



Analysis Of Wakaf Bank Financing Model for Empowerment Based on Islamic Microfinance an Islamic Economic Perspective

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Abstract

Purpose: The formulation of the problem in this study is how the waqf bank financing model is Empowering Based on Islamic Micro Finance at Islamic Micro Waqf Banks at the Minhaddul Ulum Islamic Boarding School Lampung. **Methodology:** In this study, using qualitative research. The population in this study were employees and customers at the Minhaddul Ulum Micro Waqf Bank Lampung. The sampling technique used is a purposive sampling technique with criteria determined by the researcher, namely customers who have micro businesses and want to make their businesses more productive. **Findings:** Waqf Bank itself uses a Sharia-based financing system in its financing mechanism for its customers using the Qardh contract and joint responsibility system, where joint responsibility is the responsibility of each customer in one group or individually, where if one customer is in one group If the person cannot pay the installments, then the other members in the group are the ones who are responsible for paying the installments, either one person who pays or it is paid jointly or jointly. In this Qardh contract, in essence, it is a form of help and affection for the borrower, not a means to seek profit for the lender, in which there is no reward and excess return. From the financing provided by BWM, customers can increase their business and get maximum results from their usual income, therefore financing from the Micro Waqf Bank is very helpful for customers, especially the poor, middle and lower classes.

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A. Introduction

Micro Waqf Banks have begun to develop in Indonesia, the developments that occurred from 2017 to 2022 obtained from the official press release from the OJK, namely the program initiated by the Financial Services Authority (OJK) since October 2017 have been felt to be beneficial in driving small community businesses, especially in rural areas. Until April 2022, Micro Waqf Banks (BWM), whose funding comes from donations from various groups, have distributed financing with an accumulation of around IDR 89 billion to 55,000 MSME customers. The establishment of Micro Waqf Banks cannot be separated from OJK's efforts to respond to complaints from people in rural areas and remote areas of the country who have difficulty getting access to financing services from formal financial institutions. Productive poor people need capital to start micro-businesses or to ensure the sustainability of productive businesses that are already running. Loans with easy terms and low profit-sharing rates are very much needed by micro and small business actors (Islam (P3EI), 2014).

The selection of Islamic boarding schools as the basis for the development of Micro Waqf Bank in the initial stage was based on the consideration of the strategic potential of 28,194 Islamic boarding schools in Indonesia in forming business communities and business ecosystems for students and the community in the Islamic boarding school environment so that they can help alleviate poverty or economic disparities. In addition to mobilizing the potential and active participation of Islamic boarding schools, there is also the potential to optimize the active participation of the general public who have excess funds to be donated to productive poor people who need financing for business, with very low administration costs.

The sustainability and development of Micro Waqf Bank cannot be separated from public donations. Anyone can become a donor to Micro Waqf Bank, both individuals and companies who care about the empowerment program for the poor and the eradication of inequality in Indonesia. By donating 1 million rupiah, the community can help finance the business capital of 1 MSME for a year.

If viewed from national data, Lampung itself only has one financial institution, Bank Waqf Mikro, which was inaugurated on November 22, 2018 (Sofiudin, 2014). The inauguration was carried out by the Advisor to the Strategic Committee and Research Center of OJK Ahmad Buchori accompanied by the Head of the Lampung OJK Representative Office Indra Krisna, Chairman of the Indonesian Ulema Council (MUI) Lampung KH. Khairuddin Tahmid, Chairman of the Minhadrul Ulum Islamic Boarding School Foundation, Tegineneng, Pesawaran Regency Amin Udin, Head of BI Lampung, Budiharto Setyawan.

This research was conducted at the Minhadrul Ulum Micro Waqf Bank, where most of the micro-business actors around the Minhadrul Ulum Lampung Islamic boarding school have experienced a lot of deterioration in the economic field, and also the existence of formal financial institutions such as conventional banks that offer themselves to the public by providing high interest rates. So, the existence of the Micro Waqf Bank is an access to financial services in the boarding school to provide convenience to the micro business community (Ahmad Ifham Sholihin, 2010).

The existing financing at the Micro Waqf Bank in Pesantren Minhadrul "Ulum Lampung is one of the platforms that is very helpful for the poor, by providing interest-free financing because it uses a sharia financial system, financing without collateral, administrative costs only equal to Rp.500 / meeting, a fast and easy administrative process, implementing a joint responsibility system, and providing mentoring and training programs to members.

