

The Role of Supply Chain Finance in Improving SME Performance

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Abstract

Supply Chain Finance (SCF) has become a strategic mechanism to improve the financial performance of small and medium-sized enterprises (SMEs), especially in the export sector. This study aims to examine the implementation and impact of SCF schemes on SMEs in Indonesia. Using a qualitative case study approach with semi-structured interviews and field observation, the research focuses on PT Asia Sejahtera Mina – a seaweed export company that serves as an anchor for various SME suppliers across the country. The findings show that SCF schemes implemented through pre- and post-shipment financing by Indonesia Eximbank (Lembaga Pembiayaan Ekspor Indonesia - LPEI) significantly improve SMEs' cash flow, inventory turnover, and collection efficiency. Financial performance indicators such as Days Sales Outstanding (DSO), Days Payable Outstanding (DPO), Days Inventory Outstanding (DIO), Days Working Capital (DWC), and Cash Conversion Cycle (CCC) showed marked improvements post-SCF implementation. This study highlights the essential role of public financial institutions like LPEI in enabling SME access to structured finance and recommends the nationwide expansion of SCF schemes to improve SME competitiveness and economic inclusion.

Keywords: financial performance; Indonesia eximbank; pre-shipment financing; post-shipment financing; smes; supply chain finance

INTRODUCTION

Small and medium-sized enterprises (SMEs) play a pivotal role in Indonesia's economy, particularly in supporting export growth and employment. However, many SMEs continue to face persistent working capital constraints that hinder their participation in global supply chains. Although efficient supply chain management is essential for ensuring

the smooth flow of goods and information—from raw materials to final product delivery—financial constraints often prevent firms from achieving operational excellence. Previous studies have shown that effective supply chain management enhances operational performance and strengthens firms' competitive positioning (Setiyorini, 2014; Suliantoro & Nugrahani, 2015).

Therefore, improving financial integration within the supply chain has become increasingly important for sustaining SME competitiveness.

Supply chain integration has become a strategic approach for improving organizational performance by strengthening collaboration among suppliers, buyers, and other stakeholders. Previous studies demonstrate that closer integration with suppliers significantly improves operational performance (Nurjanah S., 2022), while broader supply chain integration enhances SME performance (Subburaj V.; Mehrolia, S., 2020). Beyond operational coordination, financial integration across supply chain partners also improves cash flow management, reduces transaction risks, and ultimately strengthens firms' competitiveness (Nabil & Maika, 2022).

Among various forms of supply chain integration, Supply Chain Finance (SCF) has emerged as one of the most effective mechanisms for strengthening financial collaboration among supply chain partners. SCF integrates financial institutions into commercial transactions, enabling suppliers and buyers to access financing based on trade transactions rather than conventional collateral. By improving liquidity and working capital availability, SCF enhances cash flow, reduces default risk, and increases overall supply chain efficiency (Itang H.; Suganda, A.; Shafenti, S.; Fahlevi, M., 2022).

Previous studies further demonstrate that SCF contributes to improved firm performance by strengthening financial resilience and competitive advantage. At the macroeconomic level, wider SCF

adoption also promotes employment, economic diversification, and financial inclusion, particularly among SMEs (Rosmayani et al., 2023). Moreover, easier access to working capital enables SMEs to reduce dependence on expensive short-term borrowing and improve day-to-day cash flow management (Zhe, 2023).

SCF is critical to firm performance as it addresses the liquidity and cash flow challenges faced by suppliers and buyers in the supply chain, thereby improving supply chain efficiency, reducing risk, and enhancing competitive advantage. On the other hand, SCF plays a vital role in a country's economic development by improving supply chain efficiency, enhancing competitiveness, creating jobs, contributing to economic diversification, and reducing poverty (Rosmayani et al., 2023). SCF plays a significant role in influencing small business cash flow by providing timely access to working capital, optimizing cash flow management, and reducing the need for expensive short-term loans (Zhe, 2023).

As an alternative financing mechanism, SCF has gained increasing acceptance among SMEs and financial institutions because it provides more affordable access to working capital. Unlike conventional trade credit, in which buyers extend payment terms using their own financial capacity, SCF incorporates financial institutions into supply chain transactions. This arrangement enables suppliers to receive early payments while allowing buyers to maintain agreed payment terms, thereby improving liquidity and optimizing financing costs across the supply chain (Yan B., 2015).

