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CREATING SHARED VALUE: ALTERNATIVE BUSINESS MODEL INNOVATION FOR FINANCIAL PRODUCTS AND SERVICES SECTOR

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Abstract

This final project focuses on the phenomenon of business lending as a provider and SMEs as customers/ beneficaries. Businesses are too profit-oriented and often overlook shared value in contributing to the profitability of business activities. The final project objectives are to answer the question of how to implement and measure the Creating Shared Value (CSV) programs and to propose a business model canvas to solve the phenomenon of business lending and SMEs for growing together and also give positive impact. With a qualitative approach, the researcher incorporates information from literature analysis on related topics, in-depth interviews with four interviewees, and reports from related companies. Data analysis guided by the triangulation process as a logic of inquiry has been conceptualised by the researcher within this final project, which differs in its goals, purposes, and literature review through the case study research process. Some providers have not yet implemented CSV, and some providers have implemented CSV but not with measurements that relate to business objectives. Besides that, the proposed business model canvas will help providers to implement the CSV concept.

Keywords: Creating Shared Value (CSV), Business Sustainability, Business Model Innovation

Introduction

The United Nations' Sustainable Development Goals (SDGs) provide an ambitious, transformative, and global framework to shift the world onto a sustainable path by 2030 (United Nations, 2017). The world has committed that no one will be left behind as we embark on a collective journey to act for human sustainability and prosperity. This global agenda compels all parties to take bold and transformative steps as efforts towards sustainable development.

In March 2021, the World Business Council for Sustainable Development (WBCSD) introduced the Vision 2050 initiative under the theme "Time to Transform," highlighting nine essential transformation pathways for society. (World Business Council for Sustainable Development, 2021). Some of these transformation pathways include energy transformation, mobility and transportation, living spaces, products and materials, financial products or services, connectivity, health and well-being, water and sanitation, and food. These pathways represent the products and services needed by society, and businesses are there to provide them. Although not exhaustive, the nine transformation pathways encompass a range of business activities and represent very broad fields.

Each of the nine transformation pathways, particularly financial products and services, contains ten action areas for the next decade, designed to assist businesses in driving transformative change in strategies, business operations, and their impact on society (World Business Council for Sustainable Development, 2021). This list of action areas is not exhaustive but contains what is considered most urgent and prioritized by the WBCSD.

Financial products and services are at the central of economic activities as they support, guarantee, and drive actions and outcomes across all sectors of industry and services. Financial products and services are crucial for the stability and sustainability of socio-economic resilience. Financial products encompass mechanisms and financial transactions that provide means to give or receive investments and loans and obtain security through insurance. Financial services include investment, payment, retirement planning, advisory, and accounting.

These products and services are designed to help realize Vision 2050, as conveyed in a message to all business leaders and stakeholders by Peter Bakker, the CEO of WBCSD: "A mindset to transform everything." Transformation can be implemented through three mindset shifts: creating value-appreciative business sustainability, focusing on long-term resilience development, and adopting a regenerative approach that goes beyond mere harm avoidance. Businesses play a vital role in achieving the broader goals and ambitions of the SDGs, including the "Time to Transform" initiative. However, all businesses also face challenges in how to sustainably thrive. While supporting the increasing demand for financial products and services from society, businesses must continuously develop business models through sustainable improvements, business model innovation, and business process.

In a speech at the Limited Meeting on the National Financial Inclusion Strategy, President Joko Widodo stated that Indonesia's financial inclusion and literacy levels are still relatively lower than those of other ASEAN countries. According to the government, financial inclusion and literacy are inseparable from sustainable economic development in Indonesia. Financial inclusion, as defined in Presidential Regulation No. 82 of 2016, is a condition where every community member has access to a variety of quality formal financial services in a timely, smooth, and safe manner at affordable costs, according to their needs and capabilities, to improve community welfare (Kementerian Sekretariat Negara Republik Indonesia, 2020)

Within the ASEAN region, Indonesia's financial inclusion status lags behind neighboring countries. Data from Google, Temasek, and Bain Company indicate that more than 50 percent of the Indonesian population lacks access to financial services, compared to only 13 percent in Malaysia, 18 percent in Thailand, and zero percent in Singapore (Google, Bain, 2019). In the same report by Google, Temasek, and Bain Company, it is detailed that 42 million people in Indonesia are categorized as "banked," while 47 million are "underbanked." Additionally, 92 million people fall into the "unbanked" category, which is significant considering the overall population and the fact that the underbanked group exceeds 50 percent. Among the 47 million with bank accounts, many are unable to utilize other financial services such as investment, credit, and insurance.

