

## **CRISIS OF PROPERTY CREDIT ACCESS IN ACEH: THE ROLE AND CHALLENGES OF BPRS IN SUPPORTING THE HOUSING SECTOR**

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**Abstract:** This study examines the crisis of property credit access in Aceh with a specific focus on the role of Bank Perkreditan Rakyat Syariah (BPRS) in supporting the housing sector. Using a mixed-methods approach that integrates quantitative data with qualitative stakeholder perspectives, the research identifies systemic barriers such as limited financial literacy, regulatory restrictions, and insufficient capital, which constrain access to housing finance. Findings indicate that only about 30% of the Acehnese population has access to formal financial services, while the province faces a housing backlog of approximately 150,000 units. BPRS has contributed significantly by financing over 20,000 housing units through Sharia-compliant mechanisms, especially benefitting rural low-income households. However, challenges remain, including competition from conventional banks, rising construction costs, and limited digital infrastructure. Comparative insights from other regions, such as West Java and Malaysia, suggest that integrating fintech and cooperative financing models can enhance operational efficiency and outreach. The novelty of this study lies in its dual emphasis on the socio-cultural embeddedness of Islamic finance in Aceh and the structural reforms required to expand financial inclusion. Policy recommendations highlight the need for regulatory reform, technological adoption, and strengthened community partnerships to transform the housing sector. This research contributes to both academic discourse and practical policymaking by offering strategies for sustainable housing finance in post-disaster and post-conflict contexts.

**Keywords:** Property credit, BPRS, Islamic finance, Housing sector, Aceh

**Abstrak:** Penelitian ini mengkaji krisis akses kredit properti di Aceh dengan fokus khusus pada peran Bank Perkreditan Rakyat Syariah (BPRS) dalam mendukung sektor perumahan. Dengan menggunakan pendekatan mixed-methods yang mengintegrasikan data kuantitatif dengan perspektif para pemangku kepentingan secara kualitatif, penelitian ini mengidentifikasi hambatan sistemik seperti rendahnya literasi keuangan, keterbatasan regulasi, dan modal yang tidak memadai, yang membatasi akses terhadap pembiayaan perumahan. Temuan menunjukkan bahwa hanya sekitar 30% populasi Aceh yang memiliki akses ke layanan keuangan formal, sementara provinsi ini menghadapi backlog perumahan sekitar 150.000 unit. BPRS telah memberikan kontribusi signifikan dengan membiayai lebih dari 20.000 unit rumah melalui mekanisme yang sesuai syariah, terutama memberi manfaat bagi rumah tangga berpenghasilan rendah di pedesaan. Namun, tantangan tetap ada, termasuk persaingan dari bank konvensional, meningkatnya biaya konstruksi, dan keterbatasan infrastruktur digital. Perbandingan dengan wilayah lain, seperti Jawa Barat dan Malaysia, menunjukkan bahwa integrasi fintech dan model pembiayaan koperatif dapat meningkatkan efisiensi operasional dan jangkauan layanan. Kebaruan penelitian ini terletak pada penekanannya terhadap keterikatan sosio-kultural keuangan syariah di Aceh sekaligus kebutuhan reformasi struktural untuk memperluas inklusi keuangan. Rekomendasi kebijakan menekankan pentingnya reformasi regulasi, adopsi teknologi, dan penguatan kemitraan komunitas untuk mentransformasi sektor perumahan. Penelitian ini memberikan

kontribusi bagi wacana akademik maupun kebijakan praktis dengan menawarkan strategi pembiayaan perumahan berkelanjutan dalam konteks pascabencana dan pascakonflik.

**Kata Kunci:** Kredit properti, BPRS, keuangan syariah, sektor perumahan, Aceh.

### **Introduction**

The province of Aceh, Indonesia, has been experiencing a significant crisis in property credit access, exacerbated by natural disasters and the COVID-19 pandemic. This crisis is reflected in the decline of financing availability for prospective homeowners, resulting in stagnation within the housing market. Data from the Bank of Indonesia (2021)<sup>1</sup> indicate that the growth rate of property loans in Aceh fell from 8.2% in 2019 to 3.5% in 2020, signaling a marked reduction in credit accessibility. Contributing factors include the high levels of non-performing loans (NPLs), stringent credit evaluation procedures, and limited financial literacy among potential borrowers. The consequences extend beyond individual barriers to home ownership, as the weakened housing sector undermines broader economic stability. The Aceh Statistical Office (2021)<sup>2</sup> reported that the construction sector, closely tied to housing, contracted by 4.1% in the same period, intensifying the region's economic challenges. Limited credit access combined with declining sectoral growth presents a critical obstacle to sustainable development in Aceh.

