



The Operations of the Bank Wakaf Micro Indonesia with the Scheme for the Economic Empowerment of the People

Ahmad Munajim^{1*}, Fidy Arie Pratama², Mohammad Ridwan³ and Iim Rohimah⁴

^{1,2,3,4}Institut Agama Islam Bunga Bangsa Cirebon

*ahmadmunajim@bungabangsacirebon.ac.id

Abstract

The writing discusses how the Operations of the Bank *Wakaf* Micro in Indonesia with the scheme for the Economic Empowerment of the People. This research is motivated by the low level of the economy that is faced by the people due to lack of employment, economic inequality and the difficulty of access to the financial industry. This study aims to determine the Operations of the Bank *Wakaf* Micro Indonesia with the scheme of empowerment to the Economy of the Ummah, the strategy for combating economic constraints of the people. The poverty reduction strategy gives access to the people to be involved in the business productive. The method used is a qualitative method with a type of descriptive qualitative. The Data and source of data taken from the management of the economy of the Ummah and its customers. Data collection techniques by observation, interview and documentation. Test the validity of the data is done by triangulation. Techniques of data processing carried out with the stages of data reduction, data presentation, verification, and conclusion. This paper shows that the operations of the Bank *Wakaf* Micro Indonesia with the Scheme for the Economic Empowerment of the People are very helpful in the capital need for the people. As for the efforts in the empowerment of the financing and mentoring through the Mandatory Training Group and Halaqoh Weekly so it can be a positive influence on the empowerment Strategy for combating against obstacles that arise is to provide ease of terms in lending and waived the collateral. It is concluded that the Operations of the Bank *Wakaf* Micro Indonesia with the scheme for the Economic Empowerment of the People is very effective and significant in the economic empowerment of the people based on sharia.

Key words: bank, the wakaf micro, economic empowerment.

Introduction

Trend economy is currently experiencing a significant decline, resulting in low levels of the economy that is faced by the people resulted in the lack of jobs, economic inequality and lack of access to financial industry[1]. The presence of the Bank Wakaf Micro Indonesia by using the Economic Empowerment of the People is a government program that will be used as a solution to answer the anxieties of people today.[2], [3]

Poverty is a very complex problem that burden society, because not only related to the problem of low fulfilling the needs of daily living, low income of the community but also the powerlessness of the economic aspects. The problems faced by the people of the Indonesian economy in addition to poverty, lack of employment, economic inequality

and other. Poverty is also the economic problems faced by the villagers Buntet Pesantren (*Boarding House in Buntet*). People from the lower middle class the average profession as a small trader, and a construction worker. [4]

Poverty is natural is a state of poverty because of its origin is already poor. This group of society is poor because it does not have adequate resources both natural resources and human resources so that they wouldn't be able to participate actively in development. Structural poverty is the poor in addition to cannot either get sufficient food and clothing or able to get an education and adequate health services and ostracized in social interaction in the environment or the poverty that arises because of the injustice in the ownership of the factors of production, poverty is associated with attitudes, cultural life and the environment for a living limited or helplessness against the system that is applied by a government so that this group of people are in a very weak position and exploited [5], [6]

The small business sector has a strategic role in the economic, social, and political. The economic functions of a small business because it provides goods and services for consumers with low purchasing power to moderate and major contribution to foreign exchange earnings of the country. Socially politically, the function of the small business sector is very important in terms of absorption of labor as well as efforts to alleviate poverty, which is more important as a means to awaken the economy. Micro, quite the kind of effort is marginal, which, among others, indicated by unemployment of the technology is relatively simple, the level of capital and sometimes access to credit that is low, and tend to be oriented to the local market. Studies conducted in several countries show that the micro has a significant role for economic growth, employment through job creation, the provision of goods and services with cheap prices, as well as overcoming the problem of poverty. The micro is also one of the main components of local economic development and is able to empower the economic disadvantages [7]–[9].