Regarding the use of formal financial institution products or services, 70.3 percent of Indonesians have used formal financial services, primarily banking services (57.5 percent). The remainder come from multifinance institutions (26.3 percent), insurance (non-BPJS, 28.9 percent), and others. Of the 57.5 percent using banking products and services, the majority utilize them only for savings and transfers, with only 21.7 percent using credit services. More specifically, only 7.8 percent use credit for businesses (micro). Furthermore, 40 percent of adults have informal loans, which can be personally detrimental due to higher returns demanded by non-formal financial institutions compared to the benefits received by the community (Strategi Nasional Keuangan Inklusif, 2020).

The financial inclusion rate in Indonesia has reached 85.10%. The survey, which involved 14,634 adult respondents (ages 15-79) from 76 regencies/cities across 34 provinces, shows an 8.91 percentage point increase from the 2019 survey (76.19%) and a 1.5 percentage point rise from the 2021 National Inclusive Financial Survey, which recorded an 83.6% inclusion rate. In 2021, 65.4% of adults in Indonesia owned accounts, marking a 3.7 percentage point increase compared to the previous period.

The rise in financial inclusion in Indonesia is also accompanied by an increase in public literacy regarding formal financial products and services. The 2022 Financial Literacy Index in Indonesia significantly rose by 11.65 percentage points, from 38.03% to 49.68%. Overall, Indonesia has made significant strides in both financial literacy and inclusion compared to a decade ago. (Strategi Nasional Keuangan Inklusif, 2023)

In the digital era, Small and Medium Enterprises (SMEs) should be able to grow and connect with investors more easily. Currently, most SMEs operate with relatively small capital, and their equipment and business premises often overlap with their household assets. About 89.07% of SMEs rely entirely on their own capital, only 2.36% have all their capital from external sources, and 8.57% have a mix of both. The food industry has the highest proportion of SMEs using their own capital at 37.02%, and in Java, 62.07% of SMEs use self-funded capital (Badan Pusat Statistik, 2023).

Many SMEs remain underserved by banking credit services due to a lack of credit history data, as their capital often comes from personal funds or family loans. Banks are hesitant to extend credit to SMEs with insufficient banking information. This gap can be filled by alternative financing, such as lending. Issues faced by the underbanked population present numerous opportunities for businesses, especially those in the digital economy and the financial products and services sector in Indonesia, focusing on empowering SMEs through lending.

Indonesia is one of the countries with the lowest rate of entrepreneurs at 2%, compared to other Southeast Asian countries (The Jakarta Post, 2020). To empower the public to put the practice of entrepreneurship, needs access to mentorship and funding opportunities to propel the numbers of entrepreneurs with understanding of finance and commitment to not only create return on investment (ROI) but also significant social impact.

By building the right innovation, in 2021 AFS are able to achieve our US$10 million monthly disbursement with almost no delinquency and all-time high disbursement by channeling more than US$100 million productive lending (around 500% growth from 2020) from 67.000+ funders in 482 cities to 7.500+ SMEs projects nationwide. AFS is open to all kinds of innovation programs, especially in achieving revenue enhancement, cost reduction, and profit optimization. Not just for business purposes, but in an effort to fulfill the needs of SMEs and create new jobs. (ALAMI, 2021).

Research Methods

This research design to finding an effective model in implementation and measurement also proposed business model and how Creating Shared Value in Financial Products and Services Sector give positive impact. To achieve research objective, researcher uses Creating Shared Value and business sustainability theory to sharpen the picture of program implementation and measurement strategy for Financial Products and

Services Sector in Indonesia especially products and services who empowering SMEs in lending which purposely doing to realize vision as well as to support SDGs and Vision 2050 by WBCSD. The data from this final project came from two sources, which are as follows:

1. Primary Data
   Primary data serves as the main source for research analysis, gathered through methods such as questionnaires, focus groups, panels, and in-depth interviews with experts in the field. In this final project, primary data was obtained through detailed in-depth interviews (Sujarweni, 2014)
2. Secondary Data
   Secondary data supports the research analysis and includes books, notes, journals, articles, and other documents. In this final project, secondary data encompasses information from scientific papers or journals and companies document report, which aid in analyzing the research subject (Sujarweni, 2014).

This research employs qualitative data analysis techniques along with in-depth interviews with selected individuals. Just as quantitative research uses various tests to ensure validity and credibility, qualitative research utilizes a triangulation method. This method strengthens the study by combining different approaches (Sugiyono, 2016). Data source triangulation involves verifying information through multiple methods and sources, comparing the results obtained from different research subjects. For instance, to interviews and observations, researchers might use participant observation, written documents, archives, historical records, official records, personal notes, or visual materials such as photographs and drawings (Lincoln, 2008). Relevant respondents to interview in order to get an overview about Creating Shared Value concept, as follows:

1. Those responsible for ensuring the metrics of program and decision maker role
2. Those responsible for shared value program can provide insight into the goals, challenges, and successes
3. Those responsible for implemententation and measurement shared value program.

