

THE ROLE OF BAITUL MAL WAT TAMWIL (BMT) IN COMMUNITY ECONOMIC EMPOWERMENT IN INDONESIA

Zakiah^{1*}, Saparuddin Siregar², Marliyah³

^{*1}Universitas Islam Negeri Sumater Utara, Medan, Indonesia

^{2,3}Universitas Islam Negeri Sumatera, Medan, Indonesia

^{*1}email: zakiahzkmuhammad@gmail.com

Abstract: BMT emerged as a result of the development of BPR (Mujiono, 2017). In Indonesia, the term BMT is commonly used in the cooperative sector. BMT, which is the legal body of the cooperative, signifies its legal validity, thus placing it within the framework of the regulation of Cooperative Law No. 1. [enter applicable statute number]. In order for each BMT joint to uphold the spirit of family cooperation in accordance with the MUI National Sharia Council (DSN) fatwa and sharia principles, it needs to be obeyed by 1992. This ensures the nature of cooperatives owned by BMT. BMT remains rooted in members' participation and benefits. This study plans to give an outline by utilizing inductive reasoning, by seeing explicit examples to the overall population, where issues or cases found in view of explicit realities will then be analyzed for the issue to be tackled Baitul Mal Wat Tamwil operates as an independent business center aimed at stimulating productive business and investment for increased economic activity among small and low-scale entrepreneurs. Among its functions, the center aims to improve the economy of small businessmen by promoting savings and investment practices. BMT economic activities must receive complete support from all walks of life, including legal and operational assistance, as Indonesia operates within the framework of family economy. In the explanation of Law Number. The Cooperatives Act of 1992 emphasized the importance of the role of cooperatives as a fundamental component of the national economy and a vital element in the national economic system.

INTRODUCTION

BMT emerged as a result of the development of BPR (Mujiono, 2017). In Indonesia, the term BMT is commonly used in the cooperative sector. BMT, which is the legal body of the cooperative, signifies its legal validity, thus placing it within the framework of the regulation of Cooperative Law No. 1. [enter applicable statute number]. In order for each BMT joint to uphold the spirit of family cooperation in accordance with the MUI National Sharia

Council (DSN) fatwa and sharia principles, it needs to be obeyed by 1992. This ensures the nature of cooperatives owned by BMT. BMT remains rooted in members' participation and benefits. Furthermore, it has now been supplemented by the provisions contained in Law Number 1 of 2013 concerning Microfinance Institution (Ahmad Hasan Ridwan, 2013).

The term Baitul Mal Wa Tamwil (BMT) consists of two words Baitul Mal and Baitul Tamwil, each meaning a fund house and a business house. These two interpretations have different connotations and have different influences (Ridwan, 2006).

The community is still lay with Baitul Maal Wat Tamwil (BMT), although ironically the product is considered very suitable for muamalah. Since its first introduction in the early 2000s to date, the popularity and use of BMT has steadily increased to an extraordinary level (Toyyibi, Abdul Majid, 2021). It was first proposed by President Suharto on 7 December 1995 as a national movement to empower the economy of the people, especially the lower society, or also known as the economic empowerment of the people. According to sasono, one of the strategic efforts to empower the people's economy is to develop these alternative financing schemes is macro credit that occupies a strategic position in empowering micro enterprises. (Didek Ahmad Supadie, 2013)

The establishment of the BMT began with the implementation of the proposal of the Indonesian Association of Muslim Scholars (ICMI) in 1994. The thought base of the suggestion originated from the presence of sharia banks, such as Bank Muamalat Indonesia (BMI), which had been operating since 1992 but failed to arouse the trust of all stakeholders. The community, especially small-scale entrepreneurs, is a special concern for BMI because of the strict banking regulations that bind the institution as a financial entity. Therefore, it is considered important to create sharia-compliant, medium-sized, alternative financial entities to meet the needs of micro and small businesses. The Syariah Microfinance Institute (LKMS), known as Baitul malwat-tamwil (BMT), was established to operate in accordance with the principles of Sharia (Didiek Ahmad Supadie, 2013).

