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## The Role of Digital-Based Islamic Microfinance in Empowering the Creative Economy: A Case Study of MSMEs in Cirebon Regency

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### Abstract

Digital transformation is reshaping how creative-economy MSMEs access finance and markets, yet rising platform fees and digital-security risks can undermine fragile margins. This study examines the role of digital-based Islamic microfinance in empowering creative-economy MSMEs in Cirebon Regency, Indonesia. The research applies a qualitative *case study* design. Data were collected through semi-structured in-depth interviews, limited observation, and document review with MSME owners/managers and LKMS/BMT informants, selected via *purposive* and *snowball sampling*. An iterative *thematic analysis* was used to develop themes. Findings reveal three interrelated mechanisms. First, fit-for-purpose digitization strengthens QRIS transaction traceability and digital bookkeeping, building *digital trust* that functions as “new collateral” for financing access. Second, platform cost pressures and algorithmic visibility push MSMEs to rebalance marketing toward owned channels to protect margins. Third, a hybrid of *human touch* and data-driven monitoring improves risk mitigation through early-warning signals, ethical restructuring, and debt-literacy support. The study advances a hybrid *digital–human* empowerment model for Islamic microfinance and highlights governance conditions needed to avoid exclusion and overload. Future research should compare subsectors and test fairness in *credit scoring* across providers.

**Keywords:** Islamic microfinance; digitalization; creative-economy MSMEs; Cirebon Regency; *digital trust*

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## INTRODUCTION

Digital transformation in financial services and commerce has fundamentally altered the landscape of market access for micro-enterprises, although its impact varies significantly depending on the internal readiness of each entity. Empirical research in Indonesia confirms that digital capabilities and organizational innovation possess a significant positive correlation with the improvement of MSME supply chain performance, where technology plays a vital role in operational efficiency (Renaldi et al., 2022). However, this acceleration does not occur automatically; the successful adoption of e-commerce and digital payments is contingent upon the level of technological readiness (e-commerce readiness) and digital literacy, which, if inadequate, become the primary obstacles for business actors attempting to compete in the digital marketplace (Priambodo et al., 2021). Furthermore, while digitalization offers growth potential, studies highlight the necessity of appropriate adaptation strategies and policy interventions to address implementation "weak points," given that digitalization without a mature transformation of business strategies will not yield a significant impact on the sustainability of MSME performance (Indriastuti & Kartika, 2022).

In Indonesia, the push to digitize MSMEs is increasingly salient because many micro and small firms operate with tight capital constraints and continue to rely on locally embedded social networks to mobilize resources and sustain day-to-day operations (Lukiyanto & Wijayaningtyas, 2020). Digitalization, however, does not only expand market access; it can also introduce new cost structures and dependencies, particularly through privately governed marketplace ecosystems where rising commission schemes and platform rules may systematically disadvantage smaller sellers (Mulyati & Murwadi, 2025). Digital finance likewise adds fresh vulnerabilities: evidence from fintech-based online lending in Indonesia shows that weak personal-data protection is associated with recurring personal data misuse and theft, which can erode confidence and increase the perceived risks of participating in digital ecosystems (Devianti et al., 2020). Taken together, these dynamics indicate that access to affordable, fair, and easy-to-use financing remains a core issue especially for MSMEs that are trying to scale while becoming more reliant on digital channels for sales and cash-flow stability.

Islamic microfinance institutions in Indonesia particularly *Baitul Maal wat Tamwil* (BMT) are commonly framed as hybrid organizations that integrate a *baitul maal* (social-welfare/redistributive) function with a *baitut tamwil* (commercial microfinance) function, allowing social instruments (e.g., managed social funds) to complement financing activities in pursuit of welfare impact and empowerment outcomes (Ascarya et al., 2022). Empirical studies also indicate that BMT's empowerment mechanism is not limited to disbursing capital, but is operationalized through capability-strengthening services such as business coaching and related forms of non-financial assistance (e.g., training and mentoring approaches) that support micro-entrepreneurs' business development and perceived welfare improvement (Darma & Handoyo, 2022). Evidence further shows that the practical quality and reach of empowerment remain contingent on institutional capacity especially capital adequacy because persistent constraints such as low member savings, limited accumulation of social funds, and weak integration between the social and commercial functions can reduce sustainability and dampen empowerment impact at the implementation level (Rohman et al., 2024).