The researchers use non-probability sampling techniques, specifically purposive sampling, selecting participants based on certain criteria that align with the research objectives. The sample includes individuals from the executive level, middle management, and lower management within the Financial Products and Services Sector in Indonesia especially products and services who empowering SMEs in lending and have implemented and measured the Creating Shared Value concept. The chosen respondents are considered knowledgeable about the issue under study and are expected to provide the most relevant insights. In this research, data analysis guided by triangulation process as logic of inquiry, it has been conceptualized by researcher within this final project that differ its goals, purposes, and literature review through case study research process. Triangulation have developed strategis for exploring how and in what ways its finding for particular social phenomena's convergent, divergemt, conflicting or null through a process. Triangulation also driven a decision about how to design, collect, analyse, interpret, and warrant claims about social, economic, environmental settings (Frey, 2018).

Results and Discussion

The first step taken by researchers in conducting an environmental scan of the Financial Products and Services Sector in Indonesia, especially products and services that empower MSMEs in lending, there are several analyses carried out, such as external analysis consisting of Political, Economic, Social, Technological, Environmental, and

Legal (PESTEL) analysis and Porter's Five Forces analysis to see the influence of parties involved in the business and competitors in the industry. In addition, researchers also conducted an internal analysis consisting of resource analysis and capability analysis to see the strength and weakness map of the industry.

Political, Economic, Social, Technological, Environmental and Legal (PESTEL) Analysis

Table 1. PESTEL Analysis

Political	Economic	Social
Indonesia's regulatory landscape for fintech is evolving, with Bank Indonesia (BI) and the Financial Services Authority (OJK) playing crucial roles. (Otoritas Jasa Keuangan, 2020) The Indonesian government has launched several initiatives to support fintech and SME growth, such as the Digital Economy Roadmap. (Kementerian Komunikasi dan Informatika Republik Indonesia, 2021)	Indonesia's growing economy presents opportunities for fintech companies, particularly in expanding financial inclusion for SMEs. (Boston Consulting Group, 2023) SMEs contribute significantly to Indonesia’s GDP and employment, highlighting the market potential for fintech lending solutions. (KADIN Indonesia, 2023)	There is a high demand for financial services among the underbanked and unbanked populations in Indonesia, which fintech companies can address. (Ernst & Young Consulting, 2022) Increasing digital literacy and smartphone penetration are driving the adoption of fintech services. (Nugraha et al., 2024)
Technological	**Environment**	**Legal**
Technological advancements, such as blockchain and AI, are transforming the fintech landscape and offering new opportunities for lending to SMEs. (Asian Development Bank Institute, 2019) Improving internet infrastructure is facilitating the growth of digital financial services. (Economic Research Institute for ASEAN and East Asia, 2023)	There is a growing emphasis on sustainable finance and green lending practices in Indonesia. (PwC Indonesia, 2021) Environmental risks, such as natural disasters, could impact SMEs and their ability to repay loans, which fintech companies need to consider. (Badan Perencanaan Pembangunan Nasional Republik Indonesia, 2023)	Indonesia's Personal Data Protection Law impacts how fintech companies manage customer data. (PwC Indonesia, 2022) Regulations to protect customers in digital financial services are evolving, affecting fintech operations. (Otoritas Jasa Keuangan, 2020)

Source: Compile by Researcher, 2024

Table 1 shows that PESTEL (Political, Economic, Social, Technological, Environmental, and Legal) plays an important role in creating a safe and conducive environment for fintech operations, especially in expanding financial inclusion for SMEs.

Porter's Five Forces Analysis

Table 2. Porter’s Five Forces Analysis

Items	Level of Competition	Description
Rivalry Among Existing Competitors	High	The financial services especially lending space is crowded with numerous players vying for market share (Statista, 2024)
	High	Innovation and the ability to offer unique value propositions to consumer are key to standing out in the competitive landscape (McKinsey & Company, 2023)

