



IMPACT OF DISTRIBUTION OF PEOPLE'S BUSINESS CREDIT FUNDS ON GROSS REGIONAL DOMESTIC PRODUCT IN *BANGKA BELITUNG ISLANDS PROVINCE*

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Abstract

This study aims to analyze and determine the Realization of the Distribution of People's Business Credit Funds consisting of Debtors, Contract Values, and Outstandings on the Gross Regional Domestic Product of Regencies/Cities in the Bangka Belitung Islands Province in 2015-2023. This study uses a quantitative descriptive approach with secondary data. The analysis technique in this study uses panel data regression by selecting the most effective approach model using the Random Effect Model (REM). The results of the study indicate that debtors have a positive and insignificant impact on the gross regional domestic product of regencies/cities in the Bangka Belitung Islands Province. The contract value has a positive and significant on the gross regional domestic product of regencies/cities in the Bangka Belitung Islands Province. Outstanding has a positive and significant on the gross regional domestic product of regencies/cities in the Bangka Belitung Islands Province.

Keywords: Gross Regional Domestic Product (GRDP), People's Business Credit

A. INTRODUCTION

Gross Regional Domestic Product (GRDP) based on constant prices shows economic growth in the Bangka Belitung Islands Province. Many sectors affect the Gross Regional Domestic Product sector of a region. MSMEs have an important role in the economy, driving sustainable gross regional domestic product; MSMEs in the Bangka Belitung Islands Province have extraordinary potential to grow by contributing to the gross regional domestic product and creating jobs. MSMEs play an important role in improving community welfare and regional development. Micro, Small, and Medium Enterprises in the Bangka Belitung Islands Province face various challenges, such as limited access to capital, lack of management knowledge, and tight competition (Nita, 2023).

The government can encourage economic growth and increase financial inclusion through People's Business Credit (Ajide, 2020; Van et al., 2021; Liu et al., 2021). This is to encourage economic growth, create jobs, and reduce poverty. This empowerment effort needs to be optimized to overcome MSME problems and reduce their dependence on loans to loan sharks. Therefore, the government needs to actively support various things to improve welfare and economic progress through various programs and activities to address MSME problems. (Dasaraju et al., 2020; Sahoo & Swain, 2020; Opit, 2024).

However, People's Business Credit has not been fully effective in helping the community (Williams, 2018; Tay et al., 2022). The existence of corruption cases in the distribution of People's Business Credit has caused great losses to the state, reduced investment, and hampered sustainable development (Frolova et al., 2019; Hoinaru et al., 2020; Mehmood et al., 2025). It has an impact on slowing economic growth, increasing unemployment rates, and decreasing community welfare in the Bangka Belitung Islands Province (Ramadhanti, 2024).

This is what makes it important to analyze the realization of People's Business Credit distribution in the Bangka Belitung Islands province. In addition, Micro, Small, and

Medium Enterprises (MSMEs) not only need financing but also need assistance to increase their capacity and competitiveness. Assistance can be in the form of business consultation, training, and education. Both in terms of technical, capital access, or marketing to grow and develop businesses for Micro, Small, and Medium Enterprises (MSMEs) so that they can develop into strong and independent businesses and contribute to GRDP, which will ultimately increase regional economic growth in Bangka Belitung (Reniasi, 2020). How much growth is indicated by changes in output that determine the welfare and progress of the economy (Iztihar, 2018).

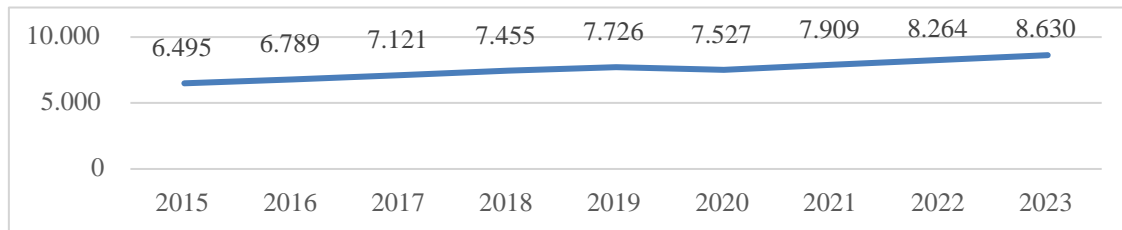


Figure 1 Average Gross Regional Domestic Product (GRDP) Based on Constant Prices by Business Sector 2015-2023 (Trillion Rupiah)

Source: Central Statistics Agency of Bangka Belitung Islands Province, 2024

Based on Figure 1 (one), the Average Gross Regional Domestic Product (GRDP) Based on Constant Prices by Business Field 2015-2023 (Trillion Rupiah) fluctuates. Where the average Gross Regional Domestic Product (GRDP) based on constant prices by the highest business field occurred in 2023 at 8 Trillion Rupiah. This is due to efforts to diversify the economy by developing sectors, both primary and secondary products. The average Gross Regional Domestic Product (GRDP) based on constant prices by the lowest business field in 2015 was 6 Trillion Rupiah. This is due to the economic demand of sectors, both primary and secondary products.