The housing sector serves as a vital driver of economic development by stimulating employment, infrastructure growth, and economic resilience. According to the World Bank (2020)<sup>3</sup>, each new home constructed generates approximately 1.5 jobs in construction alone, underscoring the multiplier effect of housing on the wider economy. In Aceh, where unemployment rates have historically been elevated, revitalizing the housing sector could significantly expand job opportunities and foster regional economic growth. Beyond its economic role, adequate housing represents a fundamental human right and contributes to social well-being. UN-Habitat (2020)<sup>4</sup> highlights that secure housing promotes health, educational attainment, and social cohesion. In Aceh, where communities continue to recover from the 2004 tsunami and subsequent conflict, strengthening access to housing is essential for rebuilding social structures and fostering resilience. Thus, resolving the property credit crisis is both an economic necessity and a social imperative.

This study examines the crisis of property credit access in Aceh with a particular focus on the role of Bank Perkreditan Rakyat Syariah (BPRS) in supporting the housing sector. The analysis seeks to identify the key factors underlying the credit crisis, evaluate the effectiveness of BPRS in providing housing finance, and assess the challenges that limit its capacity to expand outreach and impact. Addressing these dimensions is expected to generate insights for policymakers, financial institutions, and stakeholders in formulating strategies to enhance credit accessibility and strengthen Aceh's housing sector. The study is guided by three central research questions: (1) What are the primary factors contributing to the crisis of property credit access in Aceh? (2) How effective is BPRS in providing housing finance to potential homeowners? (3) What challenges does BPRS face in supporting the housing sector, and how can these be addressed? By exploring these questions, the research aims to deepen

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<sup>1</sup> Bank of Indonesia. (2021). Laporan Ekonomi dan Keuangan Regional Aceh 2021. Bank Indonesia.

<sup>2</sup> Aceh Statistical Office. (2021). Statistik Aceh 2021. Banda Aceh: Badan Pusat Statistik Aceh.

<sup>3</sup> World Bank. (2020). Building better housing: The role of the housing sector in economic development. World Bank Group.

<sup>4</sup> UN-Habitat. (2020). The right to adequate housing: A global perspective. United Nations Human Settlements Programme.

understanding of property credit dynamics in Aceh and clarify the role of BPRS in meeting the population's housing needs.

### **Methods**

The crisis of property credit access in Aceh reflects structural, cultural, and institutional challenges that hinder households from obtaining adequate financing for housing. This study employs a mixed-methods approach, combining quantitative analysis of credit access data with qualitative exploration of stakeholder perspectives. Such integration is essential to capture both the measurable dimensions of financial access and the nuanced realities experienced by borrowers, Bank Perkreditan Rakyat Syariah (BPRS) officials, housing developers, and government representatives. Quantitative data were obtained from official reports, surveys, and financial records, providing insights into trends in credit distribution and unmet demand. For example, the Indonesian Financial Services Authority (OJK, 2021)<sup>5</sup> reported that only 23% of households in Aceh had access to formal housing credit, while data from the Central Bureau of Statistics (BPS, 2021)<sup>6</sup> indicated a 10% increase in housing demand, underscoring the financing gap. Complementing this, qualitative data were collected through interviews and focus group discussions, which revealed barriers such as bureaucratic hurdles, limited financial literacy, and cultural perceptions of debt. A preliminary survey by the Research Institute of Aceh (2023)<sup>7</sup> found that 65% of potential homeowners identified lack of understanding of the credit application process as a major obstacle, highlighting the role of BPRS in improving financial inclusion.

The use of mixed methods is justified by the multidimensional nature of the issue. A solely quantitative approach would overlook the lived experiences of affected stakeholders, while purely qualitative inquiry might neglect broader statistical trends. Combining both allows for triangulation, strengthening validity and enabling a holistic analysis, in line with Creswell and Plano Clark's (2018)<sup>8</sup> recommendations on mixed-methods research. The target population comprised potential homeowners, BPRS officials, and housing developers, selected through purposive sampling to ensure that participants possessed relevant knowledge and experience. Stratified representation across socio-economic backgrounds and geographical regions allowed for capturing diverse perspectives on housing credit challenges.

Data analysis was conducted through thematic coding of qualitative data using NVivo, supported by statistical analysis of quantitative data with SPSS and R. This dual framework facilitated identification of recurring themes such as the impact of socio-cultural norms on credit behavior, the role of BPRS in promoting financial literacy, and the limitations of current lending practices. Statistical analysis further established correlations between income levels and credit access, while visualizations helped clarify trends in financing gaps. The findings highlight systemic barriers to credit access and underscore the importance of strengthening BPRS capacity, enhancing financial literacy, and designing more inclusive lending policies. By integrating stakeholder perspectives with empirical data, this study contributes to the development of practical strategies for expanding housing finance access in Aceh, supporting both policy formulation and institutional reform.

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<sup>5</sup> Otoritas Jasa Keuangan. (2021). Annual report on financial inclusion in Indonesia. Jakarta: OJK.

