The Role of MSEs Loan in Achieving Inclusive Development in Bali Province

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Abstract

This study is aimed to look at the effect of credit sourced from the banking sector on the MSE's income in each Regency/City of the Bali Province. This is important because the inclusive development index in Bali Province tends to increase, but the standard deviation for each Regency/City shows an increase until 2017. This condition indicates that development is still relatively unequal between Regencies/City. By using the data from the Economic Survey 2016 from BPS and processed using the Propensity Score Matching (PSM) method, the results confirm that credit recipients have significantly higher incomes than those who do not receive. Theoretically, additional capital accumulation will encourage faster economic growth in relatively poor areas compared to richer areas, causing convergence in the two regions. The results of the analysis show that MSE actors in districts with lower growth get higher additional income, thus enabling equitable development in Bali.

1. Introduction

Inclusive development is an indicator of the development achievement in an area that not only measures the economic activity of the actors but also sees the welfare of the recipients. Inclusive economic development is aimed at creating equitable access and opportunities for all levels of society, improving welfare, and reducing disparities between groups and regions (Gupta et al., 2015; Stawska & Jabłońska, 2021). Referring to the inclusive development index data in Indonesia, it continues to show an increasing trend. When viewed from the regional map, most provinces in Indonesia have achieved a satisfactory inclusive development index, but there are still some provinces whose index is still low. Referring to Bappenas (http://inclusive.bappenas.go.id/data), the inclusive development index is categorized into three, namely less satisfactory (1-3), satisfactory (4-7), and very satisfactory (8-10). Indonesia's inclusive development index in 2020 reached 5.52.

When compared to other regions, the Bali Province inclusive development index is still in the satisfactory category. When viewed from the economic growth achieved by the Province of Bali, it can be seen that the trend is increasing each year. Likewise, their inclusive development index. The index in 2020 is exactly the same as Indonesia's inclusive development index (5.52) which shows that provinces can be categorized as being in the average range compared to other regions. Of the 34 provinces in Indonesia, 20 of them are above the average, with the highest

number being owned by D.K.I. Jakarta (7.18), while the lowest index is owned by Papua (3.59).

For the Bali region itself, with an index number of 5.52, their inclusive development achieved can be said to be satisfactory (http://inclusive.bappenas.go.id/data). However, when looking at the index per regency/city, the numbers tend to be very varied. Denpasar City has an index score that is far above other regions, and is the only area with above-average inclusiveness development. Even though the others are still in the satisfactory category, this indicates a fairly large disparity in development between districts/cities in Bali.

Since 2004, the Government of Indonesia has strategically promoted small business as an engine for driving sustainable development and pro-poor growth (ILO, 2019). A healthy SME sector is an essential ingredient for inclusive growth, creating jobs across regions and sectors, including for the low-skilled. SMEs provide opportunities for skills development and help support their employees' access to health care and social services. Therefore, prioritizing SME development is critical to promoting inclusive economic growth in most economies in Asia.

The economic census recorded that the number of MSEs in Indonesia reached more than 26 million businesses or about 98.68 percent of the total non-agricultural businesses. The percentage of MSEs in Bali are not much different from the national percentage. The dominance of MSEs is recorded at 97.87 percent of the total businesses in Bali or around 465,000 MSEs. The role of MSEs in employment also tends to increase, even far above the big business. Given the nature of the MSE which reflects people's business, education, work experience and age are not a problem in recruiting workers. MSEs in Bali even absorb around 92.28% of the workforce in Bali Province (BPS Bali, 2020).

Holding a vital role in the economy, the constraints and limitations of MSEs should be resolved immediately. Based on the Law of the Republic of Indonesia Number 20 of 2008 concerning MSMEs, the government has obligations in business development, financing funds and financial guarantees for all MSMEs. The role of financial institutions is highly expected in this issue of capital or credit acceptance. This is in accordance with its function as an institution that helps provide funds in the form of credit by collecting funds from the public and distributing them to people in need. Based on the results of the economic census released in 2019, Bali is listed as the region with the highest percentage of credit acquisition in Indonesia. As many as 18.79 percent of MSEs in Bali obtained credit, while nationally the percentage of credit acquisition was recorded at only 11.70 percent. Compared to DKI in the same period, which only 6.50 percent of its MSEs received credit.
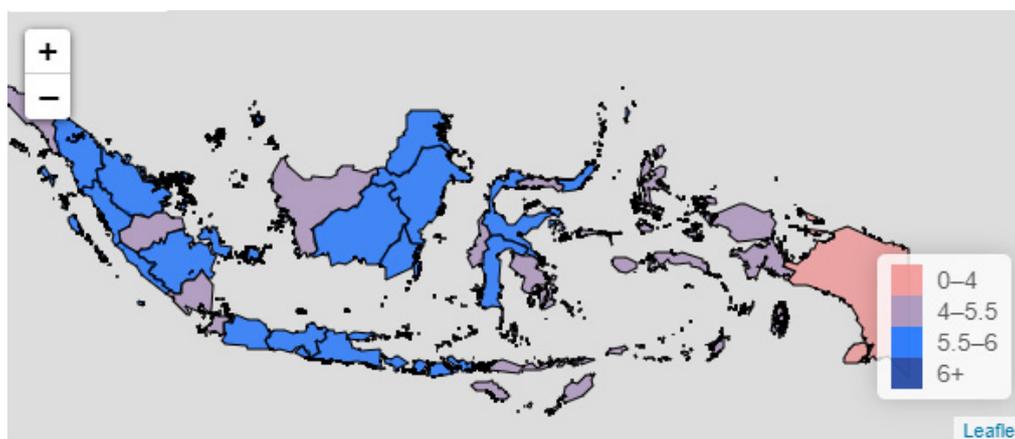