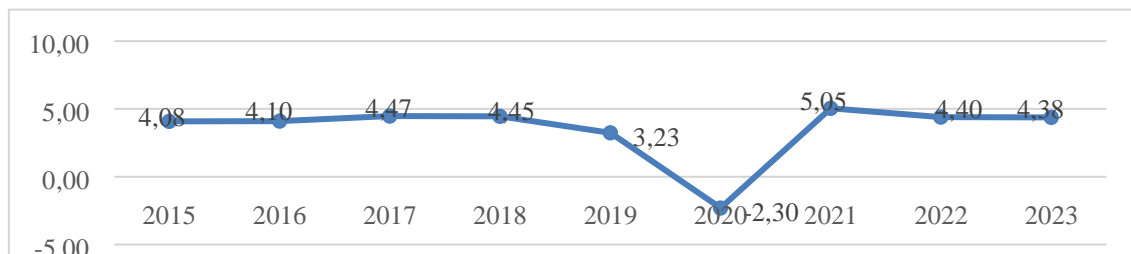


Figure 2 Economic Growth Rate in Bangka Belitung Islands Province In 2015-2023 (percent)

Source: Central Statistics Agency of Bangka Belitung Islands Province, 2024

Based on Figure 2 (two), the Economic Growth Rate in the Bangka Belitung Islands Province in 2015-2023 (percent) has fluctuated. The highest economic growth rate in the Bangka Belitung Islands Province occurred in 2021 at 5.05 percent. This is because the global economic recovery after the 19 pandemic can increase demand for both primary and secondary products from the Bangka Belitung Islands Province. Meanwhile, the lowest economic growth rate in the Bangka Belitung Islands Province occurred in 2020 at -2.30 percent. This is because, in 2020, all districts and cities imposed movement restrictions imposed by the government due to the COVID-19 pandemic. The average economic growth rate in the Bangka Belitung Islands Province per year is 3.54 percent. The decline in the economic growth rate over the past two years in the Bangka Belitung Islands Province is certainly a serious concern. To overcome this, strategic and

comprehensive steps are needed involving various parties, both the government, business actors, and the community.

Table 1 Population Data Based on Type of Occupation and Gender in the Bangka Belitung Islands Province In 2023 (persons)

Type of work	Gender		Population (persons)
	Man	Woman	
Not Working/Not Working	196,204	176,859	373,063
Taking care of household	29	350,797	350,826
Students	149,002	129,420	278,422
Casual Daily Laborer	143,320	3,857	147.177
Farmer/Gardener	83,765	9,690	93.455
Self-employed	71,987	9,593	81,580
Private sector employee	44,436	16,588	61,024
Government employees	13,828	15,427	29.255
Fishermen/Fisheries	23,274	53	23,327
Honorary Employees	7,895	8,280	16.175
Other Types of Jobs	35,528	12,535	48,063
Total	769,268	733,099	1,502,367

Source: Bangka Belitung Islands Provincial Government, 2024

Based on Table 1 (one) Population Data Based on Type of Job and Gender in the Bangka Belitung Islands Province In 2023 (persons). The population data is based on the type of job and gender in the Bangka Belitung Islands Province. In 2023, the highest number of people in the type of job not yet working is 373,063 persons. This is because the number of jobs available is not comparable to the number of job applicants. The population data based on type of job and gender in the Bangka Belitung Islands Province In 2023 is the lowest in the type of honorary employee job at 16,175 persons. This is because the salary received by honorary employees is lower than that of permanent workers in the company. The average population data based on the type of job and gender in the Bangka Belitung Islands Province In 2023 is 136,579 persons.

Micro, small, and medium enterprises can be a solution in the Bangka Belitung Islands Province because they have enormous potential to grow and develop toward economic growth. Through various types of businesses, MSMEs not only provide jobs but also become a bridge for marginalized groups such as women and youth to participate in economic development. By creating more inclusive job opportunities, MSMEs help reduce unemployment and improve people's standard of living (Verma, 2019; Picatoste & Rodriguez-Crespo, 2020; Vinatra, 2023).

Table 2 Data on Micro, Small, Medium, and Large Enterprise Scales in the Bangka Belitung Islands Province In 2023 (person)

Regency/city	Business Scale				Total
	Micro	Small	Intermediate	Big	
Bangka	25,343	830	62	-	26.235
Belitung	32,050	639	12	127	32,828
West Bangka	24,239	1,086	-	-	25,325
Central Bangka	38.154	112	-	-	38,266
South Bangka	36,828	12	-	-	36,840
East Belitung	20,546	774	7	-	21,327
Pangkalpinang	18,834	410	36	31	19,311
Amount	195,994	3,863	117	158	200.132

Source: Department of Cooperatives, Small and Medium Enterprises, Bangka Belitung Islands Province, 2024

Based on Table 2 (two), the highest data on the Scale of Micro, Small, Medium, and Large Enterprises in the Bangka Belitung Islands Province In 2023 is in the micro type of 195,994. This is because micro businesses are managed by individuals or business entities with a focus on productive economic activities and low capital to start a micro business. The lowest data on the Scale of Micro, Small, Medium, and Large Enterprises in the Bangka Belitung Islands Province In 2023 is in the medium type of 117. This is due to differences in definition, income, number of employees, and net worth of medium businesses compared to micro businesses. The average data on the Scale of Micro, Small, Medium, and Large Enterprises in the Bangka Belitung Islands Province In 2023 is 28,590 persons.