BMT business activities are formed by the integration of the concept of maal and tamwil. BMT, short for Integrated Self-Governing Business Center or Baitul Malwat Tamwil, refers to microfinance institutions (KLMs) that adhere to sharia principles in their operations. The BMT acronym according to its name has two distinct functions:

- a. Baitul Tamwil focuses on increasing productive business and investment as a means of improving the economic welfare of micro

- and small businesses. This includes encouraging savings activities and providing financial support for economic ventures.
- b. The depository known as the House of Treasures receives donations from zakat, infaq, and alms and effectively allocates them according to established rules and authority.

LITERATURE REVIEW

The original purpose of BMT was to improve the economic viability of small-scale businesses. To achieve this goal, BMT aims to support small and micro enterprises through the provision of business advice, facilitation, arrangement, motivation, and development of potential and economic capacity, as well as improvement of the welfare of its members and the wider community (Didiek Ahmad Supadie, 2013).

In addition, BMT operates according to its core principles. Among other things, it focuses on spiritual growth through the application of Islamic law and Islamic law in daily life, in order to promote the improvement of piety. The second aspect is integration, in which spiritual values play an important role in guiding and motivating dynamic, proactive, progressive, and virtuous development of ethics and morals. In addition, the term "istqamah" includes an approach that characterizes unbroken fortitude, endurance, and endurance. Therefore, the characteristic that distinguishes BMT is its practice of conducting frequent readings, which is scheduled according to the availability of BMT customers and participants (Didiek Ahmad Supadie, 2013).

The Baitul mal wat tamwil was a financial development method that was essentially profitable, and therefore operated within the parameters of the Tijarah accord. In seeking benefits according to sharia, various contracts are used, including murabah, mudlarabah, musyarakah, jihad, hawalah, etc., both for funding and borrowing purposes. Baitut Tamwil is often involved in Islamic economic activities involving the use of various contracts, each of which has legal weight for the parties involved and must be obeyed and executed. Contracts found at BMT usually conform to the specific requirements, capabilities, and objectives of the second party, making them non-standard and open to adjustment and negotiation (Andrisoempatra, 2009).

BMT has social and economic activities. Economic activity in the Islamic view cannot be separated from Islamic law, as economic activity is a part of the Islamic law. Thus, the economic goal of Islam is the purpose of Islamic law itself, namely to achieve the welfare of human rights (masalukun-nas), the realization of the afterlife (al-falah) and the establishment of good quality of life or tayyibatan customs through maintenance and quality improvement

- 1) Faith/faith
- 2) Life/life
- 3) Intellectual/intelligent
- 4) Descendants/posteriority
- 5) Wealth/wealth

In line with Islam's economic goal, it is to prosper society, both born and inner, which includes the dimension of time, not only the world but also the afterlife. Therefore, the purpose of the BMT should also be to welfare the members in particular and the community in general, not only birth prosperity but also inner and afterlife prosperity at the same time. (Didek Ahmad Supadie, 2013)

METHODOLOGY

This study plans to give an outline by utilizing inductive reasoning, by seeing explicit examples to the overall population, where issues or cases found in view of explicit realities will then be analyzed for the issue to be tackled and an overall end. Later the spotlight in this study was on the hypothesis as per Moleong (Moleong, 2011) characterizing subjective techniques as exploration methods that produce engaging information of composed or verbally expressed expressions of individuals and detectable ways of behaving. The researchers in this study will use descriptive methods to describe the distribution of income and poverty in the Aceh Tamiang Regency Coastal Community. The essential information for this study were from BPS and other required optional information.

RESULT AND DISCUSSION

The presence of Baitul Malwat Tamwil (BMT) is not only seen as a means of managing religious funds such as zakat, infaq, and sadaqah, but also as an entity that conducts productive investment activities, as are financial institutions such as banks. . Thus, in addition to functioning as a financial institution, BMT can also function as an economic institution. In its capacity as a financial institution, the organization is responsible for collecting financial resources from its members, and distributing the funds back to the community. In its capacity as an economic entity, it has the right to engage in economic activities, including trade, manufacturing, and agriculture (H. R. R. R. R. R. R. Tolkien) and agricultural activities (A. Djazuli, 2002).

