

Evaluating the Social Impact of MSME Financing and TJSL at Bank Mandiri through the Lens of Islamic Economics

Evaluasi Dampak Sosial Pembiayaan UMKM dan TJSL di Bank Mandiri Melalui Perspektif Ekonomi Islam

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Abstract: This study examines MSME financing and social investment initiatives at Bank Mandiri through the integrated lens of inclusive and Islamic economics. Using a descriptive quantitative method and interpretive analysis, data from the 2024 Annual Report—including financial ratios and TJSL program outcomes—are analyzed. Findings show that although MSME credit volume rose nominally from IDR 114.6 trillion (2022) to IDR 135.3 trillion (2024), its share declined from 9.52% to 8.10%, indicating a portfolio shift toward corporate lending. Nonetheless, a low NPL (0.97%) and high loan loss coverage (303.85%) reveal sufficient capacity to re-expand MSME lending. TJSL programs like Rumah BUMN and Wirausaha Muda Mandiri empowered 15,000+ MSMEs, achieving high SROI (3.9–4.06) and functioning as strategic pipelines for financial inclusion. These align with Islamic values of distributive justice and ethical intermediation. A simulation estimates that restoring the MSME credit ratio to 9.0% in 2025 could increase inclusive lending by IDR 30 trillion. This study introduces a triangulated framework—financial analysis, social impact, and projections—that contributes to ethical finance literature and offers actionable insights for policy and ecosystem-based strategies.

Keywords: MSME financing, Inclusive banking, SROI, Bank Mandiri, Islamic economics.

Abstrak: Studi ini mengkaji pembiayaan UMKM dan inisiatif investasi sosial Bank Mandiri dalam perspektif ekonomi inklusif dan ekonomi Islam. Menggunakan metode deskriptif kuantitatif dan analisis interpretatif, data dari Laporan Tahunan 2024—termasuk rasio keuangan dan capaian program TJSL—dianalisis. Hasil menunjukkan bahwa meskipun kredit UMKM naik secara nominal dari Rp114,6 triliun (2022) menjadi Rp135,3 triliun (2024), proporsinya menurun dari 9,52% menjadi 8,10%, menandakan pergeseran portofolio ke sektor korporasi. Namun, NPL yang rendah (0,97%) dan pencadangan yang tinggi (303,85%) menunjukkan kapasitas untuk memperluas kembali kredit UMKM secara aman. Program TJSL seperti Rumah BUMN dan Wirausaha Muda Mandiri telah memberdayakan lebih dari 15.000 UMKM dengan SROI tinggi (3,9–4,06), berperan sebagai jalur strategis untuk inklusi keuangan. Program ini sejalan dengan prinsip keadilan distributif dan intermediasi etis dalam ekonomi Islam. Simulasi menunjukkan bahwa pengembalian rasio kredit UMKM ke angka 9,0% pada 2025 berpotensi menambah pembiayaan inklusif sebesar Rp30 triliun. Studi ini memperkenalkan kerangka triangulatif—analisis keuangan, dampak sosial, dan proyeksi—yang memberi kontribusi pada literatur keuangan etis dan menawarkan rekomendasi strategis berbasis ekosistem.

Kata Kunci: Pembiayaan UMKM, Perbankan inklusif, SROI, Bank Mandiri, Ekonomi Islam.

I. INTRODUCTION

Micro, small, and medium enterprises (MSMEs) are globally acknowledged as engines of economic growth and resilience, particularly in emerging economies. In Indonesia, MSMEs contribute approximately 61% to national GDP and employ nearly 97% of the workforce, thereby underscoring their centrality in economic stability and poverty alleviation (Gunadi et al., 2021; Rahardjo et al., 2024; Zuhroh et al., 2024). Recent studies emphasize that MSMEs absorb the majority of new labor entrants, promoting grassroots economic development and reinforcing the socio-economic fabric of rural and urban communities alike (Prasetyo & Ellitan, 2023; Suldina, 2023). However, despite their critical

contributions, MSMEs continue to struggle with structural barriers to formal financing, particularly inadequate collateral, regulatory formalization hurdles, and limited financial literacy (Ismanto et al., 2023; Judijanto et al., 2023). In the context of Islamic economics, these constraints represent not only financial exclusion but also an ethical gap in ensuring fair access to productive capital (*maṣlaḥah*). These challenges have constrained the ability of MSMEs to expand, innovate, and sustain competitiveness in an increasingly dynamic economic environment.

State-owned banks in Indonesia, including Bank Mandiri, Bank Rakyat Indonesia (BRI), Bank Negara Indonesia (BNI), and Bank Tabungan Negara (BTN), play a vital role in addressing these financing gaps by channeling resources toward MSME development. Their strategic mandate extends beyond profit maximization to encompass inclusive growth and national development objectives (Yudiansyah et al., 2022). Among them, Bank Mandiri has emerged as a key player, leveraging its extensive financial infrastructure to facilitate MSME access to credit and capacity-building programs. Nonetheless, Bank Mandiri's Annual Report 2024 reveals a declining ratio of MSME credit relative to total consolidated lending—from 9.52% in 2022 to 8.90% in 2023, and further down to 8.10% in 2024—despite significant overall loan portfolio growth. This trend also prompts a reassessment of the bank's social mandate within the framework of *maqāṣid al-sharī'ah*, which emphasizes distributive justice (*'adl*) and economic empowerment of the marginalized (*istidāfah al-mutahajjirīn*).

