

Sharia-Based Financing in the Creative Industry at Bunut Shoe Store Kisaran: Challenges and the Role of Islamic Financial Institutions

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Abstract

Ideally, creative industry players should be able to grow with financing support that is accessible, fair, and aligned with Sharia principles. In reality, however, the Bunut Shoe Store in Kisaran still faces various obstacles, such as limited access to Sharia financial institutions and low literacy in Sharia-based financing. This study aims to analyze these challenges and examine the role of Sharia financial institutions in developing the Sharia-based creative industry at Bunut Shoe Store. This article is a field research employing a qualitative approach with a descriptive analytical method. Primary data were obtained through interviews, while secondary data were sourced from academic journals. The findings reveal that the Bunut Shoe Store's creative industry holds great potential to support the local economy through a labor-intensive home industry model, and Sharia-based financing is considered a strategic means to ensure business sustainability with fairness and blessings. However, challenges such as low financial literacy, strict administrative requirements, and limited access to relevant funding information continue to hinder the optimization of Sharia financing. Therefore, synergy between business actors and Sharia financial institutions through education, mentoring, and adaptive financing

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schemes is essential to promote a competitive and Islamic values-based creative industry.

Keywords: *Home Industry, Sharia Financing, Bunut Shoes*

Abstrak

Idealnya, pelaku industri kreatif dapat berkembang dengan dukungan pembiayaan yang mudah, adil, dan sesuai prinsip syariah. Namun realitasnya, Toko Sepatu Bunut di Kisaran masih menghadapi berbagai kendala seperti minimnya akses terhadap lembaga keuangan syariah dan rendahnya literasi pembiayaan syariah. Penelitian ini bertujuan untuk menganalisis kendala serta menelaah peran lembaga keuangan syariah dalam pengembangan industri kreatif berbasis syariah di Toko Sepatu Bunut. Artikel ini tergolong dalam penelitian lapangan dengan pendekatan kualitatif. Metodologi yang digunakan Adalah studi analisis deskriptif. Sumber primer Adalah hasil wawancara, sedangkan sumber sekunder Adalah jurnal ilmiah. Hasil penelitian menunjukkan bahwa industri kreatif Toko Sepatu Bunut di Kisaran memiliki potensi besar dalam menopang ekonomi lokal melalui pendekatan home industry yang padat karya, dan pembiayaan berbasis syariah dinilai strategis untuk mendukung keberlanjutan usaha secara adil dan berkah. Namun, tantangan seperti rendahnya literasi keuangan syariah, ketatnya persyaratan administrasi, dan terbatasnya akses informasi pendanaan masih menghambat optimalisasi pembiayaan syariah. Oleh karena itu, sinergi antara pelaku usaha dan lembaga keuangan syariah melalui edukasi, pendampingan, dan skema pembiayaan yang adaptif sangat diperlukan untuk mendorong pertumbuhan industri kreatif yang kompetitif dan bernilai Islami.

Kata kunci: Home Industri, Pembiayaan Syariah, Sepatu Bunut

Introduction

The creative industry has become one of the leading sectors in driving both national and regional economic growth. This sector not only generates economic added value but also plays a significant role in creating jobs, strengthening local cultural identity, and fostering community innovation (Yahya et al., 2023). Amid the digital economic transformation and changing consumer lifestyles, the creative industry is experiencing significant acceleration, particularly in the fashion, crafts, and product design sectors. Small cities like Kisaran have begun to show signs of local creative industry development, driven by community efforts and micro-enterprises that are highly adaptive to market trends (Yusditira, 2022). One manifestation of the rise of the local creative economy can be seen in the existence of Bunut Shoe Store in Kisaran, which develops handmade shoe production using distinctive local patterns and techniques. The store's growth is closely tied to the

role of MSME actors who integrate traditional values, local wisdom, and modern touches in their shoe design and production.

