COMPARATIVE ANALYSIS AND THE INFLUENCE OF THE PERCEPTION OF MICRO BUSINESS ACTORS ON THE FINANCING OF SHARIA BANKS AND CONVENTIONAL BANKS: AN EMPIRICAL STUDY IN CIBATU DISTRICT

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Abstract. *This study aims to analyze the comparison and influence of the perception of micro business actors on the financing offered by Sharia Banks and Conventional Banks in Cibatu District. Using a quantitative approach with a survey design, data was collected through a questionnaire distributed to 74 respondents who are micro business actors who have or are accessing financing services from both types of banks. The results of the study show that the perception of micro business actors towards Sharia Banks is more positive than that of Conventional Banks, especially because the profit-sharing system implemented by Islamic banks is considered fairer and in accordance with religious values. Meanwhile, although Conventional Banks offer easy access, the higher interest burden is an obstacle for some micro business actors. Multigroup Analysis (MGA) revealed that gender did not have a significant effect on financing choices, although men were more likely to choose conventional banks, while women preferred Islamic banks. These findings provide important implications for financial institutions to improve financial literacy and provide a better understanding of the financing products they offer, in order to expand the adoption of formal financing among micro-entrepreneurs. This study also suggests the need to adjust products and financing terms to better suit the needs of micro business actors.*

Key words: Financing, Sharia Banks, Conventional Banks, Micro Enterprises, Perception

Introduction

Micro business financing is very important in supporting economic growth, especially at the village level, as this sector absorbs most of Indonesia's workforce. Micro, small, and medium enterprises (MSEs) account for 99% of the total number of companies and account for about 92% of employment in Indonesia (Tambunan, 2019). With a large contribution to the economy, micro businesses have the potential to accelerate job creation and improve people's welfare. However, despite having great potential, micro businesses often face obstacles in accessing adequate financing. One of the main challenges is the limited access to formal banking services, both in terms of strict requirements and low understanding of existing financial products (Prijadi et al., 2020). Most micro-enterprises rely on financing from informal sources, such as personal loans or loans from non-formal financiers, due to the difficulty of meeting the requirements of formal financial institutions.



Figure 1. Data on the Contribution of MSMEs in the National Economy

Based on a study conducted by Fauzi et al. (2024), a lack of understanding of available financing products and limited collateral are often the reasons why micro enterprises do not take advantage of loan facilities from formal financial institutions. Therefore, although micro-enterprises need financing to grow their businesses, they prefer to rely on personal funds or loans from informal sources, which is often not sustainable in the long run. In an effort to address this problem, the Indonesian government launched the Ultra Microcredit (UMi) program to provide low-interest loans and an easier application process. This program aims to empower micro-enterprises owned by the poor and vulnerable (Adam et al., 2021). UMi has great potential to support micro-enterprises outside urban areas that are more easily accessible to financing, and shows positive results in terms of complex unsecured lending.

In addition, sharia-based financing also makes an important contribution to the development of micro businesses in Indonesia. Research conducted by Faizi and Yudhistira (2023) shows that Islamic financial institutions such as BMT (Baitul Maal wa Tamweel) have a positive impact on increasing micro business income. This financing also helps reduce poverty rates by providing access to micro enterprises that need financing with simpler procedures and does not require formal guarantees. Sharia Banks and Conventional Banks are two types of financial institutions that provide financing for micro businesses, but they operate on different principles. Sharia banks operate on the principle of profit sharing and do not charge interest, while conventional banks use an interest system in providing financing (Wijaya et al., 2019). These differences in operational principles affect the way the two types of banks assess business feasibility and risk in providing financing to micro-entrepreneurs.