Micro, Small, and Medium Enterprises in the Bangka Belitung Islands Province face various challenges, such as limited access to capital, lack of management knowledge, and tight competition (Nita, 2023). The government can encourage economic growth and increase financial inclusion, then the People's Business Credit emerged as an effort to encourage economic growth, create jobs, and reduce poverty. People's business credit comes from banking funds provided for working capital and investment needs provided to the community. Capital is one of the means needed for the continuity of a business. The role of the government is very much needed to help provide people's business credit with low interest, without additional collateral with applicable terms and conditions (Mongkito, 2021).

People's business credit facilitates the community's support of regional economic growth. This empowerment effort needs to be optimized to reduce their dependence on loans. The concept of group collection is a characteristic of loan sharks. With this system, group members are mutually responsible for debt repayment. If a member has difficulty paying, other group members will help. Disbursement of loan sharks model loans is easy, but the returns are higher (Afisa, 2023). With the existence of the People's Business Credit fund, it is hoped that it can increase the balance and economic growth in the region and avoid traveling loans or loan sharks (Ramadan, 2023). This program aims to help business actors with business capital (Sertiningsih, 2023) and facilitate access to financing and credit guarantees provided to the community (Son, 2024).

The realization of the distribution of people's business credit funds in the Bangka Belitung Islands Province has existed since 2007, but the availability of data began in 2015. Based on Presidential Instruction Number 6 of 2007 concerning the Policy for the Acceleration of Real Sector Development and Empowerment of SMEs issued by the government. The People's Business Credit program officially started on 5 November 2007 to support and encourage Micro, Small, and Medium Enterprises (MSMEs). In addition, the government actively supports through various programs and activities. People's Business credit offers cheaper financing access with lower interest rates to help Micro, Small, and Medium Enterprises (MSMEs) with limited assets. People's Business Credit is a low-interest credit program that is distributed through banks and non-bank financial institutions. People's Business credit has a payment scheme in the form of credit or special investment for micro, small, and medium enterprises provided to the community (Opit, 2024).

Debtors, in the context of the realization of the distribution of People's Business Credit funds in the Bangka Belitung Islands Province, are parties who receive loans. These debtors can be individuals, Micro Business Entities, or Small Business Entities. Time, trust, submission, risk, and approval or agreement are components needed to provide credit to prospective debtors. The principle of prudence in credit distribution requires prospective debtors to request a comprehensive assessment of the character,

ability, capital, and business prospects of prospective debtors. Before being able to provide credit, the distributor considers several risks that may occur, financial risks such as credit risk, legal risk, and reputation risk. All of these risks can cause the distributor to experience financial losses (Akbar, 2024).

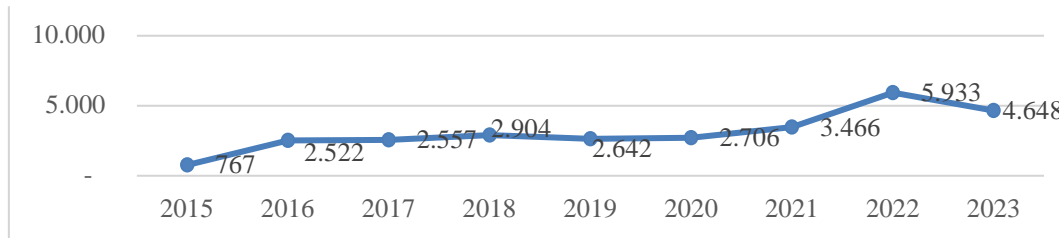


Figure 3 Average Debtors of People's Business Credit Funds in Regency/City in the Bangka Belitung Islands Province In 2015-2023 (persons)

Source: Department of Cooperatives, Small and Medium Enterprises, Bangka Belitung Islands Province, 2024

Figure 3 (three) shows the average data of People's Business Credit fund debtors in Regency/City in Bangka Belitung Islands Province. In 2015-2023 experienced fluctuations. The highest average people's business credit fund debtor was in 2022 at 5,933 persons. This is because the MSMEs sector in Bangka Belitung continues to grow, along with increasing public awareness of the importance of entrepreneurship. People's business credit is one of the main solutions to meet their business capital needs. Meanwhile, the lowest average people's business credit fund debtor was in 2015 at 767 persons. This is because, in that year, the people's business credit program was only implemented in the regency/city areas of the Bangka Belitung Islands province.

The value of the agreement in the distribution of people's business credit funds in the Bangka Belitung Islands Province refers to the total amount of funds approved to be distributed to debtors. This value is different from the realization of the distribution of people's business credit, which is the amount of funds that have been disbursed to debtors. The agreement value is one indicator of the success of the People's Business credit program in helping Micro, Small, and Medium Enterprises (MSMEs) in the Bangka Belitung Islands Province. The increase in the agreement value shows that the people's business credit program is increasingly in demand and effective in driving economic growth in the Bangka Belitung Islands Province. Micro, Small, and Medium Enterprises (MSMEs) that receive people's business credit can increase profits, and this also has an impact on improving community welfare. The distribution of people's business credit funds influences the development of small businesses. This shows that the realization of people's business credit funds is very influential. The distribution of people's business credit increases business activities, workforce utilization, and welfare (Ria, 2022).

