

The Effectiveness of Sharia Micro-Enterprise Capital Financing on The Development of MSMEs in Indonesia

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Abstract

The existence of micro, small, and medium-sized enterprises (MSMEs) is an important factor in society's progress. It also plays an important role in Indonesia's economic recovery process. MSMEs play an important role in the Indonesian economy because of the large number of industries in each economic sector. The purpose of this study is to analyze and determine the effectiveness of business capital financing on MSMEs development in BMT Bina Ummat Sejahtera (BUS) Pondok Gede. Testing the effectiveness of Islamic financial institution financing is important for measuring the extent to which disbursed financing is effective. The research method used was descriptive qualitative, using a case study approach. Data collection techniques included observation, interviews, and documentation to managers and members/customers BMT Bina Ummat Sejahtera (BUS) Pondok Gede. The results of this study show that the business capital financing scheme was implemented by Fatwa DSN-MUI No.07/DSN-MUI/IV/2000 on Mudharabah financing. The effectiveness of business capital financing distribution is measured using five main indicators: accuracy of targets, achievement of goals, program socialization, program monitoring, and financing procedures that have been running effectively and have a positive impact on the development of MSMEs assisted by BMT Bina Ummat Sejahtera (BUS) Pondok Gede.

Keywords: effectiveness, BMT, business capital financing, MSMEs

Abstrak

Keberadaan usaha mikro, kecil, dan menengah (UMKM) menjadi salah satu faktor penting dalam kemajuan masyarakat. Hal ini juga berperan penting dalam proses pemulihan ekonomi Indonesia. UMKM memegang peranan penting dalam perekonomian Indonesia karena banyaknya industri di setiap sektor perekonomian. Tujuan penelitian ini adalah untuk menganalisis dan mengetahui efektivitas pembiayaan modal usaha terhadap pengembangan UMKM di BMT Bina Ummat Sejahtera (BUS) Pondok Gede. Menguji efektivitas pembiayaan lembaga keuangan syariah penting untuk mengukur sejauh mana efektivitas pembiayaan yang disalurkan. Metode penelitian yang digunakan adalah deskriptif kualitatif, dengan menggunakan pendekatan studi kasus. Teknik pengumpulan data meliputi observasi, wawancara, dan dokumentasi kepada pengelola dan anggota/pelanggan BMT Bina Ummat Sejahtera (BUS) Pondok Gede. Hasil penelitian ini menunjukkan bahwa skema pembiayaan modal usaha telah dilaksanakan berdasarkan Fatwa DSN-MUI No.07/DSN-MUI/IV/2000 tentang Pembiayaan Mudharabah. Efektivitas penyaluran pembiayaan modal usaha diukur dengan menggunakan lima indikator utama yaitu ketepatan sasaran, pencapaian tujuan, sosialisasi program, pemantauan program, dan prosedur pembiayaan yang telah berjalan efektif dan berdampak positif terhadap perkembangan UMKM binaan BMT Bina Ummat Sejahtera (BUS) Pondok Gede.

Kata Kunci : efektivitas, BMT, pembiayaan modal usaha, UMKM

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1. INTRODUCTION

Currently, Micro, Small, and Medium Enterprises (MSMEs) are important players in societal progress (Handayani et al. 2021). Micro, small, and medium enterprises (SMEs) play a very important role in the process of economic recovery in Indonesia. MSMEs play an important role in the Indonesian economy because of the large number of industries in each economic sector. Moreover, Micro, Small, and Medium Enterprises (MSMEs) contribute greatly to national income and open up many jobs. Making MSMEs can not only improve the economy but also reduce the number of unemployed people (Musdiana et al. 2015, Faizi et al., 2022).

There are three reasons why Micro, Small, and Medium Enterprises (MSMEs) are important in an area: First, MSMEs perform better in terms of generating a productive workforce; second, MSMEs increase productivity through investment and technological change; and third, MSMEs excel in terms of the flexibility of services and products offered (Amalia Euis, 2009).

