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CONTRIBUTION OF THE BANKING SECTOR IN IMPROVING THE CAPABILITY AND COMPETITIVENESS OF MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs)

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ABSTRACT

Objective: This study aims to analyze the banking sector's contribution to enhancing the competitiveness of Micro, Small, and Medium Enterprises (MSMEs) by improving access to financial services, promoting digital payment systems, and strengthening financial literacy.

Research Design & Methods: This research uses a qualitative method with literature study to analyze concepts, theories, and policies in depth from various written sources such as books, journals, and other documents. This method is to analyze the role of banks in improving the competitiveness of MSMEs through an in-depth literature review of funding mechanisms, strategies, and banking policies.

Findings: The results indicate that financial accessibility through banking institutions significantly improves MSMEs' competitiveness by addressing capital constraints and fostering business expansion. The adoption of digital banking services and financial literacy programs further enhances MSMEs' financial management capabilities. However, MSMEs must also improve their financial governance and marketing strategies to align with banking standards.

Implications & Recommendations: Policymakers and financial institutions should expand banking services in underserved areas, enhance digital infrastructure, and implement targeted financial education programs for MSMEs owners. Strengthening MSMEs' financial management and aligning it with banking standards can improve their eligibility for financial support.

Contribution & Value Added: This study contributes to the existing literature by highlighting the role of banking sector interventions in MSMEs competitiveness, emphasizing the need for a holistic approach that integrates financial accessibility, digitalization, and capacity building.

Keywords: Banking Sector, MSMEs, Financial Accessibility.

JEL codes: G21, L26, O16
Article type: research paper

INTRODUCTION

In the context of the Indonesian economy, inequality remains a major challenge affecting the development process, where income inequality and access to economic resources are still high in various regions. Equitable income distribution does not always follow rapid economic growth, thus widening the gap between the rich and the poor (Alawiyah et al., 2020). The main factors contributing to this inequality include differences in education, uneven levels of investment, and limited access to financial services for low-income groups (Sabur et al., 2021). In addition, inequality can also undermine social stability and support for democracy, as people who feel economically marginalized tend to develop negative views of the political system (Muhtadi & Warburton, 2020).

Micro, Small, and Medium Enterprises (MSMEs) have a very important role in the Indonesian economy, contributing 99.8% of employment and more than 95% of the total businesses in the country (Maksum et al., 2020). In recent years, the development of MSMEs in Indonesia has experienced significant growth, proving that MSMEs have contributed around 60.3% of the total Gross Domestic Product (GDP) and absorbed 97% of the workforce (Kusjuniati, 2020). The Indonesian government has actively supported MSMEs through financial inclusion and digital transformation policies, which enable businesses to expand market reach and improve competitiveness (Riswandi & Fitria, 2024). MSMEs also play a role in job creation and poverty alleviation especially in rural areas, where they support agricultural supply chains and contribute to economic stability (Herissuparman et al., 2024).

The unequal access to capital and technology often hampers the growth of MSMEs, making it difficult for them to compete with large companies (Desfiandi & Putra, 2024). One of the main factors that exacerbate this situation is the limited services of the banking sector, which is not yet fully inclusive for MSMEs. Despite the important role of banks in providing financing, many MSMEs still experience difficulties accessing bank loans due to various reasons, such as high collateral requirements, low credit scores, and complicated administrative procedures (Sunaryono, 2024). The banking sector tends to focus more on providing credit to large companies or businesses with lower risks. As a result, MSMEs are often forced to seek alternative, more disadvantageous financing sources, such as loans from non-bank financial institutions with higher interest rates or even risky informal sources (MahaPutri & Satrianto, 2024).

The limitations of banking services for MSMEs are increasingly felt with the low level of financial literacy among small business actors. Many MSMEs do not have sufficiently complete or well-structured financial reports, which is one of the main obstacles in meeting the credit requirements set by banks (Iman & Pasaribu, 2022). This makes it difficult for MSMEs to access financing supporting their business development. In addition, the lack of effective socialization and bank assistance further exacerbates this situation. Many MSMEs are unaware of the various credit schemes available, nor do they even understand how to improve their creditworthiness. This factor creates a gap between the high financing needs among MSMEs and their inability to meet the standards demanded by financial institutions, hindering the potential growth of the small business sector vital to the national economy.