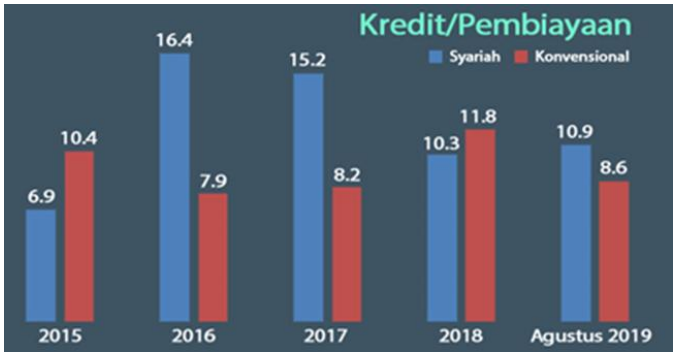


Figure 2. Business Growth Trends of Sharia Banks Vs Conventional Banks in Indonesia

Sharia banks prioritize real asset-based financing and profit-and-loss sharing, which is expected to increase the sustainability of micro businesses more fairly (Aini, 2024). In addition, although both banks offer financing products for micro-businesses, there are differences in financing structures and risk management methods. Sharia banks tend to avoid fixed-rate financing, which can burden micro businesses in the long run. In contrast, conventional banks offer interest-based financing that can be a fixed burden for debtors, especially in the midst of economic fluctuations (Elliyana & Bachtiar, 2020). In this case, the financing system implemented by Sharia Banks can be more flexible and profitable for micro businesses that need funding with calculations that are more based on business results. In addition to the financing structure, another difference lies in the aspect of trust between the bank and the debtor. Research by Wijaya et al. (2019) shows that Sharia Banks rely more on trust in providing loans to micro-entrepreneurs, especially in sectors with higher risks and unclear guarantees. This trust leads more towards a long-term relationship between banks and entrepreneurs, which is in line with Islamic principles that prioritize fairness and transparency in transactions.

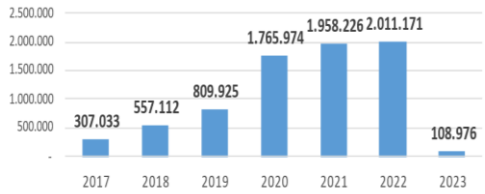


Figure 3: UMi Financing Distribution for the Period 2017 to 2023 (Rp Billion)

Literature review

1. Perception of Micro Business Actors

Micro business actors often have varying perceptions of the various types of financing offered by banks, both Islamic Banks and Conventional Banks. This perception is influenced by their very specific experiences, knowledge, and needs. Some studies show that micro-entrepreneurs in developing countries are more likely to opt for financing with banks that offer ease of access and more flexible terms. Sharia banks, for example, are often considered more profitable for micro business actors due to the profit-sharing system applied, which is considered fairer compared to the interest charged by conventional banks (Muda & Yusoff, 2020). However, ignorance about sharia financing products is also a major obstacle (Suherman et al., 2022).

Other research also underlines that positive perceptions of Islamic banks are often shaped by emotional approaches and religious values, especially among religious micro-business actors. For example, Jannah and Mulyana (2021) found that preference for the sharia system is not only related to economic aspects, but also because it is considered to reflect integrity and adherence to moral and religious principles (Jannah & Mulyana, 2021).

Hypothesis-1: There is a positive difference between the perception of micro business actors towards Sharia Bank financing.

2. Sharia Bank Financing

Sharia banks in Indonesia have unique characteristics in terms of financing, where sharia principles emphasize the principle of justice and avoid the element of riba (interest). This financing is usually based on profit-sharing contracts such as *mudharabah* and *musyarakah*. Based on research, many micro business actors feel more comfortable using Islamic bank financing because the system is considered more in line with their religious and ethical values. However, the main challenge is the limited understanding of sharia products and the difficulty in meeting the requirements set by banks (Setiawan & Kurniawan, 2021). Therefore, a positive perception of Sharia Banks is related to transparency and conformity with moral principles, although Islamic financing is often considered more difficult to access.

In addition, the adoption of sharia financing is also highly dependent on the success of socialization and education carried out by financial institutions. Hidayat and Widiastuti (2019) stated that there are still many micro business actors who do not clearly understand the profit-sharing mechanism, causing doubts in taking sharia financing (Hidayat & Widiastuti, 2019). Therefore, increasing Islamic financial literacy is an important factor to strengthen this positive perception.

