Islamic micro-banking model with a target market of ultra-micro enterprises (case study of BTPN Syariah)

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Abstract
This research differs from previous research, in that this is focused upon analyzing the performance of the BPTN Syariah (compliant with Islamic banking rules) Bank, which is a commercial financial institution (bank) fully committed to financing the poor of society (ultra-micro enterprises), which comprise its market segment. This financing segment, in the category of ultra-micro and small enterprises, is considered to be one of high risk for a bank, The aim of this research was to evaluate to just what extent the performance of the BTPN Syariah was focused upon the financing of the ultra-micro enterprise segment of the poor of society. Based upon the analysis of the Risk Profile, of Good Corporate Governance, of Earnings, and of Capital (RGEC), it may be concluded that the BTPN Syariah had a much better rating than those of other Islamic banks, with a low level of risk and a high level of profitability. This different performance was brought about by the BTPN Syariah being supported by representatives/agents who empower and guide customers (customer service officers), which had an impact upon the creation of social capital. This showed that customers in the ultra-micro enterprise segment were of low risk when financed, and that the widening of financial access for the poor of society was needed.

Keywords: *Micro-banking, social capital, ultra-micro, community empowerment*

INTRODUCTION

It was hoped that this research would prove a different result from that of previous research, which showed that the financing segment of the ultra-micro and small enterprise categories were considered to be of high risk for banks (Murdoch, 1999, D'Espallier *et al.*, 2013, Baofeng *et al.,* 2019, and Dono-Adonsou and Sylwester, 2016), besides profitability for the bank being relatively small. The research also analysed how the value of *social capital* can be financially profitable for banks, and can how it can raise the living standards of poor customers. The existence of *social capital* is hoped to be able to support the independence of the poor of society in obtaining finance, to enable them to climb out of poverty (Grootaert, 1999). Additionally, it was the role of some twelve thousand representatives, normally known as Community Service Officers, of the BTPN Syariah, who are crucial in developing the numbers of financial customers in centres spread through nearly every region of Indonesia, to serve the millions of customers of the central office.

The BTPN Syariah itself is a commercial bank, having a work style in financing which is similar to the general micro-financing work style. The BTPN Syariah was the only *Syariah* focused upon the micro-banking segment, which pools third-party funds from the middle and upper classes of society. In general, the financing by the BTPN Syariah was categorized as ultra-micro financing, with the maximum value of financing loans being less than Rp. 10 million (USD 700) and with the average loan being around Rp. 2.3 million (USD 180).

Bank Tabungan Pensiun Nasional Syariah (BPTN Syariah) focuses on serving the *mass market* segment, comprising pensioners, entrepreneurs in the Micro, Small and Medium-sized Enterprises (*MSME*) segment, and the productive poor community, with fincial products, as well as the cooperatives segment with funding products. The BTPN Syariah is the only *Syariah* which fully finances the micro-enterprise segment of the poor of society, even though it is not a Micro-Financial Institute.

The BTPN Syariah replicates the financing concepts of the Grameen Bank in Bangladesh, however financing in the BTPN Syariah operates on the basis of *islamic* principles, and does not use the interest system in its endeavours. There is a similar programme in Bangladesh, which does not apply the principles of interest as its instrument, *i.e.* the Islamic Bank of Bangladesh Limited (Ahmad & Al-Mubarak, 2014). Commercial *islamic banks*, in general, is of the opinion that, in the micro-banking segment, there is a high degree of asymmetric information from customers, compared with productive financing in the corporate segment, so that financial institutions are forcedto apply *high costs*, to reduce this risk (Dusuki, 2008).

Further, compared to other *islamic banks* in Indonesia, the financing portfolio of the BTPN Syariah is 100% in the micro-banking market segment. Other *islamic banks* do not operate fully in the micro-banking market segment, because it is considered to have a high degree of risk, high operating costs, and that asset growth will be slow, compared to that in corporate financing. One of the factors restricting the commercial banks entering the micro-banking segment is the high risk of the *low repayment capacity* which may be faced (Dono-Adonsou and Sylwester, 2016).

