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Waqf Fund Management through Micro Waqf Bank Program in Indonesia

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ABSTRACT

Waqf is a muamalah activity that has a very important economic and social role in Islamic history. Waqf is one of solutions to the problem of poverty and social inequality in society. The establishment of the Micro Waqf Bank initiated by the government together with the Financial Services Authority (OJK) has played an important role as one of the new Islamic microfinance institutions in financial inclusion in Indonesia. This paper will discuss how the management of waqf funds through the Islamic Waqf Bank program based on pesantren in efforts to alleviate poverty and social inequality which has become a chronic problem in Indonesia. The discussion in this paper uses the literature study method in which the writer's team looks for various sources of literature such as books, internet, journals and others. This paper confirms that the Micro Waqf Bank has an important role in the efforts to empower the economic community, especially for people who are around the boarding school but it is still necessary to make regular improvements both from the operational side of the Micro Waqf Bank and the alignment of the naming of the institution in order to avoid any misunderstanding among the community especially Muslims.

Keywords: Waqf, Micro Waqf Bank, Boarding School.

1. Introduction

The problem of poverty and social inequality is a common issue in various countries, including Indonesia. The Central Statistics Agency (BPS) released the Official Statistical News edition of January 2020 regarding the profile of poverty in Indonesia in September 2019 where the number of poor people in Indonesia reached 24.79 million people (9.22%) with the dominance of the distribution of poverty areas in rural areas, amounting to 14.93 million people (12.60%). Indonesia as a country with the largest Muslim population in the world, this can be one of the potentials to optimize the role of cash waqf in alleviating poverty and social inequality in society. Based on the results of Bank Indonesia research (kontan.co.id, 2019), the total potential for cash waqf in Indonesia at the end of 2018 reached 77 trillion rupiah. Cash waqf provides space for every Muslim to be able to do waqf without certain limits or without having a lot of wealth. As so far, waqf is only carried out by people who have greater assets and are given in the form of immovable property.

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In order to optimize the management of cash waqf for alleviating poverty and social inequality in society, it is necessary to have an active role from all elements of society, especially Muslims. One of the elements of society that has a strategic function in assisting to encourage the economy of the community is boarding school. With a total of $\pm 26,967$ Islamic boarding schools (data from the Ministry of Religious Affairs of the Republic of Indonesia), Islamic boarding schools have great potential to empower people and play a role in reducing economic inequality and alleviating poverty, especially the community around the Islamic boarding schools. The following is an overview of the economic potential through Islamic boarding schools as depicted in the tables and graphs below.

Table 1 Statistics of Islamic Boarding Schools in Indonesia

| No | Areas | School | Students | | |
|--------------|----------------------|---------------|------------------|------------------|------------------|
| | | Total | Boarding | Non-Boarding | Total |
| 1 | Sumatera | 3.194 | 375.932 | 167.346 | 543.278 |
| 2 | Jawa | 21.575 | 746.383 | 797.106 | 1.543.489 |
| 3 | Kalimantan | 719 | 105.059 | 334.506 | 439.565 |
| 4 | Sulawesi | 587 | 72.709 | 49.109 | 121.818 |
| 5 | Nusa Tenggara & Bali | 801 | 134.036 | 947.820 | 1.081.856 |
| 6 | Papua | 55 | 3.403 | 3.367 | 6.770 |
| 7 | Maluku | 36 | 3.129 | 266.897 | 270.026 |
| Total | | 26.967 | 1.440.651 | 2.566.151 | 4.006.802 |

Source: Ministry of Religious Affairs of the Republic of Indonesia (processed data)

Based on the data in table 1 above, the number of Islamic boarding schools spread throughout Indonesia, amounting to many as 26,967 Islamic boarding schools with a total of 4 million students, where the highest number of Islamic boarding schools is in Java Island, which is around 21,575 Islamic boarding schools (80%) with a total of 1.5 million students.