In the context of inclusive economic development, Sharia-based financing serves as a strategic pillar that can strengthen the position of MSMEs. A financing system based on Sharia principles—prioritizing fairness, profit-sharing, and the elimination of interest—is believed to be more in line with the characteristics of micro and small business actors who often face limitations in accessing conventional finance (Muheramtohad, 2017). Islamic Financial Institutions (IFIs) play a crucial role in supporting the sustainability of the creative industry in areas like Kisaran. Bunut Shoe Store, which operates independently and has deep roots in the local community, holds great potential to grow through Sharia-compliant financing that aligns with the ethical and structural values of the Muslim community.

Ideally, synergy between local creative industry actors and Islamic Financial Institutions can create a productive, inclusive, and competitive economic ecosystem (Kaswinata et al., 2023). With working capital that adheres to Sharia principles, Bunut Shoe Store can increase its production capacity, expand its market, and enhance its business resilience. On the other hand, financial institutions can also gain social and spiritual benefits by supporting the growth of a healthy and responsible real sector. Ideally, such partnerships could also open up access to training, managerial assistance, and Sharia financial literacy for MSME actors.

However, in reality, there are several challenges faced by creative industry players like Bunut Shoe Store in accessing Sharia financing. These include a lack of understanding among MSME actors regarding Sharia financial products, procedures that are perceived as complex, and limited networks of Islamic financial institutions in regional areas (Putra et al., 2023). Additionally, there is still no financing scheme that is truly adaptive to the needs of creative MSMEs, in terms of loan tenures, repayment models, or post-financing support. This has forced industries like Bunut Shoes to rely on limited personal capital, thereby hampering sustainable product expansion and innovation.

This condition leads to the main problem of this study: what are the challenges and opportunities of Sharia financing in the development of local creative industries, particularly in the case of Bunut Shoe Store in Kisaran? This research aims to explore in depth the structural and cultural barriers that limit access for local industry players to Islamic financial institutions, and to analyze how these institutions can design more inclusive and contextual approaches. The objective of this study is to analyze the obstacles faced by Bunut Shoe Store in accessing Sharia financing and to assess the extent to which Islamic financial institutions contribute to the development of local creative industries. Additionally, the research aims to formulate strategies for strengthening the Sharia financial ecosystem that can more effectively reach MSME actors in the creative industry sector.

Literature Review

The study of creative industry development based on sharia-compliant financing is not a new topic; several researchers have previously discussed and published it using various methods and approaches. Cyntia Amelia Siregar, in her work entitled; *"Perkembangan Usaha Sepatu Bunut Sebagai Home Industry di Kecamatan Kisaran Barat Kabupaten Asahan"*, examined the historical development, challenges, and potential of the Sepatu Bunut business as one of the home industry examples emerging in the West Kisaran area. The findings in her study highlight how the Sepatu Bunut enterprise has managed to survive and grow through creativity and local marketing strategies, despite still facing challenges in capital access and broader market penetration (Siregar, 2022). The similarity between her work and the present study lies in the same research object, namely the Sepatu Bunut business in Kisaran. However, the difference is that Cyntia's research focuses more on general business development, while the present study emphasizes sharia financing and the involvement of Islamic financial institutions as the driving force.

Nurfaida et al., in their work entitled; *"Pengaruh Produk Pembiayaan Syariah Terhadap Profitabilitas Pada Bank Syariah Indonesia"*, discussed how various Islamic financing products (such as *murabahah*, *ijarah*, and *musyarakah*) contribute to the profitability of Islamic financial institutions. This study used a quantitative approach with financial report data from Bank Syariah Indonesia. The main findings indicate that sharia financing contributes positively to the bank's profitability, which indirectly reflects the stability and effectiveness of sharia financing in supporting the real sector (Nurfaida et al., 2024). The similarity of this study with the author's lies in its focus on Islamic financing products. However, the difference is that Nurfaida's research focuses on financial institutions (Islamic banks) and does not touch on the recipient side of financing in the creative industry sector, such as MSMEs or shoe businesses.