Social capital needs to be present in an institute wishing to inject funds, aimed at the poor of society, into the micro-banking segment (Rankin, 2002). Great social capital is created from the strong and intense interaction between financial institutes and their customers, as well as a deep understanding by the institute of the needs of customers (Feigenberg *et al.*, 2010). In economic activity, social capital has a very important role in facilitating cooperation and coordination, and in increasing oversight and limiting opportunistic behaviour, which is often an important factor contributing to the failure of Micro-Small Entrepise (MSE) developmental programmes (Sila, 2010).

Although there is controversy as to whether one may obtain benefit from the poor of society through ultra-micro financing by the MSE (Vong and Song 2014), none the less it is evident that the participation of society in a productive financing programme is capable of raising incomes in the future (Miled and Rejeb, 2015). The Grameen Bank model has widely been made the financing model for the poor of society, whereby this programme has been aimed at women who are still productive, to increase the levels of repayment (Baklouti, 2013) (Murdoch, 1999).

Research conducted by Effendi & Utami (2016) disclosed that there is a strong role for the recommendations of other people, and of membership status, in social capital, in empowering micro-enterprises in the informal sector. This was reinforced by the research by Nugroho (2008), which found that group micro-financing, channelled by strengthening the feelings of mutual trust, kinship between debitors and bank officials, as well as the involvement of public figures, can produce good rates of repayment. This is made possible because this social capital strengthens loyalty, and gives the borrower the incentive to act honestly and return the credit provided.

Social capital reduces the possibility of a household falling into poverty. The roles of the members of the finance-borrowing group in a community, actively and through decision-making, are able to increase the quality of the human resources owned (Grootaert, 1999). In the case of the Grameen Bank in Bangladesh, social capital was built on the basis of networks, both horizontal and vertical, the building of new norms, and the building of social trust, collectively to overcome one of the problems of poverty, *i.e.* in the aspect of capitalisation (Dowla, 2006).

The BTPN Syariah aims at this segment of society because, although at this time customers in the informal and ultra-micro enterprise groups are not considered suitable to be given financing, none the less it is appropriate for them to be financed, looking at the prospects of their businesses, as well as their drive for advancement. With the entry of agents of the BTPN Syariah, the social capital between the BTPN Syariah and its customers was able to be built up. There were several definitions to be found, related to social capital. Putnam (1993) stated that social capital was a characteristic of organisations, like networks, norms, and social trust, which could assist in the coordination and cooperation needed to obtain the commensurate profit. Meanwhile, Fukuyama (1995) stated that social capital is the ability of a person to cooperate with others to achieve a goal, in a group or organisation.

This current research differed from previous research, because, in this, the performance of the BTPN Syariah was analysed, as that of a commercial financial institution which fully finances the poor of society, which is its segment. Therefore, the contribution of this research was to attempt to evaluate the performance of the BTPN *Syiariah* Bank, as it focuses fully on financing in the ultra-micro segment, for the poor of society, without engaging in other financing, such as that of the corporate sector. In addition, this research was also able to evaluate the social capital model developed, the building of a programme of community empowerment, as well as to give a deeper understanding of the profitability and the risks in such financing, as faced by the micro-banking business segment.

RESEARCH METHOD

Research data

This research utilised secondary data in the form of financial, as well as activity, reports from the BTPN Syariah, related to its business in Ultra-Micro Financing. Besides these, the research also used data from the national *Islamic banking* statistics, accessed through the official website of the Bank Indonesia (BI). The research also compared the performances of other *islamic banks* in Indonesia against that of the BTPN *Syariah*, so that the total number of *islamic banks* examined was ten. The ten of Islamic banks comprises approximately three-quarter of Islamic banking assets in Indonesia, then the sample is sufficient to represent a whole population. The financial reports published by the *islamic banks* was able to be obtained from their respective official websites. The three-monthly financial reports covered the period from the first quarter of 2015 to the third quarter of 2019 before merger to Bank Syariah Indonesia (BSI). The other *islamic banks* examined, besides the BTPN Syariah, were as follows:

