

Implementation of Inclusive Finance in Empowering Micro, Small and Medium Enterprises (UMKM) at Micro Waqf Banks

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Abstract

This study aimed to analyze the impact of the implementation of financial inclusion at Al-Fithrah Micro Waqf Bank regarding the empowerment of Empowering Micro, Small and Medium Enterprises (MSME). Even though MSME sectors have become a central foundation for the economy, the capital limitation is still considered a classic problem. It influences the government to release National Strategy Financial Inclusion to provide financial services that all levels of society can access. The indicators inclusive financial consists of access, usage and quality to realize empowerment through financing and assistance. This research used a descriptive qualitative method, and data were collected through interviews, observations, and documentation. The results showed that the financial inclusion component had been implemented but still has many potentials to be maximized. The components of access and usage have been appropriately implemented in terms of physical aspects and prices that are easily accessible to customers. These two components have an impact on increasing customer Islamic financial literacy. In the quality component, product variations are expected to fulfill the different business needs of customers. Meanwhile, financing has not significantly impacted fulfilling the welfare component's capital needs because the nominal value is too small. Furthermore, business assistance has a more significant impact on improving the business and spiritual aspects of clients.

Keywords: Financial Inclusive, MSME Empowerment, Micro Waqf Bank

Abstrak

Penelitian ini bertujuan untuk menganalisis dampak penerapan keuangan inklusif pada Bank Wakaf Mikro Al-Fithrah terhadap pemberdayaan UMKM di sekitarnya. Meskipun sektor UMKM telah menjadi fondasi yang cukup sentral bagi perekonomian, keterbatasan permodalan masih menjadi masalah klasik UMKM. Hal ini mendorong pemerintah untuk mengeluarkan Strategi Nasional Keuangan Inklusif yang bertujuan untuk memberikan layanan keuangan yang dapat diakses seluruh lapisan masyarakat. Indikator keuangan inklusif yang terdiri dari akses, penggunaan dan kualitas diterapkan untuk mewujudkan pemberdayaan UMKM melalui pembiayaan dan pendampingan. Penelitian ini menggunakan metode deskriptif kualitatif melalui pengumpulan data wawancara, observasi, dan dokumentasi. Hasil penelitian menunjukkan bahwa komponen keuangan inklusif telah diimplementasikan namun masih berpotensi untuk dimaksimalkan. Komponen akses dan penggunaan sudah terlaksana dengan baik dilihat dari segi fisik dan harga yang mudah dijangkau nasabah. Kedua komponen tersebut berdampak pada peningkatan literasi keuangan syariah nasabah. Pada komponen kualitas, variasi produk diharapkan dapat memenuhi kebutuhan modal nasabah yang berbeda.

Sedangkan untuk komponen kesejahteraan, pembiayaan belum memberikan pengaruh signifikan untuk memenuhi kebutuhan permodalan karena nilai nominal yang terlalu kecil. Selain itu, program pendampingan usaha (HALMI) memiliki dampak yang lebih signifikan terhadap peningkatan usaha dan spiritual pelanggan.

Kata Kunci: Keuangan Inklusif, UMKM, Bank Wakaf Mikro

Background

The Empowering Micro, Small and Medium Enterprises (MSME) sector is currently one of the most critical sectors as a driving force for the national economy. All levels of society in various parts of the region can be involved in the MSME sector by running productive businesses run by individuals or business entities. When the monetary crisis hit Indonesia in 1998, the MSME sector was relatively able to survive. This is due to the lack of interaction between the MSME sector and foreign currencies compared to large companies, which stagnated during the monetary crisis.

The growth of the MSME sector, which continues to increase every year, brings fresh air in reducing unemployment, saving people from poverty, and reducing inequality and social inequality. The MSME market share, which has begun to penetrate internationally, has contributed to the country's foreign exchange and gross domestic product (GDP) of 61.07% in 2018. The development of MSME's data from 2016 to 2019 spread throughout Indonesia can be seen in Table 1.

Table 1. Development of MSME Data for 2016-2019 in Indonesia

No	Year	MSME count	Workforce
1	2016	61.651.177 unit	112.828.610
2	2017	62.928.077 unit	116.431.224
3	2018	64.199.606 unit	116.978.631
4	2019	65.465.497 unit	119.562.843

Source: MSME's data from Kemenkopukm

Although the MSME sector has become the foundation of the national economy, which is quite central, limited capital is still a classic problem that MSME actors often face. One of the causes of this problem is the limited capital

accessibility of MSME actors in the formal financial institution sector.

In 2016, as many as 304,528, or around 66.74% of MSEs in West Sumatra, had obstacles accessing business capital. A total of 495,601 or around 91.48% of MSE actors get their capital from personal savings. Informal financial institutions such as moneylenders who charge high interest are also the choice of MSE actors. Meanwhile, 3.30% of MSEs have accessed business capital from banking institutions, and 1.11% have accessed capital from non-bank institutions. This small percentage is due to the relatively difficult access to apply for capital from financial institutions for micro-enterprises¹

The problem of accessing capital makes it difficult for MSME actors to develop their businesses in order to be competitive. The reason is, there are still MSMEs that have not been touched by formal financial institutions, especially banks. This causes informal financial institutions with high risks and burdens to choose MSME actors to maintain their business continuity.²

To determine the level of accessibility of MSMEs in accessing capital at formal financial institutions, researchers conducted preliminary research located at the Al-Fithrah Wava Mandiri Micro Waqf Bank on November 11 and December 16, 2020. The interview guide covers two aspects, namely the reach of business actors in accessing capital in banking. Moreover, sources of capital have been accessed.

