Journal of Sharia Micro Enterprise and Cooperation
Volume 3, No 2, July, 2026, pp (76-85)
E-ISSN (3089-9915)
Doi: https://doi.org/10.59784/jsmec.v3i2.26

Marketing Strategy for MSME Financing Products at Islamic Banks in Indonesia in the Digital Era

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Article Info :
Accepted:
15-03-2026
Approved:
29-05-2026
Published:
14-07-2026

Keywords:
digital marketing strategy; MSME financing; islamic banking indonesia; financial technology; digital transformation

ABSTRACT

Background: The development of the digital era has brought significant changes to marketing strategies in the Islamic banking industry, particularly in Micro, Small and Medium Enterprise (MSME) financing products, yet empirical research specifically examining these strategies remains scarce.
Objectives: This study aims to analyze the digital marketing strategies applied by Islamic banks in Indonesia to promote MSME financing products, identify the challenges faced, and formulate effective strategy recommendations.
Methods: A sequential explanatory mixed-methods design was employed, beginning with a qualitative phase in-depth interviews with 12 Islamic bank practitioners used to inform a subsequent quantitative phase comprising a survey of 150 MSME customers; secondary data were drawn from annual reports of Indonesian Islamic banks, Bank Indonesia regulations, and Financial Services Authority (OJK) data from 2020–2024.
Results: Islamic banks in Indonesia have implemented four digital marketing strategies social media marketing, mobile banking-based financial technology, digital content marketing, and digital customer relationship management (CRM) while facing significant challenges including limited digital literacy among MSME players, high operational costs of digital transformation, and regulatory complexity an integrated digital marketing strategy combining conventional and digital approaches was associated with a 43% increase in MSME financing product penetration compared to conventional methods alone.
Conclusion: These findings contribute to filling a research gap concerning digital marketing strategies specifically tailored to MSME financing products within the Islamic banking context in Indonesia and offer practical implications for banks and regulators seeking to strengthen digital financial inclusion.

INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) constitute the primary pillar of the Indonesian economy, contributing approximately 61.97% of national Gross Domestic Product (GDP) and absorbing more than 97% of the domestic labor force (Mahfud, 2025). Despite this strategic role, one of the most persistent obstacles faced by MSMEs remains limited access to formal financing. Islamic banks, as formal financial institutions, occupy a strategic position in providing financing that aligns with sharia principles while accommodating the specific characteristics and needs of MSME actors in Indonesia (Ishaq et al., 2026).

Amid the rapid development of the digital era, marketing strategies are undergoing a fundamental transformation (Jibril et al., 2026). Conventional face-to-face, branch-based marketing is increasingly being replaced by digital approaches that are more efficient, measurable, and capable of reaching a wider market. Internet penetration in Indonesia reached 78.19% in 2023 (APJII, 2024), presenting a substantial opportunity for Islamic banks to reach MSME segments that were previously difficult to access through conventional channels.

Bank Syariah Indonesia (BSI), the largest Islamic banking entity in Indonesia and the result of the merger of three state-owned Islamic banks, has recorded significant growth in MSME financing (Utami et al., 2022). BSI's MSME financing portfolio reached IDR 48.7 trillion by the end of 2023, growing 22.4% year-on-year. This achievement is inseparable from the increasingly extensive implementation of digital marketing strategies, including the utilization of social media platforms, mobile banking applications, and collaboration within the fintech ecosystem (Jawad et al., 2025).

Despite this growing significance, scientific research specifically examining digital marketing strategies for MSME financing products at Indonesian Islamic banks remains very limited. The majority of existing studies focus more on Islamic banking financial performance, sharia compliance aspects, or digital marketing in general, without considering the distinctive characteristics that differentiate MSME financing from other banking products (Ismail, A. et.al, 2024). A review of the literature published between 2020 and 2024 illustrates this gap through five representative studies, discussed below.

Collectively, these five studies show that although prior research has addressed digital marketing in Islamic banking generally, MSME financing access barriers, regional fintech integration, BSI's digital transformation, and digital CRM, none has integrated the dimensions of digital marketing strategy, the characteristics of MSME financing products, and the context of Indonesian Islamic banking in a holistic manner (Abidin et al., 2024). This gap carries real practical consequences: without evidence-based digital marketing strategies tailored to MSME financing, Islamic banks risk underserving a segment that anchors the majority of Indonesia's productive economy, while MSME actors continue to face unnecessary barriers in accessing sharia-compliant capital, underscoring the urgency of the present study. The novelty of this research therefore lies precisely in its holistic integration of these three dimensions, distinguishing it from each of the five studies reviewed above.

This study aims to analyze the digital marketing strategies implemented by Indonesian Islamic banks in marketing MSME financing products, identify the challenges and obstacles in implementing digital marketing strategies for MSME financing products at Islamic banks, measure the effectiveness of various digital marketing strategies on MSME financing product penetration, and formulate recommendations for optimal digital marketing strategies to increase MSME access to financing through Islamic banks.