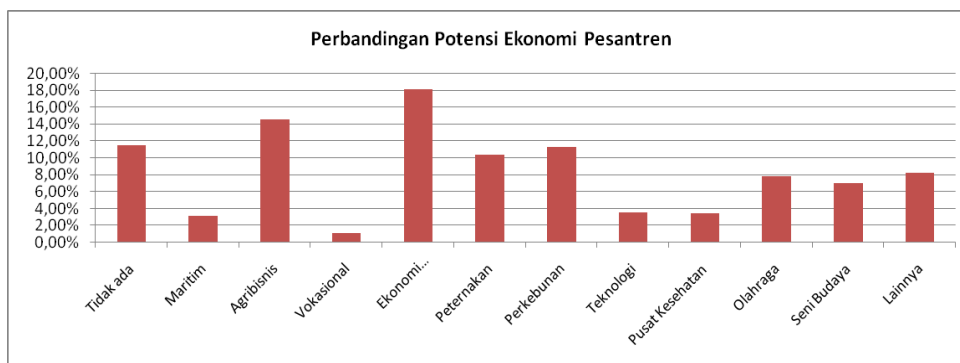


Figure 1. Comparison of the Economic Potential in Islamic Boarding School

As figure 1 above shows the comparison of economic potential in Islamic boarding schools, Islamic economics and micro, small and medium enterprises have the highest potential, reaching 18%, while vocational have the lowest potential, which is only 1.1%.

To address these challenges and opportunities, the Indonesian Government together with the Financial Services Authority (OJK) initiated the establishment of Micro Waqf Bank in Sharia Microfinance Institution platform in order to attract people who have excess funds to channel to people who need business financing with a very low yield. In addition to that, the establishment of Micro Waqf Banks in Islamic boarding schools is intended to teach students to learn bank management. With vision, if the Micro Waqf Bank grows properly, the community's economy can run well so that poverty and social inequality can be suppressed. Micro Waqf Banks have played an important role as an alternative to the use of cash waqf. Micro Waqf Banks are believed to be able to increase financial inclusion, especially for the community and small and micro business actors to access financing easier.

Since its establishment in 2017, Micro Waqf Bank has been developing in many aspects. The total number of branches, customers and financings are increasing over the years. Research on Micro Waqf Bank has been carried out, among others by Sulistianiet *al.*, (2019) with the title, "*Legal Aspects of Micro Waqf Bank in Alleviating Poverty Based on Islamic Boarding School in Indonesia*". The results of this study indicate that the term Micro Waqf Bank was chosen because the government expects that the core of the funds distributed to the customer is maintained without reducing its benefits. Besides, the Micro Waqf Bank operation is located around Islamic Boarding School environment.

Another research conducted by Nasution, A. I. (2020) entitled "*Implementation of Micro Waqf Bank in Islamic Law Perspective*". The results of this paper is that Micro Waqf is legal under Islamic law with the condition that it fulfils the pillars and conditions of waqf and carries out micro business activities in accordance with Islamic law. Micro Waqf Banks is focused on empowering the productive poor through microfinance and assistance.

Other research explored by Arintaet *al.*, (2020) under the title "*The Existence of Micro Waqf Banks and Its Implications for Community Welfare in Islamic Perspective*." The results in this study showed that Micro Waqf Bank is present as a funding solution in the community and able to guarantee the welfare of the community without contradicting the Islamic law. Nugrahana & Zaki (2020) wrote research about "*The Role of Micro Waqf Banks During the*

Covid-19 Pandemic.” The results of this study indicate that Micro Waqf Banks play an important role in the Covid-19 pandemic situation, namely by collecting data on customers affected by the Covid-19 pandemic and facilitating their customers by providing installment payment waivers.

In the previous research, the discussion was about the concept and shariah compliance of Micro Waqf Bank as mentioned by Nur *et al.*, (2019), Attamimiet *al.*, (2019), Sulistianiet *al.*, (2019) and Arintaet *al.*, (2020). Other papers explained its contribution in empowering Micro, Small Medium Enterprise (MSMEs) as carried out by Disemadi&Roisah (2019) and Faujiah, A. (2018). Researcher found it necessary to explain how Micro Waqf Bank developed since its establishment in 2017. This paper will show the development of Micro Waqf Bank specifically to compare before and after the outbreak of Covid-19.

The formulation of the problems that are limited in this paper is as follows: 1) What is the basic concept of waqf? 2) How is the management of Micro Waqf Bank in Indonesia? 3) How is the development of Micro Waqf Bank?

The purpose of this paper is to understand the basic concept of waqf, and management of Micro Waqf Bank in Indonesia and its development.