Business actors around the Al-Fithrah Micro Waqf Bank have a low reach in accessing banking capital. Some of these reasons are because the submission

¹ Rita Diana, 'Kecil Pada Lembaga Keuangan Formal Di Provinsi Analysis of Capital Accessibility of Small Micro Enterprises To Formal Financial Institutions In', *Jurnal Ekonomi Dan Pembangunan*, 27.1 (2019), 67–80.

² Shoimatul Aqida, Merdika S. dan Fitria, 'Pengaruh Akses Keuangan Terhadap Pertumbuhan UMKM Dengan Moderasi Literasi Keuangan Di Kota Semarang', *Ekonomika Dan Bisnis*, 2019.

requirements are relatively tricky, and many processes cannot be passed by micro-enterprises, making it difficult for banks to approve capital applications.

The limited range of access to capital for micro-business actors around the Al-Fithrah Micro Waqf Bank has caused them to access informal financial institutions such as moneylenders who charge high interest. This needs to be an essential concern for business actors related to usury expressly prohibited in Islam. This prohibition is contained in the Qur'an, Surah Ali Imron: 130, which reads:

It means: "O you who believe! Do not eat usury doubled and fear Allah so that you will be lucky."

The accessibility of MSME capital in banking institutions that is still low will impact the financial inclusion index that is less than optimal.³

In 2019, based on the OJK Financial Literacy National Survey covering 34 provinces and 67 cities/districts, the financial inclusion index reached 76.19%. This figure increased compared to 2016, which was 67.8%. Meanwhile, according to the results of a survey conducted by OJK Regional Office 4 East Java in 2019, the financial inclusion index in East Java was recorded at 73.2%. However, according to President Jokowi, the achievement of the financial inclusion index has not been maximized and is still below the financial inclusion of neighboring countries, namely Singapore, which has reached 98%, Malaysia 85%, and Thailand 82%.⁴

To encourage the financial inclusion index and implement an inclusive financial system, the government in the form of releasing Presidential Decree No. 82 of 2016 concerning the National Strategy for Financial Inclusion (SNKI), which aims to remove all price and non-price barriers to

provide financial services that are accessible to the entire community.

The indicators used as a reference to encourage an inclusive financial system include the availability of access (access), use (usage), quality (quality), and welfare. A region can be said to successfully implement an inclusive financial system if the region can reach all levels of society to access formal financial products and services.⁵

The national financial inclusion strategy is the task of the government and BI and the task of regulators and formal financial institutions to provide access to financial services for all levels of society. Through this SNKI, it is hoped that a good and structured synergy will be created between the government and formal financial institutions.⁶

In this case, the role of financial institutions can be in the form of empowering MSMEs through easily accessible financing facilities and business assistance. Empowerment itself is an effort to empower the community, especially the community in the bottom pyramid.

Support from the financial institution sector is needed in encouraging the empowerment of MSMEs through financing and mentoring facilities. Sharia microfinance institutions (LKMS) present in the community also play an essential role in encouraging financial inclusion strategies.

One type of LKMS is the Micro Waqf Bank, which can solve business actors' capital. In East Java Province, 15 Micro Waqf Banks have been established, one of which is the Al-Fithrah Wawa Mandiri Micro Waqf Bank in Surabaya which was

³ Roberto Akyuwen and Caroline Mangowal, 'Komparasi Peningkatan Inklusi Keuangan Dan Indikator Pembangunan Di Indonesia', *Modus*, 30.1 (2016), 96–109.

⁴ Karina Odia Mulasiswi, Cut Musni; Julialevi, 'Optimalisasi Financial Teknologi (Fintech) Terhadap Peningkatan Literasi Dan Inklusi Keuangan Usaha Menengah Purwokerto', *Performance*, 27.1 (2020), 12–20.

⁵ Md Golzare Nabi and others, 'Islamic Microfinance as a Tool of Financial Inclusion in Bangladesh', *Journal of Islamic Economics, Banking and Finance*,

113.6218 (2017), 1–28; Hesi Eka Puteri, 'Predicting The Impact of Commercialization Factors On The Social Mission Of Islamic Microfinance Institutions For Muslim Community', *Islam Realitas*, 6.1 (2020), 14–28.

⁶ Nur Hidayah, 'Implementasi Financial Inclusion (Keuangan Inklusif) Bagi Masyarakat Kelurahan Karah Kecamatan Jambangan Kota Surabaya: Studi Kasus Di BMT Amanah Ummah Surabaya', 2016.

established around the As-Salafi Al-Fithrah Islamic boarding school.

The main objective of the Micro Waqf Bank is to focus on empowering the productive poor around the pesantren. This empowerment effort is implemented through a sharia micro-financing program and business assistance or Weekly Halaqah (HALMI). The financing can be productively used by customers, not consumptive. Since operating in 2018, Al-Fithrah Micro Waqf Bank has 235 cumulative customers. There is an increase in customers every year. However, during the Covid-19 pandemic, it has decreased so that currently, there are around 110 active customers.