Table 1 Data of MSMEs during 2018 – 2019

The indicator	2018		2019	
	Total	%	Total	%
Units	64,199,606		65,471,134	
Business				
MSMEs	64,194,057	99.99	65,465,497	99.99
Business size	5,550	0.01	5,637	0.01
Workforce	120,598,138		123,368,672	
MSMEs	116,978,631	97	119,562,843	96.92
Big Business	3,619,507	3	3,805,829	3.08
PDB	14,838,756.0		15,832,535.4	
	0		0	
MSMEs	9,062,581.30	61.07	9,580,762.70	60.51
Big Business	5,776,174.70	38.93	6,251,772.70	38.49

Source: Kemenkop (data processed)

In 2019, the number of business units in Indonesia reached 65.4 million units, with 99.99 portions of MSMEs and the remaining 0.01% of large businesses. In the total workforce of the MSME sector, there are 116.9 million people, about 97%, and the remaining 3% are absorbed by large enterprises. In addition, the world does not contribute to a GDP of 15,832,535.40 trillion, MSMEs contribute 9,580,762.70 trillion or 60.51% while large businesses contribute 6,251,772.70 trillion or 38.49%, respectively. That way it has been seen that MSMEs dominate the economy in the business sector.

Although it has proved to be the backbone of the country's economy, access to capital support from financial institutions is limited. Thus, many MSMEs choose to borrow cash from loan sharks with high-interest risks with ease of meeting the requirements of MSMEs. To overcome this, financial institutions that can reach the micro-sector are required. Increased operationalization of profit-sharing financial institutions such as Sharia commercial banks, BPRS, Sharia Cooperatives, and BMT is an alternative (Kartini, 2019).

Baitul Maal Wat Tamwil (BMT) is an Islamic financial institution that is oriented as a religious social institution. BMT is an integrated and independent business center whose core content is activities to develop productive businesses and investments to improve the quality of economic activities of small and medium entrepreneurs by encouraging and supporting the financing of economic activities, one of BMT's products that are very different from conventional banks is business cooperation financing (Ridwan, 2005).

One of the BMT operating in Indonesia is the BMT Bina Ummat Sejahtera (BMT BUS), which is located at Jl. Untung Suropati No. 16 Lasem District, Rembang Regency, Central Java Province, was established on November 10, 1996, and has 118 branches. For example, the BMT BUS has 118 branches, and BMT BUS makes a feasible object of research. One of the branches of Jakarta is BMT BUS Pondok Gede. The BMT BUS has several financing options, including business capital financing. Business capital financing in BMT BUS has a maximum loan amount of 100,000,000, which gives BMT BUS a large potential to finance MSMEs, and BMT BUS is the main target of traders, farmers, and breeders.

Table 2: Number of members of BMT BUS Pondok Gede, Jakarta

Years	Number of Financing Members
2020	237
2021	13

Source: BMT BUS KCU Pondok Gede financial report (data processed)

As shown in the table, there was a significant increase in 2020 owing to the COVID-19 virus being very high. Hence, many MSMEs need funding or financing to help their businesses. This study analyzes and determines the effectiveness of business capital

financing in the development of MSMEs in BMT Pondok Gede. Testing the effectiveness of financing Islamic financial institutions is important for measuring the extent to which disbursed financing is effective. Many studies have been conducted to test the effectiveness of financing Islamic microfinance institutions associated with the economic empowerment of the MSMEs business sector but are limited in terms of measuring tools and indicators of effectiveness.

The main difference between this research and previous research is the use of effectiveness indicators that combine indicators of program effectiveness and aspects of financing effectiveness to empower and develop MSMEs through Sharia microfinance institutions. The author chose the BMT BUS as the object of research because it has been established and operated since 2009. In addition, it has a variety of products and services that are not limited to deposits and financing but also have products for ZISWAF.

2. MATERIALS AND METHODS

This type of research is qualitative and uses a case study approach. Case study research aims to reveal the uniqueness, characteristics, or peculiarities of the case under study (Hidayat, 2019). This study aimed to determine the effectiveness of financing for the development of MSMEs in BMT Bina Ummat Sejahtera (BUS) Pondok Gede.