The central research problem lies in reconciling the decline in MSME credit ratios with the simultaneous expansion of the bank's total credit volume. Scholars argue that shifts in risk allocation, liquidity constraints, and strategic repricing have contributed to reduced emphasis on MSME lending (Wahyuni et al., 2024). These trends, while potentially enhancing risk-adjusted returns, may also undermine financial inclusion goals and weaken distributive justice, a fundamental principle in Islamic economics. In particular, the underprioritization of MSMEs runs contrary to the ethical imperative of equitable resource allocation (*taqwīm 'adlī*) as envisioned in Islamic finance. Addressing these challenges is essential for ensuring that MSME financing not only sustains economic growth but also promotes equitable access to financial resources, thereby aligning with national policy goals and global sustainability agendas.

A general solution proposed in recent research is to adopt an ecosystem-based approach to MSME financing. This model integrates financial support with non-financial interventions such as business incubation, training, and market access facilitation (Nustini et al., 2024; Wahyuni et al., 2024). In the Islamic perspective, this aligns with the *maqāṣid* principle of holistic welfare (*maṣlaḥah kāmīlah*), where economic empowerment includes intellectual (*'aql*), material (*māl*), and social (*nasl*) dimensions. Bank Mandiri's *Tanggung Jawab Sosial dan Lingkungan* (TJSL) programs, including Rumah BUMN, Wirausaha Muda Mandiri (WMM), and the Urban Festival, illustrate such an approach by building MSME capacity and strengthening their readiness for formal financing. By combining financial intermediation with structured capability-building, these programs provide a pipeline of creditworthy borrowers, mitigating risk concerns while fostering inclusive growth.

Specific solutions offered in the literature highlight the integration of Creating Shared Value (CSV) principles into CSR strategies as a means of aligning business competitiveness with social impact. Porter & Kramer, (2011) argue that CSV transforms corporate responsibility from a philanthropic activity into a strategic investment that enhances both firm performance and community welfare. In the context of Bank Mandiri, TJSL initiatives based on CSV frameworks have the potential to generate measurable social returns on investment (SROI), bridging the gap between profitability and inclusivity. Furthermore, adherence to ISO 26000 standards reinforces the sustainability and accountability of these initiatives, ensuring that MSME empowerment aligns with broader environmental, social, and governance (ESG) criteria.

The literature also emphasizes the role of Islamic finance in promoting distributive justice within financial systems. By embedding ethical principles such as *maṣlaḥah* (public welfare) and *'adl* (justice), Islamic economics ensures that resource allocation fosters social equity and reduces economic disparities (Afkar et al., 2021; As-Salafiyah & Radwan, 2023). Profit-sharing models such as *Musharakah* and *Mudharabah* have been particularly effective in providing MSMEs with equitable financing arrangements that mitigate exploitation and encourage risk-sharing. Integrating these principles into MSME financing frameworks strengthens the social legitimacy of state-owned banks and aligns them with Indonesia's broader aspirations for Islamic economic development.

Despite these advances, a research gap remains in integrating corporate-level data on MSME credit ratios with analyses of CSR/TJSL programs. Previous studies predominantly examined government-backed schemes such as *Kredit Usaha Rakyat* (KUR) or focused on survey-based assessments of microfinance outcomes (Tambunan, 2019; Wulandari & Budiarto, 2021). Few studies have leveraged publicly available corporate reports to examine the synergy between financial ratios and social investment programs, especially in the context of state-owned banks. Addressing this gap can enrich academic discourse by linking quantitative trends in credit allocation with qualitative assessments of social impact, thereby advancing a holistic understanding of inclusive finance.

This study seeks to analyze the trends in Bank Mandiri's MSME credit ratios from 2022 to 2024, estimate MSME loan volumes based on consolidated data, and examine the role of TJSL programs in enhancing MSME capacity and access to financing. By simulating credit expansion scenarios that restore MSME ratios to 9.0% by 2025, the study contributes novel insights into the feasibility and sustainability of inclusive finance strategies. The novelty of this research lies in integrating MSME credit ratio analysis with TJSL initiatives grounded in CSV and ISO 26000 frameworks, while embedding these within the ethical lens of Islamic economics and distributive justice. The scope covers secondary data from Bank Mandiri's annual reports, including financial ratios and CSR allocations, analyzed through a quantitative-descriptive and narrative-interpretive approach. The study also seeks to reflect on the alignment of MSME financing and TJSL with the *maqāṣid al-sharī'ah* framework, evaluating how distributive justice, social responsibility, and ethical intermediation are embedded within corporate practices. Ultimately, this study aims to provide actionable recommendations for recalibrating MSME financing strategies that balance profitability, inclusivity, and social responsibility within Indonesia's evolving banking landscape.

