

STRENGTHENING WOMEN-LED MSMEs IN BANTEN PROVINCE: DIGITAL TRANSFORMATION, FINANCIAL INCLUSION, AND LOCAL ECONOMIC RESILIENCE

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) led by women constitute a fundamental pillar of inclusive economic growth in Indonesia, particularly in Banten Province. This study analyzes the strategic contribution of women-led MSMEs in strengthening local economic resilience and examines how digital transformation and financial inclusion serve as key drivers of sustainable development. Despite their significant contribution to job creation, poverty reduction, and household income stabilization, women entrepreneurs continue to face structural challenges, including limited access to formal financing, low levels of digital literacy, restricted managerial capacity, and minimal integration into formal value chains. This research employs a descriptive qualitative approach through a literature review and secondary data analysis derived from national statistical publications and international development reports. The findings indicate that digital transformation – through the adoption of e-commerce platforms, social media marketing, fintech services, and QR-based payment systems – enhances operational efficiency, financial transparency, and market reach. Furthermore, financial inclusion initiatives significantly reduce vulnerability to economic shocks and improve business sustainability. This study proposes an integrated empowerment framework that combines digital capacity building, inclusive financing policies, institutional mentoring, and cross-sector collaboration. Strengthening women-led MSMEs should be positioned not only as an economic policy priority but also as a strategic instrument for gender equality, poverty alleviation, and long-term regional resilience.

Keywords: Women-led MSMEs, Digital Transformation, Financial Inclusion, Regional Development, Economic Resilience, Banten Province.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a dominant role in Indonesia’s economic structure. Nationally, MSMEs account for more than 99% of total business units and contribute over 60% to Gross Domestic Product (GDP). In Banten Province, MSMEs operate across various sectors, including trade, food processing, creative industries, and home-based production.

According to the Statistics Indonesia (BPS) (2025), Banten’s economic growth reached 5.37%, while the poverty rate declined to 5.51%. The number of employed individuals increased to approximately 6.05 million workers, and the Open Unemployment Rate decreased to 6.64%. Female unemployment was recorded at 6.63%, indicating increased female participation in economic activities.

Women-led MSMEs make significant and multidimensional contributions to economic development, particularly at the household and local community levels. Their role extends beyond purely economic aspects to include social dimensions and sustainable empowerment.

First, women-led MSMEs play an essential role in stabilizing household income. In many cases, businesses managed by women serve as additional – or even primary – sources of family income. During periods of economic uncertainty, such as declining spousal income or limited formal employment opportunities, microenterprises managed by women become a crucial economic buffer. Income generated from these businesses helps meet basic needs such as food, education, healthcare, and other social expenses. Thus, women-led MSMEs function as adaptive mechanisms that maintain household economic resilience against various shocks.

Second, women-led MSMEs contribute significantly to employment absorption, particularly in the informal sector. Many women-managed businesses are labor-intensive and involve family members, neighbors, or local communities as workers. This creates flexible employment opportunities, especially for other women who face limited access to formal jobs. Flexible work arrangements enable a balance between domestic responsibilities and productive activities, thereby increasing broader female economic participation.

Third, women-led MSMEs significantly contribute to poverty reduction. By creating independent sources of income, women not only improve their family’s welfare but also reduce dependence on social assistance. Income generated tends to be allocated toward productive and welfare-enhancing needs, such as children’s education and

improved nutrition. In the long term, this leads to enhanced human capital quality and greater social mobility, ultimately reducing structural poverty levels.

Fourth, women-led MSMEs serve as important instruments for women’s economic empowerment. Through entrepreneurial activities, women gain access to economic decision-making, enhance self-confidence, and expand social and business networks. Financial independence strengthens women’s bargaining position within families and communities while promoting gender equality in the economic sphere. This process not only improves individual capacity but also fosters broader, inclusive, and equitable social transformation.

