

## Analysis of the Subsidized Mortgage Program for High-Income Communities Low at Bank Syariah Indonesia KCP Surabaya Manukan

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### **Keywords:**

Subsidized Mortgage, Islamic Banking, Low-Income Communities, Housing Finance, Murabahah

### **Abstract**

*This study aims to analyze the implementation of the subsidized Islamic Home Ownership Financing (KPR) program for low-income communities at Bank Syariah Indonesia (BSI) KCP Surabaya Manukan. The study examines the financing implementation process, its socio-economic impact on beneficiaries, the challenges encountered during implementation, and the role of Islamic banking in supporting government housing programs. This research employed a descriptive qualitative approach involving account officers, financing marketing staff, and subsidized mortgage customers selected through purposive sampling. Data were collected through semi-structured interviews, observation, and documentation and analyzed using the Miles, Huberman, and Saldaña interactive analysis model. The findings reveal that the program is implemented systematically through customer education, document verification, field surveys, financing eligibility assessment, and murabahah contract execution. The program has improved access to affordable housing, reduced dependence on rented accommodation, enhanced household financial stability through fixed installments, and improved family welfare and residential comfort. In addition, the number of subsidized mortgage customers increased from 126 customers in 2023 to 175 customers in 2025, reflecting growing public interest in Islamic housing financing. However, several challenges remain, including limited public literacy regarding Islamic financing, unstable customer income, incomplete administrative documents, and limited availability of subsidized housing units. The study highlights the importance of strengthening collaboration among Islamic banks, developers, and government institutions, as well as improving public literacy regarding Islamic housing finance to enhance the effectiveness of subsidized mortgage programs.*

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## INTRODUCTION

The need for decent housing is a social and economic issue that remains a major challenge in Indonesia. The annual population growth is not matched by the availability of affordable housing for the community, particularly low-income households (MBR). This situation has led to a growing housing backlog and has resulted in an increasing number of homeowners. According to data from the Ministry of Public Works and Housing (PUPR), high land and property prices in urban areas are the main factor preventing low-income households from accessing home ownership. In this context, the government is implementing various policies to support public housing access through the subsidized Home Ownership Credit (KPR) program. This program aims to help people acquire homes at more affordable prices through government financing and interest subsidies. Over time, Islamic banking has also played a role in distributing subsidized KPR financing based on Islamic principles that are free from usury and emphasize fairness and transparency in transactions. The presence of Bank Syariah Indonesia (BSI), as the largest Islamic bank in Indonesia, further expands public access to Islamic-based subsidized housing financing. The Sharia-compliant subsidized mortgage program has become a popular alternative among the

Muslim community because it offers a financing scheme deemed more in line with Islamic values. Furthermore, this program is expected to improve community welfare through ownership of decent, safe, and affordable housing. Therefore, analyzing the implementation of the subsidized mortgage program for low-income communities is crucial to determine the extent to which the program is able to meet community needs and support equitable social and economic welfare in Indonesia.

Theoretically, subsidized sharia mortgage financing is not only related to economic and financial aspects, but also concerns the social dimension and community welfare. From an Islamic economic perspective, housing is a primary need that plays a crucial role in maintaining human survival and creating family peace. Therefore, providing access to home ownership for low-income communities is part of the effort to realize the maqashid sharia, particularly in the aspects of *hifz al-nafs* and *hifz al-mal*. The sharia financing system offers a transaction concept that emphasizes the principles of justice, transparency, and mutual benefit through the use of sharia-compliant contracts, such as *murabahah*, *musyarakah mutanaqisah*, and *ijarah muntahiyah bittamlik*. In practice, the sharia subsidized mortgage program in Indonesia largely uses the *murabahah* contract because it provides price certainty and fixed installments for customers. Research by Sodik, Al Farda, and Ayuni (2023) explains that the application of the *murabahah* contract in Sharia mortgage financing is considered capable of providing a sense of security and legal certainty for customers because transactions are conducted transparently and in accordance with Sharia principles. Furthermore, research by Rahmah (2018) shows that Sharia banks have a strategic role in increasing access to home ownership for low-income communities through more inclusive and affordable financing. Furthermore, subsidized housing financing also has a significant social impact because it can improve people's quality of life, create healthier living environments, and support family economic stability. Therefore, the Sharia subsidized mortgage program is not only seen as a banking financing product but also as a social development instrument that can help the government reduce the welfare gap and improve people's living standards in a sustainable manner.