The next development is the entry of *digital logic* into Islamic microfinance services. In Indonesia, the digitalization of Baitul Maal wat Tamwil (BMT) is increasingly framed as both a survival strategy and a service-expansion pathway amid changing consumer behavior and intensified competition from app-based financial services; this shift requires BMTs to redesign service models and ecosystems (e.g., payments, digital banking, and Islamic P2P), rather than merely adding a front-end application (Ascarya & Sakti, 2022). At the institutional level, empirical and practice-oriented studies stress that successful BMT digitalization depends on governance readiness especially human-resource capability, digital work culture, and operational preparedness because technology adoption without adequate competencies can weaken service quality and institutional resilience (Monalisa & Sunarti, 2024). At the broader ecosystem level, Islamic fintech (including sharia P2P financing) is promoted as a value-based alternative for MSME financing, yet recent scholarship indicates that the *operational design* of social-entrepreneurship values and the institutionalization of “value-based” propositions still require further conceptual consolidation and implementation evidence across contexts (Latifah et al., 2025)..

Kabupaten Cirebon provides a strong empirical setting for examining how *digital Islamic microfinance* intersects with *creative-economy* MSMEs because the local MSME landscape is demonstrably multi-sector and closely tied to cultural–creative production and everyday consumption. Empirical studies from the Cirebon area document (i) Batik Trusmi enterprises in Cirebon Regency adopting digital bookkeeping and digital marketing explicitly leveraging social media and *e-commerce* channels to expand market reach (Rachmat & Darmansyah, 2023), rattan craft producers in Cirebon being positioned as a major (even “largest” in the cited study) rattan artisan cluster in Indonesia while simultaneously confronting supply-chain constraints that motivate more digitally supported coordination and management (Aulia, 2022), pottery/gerabah actors in Sitiwinangun Village (Cirebon Regency) strengthening promotion through digital media particularly short-video platforms such as TikTok to broaden audiences and stimulate visits and purchases (Wardiyanto et al., 2025), and (iv) culinary MSMEs in Cirebon City intensifying the use of social media, online food delivery services, and digital wallets as part of their business progress in the digital era (Imaya et al., 2025). Taken together, this body of evidence substantiates the narrative that “Cirebon’s MSMEs” span batik, culinary, and craft subsectors (including rattan and pottery) and that many are already engaging social-media and platform-based ecosystems as practical marketing and transaction infrastructures.

Cirebon is a strong case context for examining how *digital Islamic microfinance* interacts with the day-to-day realities of creative-economy MSMEs, because many local enterprises (e.g., batik and related craft-based production) increasingly rely on social media and marketplaces while still facing basic operational constraints in inventory control, marketing execution, and cash-flow management. Evidence from Cirebon’s batik MSMEs shows that digital marketing and marketing communication are often framed as necessary responses to technological change, yet their effectiveness depends on the enterprise’s capacity to implement them consistently within production and sales routines (Desrizal et al., 2023) At the same time, the continued prominence of cash-based mechanisms in Indonesian e-commerce (including *cash on delivery*) reflects persistent concerns about trust and perceived risk, which shape how MSMEs and consumers transact on platforms (Purwandari et al., 2022a) Studies of marketplace payment choices in Indonesia similarly underline that platform-based transactions

can remain anchored in *cash on delivery* dynamics, reinforcing the need to interpret “digitalization” as a socio-technical process rather than merely a channel shift (Alfarizi & Sari, 2023).