2. Literature Review

2.1. Definition of Waqf

Waqf is etymologically derived from Arabic, namely (الوقف) which means to hold (الحبس). Meanwhile, in terms of terminology, scholars differed in defining waqf. According to Hanafi, waqf is holding things belonging to the person who does waqf and donating its benefits for good both in the present and in the future. Based on this definition, waqf goods may be withdrawn by the waqif and may be sold, because the waqf contract is permissible and not binding.

According to the majority of Islamic scholars including Shafi'i and Hambali, waqf is defined as holding property that can be utilized by determining the substance of the object and releasing waqif from its use rights, to be distributed in what is allowed with the aim of goodness and worship to Allah SWT. From this definition, it can be understood that the

ownership of the waqf property has left the waqif's rights, so that the waqif cannot use it anymore.

Meanwhile, according to Malikiah's opinion, waqf is when waqif gives ownership of the benefits of the goods to others, even though it is in the form of rental ownership such as dirhams with a contract in a certain period of time according to the will of the waqif". This means that a waqif refrains from using an item that is owned and given to another person to be used for good until a certain time limit and not forever. So that waqf in the Maliki view does not relinquish ownership of goods from waqif but releases the right to use the benefits of the goods.

In addition to the definitions above, according to Indonesian Law no. 41 of 2004, waqf is a legal act of waqif to separate and/or give part of his property to be used forever or for a certain period of time according to his interests for the purposes of worship and/or general welfare based on sharia.

In terms of waqf law, the majority of scholars except Hanafiah were declaring *sunnah*. Wahbah Zuhaili in *Al-Fiqh Al-Islami wa al-Qadhaya al-Mu'ashirah* stated that the law of waqf is *sunnah mandub ilaiha*, or it means that if you do it you will get a reward and if you leave it, you will not sin. This is based on the Qur'an:

"Never will you attain the good (reward) until you spend (in the way of Allah) from that which you love. And whatever you spend, indeed, Allah is Knowing of it". (Al Imrah:92)

In another verse it is also mentioned:

"O you who have believed, spend from the good things which you have earned and from that which We have produced for you from the earth. And do not aim toward the defective therefrom, spending [from that] while you would not take it (yourself) except with closed eyes. And know that Allāh is Free of need and Praiseworthy". (Al Baqarah:267)

These verses generally contain the meaning of infaq in all goodness, including waqf by giving wealth in favor. The verses in the Qur'an do not explicitly mention waqf law, so the legal basis for waqf refers to the generality of the Qur'anic verses that inform about *infaq fi sabilillah*.

From the side of the Hadith of the Prophet Muhammad Saw., there are several Hadith that can explain the law of waqf such as the hadith reported by Abu Hurairah.a. that the Messenger of Allah (ﷺ) said, "*When a man dies, his deeds come to an end except for three things: Sadaqah Jariyah (ceaseless charity); a knowledge which is beneficial, or a virtuous descendant who prays for him (for the deceased)*".

Another Hadith narrated from Ibn `Umar: "*Umar bin Khattab.a. got some land in Khaibar and he went to the Prophet Saw. to consult him about it saying, "O Allah's Messenger I got some land in Khaibar better than which I have never had, what do you suggest that I do with it?" The Prophet Saw.said, "If you like you can give the land as endowment and give its results in charity." So `Umar gave it in charity as an endowment on the condition that would not be sold nor given to anybody as a present and not to be inherited, but its yield would be given in charity to the poor people, to the Kith and kin, for freeing slaves, for Allah's Cause, to the travelers and guests; and that there would be no harm if the guardian of the endowment ate from it according to his need with good intention, and fed others without storing it for the future*".(H.R. al-Bukhari, Muslim, al-Tirmidzi, dan al-Nasa'i).

The above hadith which mentions *Sadaqah Jariyah*, apart from being interpreted as alms, can also be interpreted as waqf. Also the hadith about the waqf land of Umar bin Khattab in Khaibar explains the law of waqf, as the Messenger of Allah mentioned, "*If you want, you hold on to it and donate the result*", this is included in the waqf scheme that has occurred so far.