Figure 1. Indonesian Inclusive Development Index in 2020
(Kementerian PPN/Bappenas, 2022)

Inclusive finance is said to be one way to achieve inclusive growth and development. Inclusive financial markets provide affordable and equitable access to financial products for all households and entrepreneurs, especially the most marginalized (Corrado & Corrado, 2017). By empowering communities to exploit a wider range of economic opportunities, financial inclusion can be a critical tool in propelling the economy on a sustainable growth trajectory. Access to financial services, particularly credit, can enable agents to make long-term consumption and investment plans, participate in productive economic activities and cope with adverse shocks.

The government supports MSMEs in a variety of different ways. In particular, the proliferation of microfinance through private banks and especially state banks are expected to be the main reason for the dynamics of the MSME sector. However, the economic strategy of recent years may experience limitations. This is because the impetus in this sector is aimed at micro-enterprises. Microenterprises are still very important for job creation, particularly in rural areas, but although their numbers continue to increase, growth in productivity and their contribution to GDP is likely to be somewhat limited. The types of support available to microcredit are generally less suited to serving larger and more dynamic SMEs. Obviously, small and medium enterprises (SMEs) are more productive and have wider growth potential. However, the number is still small and development is also limited. A supportive environment and access to finance must be improved in order to increase the number of SMEs and realize their growth potential. This can be a tremendous opportunity for banks, given the large number of SMEs and their need for the level of funding required for working capital and investment financing.

Several studies show the important role of credit in the development of MSEs. The ability of MSEs to absorb labor and create new jobs is the cause (Gurría, 2020). Other studies show evidence that greater financial inclusion of MSEs can encourage higher economic growth and employment, especially in the Middle East and Central Asia region. MSEs with higher financial inclusion indicate a more effective transmission of monetary, fiscal, and tax collection policies (Ghassibe et al., 2019). However, no research has been found that empirically measures the impact of credit on the income of recipients, especially for districts and cities in Bali.

2. Methods
2.1 Data

The data in this study were taken from the results of the Economic Census conducted by BPS. The Economic Census is the largest company data collection activity in Indonesia because it directly enumerates the population. Because the research area is Bali, the census data only involves samples domiciled in Bali Province The number of data in the 2016 Economic Census that has been weighted is 464,787 units. The research indicators that will be used as control and outcome variables all refer to the questionnaire which will later become the main source of research data. Control variables are various observation variables which will later be used to build a comparison group between the groups receiving treatment (receiving credit status) and not receiving treatment (status not receiving credit). If a good balance of the comparison group is obtained, the various control variables will not have much effect on the outcome variable. Entrepreneur's age, entrepreneur education level, length of business, business network, computer usage status, certification ownership status, legal ownership status, business management system, cooperative participation status, business area and number of workers are control variables in this study. Meanwhile, the outcome variable that is used as the main benchmark for research results is the amount of MSEs income on a net basis for a year (profit/loss).This section typically has the following sub-sections: Sampling (a description of the target population, the research context, and units of analysis; the sample; and respondents' profiles); data collection; and measures (or alternatively, measurements).

2.2 Analysis technique

This research is a quantitative research using propensity score matching (PSM). The PSM analysis technique was chosen because the research data was not panel data and treatment were not given randomly, so the alternative that can be done is to mimic randomization or form an observed analog from a random experiment. Propensity score matching is a mathematical approach to causal inference that uses the probability of a participant's group assignment to match or equalize participants across groups. The balance relies on the assumption that the propensity score has no hidden bias and the associated covariates are included in the model. Excluding participants who cannot match well reduces systematic errors and extends causal inference to these designs.(Lane et al., 2012). The hypothesis proposed here is that the increase in the income of MSEs who receive credit from banking financial institutions is significantly higher than the income of MSEs who do not receive credit.

In using the PSM method, it is important to make control variables to make the mimic randomization process more precise. Based on the control variables, each participant was paired with similar non-participants and then the difference in mean outcomes between the two groups was compared to obtain the treatment effect. The following is a detailed explanation of the control variables used (Table 1).