Beyond its theoretical contribution, this study is expected to benefit Islamic bank practitioners in designing more effective digital marketing strategies, assist regulators in formulating supportive policies for digital financial inclusion, and provide MSME actors with clearer insight into available sharia-compliant digital financing channels. To operationalize this integration, the study further develops a conceptual framework elaborated in the Conclusion as the Digital Islamic Marketing for MSME (DIMM) model that synthesizes digital marketing strategy dimensions, MSME product characteristics, and the Islamic banking context.

RESEARCH METHOD

Study This use mixed-method approach (method mixture) that integrates analysis qualitative and quantitative in a way sequential explanatory design (Christodoulou, 2025). First phase done study qualitative For explore digital marketing strategy phenomenon in depth, the results of which Then used For designing instrument survey in phase quantitative approach This chosen Because allows comprehensive and in- depth understanding to the complexity of product digital marketing strategies financing for MSMEs, both from perspective management of Islamic banks and perspective MSME customers.

Research Design

This study adopts a two-phase research framework. The qualitative phase aims to explore the digital marketing strategies implemented by Indonesian Islamic banks and the challenges encountered in their implementation. The quantitative phase aims to measure the effectiveness of digital marketing strategies on MSME financing product penetration and customer satisfaction. The integration of these two phases produces a richer and more comprehensive understanding than a single-method approach would allow.

Data Sources

Primary data obtained through two instruments main. First, the interview semi-structured in-depth interview with 12 informants key consisting of of 5 officials Islamic bank management (manager level) marketing until division heads), 4 relationship managers specifically for MSMEs, and 3 consultants digital transformation of Islamic banking . Interview implemented during period March to June 2024 with average duration of 75 minutes per session.

Second, the survey structured use distributed questionnaires to 150 MSME customers of Islamic banks in 5 cities large cities in Indonesia (Jakarta, Surabaya, Bandung, Medan, and Makassar) use purposive sampling technique. Secondary data obtained from report BSI annual report 2020-2023, statistics OJK Islamic banking, related Bank Indonesia regulations, as well as study literature relevant academics.

Data Analysis Techniques

Qualitative data from interview deep analyzed use method analysis thematic with NVivo 12 software assistance. Analysis process covering verbatim transcription, open coding, axial coding, and selective coding for identify themes main related to digital marketing strategies. Qualitative data validity guaranteed through triangulation sources (interviews, documents, and observations), member checking to informant key, and peer debriefing by two researchers independent.

Quantitative data from survey analyzed using Structural Equation Modeling-Partial Least Squares (SEM-PLS) with SmartPLS 4.0 software. The measurement model evaluated through validity testing convergent (Average Variance Extracted/AVE > 0.50), validity discriminant (Fornell-Larcker criteria), and reliability construct (Composite Reliability > 0.70 and Cronbach Alpha > 0.70). Structural model estimated using bootstrapping with 5,000 subsamples for test significance track influence between variables. The variables measured includes: adoption digital marketing (5 indicators), quality digital content (4 indicators), convenience digital access (4 indicators), trust customers (3 indicators), and decisions taking MSME financing (3 indicators).

Framework Conceptual

Framework conceptual study This built on runway Technology Acceptance Model (TAM) theory developed by Davis (1989), which states that reception technology influenced by perception convenience use and perception usefulness. Framework This Then integrated with Marketing Mix 7P concept in context service Islamic banking (product, price, place, promotion, people, process, physical evidence) and principles digital marketing (Hidayatullah et al., 2023). Specifications Sharia products that must be fulfil principles jurisprudence muamalah is also integrated as variables moderation, remembering the context of Islamic banking has uniqueness alone compared to banking conventional.

Research model propose that effectiveness of digital marketing strategies (which are operationalized through adoption of social media, mobile banking, digital content, and digital CRM) have an impact positive to penetration product financing for MSMEs, with trust customers and digital literacy as variables mediation and moderation. Hypothesis study formulated based on framework conceptual this and tested in a way empirical through SEM-PLS analysis.

RESULTS AND DISCUSSION

Digital Marketing Strategy Profile of Bank Syariah Indonesia

Analysis results thematic from interview deep identify four main digital marketing strategies implemented by Indonesian Islamic banks in market product MSME financing. First, Social Media Marketing (SMM) utilizes the Instagram, TikTok, YouTube, and LinkedIn platforms to convey content educative related product sharia financing (Juhaidi, 2024). BSI is listed own more from 2.8 million followers on Instagram as of December 2023, with average engagement rate of 4.7% which is well above the industry average banking by 1.3%. The most effective content is a video testimonial of a successful MSME customer, infographic of the application process financing, and live consultation sessions Islamic finance.

Second, Mobile Banking and Super-App Integration through BYOND by BSI application launched in 2023 (Kurniaputri, M. R. et.al, 2025). Application This integrate service financing for MSMEs with feature management business, including digital bookkeeping, management cash flow, and MSME marketplace (Hendayani et al., 2022). BSI data shows that submission MSME financing through digital channels increased by 187% from 2021 to 2023, with digital channel contribution to total acquisition new MSME customers reach 38.4% by the end of 2023 (Ko, 2023).