In its existence, waqf which was originally only on immovable property, either land or goods, has now developed into cash waqf. According to Jamal, et al (2019), efforts to develop cash waqf in Indonesia are inspired by two basic things. First, the success of Muslim countries in the Middle East such as Turkey, Egypt, Saudi Arabia, Jordan and Qatar in realizing the benefits of waqf for the benefit of the community. Second, the economic condition of the Indonesian people is getting worse, while waqf management activities that have economic value have not been optimized.

Waqf in the form of money is seen as one solution that can make waqf more productive, because money in cash waqf is no longer used as a medium of exchange. Cash waqf is seen as being able to produce more results. The Hanafi and Maliki scholars argue about the permissibility of cash waqf. Dr. Wahbah Zuhaili, in his book *al-Fiqh Islami wa Adilatuhu*

stated that "Hanafi Scholars allow cash waqf because the money, which is the business capital, can last a long time and has many benefits for people."

The Fatwa Commission of the Indonesian Ulema Council in 2002 issued a fatwa on cash waqf which includes:

1. Cash Waqf/Waqf al-Nuqud is a waqf made by a person, group of people, institutions or legal entities in the form of cash.
2. Included in the definition of money are securities.
3. Cash waqf is legal.
4. Cash waqf may only be distributed and used for things that are permitted by *syar'i* (مباح).
5. The principal value of Cash Waqf must be guaranteed for its sustainability, it may not be sold, donated, and/or inherited.

The fatwa is based on the arguments of waqf law in general and is reinforced by several narrations from previous scholars. As the opinion expressed by Imam al-Zuhri who emphasized that it is legal to donate dinars, by making the dinars as business capital then the profits are distributed to people or things that are the purpose of waqf (*mauquf 'alaih*) (Suganda, 2014). Abu Tsaur also narrated from Imam Shafi'i about the permissibility of waqf of dinars and dirhams.

This fatwa was also supported by the government with the issuance of Law no. 41 of 2004 as mentioned above. Then strengthened by Government Regulation Number 42 of 2006 concerning the Implementation of Law No. 41 of 2004 about waqf, article 1 paragraph 7 related to cash waqf.

Said (2019) examined the role of cash waqf in community economic empowerment. The results showed that cash waqf can be a source of capital for productive businesses, which are sometimes not covered by banking services due to collateral requirements. The homework that must be addressed is Nazir's managerial competence and accountability (transparency, responsibility, and independence) in the management and utilization of cash waqf which is more productive in order to empower the people's economy.

Faujiah (2018) researched how the distribution of cash waqf income at Micro Waqf Banks and their use in an effort to increase the financial inclusion of small and micro business actors

(SMEs). The research results showed that Micro Waqf Banks as waqf managers (nazir) and investment management can at least distribute waqf funds with various schemes in accordance with sharia principles including: (1) *Mudarabah*, waqf managers with this system aim to awaken the small and medium business sector by provide business capital to farmers, fishermen, and others. (2) *Musyarakah*, capital is borne jointly by two or more owners of capital so the risk is less. (3) *Ijarah*, by utilizing the existing waqf land and providing funds to construct buildings on the waqf land. (4) *Murabaha*, waqf managers are required to act as entrepreneurs who buy the necessary equipment and materials through a murabahah contract.

Disemadi and Roisah (2019) analyzed the policy of the Micro Waqf Bank business model as a solution for community economic empowerment. With the aim of providing an overview of the working mechanism, this study revealed that Micro Waqf Bank which has the main characteristics of non-deposit taking, assistance and in group has now been able to show its potential as a financial institution in strengthening the people's economic system in Indonesia.

3. Research Methodology

The type of this research is qualitative research. The research method used is descriptive critical analysis. Types and sources of data are secondary data obtained from research results, articles and reference books that discuss the same topic.

3.1. Data Collection Method

The method of data collection is by using literature study to collect secondary data in the form of waqf, cash waqf, microwaqf bank and regulations related to the issues discussed. Other data obtained from research results, articles and reference books and online resources that discuss about the topic.

3.2. How to Analyze Data

Data analysis is the process of systematically searching and compiling data obtained from available documents(Sugiyono, 2016). This study analyzes the management of Micro Waqf Bank in Indonesia. The analysis used is descriptive qualitative by describing the Micro Waqf Bankwith its legal basis, business scheme, funding and resources.

