Coffee &amp; Tea Shop)</i>	Never taken out a KUR loan	I don't want to borrow KUR.
12	Victory	Beverage Seller <i>(Young Coconut)</i>	Never taken out a KUR loan	Just like Andri, he already knew about KUR but chose not to borrow.
13	Fish	Beverage Seller <i>(Ice Orange)</i>	Never taken out a KUR loan	Not interested in borrowing.

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14	Nia	Beverage Vendor ( <i>Jumbo Iced Tea</i> )	Never taken out a KUR loan	I have heard about KUR but do not want to borrow.
15	Yuli	Beverage Seller ( <i>Iced Milo</i> )	Never taken out a KUR loan	Not yet need a KUR loan. Previously, I had also been deceived in terms of borrowing and borrowing, so I was afraid to relate to it.

The data presented in Table 1 show that only five out of fifteen MSME actors have accessed People's Business Credit, while the remaining ten have never utilized the program. MSMEs engaged in dried fish trading dominate the group of KUR recipients, reflecting the relatively high operational capital required for fishing, processing, and distribution activities. In contrast, MSMEs operating in processed food and beverage sectors tend to rely on self-financing or informal credit sources. Empirical studies on KUR implementation in various regions have similarly shown that MSMEs with higher capital intensity are more likely to access formal credit schemes, while smaller-scale enterprises remain excluded.<sup>8</sup>

From a legal perspective, this condition demonstrates a clear gap between the normative objectives of KUR regulations and their empirical implementation. Article 3 of Regulation of the Coordinating Minister for Economic Affairs Number 7 of 2024 emphasizes the

principles of accessibility, inclusiveness, and empowerment through simplified credit mechanisms. However, empirical evidence from the Malabero coastal market area reveals that these normative principles have not been effectively realized at the grassroots level. Limited dissemination of information, weak institutional outreach, and insufficient procedural understanding prevent many MSME actors from exercising their legal right to access government-supported financing. This finding is consistent with previous empirical legal studies which conclude that weak socialization and monitoring significantly undermine the legal effectiveness of KUR regulations.

In addition to informational barriers, psychological factors such as fear of indebtedness and negative past experiences with loans further discourage MSME actors from engaging with formal financial institutions. Despite regulatory mandates requiring simplified procedures, many respondents still perceive the KUR

<sup>8</sup> Wawancara dengan pelaku usaha di Daerah Pasar Pantai Kelurahan Malabero, Tanggal 27 September 2025.

application process as complex and burdensome. This discrepancy highlights a legal gap between regulatory intent and practical implementation, reinforcing the conclusion that legal norms alone are insufficient to ensure effective access without adequate institutional support.

The findings further reveal that MSME actors who have utilized KUR generally experience positive impacts on business development. Loan funds are primarily used to increase working capital, expand production capacity, and improve product quality. Nevertheless, some MSME actors continue to mix business finances with personal finances, indicating weak financial management practices. From a legal empowerment perspective, access to financing alone is insufficient to achieve MSME development objectives. Law Number 20 of 2008 on Micro, Small, and Medium Enterprises emphasizes that the state must also provide capacity building, financial literacy, and continuous assistance.<sup>9</sup> The persistence of limited legal and financial literacy among MSME actors suggests that these statutory empowerment obligations have not been fully implemented, particularly in coastal market communities.

The implementation of KUR also presents legal risks related to repayment obligations and financial stability. As a credit-based program, KUR requires recipients to fulfill installment payments regardless of fluctuations in business income. In coastal market areas such as

Malabero, MSME income is highly dependent on external factors, including weather conditions, tourism seasons, and fisheries yields. Empirical legal studies on KUR distribution have noted that weak supervision and limited monitoring of fund utilization increase the risk of repayment difficulties.<sup>10</sup> From the perspective of legal certainty and proportionality, this raises concerns regarding the fairness of applying uniform repayment schemes to MSMEs operating in structurally vulnerable economic sectors.

Furthermore, differences in KUR utilization patterns among MSME actors indicate varying levels of legal and managerial readiness. Some MSMEs repeatedly access KUR after completing previous repayment cycles, while others avoid formal credit entirely. From a legal effectiveness standpoint, this pattern suggests that KUR tends to benefit MSMEs with stronger managerial capacity and financial discipline, while smaller or more vulnerable MSMEs remain excluded. Such outcomes challenge the inclusiveness principle embedded in KUR regulations and underscore the need for more adaptive legal mechanisms that account for sector-specific risks and socio-economic conditions.

Overall, the empirical findings of this research demonstrate that the implementation of People's Business Credit in the Malabero coastal market area reveals a persistent gap between normative legal provisions and empirical realities.

<sup>9</sup> Anisa, Norna, Musa Hubis, and Nurheni Sri Palupi. (2023) "Kajian Efektivitas Pembiayaan KUR Mikro dalam Pengembangan UMKM di Bank Syariah Indonesia (Studi Kasus di BSI KCP Bogor Pomad)". *Manajemen IKM*, Vol. 18 No. 2, : 152–162.

<sup>10</sup> Cahyadi, Yudi and Nola Windirah, (2021) "Efektivitas Program KUR Mikro untuk UMKM di Bank Rakyat Indonesia (Persero) Tbk Unit Bangkahulu", *Jurnal Agristan*, Vol. 3 No. 1.

Although the legal framework governing KUR articulates clear objectives related to MSME empowerment and inclusive financing, its effectiveness remains constrained by limited legal awareness, insufficient institutional support, and socio-economic vulnerabilities characteristic of coastal communities.<sup>11</sup> Bridging this gap requires not only regulatory clarity but also strengthened legal socialization, continuous assistance, and adaptive implementation strategies to ensure that KUR functions effectively as a legal instrument for sustainable MSME development.

## CONCLUSION

This research concludes that the utilization of People's Business Credit by Micro, Small, and Medium Enterprises in the Malabero coastal market area has not yet reflected the normative objectives stipulated in the prevailing legal framework. Although regulations governing People's Business Credit emphasize accessibility, inclusiveness, and MSME empowerment, empirical findings demonstrate that these principles have not been effectively implemented at the local level. The limited use of KUR among MSME actors indicates a persistent gap between legal norms and empirical realities, particularly in relation to regulatory socialization, institutional outreach, and legal awareness within coastal communities.

From a legal perspective, this study affirms that the effectiveness of People's

Business Credit as an instrument of MSME empowerment is not determined solely by the availability of financing facilities, but by the state's ability to fulfill its statutory obligations of guidance, protection, and capacity building as mandated by Law Number 20 of 2008. Strengthening legal socialization, enhancing financial and legal literacy, and adopting adaptive implementation mechanisms that consider sector-specific vulnerabilities are essential to ensure that government-supported credit programs operate fairly, proportionally, and in accordance with their intended legal purpose.

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