II. LITERATURE REVIEW

2.1 The Contribution of MSMEs to the National Economy

Micro, Small, and Medium Enterprises (MSMEs) are a critical component of Indonesia's national economic architecture. As of 2023, MSMEs contribute more than 60% to the country's Gross Domestic Product (GDP) and absorb over 97% of the national labor force (kemenkopimkm; 2023). This sector plays a pivotal role in job creation, poverty reduction, and local economic resilience. MSMEs are also instrumental in stimulating grassroots innovation and ensuring regional economic equity (Suldina, 2023; Zuhroh et al., 2024). In Islamic economic thought, MSMEs represent a vehicle for realizing *maṣlaḥah 'āmmah* (public welfare), where economic empowerment is not only a means of production but also an ethical obligation to preserve dignity (*ḥifz al-māl wa al-'irdh*).

Despite this impressive macroeconomic contribution, access to formal financing remains one of the most pressing challenges for MSMEs. Studies indicate that less than 20% of MSMEs in Indonesia have access to bank credit (Tambunan, 2019). The core obstacles include lack of sufficient collateral, absence of formal registration, and low levels of financial literacy (Dewi & Candraningrat, 2022; Sulistyowati et al., 2024). From a *maqāṣid al-sharī'ah* lens, these limitations hinder the achievement of social equity (*al-'adl al-ijtimā'ī*) and violate the principle of inclusivity central to Islamic finance. These constraints severely limit the ability of MSMEs to scale and participate in formal financial ecosystems, ultimately curbing their growth potential.

2.2 The Role of State-Owned Banks in Inclusive Intermediation

State-owned banks (Bank BUMN) in Indonesia, including Bank Mandiri, have been assigned a dual mandate: to pursue commercial profitability and to support national development goals. This dual function requires balancing financial returns with a social mission to drive inclusive economic growth, particularly by supporting (Yudiansyah et al., 2022). In this context, Bank Mandiri has implemented targeted financial instruments, such as *Kredit Usaha Rakyat* (KUR), and ecosystem-based capacity-building programs.

The MSME credit ratio—the proportion of total lending allocated to MSMEs—has emerged as a key performance indicator in assessing a bank's commitment to inclusive intermediation. According to Bank Indonesia, (2025), the national target for MSME lending is 20% of total bank credit. However, Bank Mandiri's ratio declined from 9.52% in 2022 to 8.10% in 2024 despite a substantial increase in total consolidated lending. This decline may reflect a strategic shift in risk portfolios or repricing of credit, raising critical questions about the bank's commitment to inclusive finance.

Research by Wulandari & Budiarto, (2021) highlights that the effectiveness of inclusive intermediation is heavily influenced by a bank’s risk appetite, cost structure, and the availability of non-financial support, such as training and mentoring. Thus, the ratio of MSME credit not only reflects credit distribution but also serves as a proxy for institutional engagement in financial inclusion and social responsibility.

2.3 TJSL and Creating Shared Value (CSV)

Bank Mandiri’s Tanggung Jawab Sosial dan Lingkungan (TJSL) programs serve as strategic tools to enhance MSME capabilities, enabling smoother transitions into formal financing schemes. These initiatives align with the principles of Creating Shared Value (CSV), as proposed by Porter & Kramer, (2011), which emphasize embedding social objectives within the core business strategy to simultaneously advance competitiveness and societal impact. However, in the Islamic framework, TJSL can be interpreted as an extension of the institution's fiduciary and moral obligation (amānah) to uphold socio-economic justice (al-‘adl) and benefit the public good (maṣlaḥah).

Alokasi Anggaran menurut Pilar TJSL - 2024

Pilar TJSL	Target (Rp)
Sosial	112.000.000.000
Ekonomi	82.500.000.000
Lingkungan	52.500.000.000
Hukum & Tata Kelola	3.000.000.000
Total	250.000.000.000

Realisasi Anggaran TJSL Bank Mandiri 2024


















Pilar TJSL	Dukungan terhadap SDGs	Capaian (Jumlah Program)	2024	
			Realisasi	Anggaran
Pilar Sosial	    	492	Rp112,02 Miliar	Rp112 Miliar
Pilar Ekonomi	    	343	Rp82,50 Miliar	Rp82,5 Miliar
Pilar Lingkungan	     	348	Rp52,51 Miliar	Rp52,5 Miliar
Pilar Hukum dan Tata Kelola		12	Rp3,00 Miliar	Rp3,0 Miliar
Total		1.195	Rp250,03 Miliar	Rp250 Miliar

Figure 1. Allocation and Realization Diagram of TJSL Funds by Pillar (2024)

Source: Page 1210 – [FINAL - 2105] BMRI 2024 Annual Report- SINGLE-1208-1228.pdf



Figure 2. Infographic of Bank Mandiri's Rumah BUMN Program

Source: Page 121– [FINAL - 2105] BMRI 2024 Annual Report- SINGLE-1208-1228.pdf

Initiatives such as Rumah BUMN, Wirausaha Muda Mandiri (WMM), and the Urban Festival represent TJSL efforts that cultivate entrepreneurial skills, facilitate market access, and strengthen MSMEs' operational resilience. These programs act as "social pipelines" to identify and prepare potential creditworthy borrowers, thus reducing information asymmetries and perceived risk among financial institutions (Iswanto et al., 2023; Rasyid et al., 2020)

From a governance standpoint, the implementation of TJSL based on CSV and ISO 26000 standards ensures that these social investment programs are not only ethical and transparent but also strategically aligned with national development goals and ESG (Environmental, Social, Governance) metrics.