Indhona Lukman Farizki and Miswan Ansori, in their work entitled; *"Peran Lembaga Keuangan Syariah dalam Meningkatkan Perekonomian Melalui Pembiayaan Modal Kerja Pada UMKM di Jepara"*, explored in depth how Islamic financial institutions play a significant role in supporting MSMEs through working capital financing. This study uses a qualitative approach and shows that easy access to financing and good mentoring mechanisms can drive MSME performance and positively impact the local economy (Farizki & Ansori, 2024). The similarity with the present study lies in its focus on the role of Islamic financial institutions in supporting MSMEs. However, the difference lies in the geographical context and type of business discussed. Farizki and Ansori's research highlights MSMEs in general in Jepara, while the present study is more focused on the local creative shoe industry in Kisaran, which has its own unique characteristics and challenges.

Previous researchers have explored aspects of MSME development, the effectiveness of sharia financing, and the role of Islamic financial institutions in supporting the growth of the micro and creative economic sectors. From these three works, and after exploring various existing literature, as far as the author's analysis goes, there has not yet been a study that specifically links the development of a creative home industry such as Toko Sepatu Bunut in Kisaran with sharia financing schemes in depth, including an analysis of challenges and direct

involvement of Islamic financial institutions in the development process. This is the research gap that this study aims to address—filling the void in the literature regarding the integration between local-based creative industries, sharia-compliant financing, and the optimization of the role of Islamic financial institutions in the Kisaran regional context.

Research Methodology

This article falls into the category of qualitative field research. The research methodology employed is a descriptive analytical study aimed at providing an in-depth depiction of the creative shoe industry phenomenon in Kisaran, managed based on Sharia principles—particularly in terms of financing and the role of Islamic financial institutions. Primary data sources used in this study include in-depth interviews with the owner of the Bunut Shoe Store as well as several representatives from relevant Islamic financial institutions involved in the financing process. Secondary data were obtained from recent scientific journal publications relevant to the themes of Sharia financing, MSMEs, and the creative industry.

In the data processing stage, the researcher applied data analysis techniques involving reduction, presentation, and conclusion drawing in order to identify patterns and meanings from the interview results and documentation. Data validation was carried out through source and method triangulation to ensure the accuracy of the obtained information. The validity of the data was further tested by confirming with key informants and comparing it with relevant secondary data. The entire research manuscript was compiled inductively, beginning with a general overview of the Sharia-based creative industry on the ground and narrowing down to a specific discussion on the challenges and roles of Islamic financial institutions in supporting the sustainability of the business.

The Creative Industry of Bunut Shoe Store in Kisaran City

The creative industry has become a driver of the new economy that does not solely rely on large capital, but instead thrives on the potential of human resources, local cultural heritage, and a high level of imagination. Amid the accelerating currents of globalization, the rise of creative industries in various regions of Indonesia shows that innovation is not monopolized by major cities (I. Harahap et al., 2022). One clear example of strong local resilience and growth is the Bunut Shoe creative industry in Kisaran City, Asahan Regency, North Sumatra. This area has long been known as a center for handmade footwear, not only valued for functionality but also for aesthetics and historical value. Kisaran, the capital of Asahan Regency, is not a metropolitan city. Yet, within its limitations, the community has managed to grow a community-based economy rooted in strong tradition. Among these efforts is the presence of the Bunut Shoe Store, which not only serves as a commercial space for footwear products but also represents a legacy of inherited craftsmanship that has transformed into a rooted creative economic force. This store stands as a symbol of how the spirit of preserving tradition has opened new opportunities in innovation-driven entrepreneurship.