Although previous studies have demonstrated the benefits of Supply Chain Finance for improving firm performance, limited attention has been given to the role of public export financing institutions in enabling SCF adoption among export-oriented SMEs in developing countries. In Indonesia, where access to collateral-based financing remains a major obstacle for SMEs, empirical evidence explaining how Indonesia Eximbank (LPEI) facilitates SCF implementation is still scarce. Existing Indonesian studies have primarily focused on value chain financing for agricultural commodities (Mauladi J. H.; Darwanto, D. H., 2022) and operational financing in hospitals (Munaa L.; Inayah, Z., 2023). In contrast, international evidence has consistently demonstrated the positive impact of SCF on firm performance. Studies conducted in Europe emphasize the role of SCF in improving working capital efficiency and reducing financing costs (Wuttke C.; Foerstl, K.; Henke, M., 2013), while research from China confirms its contribution to corporate financial performance (Li X., 2019). Similar findings have also been reported in Vietnam, where SCF significantly improves SME performance (Vu et al., 2022). Despite these advances, empirical evidence explaining the implementation of SCF within Indonesia's export-oriented SMEs remains scarce.

Formulation of the problem

Building upon the existing literature, this study investigates the implementation of Supply Chain Finance within Indonesia's export supply chain by focusing on PT ASM and its SME suppliers. Specifically, this

study seeks to answer three research questions: 1) How is SCF implemented in SME activities?; 2) What is the role of SCF in improving SME performance?; 3) What is the role of public sector institutions in the implementation of SCF?

By addressing these questions, this study contributes to the growing literature on supply chain finance while providing practical insights into the role of public export financing institutions in strengthening SME competitiveness in Indonesia.

Benefits of research

This study aims to provide in-depth insights into the application of SCF in the industry in Indonesia. In addition, this study also contributes to the field of research on logistics and *trade finance* conducted by the public sector.

METHOD

This study employed a qualitative case study approach to investigate the implementation of SCF within Indonesia's export supply chain. A qualitative case study was selected because it enables an in-depth exploration of complex financial interactions among public financing institutions, anchor firms, and SME suppliers within their real-life context. Data were collected between January and June 2024 through semi-structured interviews, document analysis, and field observations.

Scope

Purposive sampling was employed to select informants who possessed direct knowledge and

decision-making responsibilities in SCF implementation. Three key informants participated in this study, representing the public financing institution (LPEI), the anchor firm (PT ASM), and SME suppliers. Although the number of participants was limited, each represented a critical stakeholder within the SCF ecosystem. The credibility of the findings was strengthened through data triangulation using interviews, company documents, and field observations.

Table 1. Informant profile

Informant Code	Institution / Role	Position	Relevance to SCF
INF-1	Indonesian Export Financing Institution (LPEI)	SCF / Trade Finance Officer	SCF policy, financing mechanism
INF-2	PT ASM (Anchor Firm)	Finance / Export Manager	SCF implementation, transaction flow
INF-3	SME Supplier	Business Owner / Manager	Impact of SCF on cash flow & operations

Research Instruments

The primary research instrument was a semi-structured interview guide designed to explore five main themes: SCF implementation, financing mechanisms, operational benefits, implementation challenges, and the role of public financing institutions. Semi-structured interviews provided flexibility for probing emerging issues while maintaining consistency across interviews. Field observations and company documents were collected to complement and validate the interview findings.

Data Analysis

Interview transcripts were analysed using thematic analysis. The analysis began with open coding to identify meaningful statements, followed by grouping similar codes into broader categories and developing overarching themes relevant to the research objectives. Findings from the interviews were subsequently compared with documentary evidence and field observations through data triangulation to enhance the credibility and trustworthiness of the analysis. Manual coding was considered appropriate due to the limited number of participants and the in-depth nature of the case study.

RESULTS AND DISCUSSION

Implementation of SCF in SME

Export Activities

The findings are based on in-depth interviews with three stakeholder groups involved in the SCF ecosystem: representatives of LPEI as the public export financing institution, PT ASM as the anchor exporter, and SME suppliers participating in the SCF scheme. Documentary evidence and field observations were used to corroborate the interview findings.

Interview findings indicate that liquidity constraints, delayed payments, and limited access to working capital were the primary challenges experienced by firms participating in the export supply chain. These constraints motivated the adoption of SCF as a financing mechanism.

SCF is a financing mechanism that aims to improve cash flow efficiency along the supply chain, by providing easier access to financing to the business actors involved, both suppliers, producers, and buyers. SCF allows suppliers or exporters to get faster payment for goods that have been shipped, while buyers can still pay at the agreed time. This is made possible through the intervention of financial institutions that provide financing.