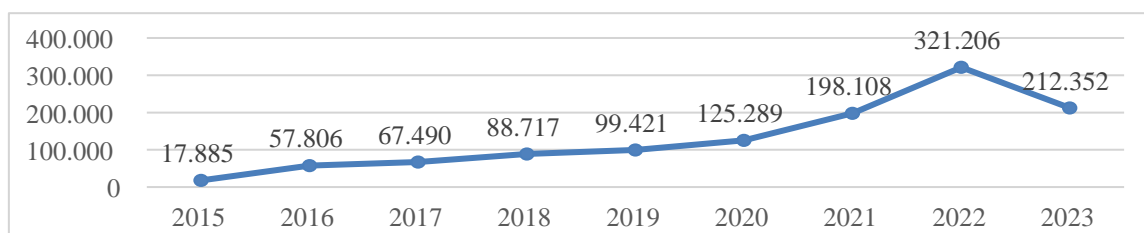


Figure 4 Average Value of People's Business Credit (KUR) Fund Agreements for Regencies/Cities in the Bangka Belitung Islands Province In 2015-2023 (Billion Rupiah)

Figure 4 (four) shows the average value of the People's Business Credit fund agreement for Regency/City in the Bangka Belitung Islands Province in 2015-2023, which experienced fluctuations. The highest average value of the KUR fund agreement was in 2022, amounting to 321 billion rupiah. This is because the number of people's business credit loan recipients is the largest, so the contract value in 2022 is high. Meanwhile, the lowest average value of the people's business credit fund agreement was in 2015, amounting to 17 billion rupiah. This is because the value of the people's business credit loan funds realized in that year was low.

Outstanding in the realization of the distribution of People's Business Credit funds in the Bangka Belitung Islands Province refers to the remaining principal of the loan that the debtor has not paid in a certain period. In other words, the outstanding amount shows the total amount of People's Business Credit loans that all debtors in the Bangka Belitung Islands Province must still pay off. This impacts growth because it creates added value in the economy, government guarantees, and interest subsidies on people's business credit, focusing on productive credit for investment and working capital. Outstanding has an impact on the economy through various channels, including the provision of financing sources, financial system stability, encouragement of investment, and influence on interest rates. Outstanding in the MSME sector increase access to financing, reduces capital costs, better information dissemination, and increases competitiveness (Candratrilaksita, 2020).

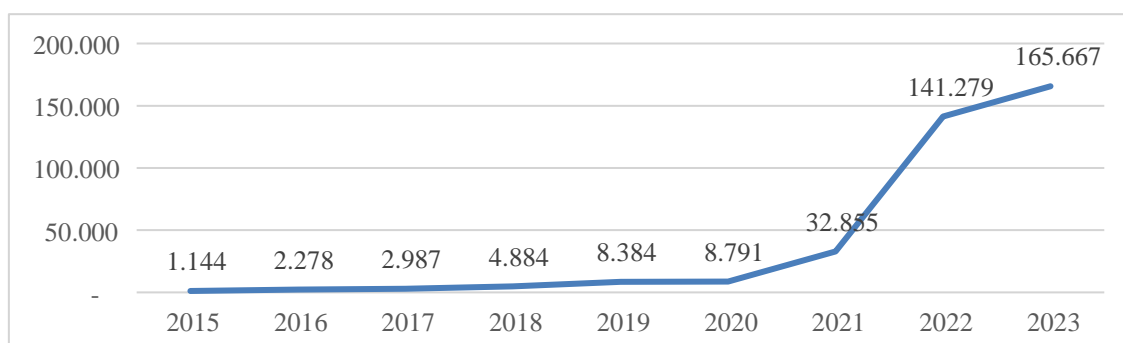


Figure 5 Average Outstanding of People's Business Credit Funds for Regencies/Cities in the Bangka Belitung Islands Province In 2015-2023 (Billion Rupiah)

Source: Department of Cooperatives, Small and Medium Enterprises, Bangka Belitung Islands Province, 2024

Figure 5 (five) shows the average data on outstanding People's Business Credit funds in the Regency/City of the Bangka Belitung Islands Province in 2015-2023 experienced a significant increase. The highest average outstanding was in 2023, which was 165 billion rupiah. This is because the community's ability to repay loans is still low. The lowest average outstanding amount was in 2015, which was 1 billion rupiah. This was because the KUR program had just been implemented that year, so the return of funds was low.

In the Bangka Belitung Islands Province, the MSME sector plays an important role in the economy, contributing to the Gross Regional Domestic Product (GRDP) and employment (Ramandhana, 2018). The corruption case in the distribution of People's Business Credit involving one of the banks in the Bangka Belitung Islands Province revealed the misappropriation of funds that should have been used to empower MSMEs but were instead misused by certain individuals. In addition, corruption in the tin industry in the Bangka Belitung Islands Province related to the management of natural resources

has resulted in major losses for the state, reduced investment, and hampered sustainable industrial development. This has an impact on slowing economic growth, increasing unemployment rates, and decreasing public welfare in the Bangka Belitung Islands Province (Ramadhanti, 2024). Furthermore, the rate of economic growth has decreased in the last 2 years in the Bangka Belitung Islands Province. The MSME sector can be a solution and drive the gross regional domestic product in the Bangka Belitung Islands Province (BPS Bangka Belitung, 2024). This study aims to analyze the implementation and effectiveness of People's Business Credit distribution in achieving its goals, identifying the Regency/City areas that benefit the most from People's Business Credit so that they can optimize the use of People's Business Credit for the economy in the Bangka Belitung Islands Province. The difference between this study and previous studies lies in the place of research and the addition of variables used, namely outstanding, which refers to the remaining principal loan that the debtor has not paid in a certain period.