2.4 Empirical Studies on MSME Financing

Empirical evidence from both domestic and international contexts reinforces the notion that MSME financing is shaped by multiple intertwined factors, including risk perception, borrower credibility, and non-financial support structures (Berisha et al., 2023; Prihastiwati et al., 2021). For instance, MSMEs with sound financial documentation and participation in structured training programs are more likely to receive bank loans.

Literature also suggests that CSR initiatives, particularly those targeting skill development and market readiness, significantly enhance the creditworthiness of MSMEs (J. Akbar et al., 2023). These programs bridge gaps between informal entrepreneurial activity and formal banking requirements, particularly in post-pandemic recovery contexts where MSMEs are rebuilding operational capacities (Sanu & Anjum, 2021; Singh et al., 2022).

Furthermore, the Islamic finance literature provides additional insights into the moral and ethical imperatives of supporting MSMEs. Frameworks rooted in *maṣlaḥah* (public benefit), *zakah*, and *waqf* underscore the role of financial intermediation in promoting equitable growth and distributive justice (Kılıç, 2023; Zauro et al., 2020). These values reinforce the idea that MSME empowerment is not only an economic function but a theological mandate for achieving social balance (*tawāzun*) and lifting vulnerable communities (*muṣtaḍ'afīn*). Ethical financial practices embedded in Islamic economics also contribute to environmental sustainability and social equity, aligning well with TJSL objectives (Hassan, 2015; Syahrir et al., 2023)

2.5 Conceptual Framework of the Study

The integration of inclusive intermediation, CSV, and Islamic distributive justice forms the basis of the conceptual framework for this study. As illustrated in Bank Mandiri's Annual Report 2024, the decline in MSME credit ratios coincides with robust implementation of TJSL programs targeting MSME capacity enhancement. This interplay suggests the potential of TJSL as a compensatory mechanism to offset declining MSME loan shares through pre-credit empowerment. By viewing this interplay through the *maqāṣid* framework, the study also positions TJSL as an ethical channel to restore justice (*'adl*), sustainability (*istidāmāh*), and empowerment (*tamkīn*) in MSME ecosystems.

The conceptual model builds upon the premise that sustainable MSME financing must be rooted in an ecosystem-based approach, incorporating both financial and non-financial dimensions. It positions

Bank Mandiri's TJSL initiatives as a bridge between informal entrepreneurial activity and formal credit channels, with CSV and Islamic finance offering normative and strategic justifications for inclusive lending.

Ultimately, this framework serves to assess the alignment between the bank's social investment initiatives and its MSME financing performance, thereby enabling a comprehensive evaluation of inclusive finance strategies in line with national policy goals and global sustainability standards.

III. MATERIALS AND METHODS

This study utilizes a descriptive quantitative approach enhanced by narrative interpretation to assess Bank Mandiri's commitment to MSME financing and its related TJSL (Tanggung Jawab Sosial dan Lingkungan) programs. Publicly available secondary data sourced from Bank Mandiri's 2024 Annual Report provides the foundation for this analysis, ensuring transparency and academic reliability (Bank Mandiri, 2024). In addition, the evaluation is enriched by a normative framework based on *maqāṣid al-sharī'ah* to assess the alignment of outcomes with Islamic economic ethics, particularly in promoting justice (*'adl*) and public benefit (*maṣlaḥah*).

Two primary report segments were used: the Financial Performance section (pages 26–44) and the TJSL section (pages 1208–1228). The former details consolidated loan data and financial risk indicators, while the latter presents programmatic outputs and budget allocations related to MSME empowerment. This dual-source strategy supports a holistic analysis combining quantitative trends with social performance insights..

The study estimated MSME loan volumes using reported MSME credit ratios and consolidated loan portfolio values. For example, in 2022 the MSME credit ratio was 9.52%, resulting in an estimated loan volume of IDR 114.6 trillion from a total portfolio of IDR 1,202.23 trillion. By 2024, although the nominal MSME loan value increased to IDR 135.3 trillion, its share fell to 8.10% of a growing portfolio (IDR 1,670.55 trillion). Table 1 and Graph 1 illustrate this trend, underscoring a potential strategic shift away from MSME lending.

Risk-related indicators were also examined. In 2024, Bank Mandiri reported a gross NPL ratio of 0.97% and a high loan loss coverage of 303.85%, suggesting robust asset quality. Meanwhile, the LDR increased to 98.04%, indicating aggressive intermediation, though this was accompanied by tighter liquidity as seen in declining LCR and NSFR values. These trends suggest that while the bank maintains strong financial stability, expanding MSME loans would require deliberate strategies including borrower selection and support mechanisms (Nasution & Fakhri, 2024; Putri & Musthofa, 2023)

In parallel, the study applies a narrative analysis to evaluate the impact of Bank Mandiri's TJSL initiatives. Using the CSV (Creating Shared Value) framework (Porter & Kramer, 2011), programs such as Rumah BUMN and WMM are analyzed as capacity-building platforms that enhance MSME bankability. The SROI range of 3.9–4.06 was sourced directly from Bank Mandiri's TJSL report (2024), which estimates the social return based on internal impact assessment combining cost-benefit projections, training outputs, and MSME income improvements. However, the calculation method is not independently verified and should be interpreted as indicative rather than definitive. Table 2 presents these outcomes.

