

The Role of Bank Mandiri in Enhancing MSME Economic Development: A Territorial Mapping Study of the Pakem Branch

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) play an important role in strengthening the local economy, yet their development is often constrained by limited access to financing, digital services, business formalization, and appropriate business assistance. This study aims to analyze the effectiveness of territory mapping implemented by Bank Mandiri KCP Sleman Pakem in identifying, grouping, and understanding the potential and needs of MSMEs, as well as its contribution to improving MSME-oriented banking services. This study employed a qualitative descriptive approach. Data were collected through interviews, field observations, and documentation involving eight key informants consisting of four internal bank personnel and four MSME actors. Data were analyzed through data reduction, data display, and conclusion drawing, with findings interpreted based on indicators of accessibility, accuracy, administrative effectiveness, and problem resolution. The results indicate that territory mapping supports more targeted customer identification, improves service accessibility, facilitates preliminary verification, and enables banking products and assistance to be better adapted to MSME characteristics. The approach also supports the use of digital services such as QRIS and Livin' Merchant. The novelty of this study lies in positioning territory mapping not merely as a tool for expanding financing coverage, but as an operational strategy for integrating spatial information, MSME needs, digitalization, and responsive banking services at the branch level.

Keywords: *Territory Mapping, Banking Services, Digitalization, Local Economic Development, Pakem Branch.*

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play an important role in local and national economic development by supporting employment, income generation, and community-based economic activities. However, MSME development is characterized by substantial differences across locations because business conditions, infrastructure, accessibility, market opportunities, and digital connectivity vary between territories. Research on Indonesian MSMEs has demonstrated that their spatial distribution is not uniform and that infrastructure, digital connectivity, employment accessibility, and other locational factors influence the configuration of MSME activities [1]. This spatial variation indicates that MSME development policies and financial services need to consider the characteristics of specific territories rather than relying exclusively on uniform approaches.

Spatial analysis can provide a basis for identifying the concentration and characteristics of MSME activities and for supporting more targeted development interventions. Widita and Lechner found significant spatial interactions between MSMEs and settlement, land-use, economic, and demographic characteristics in the Jakarta Metropolitan Area through Geographic Information System (GIS)-based analysis [2]. More recently, a study in Surakarta demonstrated that the integration of GIS and a multi-criteria assessment method could classify MSMEs according to development priorities and provide location-based information for differentiated empowerment strategies [3]. Similarly, the implementation of geolocation technology and GeoJSON-based spatial visualization in West Java demonstrated that MSME business locations and attributes can be presented through an accessible digital map to support spatially informed planning and decision-making [4]. These studies indicate that spatial information can be transformed into practical

information for identifying business potential, classifying territories, and determining more appropriate forms of intervention.

Apart from spatial characteristics, financial accessibility and digital capabilities are essential factors in determining MSME development. Financial accessibility has been shown to influence the performance of small and medium enterprises in Indonesia, particularly in relation to sales and employment growth [5]. Financial literacy and digital financial literacy also contribute to financial inclusion among Indonesian small enterprises, while the use of social media can strengthen the relationship between digital financial capabilities and financial inclusion [6]. In addition, research involving more than 5,000 ultra-micro, micro, and small enterprises across Indonesia found variations in digital adoption across business processes and demonstrated the relationship between digital adoption, business performance, and financial literacy [7]. These findings suggest that financial institutions have an important role not only in providing financing but also in supporting financial inclusion, digital adoption, and the broader development capacity of MSMEs.

The need for integrated support is further emphasized by recent evidence showing that MSME performance is associated with digitalization, literacy, and innovation. Rosyidiana and Narsa found that innovation and literacy were positively associated with MSME financial performance in Indonesia, while digitalization also showed a positive relationship with innovation and financial performance, although some relationships were not statistically significant [8]. More recent evidence from Indonesia further indicates that digitalization and financial inclusion are associated with MSME financial performance and that digital literacy and access to formal financial services need to be supported by an enabling ecosystem [9]. Consequently, MSME empowerment requires approaches that combine financial services, digital capabilities, business development, and an understanding of the local environment in which enterprises operate.

