



## Feasibility Study of a Proposed Sharia Cooperative in a Village Creative Economy: Evidence from Kampung Batik Cibuluh, Bogor

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**Abstract.** This study examines the feasibility of establishing a Sharia-based Savings, Loan, and Financing Cooperative (KSPPS) to support the development of the creative economy in Kampung Batik Cibuluh, Bogor. Micro-enterprise actors in the area face limited access to sharia-compliant savings and financing services. Data were collected through surveys and in-depth interviews with community members and micro-business operators, which formed the basis for the willingness-to-pay analysis and a comprehensive feasibility assessment to evaluate interest in Islamic financial services. The findings indicate that 78.9% of respondents expressed interest in joining a sharia cooperative. Respondents were willing to contribute IDR 31,998 for principal savings and IDR 15,442 for mandatory savings, with a financing service margin of 29.5%. The financial analysis produced an NPV of IDR 675,985,915, an IRR of 16.2%, and a payback period of seven years, indicating that the KSPPS initiative is financially viable. The non-financial assessment suggests that the initiative can be implemented by considering community acceptance and social factors. Overall, the establishment of a sharia cooperative in Kampung Batik Cibuluh is considered feasible both financially and non-financially, and the study provides insights into the application of sharia-based financial services in a Muslim-friendly tourism village while highlighting their relevance for similar community-based economic contexts.

**Abstrak.** Penelitian ini mengkaji kelayakan pendirian Koperasi Simpan Pinjam dan Pembiayaan Syariah (KSPPS) untuk mendukung pengembangan ekonomi kreatif di Kampung Batik Cibuluh, Bogor. Pelaku usaha mikro di wilayah tersebut menghadapi keterbatasan akses terhadap layanan simpanan dan pembiayaan berbasis syariah. Data penelitian dikumpulkan melalui survei dan wawancara mendalam dengan masyarakat serta pelaku usaha mikro sebagai dasar analisis willingness to pay dan penilaian kelayakan komprehensif untuk menilai minat terhadap layanan keuangan syariah. Hasil penelitian menunjukkan bahwa 78.9% masyarakat memiliki ketertarikan terhadap koperasi syariah. Masyarakat bersedia membayar sebesar Rp31,998.00 untuk simpanan pokok dan Rp15,442.00 untuk simpanan wajib dengan 29.5% margin layanan pembiayaan. Hasil analisis kelayakan finansial menunjukkan nilai NPV sebesar Rp675,985,915, nilai IRR sebesar 16.2% dan nilai payback period selama tujuh tahun, sehingga secara finansial usaha KSPPS dinyatakan layak. Analisis non finansial menunjukkan bahwa usaha KSPPS dapat dijalankan dengan memperhatikan tingkat penerimaan masyarakat dan aspek sosial.

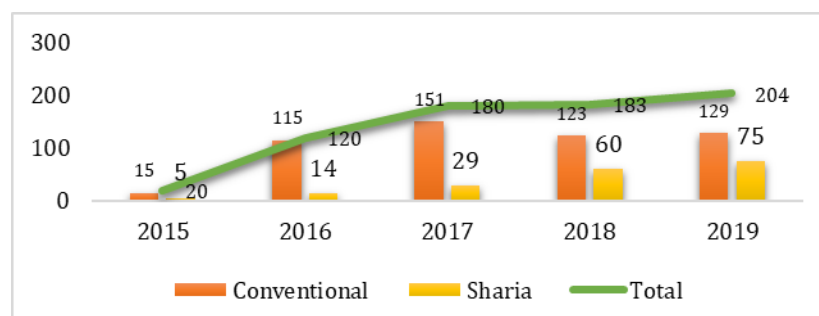
*Pendirian koperasi syariah di Kampung Batik Cibuluh dinilai layak secara finansial dan non finansial, serta menawarkan solusi berkelanjutan bagi pengembangan ekonomi kreatif di desa tersebut. Penelitian ini memberikan wawasan mengenai penerapan layanan keuangan berbasis syariah di desa wisata ramah Muslim, serta menyoroti potensi koperasi syariah dalam mendorong pembangunan ekonomi di konteks serupa.*

## INTRODUCTION

Financial institutions are pivotal to a country's economic progress, acting as intermediaries that mobilize savings and distribute funds for investments. According to the Republic of Indonesia's Minister of Finance Decree No. 792 of 1990, these institutions are tasked with gathering and distributing funds to support business investments. The role of financial institutions becomes even more critical in sectors like agriculture and maritime sectors (agromaritime), which includes upstream agricultural and maritime commodities and downstream product value chains, such as the creative economy and tourism. Effective financial support is essential for the development of these sectors, as highlighted in Kampung Batik Cibuluh, a village known for its creative economy based on batik production and tourism.

The creative economy in village settings, such as Kampung Batik Cibuluh, is a key driver for rural development. This village, founded by Sri Hartati and Dina Ayu and launched on August 23, 2019, aims to promote batik and foster community and urban tourism. However, despite the potential for growth, the village's micro, small, and medium enterprises (MSMEs) face significant financial barriers. The number of impoverished people grew in September 2020, making poverty reduction through MSMEs a priority (BPS, 2020; Humam, 2012). Financial institutions, especially banks, often fail to meet the needs of MSMEs, forcing many to rely on loan sharks due to simpler loan processes (Sibero, 2015).

Islamic Financial Institutions (IFI) offer a promising solution to the financial challenges faced by MSMEs. These institutions focus on the real sector and avoid charging interest, promoting fairness and partnership in funding (Siregar, 2002; Muhammad, 2005). The number of Islamic Microfinance Institutions (IMFIs) in Indonesia has grown significantly, with 129 conventional micro financial institutions and 75 IMFIs receiving OJK permits by 2019. The assets of IMFIs totalled IDR 468 billion in December 2019, reflecting a 68.2% increase from the previous year (OJK, 2019).

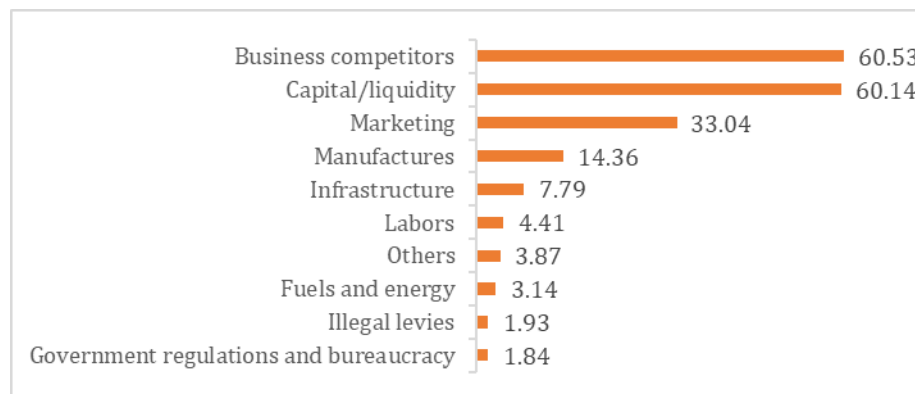


Source: Financial Service Authority, 2019.