Access to financial services is an important factor in improving the performance of MSMEs. In this case, the banking sector has a great opportunity to support the improvement of MSME competitiveness. Research shows that MSMEs, particularly medium-sized firms, benefit more from access to finance than large firms (Lakuma et al., 2019). This finding indicates that MSMEs face greater constraints in obtaining credit than large firms, so the role of the banking sector is crucial in providing MSMEs with easier access to finance. The banking sector is a financial intermediary institution encouraging economic growth through lending and financing to MSMEs. Access to credit from the banking sector is vital in supporting MSMEs, as they contribute significantly to employment and GDP (Rehman et al., 2023).

To improve the competitiveness of MSMEs, the banking sector needs to expand the reach of financial services to rural areas and improve the infrastructure that supports it. Digitizing payment systems and strengthening electronic banking tools are important aspects that should be prioritized (Ibor et al., 2017). In addition, micro banks can contribute by developing digital financial services to help MSMEs manage their transactions and finances more efficiently. Thus, the banking sector has a strategic role in improving financial access and competitiveness of MSMEs, which ultimately contributes to more inclusive economic growth.

LITERATURE REVIEW

Micro, Small, and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) are an economic sector that has an important role in economic growth and job creation in various countries. MSMEs can be defined as business units on a smaller scale than large companies, often managed independently by individuals or small groups, with limited capital and resources but flexible operations. MSMEs are productive businesses run by individuals or groups with limited capital, a relatively small workforce, and a narrower market scope than large companies. According to Karunia and Janah (2023), MSMEs are the backbone of the national economy because they can absorb many workers and improve people's welfare.

Micro, Small, and Medium Enterprises (MSMEs) are important in global economic development. Surahman and Poetra (2022) suggest that MSMEs are productive businesses owned by individuals or business entities, which meet certain legal requirements. In India, MSMEs are important in driving economic growth by contributing to job creation, industrial production, and exports (Singh, 2021). Prakash et al., (2023) also revealed that MSMEs promote inclusive economic growth by facilitating entrepreneurship and creating employment opportunities, especially in developing countries. Thus, MSMEs are widely recognized as a major factor supporting economic resilience and social justice.

MSMEs are also often associated with aspects of digitalization and innovation, which can help businesses increase competitiveness in the global market (Sumarni et al., 2024), as well as being one of the strategic sectors in the economy that has an important role in improving community welfare. MSMEs create jobs and contribute to community-based economic empowerment (Karunia & Janah, 2023). With characteristics that rely on human labor rather than sophisticated technology, this sector not only opens employment opportunities for various levels of society, but also contributes to reducing unemployment. In addition, its existence can encourage local economic growth, increase people's purchasing power, and strengthen economic resilience at the regional level. Thus, labor-intensive industries are one of the main pillars in creating social and economic stability, especially in developing regions (Sumarni et al., 2024).

The Micro, Small, and Medium Enterprises (MSMEs) criteria in Indonesia are regulated in Law No. 20/2008 on Micro, Small, and Medium Enterprises. The following is a classification of MSMEs based on the law:

Table 1. The Criteria MSMEs

Description	Criteria	
	Net Worth	**Annual Sales Revenue**
Mikro Business	Maximum Rp50.000.000, excluding land and building of the business premises.	Maximum Rp300.000.000.
Small Business	More than Rp50.000.000 to a maximum of Rp500.000.000, excluding land and building of the business premises.	More than Rp300.000.000 to a maximum of Rp2.500.000.000.
Medium Business	More than Rp500.000.000 to a maximum of Rp10.000.000.000, excluding land and building of the business premises.	More than Rp2.500.000.000 to a maximum Rp50.000.000.000.

Micro, small, and medium enterprises (MSMEs) varies across countries and is tailored to their respective economic and policy characteristics. These definitions reflect each country's different economic conditions, industrial structures, and government policies.