The number of people who experience shortages in the economic field due to the impact of covid-19, makes the people around the Islamic Boarding School choose to do financing to the Micro Waqf Bank in the Lampung Minhadrul Ulum Islamic Boarding School, in addition to easing the administration, the financing in this Waqf Bank is very beneficial to the community, as mentioned above that this Waqf Bank provides mentoring and training programs to the community concerned so that they do not worry and think again about how to continue the business they will do.

The people who are customers in this Sharia Micro Waqf Bank are customers who already have a business and want to produce their business. The community around the Minhadrul Ulum Lampung Islamic boarding school is mostly farmers. Apart from farmers, there are also customers whose businesses are grocery traders, chicken breeders, children's toy traders, pecel traders, and so on.

The Micro Waqf Bank in channeling financing has a very unique system, namely using a joint responsibility system. This joint responsibility system is applied to share risks among group members. The Civil Code does not explicitly define the meaning of joint responsibility or responsibility (Suparni, 1995). This waqf bank financing model is by the explanation of the verse above, namely by implementing a system of mutual assistance between fellow waqf bank members. Like the phenomenon that occurs in society today, the COVID-19 problem will affect the economy in some circles of society. With the financing provided by the Waqf Bank in carrying out Islamic-based empowerment, the community will be helped by the empowerment carried out. Paying attention to the financing model is also very important, whether or not the financing model is by Islamic Sharia, because Islam teaches its people to help each other, so whether the financing model provided will burden or alleviate the economic problems that occur in society, not least in the community at the Minhadrul Ulum-Lampung Islamic Boarding School. Based on the background above, the authors are interested in raising the issue.

B. Methods

In this study, qualitative research (Qualitative Research) is research that seeks to analyze social life by describing the social world from a scientific point of view (Sugiono, 2009). The population in this study were employees and customers at the Lampung Minhadrul Ulum Micro Waqf Bank. The sampling technique used is a purposive sampling technique with criteria determined by the researcher, namely customers who have micro businesses and want to produce their business. In this study, researchers conducted interviews with employees and customers of the Sharia Micro Waqf Bank at the Minhadrul Ulum-Lampung Islamic Boarding School.

C. Results and Discussion

1. Results

Micro Waqf Bank Financing Model in Empowerment Based on Islamic Microfinance

Microfinance Institutions are financial institutions established specifically to provide business development services and community empowerment, both through credit and financing in micro activities to members and their communities, as deposit management and providing services in business development and not merely seeking profit. This is by the definition of Microfinance Institutions listed in Law No. 1 of 2013 concerning Microfinance Institutions. The purpose of the establishment of Microfinance Institutions is formed by the objectives contained in Law No. 1 of 2013 concerning Microfinance Institutions which in Article 3 states regarding the provision of business development services and community empowerment through credit and financing for micro-scale

businesses to community members (Balqis & Sartono, 2019). Financing is one way to overcome limited access to capital for micro-businesses in a formal financial institution such as a bank. With the provision of financing to micro-businesses in the boarding school environment by the Micro Waqf Bank, micro-businesses can be more productive in generating income for their family's economy, and also empowerment provided in the form of assistance to micro-businesses around the Minhada "Ulum Lampung boarding school. This is in line with the duties and functions of Microfinance Institutions (MFIs) found in Law No. 1 of 2013.

When viewed from the mechanism of the process of channeling funds, the Micro Waqf Bank uses Sharia-based financing, which in Sharia financing prohibits elements of usury, *gharar*, and *maisir*. *Riba* terminologically, according to al-Shabuni, usury is an addition taken by the debtor from the debtor, as a propagation of the period (borrowing). *Gharar* is a form of doubt, deception, or actions that aim to harm others (Hosen, 2009). Or *gharar* can also be interpreted as all forms of buying and selling in which there are elements of uncertainty, betting, or gambling. In fiqh terms, *gharar* is a matter of ignorance of the consequences of a case, event, or event in trade or buying and selling transactions, or uncertainty between good and bad. *Maisir* is a contract that contains elements of gambling, where the parties to the contract have no information at all about the chances of the results or the results obtained (Ghofur, 2016).