Figure 1 Number of Islamic Microfinance Institutions (IMFIs) business actors based on type of business activity in Indonesia (2015-2019)

Despite the availability of various financial institutions, MSMEs' decisions are influenced by cultural, educational, and psychological factors (Safira et al., 2022). In Kampung Batik Cibuluh, residents face barriers to accessing sharia-compliant financial services. LPEM Baznas data (BAZNAS, 2021). indicates that 465 impoverished families reside in the village, with average monthly incomes ranging from IDR 1,000,000

to IDR 1,600,000. While residents are eager to learn batik-making, they require financial assistance to support their ventures.



Source: BPS, 2016.

Figure 2 Percentage of MSEs stating that there are obstacles by type of obstacle in Indonesia

The 2016 BPS Survey identifies the most significant business limitations for MSEs as competitors (60.53%), capital/liquidity (60.14%), and marketing (33.04%) (BPS, 2016). This underscores the critical issue of access to financing, which could be addressed through collaboration between MSEs and IMFI. Interviews in Cibuluh Batik Village revealed that many residents prefer borrowing from moneylenders due to the simplicity of the process, despite the usurious practices involved. Establishing a sharia cooperative, specifically a Sharia Savings and Loans Cooperative (KSPPS), could provide the necessary financial support to batik producers and MSEs, reducing their reliance on loan sharks and traditional banks.

Table 1 Economic facilities and infrastructure by village/subdistrict and type in North Bogor District, 2019

Village	Village Unit Cooperative Group (KUD)	Small Industry and People's Crafts Cooperative (Kopinkra)	Savings and Loans Cooperative (Kospin)	Other Cooperative
Bantarjati	-	0	1	-
Tegal Gundil	1	-	-	-
Tanah Baru	-	-	2	-
Cimahpar	-	-	2	-
Ciluar	1	-	1	-
Cibuluh	-	-	-	-
Kedunghalang	1	-	1	-
Ciparigi	1	-	1	-

Source: BPS, 2020.

According to data from the 2020 Central Statistics Agency (BPS), Cibuluh Subdistrict still lacks a microfinance institution, particularly a cooperative, to meet the financial needs of small entrepreneurs who are not bank customers (BPS, 2020). The establishment of a IMFI in Cibuluh Batik Village is anticipated to assist batik makers and small entrepreneurs in obtaining business capital, thus fostering the village's creative economic development. This study aims to the following. First, to identify the demand from batik makers and MSEs for establishing KSPPS in Cibuluh Batik Village. Second, to assess Kampung Batik Cibuluh locals' willingness to pay for sharia savings and financing services. Thirds, to evaluate the viability of the KSPPS business in Cibuluh Batik Village in terms of both financial and non-financial criteria.

Kampung Batik Cibuluh represents a relevant case for assessing the feasibility of establishing a community based sharia cooperative. The village is characterized by a high concentration of micro scale creative producers, a predominantly Muslim population, and widespread reliance on informal credit, indicating a clear financing gap. Sharia cooperatives (KSPPS) offer a suitable institutional mechanism to address this gap due to their proximity based operations, flexible administrative requirements, and integration of social and commercial objectives.

Although numerous studies have examined the performance and feasibility of Islamic microfinance institutions, three gaps remain. First, most feasibility studies rely solely on financial projections such as net present value (NPV), internal rate of return (IRR), and payback period (PP), without incorporating demand side evidence. Second, the integration of willingness to pay (WTP) estimated through the contingent valuation method (CVM) into cooperative feasibility assessments remains limited. Third, research on KSPPS establishment tends to emphasize geographic novelty rather than methodological innovation. These gaps highlight the need for a more comprehensive approach that links community participation with financial feasibility.

This study examined the feasibility of establishing a sharia cooperative (KSPPS) as an Islamic finance institution to support the village's creative economy. Employing willingness-to-pay analysis and comprehensive financial and non-financial feasibility assessments, this research aims to provide a sustainable solution for the village's economic development. By combining community demand assessments, institutional analysis, and investment modelling, the study provides a more rigorous framework for evaluating the viability of Sharia based microfinance initiatives in creative economy villages. By incorporating Islamic social finance services, the study seeks to significantly strengthen the business ecosystem in Cibuluh Batik Village, promoting shared prosperity and adherence to sharia law.

## LITERATURE REVIEW

Village development is pivotal for national growth, particularly in rural areas where local advantages in agromaritime sectors can be leveraged for sustainable economic growth. Integrating these agromaritime strengths with the creative economy offers a pathway to economic resilience and community empowerment (Sarawati, 2021). The creative economy, which includes industries such as arts, crafts, digital media, and cultural heritage tourism, provides significant opportunities for rural areas by transforming traditional economies into dynamic, innovation-driven markets (Howkins, 2001). Integrating creative economy initiatives in villages can lead to socio-economic benefits, such as increased income, employment opportunities, and cultural preservation (UNCTAD, 2010). Combining these initiatives with agromaritime activities—agriculture, fisheries, and related services—enhances their potential by adding value through innovation and branding (FAO, 2014). Agrotourism and marine tourism, for example, can attract visitors and generate income while promoting environmental sustainability and preserving traditional practices (Gössling & Hall, 2006). Financial mechanisms, such as microfinance and cooperative financing, are critical enablers, providing the necessary support for rural entrepreneurs to invest in and expand their businesses (Obaidullah & Khan, 2008).

Islamic Microfinance Institutions (IMFIs) are financial entities that engage in financial activities by mobilizing funds from the community and redistributing them according to Islamic principles. These institutions serve the needs of micro-sectors by offering financial services that comply with sharia law, avoiding practices like usury, gambling, and excessive uncertainty. The development of IMFIs in Indonesia aligns with the growing trend of the society towards sharia-compliant financial services, providing a mechanism for addressing poverty through economic empowerment for productive economic activities. According to Riwayatanti (2013) the essence of microfinance is providing financial services to the lower

middle class for the sustainability of their business activities. Islamic microfinance aims to offer financial and non-financial services based on values derived from the Quran and Hadith, thereby fulfilling the Islamic perspective of aiding those in difficulty through available excess resources. IMFIs has both social and business functions, which can significantly enhance the economy by offering micro-financing solutions, thereby aiding in the equitable distribution of wealth and providing financial education to the micro and small business sectors (Amalia, 2016).

The main types of Islamic Microfinance Institutions include Sharia Savings and Loans Cooperatives and BAZNAS Microfinance. Sharia cooperatives (KSPPS) operate by collecting savings and providing financing in accordance with Islamic principles, and also manage zakat, infaq, and waqf (Buchori, 2012). They aim to promote economic welfare among members following Islamic values and ensure the equitable distribution of income and wealth. BAZNAS Microfinance focuses on empowering small entrepreneurs by providing interest-free financing sourced from zakat funds, intending to eradicate poverty and reduce dependency on usurious moneylenders (BAZNAS, 2021). Compared to conventional microfinance institutions, IMFIs have distinctive advantages: they do not implement interest-based systems, incorporate a social business model ensuring funds are reinvested for social benefits, and can create innovative financial products tailored for micro-businesses. Furthermore, IMFIs proximity to their clients enhances service delivery and monitoring efficiency, offering a more effective support system for micro-entrepreneurs (Yunus et al., 2010).