The Bunut community, located in West Kisaran District, has a deep connection to the history of the footwear industry. Since the 1970s, this area has been a hub for processing rubber and leather into quality footwear. When the major Uni Royal factory—where many locals worked—closed down, former workers did not abandon their skills. Instead, this turning point gave rise to new creativity that laid the foundation for the establishment of the Bunut Shoe Store and other artisan networks that continue to survive today. In this context, creativity became the answer to limited formal employment opportunities (Triana Nhb, 2018). Today, Bunut Shoes are not only known locally but are also beginning to reach regional and even national markets. This success is attributed to a strong brand image built through consistent quality, trend-aligned designs, and unique production techniques. Shoes made by artisans at the Bunut Shoe Store are known for their durability and distinctive design. Many customers claim Bunut-made shoes last longer than mass-produced factory shoes. This trust has become a strong social capital in building a loyal market.

Beyond being a product, the Bunut Shoe Store is part of the heartbeat of the local economy. It creates opportunities for the surrounding community to participate in production—sewing, cutting leather, shaping soles, and performing finishing tasks. With a flexible and community-based working system, this industry has evolved into a micro, small, and medium enterprise (MSME) model that employs many people while maintaining values of mutual cooperation (Yusditira, 2022). Stores such as Bunut Family 2, Gucci Bunut, and Ryan Bunut Shoes serve as small ecosystems that support families and their surrounding communities. Bunut Shoes have a strong profile as a leading local product. Most of the shoes are designed to be slip-ons with no heels, built from the bottom up. This characteristic gives Bunut-made shoes an ergonomic and comfortable shape suitable for both formal and casual use. The main materials used are selected cowhide leather and durable rubber soles, all handcrafted by experienced artisans. This process makes each pair of shoes unique, as they are handmade rather than machine-produced.

The long history of Bunut Shoes began with the establishment of the Uni Royal rubber factory in the 1970s. This factory once produced rubber soles for international brands. When it closed down, the former employees retained their skills and began crafting shoes independently. With limited capital and a strong will to survive, they formed home-based business groups. The year 1987 marked the rebirth of Bunut Shoes as a more structured home industry, and since then, the Bunut area has been recognized as a center for distinctive handmade shoes (N. A. Harahap, 2019). The uniqueness of Bunut's production lies in the manual stitching technique and ergonomic design. Unlike factory shoes, Bunut shoes are built from the bottom up and sewn gradually. In addition to shoes, artisans have also begun producing other leather goods such as bags, belts, and wallets as a product diversification strategy. Amidst increasingly fierce competition in the footwear industry, Bunut Shoes have survived through originality and strict quality control. Some stores now even accept custom design orders based on customer preferences and current trends.

Most Bunut Shoe industry players come from artisan families who have been in the trade for generations. The economic structure is family- and community-based, where each member plays a role in the production process. This

pattern has created strong local economic independence and reduced dependency on the formal sector. Stores like Bunut Family and Ryan Bunut absorb local labor, provide training, and even develop sustainable home-based business models (Sinulingga, 2018). In terms of marketing, Bunut Shoes are beginning to adopt more creative and innovative approaches. The use of social media platforms like Instagram, Facebook, and e-commerce platforms such as Shopee and Tokopedia has been an essential step in expanding market reach. Product designs have also transformed—from conventional styles to more modern and trendy models. Artisans understand that preserving traditional values does not mean rejecting modernity, so they blend heritage elements with contemporary styles to appeal to younger consumers.

The success of the Bunut Shoe Store is inseparable from its MSME model, which serves as an inclusive business model. This industry allows anyone—men or women, young or old—to be involved in its ecosystem. Community members can participate not only in production but also in distribution, marketing, and packaging. This inclusiveness makes Bunut Shoes not just an economic product but also a social product. Every shoe sold is not only the result of the artisan's creativity but also part of a holistic community empowerment process (Adawiyah et al., 2021). With all these elements, the Bunut Shoe creative industry becomes an inspiring example of how local products can survive, grow, and thrive amid global competition. The values of creativity, solidarity, perseverance, and adaptability form the foundation for building an industry that is not only about profit but also about identity, history, and the community's future. With full support from local governments, financial institutions, and the broader public, Bunut Shoes have the potential to become an icon of North Sumatra's creative industry that can compete on a national—even international—level.