This grounded perspective matters because the expansion of digital channels can introduce new transaction frictions for MSMEs, including platform-related deductions, service charges, and operational penalties when sellers cannot maintain real-time stock and order accuracy costs that may directly reduce already-thin margins in micro enterprises. Research that analyzes commission deductions in online food-delivery ecosystems emphasizes that platform intermediation can structurally reshape MSME revenue outcomes and raises questions about fairness and protection both in positive law and in Islamic law viewpoints when deductions are significant for small sellers (Al Munawar & Rohmah, 2024). In parallel, the persistence of *cash on delivery* and switching behavior toward e-payments are strongly influenced by perceived risk, trust, and transaction convenience, indicating that MSMEs’ digital uptake is inseparable from risk management in everyday transactions (Purwandari et al., 2022). Field realities also align with documented concerns about social-engineering fraud in app-based ecosystems (including OTP-related attack patterns), which can create trauma and caution among users and thereby constrain future digital engagement (Bahran & Rahardiansah, 2025).

These transaction costs and risk exposures can feed back into financing vulnerability, because margin erosion and fraud shocks disrupt cash-flow stability and may push MSMEs toward “fast” funding options that prioritize speed over sustainability. In this landscape, informal group-based lending models often discussed locally as *Bank Emok* remain salient because they promise rapid disbursement but can generate repayment pressure that is difficult to absorb when sales are volatile. Evidence from a *Bank Emok* receivables-control study highlights that lending processes and repayment control are central to managing default risk in group-based micro-lending arrangements, underscoring how repayment discipline becomes a defining feature of such schemes (Gunawan et al., 2025). Research on *Bank Emok* in the context of Islamic microfinance institutions also points to reputational and socioeconomic risks when household borrowers experience overextension, reinforcing that empowerment cannot rely only on market access but must be integrated with debt-management education and protection (Oftafiana et al., 2024). Insights from fintech-adoption research further support that perceived risk and trust shape engagement with financial services, making risk literacy a practical requirement for sustainable financing behavior (Ali et al., 2021).

Within an empowerment framework, digital Islamic microfinance should be treated not only as an economic instrument but also as a social arena where values, trust, and *sharia* compliance negotiate with digital efficiency demands. Empirical evidence on Islamic fintech adoption shows that perceived benefit, trust, and risk are decisive in shaping user acceptance, implying that service design must actively manage trust-building rather than assuming “digital convenience” is sufficient (Ali et al., 2021). A systematic literature review on determinants of Islamic fintech adoption similarly consolidates evidence that trust- and compliance-related dimensions repeatedly appear as key drivers across studies, even when performance expectancy and ease of use remain prominent (Maniam, 2024). Related evidence from Islamic digital-banking contexts also indicates that trust-linked perceptions influence intentions and

engagement, reinforcing the centrality of trustworthy governance and compliance signaling in digital Islamic finance ecosystems (Masalingi & Sopingi, 2025) (Masalingi & Sopingi, 2025).

This is where the study's literature gap is positioned. A large share of prior work on Islamic fintech and digital financial services is dominated by variable-testing approaches (e.g., regression, SEM/PLS) that statistically identify drivers and barriers but often under-explain the *mechanisms* through which institutional practices, platform pressures, and user meaning-making co-produce acceptance or rejection in specific local contexts. Consequently, the field still needs more practice-facing explanations that trace how digital service design, mentoring relationships, perceived risks, and informal lending alternatives interact in real MSME survival strategies. Qualitative case-study methodology is especially relevant for closing this gap because it is designed to capture process, context, and complexity when a phenomenon is embedded in a real setting. Thematic analysis further provides a structured pathway for developing credible themes from qualitative data when the goal is explanation grounded in participant experience rather than parameter estimation.