The urgency of establishing Islamic Microfinance Institutions (IMFIs) in Cibuluh Village is critical for supporting the village's creative economy and overall economic development. Small enterprises often struggle with accessing conventional banking finance, making them reliant on informal lenders with exorbitant interest rates. Islamic Microfinance Institutions like Sharia Rural Banks (BPRS), Baitul Maal wat Tamwil (BMT), and Sharia Cooperatives provide essential financial services that align with sharia principles, offering interest-free loans and profit-sharing mechanisms. These institutions can play a pivotal role in enhancing the economic resilience of micro, small, and medium enterprises (MSMEs) in Cibuluh, fostering sustainable economic growth and improving the living standards of the community (Wanita, 2015; Zubair, 2016).

Willingness to pay (WTP), commonly estimated through the contingent valuation method (CVM), is widely used to measure individuals valuation of financial and social services under hypothetical market conditions (Mitchell & Carson, 1989; Hanemann, 1994). Within Islamic microfinance, WTP has been associated with factors such as trust, religiosity, perceived benefits, and service quality (Wahid & Hossain, 2019). Despite this, existing studies primarily focus on adoption behavior rather than incorporating WTP as an input in institutional feasibility assessments. This indicates a methodological gap in linking demand side preferences with cooperative establishment modelling.

Feasibility studies evaluate financial viability using indicators such as net present value (NPV), internal rate of return (IRR), and payback period (PP), supported by realistic cash flow projections and appropriate discount rates (Boardman et al., 2018). Non financial feasibility includes market potential, operational readiness, institutional structure, and regulatory suitability (Kasmir, 2014). While feasibility analyses on Islamic microfinance institutions exist, they largely rely on supply side financial modelling and often ignore community participation, a key determinant of cooperative sustainability. This gap underscores the need to incorporate variables such as WTP into feasibility frameworks.

Sensitivity analysis evaluates the impact of changes in key assumptions including membership numbers, operational costs, or financing margins on project outcomes. Microfinance institutions are noted for their high sensitivity to participation and cost structure due to labour intensive operations (Damodaran, 2012).

The integration of WTP into cooperative feasibility is conceptually essential for aligning institutional design with community preferences. WTP provides insight into projected capital formation through principal and mandatory savings, acceptable financing margins, realistic membership estimates, revenue projections for financial modelling. By incorporating WTP into feasibility assessment, researchers can generate a more comprehensive and demand responsive evaluation compared to traditional approaches relying only supply side matrices. This linkage forms the conceptual foundation of the study.

Previous studies have extensively analyzed the feasibility of Islamic Microfinance Institutions using various financial metrics and contextual analyses. There is a feasibility study on establishing a sharia financial cooperative using financial analysis tools such as Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period (PP), and Performance Index (PI). The results indicated a positive return on investment, confirming the viability of the cooperative (Astuti, 2012). Similarly, Mainata and Pratiwi (2020) evaluated the feasibility of establishing a Sharia Rural Bank (BPRS) in East Kalimantan, considering marketing, financial, social, economic, and cultural aspects. Their findings showed that the financial aspect, supported by positive NPV and IRR values, justified the investment in BPRS, and market potential analysis underscored the region's suitability due to its economic indicators and MSME growth.

Further research by Sylvia and Asmawi (2019) on the feasibility of a BPRS branch in East Bekasi utilized SWOT analysis, revealing that the strengths and opportunities outweighed weaknesses and threats. This competitive advantage highlighted BPRS's potential to thrive amidst other financial institutions. Another study focus on establishing a BPRS in Barru Regency also employed SWOT and financial analysis, with positive results from NPV, IRR, PP, and PI indicating a strong return and investment feasibility (Sulkipli, 2018). Azwar et al. (2021) explored the feasibility of a sharia cooperative in Rancagong Village using SWOT analysis, which suggested significant opportunities and strengths to address local economic challenges.

This research brings a novel contribution by focusing on Cibuluh Village, where no prior feasibility studies on Islamic Savings and Loan Cooperatives (KSPPS) exist. The study expands the respondent base to better represent the population and incorporates updated financial assumptions aligned with recent regulations. This approach aims to provide more accurate financial projections and insights, crucial for fostering the creative economy and enhancing rural development in Cibuluh (Amalia, 2009; Breidert et al., 2006).

## METHOD

### Data and Sampling Methods

This study employs both primary and secondary data. Primary data was gathered through questionnaires and conversations with batik makers in Cibuluh Batik Village. Secondary data were gathered from BPS, the Ministry of Cooperatives and SMEs, and other academic publications. The research will be conducted in Cibuluh Batik Village, Bogor, and will focus on the development of MSMEs and sharia financing from July to December 2021. Non-probability sampling was utilized, as was purposeful sampling. Respondents were chosen based on certain characteristics, specifically MSEs in Cibuluh Village. This study gathered 90 respondents using the Slovin formula.

Contains location and activity participants, materials and tools, activity implementation methods, data collection methods, data processing, and analysis. Data analysis includes the level of satisfaction of the community served, changes in attitudes, knowledge and skills, program sustainability, creation of empowered learning resources, resolution of social problems, or policy recommendations that can be used.

## Data Processing and Analysis Methods

This research employs descriptive analysis methodologies, contingency valuation (CVM), business feasibility analysis, and sensitivity tests. Descriptive analysis was applied to identify the characteristics and preferences of the residents of Kampung Batik Cibuluh toward KSPPS products and services. Contingent valuation analysis was used to measure the amount of money the community is willing to pay for KSPPS products and services. Business feasibility analysis was conducted to assess the financial and non-financial viability of establishing a KSPPS in Kampung Batik Cibuluh.

### *Descriptive analysis*

Descriptive analysis is the description of the facts and relationships between the phenomena under investigation (Nazir, 2005). This method is used to determine respondent characteristics in variables like gender, age, and education. The data was gathered via questionnaires and interviews with the goal of descriptive analysis is to describe the facts and correlations between the phenomena under investigation. This method is used to determine respondent characteristics in variables like gender, age, and education. Data was gathered using surveys and interviews.

### *Contingency valuation analysis (CVM)*

This method, based on Hanley and Spash (1993), was used to assess the willingness of Kampung Batik Cibuluh residents to pay for IMFIs items through cooperative legal organizations. This technique is divided into many stages, which include developing a market hypothesis, determining a willingness to pay (WTP) value, and computing the average WTP value using the Hackl and Pruckner (1999) methods. The average WTP value is calculated using the following formula:

$$EWTP = \sum_{i=1}^n W_i P_{fi} \quad (1)$$

Which:

EWTP : Estimated average WTP

W<sub>i</sub> : WTP Value to i

P<sub>fi</sub> : Relative value

i : The respondent who is willing to pay for halal certification on the product

The CVM applied in this study used the open-ended elicitation format, which allowed respondents to state the maximum amount they were willing to pay for:

1. principal savings,
2. compulsory monthly savings, and
3. acceptable financing margins.

The final WTP values were estimated using trimmed means to reduce the influence of outliers.