BMT is a non-banking microfinance institution that conducts social and business activities as well as its main operations. In the social sector, BMT has

a similar purpose to amil zakat institutions, as both operate to collect and manage zakat, infaq, alms, and other forms of social assistance to distribute to eligible recipients or those facing difficulties. BMT was established and operated by grassroots community organizations, not under government management. Therefore, despite the use of the name "Bitul Mal", BMT does not conform to the definition of the Baitul Mal institution as it exists in Islamic society. This type of institution historically refers to an economic entity established by the State as an instrument of Islamic government, rooted in the era of the Prophet S.A.W. (Didek Ahmad Supadie, 2013).

BMT business activities include raising funds from members or prospective members, which are then deposited and distributed in the form of sharia financing to proper economic sectors, with a particular focus on small and micro businesses that adhere to halal principles and promise to be profitable. It is appropriate for the President to launch BMT nationwide to provide support to small and micro enterprises throughout Indonesia. The President of the Republic of Indonesia officially launched the BMT Self-Governing Group (KSM) nationwide on 7 December 1995, in order to provide support to small businesses across Indonesia (Didek Ahmad Supadie, 2013).

Baitmal Wat Tamwil is one of the alternative solutions of Islamic banking in Indonesia.

The presence of BMT serves not only as a source of financial support for small businesses, but also as a contributor to intellectual capital through training and business guidance, especially in the form of managerial assistance for microbusinesses. The core of business support provided by BMT is to actively facilitate empowerment and improvement of small business performance. This can be measured and indicated by the following criteria:

- 1) Providing business guidance and training includes providing knowledge and skills in business management to enable individuals to effectively supervise their company, improve profitability through skill development, and monitor operational activities.
- 2) The establishment of business connections, particularly the creation and development of business alliances, and the availability of market resources and intelligence, is an important factor in facilitating efficient business operations.
- 3) The promotion of simpnana, or the practice of saving and saving lives, aims to encourage individuals to prioritize savings to support personal financial security and the well-being of small business owners in their communities.

- 4) The increase in spiritual growth includes the improvement of deeper understanding and the application of proper religious beliefs, emphasizing the idea that religion includes the present world and the afterlife, and not just the afterlife. Increasing drive for business success and improving living standards (Didek Ahmad Supadie, 2013).

As a microfinance institution, BMT differs from other similar institutions because it has the following main characteristics:

- 1) Focus on business priorities, seek mutually beneficial outcomes, and improve economic efficiency for both members and the environment.
- 2) It's not a conventional social institution, However, it can serve as a strategic mechanism to utilize zakat, infaq, alms, waqf, and other communal funds to improve the well-being of many individuals. In addition, it has the capacity to coordinate teaching efforts aimed at empowering its constituents and facilitating economic activities.
- 3) Expanded and developed through local community involvement.
- 4) The ownership of the BMT environment is collectively held by the lower and lower levels of society, not belonging to individuals or external groups.
- 5) The BMT regulates its relationship with its members through a system of distribution of results. BMT is a syariah microfinance institution that operates in the field of residential housing which includes the management of zakat funds, infak, and alms, as well as the residential housing which includes the acceptance of members' deposits or prospective members and their provision. small and micro enterprise financing based on sharia principles (Didiek Ahmad Supadie, 2013).

activities in the field of the House include "

- 1) The mobilization of ZIS funds, referring to the collection and utilization of zakat, infaq and alms, is an important aspect of Islamic finance and social welfare that plays an important role in overcoming economic and social inequality in Muslim communities.

The role of the temple al-mal in BMT operations includes the receipt of zakat deposits, infaq, and the payment of tax revenues. and alms (ZIS) from the community, as well as from the Amil Zakat Agency (BAZ) or the Amil Zakat Institute (LAZ), who are authorized to receive and distribute ZIS to eligible recipients.