B. LITERATURE REVIEW

1. Gross Regional Domestic Product (GRDP)

Gross Regional Domestic Product (GRDP) is a measure that reflects the total added value of goods and services produced in a region during a certain period, usually one year (Nurhasanah, 2024). GRDP includes all economic activities taking place in the region, such as Agriculture, forestry, and fisheries; mining and quarrying; manufacturing; electricity and gas supply; water supply; waste management and recycling; construction; wholesale and retail trade; car and motorcycle repair; transportation and warehousing; provision of accommodation and food and beverages; information and communication; financial and insurance services; real estate; and health care services (BPS, 2009).

2. People's Business Credit

People's Business Credit is a credit financing for micro, small, and medium enterprises, as well as cooperatives. The provision is in the form of capital and investment with guarantees for their businesses to be more productive (BPKRI, 2015). The realization of the distribution of people's business credit is divided into 3 (three) components, namely as follows: 1) The debtor is the party receiving the loan; 2) The contract value is the total amount of funds agreed to be distributed to the debtor; and 3) Outstanding is the remaining principal of the loan that the debtor has not paid in a certain period

C. RESEARCH METHOD

This study uses a quantitative descriptive approach, which aims to reveal the truth of the theory. This research method uses quantitative data because it is based on concrete data related to the problem being studied. The research data is in the form of numbers and is measured using statistics as a calculation test tool (Mukamad, 2017). Debtor data, contract value, and people's business credit fund outstanding are independent variables, and Gross Regional Domestic Product (GRDP) is the dependent variable. The analysis of this research data can be done as follows to obtain the ideal model, namely: 1) Find panel data to be used in research; 2) Conduct testing to determine the most suitable panel data regression model, using the Chow Test, Hausman Test, and Lagrange Multiplier Test; 3) Conduct panel data estimation using the Common Effect Model (CEM), Fixed Effect Model (FEM), and Random Effect Model (REM) estimation models; 4) Performing classical assumption tests; 5) Conducting hypothesis testing; 6) Interpreting the selected model

D. RESULTS AND DISCUSSION

1. Data analysis

The first step is to choose the most suitable model to analyze panel data from the three available panel data method approaches. Tests such as the Chow Test, Hausman Test, and Lagrangian Multiplier Test are the basic tests performed.

Chow Test

The Chow test is used to compare the common effect model and the fixed effect model. The regression results of the fixed effect model are based on the regression results of the fixed effect model. By using the Chi-Square probability statistical consideration, the basis for accepting the hypothesis is if the probability figure is less than 0.05 and will proceed to the Hausman test. (Kusumo, 2019).

Table 3 Chow Test

Effects Test	Statistics	df	Prob.
Cross-section F	336.755048	(-6.53)	0.0000
Cross-section Chi-square	231.003106	6	0.0000

Source: Research results, data processed by researchers, 2024

Table 3 (three) Chow test shows that the ChiSquare probability statistic is 0.0000. This means that H₀ is rejected and H_a is accepted, so the test is continued to the Hausman test.

Hausman test

The Hausman test compares the Fixed Effect Model and the Random Effect Model. The Hausman test results can be carried out if the cross-section chi-square probability value of the Chow test is less than 0.05. Rejection of the basic Hausman test model is carried out again if the probability is greater than 0.05. If the probability is greater than 0.05, the proposed hypothesis is rejected. However, if the probability is less than 0.05, the hypothesis is accepted, so the Lagrange multiplier test must be carried out again. (Kusumo, 2019).

Table 4 Hausman test

Test Summary	Chi-Sq. Statistic	Chi-Sq. df	Prob.
Cross-section F	5.487339	3	0.1394

Source: Research results, data processed by researchers, 2024

Table 4 (four) Housman's test shows that the probability statistic is 0.1394. This means that H₀ is rejected and H_a is accepted, so the test is continued to the Lagrange multiplier test.

Lagrangian Multiplier Test

The Lagrange Multiplier test compares between random and common effect models. If the Chi-square cross-section probability value of the Hausman Test is less than 0.05, then this test can be performed. Using the Breusch-Pagan statistical considerations, if the probability of the Lagrange Multiplier test result is greater than 0.05, then the Common Effect Model is used. However, if the result is less than 0.05, then the Random Effect Model is used (Kusumo, 2019).

Table 5 Lagrangian Multiplier Test

	Cross section	Hypothesis Test Time	Both
Breusch Pagan	178.2649	0.219351	178.4842
	(0.0000)	(0.6395)	(0.0000)

Table 5 Lagrange Multiplier Test shows that the probability statistics are 0.0000. This means that the result is less than 0.05, so the best model to use is the random model (Random Effect Model).