### *Non-financial and financial feasibility analysis*

This analysis refers to Suliyanto (2010) and involves several aspects:

a. Market Aspect

Aims to estimate market demand for IMFIs products. Market share is reflected in the percentage of interest in procuring IMFIs based on the results of interviews with 90 respondents.

b. Technical Aspects

This aims to analyze technical requirements for IMFIs procurement, including location, equipment and operational support.

c. Management and Organizational Aspects

This aspect discusses work plans, coordination and business supervision. The eligibility criteria are the existence of a clear organizational structure and division of work per the Ministry of Cooperatives and MSMEs and the Financial Services Authority (OJK) regulations.

d. Financial Aspect

This aspect includes cash flow planning and profit and loss estimation. Eligibility criteria involve NPV, IRR, and PP. NPV is a method that calculates the difference between the total present value of benefits and the total present value of costs or the total present value of additional net benefits over the life of the business (Nurmalina et al., 2018). The Cibuluh Batik Village IMFIs business is declared feasible if the profits exceed the costs incurred. The formula for obtaining NPV is:

$$NPV = \sum_{t=1}^n \frac{Bt - Ct}{(1+i)^t} \quad (2)$$

Information:

- $B_t$  : benefits in year t  
 $C_t$  : costs in year t  
 $t$  : year of business activity ( $t = 0, 1, 2, 3, \dots, n$ )  
 $i$  : discount rate (%)

Investment eligibility criteria based on NPV are:

- NPV > 0, meaning that the IMFIs business is financially feasible and produces profits, so it is worth implementing.
- NPV < 0 means that the IMFIs business is not financially viable and is experiencing losses, so it is not worth running.
- NPV = 0, meaning that the IMFIs business makes a profit equal to the investment costs, but the IMFIs business is feasible to carry out considering the benefits that KSPPS members have received during the business venture.

Internal Rate of Return (IRR) measures investment effectiveness calculated by finding the discount rate that makes the net present value (NPV) zero. According to Nurmalina et al. (2018), the IRR value is calculated by calculating various discount rates, which produce positive and negative NPV. The KSPPS business will be profitable if the IRR generated exceeds the discount rate for existing investment products. The following is the IRR calculation formula:

$$IRR = i_1 + \frac{NPV_1}{NPV_1 - NPV_2} (i_1 - i_2) \quad (3)$$

which:

- $i_1$  : A discount rate that results in a positive NPV  
 $i_2$  : A discount rate that results in a negative NPV  
 $NPV_1$  : Positive NPV  
 $NPV_2$  : Negative NPV

Investment eligibility criteria based on IRR include:

- IRR > DR, indicating that the IMFIs business is financially feasible and profitable, making it worth executing.
- RR < DR indicates that the IMFIs business is not financially feasible and incurs losses, making it unprofitable to operate.

The Payback Period (PP) is a technique for determining how quickly a company's return on investment occurs (Nurmalina et al., 2018). The PP eligibility criteria are based on whether the IMFIs business can generate a positive net present value or recover investment expenditures faster

than the business's life. The IMFIs business model is feasible to implement. The PP value is calculated using the method outlined below:

$$PP = \frac{\text{investment value}}{\text{net cash inflow}} \times 1 \text{ year} \quad (4)$$

### ***Sensitivity analysis***

According to Umar (2005), sensitivity analysis is used to examine variations in feasibility results induced by changes in circumstances. Sensitivity analysis was conducted by identifying potential changes in the IMFIs Kampung Batik Cibuluh business. The factors are then changed to see how they affect the feasibility analysis results.

Performing sensitivity analysis allows for the evaluation of a project's feasibility in the event of changes to certain parameters. These parameters include general cost parameters and the number of cooperative members (Sobana, 2018). This analysis assumes a 10% increase in general cost parameters and a 10% decrease in the membership parameter.

### **Basic Assumptions**

In analyzing the financial projections of KSPPS Cibuluh, several fundamental assumptions are needed to facilitate financial plan calculations. According to Astuti (2012), the assumptions that can be used in this research are:

1. Annual member growth is assumed to be 10% of effective demand.
2. Investment assets in the form of KSPPS buildings are assumed to use the facilities of the KSPPS founding members, so they are not included in the business calculations.
3. KSPPS can meet all market demand in the 10th year.
4. Funds rolled out in the first year are assumed to be 50% of the initial business capital.
5. The capital rolled out the following year is 60% of capital and 40% of equity.
6. Inventory depreciation uses the straight-line method with an economic life of 5 years.
7. The Discount Rate (DR) used is 9.85%, following the Bank Rakyat Indonesia deposit interest rate. This determination is because all KSPPS business capital comes from the founding members, so it refers to the People's Business Credit (KUR) deposit interest rate as of September 2021.
8. Labor costs for manager positions with a bachelor's qualification in economics are IDR 4,400,000, following the minimum wage for the Bogor City area in 2022. Meanwhile, wages for workers with qualifications below a bachelor's degree are IDR 2,000,000 – IDR 3,000,000.
9. The costs of procuring goods resulting from the transaction costs of the *murabahah* contract will be borne by the member receiving the financing.

## **RESULTS AND DISCUSSION**

### **General Description of Research Locations**

Cibuluh Batik Village, located in Cibuluh Village, Bogor City, is a batik educational tourism village managed by the Mustahik Economic Empowerment Institute (LPEM) BAZNAS. This sub-district has 3875 heads of families and 12,563 residents, comprising 6134 men and 6429 women. The majority of the population is Sundanese and speaks Sundanese. Data from North Bogor District BPS in 2019 shows that 88.43% of the residents of Cibuluh Subdistrict are Muslims. Apart from that, some residents adhere to Protestant Christianity (6.96%), Catholic Christianity (2.49%), Hinduism (1.17%), and other religions (0.93%). The majority of residents who embrace Islam in the Cibuluh Subdistrict show considerable market potential for sharia financial products. This aligns with the research objective of the business feasibility of Islamic

Microfinance Institutions in this region to facilitate access to sharia capital for micro and small businesses in Cibuluh.

### Respondent Characteristics

The following are the characteristics of the 90 research respondents. The 90 research respondents were obtained from interviews in the form of gender, age, highest level of education, employment, total income, and interest in IMFIs services.

Table 2 Respondent characteristics in the research Feasibility of Sharia Cooperatives in a Village Creative Economy Development: Lessons from Kampung Batik Cibuluh, Bogor

Characteristics	Informations	Total (Person)	Percentage (%)
Gender	[a] Male	23	25.6
	[b] Female	57	74.4
Age	[a] 20-30 years	13	14.4
	[b] 31-40 years	25	27.8
	[c] >40 years	52	57.8
Education Level	[a] Junior high school	15	16.7
	[b] High school	55	61.1
	[c] Diploma	9	10
	[d] Bachelors	11	12.2
Jobs	[a] Batik maker	6	6.7
	[b] MSE actors	84	93.3
Income	[a] ≤ IDR 1,000,000	9	10
	[b] IDR 1,001,000-IDR 2,000,000	29	32.2
	[c] IDR 2,001,000-IDR 3,000,000	17	18.9
	[d] IDR 3,001,000-IDR 4,000,000	16	17.8
	[e] IDR 4,001,000-IDR 5,000,000	9	10
	[f] >Rp 5,000,000	10	11.1
Interest in IMFIs	Interest	71	78.9
	Not Interest	19	21.1

Source: Research finding by authors, 2022 (processed data).

### Community Interest in KSPPS Services

Of the 90 respondents who are small and micro enterprises and batik manufacturers in Cibuluh Village, 78.9% want to use KSPPS (Sharia Savings and Loans and Financing Cooperative) services. In contrast, 21.1% are not interested because they do not require the services, their income is insufficient, and they need to learn more about KSPPS. KSPPS provides savings services and working capital finance. This demonstrates the community's need for sharia financial services.