Financing carried out at the Lampung Minhada "Ulum Micro Waqf Bank uses a *Qardh* contract, where *Qardh* is the provision of assets to others that can be collected or requested again or in other words lending without expecting a reward. Apart from using a *qardh* contract, the Micro Waqf Bank also uses a joint responsibility system in paying installments, this joint responsibility system makes it easier for both the Bank and the customer because it is mutually beneficial. For the Bank, it is beneficial because there are no customers in arrears, for the customers if they cannot pay installments at a certain time, the installments will be borne by their respective groups and will be paid at the time agreed upon by the group (Hannanong & Aris, 2018).

Customers who carry out financing at the Micro Waqf Bank are usually used to increase business capital, such as used to buy fertilizer for farmers, used to increase the contents of stalls for grocery traders, used to buy raw materials for fried food sellers, and so on. In addition to increasing capital, some customers do financing to pay their children's school fees or are used for their children's school needs, but only one or two people like this use this financing for school needs.

2. Discussion

Micro Waqf Bank Financing Model in Empowerment Based on Islamic Microfinance in the Perspective of Islamic Economics

The Micro Waqf Bank in providing financing to the community applies the Islamic economic system in it, this can be seen in the activities that exist in the program run by the Bank and its customers. When viewed from the perspective of Islamic economics, the Micro Waqf Bank uses several Islamic elements such as using a *Qardh* contract in carrying out the financing process and using a joint responsibility system to overcome when one of the existing groups has problems.

Qardh

Qardh, according to the explanation of Article 19 Letter e of Law No. 2 of 2008, is a loan agreement for funds to a group. 2 of 2008 is a loan contract for funds to customers with the stipulation that the customer is obliged to return the funds received at an agreed

time. Meanwhile, qardh according to the MUI fatwa is a loan given to a customer (*muqridh*) in need. Qardh customers are required to return the principal amount received at a mutually agreed time. As stipulated in Article 1 point 11 of Bank Indonesia Regulation Number 7/46/PBI/2005 concerning Fund Raising and Disbursement Agreements for Banks Conducting Business Activities Based on Sharia Principles, Qardh is defined as borrowing and lending funds without compensation with the obligation of the borrower to return the principal loan in a lump sum or installments within a certain period (Ash-shiddiqy, 2018).

The verse about Qardh in Islam is found in Surah al-Baqarah verse 245. In this verse, it is explained in the interpretation of *Al-Muyassar* (Ministry of Religion of Saudi Arabia) that, who is willing to spend a good infaq in the way of Allah and expects a reward, so He multiplies it with a multiplication that is not counted in the form of reward and good reward? And Allah narrows and expands sustenance, so spend infaq and do not be stingy, for indeed He is the Bestower of Rizki, He narrows for His servants whom He wants in terms of sustenance and expands for others. To Him belongs the highest wisdom in that, and to Him alone will you be returned after death, then He will reward you for your deeds.

Surah al-Hadid verse 11 means: "Whoever will lend to Allah a good loan, Allah will multiply the loan for him, and he will have a great reward". The above verse is explained in Tafsir *Al-Mukhtashar*/ Markaz Tafsir Riyadh, under the supervision of Shaykh Dr. Shalih bin Abdullah bin Humaid (Imam of the Grand Mosque) that, whoever spends his wealth voluntarily to seek the face of Allah, then Allah will reward him for what he spent by multiplying, and for him on the Day of Judgment a noble reward, namely Paradise.

Surah Al-Baqarah verse 280 reads: "And if (the debtor) is in difficulty, then give him a grace period until he finds relief. And if you give in charity, it is better for you, if you know". The above verse is explained in Tafsir *Al-Muyassar* (Ministry of Religious Affairs of Saudi Arabia), If the debtor is unable to repay, then give him a deferment period until Allah facilitates his livelihood so that he can pay your property to you. If you leave all the debt or part of it and cancel the debt from the debtor, then that is better for you, if you realize the virtue of this attitude and this action is better for you in this world and in the hereafter.

One of the hadiths from Ibn Mas "ud discusses *qardh*, the Messenger of Allah SAW said which means: "From Ibn Mas "ud that the Messenger of Allah SAW, said:" There is no Muslim who exchanges with a Muslim *qaradh* twice, it is like charity once." (HR. Ibn Majah and Ibn Hibban). The above hadith explains that the reward of two loans is the same as the reward of one charity. From that, we understand that the reward of charity is greater than the reward of lending. This makes sense because people who give away their wealth, generally do not expect a return. They just give it sincerely. On the other hand, the person who gives out money expects that the money he gives out will be returned to him at a later time.