Various previous studies have examined the implementation of subsidized Sharia mortgage financing in Indonesia from various perspectives. Fadhilah's (2022) research on the effectiveness of subsidized Sharia mortgage financing at BTN Syariah Medan Branch showed that the program was quite effective based on indicators of targeting accuracy, cost accuracy, and timely disbursement. The study also confirmed that the success of the subsidized mortgage program is strongly influenced by the bank's ability to select customers and provide good service to the community. Furthermore, Akyun's (2024) research on the effectiveness of subsidized mortgage financing at Bank Syariah Indonesia showed that subsidized Sharia housing financing can help low-income communities obtain decent housing with relatively low and stable installments. The study also found that most customers feel more comfortable using Sharia financing products because they are considered more transparent and in accordance with Islamic principles. Furthermore, Arif Jalaludin's (2022) research states that housing policies for low-income communities have a positive impact on improving socio-economic conditions, particularly in creating a sense of security and family stability. Other studies have also highlighted the importance of marketing strategies and public education in increasing interest in subsidized Sharia-compliant mortgage products. In this regard, Sharia banks are required to function not only as financing institutions but also as financial education institutions capable of increasing public literacy regarding Sharia-compliant home financing. The results of these studies indicate that the Sharia-

compliant subsidized mortgage program has significant potential to support equitable access to home ownership for low-income communities in Indonesia.

Internationally, Sharia-based housing finance has also attracted attention in various studies due to its potential to support financial inclusion and social development. A study by Dusuki and Abdullah (2017) in *the International Journal of Housing Markets and Analysis* explains that Islamic housing finance has more stable characteristics than conventional financing because it is based on the principles of real assets and risk sharing. The study shows that the Sharia financing system can reduce speculative risk and create a fairer relationship between banks and customers. Furthermore, research by Hassan and Kayed (2019) confirms that Sharia financing can be a solution to address the housing access gap in developing countries because it offers a more inclusive financing scheme for low-income groups. Other research also suggests that social housing finance plays a significant role in improving the quality of life of the community by providing adequate and affordable housing. The study also emphasizes that the success of housing financing programs is heavily influenced by government support, banking policies, and the community's ability to manage household income. Nevertheless, various international studies have also found that the implementation of subsidized housing financing still faces various challenges, such as low financial literacy, limited income, and a high risk of non-performing loans. Therefore, continuous evaluation of the implementation of subsidized housing financing programs, including at Islamic banking institutions in Indonesia, is needed so that the program can run more effectively and be on target in helping low-income communities obtain decent housing.

Although various previous studies have discussed the effectiveness and implementation of subsidized Sharia-compliant mortgages (KPR), several limitations remain, opening up opportunities for further research. Most previous studies have focused more on procedural aspects of financing, the application of Sharia contracts, and the effectiveness of financing disbursement in general, without examining in-depth how the program's implementation impacts the socio-economic conditions of low-income communities at the operational level of specific branch offices. Furthermore, research on the implementation of the subsidized mortgage program at Bank Syariah Indonesia, particularly at BSI KCP Surabaya Manukan, remains very limited, leaving little information on the bank's strategy for channeling financing to low-income communities and the obstacles encountered in its implementation. Yet, each region has different economic characteristics, income levels, and social conditions, which can lead to varying results in the implementation of subsidized housing financing programs. Previous research has also focused little on customers' direct experiences in accessing subsidized Sharia-compliant mortgage financing, such as administrative challenges, installment payment capabilities, and public perceptions of Sharia banking services. Thus, more specific and in-depth empirical research is needed on the implementation of the subsidized mortgage program for low-income communities at Bank Syariah Indonesia's Surabaya Manukan branch to provide a more comprehensive picture of the program's effectiveness. This research is expected to broaden the study of Islamic housing finance and provide a practical contribution to the development of subsidized housing financing policies in Indonesia.

Based on the description, this study aims to analyze the implementation of the subsidized mortgage program for low-income communities at Bank Syariah Indonesia KCP Surabaya Manukan. This study will examine how the financing distribution process is carried out, how effective the program is in helping communities obtain livable homes, and various obstacles faced by both the bank and customers during the financing process. The problem formulation in this

study is how the implementation and effectiveness of the subsidized mortgage program for low-income communities at Bank Syariah Indonesia KCP Surabaya Manukan. In addition, this study also aims to determine the extent to which the sharia subsidized mortgage program is able to impact the welfare of the beneficiary community. The novelty of this study lies in the focus of the study which specifically analyzes the implementation of the subsidized mortgage program at BSI KCP Surabaya Manukan with an empirical approach that emphasizes the experiences of low-income communities as recipients of financing. This study not only reviews the administrative and procedural aspects of financing, but also examines the socio-economic impact of the program on community life. Thus, the results of this study are expected to provide theoretical contributions in the development of Islamic economic studies, particularly in the field of Islamic housing finance, as well as provide practical recommendations for banks and the government in increasing the effectiveness of subsidized mortgage programs for low-income communities.