In practice, exporters or suppliers often get payment treatment that is made in a long period of time, for example 60 or 90 days after the goods are shipped. This results in the Company's cash conversion cycle becoming large. The longer the payment, which means the cash conversion cycle is getting bigger, indicating that the company's performance in managing its cash is less efficient. SCF is carried out to accelerate suppliers to receive payment faster than the payment period promised by the buyer. The payment is received from the financing institution. While the buyer still has a longer period to pay in accordance with the trade agreement made.

The financing institution that is the object of this research is LPEI, which is a financial institution owned by the Republic of Indonesia government whose purpose is to encourage national export growth and assist exporters in developing their businesses. LPEI provides export financing to accelerate the growth rate of Indonesia's foreign trade and increase the competitiveness of

business actors and support government policies to encourage national export programs. One of LPEI's products is financing for export-oriented companies. The financing carried out is in the form of financing for goods before export (pre-shipment) or financing for goods that have been exported (post-shipment). For LPEI, this mechanism is also known as a trade finance scheme. In addition, for exporters, LPEI also provides investment credit services that can be used for exporters' business capital.

Pre-shipment financing

In the pre-shipment financing scheme, there are 3 parties involved in the financing, namely LPEI, PT ASM as the anchor, and BDM as the supplier of goods. The financing mechanism can be described in the following figure.

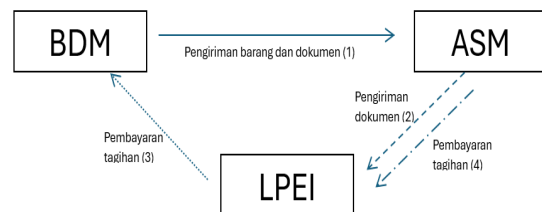


Figure 1. SCF scheme

In the initial stage, ASM as the anchor submitted an AP (Account Payable) Financing scheme to LPEI. BDM is a supplier that routinely sends goods to ASM. Usually, BDM gets payment within 60 days from the time the goods are sent. ASM submitted to LPEI so that in the transaction of purchasing raw materials from BDM it can get AP Financing facilities. In the AP Financing scheme, BDM sends goods to ASM. BDM issues an invoice and delivery order document for ASM

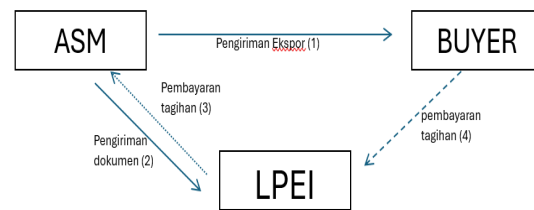
for the delivery of goods (number 1). ASM then accepts the transaction and sends the document to LPEI (number 2). Based on the document from ASM, LPEI makes a payment to BDM within 2 days for the value on the invoice minus the discount and agreed fees (number 3). On the payment due date, ASM will pay BDM's invoice to LPEI (number 4).

Interview participants consistently reported that the pre-shipment financing scheme improved cash flow by accelerating supplier payments while allowing the anchor firm to retain payment flexibility. For ASM, it greatly helps in terms of cash flow because it can delay payment for up to 60 days since the transaction was made. Meanwhile, for BDM, the process greatly helps cash flow because it does not have to wait for payment for up to 60 days, in just two working days the bill has been paid off even though it is deducted with discounts and fees. The fees charged are 0.0625% of the transaction value and a discount of 8.75% of the transaction value.

Post Shipment Financing

ASM also received financing facilities from LPEI in the post shipment financing scheme. This scheme is carried out to finance export activities. In this scheme, ASM exports, where payments by buyers abroad are made within 90 days. This certainly greatly disrupts ASM's *cash flow*. ASM submitted a financing scheme for transactions with buyers from abroad who have consistently traded. ASM submitted the name of the buyer for

assessment by LPEI. The assessment carried out by LPEI is to ensure that the buyer has a small risk based on the trading experience that has been carried out so far. LPEI with its network can carry out assessments based on buyer transactions with other parties related to payment compliance. In this scheme, LPEI calls it the *account receivable (AR) Financing scheme*. ASM parties who have receivables will be paid in advance by LPEI, and when the payment from the buyer is due, it will be received by LPEI.