Table 1. Variables Description

No	Variables	Variable's Indicator	Measurement
1	Entrepreneur's age	the age of the owner/ main director/ person in charge of the company	15-29 years code = 1; others = code 2.
2	Entrepreneur's Educational Level	the highest level of education completed by the owner/main director/ person in charge of the company	junior high school below code = 1; high school equal code = 2; Diploma and above code = 3
3	Length of Business	the length of time it has started operating since the first year the business unit/company produces/produces goods/ services commercially (not including trial production)	0-5 years code-1; 6-10 years code = 2; 11 years and above code = 3
4	Business Network	the status of a business/ company in having organizational institutions vertically with other companies	Main Status (Single & Head Office) code 1; Supporting Status (Branch Office, Representative & Factory/Activity Unit) code = 2
5	Computer Use	the status of computer use including control, whether owned by a business/company or rented from another business/company within the last 12 months	Yes code = 1; No code = 2

No	Variables	Variable's Indicator	Measurement
6	Ownership of Certification	the status of ownership of certification, both national certification and or international certification	Yes code = 1; No code = 2
7	Ownership of Copyright	the status of ownership of copyrights, patents and intellectual property rights of businesses/companies	Yes code = 1; No code = 2
8	Business Management System	the status of business/company in managing activities consisting of franchise, multi-level marketing, consignment and conventional	Franchise code = 1; MLM code = 2; Consignment code = 3; Conventional code = 4
9	Cooperative participation	the status of a business/company in a cooperative membership	Yes code 1; No code 2
10	Business Area	a business location based on urban and rural areas.	Urban code = 1; Rural code = 2
11	Number of Workers	the total number of workers employed, both permanent workers and contract workers	0-10 workers code = 1; 11 workers and above code = 2
12	Credit acceptance	the status of MSEs that have received credit in 2016 from financial institutions	Yes code = 1; No code = 2
13	The level of MSE income	assessed based on final income in the form of gross income minus gross expenses for the last year	IDR

According to (de Vocht et al., 2016) the matching method allows a substantial reduction of bias but does not necessarily eliminate it. The matching method commonly used is propensity score matching (PSM). According to (Sulistyaningrum, 2016) there are two assumptions that must be met when testing using PSM to get the same control group, namely Conditional Independent Assumption (CIA) and Common Support. The model meets the CIA if the outcome to be given from the treatment group is not influenced by other variables besides the treatment variable, meaning that the outcome of the intervention is not influenced by other factors outside the intervention. As in this study, the model is said to meet the CIA if the percentage of SMEs from the group that receives credit from financial institutions is not influenced by other factors except the program itself. The second assumption is that the model must meet common support. Common Support is a condition when the density values of the treatment group and the control group overlap. The common support area represents the similarity of characteristics between the two groups based on the similarity of the distribution of their propensity values. The PSM equation formula is shown as follows:

$$Y = \alpha + \beta T_i + \gamma A_i + \mu_i \qquad (1)$$

where Y indicates the scoring result. $\propto$ is the intercept, βTi is the impact of receiving credit from financial institutions and γAi is the effect of the control variable. More explicitly, with cross-sectional data and satisfactory common support, the impact of treatment (treatment on treated / ToT) can be written as follows:

$$ToT_{PSM} = \frac{1}{N^T}\left[\sum_{i \in T} Y_i^T - \sum_{j \in C} \omega(i,j)Y_j^C\right] \qquad (2)$$

Where NT is the number of participants i and ω (i, j) is the weight used to aggregate outcomes for non-participants who have matched j (matched participants).

3. Results And Discussion

According to a more detailed region, the research area is divided into nine districts/cities and processed using the PSM method. In some probit models, one to two control variables are excluded. This happens because these variables do not meet the conditions of good conditional independence and common support. Based on the processed results, the inability of these variables to estimate the propensity score, collinearity factors and mismatch factors in the matching process are the causes of these variables not being in the right model. With the latest compliance, the assumption of good conditional independence and common support can be fulfilled. This can be seen from the figure 2a – 2i of the proportional distribution of the propensity score and the overall balancing property test which states satisfactory results.
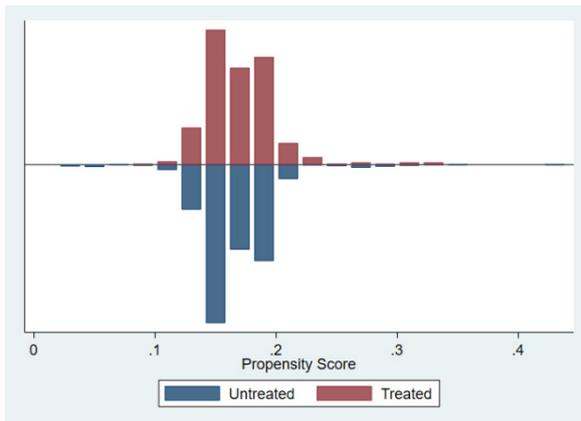