Al-Fithrah Micro Waqf Bank was chosen as the object of research because the objectives of the Micro Waqf Bank are relevant to research topics related to the empowerment of MSMEs. In this case, the Micro Waqf Bank has the advantage of a mentoring program, namely HALMI. Al-Fithrah Micro Waqf Bank is expected to solve the capital accessibility problems faced by micro-business actors. To encourage the financial inclusion index, Micro Waqf Banks can maximize their role by implementing inclusive financial indicators. The implementation of inclusive finance will contribute to the national financial inclusion strategy (SNKI), which the government is promoting.

This study was conducted to analyze the implementation of inclusive finance at Al-Fithrah Micro Waqf Bank based on inclusive financial indicators used as a reference, namely access, use, quality, and welfare, and to see how Micro Waqf Banks can empower micro business actors around Islamic boarding schools through financing and business tutoring.

Research Methods

The research is located at the Al-Fithrah Wawa Mandiri Micro Waqf Bank on Jl. Kedinding Gg. Kemuning No. 8A, Kelurahan Tanah Kali Kedinding, Kecamatan Kenjeran, Surabaya. This location was chosen because the Micro Waqf Bank is a financing platform that focuses on empowering MSMEs.

This research is a type of research with a descriptive qualitative method. This qualitative research is used because it is a method of collecting data in a natural setting to interpret the phenomenon under study, where the researcher acts as a binding instrument.⁷

Sources of data in this study are grouped into two groups, namely:

1) Sources of primary data generated from selected informants using the method criterion-based selection (selection based on criteria). Key informants are Mr. Suroso as manager of Al-Fithrah Micro Waqf Bank, and customers are Mrs. Kasiamah, Mrs. Aminah, Mrs. Rusmawati, Mrs. Chotimah, and Mrs. Retno, as well as supporting informants, namely Sutrisni Ningtyas as secretary of the Micro Waqf Bank; 2) Secondary data sources in the form of documents and research references. As for the criteria for the informant is someone who interacts actively at the Al-Fithrah Micro Waqf Bank and can provide the required data information. In this study, the selected customer informant is the chairman of HALMI. He has been a customer for a long time. The second position of the Al-Fithrah Micro Waqf Bank management, which is used as an informant, has more information that can be given to researchers.

In this study, source triangulation and method triangulation techniques were used. Source triangulation is done by comparing the results of interview data obtained from each source as a comparison. In contrast, triangulation is checked with data collection techniques, namely interviews, observation, and documentation.

The data will be translated into narrative form and analyzed qualitatively. All data obtained from the field and have gone through technical data processing are then analyzed according to the theory used and compared between primary and secondary data and additional triangulation of sources

⁷ Albi Anggito, Johan Setiawan, (2018), *Metode Penelitian Kualitatif*, Sukabumi: CV Jejak, h. 8

and methods. Then conclusions are drawn to see whether financial inclusion balanced with sharia compliance has been implemented as a manifestation of MSME empowerment through financing and business assistance programs.

Library Study

1. Inclusive Finance

In Presidential Decree No. 82 of 2016 concerning SNKI, financial inclusion can be defined as a condition where all levels of society can have formal financial access services in a safe, smooth, timely, Affordable manner to protect the community from the risks that arise. The target of this strategy is that vulnerable groups have obstacles to reach formal financial services or the category of unbanked people. The availability of access to financial institutions will be an important factor, given that limited access to capital is still a classic problem for MSMEs.

SNKI is a multidisciplinary concept composed of several components to increase public access to financial institutions. To know the progress of financial inclusion activities, a performance measure is needed. Bank Indonesia in the Financial Inclusive Booklet stipulates indicators that can be used to develop financial inclusion.

Table 2. Inclusive Financial Indicators Used by Central Bank of Indonesia

Indicator	goals	Description
Access	Measuring the ability to use financial services in terms of physical affordability and price.	Barriers to customers when accessing financial services Physical Affordability Price affordability
Usage	Measuring the actual use of financial service products (frequency and duration of use).	Ability to provide recurring financial services Frequency of customer use of financial services
Quality	Measuring the variety of financial products provided and customer understanding of the products used by customers	Variety of products provided by financial institutions. Financial education provided by financial institutions to customers

Prosperity	Measuring the impact of financial services on the welfare of service users' lives.	The impact of financial institution products and services on the welfare of financial service users or customers
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Source: Financial Inclusive Booklet 2014

These financial inclusion indicators will be described as follows:

a. Access

This indicator emphasizes the ability of customers to use the services of financial institutions. An analysis is needed regarding customer barriers when accessing financial services, affordability of costs, and the location of financial institution services that are easily accessible.

b. Usage

This indicator analyzes the frequency and duration of customer use of financial services and services and measures the variety of financial institution products accessed by customers.

c. Quality

Quality indicators include customer experience related to the financial services and products provided and customer understanding of the products used.

d. Prosperity

This indicator analyzes the impact of financial services used by customers, such as changes in business growth, consumption patterns, and increased welfare. In knowing the level of community welfare, the Central Statistics Agency has several indicators that can be used, namely the following:⁸

- a) Income. It is an indicator that can describe the welfare of the community. This study will analyze the impact of accessible financial services on increasing customer business in terms of income and income.

⁸ Badan Pusat Statistik, (2016), *Indikator Kesejahteraan Rakyat 2016*, Jakarta: Badan Pusat Statistik

- b) Business Development
- c) Education. An increase in the quality of education and equitable access will enable Indonesian citizens to have the ability to contribute to community development. In this case, we will see how the customer's ability to manage business income is set aside for education costs.
- d) Health. A country's economic development dynamics will be good if it is balanced with increasingly healthy public health conditions. In this case, it will look at the customer's ability to manage business income for health funds and financial planning in the future.