1. World Bank: MSMEs are businesses with a workforce of about 30 people, annual revenue of up to US$3 million, and total assets not exceeding US$3 million.
2. United States: MSMEs are defined as industries that are not dominant in their sector and have less than 500 employees.
3. Europe: MSMEs are businesses with a workforce of between 10 and 40 people and an annual revenue of between 1 and 2 million Euros. Businesses with less than 10 employees are categorized as household businesses.
4. Japan: MSMEs include manufacturing and retail/service industries with a workforce of between 54 and 300 people and capital of between ¥50 million and ¥300 million.
5. South Korea: MSMEs are businesses with a workforce of up to 300 people and maximum assets of US$60 million.
6. Southeast Asia:
   a) Thailand: Enterprises with 10 to 15 employees.
   b) Malaysia: Enterprises with 5 to 10 employees.

c) Singapore: Enterprises with 10 to 99 employees and capital of around US$6 million.

The criteria for Micro, Small and Medium Enterprises (MSMEs) in Indonesia can be classified based on the number of workers a business has. This classification helps in understanding the scale of the business and determining the right policy for developing each category of MSMEs. In addition, these criteria also make it easier to collect statistical data and plan MSME empowerment programs in Indonesia. According to the Central Bureau of Statistics (BPS), these groupings are as follows:
1. Micro Enterprises: have less than five employees.
2. Small Enterprises: have between 5 and 19 employees.
3. Medium-sized Enterprises: have between 20 to 99 employees.

The Banking Sector

The banking sector is a crucial component of the financial system, serving as a key driver of economic growth by distributing financial resources to support various production sectors. In addition, it also plays a strategic role in facilitating the flow of capital required for business expansion and industrial development. According to Klimova (2024), the banking sector not only focuses on traditional financial aspects, but also plays a role in the ongoing digital transformation, which opens up new opportunities for business restructuring and encourages innovation in the financial world. This digitalization process allows banks to improve operational efficiency, expand their range of services, and provide more affordable and accessible products to the public, further supporting sustainable economic growth.

Guney & Bozkurt (2022) affirm that the banking sector plays a very important role in the economy, supporting various economic activities. The banking sector enables individuals and companies to obtain the funds needed for business and consumption by providing financial services, such as loans and investments. Loans channeled by banks provide entrepreneurs with access to expand their businesses. At the same time, investments help in the creation of new projects that have the potential to increase employment and community welfare. In addition, banking services also support consumption by providing financing for consumers, which boosts demand for goods and services. The banking sector is important in maintaining financial stability and facilitating sustainable economic growth through the various financial instruments it offers.

As a vital element in the financial system consisting of banks and financial institutions, the banking sector functions as a financial intermediary that channels funds from those with surpluses to those in need, supports economic stability, and encourages business growth. Through services such as loans, investments, and other financial products, the banking sector adds value to the economy, encourages innovation, and facilitates financial transactions and risk management (Sufian, 2011). The sector plays an important role in the economy, as it handles various aspects of finance, such as monetary transactions, lending, and provision of financial products. Banks enable the smooth flow of funds between individuals, companies, and governments through these services, supporting consumption and investment needs. Banks also provide financial products that help people and businesses manage risks, plan for the future, and promote sustainable economic growth (Aloulou et al., 2024; Raza et al., 2024).

The banking industry has grown tremendously, adapting to technological advances and changing customer needs. Today, the banking sector utilizes digital transformation, financial technology (Fintech), and big data analysis to improve operational efficiency and customer service quality (Aloulou et al., 2024; Srivastava et al., 2017). In addition, digital financial technologies such as Fintech are increasingly significant in driving innovation in the banking sector, especially in developing digital payment services, mobile banking, and loans based on digital platforms (Zhu, 2023). Ponomarev & Koltchin (2023) also stated that competition between conventional banks and Fintech companies has accelerated the improvement of digital banking services and increased efficiency in the financial system.

The banking industry is generally classified into three main categories, namely public banks, private banks, and foreign banks. Public banks are generally owned and managed by the government, to support national economic policies and provide financial services that are accessible to all levels of society. On the other hand, private banks are owned by private individuals or groups and focus on growing profits and providing more flexible services to customers. Meanwhile, foreign banks are branches or subsidiaries of banks operating in other countries, typically offering international products and services and focusing on the global market. These three types of banks have different economic roles, but they contribute to the domestic financial sector's stability, economic growth, and development (Zhu et al., 2021).