- 2) ZIS Fund Allocation

As per the mandate, the distribution of ZIS funds should be aimed at individuals who are considered worthy of zakat, focusing specifically on

eight specific groups or asnaf mentioned in the Quran in At-Taubah verse 60, which includes the poor. , The poor, the zakat administrator, the new convert to Islam, the needy, the indebted, the volunteers in the way of Allah, and the abandoned traveler. In addition to beneficiaries from 8 trust groups, altruism is also a scholarship, medical expenses guarantee, and various forms of social support such as clean water supply and qardhulhasan financing for small businesses facing financial challenges.

Second: temple-tamwil activities

Basically, these activities in the field of tax havens are the main product of BMT which is a non-bank financial institution. These areas include savings mobilization and financing.

- 1) Savings mobilization is the voluntary savings or savings of members or communities (candidate members) in the form of savings savings (SM), including products such as SM Pendidikan, SM Haji, SM Umrah, SM Qurban, SM Pendidikan, SM Haji, SM Umrah, SM Qurban, and others. and SM housing (home construction and repair)
- 2) Financing includes products including mudharabah, musyarakah, murabah, and ba'i bitsaman 'ajil. (Diek Ahmad Supadie, 2013)

Principles in BMT

In its operational endeavors, BMT applies the concepts of outcomes, remuneration framework, profit-sharing mechanisms, corporate agreements, and financial instruments.

- 1) Principle of Share of Results

This principle concerns the distribution of profits between lenders and BMTs, especially through the implementation of the concepts of mudharabah, musyarakah, muzara'ah, and al musaqah.

- 2) A system for awarding services

This process involves BMT appointing customers as official agents to procure goods on behalf of BMT. After that, individuals function as sellers by offering for sale the products they acquire, usually at a price raised to reflect the markup. The profits generated from BMT will be distributed to stakeholders who have provided funds. The reward system adopted follows the principles of ba'al-murobah, ba'as-salam, ba'al-istishna, and ba'bit stamanajil.

BMT Operational Activities

Based on the function and categorization of funds managed by BMT, two important responsibilities are borne by BMT:

1) BMT Fundraising

BMT funds are obtained through accumulation of savings and deposits. Agreements that establish the legitimacy of savings are governed by certain parameters and temporal criteria for inclusion and withdrawal.

a) Reward savings

An account where the owner or member can withdraw funds at his discretion by transferring or issuing securities and payment orders. In the context of the scholarship, there are two different categories of deposits: wadhi'ah amanah, which consists of deposits of zakat funds, infaq, and shadaqah, and wadhi'ah yadhamanah, which includes deposits eligible for bonuses from sharia. banks in terms of bank profitability.

b) Saving through the contract of Mudharabah

The owner of the fund can make the deposit and withdrawal according to a predetermined agreement. Mudharabah savings does not offer interest to its participants, but instead distributes profits based on a model for the results. A variety of savings with simple terms and conditions can be converted into various savings options. Bone marrow transplant (BMT) funds can be obtained from various sources, such as community funds from ordinary savings, long-term savings, or deposits, and through cooperative efforts between institutions. When raising funds, it is important to consider various factors such as dynamic business nature, growth potential, trust and certainty, and maintain a high level of professionalism.

2) BMT Fund Allocation

The funds received from the members should be distributed to the members in the form of loans. The provision of funds to members in the form of loans is also called financing. This service is offered by BMT to its members who need access to the funds that BMT has collected from members who have excess funds. BMT has created various forms of financing that are based entirely on two types of contracts: a jihad and a shirkah contract.

a) The Treaty of Tijarah, also known as the Treaty of Tijarah, is a contract arrangement used in commercial transactions. This financing agreement was established between BMT and its members to provide funds for investment or acquisition of capital and business assets. Furthermore, the repayment process is carried

out through scheduled installments or repayment is carried out on the due date of repayment.

- b) The Shirkah contract, also known as the participation agreement and profit sharing, refers to the arrangement of partnerships in Islamic finance in which two or more parties conduct joint ventures to share capital investments and the resulting profits or losses.