Hypothesis-2: There is a significant influence between the perception of micro business actors and Sharia Bank financing.

3. Conventional Bank Financing

Conventional Banks offer financing with an interest system that is often better known by micro business actors. Many studies show that micro entrepreneurs tend to prefer conventional banks because of their ease of access and familiarity with these established systems. However, conventional bank financing is often seen as having a higher interest burden, which can be an obstacle for micro business actors, especially those with limited capital (Hernadi & Setiawan, 2021). Nonetheless, for some micro business actors, the simplicity of the procedures and guarantees provided by conventional banks remains the main attraction.

Additional research by Wulandari and Purnama (2020) shows that conventional banks excel in terms of the speed of disbursement of funds and a more standardized administrative process compared to other financing institutions, including sharia (Wulandari & Purnama, 2020). This explains why conventional banks remain a practical choice for some micro business actors even though interest rates are relatively high.

Hypothesis-3: There is a significant influence between the perception of micro business actors towards conventional banks.

Reseach Methods

The research method used in this study is a quantitative approach with a survey design to analyze the comparison and influence of the perception of Micro Business actors on financing in Islamic banks and conventional banks in Cibatu District. Primary data was collected through a closed questionnaire that was distributed to Micro Business actors who have or are accessing financing services from both types of banks. The sampling technique used is purposive sampling, with respondent criteria that are relevant to the research topic. Data analysis was carried out using comparative statistical tests and multiple linear regression to determine the differences and the influence of perception on financing preferences, with the help of SmartPLS statistical software.

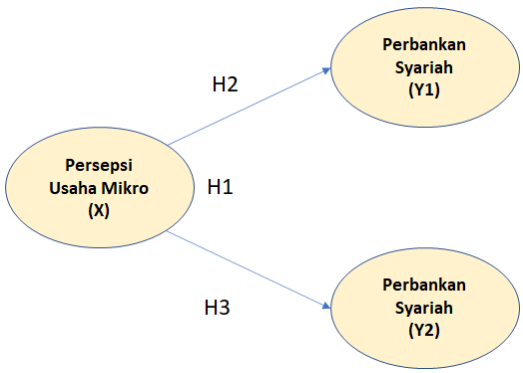


Figure 4. Frame of Mind

The study used a structured questionnaire in which all validated variables required individuals to respond to statements on a five-point Likert scale, ranging from (1) "strongly disagree" to (5) "strongly agree". Respondents were asked to assess their perception as a micro-business, towards Islamic banking and conventional banking. Eight dimensions and twelve indicators to measure the perception of micro enterprises were adopted from the Theory of Micro and Small Enterprises, Knight (1921). The four dimensions and six indicators used to measure sharia financing are adopted from the theory of Sharia Financing, Ahmed (2004). The three dimensions and six indicators used to measure Conventional Financing are adopted from Mishkin's (1992) theory of conventional financing.

An online questionnaire distributed to 100 people in Cibatu District resulted in 74 usable surveys, representing a response rate of 74%. To avoid non-response bias, respondents were reassured not to be named. In addition, to focus exclusively on the point of view of the community. Of the respondents, 44.6% are women, 33.8% have a bachelor's/master's degree, 66.2% have a high school education/equivalent, the types of micro businesses vary greatly including businesses: farming, livestock, buckets, photography, graphic design, convection, skinny/private, online shop, food and beverage processing, grocery store, food stalls, and so on.

The analysis was performed in three steps (Hair, et al. (2011), using SMARTPLS-3. *The first steps* of the measurement model/Outer model include: 1) Convergent Validity, using the Outer Loadings, Average Variance Extracted (AVE), and Cronbach's Alpha values to confirm whether the indicators used to measure constructs are valid, and 2) Composite Reliability, to measure the reliability of constructs in the model. The results are summarized in Table 1 below.