Items	Level of Competition	Description
Threat of Subtitutes	High	Traditional banks and microfinance institutions offer competitive products, posing a significant threat (International Monetary Fund, 2023)
	Moderate	Other financial services companies and peer-to-peer lending options provide alternatives, though they might not cater specifically to SMEs (OECD, 2020)
Threat of New Entrants	Moderate	Regulatory requirements and the need for significant technological infrastructure can deter new entrants, but the overall market is still accessible (Kementerian Keuangan Republik Indonesia, 2020)
	Low to Moderate	As a relatively new industry, brand loyalty is still developing, but established players have an advantage (Kini et al., 2024)
Bergaining Power of Suppliers	High	Financial services lending companies rely on advanced technology providers for infrastructure, making them crucial suppliers (PwC Indonesia, 2019)
	Moderate	Access to capital is essential for lending operations, and the bargaining power depends on the business ability to secure funding from diverse sources (Christine et al., 2022)
Bergaining Power of Buyers	High	SMEs have numerous options for financing, both traditional and alternative, which gives them bargaining power (Asian Development Bank, 2022)
	High	SMEs expect competitive interest rates, quick approval processes, and personalized service, increasing their bargaining power (World Bank, 2022)

Source: Compile by Researcher, 2024

Table 2. shows the results of Porter's Five Forces analysis in the context of financial services, especially in the lending sector. Based on Porter's Five Forces analysis we can interpret that the financial services lending sector in Indonesia for SMEs is an unattractive industry and likely to earn low to medium returns due to several factors, such as moderate barriers to entry, suppliers and buyers having strong positions, moderate to strong threats from substitute products, and intense competition among competitors.

Resource analysis

Table 3. Business Resources Analysis

Tangible Resources		Intangible Resources	
Items	**Description**	**Items**	**Description**
Capital	Financial services lending companies and banks provide substantial funding for SME loans. For example, the OJK's 2021 report highlighted significant capital inflows into financial services lending companies.	Regulatory Licenses and Approvals	Licenses from the Financial Services Authority (OJK) and Bank Indonesia are essential for operating legally and gaining consumer trust. Compliance with regulations enhances credibility.
Technology	Advanced digital platforms, mobile banking apps, and AI for credit scoring are crucial. According to Statista, digital banking transactions in Indonesia surged, reflecting	Customer Relationship	Long-standing relationships with SMEs provide businesses with valuable insights into creditworthiness and business needs. Fintech platforms also

	robust technological infrastructure.		leverage data analytics to personalize customer experiences.
Human Resources	Skilled workforce in financial analysis, risk management, and customer service. Reports indicate that Indonesian banks and financial services have been investing in training programs to enhance their human capital.	Data Analytics	Leveraging big data and machine learning to assess credit risk and identify lending opportunities. The utilization of data analytics helps in providing tailored loan products and managing risks effectively.

Source: Compile by Researcher based on Interview, 2024

The resource analysis for financial products and services, particularly lending for SMEs in Indonesia, reveals a robust mix of tangible and intangible assets. Tangible resources include substantial capital inflows, advanced technology for digital banking and AI credit scoring, and a skilled workforce. Intangible resources encompass strong deep customer relationships, regulatory licenses, and data analytics capabilities.

Capability analysis

Table 4. Business Capabilities Analysis

No	Capabilities	Valuable	Rare	Costly to Imitiate	Non-Subtituteable	Competitive Consequences	Performance Implication
1	Advanced Credit Risk Assessment	Yes	No	Yes	No	Competitive advantage	Average returns
2	Personalized Customer Relationship Management (CRM)	Yes	No	No	Yes	Sustainable Competitive Advantage	Above-average returns
3	Regulatory Compliance	Yes	No	No	No	Temporary Competitive Advantage	Average returns
4	Cutting-edge Technological Innovation	Yes	No	Yes	No	Temporary Competitive Advantage	Average to above average returns

Source: Compile by Researcher based on Interview, 2024

The capabilities analysis for financial products and services, particularly lending for SMEs in Indonesia, highlights several key strengths. Advanced credit risk assessment utilizes machine learning and big data for accurate creditworthiness predictions. Personalized CRM systems offer tailored loan products and financial advice, while automated compliance systems ensure adherence to regulatory standards. Technological innovation provides user-friendly digital platforms, enhancing customer experiences.

In addition to the analysis that has been carried out, the researchers further analyzed the Strenghts, Weaknesses, Opportunities, and Threats (SWOT) to more comprehensively assess the business of a more specific financial services lending company, namely AFS as one of the lending companies to SMEs in Indonesia with sharia principles.