The banking sector comprises various types, each with a specific role and function in the financial system. According to Soni et al., (2024), the banking sector can be divided into several main categories: commercial banking, investment banking, retail banking, Islamic banking, digital banking, and Fintech. Commercial banking focuses on deposits, loans, and credit for businesses and individuals. In contrast, investment banking is more involved in financial services, including mergers, acquisitions, and securities trading. As explained by Al-Khafaji (2024), Islamic banking operates based on Islamic principles that prohibit usury and implement a profit-sharing system. In addition, with the advancement of technology, digital banking and Fintech are growing rapidly, providing faster and more efficient access to financial services, as explained by Klimova (2024) in her research on digital transformation in the banking sector. This diversity of banking types allows the banking sector to be more responsive in meeting the community's and businesses' various financial needs.

METHODS

This research uses a qualitative method with a literature approach. The literature qualitative method, also known as library research, is a research approach that relies on collecting, analyzing, and interpreting data from various written sources such as books, scientific journals, articles, and other documents. By studying relevant literature, this method explores concepts, theories, and in-depth understanding of a phenomenon. In qualitative research, literature studies are used to understand the context of a problem holistically and contextually by examining various existing sources without conducting experiments or collecting primary data directly (Fadli, 2021). This approach is also important in normative and conceptual analysis to compare various theories or policies that have been applied previously (Andyani et al., 2023).

The qualitative literature method in research on the contribution of the banking sector in improving the competitiveness of micro, small, and medium enterprises (MSMEs) is used to analyze the role of banks in supporting the MSME sector deeply through relevant literature sources. This approach relies on theoretical studies obtained from scientific journals, books, research reports, and official documents that discuss financing and banking strategies in strengthening the competitiveness of MSMEs. This research does not rely on direct empirical data from the field. Instead, it synthesizes information from various references to understand financing patterns and their impact on MSME growth. Using a qualitative literature method, this research can provide a more comprehensive understanding of how the banking sector, both conventional and sharia, can be a key factor in improving the competitiveness of MSMEs through various funding mechanisms and policies that support the growth of small and medium enterprises.

RESULT

The role of the Banking Sector in the MSMEs Economy

The banking sector provides financial services and capital that support the growth and development of Micro, Small and Medium Enterprises (MSMEs). Access to credit and financing from banks enables MSMEs to invest in their businesses, expand operations, and better manage cash flows (Irmal et al., 2024; MacMahon & Murphy, 1999). Some studies show that state-owned banks tend to lend more to MSMEs than foreign-owned banks, which are more selective in lending to this sector (Setiawan et al., 2021). In addition, banks provide various financial products specifically designed to meet the needs of MSMEs, such as working capital loans and equipment financing. This financial assistance is crucial as many MSMEs have limited resources and difficulties accessing capital (Ahmad et al., 2014; Teerasoponpong & Sopadang, 2022).

Macroprudential regulations supporting MSMEs are crucial in encouraging increased demand for credit in this sector, thereby contributing to national economic growth. These regulations include various incentives for banks to extend credit to MSMEs, such as easing capital requirements, interest subsidies, and credit guarantee programs that reduce banks' default risk. Research shows that macroprudential incentives can encourage an increase in MSME credit demand by increasing business confidence in accessing financing from formal financial institutions (Agustiya & Ayuningtyas, 2024). Increased access to financing can enable MSMEs to expand production, create jobs, and improve competitiveness in the market. Growing business activities also positively impact the economy, including increased state revenue and economic dynamism. Appropriate and sustainable macroprudential policies are essential to support financial stability and economic growth through strengthening the MSME sector.

The emergence of digital banking and financial technology (Fintech) solutions creates new opportunities for MSMEs to access financial services and manage their finances more efficiently (Irmal et al., 2024; Manzoor et al., 2024). Fintech provides easier access to various financial products, such as digital loans, online payments, and app-based financial management services, which were previously difficult for MSMEs to access through conventional banks (Hamid et al., 2024). Through digital education, Fintech also improves the financial literacy of MSMEs, which helps them understand financial management better and make more informed financial decisions (Sulistyowati et al., 2024). With wider access to digital financial services, MSMEs can accelerate their business development, improve competitiveness, and overcome the financial gap that has been a major obstacle to business expansion.