Accordingly, this study aims to analyze the role of *digital* Islamic microfinance in empowering the creative economy through a qualitative case study of multi-sector MSMEs in Cirebon, focusing on (1) MSME experiences in accessing Islamic digital financing, (2) the service relationship and mentoring practices that shape usage, and (3) how MSMEs interpret benefits, risks, and boundaries of digital use amid platform pressures and informal financing alternatives. This design aligns with core case-study attributes that prioritize contextual explanation and mechanism tracing. The analysis strategy is compatible with thematic analysis for producing coherent, defensible themes that elevate participant experience into analytical constructs relevant for policy and institutional design. This positioning is also consistent with evidence that Cirebon-based creative MSMEs face concrete implementation challenges in digital marketing and communication, making local mechanism-level analysis substantively necessary.

## RESEARCH METHODOLOGY

This research employs a qualitative approach with a case study design to gain a profound understanding of the role of digital-based Islamic microfinance in empowering creative economy MSMEs in Cirebon Regency. A case study design was selected as it allows researchers to examine the phenomenon contextually and holistically within a clearly bounded "case" (constrained by space and time), while integrating various sources of evidence such as interviews, observations, and documents—to generate a rich processual understanding (Nassaji, 2020). This approach is particularly effective in capturing the complexities of digital adoption where human and technical factors intersect within a specific socio-economic setting.

The research location is situated in Cirebon Regency, focusing on several concentration points of the creative economy MSMEs across mixed sub-sectors. Data collection was conducted during [Month, Year]. Participants consisted of: (1) owners/managers of mixed creative economy MSMEs who have utilized or explored digital-based LKMS/BMT/KSPPS services; and (2) supporting informants from the LKMS side (e.g., service managers, marketing/collectors, customer service) and relevant parties (communities/MSME mentors where applicable). Informant selection was carried out using purposive sampling to ensure a

variation of sub-sectors and digital adoption experiences, followed by snowball sampling to reach actors who were not easily accessible through the initial network (Campbell et al., 2020). The adequacy of the number of informants adhered to the principle of saturation, where interviews were concluded when major themes stabilized and new information became minimal (Hennink & Kaiser, 2022).

Data were collected through in-depth semi-structured interviews, limited observation (non-participant/light participant), and documentation. Interviews lasted approximately 45–90 minutes, were recorded with consent, and transcribed verbatim. The interview questions explored experiences of financing access and digital services, mentorship practices (human touch/proactive approaches), perceptions of benefits and risks (platform fees, literacy, security), and the perceived meaning of empowerment. Observation was conducted to capture the operational context of the business and friction points in digital adoption, such as transaction/payment flows, recording, and service interactions (Rehman & Alharthi, 2016). Documentation included socialization/training materials, service SOPs, mentorship artifacts, and non-sensitive evidence which was anonymized, such as screenshots of features without personal data.

Data validity was maintained through trustworthiness strategies. First, triangulation of sources and methods (MSME–LKMS–documents–observation) was performed to check the consistency of findings. Second, structured member checking was conducted on the summary of themes/major interpretations rather than merely sending transcripts to ensure participant feedback was meaningful and its contribution traceable (Candela, 2019; Kiger & Varpio, 2020). Third, an audit trail was compiled consisting of research decision notes, coding/theme logs, analytical memos, and traces of interpretative revisions to enhance process transparency. Additionally, the researcher applied reflexivity and peer debriefing to reduce interpretative bias.

Data analysis was conducted using iterative thematic analysis: data familiarization, initial coding, theme development, reviewing and refining themes, and finally, compiling a narrative result supported by representative quotes and supporting evidence (documents/observations). Good practice guidelines for thematic analysis were used to maintain methodological coherence and avoid themes that were merely a "list of topics" without analytical meaning (Kiger & Varpio, 2020). Ethically, the research applied informed consent, identity anonymization, and data protection; sensitive financial information was minimized and presented narratively or in aggregate to ensure participant security (Firdaus, 2019).

## **RESULTS AND DISCUSSION**

This section presents the primary findings from the case study regarding the role of digital-based Sharia microfinance in empowering the creative economy of mixed-sector MSMEs in Cirebon Regency. Thematic analysis of interviews and field notes yielded three major interrelated themes: (1) appropriate digitalization forming digital trust, (2) platform cost pressures and marketing adaptation under algorithmic logic, and (3) the combination of human touch and digital data in financing risk mitigation. All participant quotes are presented in English translation with the original Indonesian version included in square brackets to maintain verbatim traceability (*translated by the author*).