Table 5. SWOT Analysis

Strenghts	Weaknesses
• Sharia principles as unique selling proposition6 • OJK's licensed and supervised • Supervised by MUI	• Islamic finance literacy • Small market share • Limited product
Opportunities	**Threats**
• Biggest Muslim's population in the world • Mobile devices have overtaken fixed-line devices as the main gateway through which people access the internet. • The top five growth sectors for Islamic FinTech • Growth in economy sharia	• Conventional competitors • Potency of money laundry • Customer's data security and protection

Source: ALAMI, 2024

Based on the SWOT analysis, AFS as an Islamic lending company for SMEs in Indonesia has several advantages, such as compliance with sharia principles, supervision by OJK, and additional supervision by MUI, which increase credibility and trust in Islamic financial institutions. However, challenges such as low Islamic finance literacy, small market share compared to conventional finance, and limited financial products hinder the growth of the sector.

The opportunities for Islamic finance in Indonesia are considerable, especially as the country has the largest Muslim population in the world and the growing use of mobile devices opens up opportunities for innovative Islamic FinTech solutions. However, the sector also faces threats from established conventional financial institutions as well as challenges in terms of data security and protection, which could compromise consumer confidence and regulatory compliance.

After analyzing the current environment, the researcher conducted interviews to explore the experiences of professionals to gain insights into their business performance and challenges. This exploration focused on respondents in the Financial Products and Services Sector in Indonesia, specifically on products and services that support MSME empowerment in lending. The scope of business, business objectives, and challenges faced in achieving these objectives are described in the following table.

Table 6. Business Profiles

Items	Financing for Rural SMEs	Financing for moslem-led SMEs	Financing for SMEs that have used its main services	Financing for Agri SMEs
Business Scope	Focuses on connecting underserved SMEs in rural areas of Indonesia with individual or institutional lenders	Adheres to sharia principles for moslem-led SMEs through a network of individual and institutional investors	Design to support SMEs who used its main services through financing	Connects farmers with individual or institutional investors for agricultural projects
Business Objective	Bridge the financial gap for micro entrepreuner in rural areas	Provide ethical and sharia-compliant financial solution to moslem-led SMEs	Empower businesses by providing them with tools and funding sources	Empower farmers by providing them with access to capital, knowledge,

Items	Financing for Rural SMEs	Financing for moslem-led SMEs	Financing for SMEs that have used its main services	Financing for Agri SMEs
				and technology for agricultural projects
Challenges for Realisation Business Objective	Reaching underserved rural areas can be logistically challenging	Ensuring all transactions meet sharia and financial regulatory requirements	Many SMEs are not fully aware of the benefits of financial solutions	Ensuring farmers adopt and effectively use the technology provided
	Many potential borrowers lack financial literacy	Increasing awareness and adoption of Sharia-compliant financial products		Agriculture is inherently risky due to factors such as weather and market volatility
	Ensuring the creditworthiness of borrowers in rural areas can be difficult			

Source: Compile by Researcher, 2024

The respondents' business scope includes various lending platforms that aim to connect SMEs in rural Indonesia with lenders, provide Islamic financial solutions to Muslim-led SMEs, support SMEs that are already major customers, and connect farmers with investors for agricultural projects. Their main objectives are to bridge the financial gap, provide ethical and sharia-compliant financial solutions, empower businesses with funding, and support farmers with access to capital and technology.

However, they face challenges such as logistical difficulties in reaching rural areas, low financial literacy of potential borrowers, ensuring creditworthiness, meeting sharia requirements, increasing adoption of Islamic financial products, building trust, resistance to new technologies, navigating complex regulations, and high risks in the agricultural sector.

To address these challenges, the implementation of Creating Shared Value (CSV) is critical as it aligns corporate success with social progress, fosters a sustainable and inclusive financial ecosystem, and strengthens market position. CSV focuses on creating economic value for companies while addressing social challenges, such as providing financial access to underserved communities, supporting SMEs, and driving sustainable development.

Researchers conducted an assessment of the awareness of Creating Shared Value (CSV) practices in the Financial Products and Services Sector in Indonesia, specifically on products and services that support SMEs in lending. This CSV program is important to improve the balance between the interests of the company and society.

This shared value program is particularly relevant as it provides financial services, education and support that enable communities to become more independent and economically empowered. By addressing issues such as access to capital and financial literacy, the program promotes sustainable community development. Collaboration with stakeholders such as governments, NGOs, and financial institutions allows businesses to leverage collective expertise and resources, resulting in solutions that are cost-effective and provide significant economic and social benefits.

Social value is measured through improvements in financial inclusion, economic empowerment, employment opportunities, and community development. These initiatives are designed to deliver substantial social benefits at low cost, ultimately improving community well-being and economic stability. The following table shows how CSV programs contribute to business sustainability.