Table 2. Banking Strategy

Banking Strategy	Description	Reference
Increased Access to Digital-Based Financing	Banks provide access to credit with low interest rates and more flexible financing schemes for MSMEs through fintech.	(Sulistyowati et al., 2024)
Banking Digitalization	Mobile banking, internet banking, and fintech are utilized to facilitate transactions and access to capital for MSMEs.	(Prasetio & Yenita, 2023)
Financial Training and Mentoring	The Bank conducts educational programs on financial literacy and business strategies to help MSMEs become more professional in financial management.	(Noor et al., 2024)
Financial Inclusion	Encouraging the use of banking services for MSMEs in rural areas with more inclusive policies.	(Sailendra & Djaddang, 2022)
Strengthening Branding and Digital Marketing	The Bank supports MSMEs in digital marketing and branding by utilizing e-commerce and digital payments to reach a wider, more competitive market.	(Hisyam & Hadiah Fitriyah, 2024)
Use of Big Data for Credit Analysis	The Bank uses big data analysis and artificial intelligence (AI) to assess MSME creditworthiness more accurately.	(Sembiring et al., 2023)
Strengthening Partnerships with Government and Financial Institutions	The Bank collaborates with government and private institutions to provide subsidized financing programs and credit guarantees for MSMEs.	(Hurdawaty & Tukiran, 2024)

Table 2 shows the various banking strategies in supporting the development of micro, small and medium enterprises (MSMEs). These strategies include access to digital-based financing, banking digitalization, financial training, financial inclusion, and strengthening digital branding and marketing. Each strategy has an important role in improving MSME access to more inclusive and efficient financial services. For example, the utilization of mobile banking and fintech enables easier transactions, while financial literacy assists MSMEs in more professional financial management. In addition, big data analytics and artificial intelligence (AI) are used to assess creditworthiness more accurately, which in turn reduces credit risk. Cooperation between banks and the government and other financial institutions also strengthens the financial ecosystem for MSMEs, especially in terms of subsidies and credit guarantees. Overall, these strategies demonstrate the crucial role of banks in driving the growth and competitiveness of MSMEs in the digital era.

A strong and supportive banking sector is critical to the success of MSMEs and broader economic development. Banks provide capital and financial services that enable MSMEs to grow, innovate, and contribute to job creation and economic activity. However, there is still room for improvement in how banks serve MSMEs, especially in customized products, digital solutions, and sustainable finance options (Seyfang & Gilbert-Squires, 2019; Trung et al., 2024). Continuous innovation and collaboration between banks and MSMEs will be critical to maximize the sector's positive impact on MSME growth and the overall economy.

Digitalization of the Banking Sector as a Driving Factor for MSME Efficiency

Digitalization in the banking sector has a significant positive impact on the efficiency of MSMEs. Research reveals that digital financial inclusion and transformation can strengthen resilience, improve investment efficiency, and boost MSME productivity (Ma & Jiang, 2024; Sulastri et al., 2023). The utilization of digital financial services such as mobile banking, online banking, ATMs, and POS transactions is proven to improve the banking industry's efficiency, which in turn contributes to the development of MSMEs. With these services, MSMEs can access various banking facilities more easily, quickly, and safely without relying on conventional services that often have time and location limitations. The ease of making payments and disbursing funds also helps improve business cash flow, allowing MSMEs to operate more flexibly and responsively to market dynamics. Thus, the integration of financial technology in the banking system not only improves the banking industry's efficiency but also strengthens the MSME business ecosystem, encourages business growth, and expands their access to broader markets.

Digital transformation in banking enables MSMEs to manage financial transactions more quickly and efficiently through mobile banking, internet banking, and digital payments. With digital financial inclusion, MSMEs with limited access to financing can now obtain business capital more easily, increasing their business resilience to economic shocks (Verma et al., 2024). In addition, digitalization also impacts investment efficiency as MSMEs can optimize their resource allocation with the help of financial technology, such as artificial intelligence-based data analysis and automated payment systems (Kumar et al., 2024). Increased productivity of MSMEs is also increasingly evident with the integration of digital banking systems and digital marketing strategies, allowing MSMEs to expand their markets and improve the competitiveness of their products globally (Lesmana et al., 2024).

Digitalization of the banking sector boosts the efficiency of MSMEs in several ways: improving collaboration capabilities, encouraging innovation, reducing risk-taking behavior, and reducing financial constraints (Ma & Jiang, 2024; Sulastri et al., 2023). However, MSMEs must develop dynamic managerial capabilities to achieve effective digital transformation and optimally utilize e-commerce platforms, especially in developing countries (Anim-Yeboah et al., 2020). Digitalization of the banking sector supports the financial efficiency of MSMEs and promotes more sustainable business growth. Implementing digital technology in the banking sector allows MSMEs to access financial services more quickly, practically and efficiently. Through digital banking, banking operational costs can be minimized, allowing banks to provide more affordable services to small and medium enterprises (Kliuchka & Glinskyi, 2024).