## **METHOD**

This study uses a qualitative approach with a descriptive approach. The qualitative approach was chosen because this study aims to understand in-depth the implementation of the subsidized Home Ownership Credit (KPR) program for low-income communities at Bank Syariah Indonesia (BSI) KCP Surabaya Manukan, specifically regarding the implementation process, obstacles, and the program's impact on beneficiaries. Qualitative research allows researchers to obtain more comprehensive data through direct interaction with informants, allowing for a deeper and contextual understanding of the social phenomena that occur. According to Sugiyono (2022), qualitative research is used to examine the natural conditions of objects, with the researcher as the key instrument in data collection. Furthermore, the descriptive approach aims to systematically describe the facts and characteristics of the research object based on data obtained in the field. This approach is considered appropriate because the research focuses not only on the final results of the subsidized KPR program but also on the implementation process, customer experiences, and the bank's strategies in implementing the Sharia subsidized home financing program. Research on Sharia financing using a qualitative approach has also been widely used in Islamic economic studies because it is considered capable of exploring the experiences and perceptions of research subjects in greater depth (Hadi, 2016). Thus, the use of qualitative research methods is expected to provide a more detailed picture of the effectiveness of the subsidized mortgage program for low-income communities at BSI KCP Surabaya Manukan.

The subjects in this study consisted of parties directly involved in the implementation of the subsidized mortgage program at Bank Syariah Indonesia KCP Surabaya Manukan. Research informants were selected using purposive sampling, a sampling technique based on specific considerations tailored to the research objectives. This technique was used because not all individuals have information relevant to the research focus, so the researcher selected informants who were considered to have a deep understanding of the implementation of the subsidized

mortgage program. The main informants in this study included employees of Bank Syariah Indonesia KCP Surabaya Manukan who handle subsidized mortgage financing, such as marketing and account officers, as well as low-income customers who received subsidized mortgage financing. The selection of customers as informants aimed to obtain information about their experiences during the financing application process, obstacles encountered, and the program's impact on the economic conditions and welfare of their families. The purposive sampling technique is considered effective in qualitative research because it allows researchers to obtain relevant and in-depth data according to research needs (Etikan, Musa, & Alkassim, 2016). Furthermore, the number of informants in qualitative research is not precisely determined but is adjusted to meet data needs until data saturation is reached, which is when the information obtained is repetitive and no significant new data is found. Therefore, this study emphasizes depth of information over the number of respondents to provide a more comprehensive picture of the implementation of the subsidized mortgage program.

Data collection techniques in this study were conducted through interviews, observation, and documentation. Interviews were conducted semi-structured so that researchers maintained a guideline for questions, but still gave informants the freedom to provide more in-depth information. Interviews were used to obtain data on the implementation process of the subsidized mortgage program, financing mechanisms, obstacles faced by banks and customers, and public perceptions of the program. According to Kallio et al. (2016), semi-structured interviews are an effective method in qualitative research because they allow researchers to explore the experiences and views of informants more flexibly. In addition to interviews, observations were also conducted to directly observe the subsidized mortgage financing service process at BSI KCP Surabaya Manukan, including interactions between the bank and customers during the financing application process. Observations were conducted in a non-participatory manner so that researchers were not directly involved in the activities of the research objects, but only observed phenomena occurring in the field. Documentation techniques were used to complement the research data by collecting documents related to the subsidized mortgage program, such as financing brochures, financing reports, customer requirement archives, and other supporting documents. The use of various data collection techniques aims to increase data validity through triangulation of sources and methods so that research results are more accurate and reliable (Fusch, Fusch, & Ness, 2018).