Table 1. Banks Sample

No	Abbreviation	Name of Bank
1	BTPNS	Bank Tabungan Pensiun Nasional Syariah
2	BSM	Bank Syariah Mandiri
3	BMI	Bank Muamalat Indonesia
4	BNIS	Bank BNI Syariah
5	BRIS	Bank BRI Syariah
6	BMS	Bank Mega Syariah
7	BSB	Bank Syariah Bukopin
8	BVCS	Bank Victoria Syariah
9	BCAS	Bank BCA Syariah
10	PNBS	Panin-Dubai Bank Syariah

Sumber: Data diolah, 2024

Model Specification

In this research, the *Weighted Least Square* (WLS) panel regression model, or the smallest balanced quarter, was used. This is reminiscent of the taking of samples with the potential to undergo the problems of heteroscedastisity, because, in this research, there were two large *islamic banks* having the composition of at least half their assets in *Syariah*ing. These were Bank Syariah Mandiri (BSM) and the Bank Muamalat Indonesia (BMI), whilst the smaller Islamic banks, such as the Bank Syariah Bukopin (BSB) had only one tenth of the assets of the previously mentioned *islamic banks*.

Heteroscedastisity can cause a model to be inefficient, for both small and large samples. In other words, in repeated sampling, the OLS (*Ordinary Least Square*) estimation tool, on the average, will be the same as the parameter values of the population, and if the sample is enlarged, to the extent *n* approaches uncountability, this estimation tool will approach its actual value, but the varients, or its *standard error*, will no longer be minimal, although the sample be enlarged until *n* approaches inestimability (*asymptotic efficiency*) (Supranto, 2004). The use of a WLS regression panel model was hoped to enable the overcoming of the problem of heteroscedestisity in this research model, as with the research previously conducted by Hosen & Muhari (2019).

In this current research, two models were used, *i.e.* the profitability model, represented by the ratio of Return on Assets (ROA), and the Risks model, represented by the ratio of Non-Performing Financing (NPF). The independent variables in this research referred to the research by Abdillah *et al.* (2016), for the profitability model, and to that by Hosen & Muhari (2019), for the Risks model. The independent variables, for both the Similarity of Profitability model and the Risk model, used the Capitalisation variable, represented by the Regression Panel Weighted Least Square (WLS) Method, performed by dividing the Ordinary Least Square (OLS) normal regression similarity, by σ, so that the initial similarity was:

$$ROA_{it} \ or \ NPF_{it} = \beta_0 + \beta_1 CAR_{it} + \beta_2 BOPO_{it} + \beta_3 FDR_{it} + \varepsilon_{it} \ldots\ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$$

which, if divided by σ (the standard of the variable deviation) would become:

$$\frac{ROA_{it}}{\sigma_{it}} \ or \ \frac{NPF_{it}}{\sigma_{it}} = \frac{\beta_0}{\sigma_{it}} + \frac{\beta_1 CAR_{it}}{\sigma_{it}} + \frac{\beta_2 BOPO_{it}}{\sigma_{it}} + \frac{\beta_3 FDR_{it}}{\sigma_{it}} + \frac{\varepsilon_{it}}{\sigma_{it}} \ldots\ldots\ldots\ldots\ldots\ldots\ldots. (2)$$

or which may also be formulated as:

$$\frac{ROA_{it}}{\sigma_{it}} \ or \ \frac{NPF_{it}}{\sigma_{it}} = \beta_0 \frac{1}{\sigma_{it}} + \beta_1 \frac{CAR_{it}}{\sigma_{it}} + \beta_2 \frac{BOPO_{it}}{\sigma_{it}} + \beta_3 \frac{FDR_{it}}{\sigma_{it}} + \frac{\varepsilon_{it}}{\sigma_{it}} \ldots\ldots\ldots\ldots\ldots.\ldots\ldots (3)$$

Where ROA is the Return On Assets, NPF is Non-Performing Financing, CAR is Capital Adequacy Ratio, OER is Operatioanl Efficiency Ratio, and FDR is the Financing to Deposit Ratio, β is the parameter of each variable, $_{it}$ is the *Syariah I*, for the period *t, σ* is the variable of standard deviation, and ε is error. The next step was to determine the *cross-sectional effect* on the models of both profitability and risk, to determine which *Syariah* had the largest influence. From these two models, cartesius diagram was then prepared, to determine the category of each *Syariah*. The quadrants constructed were as follows:

Quadrant II High Profitability and Low Risk	Quadrant I High Profitability and High Risk
Quadrant III Low Profitability and Low Risk	Quadrant IV Low Profitability and High Risk

Figure 1. Quadrants of Profiles of *Islamic banks* in Indonesia

The first quadrant indicates that the *Syariah* therein is in the caregory of high profitability and high risk, the second quadrant indicates that the bank is in in the category of high profitability and low risk, the third quadrant shows that the bank is in the category of low profitability and low risk, and the fourth quadrant is of banks with low profitability and high risk. *Islamic banks* are hoped to be in the second quadrant, and not in the fourth quadrant.