Sharia-Based Financing for MSMEs

Micro, Small, and Medium Enterprises (MSMEs) have long been the backbone of Indonesia's economy. With their significant contribution to the Gross Domestic Product (GDP) and their ability to absorb a large workforce, MSMEs are a strategic sector in efforts to promote equitable development and alleviate poverty (Nurbaiti et al., 2023). However, one of the main obstacles hampering the growth of MSMEs is limited access to financing, particularly from formal financial institutions (Kaswinata et al., 2023). Amid the need for a fair and inclusive financing system, sharia-based financing emerges as a promising alternative that aligns with Islamic principles of justice. Sharia financing is a financial system based on Islamic law, which prohibits elements such as *riba* (interest), *gharar* (uncertainty), and *maysir* (speculation).

In the context of MSMEs, sharia financing holds great potential for supporting small business development, as it not only drives economic growth but also upholds values of ethics, justice, and partnership. This makes sharia financing not merely an economic tool but also a social instrument that balances worldly and spiritual aspects. Among the most commonly used sharia contracts in MSME financing are *mudharabah* and *musyarakah* (Daulay & Nasution, 2016). In a *mudharabah* contract, the sharia financial institution acts as the capital provider

(*shahibul maal*), while the MSME acts as the manager (*mudharib*). Profits are shared according to a mutual agreement, and if the business incurs losses not due to managerial negligence, the losses are borne by the financial institution. In *musyarakah*, both parties contribute capital and share risks and profits proportionally.

Additionally, financing models like *murabahah*—a cost-plus sale agreement—are often used for working capital or investment needs of MSMEs. Through *murabahah*, MSMEs can acquire necessary goods or raw materials, while the financial institution earns a pre-agreed margin without involving interest. This contract is characterized by price transparency, clear payment terms, and defined ownership, offering certainty to business owners. Beyond mere financial transactions, sharia financing for MSMEs also emphasizes the principles of *ta'awun* (mutual assistance) and *tazkiyah* (purification) (Hotdiana et al., 2023). Sharia-compliant financial institutions serving MSMEs often provide business mentoring, management training, and spiritual education so that entrepreneurs grow not only economically but also morally and socially. This is a distinct advantage of sharia financing compared to the conventional system.

In Indonesia, the role of sharia financing in supporting MSMEs has grown alongside the development of Islamic banks, *Baitul Maal wat Tamwil* (BMT), Islamic cooperatives, and other sharia-based microfinance institutions. These institutions generally have closer ties to grassroots communities, particularly because of their participatory structure and spirit of solidarity. BMTs, for instance, have pioneered sharia microfinancing, effectively reaching marginalized groups previously underserved by conventional banks. Nevertheless, the implementation of sharia financing for MSMEs also faces challenges (Imnur et al., 2023). Common issues include low levels of sharia financial literacy among MSME actors, limited reach of sharia financial institutions in remote areas, and difficulties in assessing business feasibility using sharia-based approaches, which require social and spiritual considerations—not just commercial ones. Furthermore, the lack of comprehensive regulations to strengthen sharia microfinancing remains a key issue for policymakers to address.

Despite these challenges, the potential for developing sharia-based financing to support MSMEs is vast. This is in line with increasing public awareness of the Islamic economy and the growing *halal* lifestyle trend, which drives demand for sharia-compliant products and services. The government has also promoted financial inclusion through various programs, such as the National Committee for Islamic Economy and Finance (KNEKS), which prioritizes the empowerment of sharia MSMEs as part of the national strategy. The success of sharia financing for MSMEs is not solely determined by the availability of funds but also by how well Islamic values are internalized by entrepreneurs and financial institutions (Utari et al., 2022). This includes honesty in reporting, commitment to agreements, and a high level of social responsibility. In other words, the success of this system depends heavily on the integrity of its practitioners—not just on the financial instruments used.