The primary instrument in this study was the researcher herself (human instrument), who played a role in determining the research focus, collecting data, analyzing data, and drawing conclusions. In qualitative research, the researcher is the primary instrument because the process of data collection and interpretation is highly dependent on the researcher's ability to understand

the phenomenon being studied. However, the researcher also used supporting instruments in the form of interview guidelines, observation sheets, and documentation to assist in a more systematic and focused data collection process. The interview guidelines were developed based on the research focus, which included the implementation of the subsidized mortgage program, financing procedures, implementation obstacles, and the program's impact on low-income communities. Meanwhile, observation sheets were used to record field conditions, financing service activities, and interactions between banks and customers during the study. The use of these supporting instruments aimed to facilitate the researcher in obtaining relevant data that met the research needs. Furthermore, to maintain data validity, this study employed source and method triangulation techniques by comparing the results of interviews, observations, and documentation. Triangulation is a common strategy used in qualitative research to increase the credibility and validity of research data (Carter et al., 2014). Thus, the data obtained in this study is expected to be able to describe the implementation conditions of the subsidized mortgage program objectively and in depth.

The data analysis technique in this study uses the interactive analysis model of Miles, Huberman, and Saldaña, which includes three stages: data reduction, data presentation, and drawing conclusions or verification. Data reduction is carried out by selecting, focusing, and simplifying data obtained from interviews, observations, and documentation to align with the research focus. At this stage, the researcher groups the data based on certain themes, such as financing procedures, implementation constraints, and the impact of the subsidized mortgage program on low-income communities. The next stage is the presentation of the data in the form of descriptive descriptions so that the reduced data can be understood systematically and easily analyzed. Data presentation is carried out to help researchers see the relationships between data categories and find certain patterns related to the implementation of the subsidized mortgage program at BSI KCP Surabaya Manukan. The final stage is drawing conclusions and verification, which are carried out continuously throughout the research process. The research conclusions are obtained based on the interpretation of the analyzed data and supported by the results of triangulation of sources and methods. The Miles, Huberman, and Saldaña interactive analysis model is widely used in qualitative research because it is considered capable of producing systematic and in-depth data analysis (Miles, Huberman, & Saldaña, 2014). By using this analysis technique, this study is expected to produce valid findings and provide a comprehensive picture of the implementation of the subsidized mortgage program for low-income communities at Bank Syariah Indonesia KCP Surabaya Manukan.

## **RESEARCH RESULT**

### **Overview of the Subsidized Mortgage Program at Bank Syariah Indonesia KCP Surabaya**

## Manukan

Based on results research conducted at Bank Syariah Indonesia (BSI) KCP Surabaya Manukan, it was found that that the Credit program Subsidized Home Ownership (KPR) is one of the product financing many advantages in demand by the public earning low (MBR). This program distributed through scheme Facility Liquidity Financing Housing (FLPP) that works the same with government for help public get House worthy inhabited with relative installments affordable. In implementation, BSI KCP Surabaya Manukan use contract murabahah with fixed margin system so that customers get certainty amount installments during the financing period ongoing. Based on results observations made researchers in the section service financing, subsidized mortgage application process started from stage consultation customers, collection document requirements, data verification process, survey field, until stage contract financing.

**Table 1. Characteristics Informant Study**

No	Informant	Type of Informant	Information
1	Informant 1	Account Officer	Handle subsidized mortgage financing
2	Informant 2	Financing Marketing	On duty do socialization product
3	Informant 3	Subsidized Mortgage Customers	Employee private
4	Informant 4	Subsidized Mortgage Customers	Trader small
5	Informant 5	Subsidized Mortgage Customers	Employee contract

Observation results show that part big customers who apply for subsidized mortgages is worker sector private with range income between Rp4,000,000 and Rp8,000,000 per month. Additionally, some small traders and contract workers are taking advantage of the program to acquire their first homes. Based on documentation obtained by researchers in the form of financing brochures and internal bank data, the available subsidized mortgage financing ceiling ranges from Rp150,000,000 to Rp250,000,000 with a financing term of up to 20 years.

**Table 2. General Data on Subsidized Mortgage Financing at BSI KCP Surabaya Manukan in 2025**

Information	Data
Type of contract	Murabahah
Ceiling financing	IDR 150,000,000 – IDR 250,000,000
Financing tenor	10–20 years
Down payment	±1% of price House
Target financing	High-income society low
Average installment	Rp1,100,000 – Rp1,800,000

Interviews with BSI Account Officers at the Surabaya Manukan Branch Office indicate that public interest in subsidized Sharia mortgages has increased annually, particularly following the merger of Bank Syariah Indonesia. The informant stated:

*"The majority of people choose subsidized Sharia mortgages because the installments are fixed and they*

*feel more secure because they use Sharia-compliant contracts. Furthermore, the application process is now easier than in previous years."* (Interview with the BSI Account Officer, Surabaya Manukan Branch Office)

### **Subsidized Mortgage Program Implementation Process for High-Income Communities Low**

Research result show that Implementation of the subsidized mortgage program at BSI KCP Surabaya Manukan done through a number of stages that have been customized with provision government and internal bank policies. Based on results observation, implementation process started with stage education to candidate customers about terms and mechanisms Sharia subsidized mortgage financing. At this stage this, the bank provides explanation about contract financing, amount installments, financing tenor, and documents that must be filled by candidates customers.