## Theme 1: Appropriate Digitalization and Digital Trust as a New Form of Collateral

### 1. Subtheme: From manual records to QRIS-based traceability (bankability effect)

The findings indicate that "appropriate" digitalization functions primarily by strengthening transaction traceability. For culinary entrepreneurs, the shift from manual recording to QRIS-based transaction records creates a simple audit trail that is easily understood by financial institutions, thereby enhancing perceptions of eligibility and financing trust.

UMKM-01 confirmed that the regularity of monthly reports became the basis of the bank's trust for business expansion:

"I used to record expenses in a small shop notebook, often lost or forgotten. After digital mentoring, all QRIS transactions automatically entered a monthly report. Honestly, that's what made the bank trust me to provide capital financing for opening my second branch this year." [*"Dulu catat pengeluaran masih di buku warung, sering hilang atau lupa. Pas ikut pendampingan digital, semua transaksi QRIS langsung masuk laporan bulanan. Jujur, itu yang bikin bank percaya kasih pinjaman modal buat buka cabang kedua saya di tahun ini."*] (UMKM-01, interview, 2026).

This pattern indicates a shift in the meaning of "collateral" from physical assets to recorded cash flow evidence. This is evident in the entrepreneur's further reflection, positioning data as a "new guarantee":

"Data, for me, is a new kind of 'collateral'. When our financial reports are transparent in the system, financial institutions are no longer hesitant to support business scale-up." [*"Data itu bagi saya adalah 'jaminan' baru. Kalau laporan keuangan kita transparan di sistem, lembaga keuangan nggak ragu lagi buat bantu scale-up usaha."*] (UMKM-01, interview, 2026).

In the context of Sharia microfinance, this finding is relevant as it reinforces the principles of *amanah* (trustworthiness) and transaction transparency, where trust is built through verifiable evidence rather than mere claims.

### 2. Subtheme: Mentoring as capability building (not "install-and-leave")

Digitalization does not function merely as application adoption, but as a capability-building process mediated by mentoring. UMKM-01 assessed digital mentoring as effective because it taught trend reading based on transaction hours, making promotional decisions more precise without wasting advertising costs:

"The mentoring was not just installing an app and leaving. I was taught how to read trends. For example, I learned that around 3 p.m. the demand for milk coffee spikes, so I ran flash promotions at that hour. The result? Revenue increased by 20% without burning money on ads." [*"Pendampingannya bukan cuma kasih aplikasi terus ditinggal, tapi diajarkan cara baca tren jam 3... Hasilnya? Omzet naik 20% tanpa bakar duit iklan."*] (UMKM-01, interview, 2026).

It is evident here that "appropriate digitalization" implies digitalization that reduces cognitive load, rather than adding to the complexity of daily work. The participant's statement underscores this principle:

"Proper digitalization is the one that simplifies, not adds workload for owners who are already busy in the kitchen." [*"Digitalisasi yang benar itu yang memudahkan, bukan menambah beban kerja owner yang sudah sibuk di dapur."*] (UMKM-01, interview, 2026).

### 3. Pattern and negative case: When digitalization becomes a cognitive burden (digital readiness gap)

However, the findings also reveal a *negative case* crucial for avoiding a "digital-always-succeeds" bias. UMKM-03 described operational failure due to a lack of readiness in managing stock updates and the consequences of platform penalties, resulting in digitalization becoming a psychological burden:

“Honestly, I tried using a cashier app and registering on a food delivery platform, but it became a mess. I often forgot to update stock, orders came in when items were sold out, and I got penalized. Now I returned to manual methods and rely only on walk-in customers. For me, technology became an extra ‘mental burden’ rather than helping me focus on cooking.” [*“Jujur saja, saya sempat mencoba pakai aplikasi kasir... sekarang saya balik lagi ke cara manual... teknologi itu malah jadi ‘beban pikiran’ tambahan.”*] (UMKM-03, interview, 2026).