CSR activities are contextualized using ISO 26000 and CSV principles, viewing TJSL not merely as a compliance measure but a strategic enabler of inclusive finance. This analysis is deepened through the integration of Islamic economic principles, where TJSL is evaluated not only on output quantity but also on alignment with *maqāṣid al-sharī'ah*—particularly in realizing *hifz al-māl* (wealth preservation), *hifz al-nafs* (protection of livelihood), and *hifz al-'aql* (intellectual development). This aligns with Islamic economic ethics emphasizing distributive justice and financial intermediation for social benefit (*maṣlaḥah*) (Kılıç, 2023; Zauro et al., 2020).

To complement historical analysis, a projection scenario is included. If the MSME credit ratio returns to 9.0% in 2025 and total credit grows 10% to IDR 1,837.56 trillion, MSME loan volume could reach IDR 165.38 trillion—an increase of about IDR 30 trillion from 2024. While this estimate provides practical value, it also invites reflection on whether growth targets are ethically justifiable if not accompanied by just allocation and capacity readiness, as mandated by Islamic economic frameworks.

In summary, the integration of financial metrics, programmatic impact evaluation, and Islamic ethical considerations provides a comprehensive framework for evaluating Bank Mandiri's strategic role in MSME development. By combining quantitative indicators with normative assessment grounded

in maqāṣid al-sharī'ah, the study offers a dual-lens methodology that highlights both institutional performance and moral alignment. This mixed-method approach enables triangulated insights aligned with global academic and policy standards.

IV. RESULTS AND DISCUSSION

4.2 Results

The analysis of Bank Mandiri's MSME financing between 2020 and 2024 reveals significant insights into its strategic credit allocation behavior, risk tolerance, and social investment commitments. These findings are structured across three major analytical domains: trends in MSME credit ratios, risk and intermediation profiles, and the role of TJSL programs in building an inclusive credit ecosystem.

The first key finding pertains to the trend in MSME credit ratios over the five-year period. As illustrated in Table 1 and Figure 1, Bank Mandiri experienced a gradual decline in the proportion of credit portfolio allocated to MSMEs, dropping from 9.52% in 2022 to 8.90% in 2023 and further to 8.10% in 2024. This decline occurred despite a consistent increase in the nominal value of total consolidated credit, which rose from approximately Rp1,202.23 trillion in 2022 to Rp1,670.55 trillion in 2024. The estimated volume of MSME credit correspondingly grew from Rp114.6 trillion in 2022 to Rp135.3 trillion in 2024. These trends suggest that while absolute support for MSMEs expanded, relative prioritization decreased, pointing to a shift in portfolio strategy potentially favoring segments with higher returns or lower perceived risks.

This downward trend in MSME credit ratios can be contextualized through macroeconomic and institutional factors discussed in the literature. Rahmadi et al. (2023) and Yударuddin (2020) found that rising inflation during this period incentivized MSMEs to increase borrowing for inventory accumulation, but also led banks to tighten risk assessment procedures. Moreover, Ismanto et al., (2023) highlight that heightened liquidity constraints and evolving capital adequacy requirements encouraged banks to prefer low-risk clients, often at the expense of MSMEs. (M. Akbar, 2023; Setiawan, 2021) and Setiawan (2021) corroborate that capital adequacy ratios (CAR) strongly determine lending behavior, with robust capital buffers allowing for more aggressive credit expansion, particularly in volatile economic climates.

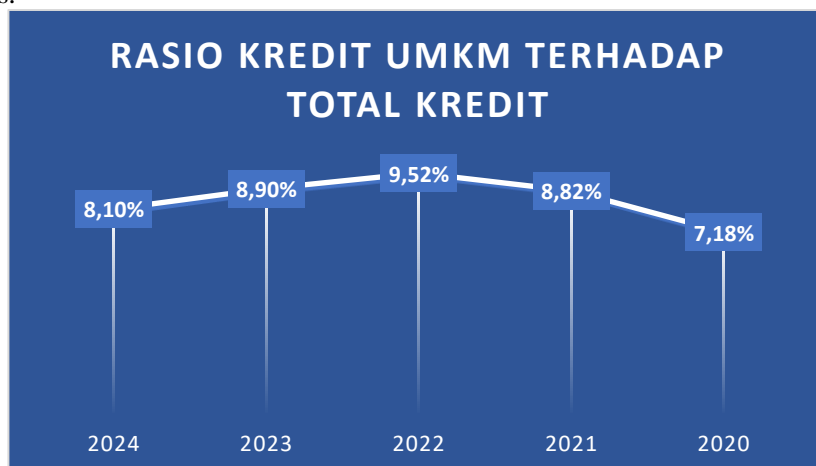


Figure 3. MSME Credit Ratio Trend (2020–2024)