Overall, women-led MSMEs function not merely as economic business units but also as agents of social change. Their contributions to income stabilization, job creation, poverty reduction, and women’s empowerment position this sector as a strategic element in inclusive and sustainable economic development.

Nevertheless, structural inequalities remain evident. Women entrepreneurs generally operate micro-scale businesses with limited capital and informal business structures. These limitations restrict access to formal credit, technology adoption, and broader market networks.

The digital economy offers transformative potential. The OECD (2021) emphasizes that MSME digitalization enhances productivity and competitiveness. Meanwhile, the World Bank (2023) highlights that digital financial ecosystems are key drivers of inclusive development.

This study aims to comprehensively analyze the role and strategic position of women-led MSMEs in strengthening local economic resilience in Banten Province. The primary focus is to understand the extent of women-led MSMEs’ contributions in supporting regional economic stability, whether through job creation, household income growth, or strengthening community-based economic activities. By examining these dynamics, this research seeks to illustrate how women-led MSMEs function as a crucial pillar in maintaining regional economic resilience amid various pressures and uncertainties.

In addition, this study explores the structural and digital challenges faced by women MSME entrepreneurs. These challenges include limited access to formal financing, low levels of financial and digital literacy, restricted managerial capacity, and barriers to accessing wider markets. The digital aspect is given special attention, considering the rapid acceleration of technological transformation that requires business actors to adapt quickly in order to remain competitive.

Furthermore, this research analyzes how digital transformation and financial inclusion can serve as strategic instruments to enhance the competitiveness of women-led MSMEs. The integration of digital technology, utilization of e-commerce platforms, adoption of digital payment systems, and access to formal financial services are believed to improve operational efficiency, expand market reach, and strengthen business resilience in the face of economic crises.

Finally, this study seeks to formulate integrated policy strategies necessary to sustainably support the strengthening of women-led MSMEs. These strategies include synergy among government institutions, financial institutions, and educational institutions in creating an inclusive, adaptive, and gender-responsive ecosystem. Thus, the findings are expected to provide relevant policy recommendations to promote more inclusive and equitable regional economic growth in Banten Province.

Table 1. Macroeconomic Indicators of Banten Province (2024–2025)

No	Economic Indicator	2024	2025	Change
1	Economic Growth (%)	5.12	5.37	↑ 0.25
2	Poverty Rate (%)	5.92	5.51	↓ 0.41
3	Employed Population (million people)	5.87	6.05	↑ 0.18
4	Open Unemployment Rate (%)	7.02	6.64	↓ 0.38
5	Female Unemployment (%)	6.95	6.63	↓ 0.32

Source: Statistics Indonesia (BPS) of Banten Province (2025)

Table 2. Socio-Economic and Poverty Profile of Banten Province (March 2025)

Indicator	Value
Poverty Rate	5.63%
Poverty Line	IDR 684,232/capita/month
Number of Poor Population	± 676 thousand people
Contribution of Trade & MSME Sector to Employment Absorption	Dominant (>40%)

Source: BPS of Banten Province (2025)

Table 3. Business Structure in Banten Province

Business Category	Percentage of Total Business Units
Micro Enterprises	± 92%
Small Enterprises	± 6%
Medium Enterprises	± 1%
Large Enterprises	< 1%

Source: BPS & Ministry of Cooperatives and MSMEs (2025)

Based on Table 1, the macroeconomic condition of Banten Province shows significant improvement in 2025. The increase in economic growth accompanied by declining poverty and unemployment rates reflects strengthening regional economic stability. However, the business structure – still dominated by micro enterprises as shown in Table 3 – indicates that strengthening MSME capacity, particularly those led by women, remains a strategic agenda to sustain long-term regional economic growth.

LITERATURE REVIEW

1. MSMEs and Regional Economic Resilience

MSMEs function as economic buffers during times of crisis due to their flexible and labor-intensive nature (Tambunan, 2019). Economic resilience refers to the ability of a region to withstand, adapt to, and recover from economic shocks. In this context, MSMEs contribute significantly to maintaining economic stability by sustaining employment and local economic activities during periods of uncertainty.