4. Result and Discussion

4.1. Institutional Definition of Micro Waqf Bank

Micro Waqf Bank has three words that can be defined, namely micro, waqf and bank. According to the banking law, a bank is a business entity that collects funds from the public in the form of deposits and distributes them to the public in the form of credit or other forms in order to improve the standard of living of many people (Abdullah, 2014). Waqf in the Compilation of Islamic Law Book III Chapter I article 215 paragraph 1 is a legal act of a person or group of people or legal entities that separates part of his property and institutionalizes it forever for the benefit of worship or other public purposes in accordance with Islamic teachings. Meanwhile, micro in economics studies economic units such as individuals, households, companies and industries (Nuraini, 2016).

Mohammad Tahir Sabit Haji Mohammad in Medias (2017) defines waqf banks as follows: *”Waqf bank is intended to mean as one that is an interest free, not-for-profit, and social bank the capital of which is dedicated mainly to social welfare, provision of micro financing, and economic development of the poor and under privileged”*.

Based on the above understanding, it can be concluded that waqf banks are financial institutions that are independent of all economic profit orientations and aim to fulfill social welfare by providing financing for small businesses and focusing on economic development of marginalized communities.

However, by its definition, Micro Waqf Bank (BWM) does not represent the term bank or waqf institution, because BWM is a Non-Bank institution. According to the Head of the OJK Sharia Banking Supervision Department, Ahmad Soekro Tratmono (Siska Lis Sulistiani et al., 2019) even though the name is a waqf bank, this financial institution does not carry out the function of waqf. The reason for the naming of the Micro Waqf Bank is due to its operations located in Islamic boarding schools area. However, it operates as a sharia microfinance institution, as an effort to address the problem of poverty in Indonesia in collaboration with Islamic boarding schools or institutions in Indonesia. This term was chosen because the government hopes that the funds which distributed to the public are maintained without reducing the benefits.

Micro Waqf Bank was first initiated by the Financial Services Authority (OJK) using the Islamic Microfinance Institution (LKMS) model as a priority program for the people's economic development. In 2017 the government developed the concept of waqf for the Micro Waqf Bank which oversees the income of the lower middle class. With this innovation, the government formed 20 Micro Waqf Banks and expanded it to Islamic Boarding Schools in Indonesia.

Balqis&Sartono (2019) explained that the reasons for choosing Islamic boarding schools as the basis for Micro Waqf Banks are as follow:

- a. Islamic boarding school is one of the elements of society that has a strategic function in assisting to encourage the community's economy.
- b. Islamic boarding school as a religion-based educational institution has great potential to empower people and play a role in reducing economic inequality and alleviating poverty, especially the community around them.
- c. The Financial Services Authority (OJK) sees the need to bring together parties who have excess funds to donate to the community and people who need financing for businesses with very low yields.

4.2. Regulation of Micro Waqf Bank

The legal basis and references for the establishment of Micro Waqf Bank are as follows:

- a. UU no. 1/2013 on Microfinance Institutions.
- b. PP No. 89/2014 concerning loan interest rates or financing yields and the scope of business areas of Microfinance Institutions (MFIs).
- c. Permenkop and UKM No. 10/2015 concerning cooperative institutions.
- d. POJK No. 12/2014 std No. 61/2015 on MFI licensing and institutions.
- e. POJK No. 13/2014 std No. 62/2015 concerning the implementation of MFI business.
- f. POJK No. 14 /2014 on the development and supervision of MFIs.

4.3. Funding Sources of Micro Waqf Bank

The Financial Services Authority (OJK) in its Public Outreach Materials stated that to run the Micro Waqf Bank business model, philanthropist and customers were needed with certain criteria. The criteria for becoming customers are the Indonesian people who have excess

funds, especially large companies and entrepreneurs who have concern for people empowerment programs and alleviating inequality (Maulidiana, 2014).