Source: LPEI (2024)

Figure 2. AR Financing scheme

In export transactions carried out by ASM, ASM delivers export goods to buyers or purchasers abroad (number 1). After the delivery is made, copies of export documents such as Export Goods Notification (PEB), Bill of Lading (B/L), Invoice and Packing List are submitted to LPEI (number 2). Furthermore, LPEI makes payment of the bill to ASM in the amount of the export transaction value minus the costs and discounts (number 3). Then before the due date when the buyer abroad makes the payment, a payment transaction is made to LPEI (number 4).

In the transaction, ASM exports that should have been paid by the buyer with a period of 90-120 days can

be paid in just 2 days by LPEI. This certainly helps the cash flow of the ASM Company. LPEI will receive payment from the buyer according to the specified period. As a risk mitigation, LPEI will remind ASM and the buyer within 2 weeks before maturity.

These findings suggest that the post-shipment financing scheme substantially shortened the receivable collection period and strengthened the company's liquidity by accelerating cash inflows while maintaining the original payment terms agreed with overseas buyers. Consequently, the financing mechanism enabled PT ASM to improve working capital availability without disrupting existing commercial relationships within the export supply chain.

The Impact of Supply Chain Financing on the Financial Performance of PT ASM

To evaluate the financial implications of SCF implementation, this study analysed PT ASM's working capital performance using five financial indicators: Days Payable Outstanding (DPO), Days Sales Outstanding (DSO), Days Inventory Outstanding (DIO), Days of Working Capital (DWC), and the Cash Conversion Cycle (CCC). Changes in these indicators provide empirical evidence of how SCF influenced the company's liquidity and operational efficiency throughout the observation period.

Impact of SCF on Days Payable Outstanding (DPO)

Days Payable Outstanding (DPO) is a financial metric that measures the average number of days it takes a company to pay its suppliers after receiving goods or services. This metric provides insight into a company's payment practices and its ability to manage its cash flow.

SCF allows buyers to extend their payment terms without negatively impacting their suppliers. This increases the DPO, meaning companies can hold cash longer before paying their suppliers. By extending the DPO, companies can improve their cash flow and use the available cash for other operational or investment needs.

Based on PT ASM's financial performance metrics for the 2019–2023 period, the implementation of SCF facilities was associated with notable changes in payment performance. DPO declined substantially between 2020 and 2022, indicating faster settlement of supplier obligations. Although DPO increased slightly in 2023, it remained lower than its pre-SCF level, suggesting that the improvement in payment efficiency was largely sustained.

A decreasing DPO indicates that the company is paying its suppliers more quickly. While this can strengthen relationships with suppliers and potentially lead to better terms or discounts, it also means that the company is using its cash more quickly, which can impact liquidity. A Slight Increase in DPO (2023) indicates a small adjustment in the payment

cycle, which can be a strategic move to improve cash flow without significantly impacting supplier relationships.

Impact of SCF on Days Sales Outstanding (DSO)

Days Sales Outstanding (DSO) is a financial metric that measures the average number of days it takes a company to collect payment after a sale is made. This metric provides insight into the efficiency of a company's credit and collections processes. Suppliers receive early payment through SCF, which can reduce their DSO. This directly benefits suppliers and indirectly strengthens the supply chain, ensuring suppliers remain financially healthy and reliable.

Based on PT ASM's financial metrics data from 2019 to 2023, it can be concluded that DSO declined considerably following SCF implementation, particularly during 2021–2022, indicating faster receivable collection and improved cash inflows. Although a slight increase occurred in 2023, receivable turnover remained substantially better than before SCF adoption.

It can be concluded that a high DSO value (2019, 2020) indicates that the company is taking longer to collect payments from customers. This can cause cash flow problems, as funds are tied up in receivables for a long period of time. It can also indicate potential problems with customer creditworthiness or inefficiencies in the collections process. Furthermore, a low DSO value (2021, 2022) indicates that the company is collecting

payments more quickly, which is generally positive. This improves cash flow and reduces the risk of bad debts. However, if the DSO is too low, it can indicate overly stringent credit terms that can deter potential customers. While a slight increase in DSO in 2023 indicates a slight relaxation in collections efficiency but still reflects a relatively healthy collections process.

Impact of SCF on Days Inventory Outstanding (DIO)

While SCF primarily impacts DPO and DSO, efficient cash flow management can lead to better inventory management practices. Companies can optimize their inventory levels, reducing the amount of time inventory sits before being sold or lowering DIO. By increasing DPO and potentially reducing DSO and DIO, SCF can shorten the overall CCC. A shorter CCC means a company can convert its investments into cash more quickly, improving liquidity and operational efficiency.