According to Usman et al. (2004), microfinance offers various financial services, including financing and savings, for low-income families. A study by Husaeni and Dewi (2019) on BMT (Baitul Mal wat Tamwil) members in West Java also shows that sharia microfinancing positively impacts micro-business development. Holding the KSPPS business in Cibuluh Village is hoped to increase the development and welfare of MSEs and batik makers in Cibuluh Village.

### Willingness to Pay for Sharia Cooperative Products

Cibuluh Batik Village is a batik education tourism village based on business activities. However, until now, batik makers and MSEs still need help accessing sharia-based microfinance institution facilities. The

contingent valuation method is used to determine the level of people's willingness to pay (WTP) for IMFIs products, where to obtain the benefits of sharia cooperative products, the people of Kampung Batik Cibuluh must pay the amount of essential savings and mandatory savings. The stages for obtaining an estimate of the average value of WTP are as follows. Following:

#### ***Build a hypothetical market***

At this stage, the researcher offers the fees that the respondent is willing to pay to resolve the existing problem. These costs will later become the basis for determining the cost of essential and mandatory savings as the price the public must pay to obtain sharia savings and financing facilities.

#### ***Obtain Willingness to Pay (WTP) value***

The WTP value is obtained through a questionnaire instrument using the bargaining method (building games) starting from IDR 0, the maximum limit people can afford to pay for essential and mandatory savings. The WTP price choice was obtained from a survey of Islamic Microfinance Institutions.

#### ***Calculating the estimated average Willingness to Pay (WTP)***

The average WTP value is obtained by calculating the average value from data on the distribution of people's willingness to pay. The estimated average WTP can represent the characteristics of the Cibuluh Village population in terms of their willingness to pay for KSPPS services. The distribution of WTP from the people of Cibuluh Subdistrict towards KSPPS financial products can be seen in Table 3.

Table 3 Respondent willingness to pay for principal savings in the research Feasibility of Sharia Cooperatives in a Village Creative Economy Development: Lessons from Kampung Batik Cibuluh, Bogor

WTP	Frequency (person)	Relative Frequency	Estimated Average WTP (IDR)
0	0	0	-
10.000	17	0.19	1,888
20.000	23	0.26	5,111
30.000	11	0.12	3,666
40.000	3	0.03	1,333
50.000	36	0.4	20,000
	90	1	31,998

Source: Research finding by authors, 2022 (processed data).

Table 4 Respondent willingness to pay for mandatory savings in the research Feasibility of Sharia Cooperatives in a Village Creative Economy Development: Lessons from Kampung Batik Cibuluh, Bogor

WTP	Frequency (person)	Relative Frequency	Estimated Average WTP (IDR)
0	0	0	-
5.000	14	0.16	777
10.000	22	0.24	2,444
15.000	7	0.08	1,166
20.000	36	0.4	8,000
25.000	11	0.12	3,055
	90	1	15,442

Source: Research finding by authors, 2022 (processed data).

Table 5 Respondent willingness to pay for *murabahah's* margin in the research Feasibility of Sharia Cooperatives in a Village Creative Economy Development: Lessons from Kampung Batik Cibuluh, Bogor

WTP	Frequency (person)	Relative Frequency	Estimated Average WTP (IDR)
0	0	0	-
20%	12	0.133	2,670
25%	18	0.2	5,000
30%	34	0.378	11,330
35%	19	0.211	7,390
40%	7	0.078	3,110
	90	1	29,500

Source: Research finding by authors, 2022 (processed data).

The calculation results show that the estimated average value of respondents' willingness to pay for principal savings is IDR 31,998, mandatory savings IDR 12,818, and the margin for *murabahah* financing is 29.5%. This value reflects the willingness of the people of the Cibuluh Subdistrict to pay for sharia savings and financing services.

#### **Business Feasibility Analysis: Non-Financial**

A business feasibility study was conducted to determine whether the KSPPS business to be established in Cibuluh Village was feasible. The analysis consists of non-financial feasibility analysis and financial feasibility analysis. Non-financial feasibility analysis comprises market, marketing, technical, and organizational management aspects.

##### ***Market and marketing aspects***

Of the 90 respondents in Cibuluh Village, 71 respondents (78.9%) were interested in using KSPPS services, indicating a significant need for sharia financial products in the area. This can also fulfill the community's demand and needs for sharia financial products in Cibuluh Village, considering there are no similar service providers.

KSPPS business planning uses the 4P marketing mix because cooperatives work based on the services provided to their members. The strategies used are as follows:

- Place. The KSPPS office location will be close to customers' business activities, making transactions easier and reducing operational costs.
- Product. KSPPS will offer savings products and working capital financing for MSEs and batik makers in Cibuluh Village.
- Price. Price determination is based on the amount of principal savings and mandatory savings, namely IDR 31,998.00 and IDR 14,442.00.
- Promotion. Using 'word of mouth' and social media methods for cost efficiency and fast dissemination of information.

##### ***Technical aspects***

The business location is on the main road of Cibuluh Village, considering variables such as the availability of prospective members, workforce, and access to funding sources. As for customer achievement targets in the 10th year, KSPPS is expected to be able to fulfill all requests from the people of Cibuluh Subdistrict with the assumption of effective demand growth of 10% each year. The choice of technology to support KSPPS operations can be made by utilizing the SIMKOPSYAH application for administration and financing, a website for promotions and information, and hardware, including computer printers, smartphones, savings book printers, and filing cabinets.

### *Management and organizational aspects*

Projections of workforce needs are carried out using the Work Force Analysis method, which includes analysis of workload, attendance percentage, and team member turnover. Labor requirements are calculated based on annual funding targets and measured by the working hours required for each team member. The basic wage used is IDR 4.4 million per month, with an increase of 5% yearly based on 22 working days and eight effective working hours per day. The workforce is grouped into two based on their education level: high school for operational staff and bachelor's degree for managers. Labor requirements and qualifications will be displayed in Table 6.

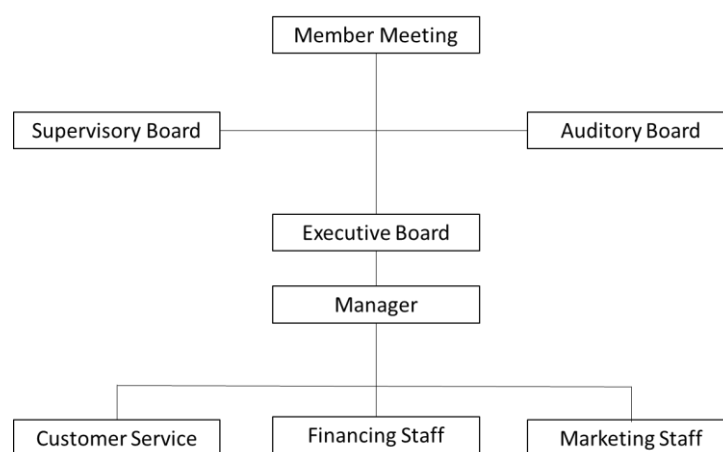
Table 6 Labor requirements and qualifications for Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

No	Positions	Qualifications	Amount (person)
1	Manager	S1 Economics	1
2	Marketing Staff	High School Equivalent	1
3	Finance Staff	High School Equivalent	1
4	Customer Service	High School Equivalent	1
Total			4

Source: Research finding by authors, 2022 (processed data).

The primary determinant of the feasibility of managerial aspects in labour fulfilment is the labour availability in the Cibuluh Subdistrict. Information about the presence of many universities and high schools in the Cibuluh Village area was gathered based on the findings of the location aspect study. These factors indicate that there is a great supply of potential workers in Cibuluh Village.