4.4. Network of Micro Waqf Bank Institutions

Micro Waqf Bank is a Sharia Microfinance Institution (LKMS) which was established with the permission of the OJK and aims to provide access to capital or financing for small communities who do not have access to formal financial institutions. Currently, the OJK has granted permits to 56 Micro Waqf Banks spread throughout Indonesia. The following is the distribution area of Micro Waqf Bank in Indonesia:

Table 2. Number of Micro Waqf Banks

| No | Region | Total |
|--------------|------------------|-----------|
| 1 | Aceh | 1 |
| 2 | North Sumatra | 1 |
| 3 | West Sumatra | 1 |
| 4 | Riau | 2 |
| 5 | Jambi | 1 |
| 6 | South Sumatra | 2 |
| 7 | Lampung | 1 |
| 8 | Banten | 3 |
| 9 | DKI Jakarta | 1 |
| 10 | West Java | 9 |
| 11 | Central Java | 14 |
| 12 | Yogyakarta | 3 |
| 13 | East Java | 15 |
| 14 | NTB | 1 |
| 15 | South Kalimantan | 1 |
| 16 | East Kalimantan | 1 |
| 17 | South Sulawesi | 1 |
| 18 | Maluku | 1 |
| 19 | Papua | 1 |
| Total | | 60 |

Source: www.lkmsbwm.id (accessed 12 December 2021)

The distribution areas for opening Micro Waqf Banks are still dominated in Java Island, namely 45 Micro Waqf Bank institutions (75%), this is in line with the larger number of Islamic boarding schools and students in this island.

Table 3. Number of Micro Waqf Banks
Per Year

| Year | Total |
|------|-------|
| 2018 | 41 |
| 2019 | 56 |
| 2020 | 59 |
| 2021 | 60 |

The table above indicates that the number of Micro Waqf Bank in Indonesia gradually increase since its establishment. It is highlighted that there are 4 branches are newly open during the pandemic. According to idxchannel.com the 4 Banks are BWM PKP in Jakarta, BWM Al Muayyadand Al Mushoffa in Solo and BWMCipasung in Tasikmalaya

4.5. Business Model of Micro Waqf Bank

According to Booklet of Micro Waqf Bank (2019), the characteristics of the Micro Waqf Bank business model are:

- Provide financing and assistance.
- Not managing public funds, whether in the form of deposits, savings or similar products.
- Low yield equal to 3%.
- Group based.
- No collateral.

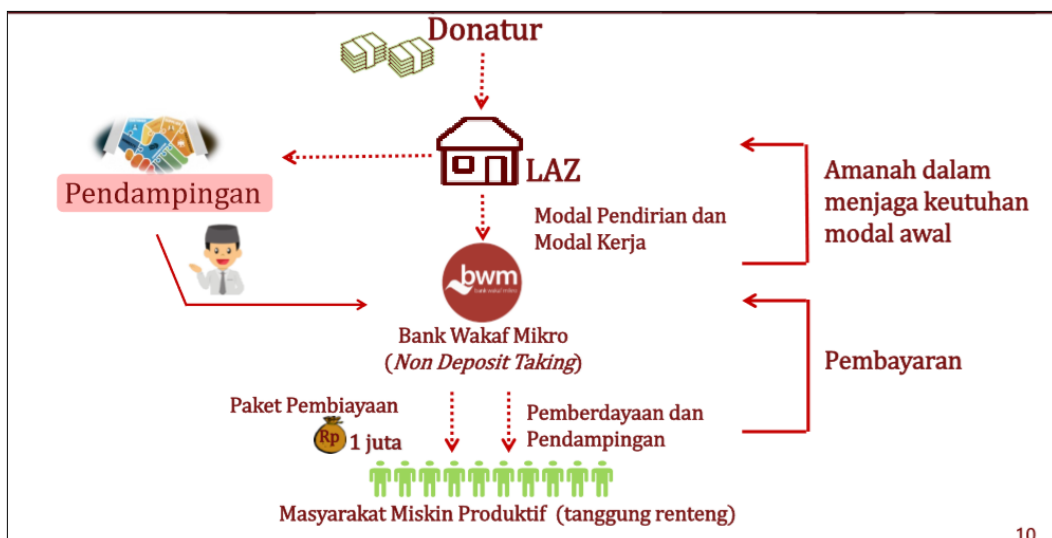


Figure 2. Micro Waqf Bank Business Scheme

Moreover Sulistianiet al., (2019) stated that the criteria for Micro Waqf Bank Customers are:

- Poor people who have been able to fulfill their basic needs for life.
- Poor people who already have productive businesses or have willingness and enthusiasm to work.
- Poor people who are committed to participating in empowerment programs.