2. MSMEs Empowerment

MSMEs are productive and creative economic business sectors established by individuals and business entities and are the type of business with the largest group and play a significant role in the economy of a country.⁹

MSMEs have one of the advantages of being able to survive in a storm of crisis. This is due to several reasons. Namely, MSMEs produce products or services that are close to the community's daily needs, use local raw materials, and use relatively small capital.

The MSME sector has contributed significantly to the economic development of East Java. The MSME sector dominates the business world in East Java and has snowballed in the last eight years. In 2012, the number of MSMEs in East Java was 6.8 million and doubled to 9.7 million in 2019. Referring to BPS data, in East Java, as many as 414,000 MSMEs grow every year.

Seeing the great potential in the economy, empowerment is an effort that must be carried out optimally and continuously.

MSME empowerment is an effort to create independence, togetherness, and entrepreneurship in the MSME sector to

work with their abilities. From an Islamic perspective, change for the better is vital for humankind. Empowerment is an essential social aspect because it aims to make people have better welfare.¹⁰

The purpose of empowering MSMEs according to Law no. 20 of 2008 are as follows: 1) create a balanced, developing, and just economy; 2) develop MSMEs into independent, strong businesses; 3) increase the role of MSMEs in regional development, job creation, income distribution, economic growth, and poverty alleviation.

This study will be limited by using reference indicators to see the success of empowerment by developing MSMEs into independent solid businesses, economic growth, and poverty alleviation.

3. Sharia Compliance

Sharia compliance is a characteristic of sharia financial institutions that is realized by fulfilling sharia principles in all business activities that do not contain elements of *usury*, *maysir*, *gharar*, *haram*, and *unjust*.¹¹

Some general references that can be used to assess sharia compliance in Islamic financial institutions are as follows:¹²

- a. Contract agreement used as a fund distribution transaction following sharia principles
- b. All transaction activities are reported transparently and following applicable sharia accounting standards.
- c. Corporate culture following sharia

⁹ Dheasey Amboningtyas and Adji Seputra, 'Konstruksi Model Pendanaan Keuangan UMKM Batik DI Jawa Tengah Yang Berorientasi Pada Nilai Cost And Benefit Corporate Social Responsibility', *Jurnal Sains Sosio Humaniora*, 4.1 (2020), 289–96.

¹⁰ Sedinadia Putri, 'Kontribusi UMKM Terhadap Pendapatan Masyarakat Ponorogo: Analisis Ekonomi Islam Tentang Strategi Bertahan Di Masa Pandemi Covid-19',

EKONOMIKA SYARIAH: Journal of Economic Studies, 4.2 (2020), 147–62.

¹¹ Siti Asmaul Usnah dan Noven Suprayogi, 'Pandangan Mahasiswa Fakultas Ekonomi Dan Bisnis Universitas Airlangga Tentang Kepatuhan Syariah Di Bank Syariah', *Jurnal Ekonomi Syariah Teori Dan Terapan*, 2.2 (2015), 147

¹² Usnah and Suprayogi.

- d. The business provided with capital financing does not conflict with sharia
 - e. There is a sharia supervisory board (DPS)
 - f. Sources of funds come from legal and halal sources of funds, according to sharia.
4. **The Role of Al-Fithrah Wawa Mandiri Micro Waqf Bank**

Law no. 1 of 2013 concerning Microfinance Institutions is the legal basis for Micro Waqf Banks. 56 Micro Waqf Banks have been established in 16 provinces to date. OJK recorded that the cumulative total of financing disbursed until September 9, 2020, reached IDR 48.08 billion to 34.4 thousand cumulative customers.

Micro Waqf Bank is a type of sharia microfinance institution that aims to empower small business actors around Islamic boarding schools through sharia financing and business assistance (HALMI) programs. The financing facility is provided in the amount of 1-3 million with 3% *ujrah* per annum. This ease of financing makes Micro Waqf Banks have a fairly central role in empowering small businesses.¹³

Based on the findings of previous research by Fillah Fitaloka, Al-Fithrah Micro Waqf Bank has implemented a poverty alleviation program in Islam to Provide Islamic financing facilities and HALMI. This program awakens the work ethic of micro-business actors. It is influential in alleviating poverty in Islam under QS. Al-Jumuah: 10.¹⁴

In this study by Fillah Fitaloka, it can be seen that the Islamic financing facility and HALMI at the Al-Fithrah Micro Waqf Bank have a positive impact on poverty alleviation. In comparison, the research that the author will examine is to see whether the implementation of financial inclusion through Al-Fithrah Micro Waqf Bank

programs will have a positive impact in empowering the surrounding MSME actors.

Results and Discussion

Al-Fithrah Micro Waqf Bank Program

The Micro Waqf Bank focuses on providing programs to empower the productive poor by providing sharia micro-financing and business assistance or weekly *halaqah* (HALMI). The source of funds for the establishment and working capital comes from corporate and personal CSR funds collected by LAZNAS BSM Ummat.

Al-Fithrah Micro Waqf Bank has a unique program, namely easy, cheap, and blessing financing. Easy because the requirements for applying for financing are easy to fulfill. Cheap because there is no margin for financing. It is a blessing to have HALMI, which provides religious material, household management, and business management.¹⁵

Al-Fithrah Micro Waqf Bank only provides loan products with *qard* contracts with *ujrah* equivalent to 3% per year. This loan is. (social) given to people who have businesses that require capital assistance. The basis of this loan product is the Basic Fatwa: National Sharia Council No: 19/DSMMUI/IV/2001. The stages of the financing program and group formation can be seen in Figure 1.