The legal entity form of KSPPS is a cooperative with a simple organizational structure that aims to increase decision-making effectiveness. The highest authority resides at the annual members' meeting. Each member has equal voting rights in providing input to improve the cooperative's performance. The function of administrators, examiners, and the Sharia Supervisory Board is to supervise the running of the organization. The management focuses its functions on managerial supervision and technical operations. The audit agency carries out financial supervision to avoid bookkeeping errors and fraud. The sharia supervisory board ensures that financial services and financing processes comply with sharia values. The KSPPS structure that will be established is as follows:



Source: Authors, 2022 (processed data).

Figure 3 Organizational structure of Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

Apart from the organizational structure, IMFI also needs to describe each position in the organizational structure. This description ensures that there are no conflicts of work authority between structures so that

business activities can run according to their objectives. The description of the duties and responsibilities of each position is determined based on the Republic of Indonesia Ministry of KUKM Regulation No. 12 of 2018.

### Business Feasibility Analysis: Financial Aspect

Financial analysis is very crucial in determining business feasibility. This involves planning cash inflows and outflows and estimating profit and loss. Next, a feasibility assessment is carried out using financial criteria.

#### *Income flow*

The flow of income from the KSPPS business originates from the provision of initial capital for the business, financing operational activities, member administration costs, collecting principal savings, mandatory savings, *wadiah yad dhamanah* savings and non-operational revenues such as bank profit sharing. The remaining cash value at the end of the previous year is included in the KSPPS income flow.

#### a) Initial Capital

Article 11 of the Minister of Cooperatives and SMEs Regulation No. 9 of 2018 on the Implementation and Development of Cooperatives regulates the initial capital required to create a cooperative. According to the rule, a cooperative's minimal beginning capital is derived from essential savings and can be supplemented by mandatory savings and grant funds. The minimum capital for cooperatives founded as savings and loans with a membership area of one district/city is IDR 15,000,000. Primary cooperatives are formed by at least 20 members who have the same economic activities and interests.

The initial capital for the KSPPS firm is obtained by collecting the main and obligatory savings of the KSPPS founders, assuming a total of 20 founders. The founder's principal savings amount is IDR 3,000,000 with a nominal required savings of IDR 20,000 per month. Principal deposits and deposits must be made at the time of KSPPS incorporation as KSPPS initial capital. Furthermore, the initial business capital obtained through grant funding is believed to be IDR 100,000,000.00. Grant monies can be collected from the government, provincial, district/city governments, individuals, and other parties, and are not legally binding (Permen KUKM No.9 2018). The total beginning capital for the KSPPS business is IDR 164,800,000.

Table 7 Initial capital for establishing Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

Details	Amount (IDR)
Founder's principal savings	60,000,000
Founder's mandatory savings	4,800,000
Grant Funds	100,000,000
<b>Total</b>	<b>164,800,000</b>

Source: Research finding by authors, 2022 (processed data).

#### b) Principal Savings and Mandatory Savings

According to the Minister of Cooperatives and SMEs Regulation No. 9 of 2018 concerning the Implementation and Development of Cooperatives, principal savings are the same amount of money that must be paid to the cooperative when becoming a member, while mandatory savings are a certain amount of savings that do not have to be the same that must be paid—members to the cooperative at certain times and opportunities. Principal and mandatory savings cannot be withdrawn while someone is a cooperative member.

The KSPPS articles of association determine the amount of essential and mandatory savings. The primary savings charged to members is IDR 31,998.00, and mandatory savings is IDR 15,442.00. The principal savings are paid at the start of becoming a member of the cooperative, while the savings must be paid every month while being a member of the cooperative. The projection of essential and mandatory savings for ten years is obtained by calculating the target number of members each year, multiplied by the amount of essential and mandatory savings. The projection of funds collected during the ten years of the cooperative's operation is as follows.

Table 8 Principal savings and mandatory savings of Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

Years	Principal Savings (IDR)	Mandatory Savings (IDR)
1	7,248,587	46,777,378
2	7,248,587	88,754,757
3	7,248,587	130,732,135
4	7,248,587	172,709,514
5	7,248,587	214,686,892
6	7,248,587	256,664,270
7	7,248,587	298,641,649
8	7,248,587	340,619,027
9	7,248,587	382,596,405
10	7,248,587	424,573,784

Source: Research finding by authors, 2022 (processed data).

c) *Murabahah* Revenue

*Murabahah* contract, according to DSN MUI Fatwa No.141/DSN-MUI/VIII/2021 about Guidelines for the Establishment and Operation of Sharia Cooperatives, is an agreement to finance an item by confirming the purchase price to the buyer, with the buyer paying the excess price as an agreed-upon profit. Payments for *murabahah* transactions can be paid in cash or installments. *Murabahah* finance is extensively employed since the risks are low on both the KSPPS and the members' side. *Murabahah* is KSPPS Cibuluh's financing product concept, with guarantees and installments based on the principle amount and a fixed margin. *Murabahah* revenue represents installments of *murabahah* financing receivables rolled over in the current and previous periods that still need to be collected. The amount of *murabahah* revenue installments for ten years is as follows.

Table 9 *Murabahah* revenue of Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

Years	<i>Murabahah</i> Revenue Installments (IDR)
1	74,695,600
2	205,124,171
3	380,074,261
4	692,269,703
5	1,169,359,429
6	1,666,020,062
7	2,340,769,633
8	3,219,296,767
9	4,167,813,688
10	5,242,901,385

Source: Research finding by authors, 2022 (processed data).

d) *Wadiah Yad Dhamanah* Savings Product

According to DSN MUI Fatwa No.141/DSN-MUI/VIII/2021 concerning Guidelines for the Establishment and Operation of Sharia Cooperatives, *wadiah* savings are several savings deposited

by members which can be withdrawn at any time. *Wadiah* contracts are divided into two types: *wadiah yad amanah* contracts and *wadiah yad dhamanah* contracts. *Wadiah yad amanah* requires that the entrusted recipient not use the entrusted goods. In contrast, the *wadiah yad dhamanah* contract allows the entrusted recipient to utilize the entrusted goods, and the proceeds from their use are the rights of the entrusted recipient.

In its operations, KSPPS uses a *wadiah yad dhamanah* agreement so that KSPPS can use the funds collected as operational capital. The projection for collecting *wadiah* savings funds is obtained by multiplying the projected data on the number of savers and the nominal monthly savings. The amount of *wadiah* savings deposited each month is assumed to be IDR 50,000.00 per member. This amount was obtained from interviews with batik makers and MSEs in Cibuluh Village.

Table 10 *Wadiah* savings' revenue of Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

Years	Amount of <i>Wadiah</i> Savings (IDR)
1	145,103,250
2	290,206,500
3	435,309,750
4	580,413,000
5	725,516,250
6	870,619,500
7	1,015,722,750
8	1,160,826,000
9	1,305,929,250
10	1,451,032,500

Source: Research finding by authors, 2022 (processed data).

e) Other operational income

Other operational income is obtained from administrative income from the financing provided. Administrative income is obtained from sales of services for completing required documents and is charged to *murabahah* financing members. The administration fee charged to members who apply for financing is IDR 15,000. Furthermore, operational income is obtained from the costs of providing savings books, which are charged to new KSPPS members, the amount of which is IDR 5,000.