2. Result

Use of the best model to see the relationship and influence of The independent variables, namely debtors (DB), contract value (ND), and outstanding (OS), against the dependent variable, namely Gross Regional Domestic Product (PDRB) in the Bangka Belitung Islands Province is a random model (Random Effect Model)so it does not require classical assumptions.

Panel data regression results

Table 6. Panel Data Regression Results

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	21,15285	0.252456	83.78812	0.0000
LOG(DB)	0.002803	0.008867	0.316160	0.7530
LOG(ND)	0.033601	0.015387	2,183790	0.0330
LOG(OS)	0.029736	0.006631	4.484199	0.0000
Random Effects (Cross)				
_Bangka--C	0.282405			
_West_Bangka--C	0.316394			
_South_Bangka...	-0.177607			
_Central_Bangka...	-0.195567			
_Belitung--C	-0.146485			
_East_Belitung...	-0.280484			
_Pangkal Pinang--C	0.201343			

Source: Research results, data processed by researchers, 2024

The results of the analysis of the multiple linear regression calculation can be seen in Table 6 (six). By referring to the multiple linear regression equation formula, the following equation is obtained:

$$GRDP_{it} = a + DB_{it} + ND_{it} + OS_{it} + e \dots\dots\dots(1)$$

$$GRDP_{it} = 21.15285 + 0.002803DB_{it} + 0.033601ND_{it} + 0.029736OS_{it} + \dots\dots\dots(2)$$

Where Information:

B0	=Constants
$\beta_1, \beta_2, \beta_3$	=Intercept
GRDP	=Gross Regional Domestic Product (Rupiah)
DB	=Debtor (person)
ND	= Value contract (Rupiah)
OS	= Outstanding (Rupiah)
μ_{it}	=Error Variables Outside the Model
i	=Number of Observations
t	= Time

From Table 6 (six), it appears that all X variables, namely debtors (DB), contract value (ND), and outstanding (OS) have positive coefficients. It can be concluded that all variables have a positive influence on variable Y or Gross Regional Domestic Product (GRDP). However, from the α value, it appears that not all X variables have a value below 0.05 (5%). It appears that the α value of the debtors (DB) variable is 0.7530 or above 5%. So, it can be concluded that the debtors (DB) variable has an insignificant influence on variable Y (Gross Regional Domestic Product / GRDP). The contract value (ND) and outstanding (OS) variables have an α value below 5%. This means that the contract value (ND) and outstanding (OS) variables have a positive and significant influence on variable Y (Gross Regional Domestic Product / GRDP). This means that increasing contract value (ND) and outstanding (OS) activities also tend to increase Gross Regional Domestic Product (GRDP) and vice versa.

Test of Determination Coefficient (R^2)

Determination analysis aims to calculate the percentage of influence that has been tested using a correlation test. The coefficient of determination (R^2) shows the percentage of influence of each independent variable on the dependent variable. The value of this coefficient ranges between 0 and 1. A lower value indicates that the independent variables do not provide enough information to predict the variation of the dependent variable. Conversely, a higher value indicates that the independent variables have provided almost all the information needed to predict the variation of the dependent variable (Yunianto, 2021).

Table 7 Coefficient of Determination Test (R^2)

R-squared	0.810772	Mean dependent variable	1.371468
Adjusted R-squared	0.801150	SD dependent var	0.089302
SE of regression	0.039822	Sum squared residual	0.093562
F-statistic	84.26421	Durbin-Watson stat	0.797573
Prob(F-statistic)	0.000000		

Source: Research results, data processed by researchers, 2024

Based on the results of the regression analysis above, the Adjusted R-squared value is 0.801150 or when presented is 80.11%, which means that debtors (DB), contract value (ND), and outstanding (OS) together are able to explain the variation in Gross Regional Domestic Product (GRDP) for the period 2015-2023 of 80.11%, while the remaining 19.89% is an error (residual) explained by other variables that are not included in the model estimation.

The results of the individual district/city effect equation model are summarized in the following table:

Table 8 Individual Intercept Results by Regency/City

Regency/City	C	Ci	C+Ci (Intercept)
West Bangka Regency	21,15285	0.316394	21.469244
Bangka Regency	21,15285	0.282405	21.435255
City of Pangkalpinang	21,15285	0.201343	21.354193
East Belitung Regency	21,15285	-0.146485	21.006365
South Bangka Regency	21,15285	-0.177607	20.975243
Central Bangka Regency	21,15285	-0.195567	20.957283
Belitung Regency	21,15285	-0.280484	20.872366

Source: Research results, data processed by researchers, 2024

The conclusion of the individual effect equation model of districts/cities based on Table 8 (eight) is that the intercept value range is 21.469244 to 20.872366. West Bangka

Regency is a district/city that has the highest individual effect in increasing Gross Regional Domestic Product (GRDP) of 21.469244, which means that if the debtor, contract value, and outstanding in each district/city are considered constant, then West Bangka Regency will get an individual influence on increasing Gross Regional Domestic Product (GRDP) of 21.469244 percent in the Bangka Belitung Islands Province in 2015-2023. This is because the manufacturing industry sector is a leading sector that makes a significant contribution to GRDP. The manufacturing industry has great potential to improve the economy of West Bangka by increasing the added value of products. This industry can develop sustainably and be highly competitive with investment in human resource training and technology, as well as support from the government in terms of infrastructure and regulation through the provision of people's business credit funds.