¹³ Hari Sutra Disemadi and Kholis Roisah, 'Bank Wakaf Mikro Dan Pengaruhnya Terhadap Inklusi Keuangan Pelaku Usaha Kecil Dan Mikro (UKM)', *Law Reform*, 15.2 (2019), 177-94

¹⁴ Fillah Fitaloka, 'Implementasi Konsep Pengentasan Kemiskinan Dalam Perspektif Islam Di Bank Wakaf Mikro Al Fitrah Wawa Mandiri' (UIN Sunan Ampel Surabaya, 2019); Yusvita Nena Arinta and others, 'Eksistensi

Bank Wakaf Mikro Dan Implikasinya Terhadap Kesejahteraan Masyarakat Dalam Perspektif Islam', *Jurnal Ilmiah Ekonomi Islam*, 6.2 (2020), 372-78; Disemadi and Kholis Roisah.

¹⁵ Suroso M.Pd.I Selaku Manager Bank Wakaf Mikro Al-Fithrah, *Wawancara Online*, 26 Januari 2021

Figure 1. Stages of Financing Program & Group Formation

Source: *Company Profile* Bank Wakaf Mikro Al- Fithrah Wava Mandiri



Besides providing financing, micro waqf banks also provide business assistance programs so that financing is used productively, not consumptively. In organizing this HALMI, Al-Fithrah Micro Waqf Bank provides three pillars of assistance, namely:

a. Religious Material

Customers are also provided with religious studies, which usually begin with remembrance and ta'lim assembly at every meeting, recitation, and tausiyah. This religious study is usually filled with ustadz

from the As-Salafi Islamic boarding school itself.

b. Business Management

The purpose of this pillar is to improve the ability of customers to manage their business. The activities provided are product marketing, bookkeeping, access To capital, business expansion. In addition to the material, also bring speakers with sharia business.¹⁶

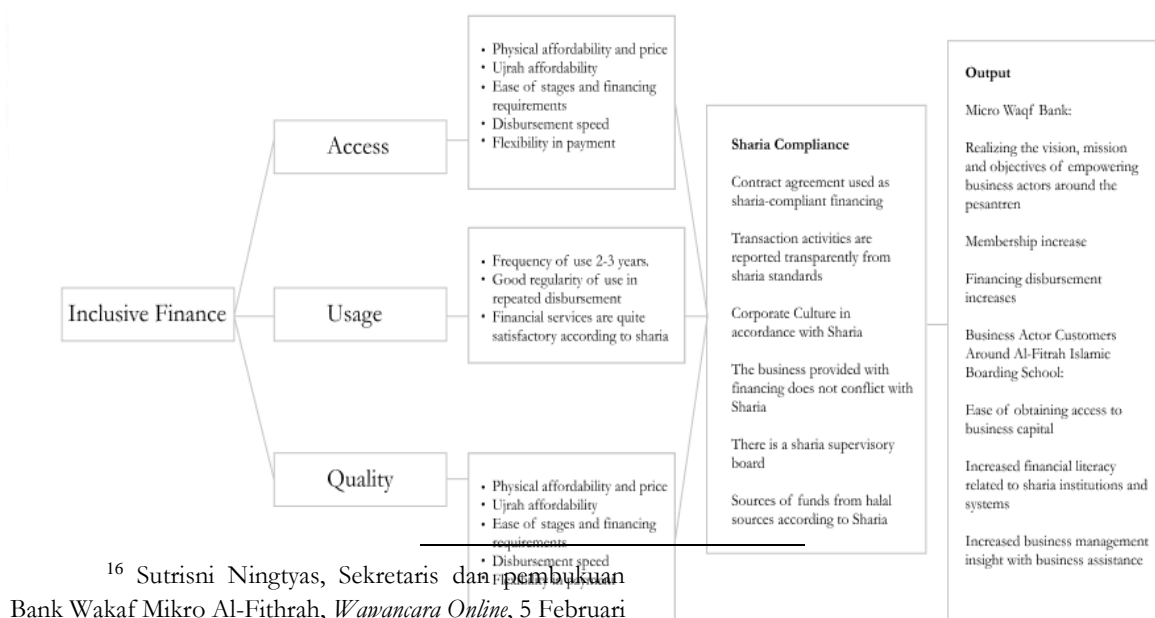
c. Household Management

Stable family life is an essential aspect of one's career. Micro Waqf Bank provides household assistance to create a sakinah customer family. The materials provided include family financial management, family communication.

Al-Fithrah Micro Waqf Bank Inclusive Finance

The implementation of inclusive finance is intended as an empowerment step. The financial inclusion program is also viewed from sharia compliance in optimizing empowerment through financing and mentoring. From the results of research and observations on December 16, 2020, to February 23, 2021, with field visits and online, the researchers got the analysis results described in Figure 2.