Certain forms of funding in the scriptures, such as inclusion and distribution of results, Among other things:

- a) Partnership

BMT's involvement as a shareholder in a business means sharing risks and profits equally through the portion of participation allocated.

- b) Mudharabah

Mudharabah is a type of sharia financial arrangement. BMT and its members enter into financing agreements in which BMT provides funds for working capital, while borrowers are responsible for effectively allocating and utilizing these funds to support business development activities.

CONCLUSIONS

Baitul Mal Wat Tamwil operates as an independent business center aimed at stimulating productive business and investment for increased economic activity among small and low-scale entrepreneurs. Among its functions, the center aims to improve the economy of small businessmen by promoting savings and investment practices. BMT economic activities must receive complete support from all walks of life, including legal and operational assistance, as Indonesia operates within the framework of family economy. In the explanation of Law Number. The Cooperatives Act of 1992 emphasized the importance of the role of cooperatives as a fundamental component of the national economy and a vital element in the national economic system.

REFERENCES

- Abdullah, Muhammad Husain, *Studi Dasar-Dasar Pemikiran Islam*, Terjemah, (Bogor: Pustaka Thariqul Izzah, 2017), cet.ke-9.
- Ahmad Hasan Ridwan. (2013). *Manajemen baitul Mal Wat tamwil*. pustaka setia.
- Andri soemitra. (2009). *Bank dan Lembaga keuangan*. prenada media group.

- Antonio, Muhammad Syafii, Bank Syariah Dari Teori Ke Praktek, (Depok: Gema Insani, 2001), cet. Ke- 23.
- Arifin, Zainul, Dasar-dasar Manajemen Bank Syariah, (Tangerang Selatan: Pustaka Alvabet, 2009), cet. Ke-9.
- Buchari alma, donni juni priansa. (2014). *Manajemen Bisnis Syariah*. alfabeta.
- Dewi Masyithoh. (2014). *Analisis Normatif Undang-Undang No. 1 Tahun 2003 Tentang Lembaga Keuangan Mikro (LKM) Atas Status Badan Hukum Dan Pengawasan Baitul Maal Wat Tamwil (BMT)*.
- Didiek Ahmad Supadie. (2013). *sistem Lembaga Keuangan Ekonomi Syariah Dalam Pemberdayaan Ekonomi Rakyat*. Pustaka Rizki Putra.
- Dimyauddin Djuwaini, Pengantar Fiqh Muamalah, (Yogyakarta: Pustaka Pelajar, 2008),
- Djamil, Fathurrahman *Penerapan Hukum Perjanjian dalam Transaksi di Lembaga Keuangan Syariah*, (Jakarta: Sinar Grafika, 2012).
- H. A. Djazuli. (2002). *Lembaga-lembaga perekonomian umat (sebuah pengenalan)*. Raja Grafindo Persada.
- Ridwan, M. (2006). *Sistem dan Prosedur Pendirian Baitul Mal wat-Tamwil (BMT)*. Citra Media.
- Toyyibi, Abdul Majid, and I. M. (2021). *Resiko Transaksi Bisnis Syariah Baitul Maal Wat Tamwil Studi Kasus Produk Pembiayaan*. bisei: Jurnal Bisnis Dan%0AEkonomi Islam 06(01):50–62.%0A
- Sjahdeini, Sutan Remi, *Perbankan Syariah Produk-produk dan Aspek Hukumnya*, (Jakarta:Prenamedia Group, 2014)
- Tim DSN MUI, Modul Pelatihan Dasar Muamalah Maliyah, Jakarta, 2022
- Triono, DwiCondro, *Ekonomi Pasar Syariah*, (Yogyakarta: Irtikaz 2017).
- Wangsawidjadja, *Pembiayaan Bank Syariah*, (Jakarta: PT. Gramedia Pustaka Utama, 2012)
- Yaya, Rizal Aji Erlangga Martawireja, Ahim Abdurahim, *Akuntansi Perbankan Syariah Teori dan Praktik Kontemporer*, (Jakarta: Salemba Empat, 2014)