Furthermore, sharia financing can play a strategic role in building economic independence for Muslim communities. By supporting productive sectors such as agriculture, livestock, crafts, and small-scale trade, sharia financing can foster a

strong and sustainable economic ecosystem. With active community involvement in managing and developing sharia-based MSMEs, economic development becomes participatory and inclusive, rather than top-down. Ultimately, sharia financing for MSMEs represents a tangible manifestation of the *maqashid sharia*—the objectives of Islamic law—namely the preservation of religion, life, intellect, lineage, and wealth. Through fair, transparent, and mutually beneficial financing, MSME actors not only gain capital support but are also encouraged to be part of broader social and spiritual transformation (Solehudin et al., 2024). This becomes a strong foundation for building a community that thrives materially and spiritually, positioning MSMEs not merely as economic tools but also as avenues for worship and blessing.

Challenges in Implementing Sharia Financing

The Bunut shoe creative industry in Kisaran City has become an important part of driving the local economy. The presence of artisans who transform simple materials into quality products has created jobs and contributed to the income of the local community. However, as business growth and modernization become increasingly necessary, industry players face the growing need for adequate capital access that aligns with their business principles. This is where sharia-based financing has started to gain attention as a fair and non-burdensome solution. Unfortunately, access to sharia-compliant financial services has not been smooth for many Bunut shoe entrepreneurs.

Although around seven out of thirteen Bunut shoe entrepreneurs have attempted to access sharia financing, they continue to face significant obstacles in its implementation. Lengthy application processes and complex document requirements are major hurdles. Many micro-entrepreneurs lack proper financial record-keeping systems, making it difficult for them to meet the administrative standards set by Islamic financial institutions. The need for capital is often urgent—such as purchasing raw materials or paying workers—but the disbursement process through sharia channels is perceived as too slow to meet those needs (Amir, interview, 2025).

A lack of understanding of basic sharia finance terms and concepts is another critical factor worsening the situation. Most entrepreneurs are unfamiliar with terms like *mudharabah*, *musyarakah*, or *murabahah*. This lack of knowledge leads to hesitation and a lack of confidence when dealing with Islamic financial institutions. Yet, choosing the right contract type is crucial to aligning the financing scheme with their business model (Ika, interview, 2025). The absence of adequate education from relevant institutions makes entrepreneurs reluctant to take the risk of trying a new system—even when they recognize the advantages of sharia over conventional systems.

The low level of sharia financial literacy among these entrepreneurs highlights the absence of systematic efforts to bridge the understanding between financial institutions and small business communities. The information provided is often too technical and not adapted to the context of MSMEs on the ground. Some entrepreneurs even admit to being confused when filling out forms or preparing the required documents for Islamic banks (Fadhil, interview, 2025). Such

complexity has led many to withdraw and return to conventional loan systems, despite having to bear interest burdens.

Moreover, the lack of active assistance from financial institutions makes the financing application process even more difficult. Entrepreneurs feel left alone in understanding procedures and technical requirements. When no representatives from sharia institutions are present in the field to provide guidance, MSME players feel neglected and are discouraged from continuing the application process. As a result, the enormous potential of sharia financing to support local business growth is hindered by the limited outreach and engagement approach of financial service providers (Safrizal, interview, 2025).

On the other hand, digital transformation in the financial sector actually presents an opportunity to reach a broader base of MSMEs. Technology-based services such as mobile banking and Islamic fintech have developed and proven effective in meeting MSMEs' needs in terms of financing efficiency, service speed, and digital financial records. However, not all Bunut shoe entrepreneurs are familiar with these technologies. The lack of digital training and education prevents them from fully utilizing these facilities (Haris, interview, 2025). One of the most critical issues frequently raised by entrepreneurs is the slow disbursement process after loan approval. Many need fast capital to maintain tight production cycles—like purchasing raw materials or fulfilling customer orders on short notice. When the disbursement takes too long, entrepreneurs often turn to informal sources or revert to conventional systems, which are perceived as faster, albeit less ethical.