Primary and secondary data were used in this study. The primary data source was interviews with the operational manager of BMT BUS and five members of BMT BUS according to the criteria that were set. The secondary data sources were writings in scientific journals, the official web, news articles, books, and others.

The author researched the BMT BUS located at Jl. Raya Pondok Gede, No. 01 RT.06/01, Lubang Buaya, Cipayung, RT.1 / RW.1, Pinang Ranti, Makassar, East Jakarta City, Special Capital Region, Jakarta 13810. The data were collected through interviews, observations, and documentation. The type of observation used in this study was non-participant observation. Non-participant observation means that the researcher is not directly involved in the research but only as an independent observer (Sugiyono, 2019). Interviews were conducted directly with the participants using recording devices. Meanwhile, the source of documentation data in the form of photos during interviews was obtained at the research site and

through books, the Internet, and articles as a complement to the research data.

Triangulation was used as the data validity technique in this study. The data source of triangulation combines various data sources, such as interviews, observations, and documentation, to test the credibility of the data. Putting these sources together produces different data that can maintain the credibility of the data from different insights (Sugiyono, 2019). While the data analysis technique is carried out by data reduction, namely, the activity of choosing what is important, focusing on what is important, summarizing the data, and looking for themes and patterns in the data obtained, the data are presented with a brief description, flowchart, chart, and the relationship between categories. Finally, conclusions are drawn.

3. RESULTS AND DISCUSSION

Interview

Before conducting an interview, a researcher must first create interview guidelines that contain questions about the focus of his research on the effectiveness and impact of venture capital financing on BMT BUS. Subsequently, the researcher contacted the BMT BUS to determine the interview schedule to be conducted between December 2022 and May 2023. Some of the interview activities conducted by the participants were as follows.

a. The first informant

The first informant interviewed was Riana Novianti, BMT BUS Pondok Gede's Area Manager. The interviews were conducted face-to-face on December 31, 2022, at BMT BUS, Lubang Buaya, and East Jakarta. Eighteen questions were asked regarding financing schemes, analysis of financing applications, implementation of contracts, socialization of financing programs, and problems that occur during business capital financing. All questions can be answered by the BMT Operations Manager with informative and detailed answers about venture capital financing.

b. The second informant

The second informant interviewed was Risal, a businessman who had received business capital financing from BMT BUS for over two years. The interviews were conducted face-to-face on May 4, 2023, at Rizal's House. Ten questions were asked

about the type of financing and its impact on the business of risks.

c. The third informant

The third informant interviewed was Apip, a toast and chicken steak trader who received venture capital financing from BMT BUS from the beginning of his business. The interview was conducted face-to-face on May 4, 2023, at Mr. Apip's House. Ten questions were asked regarding the type of financing and its impact on Mr. Apip's business.

d. The fourth informant

The fourth informant interviewed was Marela Larasati, a cimol goreng trader who had received BMT BUS business capital financing over the last four years. The interview was conducted face-to-face on May 4, 2023, at the SDN Kramat Jati 18 Pagi. Ten questions were asked regarding the type of financing and its impact on Marela's business.

e. The fifth informant

The fifth informant interviewed was Sukino, a French fry trader who had received BMT BUS business capital financing for the last four years. The interviews were conducted face-to-face on May 6, 2023, at Sukino's house. Ten questions were asked about the type of financing and its impact on Sukino's business.

f. The sixth informant

The sixth informant interviewed was Siti Hawa, a pudding trader who received funding from the BMT BUS over the last two years. The interviews were conducted face-to-face on May 6, 2023, in front of Siti Hawa's house. Ten questions were asked regarding the type of financing and its impact on Mrs. Siti Hawa's business.

Observation

The observational activities were non-participant observations. Researchers have only directly examined how BMT BUS billed monthly installments to market traders.