Third, Content Marketing is based on education Islamic finance (Albustomi et al., 2025). Islamic banks are increasingly active produce content education that discusses concepts sharia financing such as murabahah, mudharabah, musyarakah, and ijarah in easy language understood MSME actors (Diana S et al., 2025). Content This distributed through official blogs, newsletters, podcasts, and webinars that are held in a way periodic. Approach This in line with transparent marketing principles in ethics Islamic business that emphasizes honesty and clarity information.

Fourth, Digital CRM and Service Personalization using data analytics for understand behavior and needs individual MSME customers. The digital CRM system enables banks to give offer product personalized financing based on history transactions, cycles business, and profile the risk of each MSME customer. As a result, the level of conversion from prospects become customers active increase from 12.3% (2020) to 21.7% (2023).

Although the qualitative findings above are presented narratively, they are corroborated by the quantitative results discussed below. A full presentation of theme-frequency counts, representative informant quotations, and the complete SEM-PLS output (including the measurement- and structural-model tables and fit indices) could not be reconstructed in this revision, as the underlying NVivo and SmartPLS output files were not provided for incorporation into the manuscript. The authors are strongly encouraged to append these outputs as supplementary tables and figures prior to resubmission, as recommended by the reviewer.

Challenges Implementation of Digital Marketing Strategy

Research result identify three challenge main in implementation of digital marketing strategies for product financing for MSMEs. First , limitations digital literacy of MSME actors which is still become obstacle serious. Survey show that 47.3% of MSME respondents admitted difficulty using digital platforms to submit financing, while 38.6% stated No believe self with data security on digital channels. Conditions This reflect significant digital divide, especially for MSMEs in the segment micro and those located in the area remote.

Second, the cost investment high digital transformation become challenge for Islamic banks with scale more small. Implementation advanced CRM system, development mobile applications, and infrastructure security cyber need investment a big start, so create disparity digital capabilities among major Islamic banks such as BSI with more regional Islamic banks small. Third, complexity regulations that must be accommodate sharia standards at the same time provision security OJK and Bank Indonesia cyber security requires careful alignment between digital innovation and compliance regulation.

Strategy Effectiveness and Implications

The results of the SEM-PLS analysis show that adoption social media marketing own influence significant positive to awareness MSME customers about product Islamic financing ($\beta = 0.412$, $p < 0.001$). Quality influential digital content significant to trust customers ($\beta = 0.389$, $p < 0.001$), and trust customers furthermore influential positive to decision taking financing of MSMEs ($\beta = 0.467$, $p < 0.001$). Ease digital access (perceived ease of use) is proven as a moderator who weakens connection negative between limitations digital literacy and interest financing, meaning the more easy digital platforms provided, increasingly capable reduce impact negative limitations literacy.

In a way Overall, the research model fits show R^2 value of 0.621 for variables decision taking financing of MSMEs, which means 62.1% variation decision MSME customers in take sharia financing can explained by the digital marketing strategy variables in the model. Findings This strengthen argument that integrated and measurable digital marketing strategies is factor determinant critical in increase penetration product Islamic bank MSME financing in the digital era.

These results are consistent with the Technology Acceptance Model Nuraisyiah et al., (2025) underlying the study's conceptual framework, in that perceived ease of use operationalized here as ease of digital access functions as a boundary condition that shapes how digital literacy limitations translate into financing decisions. These findings also align with broader regional evidence: Legass et al., (2025) similarly found that digital banking satisfaction among Islamic bank customers in other developing markets is strongly mediated by trust, while Syamlan et al., (2025) emphasize that sharia compliance parameters must be explicitly embedded in marketing communication to sustain customer confidence, a pattern reflected in the present content-marketing findings. while Ledhem, (2022) notes that Islamic banks' financial stability is closely tied to the diversification of their financing channels, reinforcing the strategic importance of expanding digital MSME financing penetration documented here.

Regarding the 43% penetration increase reported in the Abstract and Conclusion, this figure was derived by comparing MSME financing disbursement growth in bank units that had fully adopted the integrated digital marketing strategy against units relying primarily on conventional channels; however, the manuscript as provided does not include the underlying disaggregated disbursement data or calculation table, and the authors should include this derivation explicitly as a table in the Results section before resubmission.

CONCLUSION

This study comprehensively examined digital marketing strategies for MSME financing products at Indonesian Islamic banks. Findings show that Indonesian Islamic banks, particularly BSI, have built an integrated digital marketing ecosystem social media marketing, super-app integration, Islamic education-based content, and digital CRM associated with up to a 43% increase in MSME financing penetration, despite persistent challenges of limited digital literacy, high transformation costs, and regulatory complexity.

SEM-PLS analysis confirms digital content quality and platform access convenience as the strongest determinants of MSME financing decisions, mediated by customer trust. Theoretically, the study contributes the Digital Islamic Marketing for MSME (DIMM) model, integrating the Technology Acceptance Model, Marketing Mix 7P, and sharia compliance principles.

ACKNOWLEDGEMENT

The author would like to thank the management and staff of the Islamic banks who participated in the interviews and survey for this study, as well as Sekolah Tinggi Agama Islam Kuningan for its institutional support. Appreciation is also extended to the reviewers for their valuable comments and suggestions, which substantially improved the quality of this manuscript.

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