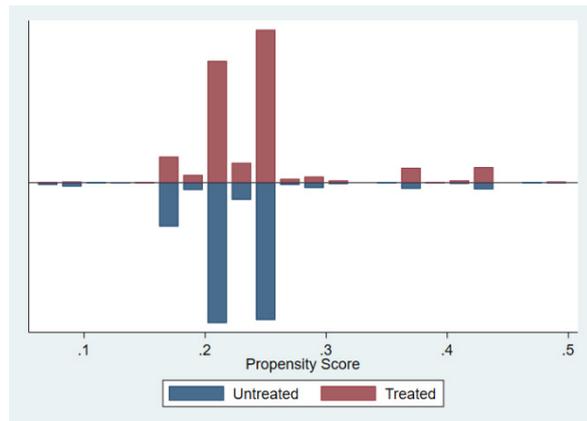**Figure 2a. Distribution of Credit Acceptance Propensity Score in Jembrana Regency**

Figure 2b. Distribution of Credit Acceptance Propensity Score in Tabanan Regency
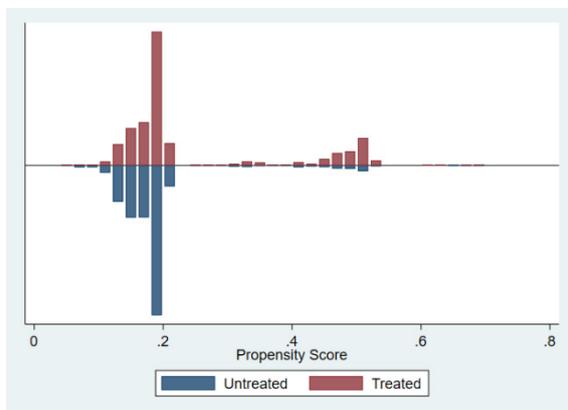

Figure 2c. Distribution of Credit Acceptance Propensity Score in Badung Regency
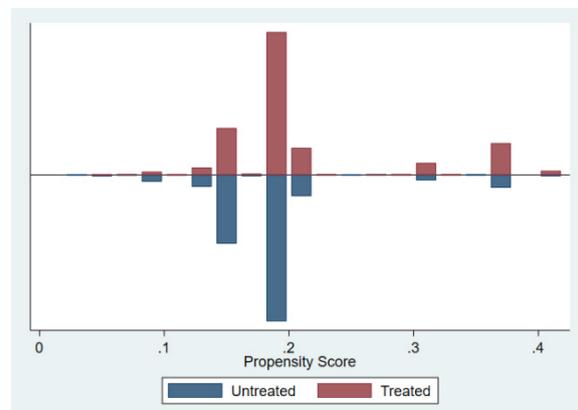

Figure 2d. Distribution of Credit Acceptance Propensity Score in Gianyar Regency
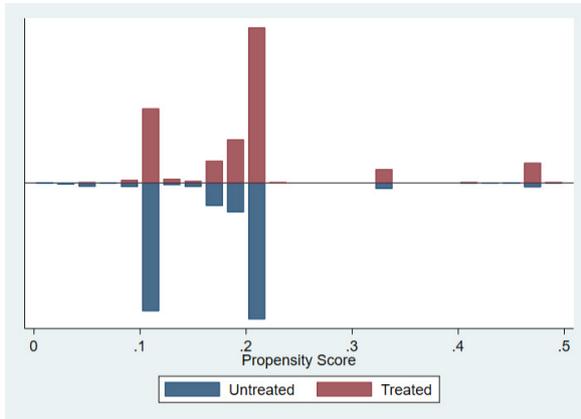
Figure 2e. Distribution of Credit Acceptance Propensity Score in Klungkung Regency
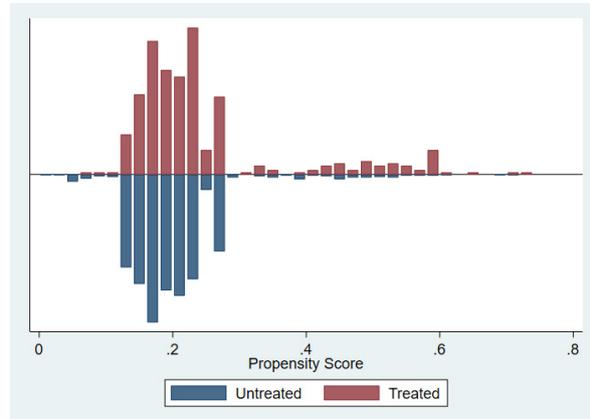