Micro, Small and Medium enterprises (SMES), is a small scale businesses that are able to contribute to the growth of the Indonesian economy. When the economic crisis in 1998 and 2008, the micro, small and medium relative is able to survive than large companies. The reason SMES can survive because the majority of small-scale business is not too dependent on large capital, the majority of SMES in Indonesia use their own capital to open a business and export-oriented. [10], [11]

The influence of micro, small and medium enterprises (SMES) in the middle of society is very large, especially in empowering people who do not have a job. Minimum individual of the society can meet the needs of private and away from poverty. In addition, SMES are able to turn on other sectors such as distribution services and freight transport, lease of land production, manufacturing industries the makers of production machinery, packaging industry, advertising services, marketing services, as well as design product branding [12]

In Law No. 20 of 2008 on Micro, Small and Medium enterprises has been firmly presence defined as separation of the classification effort. Article 1 of LAW Number 20 of 2008 states that: First, the micro business is a productive business belongs to the individual and/or individual business entity that meets the criteria of micro enterprises as stipulated in the law. Second, a small business is a productive economic business that stands on its own and conducted by the individual or business entity that is not a me - s is a subsidiary or not a branch of the company's owned, controlled, or be a part either directly or indirectly from a medium or large business that meets the criteria of a small business as referred to in this law. Third, medium-sized businesses is the business of a productive economy that stands to themselves and conducted by the individual or business entity that is not a subsidiary or branch of a company owned, controlled, or be for an either directly or indirectly, with a small business or a large business with the amount of net assets or the results of the annual sales as provided for in the legislation of this [13]

The presence of the Bank Wakaf Mikro believed to increase finance inclusively. The community, especially Small Businesses and Micro (SMES) will be easy to get capital. President Joko Widodo said the Bank Wakaf Mikro could solve the problem—a problem that cannot be solved by banking, because when small businesses want to borrow money from the bank, they must have collateral and the administration of the realms of new to bank. Banking wearing of considerable interest to the debtor. Whereas, the Bank Wakaf Mikro wearing only the operational costs and the cost of administration of three percent per year. So, the loan capital with a small amount can be obtained by the public through the Bank Wakaf Mikro this [14]

The objective of the government founded the Islamic banks not only to give alternative non-interest banking for the community, but also to develop the real sector. This is in line with an explanation of the Islamic bank is a financial institution that serves to accelerate the mechanism on the real sector through its business activities in this case of mudharaba financing based on Islamic principles. As for the financing—financing that is owned by the Islamic banks assortment. Starting from the—based financing for results as mentioned earlier, namely mudharabah and musharaka financing—based on murabahah buying – selling to the financing of the social/virtue of considering [15]. Mudharabah financing model has the meaning of the contract between two parties that may require one of them to give money to others to trade with the provisions of the profits are divided in accordance with the agreement between the two. Last of musharaka, Sabiq also explained that the financing model is in the form of partnership contract between two people who are aligned in capital and profits. Then the sale and purchase agreement or murabahah has the sense of a contract of sale of goods by declaring prices of acquisition and profit agreed upon by the seller and the buyer. Next move, partner is Akkad qardh i.e. benevolent loans/software without rewards and usually for the purchase of goods fungible or goods that can be estimated and replaced according to the weight, size, and number [16]

The presence of Islamic banks should have a tremendous impact on the growth of the real sector, especially SMES. This is because the pattern *mudharabah* and *musharaka* is a pattern of direct investment in the real sector and the return on the financial sector (for the results). Thus, the main circumstances of Islamic banks should be able to contribute to enhance the growth of the real sector. These functions will be realized when the Islamic banks using contract *profit and loss sharing* (*mudharabah and musharaka*) as the *core product of his*

According to [17] the theory of the role (role theory) is the emphasis individual characteristic as social actors who studied the behavior in accordance with the position occupied in the community. Role (role) is a central concept of the theory of the role. The study of the role theory cannot be separated from the definition of the role and the various terms of behavior in it.

Small and medium enterprises (SMES) is one of the important part of the economy of a country or region. The development efforts of SMES have been done, one with the generate and reproduce people or new entrepreneurs in the field of SMES, so that people from village are also given skills with the hope of such skills to become a creative business that gives benefits to the economy of the family and the village community. In addition, the creative effort that can also open the opportunity and new jobs for the community [14.]

The development of SMES need to get great attention from both the government and the community to develop more competitive with other economic actors. Government policy in the future need to be pursued more conducive for the growth and development of SMES

Empowerment is an effort to give power (empowerment) or reinforcement (strengthening) to the community. In other words, the empowerment of communities is defined as the ability of individuals who fused with the community in establishing the power of the society concerned Empowerment in the field of economics is an attempt to build a power (the community) to encourage, motivate and awaken the awareness of the economic potential that it possesses, as well as working to develop [18] suggested that empowerment can be defined as efforts to improve the ability of a person or group so as to carry out the duties and authority as the demands of the performance of the task. Empowerment is a process which can be done through various efforts, such as the awarding authority, increase participation, provide confidence that any person or group can understand what will be done, which in the end will have implications on the improvement of the achievement of objectives in an effective and efficient [19]