Table 7. CSV Program's Contribution to Business Sustainability

Meeting Human Needs	Improving Efficiency	Creating Jobs	Building Wealth
• Essential financial services • Educational resources • Business Training • Support to SMEs	• Reduce operational costs • Minimize financial risks • Increase productivity	• Facilitating SMEs to grow and expand • Investing in workforce development • Encouraging entrepreneurship	• Increase income levels for business and investors • Promote savings and investments • Foster innovation and entrepreneurship

Source: Compile by Researcher, 2024

These programs provide essential financial services, educational resources, and support to SMEs, meeting critical human needs and improving the quality of life of community members. By offering efficient and technology-based financial solutions, it helps businesses reduce operational costs, minimize financial risks, and increase productivity, thereby improving efficiency in both economic and social contexts.

The initiative supports job creation by facilitating SMEs to grow and expand, investing in workforce development, and encouraging entrepreneurship through access to capital and business training programs. Shared value programs also help improve the income levels of micro-entrepreneurs, encourage savings and investment through financial education, and foster innovation and entrepreneurship, ultimately leading to sustainable economic development.

Meanwhile, businesses have been actively contributing to sustainable development agendas such as the SDGs and Vision 2050 initiated by WBCSD. Every year, they conduct observations and surveys to gather information about the problems, needs, and business potential of SMEs and communities. Understanding the conditions of these SMEs and communities not only provides baseline data for structuring shared value programs, but also helps design overall business strategies.

To understand the impact of initiatives on businesses and SMEs, researchers used the Matrix as a guide. The Matrix helps organize and evaluate various metrics, showing how they benefit the business as a service provider and the SMEs as customers, both in the short and long term. The figure below explains how these metrics align with the objectives of sustainable business practices.

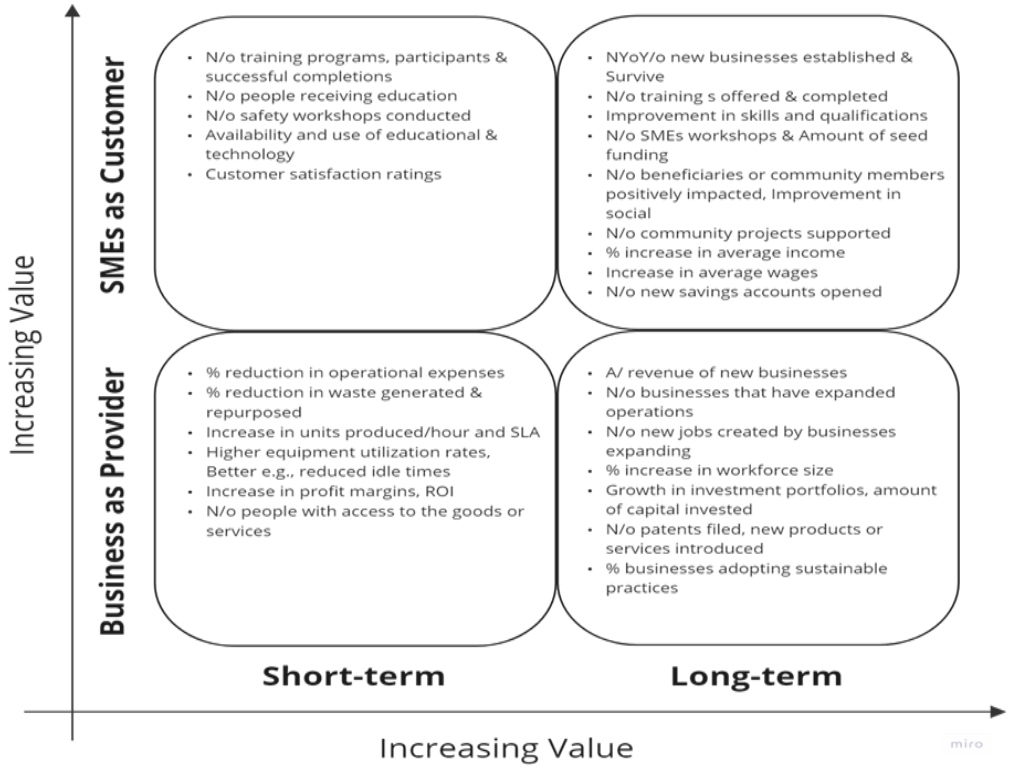

Figure 1. Chaniago's Shared Value Creation Matrix
Source: Created by Researcher, 2024

A measurement matrix for shared value programs, known as Chaniago's Shared Value Creation Matrix, is used to assess the impact of various initiatives on businesses and SMEs. The matrix features two axes: a vertical axis that measures the increase in value to the business or SME, and a horizontal axis that measures the timeframe of the impact, both in the short and long term.