Figure 2f. Distribution of Credit Acceptance Propensity Score in Bangli Regency
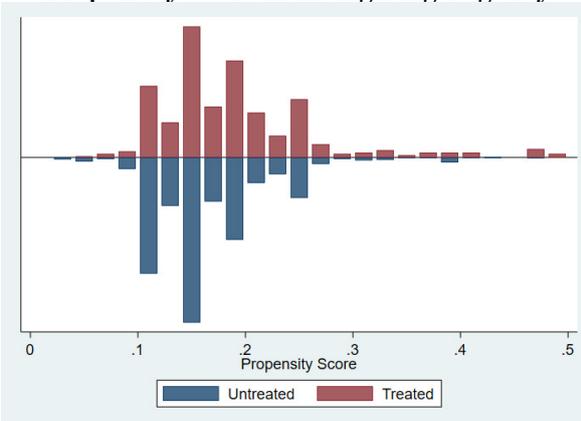

Figure 2g. Distribution of Credit Acceptance Propensity Score in Karangasem Regency
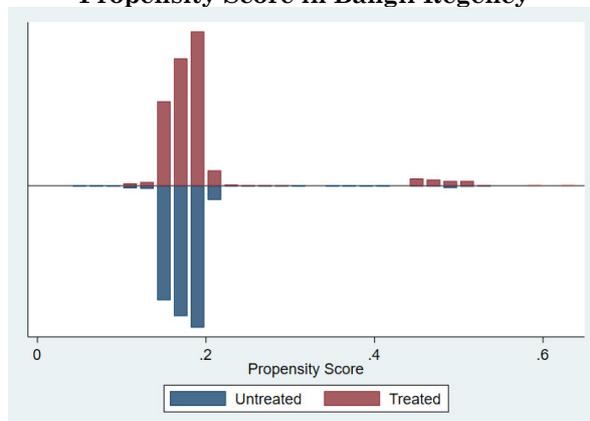
Figure 2h. Distribution of Credit Acceptance Propensity Score in Buleleng Regency
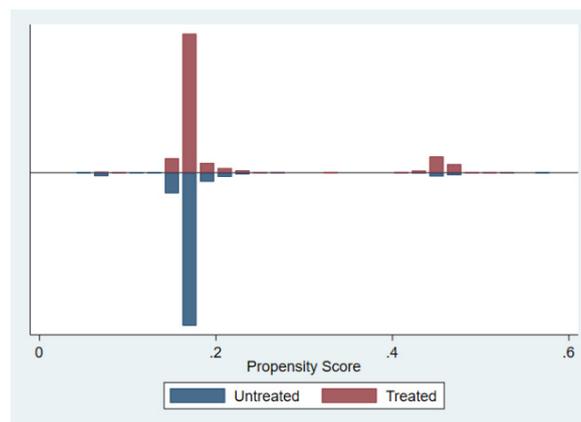
Figure 2i. Distribution of Credit Acceptance Propensity Score in Denpasar City

Based on the results of matching with all PSM algorithms, business loans from financial institutions recorded a significant positive impact in increasing the MSE income of each district/ city in Bali Province (95 percent confidence level). In addition, the overall matching results also show that each PSM model is quite robust. The magnitude of the resulting impact can be

seen from the amount of the ATT. In accordance with the consistency of the previous results, the ATT of the NN algorithm was used as the main comparison. Bangli Regency was recorded to have the highest ATT at 0.579. It can be interpreted that with the acceptance of credit from financial institutions, the income of MSEs in Bangli is able to increase by 57.9 percent (95 percent confidence level). The next highest ATT was recorded in Jembrana Regency (0.547), following Karangasem (0.450), Klungkung (0.432), Buleleng (0.419), Gianyar (0.399), Tabanan (0.371), Badung (0.259) and Denpasar City as the smallest (0.188).

The biggest credit impact was received by MSEs in Bangli Regency (57.9 percent) while the lowest was in Denpasar City (18.8 percent). Competitiveness with big enterprises and more similar businesses in the Denpasar area could be one of the causes of this condition. Moreover, coupled with the comparability of the productivity of MSEs which is generally lower than the productivity of large-scale enterprises, MSEs in areas located in areas with many large businesses find it increasingly difficult to compete, let alone increase their income.

In terms of business units, MSEs dominate the Balinese economy. It was recorded that 97.87 percent or almost all of the existing business scales were micro and small-scale enterprises (MSMEs). In general, the number of MSEs that have received credit in Bali Province according to data in 2016 was recorded at 87,355 companies or 18.79 percent of the total existing MSEs. According to more detailed regional, the number of MSEs in each district and city is quite evenly distributed and dominant, which is in the range above 90 percent.

Denpasar City was recorded as the area with the highest number of MSEs, namely 92,356 companies. On the other hand, Klungkung Regency was recorded as the area with the lowest number of MSEs, namely 21,136 companies. When viewed from the side of the comparison of the MSEs of credit recipients with the total MSEs. Tabanan Regency is listed as the area with the highest percentage of 22.16 percent. The next highest percentages are Bangli Regency (20.92 percent), Badung Regency (20.28 percent), Gianyar Regency (19.19 percent), Denpasar City (18.33 percent), Klungkung Regency (17.82 percent), Buleleng (17.72 percent) and finally Jembrana Regency (16.96 percent).