DISCUSSION

The social capital of the BTPN syariah

The BTPN Syariah played its role in strengthening financial literacy and inclusion through training and empowerment activities in the fields of health, knowledge, and business skills, at its empowerment centres. The bank conducted agency business on the basis of *syariah* law, to market new financial and funding products. The agents acted as extensions of the bank in the field, providing banking services, previously difficult to be accessed by customers.

Based on the Annual Reports (2020), The BTPN Syariah had an enterprise value which was continuously held (the *Unique Value Proposition*), normally known by the term 4 Key Behaviours: Courage, Discipline, Hard work, dan Solidarity, which supported every employee who participated in the *micro-banking* programme of the BTPN Syariah. The provision of products and services delivered by agents to customers was hoped to be able to be increase the living conditions of customers, and to give inspiration to those around them. In 2019, the BTPN Syariah developed a programme of biometric facial authentification, agent transactions and the aquisisition of customers, through agents, so that digitalisation might also be enjoyed by the poor in Indonesia and increase transactions by agents and customers, in support of the exploration of a fee-based income.

The BTPN Syariah also gives compensation to its agents through free *Umroh* (Islamic pilgrimage in the off-season) travel, and a programme free of administration costs for the purchase of cellular telephones and telephone call credit or payment of electricity bills. The BTPN Syariah has several programmes for increasing social values in marketing its products, increasing financial inclusion, and raising the prosperity of its customers. Amongst these are: *1) Daya Program Reguler* (train and workshops about health and entrepreneurship)*, 2) Daya Program Komunitas, Daya Program Reguler* (empower customer communities with the same needs, desires and commitments to cooperate in reaching potential markets and supporting healthier lifestyles)*, 3) Sahabat Daya Universitas* (programme designed to involve selected universities and tertiary students in voluntary activities, particularly working closely with entrepreneurs, for productive pre-prosperous customers)*, dan 4) Daya Sehat Sejahtera* (empowerment programme in the field of health, aimed at supporting healthy lifestyles, so that customers might remain productive in their activities).

As is the case with the Grameen Bank in Bangladesh the programmes of which are conducted in groups, the public empowerment programmes of the BTPN Syariah were conducted in group style, with 5 members, selected by the all other members (Annual Financial Report of the BTPN Syariah, 2018). Thus, this minimalised the risks, because, through oversight from fellow members, the risk of incorrect financing was suppressed. From this group, they were guided routinely, conducting meetings at least once every 2 weeks, and, besides this, they had joint savings accounts and obligatory savings accounts, to insure the risk and the level of repayment from the members of the empowerment programme.

Customers of the BTPN Syariah were women, for productive financing, including those in the category of the poor of society. Unlike in the productive programmes much employed by donor and government institutions, those of the BTPN Syariah were run by a commercial financial institution, and not subsidised by any other institution at all (Adusei, 2019). D'Espallier *et al.* (2013), stated that micro-financing institutions, unsubsidised by either governments or donor institutions, had a high level of success, in both completing their social missions and in making profits. Although this was the case, according to Mersland and Storm (2009), the type of financial institution, be it government, donor institution or commercial financial institution, did not have any influence on micro-banking performance in empowering the members of society.

In offering their DPK products to the people, the BTPN Syariah also reminded customers that the target of its financing was the poor, so that they might become bank customers, so that, indirectly, it participated in helping the financial inclusivity of, and empowered, the poor. Although this is so, it is necessary also to consider opening savings accounts for the poor of society. Cozarenzzo, *et al.* (2016) proposed that by the opening of sacings accounts for the poor, there is an impact on the increase of the number of savings accounts, and an increase in investment in small scale enterprises.