The matrix is divided into four quadrants based on role (as a customer or provider) and timeframe of impact (short-term or long-term). This tool is essential for analyzing the impact of shared value programs, particularly in SME empowerment. The following table organizes these metrics and highlights the specific benefits of each, providing a clear picture of their contribution to individual, community, and economic well-being.

Table 8. Illustrative Positive Impact by Levels of Shared Value and Metrics

Levels of Shared Value	Metrics	Positive Impact
Meeting Human Needs	Number of people receiving vaccinations, health education	Improved public health and reduced incidence of preventable diseases, leading to healthier communities and increased life expectancy
	Number of safety workshops conducted, safety gear distributed	Enhanced workplace safety and reduced accident rates, protecting workers and minimizing health risks
	Availability and use of educational materials, technology in classrooms	Improved educational outcomes, better learning experiences, and increased opportunities for students
	Number of people with access to the goods or services	Greater accessibility to essential products and services, improving overall quality of life and meeting basic needs

Levels of Shared Value	Metrics	Positive Impact
	Number of community projects supported	Strengthened community cohesion and development, leading to better living conditions and enhanced community resilience
	Number of beneficiaries or community members positively impacted	Direct improvements in individual well-being and community development through targeted support and services
Improving Efficiency	Percentage reduction in operational expenses	Lower costs for businesses, which can lead to increased profitability and more competitive pricing for consumers
	Percentage reduction in waste generated	Reduced environmental impact and more sustainable operations, contributing to a healthier planet
	Amount of waste recycled or repurposed	Conservation of resources and reduction in landfill use, promoting environmental sustainability
	Increase in units produced per hour or employee	Higher productivity and efficiency, leading to increased output and potential for business growth
	Increase in service delivery efficiency	Faster and more reliable services for customers, enhancing satisfaction and operational effectiveness
	Higher equipment utilization rates	Better return on investment for equipment and reduced operational costs, improving overall business efficiency
	Better workforce utilization, e.g., reduced idle times	Increased productivity and cost savings, leading to more effective use of human resources
	Customer satisfaction ratings	Higher customer retention and loyalty, as well as improved reputation and potential for business growth
Creating Jobs	Total number of new businesses established annually	Increased economic activity and new job opportunities, fostering innovation and entrepreneurship
	Number of new businesses surviving	Enhanced stability in the job market and sustained economic growth as businesses continue to operate successfully
	Number of SMEs workshops or mentoring sessions	Empowerment of small and medium enterprises through knowledge and skills development, leading to better business outcomes
	Amount of seed funding	Financial support for SMEs, enabling them to grow and create new job opportunities
	Total number of new jobs created by existing businesses expanding	Job creation and economic growth as businesses expand their operations
	Percentage increase in workforce size of expanding businesses	Growth in employment opportunities and economic stability as businesses scale up
	Number of new jobs with benefits	Improved job quality and worker satisfaction, contributing to overall economic well-being

Levels of Shared Value	Metrics	Positive Impact
Building Wealth	Increase in profit margins	Greater profitability for businesses, which can lead to reinvestment and growth
	Return on investment (ROI)	Enhanced financial returns for investors and stakeholders, encouraging further investment and economic activity
	Increase in average wages	Improved standard of living for workers and greater economic spending power
	Number of new savings accounts opened	Increased financial security and savings among individuals, promoting financial stability
	Average revenue of new businesses	Successful business operations and growth, contributing to the economy and job creation
	Number of new businesses that expand within two years	Business growth and sustainability, leading to further economic development and job creation
	Number of businesses that have expanded operations	Increased economic activity and job opportunities as businesses grow and enter new markets
	Increase in revenue of existing businesses	Enhanced business performance and financial health, contributing to economic stability
	Growth in investment portfolios	Increased wealth and financial security for investors, promoting economic growth and stability
	Amount of capital invested	Boosted business development and innovation through increased funding
	Number of patents filed	Encouragement of innovation and technological advancement, leading to new products and solutions
	Number of new products or services introduced	Diversified market offerings and enhanced consumer choice, driving business growth and competitive advantage
	Percentage of businesses adopting sustainable practices	Reduced environmental impact and improved corporate responsibility, contributing to long-term sustainability and positive public perception

The metrics detailed in the table collectively illustrate a holistic approach to fostering thriving and resilient communities. By addressing basic human needs such as health, safety, and education, these initiatives ensure everyone has a solid foundation to prosper. Improving operational efficiency helps businesses operate more sustainably and effectively, delivering environmental benefits and customer satisfaction. Job creation and skills development empower individuals, providing them with meaningful employment opportunities and financial stability. Finally, building wealth through business growth and investment drives innovation and long-term economic prosperity. These efforts contribute to a more inclusive, sustainable and prosperous society, where individuals and communities can thrive.