The BMT (Baitul Maal wat Tamwil) manager confirmed that the main challenge is not merely infrastructure, but building a digital trust that is fair and non-discriminatory for traditional actors lacking a perfect digital footprint:

“Our biggest challenge in 2026 is no longer providing technological infrastructure, but building digital trust among senior members. We must ensure our credit scoring algorithm remains fair and does not discriminate against traditional MSMEs whose digital records are not yet perfect. For us, digitalization is a supporting tool, but the final decision must still include humane considerations aligned with sharia principles.” [*“Tantangan terbesar kami di 2026 bukan lagi menyediakan infrastruktur teknologi, tapi membangun ‘Digital Trust’ pada anggota senior... Bagi kami, digitalisasi adalah alat bantu, namun keputusan akhir tetap harus memiliki pertimbangan kemanusiaan sesuai prinsip syariah.”*] (BMT Manager Financing, interview, 2026).

Thus, the success of digitalization is conditional contingent upon actor readiness, mentoring support, and governance design that maintains fairness.

## Theme 2: Platform Cost Pressure and Algorithm-Driven Marketing Adaptation

### 1. Subtheme: Margin squeeze and the shift toward “owned ecosystems”

In the craft (*kriya*) sector, the dominant issue is the pressure of platform costs (fees and ads) eroding margins. UMKM-02 noted the necessity of allocating a portion of the margin for platform fees, responding by migrating customers to WhatsApp communities to prevent recurring transactions from being continuously deducted:

“If we only rely on posting photos in marketplaces, our products sink. I have to allocate 15% of my margin for platform fees and ads that keep getting more expensive. Strategically, I move buyers to a WhatsApp community so the next transactions can happen directly, so the profit isn’t consumed by platform deductions.” [*“Sekarang kalau cuma ngandelin pajang foto di marketplace, barang kita tenggelam. Saya harus alokasikan 15% dari margin buat fee platform... Strateginya, saya tarik pembeli ke komunitas WhatsApp...”*] (UMKM-02, interview, 2026).

This pattern demonstrates a survival strategy: platforms are utilized as "showcases," while customer relations are built on more controlled channels (*owned channels*). UMKM-02’s further statement reinforces the repositioning of the platform as a secondary channel:

“Our 2026 strategy is to use digital platforms only as a ‘showcase’, while larger transactions are pursued within our own ecosystem.” [*“Strategi kami di 2026 adalah menjadikan platform digital hanya sebagai ‘etalase’, sementara transaksi besar... di ekosistem mandiri kami.”*] (UMKM-02, interview, 2026).

Socially, this reflects a negotiation by small actors against an asymmetric digital market structure, where visibility costs are paid through advertisements and fees.

## 2. Subtheme: Personalization and process storytelling as differentiation

Amidst cost pressures, content differentiation becomes a strategy to maintain appeal without high customer acquisition costs. UMKM-02 assessed that personalization and production process narratives increase the perceived value of craft products:

“The most expensive insight in 2026 is personalization. My craft customers now prefer items with a story behind them. So I shifted my promotion strategy to short videos that show the making process from scratch, not just selling the final product.” [*“Insight paling mahal tahun 2026 ini adalah personalisasi... Jadi, strategi promosi saya geser ke video pendek yang nunjukin proses pembuatan dari nol...”*] (UMKM-02, interview, 2026).

The narratives of "value" and "story" here function as symbolic capital to justify fair pricing.

## 3. Negative case: Algorithmic exclusion and import competition

The findings also present cases where strategies following digital trends are insufficient due to price competition and platform algorithmic logic. UMKM-04 expressed an experience of structural exclusion:

“I tried following all trends from short videos to paid ads but still didn’t sell because I lost to imported products priced far below my costs. Apparently, digitalization alone is not enough when the market is already saturated. I feel ‘pushed out’ by platform algorithms that favor big stores with strong ad budgets, while small artisans like me become harder to see.” [*“Saya sudah coba ikut semua tren... tapi tetap tidak laku karena kalah dengan produk impor... Saya merasa ‘tersingkir’ oleh algoritma platform yang lebih memihak toko besar...”*] (UMKM-04, interview, 2026).