This digital transformation also positively impacts the operational efficiency of MSMEs, allowing financial transactions to be conducted in real-time with a higher level of security (Lugun, 2024). In addition, the application of technologies such as artificial intelligence (AI) and big data analysis allows banks to provide financial solutions that are more personalized and tailored to the specific needs of MSMEs (Boldov, 2024). On the other hand, digitalization also increases financial inclusion, especially for MSMEs that previously experienced limitations in accessing loans or conventional banking services (Anggraini et al., 2019). Thus, digitization of the banking sector not only improves the financial efficiency of MSMEs but also creates a more inclusive, competitive, and sustainable business ecosystem in the digital economy era.

DISCUSSION

The banking sector plays an important role in improving the competitiveness of Micro, Small, and Medium Enterprises (MSMEs) by providing access to finance. Access to formal financial services enables MSMEs to obtain business capital, which is one of the main constraints faced by the sector (Maksum et al., 2020; Mardian et al., 2024). Research shows that financial inclusion positively and significantly impacts MSME operations and growth (Ibor et al., 2017). In addition, financial technology (Fintech) also plays a role in improving financial inclusion for MSMEs through accessibility and assistance (Candraningrat et al., 2021).

To strengthen the contribution of the banking sector in improving the competitiveness of MSMEs, various measures are needed, such as expanding access to financial services to unreached areas, improving infrastructure, and encouraging the digitization of payment systems (Ibor et al., 2017). In addition, improving financial literacy through training programs and seminars is an important factor in helping MSME owners better manage their finances and qualify for loans (Olarewaju & Msomi, 2021). Developing innovative financial models that combine investment funds with business development funds can also effectively meet the financial needs of MSMEs (Kleih et al., 2013).

With the right strategy, the banking sector can continue to act as a catalyst in improving the competitiveness of MSMEs and strengthening the local economy. This will strengthen the local economy given the significant contribution of MSMEs to employment and economic growth. Some approaches that can be implemented include: 1) Develop products and services that suit the characteristics and needs of MSMEs, such as more flexible financing schemes. 2) Improve understanding of local business conditions and the needs of local MSMEs. 3) Collaborate with non-bank financial institutions with a wider reach to MSMEs. 4) Utilize financial technology to reach MSMEs in remote areas. 5) Support MSME empowerment programs such as skills training and business management (Maarof & Mahmud, 2016; Ridwan Maksum et al., 2020).

Micro, Small and Medium Enterprises (MSMEs) must improve their capabilities and management practices to improve access to banking support. One important step is to strengthen their financial and marketing governance to better match the standards applied by banks. Training in digital marketing and financial reporting, for example, has been shown to improve the ability of MSME players to manage their businesses more professionally. A study on MSMEs in Semarang City showed that training on financial reporting and digital marketing strategies significantly improved participants' understanding and skills, making them better equipped to utilize available financial services (Setyahuni et al., 2024). In addition, understanding the factors influencing banking customer satisfaction, such as service quality and loan procedures, is also key for MSMEs to increase bank confidence in their business viability. By strengthening managerial aspects and adopting more modern business strategies, MSMEs can optimize their access to capital and financial services from banking institutions.

CONCLUSION

The banking sector has an important role in improving the competitiveness of micro, small, and medium enterprises (MSMEs) by providing access to financial services. Access to formal financial services allows MSMEs to obtain business capital, which is one of the main constraints faced by this sector. The contribution of the banking sector in improving the competitiveness of MSMEs can be strengthened through various measures, such as expanding access to financial services in disadvantaged areas, improving infrastructure, and promoting the digitization of payment systems. In addition, improving financial literacy through training programs and seminars is an important factor in helping MSME owners better manage their finances and meet loan requirements. With the right strategy, the banking sector can continue to be a catalyst in improving MSME competitiveness and strengthening the local economy. To increase access to banking support, MSMEs must improve their capabilities and management practices, such as strengthening financial governance and marketing to comply with banking standards.

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