**Table 3. Stages Implementation of the Subsidized Mortgage Program**

<b>Stages</b>	<b>Activity</b>
Consultation beginning	Product explanation and financing terms
Collection document	Submission file condition
Data verification	Customer data check
Survey field	Visits to residence/workplace
Agreement financing	Determination eligibility customers
Contract financing	Signing contract murabahah

Based on results interview with financing marketing section, it is known that the verification process becomes the most important stage in program implementation because the bank must ensure that candidate customers truly including category public earning low and not yet Once accept subsidy housing area previously. The informant explained:

*"We have to ensure that customers meet the government's MBR requirements. Therefore, we check income, conduct BI checks, and survey prospective customers' residences."* (Interview with BSI Financing Marketing, Surabaya Manukan Branch)

Observations also show that the bank conducts on-site surveys of prospective customers' residences or workplaces to ensure the validity of the data provided. Furthermore, the bank collaborates with subsidized housing developers to provide housing options tailored to the community's financial capabilities.

**Table 4. Documents Required for Subsidized Mortgage Application**

<b>No</b>	<b>Document Condition</b>
1	Photocopy of ID card
2	Family card
3	Pay slip / letter income
4	Account newspaper
5	Taxpayer Identification Number (NPWP)
6	Certificate Work
7	Passport photo applicant

Documentation data obtained by researchers indicates that the average time required from application to financing agreement ranges from 14 to 30 days, depending on the completeness of the customer's documents. Based on the research, the most common obstacles in the implementation process are incomplete documents and inconsistencies in customer income data.

### Impact of the Subsidized Mortgage Program towards the High Income Community Low

Based on results interview with a number of customers recipient subsidized mortgage financing, the program gives sufficient impact significant to condition social and economic family. Most of them informant state that before get subsidized mortgage financing, they stay at home rented house with cost sufficient rent tall so that difficult save For buy House alone. After get House subsidy through sharia financing, they feel condition economy family become more stable Because instalment House relatively fixed and affordable.

**Table 5. Impact of the Subsidized Mortgage Program to Customer**

Aspect	Before Subsidized Mortgage	After Subsidized KPR	Aspect
Place status stay	Contracting	Own House Alone	Place status stay
Expenditure monthly	Cost rented house increase	Instalment still	Expenditure monthly
Condition environment	Less comfortable	More safe and orderly	Condition environment
Stability economy	It's hard to save	Expenditure more controlled	Stability economy
Comfort family	Limited	More comfortable	Comfort family
Expenditure monthly	Cost rented house increase	Instalment still	Expenditure monthly

One informant said:

" I used to rent for almost five years. Every year, the rent kept going up, while my income remained constant. After taking out a subsidized mortgage from BSI, I felt more at ease because I owned the house and the installments were fixed." (Interview with Customer A)

Another informant also said that the subsidized mortgage program helps improve the comfort and quality of life of families.

" Now the children have a more comfortable place to study. The housing environment is also safer than their previous rental." (Interview with Customer B)

Researchers' observations in one subsidized housing complex indicate that most homes are occupied by young families, and the neighborhood is relatively well-maintained. Public facilities such as a mosque, neighborhood roads, and a children's play area are also available, although they are still under development.

**Table 6. Development of the Number of Subsidized Mortgage Customers in 2023–2025**

Year	Amount Customer	Percentage Improvement
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2023	126 customers	-
2024	148 customers	17.46%
2025	175 customers	18.24%

Based on documentation in the form of 2025 financing data, it is known that the number of subsidized mortgage customers at BSI KCP Surabaya Manukan has increased annually. show that the financing program House sharia subsidies are increasing in demand by the public earning low in the Surabaya area and its surroundings.