Source: Bank Mandiri 2024 Annual Report, p. 33

Table 1. Estimated MSME Loan Volume and Ratio (2022–2024)

Year	Total Consolidated Credit (Rp trillion)	MSME Credit Ratio	Estimated MSME Credit Volume (Rp trillion)
2022	1,202.23	9.52%	114.6
2023	1,398.07	8.90%	124.4
2024	1,670.55	8.10%	135.3

Source: Bank Mandiri 2024 Annual Report, pp. 26–44

The second area of analysis addresses Bank Mandiri's risk and intermediation profile during the same period. The bank maintained a gross Non-Performing Loan (NPL) ratio of 0.97% in 2024, while achieving a coverage ratio of 303.85%, indicating high provisioning levels and a conservative risk posture. Concurrently, the Loan-to-Deposit Ratio (LDR) rose sharply from 86.75% in 2023 to 98.04%

in 2024, reflecting heightened credit intermediation efforts. However, this aggressive lending stance was accompanied by a drop in the Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), signaling increased liquidity tightening.

These trends align with the empirical observations of Emilia, (2025 and Family, (2023), who noted that low NPL ratios and strong coverage levels permit cautious expansion of MSME credit lines Anasta, (2019) and Rosita & Musdholifah, (2018) further argue that stable CAR performance ensures resilience against credit shocks, allowing continued disbursement to smaller borrowers. Conversely, M. Akbar, (2023) and Irelaboye, (2025) caution that excessively high LDRs may expose banks to liquidity risks, necessitating selective borrower targeting and more stringent credit assessments. These findings underscore the importance of maintaining a dynamic equilibrium between liquidity, risk, and inclusion goals, which also aligns with the Islamic economic principle of *tawāzun* (balance), ensuring that pursuit of profit does not compromise social justice or financial sustainability.



Figure 4. Consolidated Credit Performance Summary (2022–2024)
Source: Bank Mandiri 2024 Annual Report, p. 26.

The third core finding concerns the ecosystem support for MSMEs through TJSL programs. In 2024, Bank Mandiri executed 1,195 TJSL programs, with a total realized budget of Rp250.03 billion. Programs directly benefiting MSMEs included Rumah BUMN (23 locations, 15,101 MSMEs served), Wirausaha Muda Mandiri (WMM), Urban Festival, and Mandiri Sahabat Difabel. These initiatives focused on capacity-building, access to markets, and social inclusion. These initiatives reflect institutional efforts toward realizing the Islamic goals of *hifz al-māl* (wealth protection), *hifz al-nafs* (protection of life and livelihood), and *hifz al-‘aql* (intellectual empowerment) through inclusive entrepreneurship and capacity-building.

Table 2. MSME-Related TJSL Programs and Impact (2024)

Program	Output Highlights	SROI / Social Impact
Rumah BUMN	15,101 MSMEs, >100 training events	SROI: 3.9–4.06
WMM	>3,700 participants (existing firms)	Network building & business competence
Urban Festival	>5,000 MSMEs curated and profiled	Market access & capital facilitation
Sahabat Difabel	>200 MSMEs (disability inclusion)	Inclusive entrepreneurship development
Mandiri Sahabatku	2,200 PMI trained in 6 countries	Diaspora entrepreneurship

Source: Bank Mandiri 2024 Annual Report, pp. 1208–1228.

The literature strongly supports the role of CSR and TJSL programs as enablers of financial inclusion. Studies by Oduro et al., (2021) establish that well-structured CSR initiatives improve firm

reputation, financial stability, and social capital—conditions conducive to expanding MSME credit. Kabir & Thai, (2017) further demonstrate that CSR strengthens investor and stakeholder confidence, which indirectly benefits MSME stakeholders through broader access to finance. Empirical research by Nustini et al., (2024) shows that CSR initiatives targeting MSMEs enhance their visibility and credibility within the banking ecosystem, making them more attractive as potential borrowers.

In the case of Rumah BUMN, Bank Mandiri reported an SROI range of 3.9 to 4.06, indicating that for every rupiah invested, up to four rupiah in social and economic value was generated. The training modules, market readiness interventions, and business matching activities embedded in these programs correspond with the recommendations of (Hassan, 2015; Kılıç, 2023) regarding the role of ethical finance in promoting distributive justice (*‘adālah*), transparency (*shafāfiyyah*), and long-term sustainability (*istidāmah*)—all of which are integral to *maqāsid al-sharī‘ah*.

The strategic implications of these findings are manifold. While Bank Mandiri's absolute lending to MSMEs continues to grow, the relative decline in credit ratios necessitates a re-evaluation of inclusive finance strategies. The consistent quality of its credit portfolio provides a cushion for rebalancing its credit mix without jeopardizing financial stability. Most significantly, the TJSL programs demonstrate tangible results in building a pipeline of creditworthy MSMEs, suggesting that CSR investments can yield both social and financial dividends. Such convergence also supports the notion that social finance rooted in *maqāsid al-sharī‘ah* can strengthen commercial resilience while fulfilling religious and ethical obligations toward society.

This convergence of financial performance and social impact reinforces the validity of ecosystem-based approaches to MSME development, particularly when supported by rigorous risk management and ethical financing frameworks. Ultimately, the case of Bank Mandiri illustrates that Islamic values—when embedded systematically into corporate policy—can serve as a blueprint for achieving inclusive growth, equitable resource allocation, and sustainable development.