Tabel 1: Rekapitulasi Outer Loading

Kontruksi	Indikator	OL	ME	SD	CR	AVE
Persepsi Usaha Mikro			**46,7**	**6,98**	**0,91**	**0,517**
	Usaha mikro seringkali memiliki jumlah karyawan yang lebih sedikit dibandingkan dengan usaha kecil atau menengah.	**0,68**				
	Modal yang diinvestasikan dalam usaha mikro umumnya sangat kecil dibandingkan dengan usaha kecil atau menengah.	**0,71**				
	Usaha mikro seringkali memiliki omzet tahunan yang rendah, biasanya di bawah batas yang ditetapkan oleh peraturan pemerintah.	**0,7**				
	Ciri utama dari usaha mikro adalah operasi yang dilakukan secara lokal dan terbatas, sering kali hanya melayani pasar di lingkungan sekitar.	**0,66**				
	Usaha mikro membantu dalam mengurangi ketimpangan ekonomi dengan memberikan peluang ekonomi kepada individu dari berbagai latar belakang sosial-ekonomi.	**0,73**				
	Usaha mikro sering kali menghadapi tantangan dalam mengakses sumber daya keuangan dan dukungan yang diperlukan untuk berkembang, yang dapat membatasi dampak ekonominya.	**0,73**				
	Usaha mikro sering kali bergantung pada pembiayaan dari sumber non-formal, seperti pinjaman dari keluarga dan teman, karena kesulitan mendapatkan kredit formal	**0,78**				
	Kemudahan dalam proses pengajuan pembiayaan sangat penting untuk keberhasilan usaha mikro dalam mendapatkan dukungan finansial.	**0,78**				
	Usaha mikro sering kali memanfaatkan modal dari tabungan pribadi sebagai sumber pembiayaan utama.	**0,71**				
Bank Syariah			**19,1**	**3,42**	**0,9**	**0,602**
	Bank syariah menyediakan berbagai produk pembiayaan yang sesuai dengan prinsip-prinsip syariah, seperti murabahah dan ijarah, yang bermanfaat bagi usaha mikro.	**0,77**				

Description:

OL : Outer Loading

ME : Mean

SD : Standard Deviation

CR : Composite Reliability

AVE : Average Variance Extracted

Research result

Next 3) Discriminant Validity: Using the Fornell-Larcker Criterion and HTMT (Heterotrait-Monotrait ratio) to ensure that each construct can be properly distinguished from the others. The test results are as follows:

Tabel 2. Fornell-Larcker Criterion

	BANK KONVENSIONAL	BANK SYARIAH	USAHA MIKRO
BANK KONVENSIONAL	0,747		
BANK SYARIAH	0,612	0,776	
USAHA MIKRO	0,677	0,638	0,719

The Fornell-Larcker Criterion table shows the results of the discriminant validity test for three constructs in the model: Conventional Banks, Sharia Banks, and Micro Enterprises. The values on the diagonal show the root of the Average Variance Extracted (AVE) for each construct, all of which are greater than 0.50, i.e. 0.747 for Conventional Banks, 0.776 for Islamic Banks, and 0.719 for Micro Enterprises, indicating that each construct can explain more than 50% of the variance in its indicators. The correlation values between constructs (outside of the diagonal) are smaller than the AVE roots of each construct, which are 0.612, 0.677, and 0.638, which means that the discriminant validity of these models is met, since they can be clearly distinguished from each other.

Tabel 3: Heterotrait-Monotrait Ratio (HTMT)

	BANK KONVENSIONAL	BANK SYARIAH
BANK SYARIAH	0,707	
USAHA MIKRO	0,748	0,712

The Heterotrait-Monotrait Ratio (HTMT) table shows the results of the discriminant validity test between three constructs in the model: Conventional Banks**,** Sharia Banks, and Micro Enterprises. The HTMT value between the construct pairs was 0.707 for Conventional Banks and Sharia Banks, 0.748 for Conventional Banks and Micro Enterprises, and 0.712 for Sharia Banks and Micro Enterprises. Since all of these HTMT values are lower than the 0.85 threshold, this indicates that the constructs have good discriminant validity, i.e. they can be clearly distinguished without significant overlap. Thus, the validity of the discriminator in this model can be considered fulfilled.