Mapping of profitability and risk

In this sub-section, estimations are made of factors influencing profitability and risks for *islamic banks* in Indonesia. At the end of these analyses, data were obtained, as to how it was the BTPN Syariah focuseed on the ultra-micro segment, and minimilised risk. At the end of the sub-section, mapping is provided, regarding the profitability and risks of each of the *islamic banks*, divided into four quadrants. The estimation of the factors influencing the profitability of *islamic banks* in Indonesia is as follows:

Table 2. Profitability model of WLS regression (dependent variable: ROA)

	Coefficient	Std. Error	t-ratio	p-value
Const	9.27695	0.765833	12.11	<0.0001*
CAR	0.0484656	0.0133269	3.637	0.0004*
OER	−0.107475	0.00667821	−16.09	<0.0001*
FDR	0.00931280	0.00414182	2.248	0.0257*
Sum squared resid	123.3857		S.E. of regression	0.814472
R-squared	0.630391		Adjusted R-squared	0.624430
F(3, 186)	105.7449		P-value(F)	5.49e-40

Source: processed data, 2024

The dependent variable in the model above was Return on Assets, which represented the profitability of the *islamic banks*. The analysis above indicates that, simultaneously, all independent variables had influences on the profitability of the *islamic banks* in Indonesia. It may be seen, partially, that allof the independent variables, consisting of the variables CAR (representing capitalisation), OER (representing efficiency), and FDR (representing liquidity) had significant influences on profitability.

The positive value of CAR in the representation above indicates that the higher the amount of capital which was held by *islamic banks*, the higher also were their levels of profitability. The negative values of OER in the representation above indicates that the smaller the OER ratio (meaning that the *Syariah* was increasingly efficient), the higher would be the profitability of that *Syariah*. The positive value of FDR in the representation above indicates that, the more financing the *Syariah* provided to its customers, the higher also was its profitability, even though the size of the influence of FDR was not as high as the ratio of either CAR or OER.

If viewed from the situations in the BTPN Syariah, its performances in the aspects of capitalisation, profitability and liquidity were capable of supporting its profitability. In the matter of profitability, sufficient capitalisation was required, to support its business as a *Syariah*, efficiency had an impact upon the maximalisation of the resources used, and liquidity could ensure the functional role of the *Syariah* as a financial intermediation institution. An estimation of the factors which influenced the risks for *islamic banks* in Indonesia is as follows:

Table 3. Model of WLS regression (dependent variable: NPF)

	Coefficient	Std. Error	t-ratio	p-value
Const	1.72637	0.875868	1.971	0.0502
CAR	−0.0813119	0.0125000	−6.505	<0.0001*
OER	0.0380010	0.00594295	6.394	<0.0001*
FDR	−0.0134002	0.00758739	−1.766	0.0790
Sum squared resid	187.7432		S.E. of regression	1.004675
R-squared	0.443061		Adjusted R-squared	0.434078
F(3, 186)	49.32270		P-value(F)	1.68e-23

Source: processed data, 2024

The dependent variable in the model above was Non-Performing Financing, representing the risks for *islamic banks*. The analyses above indicates that, simultaneously, all independent variables were influential on risk for *islamic banks* in Indonesia. It may partially be seen that all of the variables, consisting of the CAR (representing capitalisation) and OER (representing efficiency) had significant influences on the profitability and risk, whereas the FDR variable (representing liquidity) had no significant influence.

The negative CAR values in the representation above indicates that the greater the amount of capital held by the *Syariah*, the smaller was its risk level, recalling that one of the functions of the aspect of capitalisation is to minimalise the risks which may occur. The positive OER values in the representation above indicate that the greater the ratio of OER (meaning the *Syariah* was increasingly inefficient), so its financing risk would increase, because the principle of prudence in the issuance of finance had been paid less attention. The negative FDR values in the representation above indicate that the more the *islamic banks* issued financing to their customers, the lower the financing risks were. This made possible the reason that increasing the amount of financing issued to different customers, could diversify the financing risks.