Research Method

This research requires an approach that can yield the correct and purposeful. The study used a qualitative approach. This study focused attention on the management of the funds of the Bank Wakaf Micro in Buntet boarding house was reviewed of the management of the sharia, thus, in this study the authors use a qualitative approach. As for what is meant by qualitative research, namely research that intends to understand the phenomenon of what is experienced by research subjects in a holistic manner (thinking), and by way of description in the form of words and language, in a specific context that naturally and by using various scientific methods [20]

According to [21] qualitative research is “a particular tradition in social science that is fundamentally dependent on the observations on humans in the region “While the type of research used in this research is triangulation. Triangulation is a research strategy in which researchers investigate carefully a program , event, activity, process, or group of individuals [22]

A qualitative approach is selected because the data used were obtained through observation, interview, and documentation. Besides, it is also a qualitative approach can also adjust if the front with a double reality. The Data in this research using qualitative data. Qualitative Data is data that is not in the form of numbers or of a specific amount, but more often shaped the sentence a statement, description, description, containing the value (value). Sources of data in this research in the form of 1) primary data Source. Primary Data is the data source study that is gained directly from the original sources (not through an intermediary). The source of primary research obtained by the researcher to answer the research question. The primary data source in this study was obtained from the Micro Finance Institutions Sariah (LKMS) and customer patronage LKMS. 2) Secondary data Sources. Secondary Data are generally not designed specifically to meet the needs of specific research. All or most aspects of the secondary data is likely not in accordance with the needs of a study. As for the secondary data in this research is a profile of Islamic microfinance Institutions (LKMS) the Organizational Structure of LKMS, documents and other documents regarding the Management of productive Wakaf fund (capital) in the Bank Wakaf Micro [23]

Results and Discussion

The role of the BWM to SMES

From the results of research on the role BWM against SMES according to Mr. Najih Mubarak as the manager of the BWM on June 12, 2020 at 08.00 PM stated that the role of the Bank Wakaf Micro still using socialization to the

community around Buntet Borading House which aims to provide capital assistance that the installment is light enough. From the socialization of the community are interested to borrow capital to the Bank Wakaf Micro

Meanwhile, according to Mr. Aan as the supervisor in the interview which was held on June 15, 2020 at 10: 30 explained that the implementation of which is carried out in the financing BWM using a system that is lightweight enough for early financing that prospective customers have to collect the copy of ID and copy of Family Identification Card. Besides, they also will encourage SMES to go that is the way to exchanging stories/sharing between the customer and prospective customer so that the formation KUMPI called business groups community pesantren Indonesia

Reviewed in the Role of the Bank Wakaf Micro against the SMES, is a service satisfaction of Bank Wakaf Micro Buntet these provide excellent service and provide a procedure that is very easy for the customers and help increase capital in the business so that the business is growing.

The efforts of BWM in the empowerment of SMES

Based on the efforts of BWM in the empowerment of SMES that provide funding and assistance to the customer. Thanks to a loan that is given to make them have the ability to continue its business or cover the shortage of capital. Assistance given control efforts and the help of the difficulties that they face in terms of the economy. The source of income of the Bank Wakaf Micro derived from the wages of assistance that can be called *ujrah*. As for operational cost BWM namely the use of funds from the LAZNAS. BWM just set a 3% yield annually. The numbers are relatively very small to a financial institution.

Based on the results of the respondents of this research is that a lot of customers who argues agree because with the free use of the Bank Wakaf Micro lot of people who increased its economy. So there is an increase in empowering SMES. Capital assistance received also felt very help. Capital received either in the form of grants and soft loans can be used for additional capital for expansion, additional capital to open a business, or buy raw materials for producing a large amount of orders. So that customers are able to increase the amount of production and the amount of product that is produced, is able to open a business with more quickly as well as fulfill orders buyers in large quantities. Capital is indeed very in demand because of its more flexible and direct impact on the business.

Empowerment aims at the empowerment of the economic and social fields, with a view of the target group can manage their business, then market and form a cycle of marketing is relatively stable and that the target group can perform the function of social return in accordance with the role and tasks of social. Community empowerment is a basic element that allows a society to survive and in the sense that dynamic develop themselves and achieve progress. Empowerment of the community itself being the source of what's inside insight into the political referred to as national security. This means that if people have the economic ability is high, then it is part of the national economic resilience.