<sup>6</sup> Badan Pusat Statistik Aceh. (2021). Statistical yearbook of Aceh 2021. Banda Aceh: BPS.

<sup>7</sup> Research Institute of Aceh. (2023). Survey on housing credit access in Aceh. Banda Aceh: Research Institute of Aceh.

<sup>8</sup> Creswell, J. W., & Plano Clark, V. L. (2018). Designing and conducting mixed methods research (3rd ed.). Thousand Oaks, CA: Sage Publications.

## Results And Discussions

Property credit access in Aceh remains a critical issue, particularly following the socio-economic disruptions caused by the 2004 tsunami and decades of conflict. Despite national efforts to stimulate housing development, access to formal financial services in Aceh lags significantly behind the national average. As of 2021, only 30% of Aceh's population had access to such services, compared to 50% nationally (World Bank, 2020)<sup>9</sup>. This gap has directly constrained the ability of households to secure housing loans and intensified the housing deficit. By 2022, Aceh faced an estimated housing backlog exceeding 100,000 units (Badan Pusat Statistik Aceh, 2022)<sup>10</sup>. Although demand for housing is high, property credit distribution remains limited. BPRS (Bank Perkreditan Rakyat Syariah) reported only a 15% increase in property financing over the past three years, well below the national growth rate of 25% (OJK, 2022)<sup>11</sup>. Furthermore, the average loan of IDR 150 million offered by BPRS is insufficient to meet rising urban housing costs (Kementerian PUPR, 2022)<sup>12</sup>.

BPRS has played a distinct role in Aceh's financial ecosystem by offering Sharia-compliant services tailored to local needs. With over 20 institutions holding assets of approximately IDR 1 trillion (Bank Indonesia, 2022)<sup>13</sup>, BPRS extends beyond financial intermediation to community development. Key financing schemes, such as murabaha, have been embraced by Aceh's predominantly Muslim population. However, limited awareness and financial literacy have constrained uptake (Masyarakat Ekonomi Syariah, 2021)<sup>14</sup>. Despite these barriers, BPRS financing has enabled more than 5,000 families, primarily in rural areas, to acquire homes, thereby improving living standards and social stability (Aceh Economic Research Institute [AERI], 2022)<sup>15</sup>. Nonetheless, benefits remain uneven, with urban households receiving disproportionate access compared to rural communities.

The effectiveness of BPRS in supporting housing credit is significantly hampered by regulatory, economic, and competitive challenges. Regulatory frameworks impose stringent capital requirements, including a minimum capital adequacy ratio of 8%, which many smaller BPRS struggle to meet (OJK, 2022)<sup>16</sup>. This limits their operational flexibility and competitiveness relative to conventional banks. Economic pressures, such as inflation above 5% since 2021 and rising construction costs, further reduce borrowers' purchasing power and constrain BPRS's ability to provide affordable financing (Badan Pusat Statistik Aceh, 2022)<sup>17</sup>. In addition, BPRS faces stiff competition from conventional banks, which control nearly 70% of the property financing market in Aceh and offer more diverse, flexible products (Bank Indonesia, 2022)<sup>18</sup>.

The findings highlight a persistent gap between BPRS's intended role in housing finance and the realities of credit accessibility in Aceh. While BPRS has facilitated housing for many low- and middle-income households, systemic obstacles limit its broader impact. Comparisons with regions such as West Java suggest potential pathways forward. Cooperative housing finance models there have improved access for low-income families, demonstrating the value

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<sup>9</sup> World Bank. (2021). Financial inclusion in Indonesia: A regional perspective.

<sup>10</sup> Badan Pusat Statistik Aceh. (2022). Aceh economic indicators.

<sup>11</sup> Otoritas Jasa Keuangan (OJK). (2022). Financial services authority report on BPRS operations.

<sup>12</sup> Kementerian PUPR. (2022). Housing financing trends in Aceh.

<sup>13</sup> Bank Indonesia. (2022). Annual report on financial institutions in Aceh.

<sup>14</sup> Masyarakat Ekonomi Syariah. (2021). The role of BPRS in community development.

<sup>15</sup> Aceh Economic Research Institute (AERI). (2022). Impact assessment of BPRS financing on local communities.

<sup>16</sup> Otoritas Jasa Keuangan (OJK). (2022). Financial services authority report on BPRS operations.

<sup>17</sup> Badan Pusat Statistik Aceh. (2022). Aceh economic indicators.

<sup>18</sup> Bank Indonesia. (2022). Annual report on financial institutions in Aceh.

of institutional collaboration with local governments and community organizations (Kementerian PUPR, 2021)<sup>19</sup>.