If viewed from the situation in the BTPN Syariah, the performances from the aspects of capitalisation, profitability and liquidity were able to minimise the financing risks of the bank. In the matter of risk, sufficient capitalisation was required, to anticipate problem financing, and for reserves against that said problem financing, and for efficiency to minimalise financing, which could cause wastage. As regards liquidity, Hosen & Muhari (2019), who examined problem financing in Islamic Rural Banks stated that the increase in FDR, accompanied by a rise in NPF, might be caused by a dearth of supervision of risk management in *islamic banks*. In the analysis results, above, it may be seen that FDR had no influence over NPF, showing that *islamic banks* had been reasonably successful in the sound application of financing risk minimalisation. Furthermore, the cross-sectional effect of all *islamic banks* was examined to look at the size of the influence compared to the research models planned out. The Cross-Sectional Effect on the Profitability and Risk Models were as follows:

Table 4. Cross-sectional effects on the profitability and risk models of *islamic banks*, in Indonesia

Bank	Profitability Model	Risk Model
Bank BTPN Syariah (BTPNS)	5.048196	-1.985629
Bank Syariah Mandiri (BSM)	-0.641154	0.587110
Bank Muamalat Indonesia (BMI)	-0.402725	0.997849
BNI Syariah (BNIS)	-0.229306	-0.728377
BRI Syariah (BRIS)	1.198451	1.553526
Bank Mega Syariah (BMS)	-0.363626	0.033196
Bank Syariah Bukopin (BSB)	-0.843237	0.764211
Bank Victoria Syariah (BVCS)	-0.874915	1.078915
BCA Syariah (BCAS)	-1.903212	-2.132160
Panin-Dubai Bank Syariah (PNBS)	-0.988472	-0.168642

Source: processed data, 2024

Based upon the analysis of the cross-sectional effects, above, it may be seen that the BTPN Syariah had the best cross-sectional effect in the profitability model (5.048196) and the second best (-1.985629) in the risk model. This indicates that the high profitability of the BTPN Syariah was accompanied by a low risk level, reflected in the low level of NPF. In the risk model, the BTPN Syariah was still below the level of the BCA *Syariah*, but, whilst this is so, that bank (BCA Syariah) had the lowest profitability of all (-1.903212). This indicates that the BCA *Syariah* had high business profitability and a low risk profile. Meanwhile, another *Syariah* which had a positive profitability effect was the BRI *Syariah* (1.198451), although, when seen from its value, it is still below that of the BTPN Syariah. However, on the other hand, the BRI *Syariah* gave the highest results for the risk model, compared to other *islamic banks* (1.553526), indicating that the BRI *Syariah* had a high business profitability, and also high a risk, profile. To be clearer, the quadrants of the profiles of business profitability and risk of the *islamic banks* in Indonesia may be seen in Figure 2.

From the Figure 2, it may be seen that the BRI *Syariah* (BRIS) was in the first quadrant (high profitability – high risk), the BTPN Syariah was in the second quadrant (high profitability – low risk), the BNI *Syariah* (BNIS), the BCA *Syariah* (BCAS), and the Panin-Dubai *Syariah* (PNBS) were in the third quadrant (low profitability – low risk), whilst the Mega *Syariah* (BMS), the Mandiri *Syariah* (BSM), the Indonesian *Muamalat* Bank (BMI), Bukopin *Syariah* (BSB), and the Victoria *Syariah* (BVCS) were in the fourth quadrand (high profitability – low risk). It was only the BTPN Syariah (BTPNS) which was in the ideal quadrant, whilst five of the ten *islamic banks* examined were in the fourth quadrant. In reality, the BTPN Syariah, as the *Syariah* which allocated nearly all of its financing portfolio to ultra-micro enterprises, appears to have had the best performances, in comparison to the other *islamic banks*. Despite this, to date the ultra-micro enterprise segment has always been considered to have high risk and not to be profitable, indeed it has been considered ‘unbankable’.