### **Internal constraints Implementation of the Subsidized Mortgage Program**

Even though the subsidized mortgage program give lots benefit for society, results study show that program implementation is still face a number of constraints. Based on results interview with bank, constraints main thing that often faced is low literacy finance public about sharia financing. Many candidates customers who have not understand difference between sharia mortgages and conventional mortgages so that the bank must give education in a way more intensive.

**Table 7. Obstacles to Implementing the Subsidized Mortgage Program**

<b>Constraint</b>	<b>Impact</b>
Literacy finance low	Customers do not understand sharia contracts
Document No complete	Application process become old
Income No stable	Risk of delay payment
Limited housing units	Queue submission increase
Verification process strict	Some submissions rejected

Informant state:

*"Some people still think all mortgages are the same. So we have to explain the Sharia contract, the fixed margin, and the installment system."* (Interview with the BSI Account Officer, Surabaya Manukan Branch Office)

In addition, the results research also shows existence constraint related ability payment Customers. Based on internal bank documentation, several customers experienced late installment payments due to the unstable economic conditions, particularly those working in the informal sector. Observations also indicated that the limited stock of subsidized housing from developers was a barrier to accelerating financing disbursement.

Overall, the research results indicate that the subsidized mortgage program at Bank Syariah Indonesia's Surabaya Manukan branch has been running quite well and providing tangible benefits to low-income communities. However, further public education, strengthened collaboration with developers, and simplified administrative procedures are needed to ensure more effective and targeted program implementation.

## **DISCUSSION**

### **Implementation of the Sharia Subsidized Mortgage Program for Low-Income Communities**

Research result show that Implementation of the subsidized mortgage program at Bank

Syariah Indonesia (BSI) KCP Surabaya Manukan has walk through systematic and appropriate procedures with provision Sharia financing. The implementation process begins with customer education, document verification, field surveys, and the financing agreement using the murabahah contract. These findings indicate that banks serve not only as financing disbursement institutions but also as educational institutions, helping the public understand the mechanisms of Sharia-based home financing. Interviews revealed that the bank emphasized the importance of data verification to ensure that financing recipients truly fall into the low-income community (MBR) category. This demonstrates that program implementation has strived to meet the principle of targeting accuracy, as the primary objective of the government's FLPP program. These research findings align with research by Fadhilah (2022), which states that the effectiveness of Sharia subsidized mortgage financing is significantly influenced by the accuracy of the customer selection process and the quality of bank services to the public. Furthermore, the use of a murabahah contract with a fixed margin provides certainty regarding installment amounts to customers, creating a sense of long-term security. This supports Islamic economic theory, which emphasizes the principles of fairness and transparency in financial transactions. Research by Sodik, Al Farda, and Ayuni (2023) also explains that the murabahah contract in Islamic mortgage financing can provide legal certainty and reduce transaction uncertainty for customers. In the context of this research, the implementation of the Islamic subsidized mortgage program at BSI KCP Surabaya Manukan demonstrates that the Islamic financing system can be an alternative, more inclusive housing financing solution for low-income communities. In addition to helping people obtain decent housing, the program also demonstrates the strategic role of Islamic banking in supporting government social welfare programs through a financing approach that aligns with Islamic principles and the needs of modern society.

The research also shows that the implementation of the subsidized mortgage program at BSI KCP Surabaya Manukan is influenced by good cooperation between the bank and subsidized housing developers. Based on observations, the bank actively surveys the housing location and condition of prospective customers before granting financing approval. This step aims to minimize the risk of problematic financing while ensuring that the financed homes are truly habitable. These findings indicate that program implementation focuses not only on administrative aspects but also considers the quality of housing and the customer's overall financial capabilities. Research by Yuliana and Harahap (2020) explains that the successful implementation of FLPP financing in Islamic banks is greatly influenced by coordination between banks, developers, and the government in providing decent and affordable housing for low-income communities. Furthermore, the research also shows that the relatively strict verification process causes some prospective customers to experience difficulties in completing the required documents. Nevertheless, this process is considered crucial for maintaining financing quality and avoiding the risk of future non-performing loans. From a sharia economic perspective, the prudential principle is a crucial part of maintaining the sustainability of Islamic financial institutions, ensuring their stability and trustworthiness. The findings of this study also support international research by Dusuki and Abdullah (2017), which states that Islamic housing finance has a higher level of stability because it is based on real assets and has stricter financing oversight than conventional systems. Therefore, the implementation of the Sharia-compliant subsidized mortgage program at BSI KCP Surabaya Manukan demonstrates that sound customer supervision and selection are crucial factors in creating healthy, targeted, and sustainable financing for low-income communities.