At a larger scale, medium-sized business owners face similar challenges. Even though they are relatively better prepared administratively, the slow responses and lack of tangible benefits from the sharia system lead them to question its effectiveness. This shows that the challenges are not only at the micro level but also among more established businesses. When trust in sharia services declines, the philosophical advantages of the system become irrelevant for business actors who prioritize efficiency and practicality (Leli, interview, 2025). This phenomenon confirms that the issue of access to sharia financing among Bunut shoe industry players is not merely about a lack of interest, but rather the weakness of a support ecosystem that should simplify the process and provide intensive assistance.

Low literacy, lengthy administrative procedures, and unresponsive service approaches have prevented a system that is fundamentally fair and promising from penetrating the reality of a fast-paced and flexible business environment (Heri, interview, 2025). It is important to note that Bunut shoe industry players are not large corporations with well-established financial and managerial structures. They are local artisans who rely on experience and market instinct, so any financing system must adapt to their characteristics. Efforts to improve literacy and simplify financing mechanisms are key to unlocking wider access to sharia financing. For Islamic finance to truly become a solution, there needs to be synergy between financial institutions, local governments, and community groups.

Outreach must be conducted using language that is easy to understand and directly related to the context of the shoe business. Community-based mentoring, digital training, and partnerships with educational institutions or Islamic boarding

schools (*pesantren*) can serve as alternatives to bridge the existing understanding gap. With a more human-centered, simplified approach focused on the real needs of entrepreneurs, sharia financing has a great opportunity to become a catalyst for the growth of the Bunut shoe industry in Kisaran City. This success would not only boost the local economy but also strengthen the position of Islamic finance as an inclusive financial instrument capable of addressing grassroots needs.

The Role of Islamic Financial Institutions

Islamic financial institutions today are expected not only to serve as funding providers but also to act as agents of economic empowerment, accompanying entrepreneurs through their growth and development processes (Septiani & Thamrin, 2021). In the context of MSMEs, especially in creative industries such as the Bunut shoe industry in Kisaran City, the role of these institutions becomes increasingly relevant. Entrepreneurs, who tend to be religious and uphold Islamic values, require financing models that are not only free from *riba* (usury) but also support principles of justice and partnership. In this regard, Islamic financial institutions are not merely alternatives to conventional banking systems, but also serve as a means to integrate spiritual and economic values.

Field studies indicate that some Bunut shoe entrepreneurs have started to use sharia financing as a source of working capital. Of the total respondents surveyed, nearly half reported using such facilities to purchase raw materials and expand production capacity (Iqbal, interview, 2025). The decision to choose sharia financing is not solely based on religious considerations; the profit-and-loss sharing model is also seen as more flexible and better suited to income fluctuations. This system provides a sense of security for entrepreneurs facing unpredictable market dynamics, as they are not burdened by fixed interest rates that apply strictly in conventional systems.

A key aspect of the success of Islamic financial institutions is their ability to offer financing models that align closely with the real needs of entrepreneurs. *Musyarakah* and *mudharabah* contracts are the most commonly used schemes. These contracts are based on partnership rather than creditor-debtor relationships. Risks and profits are shared proportionally, reflecting the principle of fairness in Islamic commercial transactions (*muamalah*) (Syamsi et al., 2015). For many entrepreneurs who are new to this system, the flexibility of the contracts offers comfort in meeting obligations, as there is no pressure to make fixed payments during periods of low business turnover.

Nonetheless, Islamic financial institutions still face challenges in terms of education and information dissemination. Not all entrepreneurs understand the terms and concepts used in sharia contracts. During field interviews, some artisans admitted to struggling with outreach sessions because the material presented was too technical and not connected to their daily business practices (Farid, interview, 2025). As a result, although interested, many refrained from applying for financing out of concern they might misinterpret the requirements. This highlights the need for more contextual and case-based educational approaches so that business actors can better internalize the benefits and workings of the sharia system.