Meanwhile, Belitung Regency is a regency/city that has the lowest individual effect in increasing economic growth of 20.872366, which means that if the debtor, the value of the contract and outstanding in each regency/city are considered constant, then Belitung Regency will get an individual effect on increasing Gross Regional Domestic Product (GRDP) of 20.872366 percent in the Bangka Belitung Islands Province in 2015-2023. This is because the unemployment rate in Belitung is high due to the lack of job opportunities. Other factors that hinder local economic growth are the lack of absorption of the government budget and policies that are not well-targeted in supporting local economic growth. In addition, limited infrastructure hinders investment and progress in other areas that can increase GRDP. Lack of infrastructure limits access to markets and reduces investor attractiveness. Overall, Belitung Regency's GRDP is low due to dependence on certain sectors, good human resources, government policies, and global economic conditions. Future GRDP increases depend on economic diversification, improved education, and improved infrastructure.

3. Discussion

The Influence of People's Business Credit Fund Debtors on Gross Regional Domestic Product (PDRB) in the Bangka Belitung Islands Province

Based on the results of panel data regression it shows that debtors have a positive and insignificant influence on the Gross Regional Domestic Product (GRDP) in the Bangka Belitung Islands Province, meaning that if debtors increase, the Gross Regional Domestic Product (GRDP) in the Bangka Belitung Islands Province also increases. This is supported by Schumpeter's theory, which states that economic growth is influenced by entrepreneurs and MSMEs or the number of KUR recipients (Astutiningsih, 2017). Previous studies stated that GRDP is influenced by the number of MSMEs and their workforce (Liu, 2022; April, 2023; Opit, 2024). The growth of Micro, Small, and Medium Enterprises can improve the welfare of society (Opit, 2024). This shows a relationship, although not significant, but influences providing credit to the people and the growth of small and medium-sized businesses' GRDP, which allows technological progress in efforts to increase economic growth in the Bangka Belitung Islands Province (Aimon et al., 2019; Liu, 2022).

Increased social production is caused by the increase in the number of production factors used in society's production process (Ziemnowicz, 2020; Schumpeter & Swedberg, 2021). *The theory of economic development*. Routledge.). Innovators and entrepreneurs are the key to economic development. Entrepreneurs are able to create new things that can drive the economy of a society. In addition to the ability to increase profits and improve the standard of living of society, entrepreneurs also can outperform competitors and gain monopoly power (Astutiningsih, 2017).

Although debtors have a positive influence on GRDP in the Bangka Belitung Islands Province, the influence is not significant because many factors cause it. Depending on certain sectors, GRDP in the Bangka Belitung Islands Province is greatly influenced by the mining sector, especially tin. If this sector experiences fluctuations or declines, the overall GRDP will be affected. Thus, although debtors contribute positively, this dependence can limit the significant impact on GRDP (Asih, 2022). How fast or slow the development process is depends on how well the subject of development is, so it must have sufficient human resources to carry out the process (April, 2023).

Not all debtors have the same ability to manage their loans. Suppose many debtors are unable to optimize the use of loan funds for productive investments. The limited infrastructure of several areas in the Bangka Belitung Islands Province can hinder the growth of debtor businesses. Government policies that do not support or are not on target in providing credit access to debtors can also have a positive impact on GRDP. If policies do not encourage the use of credit for productive sectors, debtor contributions will remain low. It is necessary to improve the quality of debtors and diversify the economic sector to increase the contribution of GRDP. Financial institutions greatly assist the economy of the community and the country, improve the welfare of life, and maintain a stable national economy (Asih, 2022).

The Influence of the Value of the People's Business Credit Fund Agreement on the Gross Regional Domestic Product (GRDP) of Districts/Cities in the Bangka Belitung Islands Province

Based on the results of panel data regression it shows that the value of the contract has a positive and significant influence on the Gross Regional Domestic Product (GRDP) in the Bangka Belitung Islands Province, meaning that if the value of the contract increases, the Gross Regional Domestic Product (GRDP) in the Bangka Belitung Islands Province will also increase. This is supported by Robert Solow's theory, which states that in the long term, the savings rate can determine the capital needed for the production process. In other words, the higher the savings rate, the more capital and output are produced (Haryono, 2021).

Micro, Small and Medium Enterprises (MSMEs) receiving people's business credit stated that their profits have increased, this also has an impact on improving community welfare (Iztihar, 2018); Candratrilaksita, 2020; Ishak, 2022; Berliansyah, 2023; Nita, 2023; Sertiningsih, 2023; Opit, 2024). People's business credit funds greatly help the growth of small businesses. This shows that the realization of people's business credit funds is very influential.

According to Solow, economic growth is determined by four main factors: human resources, capital accumulation, modern technology, and production output (Solow, 2018). The development of production factors and technological progress are analytical determinants and ignore social aspects. Capital growth is a very important component in determining the input of production capital or labor. Therefore, increasing capital has a significant impact on the productivity of a country, so in the long term, it can have a significant impact on the economic growth of each country (Haryono, 2021).