The second step, the Structural/Inner Model Model, includes: 1) The path coefficient (T-Statistics and P-Values) for each relationship in the model, both for the entire model and for each group being compared, the results of this bootstrapping test determine the significance of the path coefficient which indicates whether the relationships between variables in the structural model are significant (p-value < 0.05): 2) R-Square (R^2): Assess the extent to which independent variables in the model can explain variance on dependent variables. 3) Effect Size (f^2): Assesses the magnitude of the influence of each independent variable on the dependent variable. This is important to show how much impact the variables have in the model, both on the overall model and on the multigroup model. 4) Goodness of Fit (GoF): to give an overview of the quality of the model. The results are shown in the table below:

Tabel 4. Koefisien Jalur

	T Statistics	P Values
USAHA MIKRO -> BANK KONVENSIONAL	8,727	0,000
USAHA MIKRO -> BANK SYARIAH	6,905	0,000

The results of the T-Statistics and P-Values test showed that the relationship between Micro Enterprises and Conventional Banks (T-Statistics = 8.727, P-Value = 0.000) as well as between Micro Enterprises and Islamic Banks (T-Statistics = 6.905, P-Value = 0.000) were both statistically significant. A high T-Statistic value and a very small P-Value (below 0.05) indicate that the two influences did not occur by chance, but rather were real and significant influences in this model.

Tabel 5: R-Square (R^2)

	R Square	R Square Adjusted
BANK KONVENSIONAL	0,458	0,450
BANK SYARIAH	0,407	0,399

The R Square and R Square Adjusted values shown in the table show how much variance in the dependent variables can be explained by the independent variables in the model. For Conventional Banks, an R Square value of 0.458 means that 45.8% of the variance in a Conventional Bank can be explained by independent variables in the model, while an Adjusted R Square value of 0.450 takes into account the number of predictors in the model and shows a slight decrease, indicating a slight adjustment to a more complex model. For Sharia Banks, an R Square value of 0.407 indicates that 40.7% of the variance in Sharia Banks can be explained by independent variables, and an Adjusted R Square of 0.399 indicates a slightly lower adjustment but still close to the R Square value. Overall, the lower R-Square value suggests that despite significant influence, this model can only partially explain the variance in both constructs.

Tabel 6. F-Square (f^2)

	BANK KONVENSIONAL	BANK SYARIAH
USAHA MIKRO	0,845	0,686

The F-Square value (f^2) shown in the table shows that Micro Enterprises have a great influence on Conventional Banks with a f^2 value of 0.845, which shows a very significant influence. Meanwhile, the influence of Micro Enterprises on Sharia Banks has an f^2 value of 0.686, which shows a moderate to large influence. Overall, these two values indicate that Micro Enterprises have a significant influence on both types of banks, with a stronger influence on conventional banks.

Tabel 7: Model Fit

	Saturated Model	Estimated Model
SRMR	0,095	0,102
d_ULS	2,082	2,422
d_G	1,055	1,075
Chi-Square	375,062	379,680
NFI	0,639	0,634

This table shows the results of the comparison between the Saturated Model and the Estimated Model in the Goodness of Fit test. The SRMR (Standardized Root Mean Square Residual) values for both models were 0.095 (Saturated) and 0.102 (Estimated), both below the ideal limit of 0.08, but the Estimated Model values were slightly higher, suggesting that the estimated model was slightly worse compared to the saturation model. The values d_ULS and d_G showed a difference in the distance between the estimated model and the saturation model, with d_ULS (2.082 for Saturated and 2.422 for Estimated) and d_G (1.055 for Saturated and 1.075 for Estimated), both showing slight improvement in the estimated model, although the difference was not significant. The Chi-Square value shows a slight increase from 375,062 (Saturated) to 379,680 (Estimated), indicating an increase in the model's estimated mismatch with the data. Finally, the NFI (Normed Fit Index) decreased slightly from 0.639 (Saturated) to 0.634 (Estimated), which also indicates a decrease in model fit. Overall, despite a small improvement in some statistics, the estimated model still shows a relatively good match with the data despite a slight decline in some indicators.