Within this context, Bank Mandiri KCP Sleman Pakem has an important role in translating banking services and MSME empowerment initiatives into interventions that respond to local business characteristics. Kapanewon Pakem has diverse MSME activities, including food and beverage processing, handicrafts, services, and tourism-related businesses, with varying requirements for capital, financial literacy, marketing, digitalization, legality, product standardization, innovation, and human-resource development. A uniform service strategy may therefore be insufficient to address the different characteristics and needs of MSMEs across the territory. Territory mapping provides a potential approach for identifying and grouping MSMEs based on location, business characteristics, economic potential, digitalization level, financial needs, and development constraints. The resulting information can support more targeted marketing, financing, mentoring, and customer-service strategies at the branch level.

The novelty of this study lies in connecting territory mapping with the role of a banking institution in supporting MSME economic development at the local branch level. Previous studies have examined the spatial distribution and locational determinants of MSMEs [1], spatial interactions between MSMEs and their surrounding environment [2], GIS-based MSME prioritization [3], and digital spatial visualization of MSME potential [4]. Other studies have focused on financial accessibility [5], financial inclusion and digital financial literacy [6], digital adoption [7], and innovation and MSME financial performance [8], [9]. However, limited attention has been given to how territorial information can be utilized directly by a bank branch to identify MSME potential and needs and subsequently develop a more targeted service and marketing strategy. Therefore, this study aims to analyze the implementation and effectiveness of territory mapping at Bank Mandiri

KCP Sleman Pakem and examine its contribution to MSME development in Kapanewon Pakem. The study is expected to contribute a practical, location-oriented approach for strengthening client-centered banking services and supporting sustainable local MSME development

2. LITERATURE REVIEW

2.1 *Previous Research*

Previous studies on MSME financing and digitalization indicate that banking institutions can contribute to MSME development not only through financing provision but also through targeted assistance and digital financial services. [10] examined accessibility to People's Business Credit (KUR) for micro-business actors and showed the importance of approaches that consider the characteristics and needs of target groups in expanding access to financing. This finding is relevant to the present study because Territory Mapping is used to identify MSMEs based on their geographical and business characteristics, allowing banking services to be directed toward specific target groups.

In relation to digitalization, [11] found that the implementation of QRIS among MSMEs is closely associated with perceived usefulness and ease of use. This supports the importance of assistance in introducing digital payment systems to MSME actors. However, unlike previous research that primarily focuses on QRIS adoption, the present study examines QRIS as part of a broader intervention based on Territory Mapping, in which digitalization is connected with financing, business administration, and MSME assistance.

Research on CSV also shows that corporate social initiatives can be integrated with business strategies to create economic and social value simultaneously. [12] , for example, examined the implementation of Creating Shared Value in the banking sector and demonstrated the relevance of connecting community-oriented programs with corporate objectives. In the present study, this perspective is used to understand how Bank Mandiri's assistance to MSMEs can generate social value through empowerment while simultaneously strengthening the banking ecosystem.

The distinction of this research lies in positioning Territory Mapping not merely as a tool for identifying prospective borrowers but as a navigation instrument for identifying MSMEs according to their specific needs and barriers. The mapping is used to direct interventions such as KUR financing, QRIS implementation, business legality assistance, and financial administration. Therefore, this study examines the relationship between territory-based banking strategies and MSME empowerment at the local level of Kapanewon Pakem.

2.2 *Theoretical Framework*

The main theoretical basis of this research is the theory of effectiveness, particularly the framework proposed by Budiani, which assesses program effectiveness through target accuracy, program socialization, goal achievement, and monitoring. This framework is appropriate for examining whether Territory Mapping implemented by Bank Mandiri KCP Sleman Pakem is able to direct banking services and assistance toward MSMEs according to their actual needs.

Target accuracy refers to the extent to which a program reaches the intended beneficiaries. In this research, it is used to examine whether territory mapping enables the bank to identify and reach appropriate MSME actors based on their business characteristics and geographical location. Program socialization concerns how information regarding KUR, QRIS, Livin' Merchant, and other banking services is communicated to MSME actors. Goal achievement refers to the extent to which the implementation contributes to the intended objectives of improving access to financing, digitalization, and MSME capacity. Meanwhile, monitoring concerns the continuity of assistance and the bank's response to problems encountered by MSME actors.