4.2 Discussion

a. Strategic Decline in MSME Credit Share

The declining share of MSME loans in Bank Mandiri's credit portfolio, despite a significant expansion in total consolidated credit between 2022 and 2024, poses a critical question: does this represent a deliberate strategic shift or an unintended consequence of broader institutional and macroeconomic pressures? As the MSME credit ratio fell from 9.52% in 2022 to 8.10% in 2024, the narrative of inclusive financial intermediation appears to have been challenged. On the surface, this shift may reflect a prudent rebalancing toward lower-risk, higher-margin corporate lending. However, such a reallocation risks undermining the fundamental development role of a state-owned bank (SOB) such as Bank Mandiri, whose mandate includes enhancing financial inclusion. From an Islamic economic lens, such a shift may be seen as counterproductive to the spirit of *iṣlāḥ* (social reform) and *taqwīm al-furṣah* (equitable opportunity), which obligates institutions to facilitate justice-oriented financial access, particularly for vulnerable economic actors.

The literature identifies this phenomenon as symptomatic of a misalignment between policy expectations and operational behavior in SOBs (Acharya & Kulkarni, 2019; Kundu & Banerjee, 2021). Despite regulatory pressures to elevate MSME loan shares, including the national target of 20% mandated by Bank Indonesia, operational incentives continue to favor larger borrowers, whose creditworthiness and return profiles are perceived as more favorable (Mukherjee & Sood, 2020). This inclination not only distorts credit allocation but also widens the credit gap for MSMEs, impeding inclusive economic growth (Veena & Prasad, 2020).

b. Asset Quality and Intermediation Capacity

Nevertheless, Bank Mandiri's asset quality metrics suggest that there is substantial room for measured expansion in MSME financing. The gross NPL ratio of 0.97% and a coverage ratio of 303.85% in 2024 indicate a well-capitalized and risk-mitigated portfolio, which supports the argument for greater risk absorption capacity. As Bhattacharyya et al., (2019) and Emilia, (2025) argue, low NPL levels provide a credible platform for portfolio diversification, particularly towards under-served segments such as MSMEs. Additionally, the bank's high Loan-to-Deposit Ratio (LDR) of 98.04% signals active intermediation, albeit accompanied by tighter liquidity windows. This suggests a need to

refine borrower selection criteria, prioritizing productive MSMEs with robust repayment capacity, rather than abandoning the segment altogether.

c. Strategic Credit Mix and Islamic Economic Values

Bank Mandiri has the opportunity to implement a more balanced credit mix that upholds its commercial goals while advancing financial inclusion. The literature recommends integrated approaches that combine credit expansion with risk-mitigation tools, such as credit guarantees, blended finance models, and flexible collateral requirements (Saifurrahman & Kassim, 2023). Moreover, the expansion of Sharia-compliant financing mechanisms could diversify credit channels, allowing more MSMEs to access structured and ethically aligned financial products (Ariani et al., 2020). These approaches reflect both pragmatic risk management and alignment with distributive justice principles in Islamic economics. In this context, adopting Sharia-compliant MSME instruments also aligns with *maqāṣid al-sharī'ah*, particularly in fulfilling *hifz al-māl* (protection of wealth) and *hifz al-'ird* (dignity), enabling ethical intermediation that does not exploit borrowers while promoting entrepreneurial development.

d. TJSL as a Pipeline for MSME Credit Readiness

In this regard, the role of TJSL programs becomes pivotal. Rather than being limited to CSR obligations, these initiatives function as strategic mechanisms to build creditworthiness among MSMEs. Programs such as Rumah BUMN, WMM, and Urban Festival operate as ecosystem enablers, preparing MSMEs to meet formal lending criteria through training, capacity development, and access to markets. The reported SROI values of 3.9 to 4.06 for Rumah BUMN underline the measurable socio-economic returns generated by such programs. Cheng et al., (2013) and Sarfraz et al., (2018) emphasize that CSR programs can enhance MSMEs' visibility, credibility, and trustworthiness in financial ecosystems. These programs also operationalize the concept of *maṣlahah 'āmmah* (public benefit), by equipping MSMEs to participate in formal financial systems with dignity and capability.

e. Creating Shared Value and Institutional Legitimacy

This interpretation of TJSL is consistent with the concept of Creating Shared Value (CSV), where social investments are embedded into business strategies, resulting in mutual value creation for both financial institutions and communities. As Lee et al., (2023) and Rupp et al., (2013) argue, CSR practices rooted in ethical leadership and accountability not only fulfill moral obligations but also strengthen institutional legitimacy. When banks actively support MSME capacity-building through TJSL, they cultivate a pipeline of future borrowers who are more resilient, creditworthy, and aligned with formal banking expectations. Such integration reflects *al-mas'uliyah al-ijtima'iyyah* (social responsibility) in Islamic ethics, where financial institutions are not merely profit-oriented but must uphold the public trust and contribute to socio-economic harmony.