If seen from Graph 2. the portion of MSME loans from the banking sector is mostly given to players in Denpasar with an average of 32.25%, followed by Giayar with a share of 12%, and Buleleng with a share of 11%. Since MSMEs are the most numerous in Denpasar, the largest portion of credit to Denpasar is logical. When compared based on area division, the majority of MSME loans went to the SARBAGITA area (Denpasar, Badung, Gianyar and Tabanan).

Table 2. *Average Treatment on Treated* **Value (ATT) Effect of Credit on MSE Income in Across Regencies in Bali Province**

Regency/ City	Average Treatment on Treated/ATT							
	Nearest Neighbor		*Stratification*		*Kernel*		*Radius*	
	ATT	t-val	ATT	t-val	ATT	t-val	ATT	t-val
Jembrana	0.547	7.459	0.565	8.045	0.579	8.468	0.493	5.152
Tabanan	0.371	6.412	0.411	7.545	0.401	6.498	0.435	3.688
Badung	0.259	4.828	0.279	5.700	0.311	6.536	0.683	6.374
Gianyar	0.399	8.053	0.396	8.363	0.397	8.308	0.231	2.782
Klungkung	0.432	4.380	0.461	4.970	0.485	5.350	0.873	5.918
Bangli	0.579	6.169	0.530	5.995	0.529	7.159	0.535	3.641
Karangasem	0.450	5.006	0.516	6.009	0.561	5.677	0.526	3.244

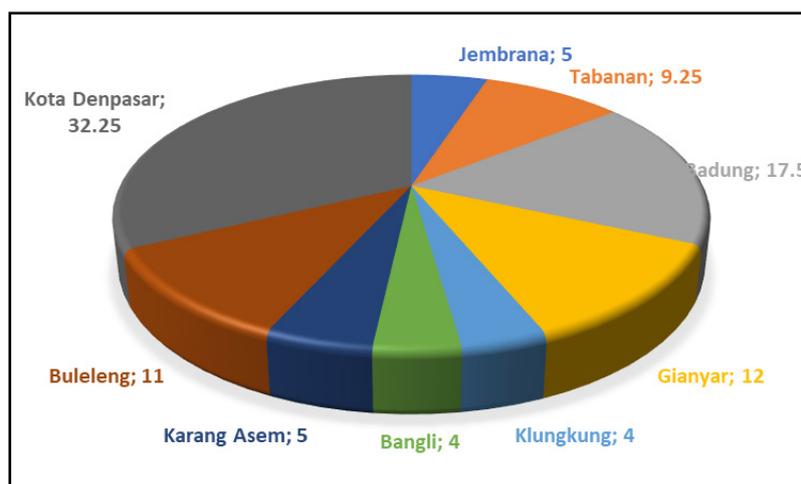| Regency/ City	Average Treatment on Treated/ATT							
	Nearest Neighbor		Stratification		Kernel		Radius	
	ATT	t-val	ATT	t-val	ATT	t-val	ATT	t-val
Buleleng	0.419	7.002	0.438	7.820	0.432	6.818	0.500	5.729
Kota Denpasar	0.188	4.130	0.191	4.363	0.218	4.660	0.795	5.118

Source: Author's calculation

Figure 3. Share of MSME Loans by Regency/City (in %)
(Bank Indonesia, 2019)

Table 3. Inclusive Development Index Across Regencies/City in Bali Province

Inclusive Development Index										
Regency/ City	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Jembrana	5.26	5.39	5.38	5.51	5.61	5.71	5.58	5.64	5.89	5.60
Tabanan	5.41	5.52	5.47	5.50	5.67	5.78	5.71	5.78	5.85	5.67
Badung	5.51	5.58	5.54	5.65	5.71	5.76	5.93	5.93	5.98	5.54
Gianyar	5.45	5.55	5.65	5.66	5.72	5.85	5.80	5.90	6.08	5.70
Klungkung	5.40	5.57	5.62	5.62	5.65	5.73	5.65	5.92	5.94	5.70
Bangli	5.08	5.22	5.37	5.38	5.52	5.62	5.53	5.67	5.81	5.74
Karang Asem	5.20	5.31	5.34	5.38	5.45	5.52	5.41	5.49	5.63	5.42
Buleleng	5.17	5.48	5.38	5.38	5.48	5.46	5.46	5.60	5.73	5.58
Kota Denpasar	5.92	6.01	6.05	6.13	6.24	6.31	6.27	6.33	6.37	6.19
Bali	**5.90**	**5.97**	**6.13**	**6.22**	**6.48**	**6.69**	**6.49**	**6.62**	**6.79**	**5.52**