Based on the implementation and measurement plan, the researcher proposes additional elements to the business model canvas to support Creating Shared Value (CSV) in the Financial Products and Services Sector in Indonesia, especially those that empower SMEs in lending.

1. Customer Segment
   Focus on specific customer characteristics and motivated to grow, with program approaches tailored to customer classifications.
2. Value Proposition
   Implementation of the CSV concept through programs, as well as providing quick response solutions to customer complaints through community agents.
3. Channel
   Using the community for word-of-mouth campaigns and working with the government, foundations, NGOs, universities, and other companies through economic co-creation.
4. Customer Relations
   Empowering the community by leveraging its strengths.
5. Revenue Stream
   Incentives through engaged government programs, as well as brokerage fees through strategic partnerships.
6. Key Activities
   Implementation and measurement of shared value programs, as well as active collaboration with other environments in market research or product development.
7. Key Resources
   A dedicated team to execute the shared value program.
8. Key Partnerships
   Strategic collaboration with other relevant parties.
9. Cost Structure
   Cost management that supports the implementation of CSV programs.

The concept effectively creates shared value by aligning economic and social benefits. Businesses derive economic value through government incentives, reduced program costs through collaboration, guaranteed principal and interest payments that help lower NPL risk, and increased loan value driven by mutual trust and SME growth. Meanwhile, a loyal SME community acts as advocates that expand market reach.

On the community side, SMEs benefit from programs tailored to their needs, support for business growth, employment opportunities, innovation, and stronger communities. This leads to increased local prosperity and improved levels of financial literacy. As such, this model not only strengthens businesses but also improves the well-being of the SME ecosystem and surrounding communities, making its implementation indispensable.

The implementation plan for the shared value program involved four key activities: substantial planning, workshop delivery, program dissemination, and community-based security. This approach ensures thorough preparation, effective education, wide program reach, and better security for the community.

First, substantial planning was undertaken by engaging experts or academics to align the core business with shared value programs relevant to business objectives and global issues. This was done within the first month of the fourth quarter, so that it could be integrated with the business strategy submitted in October, maximizing the capital utilization of the business' existence.

Second, organize a comprehensive workshop involving goal brainstorming to operational planning. The workshop aimed to connect stakeholders with advice from practitioners, to create programs with significant impact through three stages: educate, empower and collaborate. The program started from the second month of the fourth quarter.

Third, program dissemination. While some financial product and service providers have shared their best practices, there is still room for innovation in disseminating shared value programs. An academic touch can enrich and expand the reach of this information.

Finally, community-based security. SMEs belonging to communities have the power to influence businesses. Therefore, it is important to develop a security program that engages the community explicitly and specifically. This not only reduces operational costs but also ensures smooth business operations on schedule and on budget.

Conclusion

Banks are hesitant to extend credit to SMEs with insufficient banking information. This gap can be filled by alternative financing, such as lending. Issues faced by the underbanked population present numerous opportunities for businesses, especially those in the digital economy and the financial products and services sector in Indonesia, focusing on empowering SMEs through lending. This final project focuses on providing solutions to issues through Creating Shared Value (CSV) in the financial products and services sector in Indonesia especially products and services who empowering SMEs in lending to simultaneously meet and address broader social challenges as part of the primary goal of business activities, which is to grow together. Problem Statement Diagram for shared value program is expressed through Chaniago's Shared Value Creation Diagram as a credit to the conducted research. The financial products and services sector remains consistent in improvising its business activities, not only focusing on economic aspects but also on social aspects and building trust.

In the short term, businesses can see immediate benefits like reduced operational costs, better resource utilization, and increased production efficiency. These improvements lead to higher profit margins and a good return on investment. For SMEs, short-term value comes from increased access to training, health, safety programs, and educational materials, which directly enhance customer satisfaction and overall well-being. Looking at the long-term impact, businesses benefit from sustainable practices, business expansion, job creation, and innovation, all contributing to sustained growth and profitability. For SMEs, the long-term value includes the establishment and growth of new businesses, improved skills and qualifications through training, increased average income, and better job quality. These initiatives foster community development and well-being, creating a positive ripple effect that benefits society as a whole.

The proposed business model focuses on creating shared value (CSV) through partnerships with governments, foundations, universities, NGOs, and companies. It aims to empower communities and provide quick responses to customer complaints. The approach customize programs to specific customer needs, leveraging community engagement and collaboration for market research and development. With a dedicated team, the model plans to keep costs low through partnerships and generate revenue from government incentives. The concept effectively creates shared value by aligning economic and societal benefits.

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