2. Women’s Economic Empowerment

According to UN Women (2022), women’s entrepreneurship enhances social inclusion and reduces poverty. Women tend to reinvest a substantial portion of their income in family welfare, education, and healthcare. Therefore, strengthening women-led enterprises not only improves economic outcomes but also generates broader social development impacts.

3. Digital Transformation of MSMEs

Digital transformation in MSMEs refers to the process of adapting and integrating digital technologies into all business activities to improve efficiency, competitiveness, and business sustainability. This process is not merely about using technology as a supporting tool, but also reflects changes in mindset, marketing strategies, operational systems, and overall business models.

One of the primary forms of digital transformation is e-commerce integration. Through online trading platforms, MSMEs can expand their market reach beyond local geographic boundaries and access national and even international consumers. This integration enables entrepreneurs to market products more systematically, manage inventory digitally, and enhance brand visibility in an increasingly competitive market environment.

In addition, social media marketing has become a strategic instrument in building direct relationships with consumers. Social media serves not only as a promotional channel but also as a space for interaction, product education, and strengthening

customer loyalty. Effective digital marketing strategies can increase engagement, accelerate information dissemination, and create a brand image that is more adaptive to market needs.

Digital transformation also includes the adoption of financial technology (fintech), which facilitates transaction management and access to financing. Fintech services allow MSMEs to obtain alternative credit access, digital financial record-keeping systems, and faster and more transparent payment services. Consequently, administrative barriers and limited access to formal financial institutions can be minimized.

Furthermore, the implementation of digital payment systems such as QR-based payments and electronic wallets enhances transaction efficiency and financial accountability. These systems not only speed up payment processes but also create well-documented transaction records, making it easier for business owners to prepare financial reports and improve business credibility in the eyes of financial institutions.

According to the OECD (2023), digitally integrated MSMEs demonstrate higher revenue growth rates and stronger resilience in facing economic crises. Digitalization enables operational flexibility, market diversification, and faster adaptation to changes in the business environment. Therefore, digital transformation is no longer an option but a strategic necessity for MSMEs to survive and grow in the digital economy era.

4. Financial Inclusion

Financial inclusion improves access to savings, credit, insurance, and digital payment services. The Financial Services Authority (Otoritas Jasa Keuangan) (2023) identifies MSMEs as a primary priority in expanding inclusive finance. Strengthening financial inclusion is expected to enhance business sustainability, reduce vulnerability to economic shocks, and promote broader economic participation.

RESEARCH METHOD

This study employs a descriptive qualitative approach aimed at providing an in-depth understanding of the strategic role of women-led MSMEs within the context of regional economic resilience. This approach was selected because it enables a comprehensive description of phenomena through data interpretation and relevant theoretical analysis, without conducting quantitative hypothesis testing.

The data collection process was carried out through a literature review of indexed scientific journals and highly credible academic publications. These sources were used

to construct a conceptual framework concerning MSMEs, women’s economic empowerment, digital transformation, and financial inclusion. In addition, this research utilizes secondary data analysis derived from official reports and statistical publications issued by national and international institutions, such as Statistics Indonesia (BPS), the World Bank, the OECD, and the Financial Services Authority (OJK). The data include indicators of economic growth, poverty rates, labor force participation, MSME digitalization development, and financial inclusion indices.

Furthermore, this study conducts a comparative policy review by examining various strategies and empowerment programs for women-led MSMEs implemented at national and international levels. This approach aims to identify best practices that can be adapted to the context of Banten Province.

In the analysis stage, thematic analysis techniques were employed to classify and interpret the research findings. The collected data were categorized into several main themes: the economic contributions of women-led MSMEs, structural barriers faced by women entrepreneurs, the impact of digital transformation on business competitiveness, and policy strategies required to strengthen this sector. Through this categorization process, the study produces a systematic mapping of the relationship between women-led MSME empowerment, digitalization, financial inclusion, and regional economic resilience.