Strategy to overcome the Constraints of Empowerment of SMES by the Bank Wakaf Micro Buntet

Based on the results of the research according to Mr. Najih Mubarok as the Manager of the BWM Buntet on June 12, 2020 at 08.00 AM declared that strategy to overcome the constraints of empowerment of SMES by the Bank Wakaf Micro Buntet is to help people around the boarding school to be able to borrow funds. Borrowed funds must be used for their efforts, they are difficult to borrow funds in the banks because there are his collateral. Whereas in BWM does not perform a system like that. This Bank Wakaf Micro is not such a banking in general where the Bank Wakaf Micro does not save funds but only to channel and from LAZ Islamic Banks are derived from the donor. For product financing on BWM currently only use *Qardh* agreement.

Meanwhile, according to Mr. Aan as the supervisor of the BWM Buntet on June 15, 2020 at 10.30 PM, which stated that the constraints of SMES then the capital that the customers love was to that the process is quick and easy with the absence of collateral and taking the yield given is very small so that the customer can get a huge profit from the capital. So that customers know how to seek, how to manage finances, how to market, then in every installment of the week is filled with a material about how to seek and others as described in *Halaqoh Weekly*.

Conclusion

The role of BWM of the SME is using way of socialization to the community around Buntet Pesantren which aims to provide capital assistance that installment is light enough. For the initial financing that prospective customers have to collect the copy of ID and copy of Family ID. Besides, they also will encourage SMES goes that is the way to exchanging stories/sharing between the customer and prospective customer so that the formation KUMPI called business groups community pesantren Indonesia, in the Role of the Bank Wakaf Micro against the SMES, is a service satisfaction of Bank Wakaf Micro Buntet these provide excellent service and provide a procedure that is very easy for the customer and help add to the capital to make their efforts more productive.

BWM in the empowerment of SME financing and assistance to the customer. Assistance is given to control efforts and to help the difficulties that they face in terms of the economy. The source of income of the Bank Wakaf Mikro derived from the wages of assistance that can be called *ujrah*. It can be seen that a lot of customers who argues agree because with the free use of the Bank Wakaf Mikro lot of people who increased its economy. So there is an increase in empowering SMES. Capital assistance received also is very helpful. Capital received either in the form of grants and soft loans can be used for additional capital for expansion, additional capital to open a business, or buy raw materials for producing a large amount of orders. So that customers are able to increase the amount of production and the amount of product that is produced, is able to open a business with more quickly as well as fulfill orders buyers in large quantities. BMW through SMES Realize the structure of the national economy balanced, flourishing and fair, to Grow and develop the ability of micro, small and medium-sized business to become tough and self-reliant, Increase the role of micro, small and medium enterprises in regional development, job creation, income distribution, economic growth and the alleviation of people from poverty.