The third step is the Multigroup Analysis (MGA) Test: 1) The results of the MGA itself, which tests the differences between the groups (micro business actors using Islamic banks vs. conventional banks). Judging from the p-value which shows whether the differences between groups are significant. 2) Test of path coefficient differences: The results of a statistical test that compares the path coefficient between groups (for example, the difference in the influence of the variable X on Y between Islamic and conventional banks).

Tabel 8: PLS-MGA (Multigroup Analysis)

	Path Coefficients-diff (GENDER)	p-Value original 1-tailed (GENDER)	p-Value new (GENDER)
USAHA MIKRO -> BANK KONVENSIONAL	0,038	0,375	0,751
USAHA MIKRO -> BANK SYARIAH	-0,020	0,535	0,929

Based on the results of the analysis, it can be concluded that there is no significant difference between men and women in terms of the relationship between micro businesses and two types of financing, namely conventional banks and Sharia banks. In the micro business **path** → Conventional Bank, the difference in the path coefficient between men and women is 0.038, with the original p-value of 0.375 and the new p-value of 0.751. Both of these p-values are greater than the significance limit of 0.05, which indicates that the difference is not statistically significant. Similarly, in the micro business path → Sharia

Bank, the difference in path coefficient was -0.020, with the original p-value of 0.535 and the new p-value of 0.929, which also showed that there was no significant difference between men and women in the relationship between micro businesses and Sharia banks. Overall, these results indicate that gender does not have a significant effect on financing choices between conventional banks and Islamic banks among micro-business actors.

Tabel 9. Analisis Jalur pada MGA

	Path Coefficients Original (Laki-Laki)	Path Coefficients Original (Perempuan)	Path Coefficients Mean (Laki-Laki))	Path Coefficients Mean (Perempuan)
USAHA MIKRO -> BANK KONVENSIONAL	0,729	0,691	0,768	0,715
USAHA MIKRO -> BANK SYARIAH	0,647	0,667	0,658	0,720

This table shows the comparison of Path Coefficients for the relationship between Micro Enterprises and Conventional Banks as well as Micro Enterprises and Sharia Banks based on gender differences (Male vs. Female). For the Micro-> Conventional Bank relationship, the Path Coefficient for men is 0.729, while for women is 0.691, with a mean for men of 0.768 and for women of 0.715. This shows that the influence of Micro Enterprises on Conventional Banks is stronger in men compared to women. Meanwhile, for the relationship between Micro Enterprises -> Sharia Banks, the Path Coefficient for men is 0.647 and for women is 0.667, with a mean for men of 0.658 and for women of 0.720. Although there are small differences, the influence of Micro Enterprises on Islamic Banks tends to be stronger in women, based on higher mean values. Overall, the gender differences show a variation in the power of influence between Micro Enterprises and the two types of banks.

Tabel 10: t-Value dan p-Value

	t-Value (Laki-Laki)	t-Value (Perempuan)	p-Value (Laki-Laki))	p-Value (Perempuan
USAHA MIKRO -> BANK KONVENSIONAL	8,420	8,548	0,000	0,000
USAHA MIKRO -> BANK SYARIAH	4,932	5,898	0,000	0,000

This table shows the results of the t-Value and p-Value tests for the relationship between Micro Enterprises and Conventional Banks as well as Micro Enterprises and Sharia Banks by gender (Male vs. Female). For the relationship between Micro-> Conventional Banks, the t-Value value was very high, namely 8,420 for men and 8,548 for women, with a p-Value of 0.000 for both groups, which showed a very statistically significant influence. Similarly, for the relationship between Micro Enterprises -> Islamic Banks, the t-Value was 4.932 for men and 5.898 for women, with a p-Value that was also 0.000, indicating a high significance in both groups. Although there were small differences in Standard Deviation (STDEV) between males and females, all of these associations were statistically significant, with strong and consistent influences on both sexes.

Disscusions

This study aims to examine the comparison and influence of the perception of micro business actors on the financing of Sharia Banks and Conventional Banks in Cibatu District. Based on the results obtained, it can be seen that the perception of micro business actors is greatly influenced by the characteristics and values owned by each type of bank.