Islamic financial institutions have made efforts to broaden public understanding, including through direct outreach and on-site assistance. Educational programs such as contract simulations, business proposal training, and field visits have proven effective in increasing sharia financial literacy. By visiting business communities like the Bunut shoe artisans and using simple language, these institutions have succeeded in building trust among local entrepreneurs. Direct interaction also allows for two-way communication, enabling financial institutions to understand the actual obstacles MSMEs face in the financing application process (Adawiyah et al., 2021). However, procedural issues remain a major barrier. Some entrepreneurs have noted that the administrative process for sharia financing is still quite complex and requires documents that are difficult for micro-entrepreneurs to provide. The speed of fund disbursement is also a major concern, particularly when capital needs are urgent to maintain production continuity. Delays in this process have caused some entrepreneurs to revert to conventional financing or informal loans, despite being aware of the associated risks (Iqbal, interview, 2025). Therefore, simplifying procedures and accelerating services are critical areas that need improvement by Islamic financial institutions.

The strategic role of Islamic financial institutions can also be seen in their function as intermediaries between the business world and other resources, such as local governments, academics, and training institutions. Such partnerships have the potential to create a support ecosystem that not only provides capital but also enhances the managerial and technical competencies of entrepreneurs. When financial institutions become part of the local economic development value chain, the ripple effects of financing extend more broadly. The impact is not only felt individually but also collectively, as it promotes the growth of business clusters and networks among creative industry players (Dewi Hanum, 2022). A more holistic form of intervention is also evident when Islamic financial institutions actively participate in MSME forums and local business communities. This approach is important because it provides a space for entrepreneurs to directly express their aspirations, obstacles, and expectations to the institutions. In the long run, such relationships will foster stronger trust and serve as a corrective mechanism for financing policies. These relationships are no longer merely transactional, but collaborative.

In terms of opportunities, the presence of Islamic financial institutions in communities with a high level of religious awareness is a strategic moment. In areas like Kisaran, where entrepreneurs uphold the principles of *halal* and fairness in economic activities, the sharia approach is not only seen as relevant but also as a viable solution. Therefore, strengthening the role of these institutions must involve enhancing human resource capacity, digitizing services, and integrating with local economic systems. Digitization, in particular, can help overcome geographic and bureaucratic barriers, allowing entrepreneurs to access information or apply for financing without having to visit service offices in person (Lukita et al., 2023). Given the complex dynamics of MSMEs, the role of Islamic financial institutions should not be limited to disbursing capital. They must also become agents of change in building an inclusive and ethical economic system. Financing programs should take into account the realities of micro-businesses, which often lack formal

financial reports, collateral, or complete business permits. Thus, internal policies must be flexible—yet accountable—so that Islamic financial institutions can reach those who most need support, not just those who are most prepared administratively.

Conclusion

The development of the creative industry at Bunut Shoe Store in Kisaran demonstrates significant potential in supporting the local economy, particularly through a labor-intensive home industry approach. The implementation of sharia-based financing is considered a strategic alternative that can strengthen business sustainability without the burden of interest-based systems, while also promoting principles of fairness and blessings in business practices. However, in practice, business actors still face several challenges such as limited financial literacy regarding sharia, stringent administrative requirements from Islamic financial institutions, and limited access to information about funding programs that comply with sharia principles.

Islamic financial institutions play a crucial role in supporting the development of MSMEs like Bunut Shoe Store, especially in areas such as business mentoring, capital financing, and improving managerial capacity. To optimize this role, a more intensive synergy is needed between business actors and Islamic financial institutions through outreach programs, inclusive partnerships, and more flexible financing models that still adhere to sharia principles. Thus, effective collaboration between these two entities can foster the growth of a creative industry that is not only economically competitive but also aligned with Islamic values.

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