Picture 2. Analysis of the Implementation of Inclusive Finance at Al-Fithrah Micro Waqf Bank



¹⁶ Sutrisni Ningtyas, Sekretaris dan pembukuan Bank Wakaf Mikro Al-Fithrah, *Wawancara Online*, 5 Februari 2021

Source: Research Result, 2021

From the results of research and observations on December 16, 2020, to February 23, 2021, with field visits and online, the researchers got the following results:

1. **Availability of Financial Access**

Access is a key aspect needed to create an inclusive financial system. With more open access to financial services, MSMEs are expected to get capital more easily. Al-Fithrah Micro Waqf Bank has fulfilled the physical affordability aspect by opening access to financial services with a strategy of establishing around the pesantren. Apart from being an economic centre and many micro-enterprises, the sharia financing program will be more easily accepted by the community around the pesantren. In terms of price affordability, several things such as the absence of collateral and margins, an easy instalment system, a fast disbursement process and an affordable ujah make customers have no barriers to accessing financial services at Micro Waqf Banks.

These two aspects prove that the Micro Waqf Bank has met the availability of access to both physical and price affordability. This has an impact on increasing the ability of local business actors who initially used capital from their own wallets as a source of capital to become financially literate to take advantage of financial institutions.

The affordability of access to financial services saves people from the entanglement of loan sharks or financial institutions that charge high-interest rates and increases public literacy regarding Islamic financial institutions and systems..

This is known based on the interview of informants who revealed that 3 informants used personal money as a source of capital, while 2 informants received capital from non-

Islamic financial institutions. This needs to be a concern for business actors related to usury which is strictly prohibited in Islam. This prohibition has been stated in the Qur'an Ali Imron: 130 which reads::

Meaning: "O you who believe! Do not eat usury doubled and fear Allah so that you will be lucky".

Al-Fithrah Micro Waqf Bank has entered into a financing distribution transaction agreement according to sharia principles, wherein the qard contract financing program is given to customers and must be returned with the principal amount without additional. This is in accordance with research conducted by Asmaul Usnah that the implementation of a sharia-compliant contract, it will provide justice between the two parties who transact..¹⁷

The availability of easy-to-reach access to financial services will increase the Islamic financial literacy of business actors. This is evidenced by the fact that several informants who had access to non-Islamic financial institutions now have the decision to switch to Islamic financing. Four out of five informants use sharia-based financing as the main reason for accessing Micro Waqf Bank financing.

Based on this, the availability of access indicators proves that increasing financial literacy will help small business actors to gain knowledge, skills and abilities to formulate financial strategies in making decisions in choosing the right financial services and according to their needs..¹⁸

¹⁷ Usnah and Suprayogi.

¹⁸ Poppy Alvianolita Sanistasya, Kusdi Raharjo, and Mohammad Iqbal, 'The Effect of Financial Literacy and Financial Inclusion on Small Enterprises Performance in East Kalimantan', *Jurnal Economia*, 15.1 (2019), 48–59

<<https://doi.org/10.21831/economia.v15i1.23192>>; Febby Irfayunita and Hesi Eka Puteri, 'Pengaruh Financial Literacy Terhadap Preferensi Masyarakat Kabupaten Tanah Datar Memilih Produk-Produk Pendanaan Pada Perbankan Syariah', *EKONOMIKA*

2. Usages

Al-Fithrah Micro Waqf Bank provides financing facilities that can be accessed repeatedly. To be able to find out the development of financial inclusion in the frequency and duration of using financial services, it can be seen from field data that customers have a long frequency of using Micro Waqf Bank services, which is 2 to 3 years and have regular use of product services with good customer ability to make repeated disbursements.

Seeing the good frequency and regularity of use, this is inseparable from the existence of quality financial services. In the aspect of use, service quality is an important aspect. Micro Waqf Bank provides services according to SOP & SOM and always broadcasts a sharia financial system that is free from elements of *riba*, *maysir*, *gharar*, and *haram zalim*.

If analyzed, there is a relationship between the quality of service from Micro Waqf Banks with customer interest in using financial services. The existence of good service quality will encourage customers to make repeated disbursements and increase interest in becoming customers in the long term.

Sharia compliance is not only seen from the operational system, but also the ethics and morality of the management. The corporate culture implemented by the Micro Waqf Bank is *shiddiq* (honest), *tabligh* (transparent), *amanah* (trusted), *fathanah* and always broadcasts sharia finance that is free of *Teori keterkaitan riba, maysir, gharar, haram and zalim*.

Hidayah also explained between these two aspects that the service quality of a financial institution plays an important role in determining customer interest in continuing to access financial services that are currently being used. This means, in this case, the goal of financial inclusion will be realized, namely providing convenient and safe financial services for customers.¹⁹

3. Quality

The quality aspect includes customer experience and understanding regarding the products and contracts used as well as

education provided by financial institutions. Three of the five informants have never reached a banking institution, while two of the informants have obtained their source of capital from conventional banking.

Regarding customer understanding in contracts and financial products, although Al-Fithrah Micro Waqf Bank has conducted Islamic financial education, educational efforts must continue to be improved. Given that customers' understanding of the financing contracts used is still low. Increased access to finance must also be accompanied by progress in customer financial literacy.

To encourage the development of financial inclusion, new product innovations can meet the business needs of customers. If financial service products can be accessed as needed, they will reach more and more users widely.

The products owned by Al-Fithrah Micro Waqf Bank are expected to be able to adjust business capital needs in order to attract customers' interest. If the financial product is in accordance with the customer's needs, the Micro Waqf Bank has opened wider access and provides customer solutions to meet their capital needs.