Table 11 Other operational income of Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

Years	Other Operational Income (IDR)
1	1,524,194
2	2,529,194
3	3,684,194
4	4,884,194
5	6,084,194
6	7,284,194
7	8,484,194
8	9,684,194
9	10,884,194
10	12,084,194

Source: Research finding by authors, 2022 (processed data).

## f) Non-operating income

Non-operating income is derived from activities outside than the primary operational business activity, such as profit sharing from funds held in Islamic banks. In addition to getting profit sharing from Islamic banks, investing funds in Islamic banks ensures the protection of members and KSPPS finances. Profit sharing from investing funds in Islamic banks each year is used to calculate projected non-operating income over the next ten years.

Table 12 Non-operating income of Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

Years	Non-Operating Income (IDR)
1	2,744,193
2	5,488,385
3	8,232,578
4	10,976,771
5	13,720,963
6	16,465,156
7	19,209,349
8	21,953,541
9	24,697,734
10	27,441,927

Source: Research finding by authors, 2022 (processed data).

**Expenditure flow**

Expenditure flows indicate the various funds disbursed by KSPPS firms. The cash disbursement report is based on the cash disbursement operations performed by KSPPS. KSPPS' current costs include placements with Islamic banks, *murabahah* financing money, labor, electricity, investment equipment purchases, legal fees, and other operational expenses.

## a) Placement in Islamic Bank

To utilize member savings, KSPPS places some of the *wadiah* savings funds as sharia deposits in Islamic banks for one year. The percentage of *wadiah* deposits placed in Islamic banks must not exceed 40% of total deposits in order to maintain the liquidity of *wadiah* deposits (Astuti, 2012).

Table 13 Placement *wadiah* savings in Islamic bank

Years	Placement in Islamic Bank (IDR)
1	58,041,300
2	116,082,600
3	174,123,900
4	232,165,200
5	290,206,500
6	348,247,800
7	406,289,100
8	464,330,400
9	522,371,700
10	580,413,000

Source: Research finding by authors, 2022 (processed data).

b) *Murabahah* Financing

The amount of funds disbursed in the first year is 50% of the initial capital, so the amount of funds disbursed for *murabahah* financing in the first year is IDR 82,400,000, assuming KSPPS has not provided financing in the first six months of operation. Limited capital and information on member characteristics are why KSPPS limits financing activities and focuses on promotions in the

first year of operation. In the following year, the amount of funds disbursed was taken from a percentage of KSPPS's liabilities and capital of 40% and 60%, respectively.

Table 14 Distribution of *murabahah* financing of Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

Years	Amount of <i>Murabahah</i> Financing (IDR)
1	82,400,000
2	190,967,204
3	393,627,460
4	694,115,769
5	1,092,297,129
6	1,588,216,541
7	2,181,874,006
8	2,873,269,522
9	3,662,403,090
10	4,549,274,711

Source: Research finding by authors, 2022 (processed data).

c) Labor Costs

Their level of education and position influences the amount of workers' salaries. Manager positions with a bachelor's degree have a salary of Rp. 4,000,000-Rp. 5,000,000, while positions other than managers and those with a high school or equivalent education have a salary of Rp. 3,000,000-Rp. 4,000,000 with a wage increase of 5% per year by the Bogor City minimum wage. Regulated in the decision of the Governor of West Java Number 561/Kep.732-Kesra/2021 concerning City/Regency minimum wages.

Table 15 Labor costs of Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

Years	Labor Cost
1	124,800,000
2	131,040,000
3	137,592,000
4	144,471,600
5	151,695,180
6	185,739,939
7	195,026,936
8	204,778,283
9	215,017,197
10	225,768,057

Source: Research finding by authors, 2022 (processed data).

d) Electricity Costs

The electricity costs incurred by KSPPS are based on the duration of use of electrical equipment per day, the number of days spent in one year (period), and the electricity tariff. The electricity tariff is assumed to increase by 30% per year.

Table 16 Electricity costs of Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

Years	Electricity Cost
1	3,344,122
2	4,347,359
3	5,651,567
4	7,347,037
5	9,551,147
6	12,416,492
7	16,141,439
8	20,983,871
9	27,279,032
10	35,462,742

Source: Research finding by authors, 2022 (processed data).

e) Business Legality Costs

In 2014, the Ministry of Cooperatives and Small and Medium Enterprises waived fees for deeds of establishment of cooperatives specifically for micro-entrepreneurs, which resulted from collaboration with the Indonesian Notary Association (INI). Until now, most of the Department of Cooperatives and Micro Enterprises have waived the cost of making a deed to establish a cooperative. In processing the legality of its business, KSPPS uses expert services apart from the deed validation fee of IDR 6,000,000.

f) Other Operational Expenses

The costs incurred from non-operational activities consist of the burden of developing human resources and the burden of providing office equipment. Other operational cost projections for 10 years are obtained from HR development costs which are assumed to be IDR 2,000,000.00/year and office equipment costs each year.

Table 17 Other operational expenses of Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

Years	Other Operational Expenses
1	2,200,000
2	2,400,000
3	2,600,000
4	2,800,000
5	3,000,000
6	3,200,000
7	3,400,000
8	3,600,000
9	3,800,000
10	4,000,000

Source: Research finding by authors, 2022 (processed data).

### ***Profit and loss analysis***

The profit and loss calculation is obtained from the difference between KSPPS income and expenses for ten years of operation. This difference, or profit before tax, is subtracted from the tax burden to obtain profit and loss after tax. Operating income includes *murabahah* margin and other operating income such as administrative fees. The amount of depreciation costs uses the straight-line method, with an economic life of five years and use for ten years.

Table 18 Profit and loss analysis of Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

Years	Revenue	Expenses	Profit and Loss	Cumulative Profit and Loss
1	21,283,986	142,284,122	(121,000,136)	(121,000,136)
2	54,744,707	143,727,359	(88,982,652)	(209,982,788)
3	98,497,395	151,783,566	(53,286,172)	(263,268,959)
4	173,559,468	160,558,636	13,000,832	(250,268,127)
5	286,184,332	170,186,327	115,998,005	(134,270,122)
6	403,267,433	201,356,431	201,911,003	67,640,880
7	560,919,057	214,568,375	346,350,682	413,991,562
8	764,991,053	229,362,154	535,628,899	949,620,461
9	985,006,667	246,096,229	738,910,438	1,688,530,900
10	1,233,855,007	265,230,799	968,624,209	2,657,155,108

Source: Research finding by authors, 2022 (processed data).

### Feasibility Testing

To examine the feasibility of the Cibuluh Village KSPPS business, the Net Present Value (NPV), Internal Rate of Return (IRR), and Payback Period (PP) approaches are used. A business is considered viable if its NPV exceeds zero, its IRR exceeds the Discount Rate (DR) of 9.85%, and its PP is less than its age, which is 10 years. Table 19 shows the assessment based on financial feasibility factors.

Table 19 Financial feasibility criterias of Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

Financial Criteria	Indicators	Analysis result	Feasibility
Net Present Value	$NPV \geq 0$	675,985,916	Feasible
Internal Rate of Return	$IRR \geq DR$	16.2%	Feasible
Payback Period	$\leq 10$ years	7 years	Feasible

Source: Research finding by authors, 2022 (processed data).