The effectiveness perspective is supported by Siagian's view that effectiveness is related to the optimal utilization of resources, facilities, and infrastructure to achieve predetermined objectives. In this study, this perspective is relevant to the utilization of bank officers, territorial information, operational facilities, and mapping data in reaching MSMEs across the Pakem area.

The study also applies the perspective of Public Policy to understand how broader institutional policies are translated into concrete interventions at the local level. [13] explains that policy implementation involves translating policy decisions into practical actions and may encounter gaps between policy formulation and implementation. This perspective is relevant to the role of Bank Mandiri KCP Sleman Pakem in translating broader institutional objectives concerning MSME financing and empowerment into field-level activities through Territory Mapping.

Furthermore, the concept of Creating Shared Value (CSV) proposed by [14] explains that companies can create economic value while simultaneously addressing social problems. In this research, CSV is used to interpret MSME empowerment as an activity that can generate mutual benefits: MSMEs receive access to financing, digitalization, and business assistance, while the bank strengthens its relationship with and expansion within the local MSME ecosystem.

Based on these theoretical perspectives, Territory Mapping is positioned as a data-based operational instrument that connects the bank's organizational resources with the specific characteristics and needs of MSMEs. Its effectiveness is subsequently examined through target accuracy, program socialization, goal achievement, and monitoring, while the Public Policy and CSV perspectives provide a broader explanation of how banking interventions can contribute to local MSME development.

3. METHODS

This study employed field research with a descriptive qualitative approach to examine the role of Bank Mandiri in promoting MSME economic development through the Territory Mapping strategy. Field research was selected because the study required direct observation of the implementation of territory mapping and interactions between bank officers and MSME actors in the research area. The descriptive qualitative approach was used to provide a systematic and contextual description of the implementation process, the challenges encountered, and the contribution of the strategy to MSME development without testing statistical hypotheses.

The research was conducted at Bank Mandiri KCP Sleman Pakem, Sleman Regency, with the research period covering March to July. The object of the study was the role of Bank Mandiri in improving the economic conditions of MSMEs through the Territory Mapping strategy, while the

research subjects consisted of individuals directly involved in its implementation and MSME beneficiaries. Informants were selected using purposive sampling, comprising the Branch Manager, Micro Banking Manager, Account Officer/Mantri, General Clerk/Credit Administration staff, and selected MSME actors from the culinary/souvenir and services/tourism sectors.

The primary research instrument was the researcher as a human instrument, supported by a structured interview guide and field notes. These instruments were used to obtain information concerning the implementation of territory mapping, identification and clustering of MSMEs, business needs, banking assistance, digital transaction adoption, and business legality. The study used both primary and secondary data. Primary data were obtained directly from field observations and in-depth interviews with selected informants, while secondary data were obtained from relevant banking documents, MSME profiles, territory mapping records, KUR distribution data, QRIS utilization data, and other supporting documents.

Data were collected through observation, in-depth interviews, and documentation as a triangulation strategy. Participatory observation focused on the implementation of territory mapping by the Bank Mandiri marketing team, including the identification of local economic potential, MSME clustering based on business type and location, interactions between bank officers and MSME actors, and the use of digital instruments such as QRIS. In-depth interviews were conducted with internal bank personnel and selected MSME actors to explore the implementation, challenges, and perceived benefits of the strategy. Documentation was used to complement the findings through written and visual records of mapping activities and MSME assistance programs.

Data analysis followed the interactive model of Miles, Huberman, and Saldaña, consisting primarily of data condensation, data display, and conclusion drawing/verification. During data condensation, information obtained from interviews and field observations was selected, simplified, and categorized according to the main research themes, including the implementation of territory mapping, field constraints, and its contribution to MSME development. The condensed data were then presented descriptively to identify patterns and relationships among findings. Conclusions were drawn progressively and verified by reviewing field notes and comparing information obtained from different sources. This process was used to establish a comprehensive interpretation of the effectiveness of Bank Mandiri's Territory Mapping strategy in supporting local MSME economic development.