The impact of this adjustment is stated by Novia Laili that product adjustment to the needs creates a good synergy between financial institutions and customers. Customers will get an injection of financing for businesses that are in accordance with their abilities and needs and financial institutions will get advice on how to continue to grow. The good synergy between institutions and customers can be marked by an increase in the number of members or customers, increased financing distribution and

MSMEs that are assisted by the presence of capital.²⁰

4. Welfare

Financing facilities that are used productively can provide customers with opportunities to improve their business welfare. With easy access to financing, this is expected to improve customer welfare in terms of business income, education and health. When these welfare indicators have a positive impact on customers, then this will realize the program. empowerment of business actors

such as the goal of the Micro Waqf Bank as well as realizing the national financial inclusion strategy promoted by the government. The impact of the changes felt by five customers after gaining financial access to Al-Fithrah Micro Waqf Bank will be summarized in the Financial Program Impact Table.

Inclusive of Customer Welfare in Table

Table 3. The Impact of the Inclusive Finance Program on the Welfare of Al-Fithrah Micro Waqf Bank Customers

Informant	Change Type	Before Accessing Al-Fithrah Micro Waqf Bank Financial Services	After Accessing Al-Fithrah Micro Waqf Bank Financial Services Keuangan
Ibu Retno	Source of Capital	Limited capital is experienced and the source of capital is obtained from personal savings	With access to financing, customers get new sources of capital and can save their personal savings to the maximum
	Sales/Goods Stock	Customers only serve cookie orders with pre order	Customers only serve cookie orders with pre order
	Operating revenues	Orders with small parties IDR 500,000 while orders with large parties or on Eid days IDR 4,000,000	There is an increase in income but the customer feels it is not significant. However, customers feel helped by setting a low ujah
	Education Fund Provision	Setting aside business income for children's education funds	don't have to pay for education costs anymore and the allowance is transferred to future savings
	Health Fund Provision	Setting aside business income for health funds	The proportion of income allowance is bigger, which is 35% when you get an order with a large party
Ibu Siti Aminah	Source of Capital	There are limitations Limited capital and sources of capital are obtained from personal wallets	Get additional sources of capital and use them productively to buy additional goods for your design business
	Sales/Goods Stock	The stock of planning business items is still limited	The stock of business sales items increased and there was an additional new business during the pandemic, namely the production of hand made cloth masks
	Operating revenues	Design business income IDR 500,000 per month	The additional business makes customer income also increase, namely cloth mask business income of around Rp. 500,000 per week
	Education Fund Provision	There is no provision for education funds	There is an allowance for education funds for children
	Health Fund Provision	There is no income allowance for health funds	There is no income allowance for health funds

²⁰ Novia Yusfiyanti Laili and Rohmawati Kusumaningtiyas, 'Efektivitas Inklusi Keuangan Syariah Dalam Meningkatkan Pemberdayaan UMKM (Studi Pada

BMT Dasa Tambakboyo)', *Jurnal Ilmiah Ekonomi Islam*, 6.03 (2020), h. 441

Ibu Kasiamah	Source of Capital	Sources of capital from conventional financial institutional loans	Get additional sources of capital for customers who have several businesses
	Sales/Goods Stock	There is no additional washing machine so that we receive more orders	Can buy additional washing machine
	Operating revenues	Operating income per day ranges from IDR 50,000 to IDR 150,000	There is an increase in income but the customer feels it is not significant.
	Provision of Funds	There is no provision for education funds because there are no dependents	The provision is diverted to social funds such as compensation for orphans and the poor
	Health Fund Provision	There is no income allowance for health funds	There is an income allowance for health funds
Ibu Chotimah	Source of Capital	Sources of capital from conventional financial institution loans and burdened with high nominal and interest	Take a decision to access sharia financing for Micro Waqf Banks because there is no interest charged
	Sales/Goods Stock	Stock of sale items is still limited	Sales item stock increased
	Operating revenues	Income per week is around IDR 300,000	An increase in stock of goods has an impact on increasing income which can range from Rp. 400,000 per week
	Education Fund Provision	Setting aside business income for children's education funds	No longer have education costs and allowances diverted to emergency funds
	Health Fund Provision	There is no income allowance for health funds	There is an income allowance for health funds
Ibu Siti Rusmawati	Source of Capital	There are limited capital and sources of capital from personal wallets	There is additional capital to develop the business and increase the stock of goods
	Sales/Goods Stock	Stock of sale items is still limited	The stock of sales items increases and there are additional new olshop businesses with different products
	Operating revenues	Standard and normal income as usual	An increase in stock of goods and additional online shops has an impact on increasing income, especially during the pandemic, around IDR 2,000,000 per week
	Education Fund Provision	There is no provision for operating income for education funds	There is no provision for operating income for education funds
	Health Fund Provision	There is no provision for operating income for health funds	There is no provision for operating income for health funds

Sumber: Research Result, 2021

Welfare is one of the indicators of financial inclusion to achieve empowerment goals through financing and business assistance programs. In theory, in the People's Welfare Indicator Book published by BPS in 2016, there are indicators used to measure the extent to which the level of people's welfare includes an increase in income, education and health. The welfare indicators used will be described as follows:

a. Income

Opinions from informants indicate that after access to financing, the

customer's business slowly began to increase with the increase in sales stock. Thus, the inclusive finance implemented by the Al-Fithrah Micro Waqf Bank provides access to its customers to obtain financing and increase their income. Citing the results of research by Poppy Sanistasya that access to financial inclusion increases Islamic financial literacy so that it can increase

income. This then also has an impact on increasing income.²¹

The existence of business assistance or HALMI meetings with the pillars of business management assistance also has an impact on increasing business in the form of increasing insight related to business management and insights related to recording business financial statements.

b. Education

The opinion expressed by informant 2 that an increase in income can be set aside by the customer for the cost of children's education. Informants 1,3 and 4 initially set aside income for education funds and currently have no dependents on children's education costs. These three informants diverted education funds to personal savings, emergency funds and distribution of social funds. Based on the results of the study, it shows that the increase in income obtained from access to financing has an impact on increasing the ability to manage funds so that with this management, customers can have access to education.