Documentation

Documentation cannot be separated in the research process to support the data collection. Researchers collect information through facts stored in the form of photos, journals, etc.

Capital Financing Scheme

BMT BUS uses the mudharabah agreement, where BMT is a sahibul maal, the party that distributes

100% of the funds to finance customers to be used as business capital and support. Financing through the Mudharabah contract was regulated by Fatwa DSN-MUI No. 07/DSN-MUI/IV / 2000. The following mudharabah financing provisions are based on the Fatwa DSN-MUI No. 07 / DSN-MUI/IV / 2000 on Mudharabah Financing (Qiradh)

- a. The financing received should be used for productive business
- b. The Islamic financial institutions such as shahibul maal which disburses 100% financing which will be managed by the mudharib to meet business needs
- c. Regarding the criteria for business time, refund, and how the ratio is returned to the agreement between shahibul maal and mudharib
- d. Mudharib business must be by Sharia principles and Sharia financial institutions do not participate in the management of the money but only supervise and guide
- e. The amount of financing funds must be clearly stated in cash and not receivable
- f. Islamic financial institutions as providers of funds bear all losses resulting from the mudharabah unless the customer makes a deliberate mistake
- g. In principle, mudharabah financing is not subject to guarantees, but guarantees can be requested to mudharib as a form of minimizing risk
- h. Operational and administrative costs charged to mudharib

The flow of financing with the mudharabah contract scheme is explained by Riana as the Operational Manager of BMT BUS. Initially, the BMT members came to BMT for submission. Furthermore, members of the financing application, BMT, conducted a survey, and then the BMT asked how the financial statements of the prospective customer's business and there is agreement about profit sharing; if the business looks prospects to be financed, the next step is BMT coordination and approval of the leadership before signing the contract".

The following scheme or flow of business capital financing at BMT BUS under the Mudharabah Agreement:

- a. Prospective members come to the BMT to register as members and complete the requirements.
- b. If the requirements are complete, the BMT will conduct a feasibility analysis of the members if new laya members are given capital.

- c. The capital provided by BMT to members is managed by the members of their businesses.
- d. Members return the capital given to the BMT by creating installments.
- e. Related profit sharing is paid simultaneously with the maturity of the financing.

By DSN-MUI fatwa no. 7/DSN-MUI/IV/2000, where the BMT BUS does not interfere with the management of funds by mudharib, but only supervises members who receive financing. The ratio of financing business capital was determined at the time of contract creation. Procedures for the repayment of financing returned to each party's Islamic financial institutions. The return on business capital financing explained by Riana as an operational manager of the BMT BUS:

"The return in installments per month is done via transfer or ball pick-up system"

Related financing guarantees based on the Fatwa DSN-MUI No. 07/DSN-MUI/IV / 2000 financing with the mudharabah scheme is not required to deposit collateral, but to minimize risk, Islamic financial institutions can request guarantees from customers. In this case, the BUS guarantees the minimization of potential risks that occur in the future.

"If the guarantee here only accepts BPKB and SKM but for BPKB 2-wheeled vehicles it is at least 5 years and for four-wheeled vehicles, it is at least 10 years"

The following scheme or flow of business capital financing at the BMT BUS under the Mudharabah Agreement:

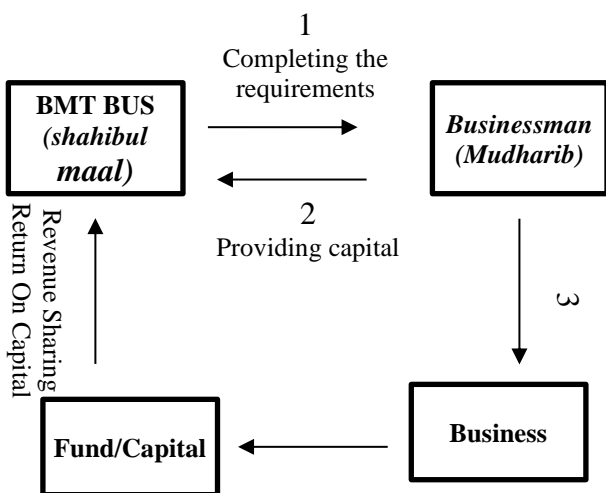


Figure 1. Mudharabah Contract Scheme

Analysis of the Effectiveness of business capital financing

First Indicator: Accuracy of Aiming

The first indicator of effectiveness was target accuracy. The accuracy of the target is an indicator of the success and appropriateness of the financing program. If the accuracy of the target is incorrect, this can cause problems in the financing program. The targets in business capital financing at BMT BUS are market traders and MSMEs. This is explained by Riana as the operational manager of the BMT BUS.

"If our target recipients are from MSME traders.

Incidentally, we are close to the substation market, Embrlo market, and Kecapi so that is the target, and for now more to market traders".

Considering that the proposed amount of financing is relatively small, this business capital targets traders and MSMEs. This is similar to an interview with Siti Hawa, who had a ceiling of 2,000,000 for his work.

"The ceiling that I chose at that time was 2,000,000 for my business capital."

Like Siti Hawa, Sukino also explained that he had a small ceiling of around 3,000,000 for business capital and needs.

"At that time, I chose the ceiling of 3,000,000 for my business capital and business needs."

The target accuracy is an indicator of whether the goals of a running program are correct. The accuracy of the target is highly influential on the success of a program. If the target of a program is considered inappropriate, it can cause obstacles in its implementation. Small traders and MSMEs are the main targets of Islamic microfinance; therefore, this program is considered highly targeted, and the main target of financing.

Second Indicator: Goal Achievement

The next indicators of effectiveness are the target and goal realization. The main purpose of holding venture capital financing products is to introduce the public, especially traders and MSMEs, to conduct a Sharia-based business. This is explained by Riana, as the operational manager of BMT BUS: "Like the vision of BMT itself is to promote the food security of people. So how can BMT have an impact on the community to conduct Sharia-based businesses and also want to introduce Sharia-based businesses to business actors."

The effectiveness of financing on indicators of goal achievement can also be measured by examining the number of financing targets set by Islamic financial institutions and the realization of these financing

targets. Related to the target amount and realization of financing, BMT BUS explained Riana as the operational manager of BMT BUS:

“There is a target of financing every month because in BMT’s planning targets have been made since the beginning of the year. So for the next 1 year, BMT already knows how much the target and to achieve that target, BMT increases financing by promoting, offering back to members whose businesses have grown.”

Thus, the achievement of goals with the main indicators is a measurement of the extent to which there is conformity between the realization of the program and the program objectives that have been planned before and met properly. The overall effort to achieve this goal should be viewed from upstream to downstream. To realize an effective program, it is necessary to implement it by the main target activities.

Third Indicator: Program Socialization

Indicators of the program’s socialization are also among the financing successes. The socialization of the program can occur directly through social media, brochures, and socialization. In business capital, financing products are the main targets of market traders and MSMEs. BMT BUS chose to promote in markets, housing, and around the office, as explained by Riana, the operational manager of BMT BUS:

“If we are here, the program is promotions in the market, housing, and around the office”

The massif socialization of the program made BMT BUS a wide range of members, including the Kecapi and Gardu dan Embrio markets. This can be explained as follows.

“To reach our members farthest it on Kecapi, Gardu dan Embrio markets. Incidentally, it was opened in Keramat Jati because it was far and crowded in the afternoon. Operating hours were only up to 3 pm. So, there is disabled first.”

Program socialization is an indicator of whether a program has been implemented properly and thoroughly. Program socialization is an important part of the effectiveness of program implementation. The socialization program aims to provide comprehensive information to the target program as well as the community in general. Socialization of this program is the first step in facilitating an activity as a form of basic knowledge for program targets who receive such information. A well-socialized program has a positive

impact on the sustainability of business entities that operate with a high level of competition.