4. RESULTS AND DISCUSSION

4.1 General Description of Field Observations and Research Subjects

This study was conducted to analyze the effectiveness of the territory mapping strategy implemented by PT Bank Mandiri (Persero) Tbk. KCP Sleman Pakem in accelerating the distribution of People's Business Credit (Kredit Usaha Rakyat/KUR) and increasing the adoption of digital transaction services through QRIS and Livin' Merchant among Micro, Small, and Medium Enterprises (MSMEs) in Kapanewon Pakem. Data were collected through in-depth interviews and participatory observations involving eight key informants representing internal banking personnel and MSME actors. The internal informants consisted of the Branch Manager, Micro Banking Manager, Account Officer/Mantri, and Credit Administration/General Clerk, while the external informants consisted of MSME actors from the Pakem Market culinary sector, fish farming, and Kaliurang tourism.

The field observations indicate that territory mapping is implemented by dividing the Pakem area into smaller operational zones that become the responsibility of individual Account Officers (AOs). The mapping process is not limited to identifying the location of prospective customers but is also used to identify the characteristics, business sectors, financial needs, administrative conditions, and digitalization needs of MSMEs. Consequently, the bank's field services are implemented through a proactive approach in which officers visit business locations, community gathering points, market areas, agricultural and fish-farming clusters, and tourism

communities. This finding indicates that the mapping strategy functions as an operational instrument for connecting banking services with the actual characteristics of MSMEs in different geographical and business environments.

4.2 Accessibility Effectiveness

Accessibility effectiveness refers to the extent to which territory mapping improves the accessibility of banking information, products, and services for MSMEs located in the suburban and Mount Merapi foothill areas. The findings show that the division of Kapanewon Pakem into micro-zones improved the operational efficiency of Account Officers by reducing overlapping work areas and enabling field visits to be planned according to the geographical characteristics of each zone. Shofyan Humaedi, Micro Banking Manager of Bank Mandiri KCP Sleman Pakem, explained that the zoning system enabled officers to determine their daily routes and identify appropriate times to visit market traders, agricultural communities, and tourism businesses. Thus, the mapping system reduced the need for officers to move randomly between locations and allowed services to be delivered closer to the business locations of MSMEs.

The mapping strategy also transformed the service model from a passive wait-and-see approach into a proactive jemput bola approach. Account Officers visited market associations, farmer groups, and tourism communities to provide information about KUR, QRIS, and Livin' Merchant without requiring MSME actors to visit the bank. This finding is consistent with [15], who found that service quality and credit procedures significantly influence MSMEs' decisions to access KUR, indicating that clear services and efficient procedures can facilitate access to KUR financing. The finding is also consistent with [16], who highlighted the importance of assistance and support in promoting the use of QRIS among MSME actors. Therefore, in the context of KCP Sleman Pakem, territory mapping does not merely identify prospective customers but also becomes a mechanism for bringing information and banking services directly to MSME communities.

The accessibility finding is particularly relevant because the geographical characteristics of Pakem create different levels of physical accessibility. The presence of markets, agricultural areas, fish-farming locations, and tourism clusters requires banking services to adapt to the location and operating patterns of each business. The field-based approach allows officers to reach business actors without requiring them to leave their businesses during operating hours. This condition is important for micro-businesses because time spent visiting financial institutions can directly reduce the time available for business activities. Thus, the effectiveness of accessibility is reflected not only in physical proximity but also in the ability of banking officers to adjust service delivery to the daily activities of MSME actors.

4.3 Accuracy Effectiveness

The accuracy dimension concerns the ability of territory mapping to identify the actual characteristics and needs of MSMEs and to align banking products with their business scale and cash-flow characteristics. The findings show that the mapped areas have different dominant economic activities. The southern areas are characterized more by trade and services, while the upper areas include agriculture, livestock, fish farming, culinary businesses, and tourism. This information allows Account Officers to identify differences in financing requirements rather than applying a uniform financing approach to all MSMEs.