This case enriches the reading that empowering the creative economy through digitalization requires broader interventions (e.g., strengthening positioning, market curation, and policy support), not just content training.

### Theme 3: Human Touch, Digital Early Warning, and Sharia-Oriented Restructuring

#### 1. Subtheme: Data-driven early warning as a trigger for field-based relationship work

On the side of Sharia microfinance institutions, digitalization improves risk mitigation efficiency through *early warning systems*, yet remains dependent on relational work in the field. AO-01 emphasized a proactive strategy based on transaction data signals:

“My principle is: better to be tired visiting every day than to suffer when loans become non-performing. We use an early warning system on the tablet; if a member’s account mutation drops drastically for two consecutive weeks, I immediately visit their shop to ask what’s happening.” [*“Prinsip saya, lebih baik capek muter tiap hari... Kita pakai sistem early warning di tablet; kalau*

*ada nasabah yang mutasi rekeningnya turun drastis... saya langsung samperin.”]* (AO-01, interview, 2026).

This demonstrates the integration of digital data as a tool for visit prioritization, not a replacement for social interaction. An additional statement clarifies this hybrid logic:

“Technology can read numbers, but only face-to-face meetings can capture honesty and an entrepreneur’s spirit in the field.” [*“Teknologi memang bisa membaca angka, tapi hanya pertemuan tatap muka yang bisa menangkap kejujuran dan semangat seorang pengusaha di lapangan.”]* (AO-01, interview, 2026).

In Sharia financing practice, this human judgment is critical because financing decisions are not merely calculations, but also considerations of public good (*maslahah*) and member business sustainability.

## **2. Subtheme: Restructuring as “breathing space” (ethics of partnership)**

Restructuring in the findings is understood not as a failure, but as an ethical mechanism to maintain business continuity and financing portfolio health. AO-01 stated:

“Restructuring is not a sign of failure, but a life-support solution. Many MSMEs are good businesses but constrained by seasonal cycles. My role is to adjust the installment schedule so they don’t get strangled by costs, and the institution still maintains healthy assets.” [*“Restrukturisasi itu bukan tanda gagal, tapi solusi napas buatan. Di situ peran saya buat sesuaikan jadwal angsuran supaya mereka nggak tercekik bunga, dan bank tetap punya aset yang sehat.”]* (AO-01, interview, 2026).

This pattern displays a partnership orientation (*partnership-based finance*), aligned with Sharia microfinance principles emphasizing sustainability and relational justice.

## **3. Subtheme: Digital debt traps and the role of sharia microfinance in debt literacy**

The BMT compliance manager warned that digital data is a "double-edged sword": strengthening supervision but potentially triggering digital fatigue and multi-indebtedness due to easy access to online loans without adequate literacy. The following statement underscores the shift in the problem from "lack of capital" to "debt mismanagement":

“Digital data is a double-edged sword. It makes supervision easier, but we also see a risk of ‘digital fatigue’ among members. Many businesses stall not because they lack capital, but because they are trapped in debts across multiple lending apps due to easy digital access without matching literacy. This is where BMT must step in to provide debt management education, not merely disburse funds.” [*“Data digital itu seperti pisau bermata dua... Banyak yang usahanya macet bukan karena kurang modal, tapi karena terjebak utang di banyak aplikasi... Di sinilah BMT harus masuk...”]* (BMT Compliance, interview, 2026).

Thus, empowerment through digital financing needs to be positioned alongside an agenda of debt literacy and member protection so that digital benefits do not transform into structural risks.