RESULTS AND DISCUSSION

The findings indicate that women-led MSMEs play a highly strategic economic role in strengthening the local economic structure. Their contributions are clearly visible in job creation, particularly within the informal sector, which is flexible and adaptive in nature. Many businesses managed by women employ workers from their immediate surroundings, including family members and local communities, thereby providing employment opportunities for groups that previously faced barriers to entering the formal sector. In addition, women-led MSMEs contribute to diversifying household income sources. The presence of these enterprises reduces dependence on a single income source and enhances household resilience against economic risks.

Furthermore, women-led MSMEs play a role in maintaining the stability of local supply chains, especially in the trade, culinary, and home-based industry sectors. The products and services they generate contribute to economic circulation at the community level, creating a multiplier effect that strengthens regional economic resilience. This impact is particularly evident in rural and peri-urban areas, where

community-based economic activities form the primary foundation of local economic growth.

However, this study also identifies various structural constraints that continue to limit the optimization of women-led MSME potential. One of the primary challenges is collateral requirements in formal credit applications, which are often difficult for micro-entrepreneurs to fulfill. Moreover, many businesses remain informal and lack adequate legal status to access financing, government programs, or broader business partnerships. Low levels of accounting literacy and financial record-keeping also hinder efforts to enhance business credibility. Limited business scalability presents another challenge, as most women-led MSMEs operate on a micro scale with restricted access to technology and capital. A report by the Asian Development Bank (2022) highlights a significant financing gap for women-owned MSMEs in Southeast Asia, which contributes to slower business growth.

On the other hand, digital transformation emerges as a competitive advantage capable of addressing many of these challenges. Digitalization enables MSMEs to expand market reach across regions without establishing physical branches. Through digital platforms, entrepreneurs can enhance product visibility, accelerate transaction processes, and build more intensive relationships with customers. Transaction transparency and digital record-keeping improve business accountability. Financial technology innovation, as emphasized by Arner et al. (2016), reduces transaction barriers and accelerates access to financial services. The adoption of digital payment systems also enhances transaction traceability and strengthens business credibility in the eyes of financial institutions and consumers.

Moreover, financial inclusion has proven to be closely correlated with improved business resilience. Access to microcredit, savings, and digital banking services provides the working capital flexibility that is particularly crucial during times of crisis. Data from the World Bank (2022) indicate that financial inclusion positively contributes to poverty reduction and income stability. With broader financial access, women-led MSMEs possess greater adaptive capacity and the ability to sustain long-term business continuity.

To optimize this potential, policy and institutional synergy through an integrated approach is essential. The government plays a critical role in simplifying licensing procedures, providing subsidized credit schemes, and expanding inclusive digital infrastructure. Financial institutions need to develop gender-responsive financing products, strengthen microcredit guarantees, and collaborate with fintech companies to broaden financing access. Meanwhile, higher education institutions can contribute

through digital literacy training, business incubation programs, and entrepreneurship mentoring based on research and innovation. Triple helix collaboration among government, the financial sector, and academia forms a crucial foundation for strengthening the sustainability and scalability of women-led MSMEs.

Based on these findings, the recommended policy implications include the development of digital clusters for women-led MSMEs as technology-based growth centers; integration of QR-based payment systems to enhance transaction efficiency and transparency; gender-inclusive microfinance reform; structured and practical entrepreneurship curriculum support; and the development of regional digital marketplaces capable of connecting entrepreneurs to wider markets. The implementation of comprehensive and coordinated policies will strengthen the position of women-led MSMEs as a primary pillar of inclusive and sustainable economic development.

Conclusion:

Women-led MSMEs in Banten play a strategic and multidimensional role in strengthening regional economic resilience. Digital transformation and financial inclusion significantly enhance their competitiveness and business sustainability. Integrated and gender-responsive policies are essential to maximize their potential as drivers of inclusive growth and long-term economic stability.

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