The interviews with MSME actors demonstrate that the products provided were perceived as corresponding to their business needs. Suratmiasih, a nasi megono trader at Pakem Market, reported that QRIS facilitated transactions when customers did not carry cash, while the KUR financing offered was considered appropriate for daily working-capital requirements. Lina Pramuningsih, an angkringan trader, similarly considered QRIS appropriate because some of her customers preferred non-cash transactions, while micro-scale financing could be used for operational needs and equipment. For Nana Lestari, a tilapia farmer, KUR was relevant to the purchase of fish feed and pond maintenance according to the production cycle. Meanwhile,

Trijanarko, a Lava Tour Jeep operator in Kaliurang, considered QRIS suitable for tourists who preferred cashless transactions, while financing was relevant to vehicle maintenance and fleet improvement.

These findings are in line with research showing that access to formal credit is influenced by financial literacy and credit requirements, meaning that the characteristics of the borrower and the suitability of financing conditions are important in determining access to formal financing [17]. Research by [18] also demonstrates that financial literacy and credit requirements significantly influence MSME access to financing in Yogyakarta. In this study, territory mapping provides an additional operational mechanism because information concerning business characteristics and financing needs is collected directly by field officers before the financing process proceeds further.

The accuracy of field data is also reflected in the initial administrative verification process. The Account Officer verifies the physical condition and location of the business as well as supporting documents such as NIB, identity documents, and business certificates before the information reaches the credit administration unit. According to the General Clerk/Credit Administration informant, this process reduces incomplete documentation and repeated verification. This finding is important because recent research identifies administrative requirements and information gaps as among the factors affecting MSME access to formal financing. [19], for example, show that bank characteristics influence MSME credit access, while [20] demonstrate that credit requirements significantly influence MSMEs' credit decisions. In this study, territory mapping strengthens the initial verification process because information concerning business characteristics, location, and financing needs is collected directly by field officers before the financing process proceeds further.

The findings further show that accuracy is not limited to financing decisions but also applies to digital transaction services. QRIS was introduced according to the characteristics of the business and its customer base. This finding is consistent with [21], who found that perceived usefulness, perceived ease of use, and attitude toward use significantly and positively influence MSMEs' intention to use QRIS. Therefore, the suitability of QRIS for market and tourism businesses in Pakem can be understood through the interaction between business characteristics, customer preferences, and the perceived usefulness and ease of use of digital payments.

4.4 Resolution Effectiveness

The resolution dimension describes the extent to which the territory mapping strategy enables the bank to address concrete problems faced by MSMEs, including business legality, digital transaction capability, and post-service problems. The findings indicate that several MSMEs were economically feasible but faced difficulties in fulfilling formal administrative requirements. In response, Account Officers assisted business actors in preparing NIB through the OSS system and coordinated incomplete documents with local administrative institutions. This assistance reduced administrative barriers that could otherwise delay the financing process.

The finding is supported by recent research emphasizing the importance of business formalization and legal status for MSME development and financing access. [22], for example, found that business legality and credit access are associated with NIB ownership and that business formalization can strengthen MSME competitiveness. Thus, the assistance provided by the bank in the present study demonstrates that the role of field officers extends beyond financial intermediation to include assistance in overcoming administrative barriers that affect MSME bankability.

Resolution effectiveness was also observed in the adoption of QRIS. Several MSME actors initially expressed concerns about transaction errors, delayed notifications, security, and unfamiliarity with digital applications. These concerns were addressed through repeated, location-based assistance. Suratmiasih reported that repeated visits by banking officers helped her understand how to check transaction records and display the QRIS code. Lina Pramuningsih similarly explained that officers assisted her when transaction notifications were delayed. Nana Lestari received direct assistance at the fish-farming location, while Trijanarko reported that officers visited the Jeep tourism base to provide technical guidance to drivers and administrators.

This finding is consistent with recent research indicating that digital literacy, transaction security concerns, and limited technical skills remain barriers to QRIS adoption among MSMEs. [23] emphasizes that QRIS adoption requires basic and intermediate digital competencies, including the ability to operate payment applications, verify transactions, and manage digital transaction records. The study also identifies limited internet infrastructure and digital literacy as continuing challenges. Similarly, [24] found that perceived usefulness, perceived ease of use, and digital literacy are important factors in QRIS adoption among MSMEs. The present findings extend these observations by showing that repeated, location-based assistance can be used to address those barriers in geographically dispersed MSME communities.