Fourth indicator: Program Monitoring

The next indicator of effectiveness was related to program monitoring. Program monitoring can be in the form of services provided, periodic supervision, and guidance to members who receive financing from BMT BUS. Services are provided to members by comfort. Riana explained this as the manager of operations:

“We focus on the comfort of our members. Members do not have to come to the office for payment. We can install it at a member's home. Usually, members pay in installments by saving funds and have emotional closeness”.

As explained by Riana, the services provided by BMT BUS to its members provide comfort, and BMT has an emotional closeness with its members, thus making its members loyal in the sense of repeated financing.

Related to the loyalty of members who undertake business capital financing at BMT, the BUS explained Risal Barnawijaya:

“It's been about 2 years. Interested because access is close to me then alhamdulillah easy way”

The same was also conveyed by Apip, the owner of the toast and chicken steak business, who repeatedly financed BMT BUS because of its close access and easy requirements.

“Since the beginning, I have been doing business for about 4 years. The reason I am interested and take financing regularly is that the access is close to me, the terms are easy, and the collector is friendly.”

In addition to program services, program monitoring can be observed in financing supervision. At BMT Bina Ummat Sejahtera KCU Pondok Gede, financing supervision was conducted daily. This is explained by the Riana Operational Manager of BMT Bina Ummat Sejahtera KCU Pondok Gede as follows:

“For monitoring in BMT, there is a marketing team that also continues to collect in the market every day. From there, the BMT can monitor the members. BMT also divided collecting deposits and collecting financing’.

The BMT BUS manager supervises and collects data daily in the market while monitoring the development of the business run by the members.

Even so, there are still members who are in arrears on installments due to Covid-19. This is explained by Risal Barnawijaya, as a ciliary production business owner:

"I often do arrears, especially during Covid. Even so, the BMT itself understands the situation of its members and gives a lot of relief".

The BMT BUS managers are very aware of the state of their members who are in arrears on installments due to emergency conditions beyond their control but still provide assistance and relief by the level of their needs.

In addition to program services and supervision, program monitoring can also be observed in the coaching conducted by the Sharia microfinance institution. The BMT BUS conducts coaching or training together with the Government Investment Center (PIP). Riana, the operational manager of BMT BUS, explains this as follows:

"There is. Yesterday, we received the training. Training from PIP and the manufacturing of NIB traders. Well, coincidentally yesterday BMT 10 members do coaching in Bogor with PIP."

Monitoring programs conducted by the BMT BUS can be said to be effective in terms of the services provided to attract members. In terms of supervision carried out daily, this can minimize installment arrears by members, even though Covid-19 members are often in arrears. In terms of coaching carried out with PIP to the members of BMT, BUS has an impact on the business activities of the members in the future.

Thus, program monitoring can be monitored quite well as part of the indicator to measure whether monitoring or supervision has been conducted after the implementation of the program. Supervision includes checking and comparing the results of the activities with the provisions that have been set. If in the results there are things that deviate from the provisions, it is necessary to take corrective action to correct them. Program monitoring is the key to assessing the success or failure of programs run by Islamic microfinance institutions.

Fifth indicator: financing procedure

Financing procedures can be viewed as procedures for filing, distributing, and repaying financing. The procedure for applying for member financing at the BMT BUS is as follows: As explained by Riana, as an operational manager of the BMT BUS,

"After the file is complete, BMT will survey the place of residence and place of business so that the BMT knows what the condition is whether the prospect or not to be funded'.

Thus, the procedure for applying for financing at BMT BUS for business actors was to first become members. Subsequently, they are only allowed to apply for financing. The related requirement files can be found on the BMT BUS website. The general requirements are as follows.

- a. Copy of the ID card of the husband and wife
- b. Copy of Family Card
- c. Marriage Book
- d. Collateral: SHM, BPKB, savings

Members usually provide collateral to the BMT BUS in the form of BPKB vehicles as collateral and risk mitigation for the proposed financing. For example, Risal Barnawijaya provides collateral in the form of BPKB.

"The guarantee that i submitted to BMT was BPKB"

Similar to Risal, which provides guarantees in the form of a BPKB, other customers, such as Siti Hawa, provide vehicle BPKB guarantees. This is explained by Eve, as the owner of a business pudding suck.