Hypothesis-1 states that there is a positive difference between the perception of micro business actors towards Sharia Bank financing. The results of this study show that micro business actors have a more positive perception of Sharia Banks compared to Conventional Banks, especially because the profit-sharing system implemented by Sharia Banks is considered fairer and in accordance with religious values (Muda & Yusoff, 2020). This supports the findings of Jannah & Mulyana (2021) who found that preferences for the sharia system are not only related to economic aspects, but are also influenced by moral and religious considerations.

Hypothesis-2 tests whether there is a significant influence between the perception of micro business actors on Sharia Bank financing. Based on the results of the T-Statistics and P-Value tests (T-Statistics = 6.905, P-Value = 0.000), the influence of the perception of micro business actors on Sharia Banks is indeed statistically significant, which shows that this positive perception affects their preference for financing from Sharia Banks. However, obstacles such as lack of understanding of sharia products remain a major challenge in the adoption of this financing (Hidayat & Widiastuti, 2019).

Hypothesis-3 states that there is a significant influence between the perception of micro business actors towards conventional banks. The results of the study also showed a significant influence (T-Statistics = 8,727, P-Value = 0.000) between the perception of micro business actors and conventional banks. Micro business actors tend to prefer conventional banks because of the familiarity and ease of financing application procedures even though there is an interest burden that is considered high (Hernadi & Setiawan, 2021). The speed of disbursement of funds and a more standardized administrative process make Conventional Banks a practical choice for micro business actors, despite concerns about burdensome interest rates (Wulandari & Purnama, 2020).

In a Multigroup Analysis (MGA) analysis that tested differences by gender, it was found that there was no significant difference between men and women in terms of perceptions of the two types of banks. P-Values greater than 0.05 in both relationships (Micro Enterprises → Conventional Banks and Micro Enterprises → Islamic Banks) indicate that gender does not significantly affect financing preferences. However, the difference in Path Coefficients between men and women shows that men have a stronger influence on Conventional Banks, while women tend to prefer Sharia Banks (Suherman et al., 2022).

The practical implication of these findings is the importance of increasing financial literacy, both for Islamic Bank products and conventional banks. For Sharia banks, increased education on profit-sharing-based financing products will help strengthen positive perceptions and expand adoption among micro business actors. Meanwhile, conventional banks need to reduce interest costs or offer financing with more flexible interest rates, as well as increase transparency in financing management to reduce the burden on debtors (Wijaya et al., 2019).

Overall, this study indicates that despite the differences in perceptions, both Sharia Banks and Conventional Banks have great potential to support the growth of micro businesses. More inclusive policies, ease of access, and increased understanding of financing products are needed to increase the adoption of formal financing by micro enterprises, which in turn will support economic growth at the micro and macro levels.

Conclusions

This study examines the comparison and influence of the perception of micro business actors on the financing offered by Sharia Banks and Conventional Banks in Cibatu District. Based on the analysis, it can be concluded that the perception of micro business actors towards Sharia Banks tends to be more positive because the profit-sharing system is considered fairer and in accordance with religious principles. On the other hand, although conventional banks have a higher interest burden, ease of access and more familiar procedures make this bank the main choice for some micro business actors.

The results of the T-Statistics and p-Value tests show that the perception of micro business actors towards these two types of financing has a significant influence, both for Sharia and Conventional Banks. However, despite differences in perceptions by gender, the results of the Multigroup Analysis (MGA) show that gender does not have a significant influence on the choice of financing type, although men are more likely to choose conventional banks, while women prefer

Islamic banks.

Overall, both Sharia Banks and Conventional Banks have an important role in supporting the development of micro businesses. For this reason, it is important for financial institutions to improve financial literacy and provide a deeper understanding of the financing products they offer, in order to expand the adoption of formal financing among micro business actors. In addition, financial institutions need to adjust their financing products and terms to better suit the needs and conditions of micro business actors, both in terms of accessibility and business sustainability.

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