## **The Impact of the Subsidized Mortgage Program on the Social and Economic Conditions of the Community**

The research findings show that the Sharia-compliant subsidized mortgage program has a significant impact on the social and economic conditions of low-income communities. Most customers stated that before receiving subsidized mortgage financing, they lived in rented houses with rents that increased annually. After acquiring a home through the Sharia-compliant subsidized mortgage program, they felt their family's economic situation had become more stable because the installments were fixed and more affordable than their previous rental costs. This finding suggests that the subsidized mortgage program not only helps people acquire homes but also provides a sense of security and certainty in managing family finances. In social welfare theory, homeownership is a key indicator in improving a community's quality of life because it is related to economic stability, psychological comfort, and the family's social environment. Research by Arif Jalaludin (2022) shows that housing policies for low-income communities have a positive impact on improving family welfare and social stability in urban communities. These findings align with the findings of this study, which show that people feel more comfortable and at ease after owning their own homes through Sharia-compliant financing. Furthermore, the researchers' observations in subsidized housing areas indicate that the customers' residential areas are relatively more organized and have adequate public facilities such as mosques, neighborhood roads, and children's play areas. This situation demonstrates that the subsidized mortgage program contributes to creating a better social environment for low-income communities. In the context of Islamic economics, home ownership is also linked to the concept of *maslahah* (benefit), as housing is viewed as a basic need that supports a secure and prosperous family life. Therefore, the subsidized Sharia mortgage program not only has an economic impact but also a broad social impact, improving the community's quality of life.

Findings study this also shows that the sharia subsidized mortgage program provides impact positive to condition psychology and productivity public recipient financing. Based on results interviews, some customers state that ownership House Alone make they more motivated for work and improve income family Because feel own not quite enough answer to assets owned. Furthermore, a more comfortable living environment also positively impacts child development and social relationships between residents. These findings demonstrate that the subsidized mortgage program has a multidimensional impact, not only related to physical asset ownership but also to improving overall quality of life. Research by Zainuddin and Hidayat (2019) states that subsidized sharia-compliant housing financing can improve community welfare by creating household economic stability and increasing family security. In international research, Hassan and Kayed (2019) also explain that sharia financing plays a significant role in increasing financial inclusion and the welfare of low-income communities because its financing system is more flexible and based on social justice. The results of this study support this theory, as the majority of customers feel that sharia financing schemes are more transparent and easier to understand than conventional financing. Furthermore, the annual increase in the number of subsidized mortgage customers indicates that the public is increasingly trusting sharia-compliant housing financing products. This situation demonstrates that sharia banking has significant opportunities for continued growth in the public housing financing sector. Thus, the sharia subsidized mortgage program at BSI KCP Surabaya Manukan can be seen as an important instrument in supporting the socio-economic development of low-income communities while strengthening

the role of sharia banking in national development.

### **Obstacles to Implementing the Sharia Subsidized Mortgage Program**

Even though the sharia subsidized mortgage program provides Lots benefit for society, results study show that program implementation is still face various obstacles, especially related low literacy finance public about sharia financing. Based on results interview, part public Still Not yet understand difference fundamental between sharia mortgages and conventional mortgages so that the bank must do education in a way intensive about contracts, margins, and systems payment Installments. This situation indicates that low Islamic financial literacy remains a challenge in the development of Islamic banking products in Indonesia. Research by Wahyuni and Putri (2021) explains that the public's level of understanding of Islamic financing products significantly influences their interest in using Islamic banking services. In this study, banks must explain the murabahah contract mechanism in detail so that customers understand that the Islamic financing system does not use interest like conventional systems. Furthermore, another obstacle identified is the income instability of some customers, particularly those working in the informal sector. This situation causes some customers to experience delays in installment payments, requiring banks to adopt a persuasive approach and provide assistance to ensure smooth financing. These findings indicate that economic factors remain a major challenge in implementing subsidized housing financing programs. International research by Hassan and Kayed (2019) also states that housing financing for low-income communities is heavily influenced by income stability and macroeconomic conditions. Therefore, more adaptive strategies are needed from banks and the government to support the sustainability of the Islamic subsidized mortgage program to ensure it remains targeted and sustainable.