"If I was the guarantee BPKB."

After collecting the financing terms, the BMT manager comes to the member's residence and place of business to do so. The goal is to determine the conditions and business prospects financed by the BMT. When the business looks to be financed, the next step will be to deliberate on the leadership before the contract and distribution of financing. Riana explained this as the operational manager of BMT BUS:

"If the business has seen prospects for financing, then BMT will conduct a committee with his superiors, and then a contract will be signed before the funds are given to prospective members."

After the capital/fund is distributed to members, the next set of financing return models is. Repayment of financing in the form of installments paid by members to BMT BUS. The installment payments were made in installments per month. This is explained by the Apip as business voters in chicken steaks:

"I do those installments per month".

The financing procedure, as part of the administrative conditions, must be carried out

carefully. This is done to assess the extent of economic and business prospects that will be run by prospective members. Only prospective business types are eligible for financing capital assistance, whereas those that do not meet the criteria are temporarily suspended. To mitigate defaults, collateral intended for the common good is applied. The collateral is the only instrument that can bind the commitments of both parties. The existence of collateral is also part of the financing procedure that must be met by prospective members.

The impact of Islamic microfinance on the development of MSMEs

The impact of financing channeled by BMT on MSMEs development can be observed from the perspective of increasing income. Because the income earned by business actors is volatile and cannot be calculated, businessmen experience only a slight increase in income. Moreover, the financing provided is usually used for additional capital and to meet business requirements. This was explained by Sukino, the business owner of fried potatoes.

"More helpful for capital and help also to fulfill my business needs. If the increase in income is not too pronounced, at least only 100"

This was also conveyed by Siti Hawa, who felt helped in terms of capital and increased her income. Likewise, Marela Larasati felt as a Cimol business owner that claimed to have a greater impact on the fulfillment of business capital and development. This is explained by Marela Larasati, the Cimol business owner.

"I am more helpful for business capital. If the same income is the same, and if the income per day is uncertain".

The business capital financing provided by BMT BUS has a tremendous impact on strengthening capital, even though the increase in income is volatile because the character of small businesses is uncertain, and it is difficult to measure the level of certainty. The income of business owners and traders who receive financing from the BMT BUS cannot be separated from the type and business models. This means that the greater the effort undertaken, the greater the economic impact; in contrast, the smaller the business, the smaller the economic impact. What is certain is that Sharia capital assistance for MSMEs actors plays a very significant role in strengthening and empowering the economy of people who have received less attention from conventional financial

institutions for any reason that is less economically prospective and unsustainable.

4. CONCLUSION

Based on the results of the research that has been done, it can be concluded that the business capital financing scheme at BMT BUS uses the mudharabah contract scheme, where the terms and conditions are generally by fatwa DSN-MUI No. 07/DSN-MUI/IV/2000 for Mudharabah financing. In the field implementation mechanism, all prospective financing recipients come to the BMT office to register as members and complete the required requirements. If the administrative requirements are considered complete, the BMT manager conducts a feasibility analysis of the prospective members. Once feasible by the analysis team, sharia-based business capital financing was provided to members. Members are given the freedom to manage their funds. Returns on business capital can be achieved through monthly installments. Profit sharing is paid at the same time as the financing maturity.

To measure the effectiveness of BMT's business capital financing, BMT's BUS was measured using five main indicators: target accuracy, goal achievement, program socialization, program monitoring, and financing procedures. From this overall indicator, it can be seen that it is running very effectively and by the targets previously set by the BMT and is carried out with full responsibility by members receiving Sharia-based business capital financing.

Islamic microfinance has a positive and significant impact on the development of MSMEs. This can be seen from the increase in income felt by MSMEs actors, and the financing they receive greatly helps business capital to increase their income. The assessment of success depends on the model and scale of the business. The larger the business run, the greater the economic impact; in contrast, the smaller the business run, the smaller the economic impact.

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