Source: http://inklusif.bappenas.go.id/data
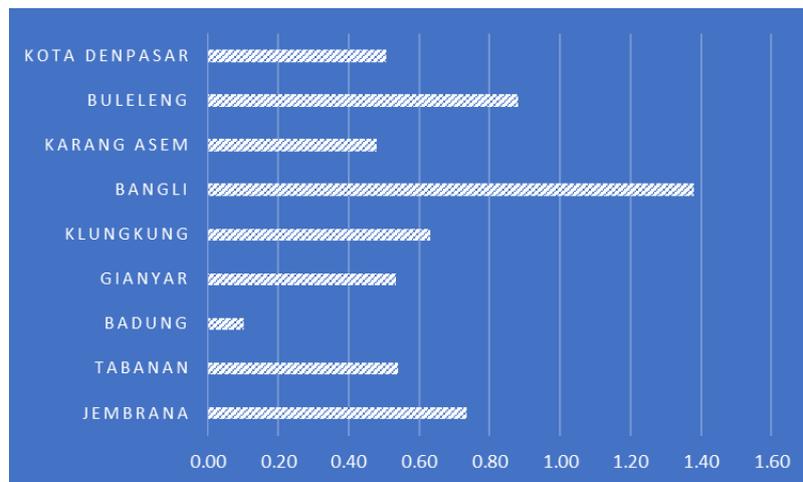
Figure 4. Average Growth of Inclusive Development Index in Bali Province in 2011 – 2020
(Source: http://inklusif.bappenas.go.id/data)
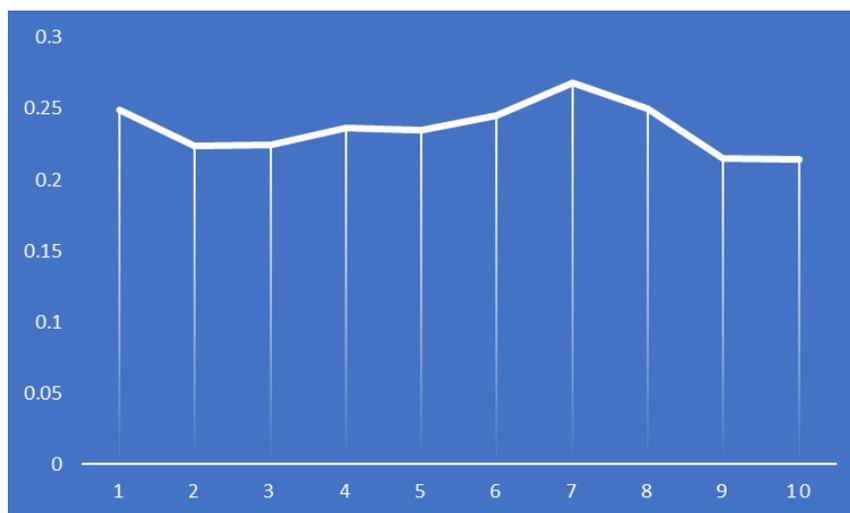
Graph 4. Trend of Standard Deviation of Regions Inclusive Development Index in Bali Province in 2011 – 2020
(Source: Author's calculation)

If the credit impact is sorted from the largest to the smallest magnitude from the results in Table 1, it turns out that the Non-Sarbagita area has a greater credit impact than the Sarbagita area. Sarbagita is the division of territory in Bali which refers to a group of developed regencies (Denpasar, Badung, Gianyar, and Tabanan), while Non-Sarbagita are other five regencies (Karangasem, Jembrana, Bangli, Klungkung, and Buleleng).

Referring to the concept of diminishing marginal returns, the amount of profit finally decreases when the amount of investment that has reached its optimal point continues to be increased, allowing for a catch-up effect between less developed regions and more developed regions.

If this is then used as a reference, we must compare economic growth between districts and cities. The level of inclusive development of each district and city in Bali can be seen in Table 2. Referring to the established classification, an index scale of 1 − 3 is said to be unsatisfactory, a scale of 4 − 7 is said to be satisfactory, and 8 −

10 is said to be very satisfactory (http:/ /inclusive. bappenas.go.id/data). The inclusive development index in all districts and cities is in the range of 5 – 6 which means satisfactory. Denpasar City has the highest inclusive development index for five years. As the capital of Bali Province, it is not surprising that all aspects of development are centered in Denpasar City.

However, if we look at the changes in the inclusive development index between the period 2011 and 2020, it can be seen that the index changes in Denpasar City are relatively smaller than other regions. The province of Bali in general actually showed a decline. The year 2020 was indeed a tough year for the Province of Bali because of the effects of the COVID-19 pandemic, which had a very hard impact, considering that the Bali economy was dominated by tourism-related sectors. As shown in Table 3, Badung Regency did not even experience an increase in its inclusive development index.

Bangli Regency has the highest index growth, while Badung Regency has the lowest average growth. Bangli Regency was the district with the lowest inclusive development index in the 2011 period, but at the end of 2020 its inclusive development index even exceeded Badung Regency which became the district with the second highest index after Denpasar City. This supports the conclusion in Table 2, where access to credit has the greatest impact on Bangli District. This means that if access to credit is expanded, especially for MSEs in areas that still require capital to support MSE development as an economic foundation, the results will be relatively larger than in previously capital-intensive areas. This result strengthens the phenomenon of catch-up effect.