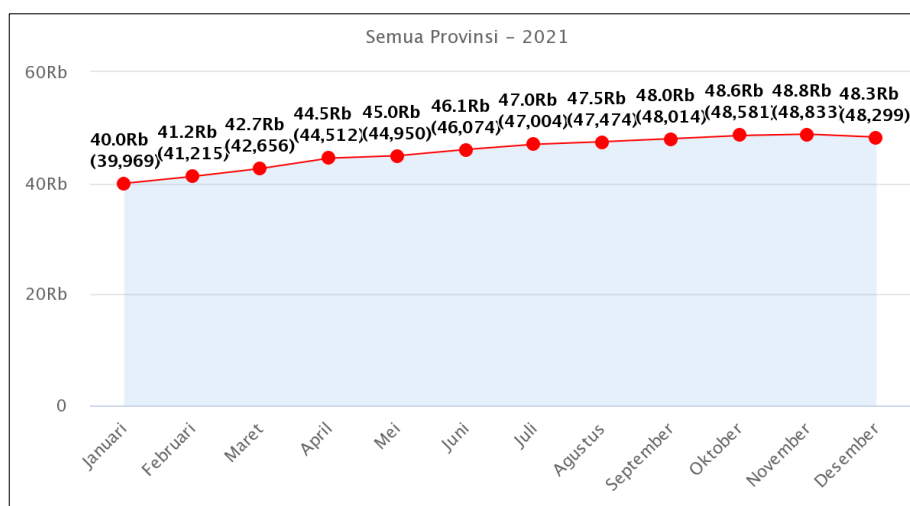


Figure 3. Total Customer in 2021

Source: www.lkmsbwm.id (accessed 12 December 2021)

It can be seen that the total customer of Micro Waqf Bank is increasing gradually even in Pandemic Covid-19. According to data published by Micro Waqf Bank website, in January 2020 at initial month of spreading Covid-19, the total customer is accounted for 29,468 then increase 35% in January 2021 amounted to 39,969. During 2021 the number of customer continued to increase and closed the year with a total of 48,299.

4.6. Finance Distribution of Micro Waqf Bank

Since it was inaugurated in 2017 until now, the Micro Waqf Bank has provided financing of IDR 74.4billion with a total of 48,299 customers opening accounts. The following is a description of the distribution of financing by Micro Waqf Banks.

Table 4. Finance Distribution of Micro Waqf Bank

| No | Detail | Total |
|----|---------------|--------|
| 1 | Gender | |
| | Male | 471 |
| | Female | 19.214 |

| | | |
|---|--------------------------------|----------------|
| 2 | Age | |
| | 0-17 | 553 |
| | 18-40 | 8.629 |
| | >41 | 10.843 |
| 3 | Finance Distribution | |
| | Customer Account | 48.299 |
| | Total Financing | 78.061.500.418 |
| 4 | Type of Business Sector | |
| | | 68 |

Source: www.lkmsbwm.id (accessed, 13 December 2021)

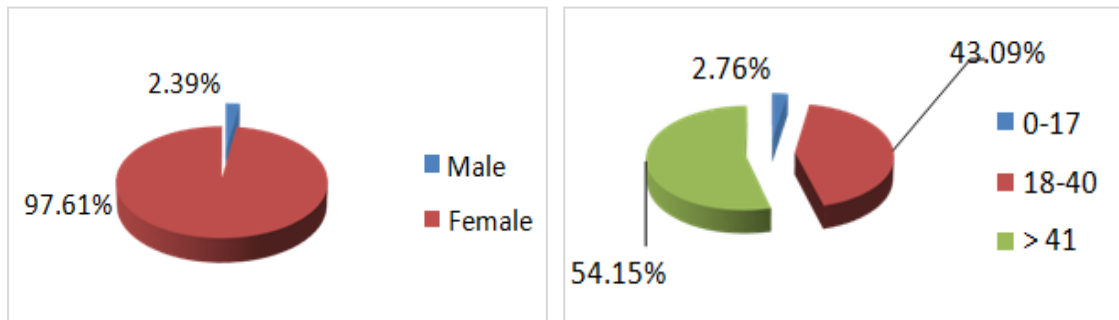


Figure 4. Customers of Micro Waqf Bank (BWM)

Source: www.bsmu.or.id (accessed, 13 December 2021)

Based on the data presented in table 3 and figure 4 above, it can be explained that the customers of Micro Waqf Bank (BWM) are dominated by women, namely 97.61% of the total customers. Meanwhile, based on age group, recipients of financing from Micro Waqf Banks.