#### 4. Synthesis: A Hybrid Digital–Human Model of Sharia Microfinance for Creative MSME Empowerment

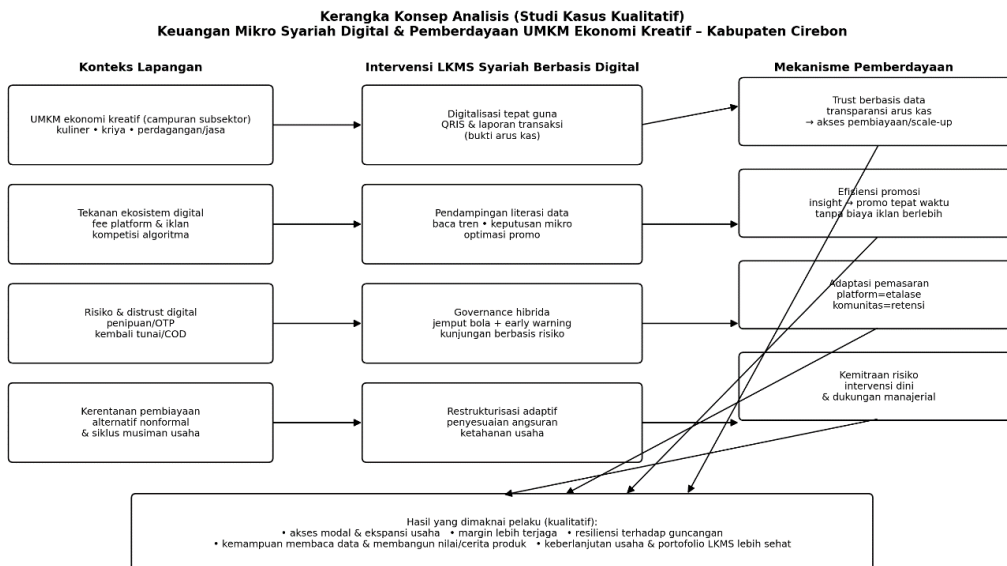
Overall, the findings lead to a conceptual conclusion: the empowerment of creative MSMEs through digital-based Sharia microfinance in Cirebon is effective when it forms a hybrid model (a) digitalization for transaction traceability and *early warning*, (b) mentoring to build data-driven decision capabilities, and (c) *human touch* to maintain fairness, read seasonal contexts, and ensure financing decisions remain aligned with Sharia ethics. However, the findings also emphasize the limits of digitalization: without actor operational readiness (UMKM-03) and without strategies to face platform market structures (UMKM-04), digitalization can become a burden or even reinforce exclusion. Therefore, the most relevant empowerment intervention is not "mandating digital," but orchestrating a digital transition that is gradual, fair, and needs-based (*appropriate digitalization*).

### CONCLUSION

This qualitative case study concludes that digital-based Sharia microfinance can meaningfully empower creative-economy MSMEs in Cirebon Regency through three interrelated mechanisms: (1) “appropriate” digitization that strengthens QRIS transaction traceability and digital bookkeeping, thereby building digital trust that functions as a “new collateral” for financing access; (2) platform cost pressures and algorithmic visibility that push MSMEs to rebalance marketing strategies toward owned channels to protect margins; and (3) a hybrid approach combining human touch with data-driven monitoring to improve risk mitigation through early-warning signals, ethical restructuring, and debt-literacy support.

The study’s core contribution is a hybrid digital–human empowerment model for Islamic microfinance, clarifying that technology delivers value when it is paired with mentoring that builds capability and with relational judgment that safeguards fairness, reads seasonal business contexts, and keeps decisions aligned with Sharia ethics. Practically and for policy, the findings imply that digitalization should not be “mandated” as a one-size-fits-all solution; instead, it should be orchestrated as a gradual, fair, and needs-based transition to avoid operational overload and the risk of exclusion for MSMEs with weaker digital readiness or footprints. Future research is recommended to compare empowerment dynamics across creative subsectors and to test fairness in credit-scoring practices across providers.

**Gambar : 1. Kerangka Konsep Analisis (Studi Kasus Kualitatif)**



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