In the people's welfare indicators published by BPS, the existence of higher education can make it easier for people to work and earn higher incomes than people who work with minimal education. The existence of financing and business assistance programs can help develop customers' businesses. This can also help customers to have the ability to provide higher education for their children up to college.²²

c. Health

Awareness of health has been owned by three informants who set aside business income for health funds. So in this case there is a positive impact on customers to prepare a good financial plan. The impact of increased income also has an impact on

increasing the proportion of income allowance for health funds.

According to BPS in the theory of people's welfare, health is one indicator of welfare where when people can meet their medical or health needs, people can be said to be able to achieve their own welfare. Health is an indicator of well-being that can be seen from the community's ability to carry out health and be able to pay for treatment.²³

Judging from the indicators of customer welfare with the existence of an inclusive financial program through business financing and business assistance, although the impact of this welfare has not been maximized, it is seen that there is a less significant increase in income for some customers, this program has a role in the welfare of small business actors. This can be seen by increasing income and the ability to set aside income for education, health, future savings and social funds.

Realizing the Empowerment of Business Actors Around the Islamic Boarding School

In an effort to realize the goal of the Micro Waqf Bank, namely empowering productive communities around the pesantren, the Micro Waqf Bank provides a well-designed program, namely financing and assistance which of course cannot be separated from the implementation of sharia compliance. This is also an embodiment of SNKI's goal of providing financial services that are accessible to all levels of society to create financial system stability.

MSME empowerment is an effort to create independence, and MSME entrepreneurship to work on their own initiative. The indicators of empowerment

²¹ Poppy Alvianolita Sanistasya, Kusdi Raharjo, and Mohammad Iqbal, 'The Effect of Financial Literacy and Financial Inclusion on Small Enterprises Performance in East Kalimantan', *Jurnal Economia*, 15.1 (2019), 48–59

²² Badan Pusat Statistik, (2016), Indikator Kesejahteraan Rakyat

²³ Badan Pusat Statistik, (2016), Indikator Kesejahteraan Rakyat

success that are used as references are several objectives of empowering MSMEs according to Law no. 20 of 2008 that is:

1. Developing MSMEs into strong and independent businesses.

Empowerment is intended to make MSMEs a strong and independent business such as increasing financial capacity. In this case, Al-Fithrah Micro Waqf Bank has strategies and programs in realizing empowerment that is right on target by increasing financial capacity through financing without margins and developing human resources through HALMI assistance. This enables customers to have greater resilience and independence in improving their business welfare and to have the ability to develop businesses in other fields.

2. Economic growth

The synergy between MSME actors and formal financial institutions is a form of symbiotic mutualism in the economy. The capital support provided to MSMEs contributes positively to the economic growth of customers, both in terms of asset growth, growth in sources of funds and other welfare growth.

This synergy not only provides benefits for MSME actors and financial institutions but also provides fresh air for the community and the government. An increase in the business welfare of MSME actors through capital injections certainly brings a positive contribution in providing job opportunities and also helps the government in improving economic performance in the form of an increase in Gross Domestic Product (GDP).

3. Poverty Alleviation

Poverty in Indonesia is caused by structural poverty arising from unequal resource management, unequal community access and capabilities. This triggers income inequality and social structure gaps. Meanwhile, cultural poverty is associated with the behavior of individuals who tend to surrender and do not try to get out of the situation.

The government has certainly made many efforts to launch various forms of programs to alleviate poverty. However, many of these programs have not been effective and on

target. The Islamic economic system, including Islamic financial institutions, must be involved in managing existing resources. One of them is the involvement of Islamic financial institutions in encouraging the empowerment of MSMEs.

In this case, the Micro Waqf Bank has a focus on the goal of empowering the productive poor through injections of sharia financing and business assistance. This makes the program targeted precisely at the target, namely small business actors around Islamic boarding schools who need capital. With the right injection of capital, it will certainly have an impact on saving the poor communities around the pesantren from poverty by making them more productive and independent in entrepreneurship and fulfilling their needs.

Conclusion

The Al-Fithrah Micro Waqf Bank's financial inclusion program is realized by implementing indicators of access, use and quality. These three indicators provide convenience for customers in obtaining access to business capital, increasing sharia financial literacy which is manifested by the decision to access sharia-based financing and increasing insight to manage business with business assistance (HALMI) with business management pillars.

In the development of financial inclusion, it is undeniable that there are still obstacles in several components such as aspects of product innovation that meet the diverse business capital needs of customers and maximizing education related to products and financing contracts for customers.

The sharia financing program and business assistance from the Al-Fithrah Micro Waqf Bank have an impact on customer welfare aspects which can be seen by an increase in income and sales stock which has an impact on the customer's ability to manage income allowance as

education, health, and social funds. This positive impact on customer welfare realizes the goal of empowerment by developing MSMEs into strong and independent businesses, increasing economic growth and alleviating poverty.

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