This Qardh contract is essentially a form of help and compassion for the borrower, not a means of seeking profit for the lender, in which there is no reward and excess return. However, this Qardh contains humanitarian and social values in which the borrower may not require profit in the loan and he may receive more if the borrower gives him more as long as it is not required in advance and not promised (Sukma et al., 2019).

Joint Responsibility

The joint responsibility system is the joint responsibility of each member of the group, to fulfill obligations together if there is a problem. In the Micro Waqf Bank, the

joint responsibility system is very helpful for both the Bank and the customers, where in this joint responsibility system if one of the customers in the group cannot pay installments either because he forgets or because no funds have been obtained to pay installments, then the group will bear the installments first. The funds used to cover one of the customers who have not paid are obtained from joint savings paid at each meeting in the group. The advantage obtained by the bank is that there are no customers in arrears because of this joint responsibility system. This joint savings must be carried out by each group, and the funds obtained from the joint savings are held by the group itself and are accountable to the group leader (Saripudin, 2016).

Quranic verses about Joint Responsibility in Islam: Surah Al-Maidah verse 2 reads: "And help each other in (doing) virtue and piety, and do not help each other in sin and enmity. Fear Allah, indeed, Allah is very severe in His punishment". The words or term joint responsibility are not known in Islam. However, there is the term *kafalah* in fiqh muamalah which means dependence, guarantee, or burden (Saripudin, 2016). In shara" *kafalah* means the merging of the dependents of a kafil and the dependents of a native to fulfill his demands, whether debt, goods, or a job. This coverage in Islam is called "kafalah", which requires the existence of kafil, asil, makful lahu, and makful bihi. Where kafil means the person who is obliged to fulfill the demands of makful bihi or the person who is covered. A person who becomes a kafil must meet several criteria, namely that he must be pubescent, intelligent, have full authority over his property affairs, and be willing to *kafalah*. Asil is the person who owes the debt to be borne, the requirements that apply to kafil do not have to be present in the asil. Furthermore, makful lahu is the person who gives debt. The guarantor is required to know him, and makful bihi means the person, goods, or work that must be carried out by the person who is covered. There are two types of coverage or *kafalah* in Islamic law, namely:

- a. Kafalah with the soul, which is the commitment of the kafil to present the person who is covered to the makful lahu.
- b. Kafalah with property, which is the kafil's commitment to his obligation to guarantee it with property. There are three types of Kafalah:
 - 1) Kafalah bid-Dayn, which is a commitment to the obligation to pay debts that are owed by others.
 - 2) Kafalah with goods or kafalah with delivery, which is a commitment to deliver certain goods that are in the hands of others.
 - 3) Kafalah bid-Darak (submission).

D. Conclusion

In conclusion, the Lampung Minhaddul Ulum Micro Waqf Bank provides financing to its customers which is used to increase the business of its customers, the customers in this Micro Waqf Bank are housewives who want to produce their business by providing business capital of Rp. 1,000,000 - Rp. 4,000,000 which can be used to buy fertilizer, merchandise, and so on to develop their business and increase income to help their family's economy. This waqf bank itself uses a Sharia-based financing system, in the financing mechanism for its customers uses a Qardh contract and a joint responsibility system, where joint responsibility is the responsibility of each customer in a group or individual, where if one of the customers in a group cannot pay the installments, then the other members in the group are responsible for paying the installments, whether it is one person who pays or is paid jointly or together. When viewed from an Islamic economic perspective, the Micro Waqf Bank uses several Islamic elements such as using a Qardh

contract in the financing process and using a joint responsibility system to overcome when one of the existing groups has problems. The verses about Qardh in Islam are Surah al-baqarah verse 245, Surah al-hadid verse 11, Surah Al-baqarah verse 280 and Surah Al-baqarah verse 282, and the related hadith is one of the hadiths from Ibn Mas “ud which discusses qardh.

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F. Author Contributions Statement

This article is entirely done together, where the initiator is Ahmad Hazas Syarif, while Suharto fully sees the essence of the substance of the article and Amelia Tika Ramadhana looks for data. the whole article is the result of collaboration and contributions from all authors.

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