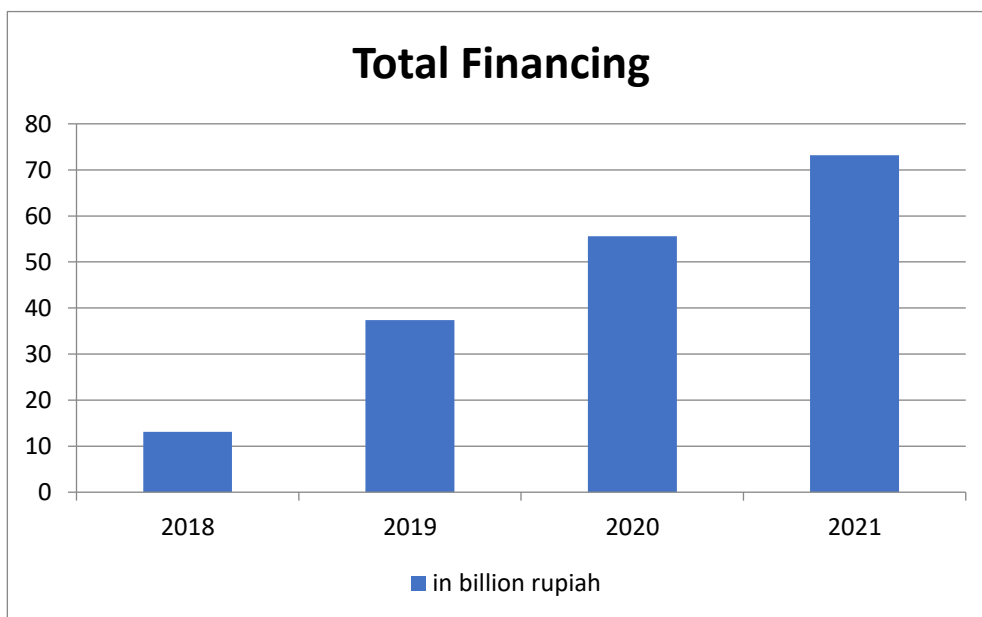


Figure5. Total Financing Per Year

Source: www.lkmsbwm.id (accessed, 13 December 2021)

The figure above shows that the number of financing experienced increasing annually. The highest increase occurred between 2018 and 2019, where the increase reached 185% accounting the total financing for 37,4 billion rupiah in 2019. This is confirming the finding from Maadi, A. S. (2018) stated that as of early March 2018, from 20 Micro Waqf Banks which are pilot projects, financing has been distributed to 2,784 customers with a total financing value of 2.45 billion rupiah. In the following year in 2020-2021, despite the covid-19 pandemic which had an impact on various sectors including the economy, the amount of financing continues to grow to reach 73.2 billion rupiah at the end of 2021. This increase has led to an increase in business revenues and customer profits which has subsequently helped to improve the economic conditions of customers.

Table 5. Number of Outstanding Customers

| Year | Total (in billion) |
|------|--------------------|
| 2018 | 7,9 |
| 2019 | 13,6 |
| 2020 | 11,7 |
| 2021 | 13,6 |

Based on the data presented in table 3 above, it can be explained that in 2018 to 2021 the number of outstanding customers of Micro Waqf Bank experienced improvement during the period. It shows an increase of 72% over that period and close 2021 with a total outstanding of 13.6 billion rupiah.

5. Conclusion

Based on the discussion above, it can be concluded that the definition of Waqf Bank is a financial institution that is independent from all orientations of economic profit and aims to fulfil social welfare by providing financing for small businesses and focusing on the economic development of marginalized communities. Since the Micro Waqf Bank was inaugurated and started operating in 2017 until now it has distributed financing to 48 thousand customers with total financing of Rp78 billion.

Despite the covid-19 pandemic which had an impact on various sectors including the economy, the amount of financing continues to grow and subsequently help to improve the economic conditions of customers. This shows that Micro Waqf Bank plays an important role

in alleviating poverty and socio-economic inequality, especially in the current pandemic situation.

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