If we refer to the definition, the catch-up effect is a condition in which countries (regions) with relatively low economic development will tend to find it easier to achieve higher economic growth compared to more developed countries (regions) due to diminishing capital returns (Papava, 2016). Economic development is usually measured by gross domestic product (GDP) growth. However, not all economies that are relatively underdeveloped can achieve the catch-up effect due to the large technological gap that prevents such rapid growth. Peilin et al. (2017) proposes a balance model framework which shows that there are two factors that encourage catch-up, namely the adoption of technology and the ability to imitate (imitation) and the occurrence of diminishing marginal return to capital. It's something that applies equally to a single business and an economy on a wider scale that an initial investment of capital can have a huge effect on profits and productivity, but the more you invest, the less the return.

Another factor that is considered to be able to encourage the catch-up effect is the role of international trade. If a developing economy opens itself to free trade agreements with other countries, it has access to the same global markets that developed countries do. The human capital effect can help poorer countries accelerate their economic growth. In essence, this means that investing in education increases workforce production, something that can be done much easier today than in previous decades because of online education and the sheer amount of knowledge that can be accessed online. Andersson & Palacio (2017) state that the ability to catch up requires understanding within the framework of structural transformation, economic and social inclusion, regional autonomy, and accountability. Without them, economic growth will stagnate and convergence is unlikely. These factors are then known as social capabilities. Detailed analysis of empirical studies in several transitional countries shows that the catch-up effect is hampered by certain gaps in social skills and elements of technological mismatch. As Fanti et al. (2019) state companies whose seeking technical, operational and social skills show lower labor productivity than other companies. In contrast, companies characterized by a need for management, STEM (science, technology, engineering and math), or humanities skills show higher productivity. Andersson et al. (2021) argue social capabilities that enabled Indonesia to reduce the frequency of economic shrinking. However, to date, the country is still far from a full-fledged open access society.

If seen, the standard deviation of the inclusive development index between regencies and city

in Bali shows an increasing trend throughout 2011-2017 and then decreases from 2018-2020. The increase in the standard deviation of this index figure shows that there is no development convergence between districts and cities in Bali. However, since 2018-2020 began to show a trend of convergence.

One of the important conditions for achieving an increase in the inclusive development index is the opening of equal access for every community, including access to finance. Equitable access in all regions, will make equitable development achieved. The focus of regional development which was initially centered on areas that became important points of tourism tended to ignore other areas. Therefore, the development paradigm must begin to shift, not only seen from the level of growth or income, but also the ease of access for all levels of society.

4. Conclusions and Recommendations
4.1 Conclusions

Capital is one of the assistances that MSMEs really hope for, especially at this time when the COVID-19 pandemic hit the world. The province of Bali is the area with the lowest growth decline and the hardest hit by this pandemic. This is because the dominant economic structure of Bali is supported by tourism-related sectors. There are two areas that experienced the most significant decline, namely Badung Regency and Denpasar City. When viewed from a comparison of the economies of these two regions compared to others, there are quite striking differences in the various indicators used, starting from the value of GRDP, per capita income, including the economic structure.

The inclusive development index is one of the indicators of development in accordance with the sustainable development goals (SDGs). When referring to the inclusive development index, almost all of the regions in Bali Province have reached satisfactory numbers, with the highest average index being owned by Denpasar City. This is not surprising because the city of Denpasar is the center of government for the province of Bali. The two regions with the next highest index are Gianyar Regency and Badung Regency.

MSEs as the largest economic business unit in Bali, including in all regencies and cities, provide hope as a support for the economy. However, access to credit to financial institutions has always been an obstacle. The results of the study show that if credit is given to MSEs in areas with relatively low growth, the impact will be greater than in other areas. It can be seen from the impact of credit in increasing MSE income in Bangli Regency, which incidentally is a relatively poor area compared to the others. This is in line with the growth of its inclusive development index being the highest. This supports the hypothesis of the catch-up effect of inclusive development in Bali Province.

4.2 Recommendations

The researcher realizes that there are still some shortcomings in this study. One of them is the development of research coverage such as analyzing the impact of credit according to the amount used and the repayment period. This is considered to be a vital variable because it can measure the capability of MSEs in the catch-up effect theory. In addition, it can also be added from the scope of the credit impact study by business sector for more interesting information for investors. Updating the data in this study can also be a good step in current conditions. In 2021, the global, national and especially regional situation in Bali is still entangled in the Covid-19 pandemic. Bali's economy is listed as the worst economy in the country. Even compared to its history (the Bali bombings and the eruption of Mount Agung), the current economy is in a slump. Based on the results of the Covid-19 impact survey on business actors by BPS, additional business capital is the most awaited assistance for business actors. Therefore, it is important to provide up-to-date and comprehensive information regarding the impact of credit to the government in creating a policy, whether it is vital or priority.

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