Days Inventory Outstanding (DIO) is a financial metric that measures the average number of days it takes a company to sell its inventory. This metric provides insight into how efficiently a company manages its inventory and how quickly it can convert inventory into sales.

In 2021 to 2023, PT ASM has obtained Export Working Capital Credit (KMKE) from the Indonesian Export Financing Institution (LPEI) in the form of 2 types of facilities. The first facility is in the form of PKE Trade Financing - Post Shipment Financing in the form of AR Financing and takeover

of export bills, which are uncommitted/advised (transactional) with a resource base with the aim of financing export receivables based on non-LC transactions (receivables financing/ AR Financing) and based on LC transactions (export bills financing) and the second facility is a sublimit KMKE facility which is *non-revolving*. The value of export financing debt from LPEI received by PT ASM is as follow

Table 2. PT ASM debt from LPEI (Rp)

Debt from LPEI	2023	2022	2021
Long Term	7.435.262.678	10.223.486.198	10.223.486.198
Short Term	35.883.918.656	9.986.072.517	39.986.072.517
Sum	43.319.181.334	50.209.558.715	50.209.558.715

Based on the financial reports officially published by PT ASM from 2018 to 2023, the following are financial metrics related to the impact of SCF on the company's financial performance.

Table 3. Impact of SCF 2018-2023

Rasio	2019	2020	2021	2022	2023
DIO	59,27	80,93	70,78	49,61	67,36
DSO	51,81	62,34	33,32	21,11	28,68
DPO	27,02	20,3	11,14	7,36	10,55
CCC	84,06	122,97	92,96	63,36	85,49
NWC (Mil)	77.340	73.220	72.923	65.335	61.891
DWC	74,02	81,13	67,79	44,09	51,61

Based on the financial metrics data of PT ASM from 2019 to 2023 above, it can be concluded that:

- From 2019 to 2020, there was a significant increase in DIO from 59.27 days to 80.93 days. This indicates that inventory is taking longer to sell, which could indicate overstocking, decreased demand, or inefficiencies in inventory management.
- From 2020 to 2021, DIO decreased to 70.78 days, which shows some improvement in inventory turnover, but is still higher than in 2019. The observed decline in DIO coincided with the implementation of the KMKE facility provided by LPEI in 2021, suggesting that the SCF scheme may have contributed to improved receivables collection efficiency.
- From 2021 to 2022, there was a significant decrease in DIO to 49.61 days, indicating a significant improvement in inventory management and faster turnover. The continued decline in DIO coincided with the continued use of the KMKE facility, suggesting that SCF may have supported further improvements in receivables collection efficiency.

- From 2022 to 2023, DIO increased again to 67.36 days, indicating a return to slower inventory turnover. Although DSO increased slightly in 2023, it remained considerably lower than the pre-SCF level, indicating that receivables collection performance was still stronger than before the implementation of the SCF scheme. Further investigation is nevertheless needed to identify other factors that may have influenced this trend.

High DIO values (2020, 2023) indicate that the company is holding inventory for a longer period. This can lead to higher holding costs, potential obsolescence, and tied up capital that could be used elsewhere. Lower DIO values (2021, 2022) indicate efficient inventory management and faster turnover, which is generally positive. However, too low can indicate insufficient inventory levels, which can lead to stockouts and lost sales.

Impact of SCF on Days of Working Capital (DWC)

Based on PT ASM's financial performance metrics for the 2019–2023 period, the DWC exhibited a clear improvement following the implementation of SCF. DWC increased from 74.02 days in 2019 to 81.13 days in 2020, indicating that the company required more time to convert working capital into revenue and suggesting relatively lower operational efficiency before the introduction of SCF. Following the implementation of the KMKE facility in 2021, DWC declined to 67.79 days

and decreased further to 44.09 days in 2022, reflecting substantial improvements in the management of inventory, receivables, and payables.

Although DWC increased slightly to 51.61 days in 2023, it remained considerably lower than the pre-SCF levels observed in 2019 and 2020, indicating that the company maintained a more efficient working capital cycle after the implementation of SCF. Overall, these findings suggest that the SCF scheme was associated with improved working capital management and enhanced liquidity by accelerating the conversion of working capital into revenue. Nevertheless, the increase observed in 2023 indicates that other operational or market-related factors may also have influenced the company's working capital performance.