Resolution effectiveness was also demonstrated through post-service problem solving. MSME actors reported that banking officers remained accessible when problems occurred after credit disbursement or merchant activation. For example, when a QRIS transaction was delayed, the officer assisted in checking transaction evidence and account records. In the fish-farming sector, when production was delayed because of weather and water conditions, the bank officer visited the business location and discussed cash-flow solutions and possible adjustments. In the tourism sector, officers provided technical assistance when merchant applications experienced difficulties. These findings demonstrate that the relationship between the bank and MSMEs continued after the initial provision of financial or digital services.

4.5 Supporting Factors

Two main supporting factors were identified in the implementation of territory mapping. The first was internal organizational support. According to the Branch Manager, management supported the strategy through access to internal spatial-mapping tools, operational facilities, field resources, and competency development for the Micro Banking team. Performance evaluation based on territorial achievement through a territory dashboard also helped ensure that the mapping strategy was implemented continuously rather than as a formal administrative activity.

The second supporting factor was cooperation with local stakeholders. Account Officers established relationships with the Kapanewon government, Kalurahan officials, village-level community leaders, farmer groups, and trader associations. Local stakeholders helped introduce banking officers to business communities, supported information dissemination, and provided initial information about potential business groups. This finding is consistent with [10], who emphasize the importance of cooperation between local government and banks in facilitating KUR distribution and reducing bureaucratic barriers for micro-businesses. The role of local stakeholders therefore strengthens the territorial approach by connecting bank-level information with community-level knowledge.

4.6 Constraining Factors

The study identified geographical and technological infrastructure as the main external constraints. Pakem includes mountainous and sloping areas, meaning that the distance between MSME clusters can be considerable and field routes can be difficult to access. Account Officers reported that these conditions reduced the number of businesses that could be visited within a single working day. Digital infrastructure also presented difficulties. Several locations experienced unstable cellular signals or blank spots, including parts of Pakem Market and higher areas of Kaliurang. These conditions affected the implementation of QRIS and mobile banking because transactions could become delayed or difficult to verify.

The findings are consistent with [25], who identify uneven technological infrastructure and digital literacy as important challenges in QRIS implementation among Indonesian MSMEs. The same issue is reflected in [23], who notes that digital payment adoption requires both adequate digital competence and supporting internet infrastructure. In the present study, the geographical characteristics of Pakem intensify these constraints because digital connectivity problems occur simultaneously with difficult physical access.

The second group of constraints relates to financial literacy, cash-oriented business practices, and business legality. Some MSME actors continued to combine household and business finances and relied on cash for daily transactions. Market traders considered physical cash more practical for purchasing supplies, while some MSMEs had limited financial records. Fish farmers faced additional problems related to the legality of land used for ponds, including informal rental arrangements or village-owned land. Tourism businesses also faced differences in administrative readiness among individual Jeep operators.

These findings correspond with [17], who found that financial literacy and credit conditions are important in explaining formal credit access among MSMEs. [18] likewise found that financial literacy and credit requirements influence MSME financing access in Yogyakarta. Therefore, the constraints identified in Pakem show that improving access to banking products requires more than the physical availability of financial services; it also requires improvements in financial literacy, administrative readiness, and the ability of MSMEs to adapt their business practices to formal financial systems.

4.7 Synthesis of Findings

The overall findings indicate that territory mapping functions as an operational strategy that connects banking services with the geographical, economic, and administrative characteristics of MSMEs in Kapanewon Pakem. The strategy facilitates proactive service delivery, improves the accuracy of identifying business needs, and enables the bank to provide solutions to administrative and digitalization problems. The findings also show that the effectiveness of the strategy is not solely determined by the internal capacity of the bank but is influenced by geographical conditions, digital infrastructure, financial literacy, business habits, and the administrative readiness of MSMEs.