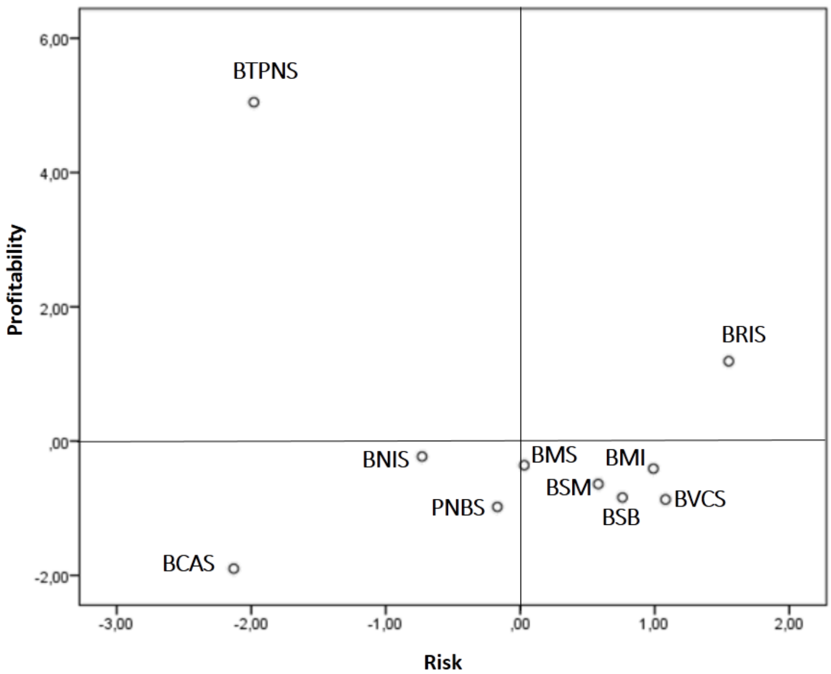

Figure 2. Quadrants of the profiles of *islamic banks* in di Indonesia, based upon profitability and risk

Further, the facts indicate that the BTPN Syariah has been able to answer the hesititancy surrounding this market segment, and to prove that the ultra-micro segment had high profitability, accompanied by a low level of risk. Seeing there are still many *islamic banks* in Indonesia which are as yet not ideal, particularly those in the fourth quadrant, it is hoped that they may be able to diversify their financing portfolios into the ultra-micro enterprise segment, so as to be able to shift to the second quadrant. The BTPN Syariah certainly had associates in the form of millions of debitors, however the more *islamic banks* which change over to this market segment, the more members of the public will be benefitted, because the empowerment programmes will be more pervasive, besides giving high profitability to *islamic banks*. This recalls that, in general, the enterprises financed in the micro-finance market segment are still in their early stages, so that the profitability produced will be of a very high order (Laitinen, 2017).

CONCLUSION

Conclusion

The results of this research showed differences from those of previous research, which indicated that the financing segment in the ultra-micro and small enterprise category was considered one of high risk for banks. Compared with other banks, which concentrated on serving customers not in the ultra-micro and small enterprise sector, the BTPN Syariah showed better performance. The BTPN Syariah had a financing portfolio in the ultra-micro financing market segment, avoided by other commercial banks, because that segment was considered to have a high risk, as seen by non-performing financing

NPF when compared to the averages of the *Islamic Commercial Banks* in Indonesia. Besides this, the BTPN Syariah had a high degree of profitability, far higher than that of the *Islamic Commercial Banks.* Because of this, the role of the BTPN Syariah in the empowering of the poor of society in Indonesia should rightly be appreciated. Besides being a commercial financial institution, listed on the Indonesian stock exchange, the BTPN Syariah operated its business by creating empowerment in the ultra-micro enterprise segment. This was apparent from the agents of the BTPN Syariah, normally known as Community Officers, who were crucial in creating Social Capital amongst financing customers, particularly amongst those financing customers in centres spread throughout the Indonesian region.

Research Limitation

This Research compared the data before merger of three Islamic banks to Bank Syariah Indonesia. Therefore, the business strategy and the profile of each bank might be changed since merger of Bank Syariah Indonesia as the biggest Islamic banks in Indonesia.

Recommendation

It is hoped that financing models such as this will be applied widely, recalling the roles and participation of the public who are involved. Public empowerment and eradication of poverty should be the responsibility of not just the government, or donor institutions, but also of all. In the interests of future research, it would be interesting if the variables, of just what types of social capital have a positive impact on the achievements of the BTPN Syariah, were to be analysed and explored.

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