Impact of SCF on Cash Conversion Cycle (CCC)

Based on PT ASM's financial performance metrics for the 2019–2023 period, the CCC exhibited a noticeable improvement following the implementation of SCF. CCC increased from 84.06 days in 2019 to 122.97 days in 2020, indicating lower working capital efficiency before the introduction of SCF facilities. Following the implementation of the KMKE facility in 2021, CCC declined to 92.96 days and reached its lowest level of 63.36 days in 2022, reflecting substantial improvements in inventory, receivables, and payables management.

Although CCC increased slightly to 85.49 days in 2023, it remained

substantially below the 2020 level, suggesting that the gains in working capital efficiency were largely sustained. Nevertheless, further investigation is required to determine whether factors other than SCF contributed to the observed change in 2023.

The Role of Public Financing Institutions in SCF

The Indonesian Export Financing Institution (LPEI) as a public financing institution, plays an important role in this SCF transaction. The practice of SCF to encourage the performance of SMEs, especially export SMEs in Indonesia, is still relatively low. Financial institutions generally channel financing to SMEs with a working capital credit scheme that requires collateral in the form of fixed assets and non-fixed assets from the company. This is the main obstacle for SMEs to improve performance. In addition, high credit interest rates and lack of flexibility in risk evaluation also exacerbate the difficulty of accessing financing.

Various efforts to foster SMEs from various Ministries/Institutions, Corporations, and Academic Institutions to increase SME production capacity ultimately run into financial limitations associated with the value of the company's guarantee/collateral. In this context, financing innovations such as technology-based financing (fintech) and credit guarantees by guarantee institutions such as Jamkrindo and Askkrindo, are alternatives to help SMEs overcome this obstacle. The

adoption of fintech peer-to-peer lending also shows great potential in reducing SME dependence on conventional banking credit schemes, by providing easier access and faster processes. By using the SCF scheme, SME collateral constraints can be overcome (Wardhana M., 2020), (Tambunan, 2019).

The role of LPEI in providing the Supply Chain Financing (SCF) scheme is very important and should be a pioneer for other financial institutions. This scheme allows collateral for SME companies, which are usually valued based on fixed assets, to be replaced with collateral in the form of sales contracts, invoices, promissory notes, and similar documents, so that transaction security is maintained while providing greater flexibility for SMEs.

As mandated by Law Number 2 of 2009 concerning the Indonesian Export Financing Institution (LPEI), the Body or commonly called Indonesia Eximbank, has the task of filling the market gap in national export financing. This means that LPEI must innovate in financing that is relatively not yet or cannot be done by ordinary financial institutions, such as providing financing to export sectors that have strategic potential but are considered high risk by conventional financial institutions. Therefore, LPEI is given sovereign status and guaranteed by the government, so that it has the ability to manage greater risks than ordinary financial institutions.

One of the innovative financing schemes commonly practiced by

Eximbank in other countries is SCF. This SCF scheme allows exporters, including SMEs, to gain access to financing based on cash flows generated from their supply chains, thereby reducing dependence on fixed assets as collateral. By implementing SCF on exporting SMEs or anchor companies that are the parent suppliers of SMEs, it is hoped that the contribution of exporting SMEs or export-oriented SMEs to the national economy can increase, this can dispel the stigma of fostering SMEs: Socialization without Solutions. In the pre-shipment and post-shipment financing schemes as mentioned above, it can be seen that the role of LPEI is very important in determining the implementation of SCF (Ganne, 2017), (Zekos, 2020), (Corporation, 2021).

These findings are consistent with (Wuttke C.; Foerstl, K.; Henke, M., 2013) and (Vu et al., 2022), who argue that SCF enhances working capital efficiency by integrating financial institutions into commercial transactions. The present study extends this evidence by demonstrating that public export financing institutions can perform a similar enabling role in emerging economies where collateral constraints remain substantial.

CONCLUSION

This study confirms that Supply Chain Finance (SCF) enhances the financial performance of SMEs by improving cash flow, accelerating receivables, and optimizing working

capital. The implementation of pre-shipment and post-shipment financing by public institutions such as LPEI allows SMEs to gain faster access to funds, reducing their dependency on traditional collateral-based lending. These findings answer the research objective on how SCF is implemented, its impact on SME performance, and the strategic role of public financial institutions.

The implications are two fold. First, SCF offers a scalable solution to structural financing constraints faced by Indonesian SMEs, especially in the export sector. Second, public institutions like LPEI are not only financiers but key enablers of SME competitiveness through financial innovation. Policymakers are encouraged to expand SCF frameworks nationally, integrate them into MSME development programs, and promote adoption across more supply chains to stimulate broader economic growth.

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