Table 1. Evaluation Matrix of the Effectiveness of the Territory Mapping Strategy

Effectiveness Indicator	Main Field Findings	Evaluation
Accessibility	Territorial zoning, shorter operational routes, and proactive door-to-door services increased the accessibility of banking services to MSME clusters.	Effective
Accuracy	KUR and QRIS services were matched with business characteristics, while field-level verification improved the accuracy of customer information.	Highly effective
Resolution	Assistance with business legality, repeated digital mentoring, and direct problem-solving supported the resolution of MSME barriers.	Effective

Source: Processed Primary Data (2026)

The matrix demonstrates that the territory mapping strategy produced different levels of effectiveness across the three dimensions. Accessibility was supported by the direct delivery of services to MSME locations, while accuracy was particularly evident in the adjustment of financial and digital products to the characteristics of different business sectors. Resolution effectiveness was demonstrated through direct assistance with business legality, digital transactions, and post-service problems. These findings are broadly consistent with recent studies showing that KUR accessibility, financial literacy, digital payment adoption, and continuous mentoring are interconnected aspects of MSME financial inclusion.

The findings further indicate that the strength of territory mapping lies in its ability to integrate spatial information with direct field interaction. Unlike a service model that relies primarily on customers visiting a bank branch, the strategy allows banking officers to observe business conditions directly and respond to differences between sectors. This is particularly relevant in Pakem, where MSMEs operate across markets, agricultural and fish-farming areas, and tourism destinations with different operating schedules and financing needs. In this sense, the strategy

functions not only as a customer identification mechanism but also as a navigation instrument for determining the form and location of banking intervention.

However, the effectiveness of territory mapping remains dependent on external conditions. Difficult terrain, unstable telecommunications, cash-oriented transaction habits, limited financial literacy, and incomplete business legality continue to limit the optimization of financial and digital inclusion. Recent studies similarly indicate that digital literacy, financial literacy, infrastructure, and administrative requirements remain important barriers to MSME financial and digital transformation. Accordingly, the sustainability of the strategy requires continuous digital assistance, improvement of MSME financial literacy, and collaboration with local government and community institutions to address legality and infrastructure constraints.

Overall, the study shows that the implementation of territory mapping at Bank Mandiri KCP Sleman Pakem can be characterized as effective in supporting MSME financial and digital service delivery. The strategy enables the bank to move closer to MSME business locations, identify business needs more precisely, and provide solutions to administrative and technological barriers. Nevertheless, the findings do not indicate that mapping alone is sufficient to overcome all MSME constraints. Its effectiveness depends on the combination of spatial information, proactive field services, continuous mentoring, stakeholder cooperation, and the readiness of MSMEs and supporting infrastructure.

5. CONCLUSION

The results of this study indicate that territory mapping at Bank Mandiri KCP Sleman Pakem plays an effective role in identifying, grouping, and understanding the characteristics and needs of MSMEs within the service area. The mapping process facilitates more targeted service accessibility, improves the accuracy of identifying potential customers and their business needs, and supports more efficient initial verification and problem resolution. The implementation of territory mapping also enables banking services and assistance, including financing and digital payment facilities, to be adapted to the characteristics of individual MSME sectors. Thus, territory mapping functions not only as a geographical identification tool but also as a practical basis for developing more responsive and customer-oriented MSME banking strategies. These findings support the research objective of evaluating territory mapping as an operational approach for strengthening MSME services and promoting sustainable local economic development. The study also shows that the effectiveness of this approach is supported by management commitment, mapping tools, operational flexibility, and local community networks, while geographical conditions, limited connectivity, financial and digital literacy, and business formalization remain important challenges.

Based on the research findings, Bank Mandiri KCP Sleman Pakem is recommended to continuously update and utilize territory mapping data as a basis for determining MSME service priorities, customer assistance, and product offerings according to local business characteristics. Greater attention should also be given to MSMEs facing limitations in digital literacy, financial management, business legality, and connectivity through continuous mentoring and collaboration with local institutions. Future research may expand the scope of the study to other Bank Mandiri branches or regions and combine qualitative findings with measurable indicators of financing access, digital service adoption, and MSME business development to provide a more comprehensive evaluation of the long-term contribution of territory mapping.

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