f. Policy Reorientation and Inclusive Targets

The policy implications are profound. Should Bank Mandiri pursue a target of restoring its MSME loan share to 9.0% in 2025, a potential credit expansion of Rp30 trillion would be required. This would necessitate a reorientation not only in credit allocation strategies but also in institutional priorities. The successful realization of this target depends heavily on adopting an ecosystem-based approach to MSME development. Dwyanti, (2024; Tubastuvi et al., (2024) stress that financial literacy programs are equally critical, as they reduce information asymmetries and improve MSME loan performance.

g. Regulatory Frameworks and Risk-Sharing Incentives

Furthermore, regulatory frameworks need to evolve in support of such inclusive financing ambitions. Proactive policy design can facilitate the deployment of incentives for banks to maintain or increase MSME loan ratios, for example through capital reliefs or risk-sharing mechanisms. International best practices demonstrate that when these are coupled with financial inclusion mandates, they can significantly elevate MSME contributions to national GDP and employment (Tita & Opperman, 2023; Vo & Nguyen, 2021)

h. Ethical Finance and Long-Term Impact

From a broader developmental perspective, the alignment between financial inclusion, ethical finance, and social justice offers a compelling framework for Bank Mandiri and similar institutions. As Gupta et al., (2024) and Rupp, (2011) underscore, firms that internalize fairness and inclusivity into their operational models tend to demonstrate stronger long-term performance and stakeholder loyalty. In Islamic economics, this perspective reflects the pursuit of *al-falāḥ* (well-being in this world and the hereafter), emphasizing that financial practices must generate value beyond profit, including trust, justice, and sustainability.

i. Recalibrating Risk and Responsibility

Importantly, Bank Mandiri's current positioning offers a strong foundation for achieving such integration. Its low-risk profile, diversified credit base, and strong social investment record provide a credible platform from which to scale inclusive lending practices. Yet, as projections suggest, sustainable MSME financing will require deliberate strategic action—grounded in ecosystem strengthening, policy alignment, and institutional commitment. The pathway forward must be one of recalibrating risk and responsibility in tandem, rather than trading one off against the other. The experience of other financial systems demonstrates that when banks combine robust credit management with inclusive social mandates, they can foster durable, transformative impacts across the economic spectrum (Bongomin & Ntayi, 2019; Rasyid et al., 2020). Thus, recalibrating risk and responsibility in the context of MSME financing is not only a strategic necessity but also a *shar'ī obligation* (*taklīf shar'ī*) to uphold fairness, reduce disparity, and realize the *maqāṣid* of financial inclusion.

V. CONCLUSION

This study reveals a paradox within Bank Mandiri's inclusive finance agenda. While MSME financing increased in absolute terms—from IDR 114.6 trillion in 2022 to IDR 135.3 trillion in 2024—its declining share of total credit (from 9.52% to 8.10%) points to a portfolio strategy potentially misaligned with distributive justice and social equity mandates embedded in Islamic economic thought. Despite this trend, the bank's strong asset quality—evidenced by a low NPL ratio (0.97%) and a high loan loss coverage ratio (303.85%)—provides a solid foundation for redistributive credit expansion.

Complementary to financial metrics, the bank's TJSL initiatives produced measurable socio-economic benefits—especially through Rumah BUMN and WMM—which collectively supported over 15,000 MSMEs. With SROI values between 3.9–4.06, these programs illustrate the concept of *maṣlaḥah 'āmmah* (public benefit) and *shared value* creation, serving not merely as CSR compliance but as ecosystem-based drivers of ethical finance. The simulation further projects that restoring the MSME credit ratio to 9.0% in 2025 could unlock an additional IDR 30 trillion in inclusive credit, advancing both commercial and moral objectives.

By triangulating quantitative analysis, narrative interpretation, and simulation modeling, this research contributes to the growing body of literature on Islamic impact finance, distributive justice, and value-aligned banking. This study affirms that institutional legitimacy in state-owned banks depends not only on financial prudence but also on active fulfillment of inclusion mandates. Future studies should further investigate causal links between TJSL participation and MSME creditworthiness, as well as the role of *maqāṣid al-sharī'ah* in guiding long-term credit reallocation for equitable development.

Policy Recommendations

1. Reorient Credit Strategy Toward MSME Inclusion
Bank Mandiri should recalibrate its credit mix to restore the MSME ratio to at least 9% by 2025, aligning with national inclusion mandates while leveraging its strong asset quality.
2. Institutionalize TJSL as Credit Readiness Infrastructure
Transform TJSL programs—especially *Rumah BUMN* and *WMM*—into pre-lending ecosystems that systematically build MSME bankability with measurable SROI impact.
3. Integrate Sharia-Compliant Microfinance Products
Expand ethical, low-risk financing instruments (e.g., *qardhul ḥasan*, *murābahah micro*) to reach underbanked Muslim entrepreneurs and align with *maqāṣid al-sharī'ah*.

4. Leverage Policy-Based Incentives
Encourage MSME lending through regulatory incentives, such as capital relief or guarantee schemes, rewarding banks that exceed inclusion thresholds.
5. Develop a National MSME Credit Index
Establish a data-driven MSME scoring system that integrates TJSI participation, training, and transaction behavior to reduce information asymmetry and expand formal credit access.

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