References

- [1] K. Alfiandri, "the Standard of Services In the Islamic Bank Wakaf Mikro Syariah Dawn Pelita Harapan Branch Perawang," *Sustain.*, vol. 4, no. 1, pp. 1-9, 2020, [Online]. Available: <https://pesquisa.bvsalud.org/portal/resource/en/md1-20203177951%0A> <http://dx.doi.org/10.1038/s41562-020-0887-9%0A> <http://dx.doi.org/10.1038/s41562-020-0884-z%0A> <https://doi.org/10.1080/13669877.2020.1758193%0A> <http://serisc.org/journals/index.php/IJAST/article/view/22>.
- [2] U. Ghozilah, "the Waqf Management Productive To Economic Empowerment of the People In Kspps Bmt Bina Ummat Sejahtera Lasem Rembang," *Ayan*, vol. 8, no. 5, p. 55, 2019.
- [3] A. Laksono, F. A. Islam, and U. M. Surakarta, "As a Solution to the Economic Empowerment of the People (a Case Study at the Bank Wakaf Mikro Al Mansoor Klaten)," to 2021.
- [4] S. Ayesha, "Optimization Of The Role Of The Bank Wakaf Mikro In The Economic Empowerment Of Businesses Around The Pesantren In East Java," *Thesis, Univ. Islam Negeri Sunan Ampel*, 2019, [Online]. Available: <http://digilib.uinsby.ac.id/35598/1/SItiAyesha-F02417147.pdf>.
- [5] S. Management, B. Endowments, M. Bwm, N. O. of the Year, T. Institutions, and K. Micro, *According to the Law No. 41 Year 2004 On Waqf And The Law Faculty Of Sharia According To The Law No. 41 Year 2004 On Waqf And Law*, no. 41. 2020.
- [6] S. Surandi, S. Subhan, and R. Fielnanda, *the Contribution of the Bank Wakaf Mikro Towards the Empowerment of Micro, In a Boarding school Environment (Study On Bank Wakaf Mikro 2021*.
- [7] R. S. Tiara Dewi, Muhammad Amir Masruhim, "The Empowerment Of Micro And Small Enterprises (Mses) In Improving The Economy Through The Bank Wakaf Mikro In Boarding School As'ad Olak Kemang Thesis," *Lab. Research. and Wel. FARMAKA Trop. Fak. Farm. Univ. Mulawarman, Samarinda, East Kalimantan*, no. April, pp. 5-24, 2016.
- [8] U. Chasanah, "Application Of Risk Management Financing Qardh In The Bank Wakaf Mikro," 2021, [Online]. Available: <http://repository.iainpurwokerto.ac.id/id/eprint/9820>.
- [9] Winarti, "the System of operation of the Bank Wakaf Mikro (BWM) according to the Law No. 1 Year 2013 about the micro finance institutions and Law No. 41 Year 2004 on waqf," *Repository.Uinjkt.Air conditioning.Id*, no. 1, 2019.
- [10] S. L. Sulistiani, M. Yunus, and E. M. Bayuni, "the Role and the Legality of the Bank Wakaf Mikro in Poverty Alleviation Based on islamic Boarding school in Indonesia," *J. Bimas Islam*, vol. 12, no. 1, pp. 2-26, 2019.
- [11] U. S. Mubarrok and Z. Rahmawati, "Analysis of Bibliometrik Research Development Bank Wakaf," *Malia (Accredited)*, vol. 12, no. 1, pp. 17-28, 2020, doi: 10.35891/ml.v12i1.1938.
- [12] N. S. N. A. A. Ine Risnaningsih, "a Model of Dispute Settlement of non-performing loans On Bank Wakaf Mikro-Based Boarding school," *Res Nullius Law J.*, vol. 1, no. 2, pp. 85-97, 1970, doi: 10.34010/rnlj.v1i2.2618.
- [13] D. Development, U. Micro, D. A. N. Medium-sized, D. Wuryandani, A. L. Rear, and P. Kingdom, "(The Role of Local Governments in Development Policy Micro Small and Medium Enterprises in the Province of Yogyakarta) in Indonesia is a burden that must be borne by the employer due to the policy area in Indonesia is expected to be about," 2013.

- [14] G. Havita, K. A. Sayed, and S. R. Wafiroh, "Model Bank of the Waqf in Indonesia is In its Potential To Develop Waqf Money and Overcome Poverty," *Progr. Creative. Student-Written Idea*, pp. 1-8, 2014.
- [15] Ninla Elmawati Falabiba et al., "The legal ASPECTS IN the IMPLEMENTATION of the OPERATIONAL SYSTEM of the BANK WAKAF MIKRO (BWM)," *Pap. Knowl. Towar. a Media Hist. Doc.*, vol. 5, no. 2, pp. from 40 to 51, 2014.
- [16] W. L. KASANGGI, "the Role of Zakat, Infaq And Endowments In Economic Empowerment of the Poor In Kspps Bmt Marhamah Wonosobo," *Univ. Islam NEGERI WALISONGO*, vol. 53, no. 4, p. 130, 2017.
- [17] The Financial Services Authority, "The Booklet Bank Wakaf Mikro 2019," 2019.
- [18] S. AMRI, "Analysis of the Effectiveness of Economic Empowerment of the People And the Sustainability of the Bank Wakaf Mikro Almuna Berkah Mandiri Yogyakarta," *Ayan*, vol. 8, no. 5, p. 55, 2019.
- [19] The National Committee For Islamic Finance, "The Master Plan Of Sharia Economy In Indonesia 2019-2024," *Kementeri. Perenc. Elect. National/ Agency Perenc. Elect. Nas.*, pp. 1-443, 2018, [Online]. Available: https://knks.go.id/storage/upload/1573459280-MasterplanEksyar_Preview.pdf.
- [20] Amos Neolaka, *Research Methods and Statistics*. Bandung: PT remaja Rosdakarya, 2014.
- [21] Sugiyono, "Quantitative Research Methods, Qualitative and R&D," in *Quantitative Research Methods, Qualitative and R&D*, 26th ed., Bandung: Alfabeta, 2017, p. 5
- [22] Sugiono, *Methods of Educational Research*, 1st ed. Bandung: Alfabeta, cv, 2012.
- [23] P. A. Wardhani, "No Title No Title," *the Efficacy of Self and Understanding of the Concepts with the Has. Learning Sciences. Nature Students T. The basis of Country the City of Bengkulu*, vol. 6, no. 9, pp. 45-54, 2015, doi: <https://10.1017/CB09781107415324.004>.