In addition to literacy and economic capacity, research also indicates that the limited availability of subsidized housing units is a barrier to the implementation of the subsidized mortgage program at BSI KCP Surabaya Manukan. Observations show that public demand for subsidized housing tends to increase annually, but the number of houses available from developers remains limited, resulting in long queues for financing applications. This situation indicates that the success of the subsidized mortgage program depends not only on the readiness of banking institutions but also on the readiness of the property sector and government support in providing adequate housing. Rahmah's (2018) research explains that collaboration between Islamic banks and developers plays a crucial role in accelerating the distribution of subsidized housing financing to low-income communities. In this study, the bank also faced administrative obstacles in the form of incomplete customer documents and lengthy data verification processes. Although the verification process is carried out to maintain financing quality, this condition often causes longer application processes, which impacts customer satisfaction. However, the research shows that the bank continues to strive to improve service quality by simplifying administrative procedures and using digital systems in the financing application process. These findings suggest that digital service transformation is a crucial strategy for increasing the effectiveness of the implementation of the Islamic subsidized mortgage program in the future. Thus, despite still facing various obstacles, the implementation of the subsidized mortgage program at BSI KCP Surabaya Manukan continues to show a positive contribution in helping low-income communities gain access to decent and affordable housing.

### **CONCLUSION**

## Conclusion

Based on the research results, it can be concluded that the implementation of the subsidized Home Ownership Credit (KPR) program for low-income communities at Bank Syariah Indonesia (BSI) KCP Surabaya Manukan has been running quite well and in accordance with the principles of sharia financing. The subsidized KPR program is implemented through several stages, starting from customer education, document collection, data verification, field surveys, and the implementation of the murabahah contract. The implementation process shows that the bank strives to maintain the accuracy of financing targets so that the program is truly accepted by people categorized as low-income communities (MBR). The use of a murabahah contract with a fixed margin system also provides installment certainty for customers, thereby increasing the sense of security and public trust in sharia financing.

The research results show that the subsidized mortgage program has a positive impact on the social and economic conditions of recipients. Home ownership through the subsidized mortgage program helps people escape dependence on rented housing, creates family economic stability, and improves comfort and quality of life. Furthermore, a more suitable living environment also positively impacts the psychological well-being and well-being of families. The research findings demonstrate that the subsidized sharia mortgage program functions not only as a financing instrument but also as part of efforts to improve community social welfare.

However, this study also identified several obstacles in the implementation of the subsidized mortgage program, such as low public Islamic financial literacy, income instability among some customers, limited availability of subsidized housing units, and administrative challenges in the financing application process. These obstacles indicate that the success of the subsidized mortgage program is not solely dependent on banks, but also requires support from the government, developers, and the readiness of the community as recipients of financing. Therefore, stronger synergy between relevant parties is needed to ensure more effective and targeted program implementation.

This study has limitations because it was conducted at only one branch of Bank Syariah Indonesia, namely BSI KCP Surabaya Manukan. Therefore, the results cannot be broadly generalized to all implementations of the Sharia-compliant subsidized mortgage program in Indonesia. Furthermore, the number of informants in this study was limited, so the data obtained emphasized the depth of information rather than the scope of the research area. Nevertheless, this study is expected to contribute to the development of Sharia economic studies, particularly regarding the implementation of housing financing for low-income communities.

## Suggestion

Based on the research findings, the authors offer several recommendations that they hope will serve as considerations for relevant parties. First, Bank Syariah Indonesia is expected to improve public education and Islamic financial literacy, particularly regarding the financing mechanisms for subsidized Islamic mortgages (KPR), so that the public can better understand the differences between Islamic and conventional financing systems. This education can be provided through direct outreach, digital media, and collaboration with community groups.

Second, banks need to continuously improve service quality and simplify administrative procedures to speed up and streamline financing applications without compromising the principle of prudence in financing distribution. Furthermore, collaboration between banks and subsidized housing developers needs to be strengthened to ensure housing availability meets the high demand from low-income communities.

Third, the government is expected to provide more optimal support for the Sharia-compliant subsidized mortgage program by increasing the subsidized housing quota, monitoring the quality of housing construction, and implementing policies that support the economic stability of low-income communities. This support is crucial for the sustainable operation of the subsidized housing financing program and providing broader benefits to the community.

For future researchers, it is recommended to conduct research with a broader scope and employ different research approaches, such as quantitative or mixed methods, to obtain more comprehensive results regarding the effectiveness of the Sharia-compliant subsidized mortgage program in Indonesia. Furthermore, further research could also examine the impact of the subsidized mortgage program on long-term community welfare and customer loyalty to Sharia banking.

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