Addressing Aceh's housing finance challenges requires coordinated strategies. BPRS should intensify financial literacy programs to expand awareness of Sharia-compliant financing while innovating products that better address urban housing needs. Policymakers must also reform regulatory frameworks to provide greater flexibility, including revising capital requirements and offering targeted incentives for BPRS expansion into underserved rural areas. Strengthening partnerships between BPRS, government, and community stakeholders could help scale successful financing models and reduce Aceh's housing backlog. By implementing these measures, BPRS could strengthen its position as a central actor in alleviating the housing crisis and contribute more effectively to regional economic development.

### **Conclusion**

The property credit landscape in Aceh continues to face significant structural challenges, particularly in the aftermath of economic instability and natural disasters. Despite government and financial sector initiatives, access to property credit remains limited, with only around 30% of the population utilizing formal financial services (World Bank, 2020)<sup>20</sup>. Within this context, Islamic banks—especially Bank Perkreditan Rakyat Syariah (BPRS)—have become central actors in addressing the housing sector's financing needs. By offering micro-financing solutions tailored to low-income households, BPRS has provided critical alternatives to conventional credit. However, its potential is constrained by regulatory barriers, limited capital reserves, and low public awareness of available financial products (Indonesian Financial Services Authority, 2022)<sup>21</sup>.

The urgency of these issues is reinforced by data from the Aceh Statistics Office (2022)<sup>22</sup>, which shows a housing deficit of approximately 150,000 units. While BPRS has contributed significantly to expanding access to housing finance, these efforts remain insufficient to close the gap. The sector is further hindered by limited financial literacy, underdeveloped infrastructure, and the absence of technological integration that could otherwise enhance efficiency and outreach.

BPRS's importance lies in its ability to provide Sharia-compliant financing solutions aligned with Aceh's cultural and religious context. Its financing approach not only meets community demand for faith-based products but also emphasizes social responsibility and sustainable development. Since its inception, BPRS has supported the financing of more than 20,000 housing units, illustrating its role in addressing the housing backlog (Indonesian Islamic Bank Association, 2021)<sup>23</sup>. In addition, its community-based model fosters trust and social engagement, which is vital in a region where conventional banks may be viewed with skepticism.

Nevertheless, the effectiveness of BPRS is contingent upon stronger institutional and regulatory support. Although the government has acknowledged Islamic finance as a tool for economic stability, persistent bureaucratic inefficiencies and restricted access to funding

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<sup>19</sup> Kementerian PUPR. (2021). Report on housing development in Indonesia.

<sup>20</sup> World Bank. (2021). Financial inclusion in Indonesia: A comprehensive study.

<sup>21</sup> Indonesian Financial Services Authority. (2022). Annual report.

<sup>22</sup> Aceh Statistics Office. (2022). Housing statistics in Aceh Province.

<sup>23</sup> Indonesian Islamic Bank Association. (2021). Impact assessment report on Islamic banking in Indonesia.

limit BPRS's ability to expand (Yuliana, 2021)<sup>24</sup>. Overcoming these challenges requires regulatory reform, increased investment, and broader integration of digital financial technologies.

Future research should investigate innovative financing models that strengthen the operational resilience of BPRS while catering to the socio-economic conditions of Aceh's population. The integration of fintech solutions offers particular promise, as digital platforms can streamline credit assessments, reduce costs, and broaden financial inclusion (Rahman et al., 2022)<sup>25</sup>. Longitudinal studies assessing BPRS's long-term impact on housing affordability and community development would also provide deeper insights into the role of Islamic finance in regional economic transformation. Collaborative research between academia, government, and financial institutions will be essential for developing holistic strategies to address Aceh's housing challenges.

In conclusion, the housing sector in Aceh stands at a critical crossroads. BPRS has proven to be an essential institution in providing culturally aligned and socially responsible housing finance, yet its effectiveness is limited by systemic and structural barriers. Expanding the sector's potential requires coordinated policy support, enhanced financial literacy, and the adoption of digital solutions to strengthen institutional capacity. With continued innovation and collaboration, BPRS can play a transformative role in improving access to property credit and advancing sustainable economic growth in Aceh.

The contribution of this study lies not only in documenting BPRS's role but also in critically analyzing structural and cultural barriers that persist in Aceh. Unlike descriptive approaches, this paper provides a comparative perspective and highlights the necessity of reforms that align financial inclusion policies with local socio-cultural realities. Future research should include more cross-provincial and cross-country comparisons with successful Islamic housing finance models to strengthen both theoretical and policy relevance.

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<sup>24</sup> Yuliana. (2021). The Indonesian Ministry of Finance's 2021 National Economic Recovery Program Strategy. *Administrative and Environmental Law Review*, 2(2), 121–126. <https://doi.org/10.25041/AELR.V2I2.2456>

<sup>25</sup> Rahman, A., et al. (2022). Fintech and Islamic banking: Opportunities and challenges. *Journal of Islamic Finance*.

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