Table 19 shows that the KSPPS business is feasible to operate. This is determined by the value of each investment qualifying requirement. Net Present Value (NPV) is the difference between future benefits and a business that is possible if its NPV value above zero (Nurmalina et al., 2018). Based on Table 19, the nominal NPV value of IDR 675,985,916 represents the benefits gained from the KSPPS business over 10 years of operation at a discount rate of 9.85%, indicating that the Cibuluh KSPPS business is viable to operate.

The Internal Rate of Return (IRR) indicates the level of business return on investment made. A project is considered profitable if its IRR exceeds the stated Discount Rate (DR). This is because if the IRR equals the DR, the NPV value is zero, indicating that the business will not be profitable (Purnomo et al., 2018). Table 19 shows that the IRR is 16.2%, indicating that KSPPS firms generate a higher return than deposits at banks with the necessary DR.

The payback period is the amount of time it takes for a business to earn back the money spent in its operations. A firm is considered feasible if the PP value is less than its age (Sugiyanto et al., 2020). Table 19 calculates the PP value over seven years. This demonstrates that the KSPPS business can recoup its investment within seven years or faster than the business's life, indicating that it is viable to operate.

### Sensitivity Analysis

Performing sensitivity analysis allows for the evaluation of a project's feasibility in the event of changes to certain parameters. These parameters include general cost parameters and the number of cooperative members (Sobana, 2018). KSPPS incurs various expenses, including labor costs, operational costs, electricity costs, costs related to purchasing operational equipment, and costs associated with establishing KSPPS. Analyzing general cost parameters is crucial to anticipate future changes, as external factors like inflation can have a significant impact on the amount of general costs. Assuming a 10% increase, the analysis takes into account the general cost parameters.

The amount of principal, mandatory, and savings collected by KSPPS is directly impacted by the number of KSPPS members. These funds will be allocated for KSPPS financing activities. According to (Astuti, 2012), fluctuations in the number of KSPPS members have a direct impact on the disbursement of funds and ultimately affect the profits of KSPPS. For this analysis, it is assumed that the number of members parameter has decreased by 10%.

Table 20 Sensitivity analysis of Cibuluh Village Sharia Savings and Loans and Financing Cooperative (KSPPS)

Information	Sensitivity Results		
	NPV (IDR)	IRR (%)	PP (Year)
Normal Condition	675,985,916	16.2	7
Increase in general costs by 10%	208,862,502	13.8	7
Decrease in cooperative members 10%	97,771,145	12	7

Source: Research finding by authors, 2022 (processed data).

From the sensitivity analysis results, it was concluded that the KSPPS business was considered feasible even though there were changes in the parameters of increasing general costs and decreasing the number of KSPPS members. These findings are shown by the value of the assessment results using the NPV, IRR, and PP criteria, which shows that the KSPPS business is still viable. The NPV value obtained is more significant than zero, the IRR value is above the specified interest rate, namely 9.85%, and the PP is smaller than the life of the KSPPS business. Of these two parameters, the parameter for decreasing KSPPS members is the most sensitive parameter to the feasibility of the KSPPS business.

### Practical/Managerial Implications

Establishing a sharia cooperative (KSPPS) in Kampung Batik Cibuluh offers a robust and sustainable solution for the village's creative economic development. The financial and non-financial feasibility analyses underscore the potential for KSPPS to provide much-needed sharia-compliant financial services to local micro and small enterprises (MSEs) and batik artisans, who currently lack access to such facilities (Faitdah & Rohman, 2023). The willingness-to-pay analysis indicates a strong community interest, with residents ready to contribute to essential and mandatory savings, reflecting their commitment to sharia financial principles. By implementing the KSPPS, local businesses can secure financing at competitive rates, promoting entrepreneurship and economic resilience in the region.

Studies on various KSPPS branches such as BMT Pondok Pesantren Al-Hikmah Bandar Lampung (Masmuroh et al., 2022), Nuri East Java (Suhaimi et al., 2022), and KSPPS MUI Sekapuk Branch (Islam & Sutopo, 2022) have shown that these cooperatives play a crucial role in empowering communities economically. They offer financing products based on Islamic principles, manage funds effectively, and implement risk management strategies to prevent financial risks. By providing accessible and fair financing options, KSPPS contribute to the growth of local businesses, enhance entrepreneurship opportunities, and increase economic resilience within the communities they serve.

Integrating Islamic social finance mechanisms, such as *zakat* (obligatory almsgiving), *waqf* (endowment), and *shadaqah* (voluntary charity), can significantly enhance the cooperative's impact. By channeling these funds into the cooperative, additional capital can be mobilized to support the financial needs of local businesses and residents. This integration not only provides financial resources but also fosters a sense of community and mutual support, aligning with the principles of sharia and promoting social cohesion. For instance, *zakat* and *waqf* funds could be utilized to offer subsidized financing options or to establish community projects that benefit the entire village, thereby ensuring that the cooperative's operations contribute to broader socio-economic development goals (Haneef et al., 2015).

From a managerial perspective, the KSPPS can significantly enhance the local business ecosystem by providing tailored financial products such as savings and working capital financing. This targeted approach meets the specific needs of MSEs and batik makers, ensuring their financial stability and growth. The organizational structure, characterized by a simple yet effective management hierarchy, promotes transparency and accountability. The involvement of a Sharia Supervisory Board ensures compliance with Islamic finance principles, thereby enhancing the cooperative's credibility and trustworthiness. The feasibility study's positive financial indicators, including a favorable NPV, IRR, and payback period, further validate the cooperative's potential for long-term success and impact on the village's creative economy.

## CONCLUSION

The study's findings lead to several key conclusions. Firstly, of the 90 respondents, 78.9% expressed a desire to use KSPPS services, indicating a significant demand for sharia-compliant savings and financing options in Kampung Batik Cibuluh. This public interest is primarily driven by the need for capital to support business activities in the area. Secondly, the willingness to pay analysis reveals that the community is prepared to contribute IDR 31,998 for essential savings and IDR 15,442 for mandatory savings, with a willingness to accept a *murabahah* margin of 29.5%. These figures underscore the community's readiness to engage with the proposed cooperative's financial products. Finally, the financial and non-financial feasibility analyses confirm that establishing a KSPPS in Cibuluh Village is viable. The cooperative's projected financial performance, coupled with strong community support, suggests that the initiative is both financially and operationally sustainable.

Based on these findings, several recommendations can be made. Firstly, a comprehensive feasibility analysis of the KSPPS business should be conducted, considering various sharia contracts that may yield different feasibility outcomes. This will ensure that the cooperative's operations are aligned with sharia principles and optimized for financial performance. Secondly, the establishment of a sharia cooperative in Kampung Batik Cibuluh offers a viable solution for enhancing the village's creative economy by addressing the strong community interest in sharia-compliant financial services.

Thirdly, integrating Islamic social finance mechanisms like *zakat*, *waqf*, and *shadaqah* can provide additional capital and foster community support, aligning with sharia principles and promoting socio-economic development. Strategic planning, including the operational-marketing managerial and the use of technology, ensures accessibility, affordability, and operational efficiency. This approach not only drives sustainable economic growth but also improves the livelihoods of local artisans and entrepreneurs, providing a replicable model for similar initiatives in other communities. Then, future research should investigate the factors influencing public interest in KSPPS services. Understanding these factors will provide deeper insights into community needs and preferences, enabling the development of more targeted and effective financial products and services.

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