Technology, capital, and labor are important to increase economic growth. Technological progress, especially information technology and science, is caused by the development of human resources that are able to take advantage of technological and scientific progress that is in accordance with economic potential (Nugraha, 2022).

The value of the contract, which is often associated with investment and financing, increases the production capacity of a region. Increased investment can drive economic

growth and increase GRDP. With high contract values, economic activities such as trade, industry, and services can increase, which contributes to increasing GRDP. Better access to financing can help micro, small, and medium enterprises (MSMEs) grow. This will increase people's income and create new jobs, contributing to GRDP (Ishak, 2022).

In addition, a positive contract value shows how stable the regional financial system is. This stability is very important to attract further investment and maintain economic growth in the long term. The contract value of GRDP can be strengthened by government policies that encourage the growth of the financial sector and investment. Programs that encourage investment and provide facilities for debtors will make the contract value more effective in encouraging economic growth. Overall, the positive and significant influence of the contract value on GRDP in the Bangka Belitung Islands Province shows the importance of access to financing and investment in supporting regional economic growth (Nurhasanah, 2024).

The Influence of Outstanding People's Business Credit Funds on Gross Regional Domestic Product (GRDP) of Districts/Cities in the Bangka Belitung Islands Province

Based on the results of panel data regression, it shows that outstanding has a positive and significant influence on Gross Regional Domestic Product (GRDP) in the Bangka Belitung Islands Province, meaning that if outstanding increases, Gross Regional Domestic Product (GRDP) in the Bangka Belitung Islands Province will also increase. This is supported by Harrod Domar's theory, which states that stable economic growth requires capital formation and investment. The more capital one has, the more products and services are produced.

The gross regional domestic product is increased by credit loans (Pracoyo, 2021; Dodokambey, 2022; Akbar, 2024). The Gross Regional Domestic Product (GRDP) in the Bangka Belitung Islands Province can be positively affected by the principal amount of people's business credit loans that people's business credit borrowers have not paid off. If people's business credit loans are used productively by MSMEs to develop their businesses, the circulation of money in the economy will continue to rotate. As long as the loan has not been fully paid off, the funds remain in the economic system and continue to drive economic activity. People's business credit distribution begins with a debt acknowledgment agreement. If the debtor does not pay on behalf of the people's business credit recipient, the guarantor company can attach a guarantee certificate along with the specified documents (Akbar, 2024).

Government guarantees and interest subsidies on micro business credit focus on productive credit for investment and working capital, which encourage economic growth and create added value. Outstanding affects the economy through various channels, such as providing sources of financing, financial system stability, encouraging investment, and influencing interest rates. Outstanding in the MSME sector increase access to financing, lowers capital costs, provides better information, and increases competitiveness (Candratrilaksita, 2020).

Micro, Small, and Medium Enterprises (MSMEs) are commodities or goods that are sold and are not fixed or can change at any time. The location of the business can change at any time; some businesses continue to run their businesses at home and have not implemented administration. The level of income generated by the business is still unstable. Micro, Small, and Medium Enterprises can get funds guaranteed by the government to expand their business, buy new equipment, or even make innovations. People's business credit functions as a tool that helps. Micro, Small and Medium

Enterprises (MSMEs) to develop, which ultimately contributes to the overall economic sector (Anggraeni, 2024).

People's business credit provides greater access to capital for micro, small, and medium enterprises (MSMEs) that increase production and income. These increasing economic activities in the region help increase the Gross Regional Domestic Product (GRDP). The increase in remaining people's business credit funds shows the success of the program in supporting micro, small, and medium enterprises, which play an important role in the growth of Gross Regional Domestic Product (GRDP) in the region. Effective people's business credit distribution can increase people's purchasing power and encourage the growth of economic sectors that contribute to the Gross Regional Domestic Product (GRDP). The level of credit repayment smoothness will increase along with the income level of People's Business Credit recipients (Asih, 2022).

E. CONCLUSION

The results of the panel data regression stated that debtors have a positive and insignificant influence on the gross regional domestic product (GRDP) of districts/cities in the Bangka Belitung Islands Province. In contrast, the contract value and outstanding have a positive and significant influence on the Gross Regional Domestic Product (GRDP) of districts/cities in the Bangka Belitung Islands Province.

For future research, it is recommended to incorporate additional relevant variables, such as education level, foreign investment, infrastructure, or unemployment rate, in order to obtain a more comprehensive understanding of the factors influencing Gross Regional Domestic Product (GRDP). Furthermore, employing alternative methodological approaches, such as spatial regression or time series analysis, may help test the robustness of the results and capture the regional economic dynamics more effectively. Given that the variable "debtors" shows a positive but statistically insignificant effect, further analysis is needed to explore debtor characteristics—such as business type, MSME scale, and sector—in order to determine whether specific groups have a more substantial impact on GRDP. Future studies may also benefit from incorporating qualitative methods, such as interviews with business actors and financial institutions, to gain deeper contextual insights into the relationship between financing and local economic growth. Lastly, expanding the geographical scope of the study to other provinces or extending the observation period could provide a broader perspective and capture long-term economic trends.

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