

## **The Role of Al Muayyad Micro Waqf Bank in Helping MSMEs After the Pandemic**

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### **Abstract:**

The Covid-19 pandemi, which poses a danger to the local economy, especially for micro, small, and medium enterprises or MSME, and is a background factor in this research. These fundamental problems, along with hampered business development, financing problems, poor infrastructure, and lack of market access, are obstacles for MSME. The community urgently needs the assistance of the government and Islamic financial institutions in the growth of micro-enterprises, one of which is the function of the Micro Waqf Bank in empowering MSME as a means of increasing income. The purpose of this study is to ensure the role of Al Muayyad Micro Waqf Bank in helping MSME customers who have been officially registered in an effort to help those whose businesses are still affected by the pandemi despite the fact that it has been post-Covid-19 pandemi. Based on the findings of field research, Al Muayyad Micro Waqf Bank policy is very beneficial for customers, especially regarding the time relief offered when making installment payments. This certainly greatly eases the burden and makes it easier for customers as MSME actors regarding the waivers provided.

**Keywords:** Micro Waqf Bank, Waqf, Covid19, MSME

### **Introduction**

Coronavirus acute respiratory syndrome 2 is a virus that causes an infectious disease known as Covid-19 (SARS-CoV-2). In the Chinese city of Wuhan, the first case was discovered in December 2019.<sup>1</sup> The World Health Organization (WHO) stated that due to the rapid expansion of Covid-19 and wide geographical distribution, the impact of this virus proliferation is so severe that it has been classified as an international pandemic by WHO. The Covid-19 virus is growing rapidly in Indonesia, and the Indonesian government has implemented regulations that impact a number

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<sup>1</sup> Lukmanul Hakim and Anggara Indra Setyaningsih, "Effectiveness of Online Zakat during the Covid-19 Pandemic by Amil Zakat Institutions in Boyolali, Indonesia," *Journal of Islamic Economics Lariba* 8, no. 2 (2022): 241–54, <https://doi.org/10.20885/jielariba.vol8.iss2.art6>.

of areas, including the country's economy. Covid-19 impacts the commercial sector, as well as small and medium-sized enterprises (MSMEs) and should not be ignored.<sup>2</sup>

The phenomenon of many employees being laid off and different businesses starting to experience paralysis due to the Covid-19 pandemic is the most obvious economic externality of the disease currently seen.<sup>3</sup> Along with the issues posed by Covid-19, the following underlying issues often arise and present challenges to MSME actors: limited knowledge and skills among human resources, which hinders business development, capital issues, poor infrastructure, and limited access to markets.<sup>4</sup> As the Covid-19 pandemic has caused household income loss, the inability to work to make ends meet households are now at risk of losing income and not being able to work enough hours to cover their basic needs.

MSMEs provide a very promising market for the development of financial channels by the financial services industry, especially banks. Because 60 to 70 percent of MSMEs do not have access to bank financing. The event has raised awareness among many on the need to support more micro, small and medium enterprises. Naturally, MSMEs need an injection of capital to be revived to increase income and get people back to work. Getting finance from banks can be quite difficult, as banks also consider the health of their businesses. If business turnover is declining, for example, banks may find it difficult to lend to MSME players.<sup>5</sup> Government programs to boost economic growth must be introduced as access to funding for the MSME sector is challenging. A solution to the aforementioned capital challenges is the establishment of a Micro Waqf Bank (BWM).<sup>6</sup>

There are currently 62 Micro Waqf Banks in Indonesia that started growing in 2017 and are directly controlled by the Financial Services Authority (OJK). There are 14 Micro Waqf Banks in Central Java province. The total financing funds channeled through BWM to 53.1 thousand customers in Indonesia amounted to IDR 82.7 billion and were distributed to 20 provinces, one of the BWMs in Surakarta City is the Al Muayyad Micro Waqf Bank which is located at the Al Muayyad Islamic boarding school on Jl. K.H. Samannudin No. 64 Purwosari Laweyan Surakarta. Together with Al Musthoffa Micro Waqf Bank, Al Muayyad Micro Waqf Bank was only established in Surakarta City in 2021 amid the Covid 19 pandemic.

The Micro Waqf Bank in Surakarta City, according to Surakarta Mayor Gibran Rakabuming Raka, will support Solo's economic recovery program and is expected

<sup>2</sup> Nasyiatul Farida et al., "Peran Bwm Al-Fithrah Wawa Mandiri Surabaya Terhadap UMKM (Nasabah Bwm) Yang Usahanya Terdampak Pandemi Covid 19: Fenomenologi Study 4," *Jurnal Perbankan Syariah Darussalam (JPSDa)* 1, no. 2 (2021): 122–37.

<sup>3</sup> Harisah & Romaji, "Peran Lembaga Keuangan Mikro Syariah Ditengah Pandemi Covid-19 Di Indonesia Dalam Merangkul Usaha Mikro Kecil Mengengah (UMKM)," *Madani Syari'ah* 4, no. 1 (2021): 67–81.

<sup>4</sup> Yuninda Roro Yekti Nugrahana and Irham Zaki, "Peran Bank Wakaf Mikro Di Masa Pandemi Covid-19," *Jurnal Ekonomi Syariah Teori Dan Terapan* 7, no. 9 (2020): 1731, <https://doi.org/10.20473/vol7iss20209pp1731-1742>.

<sup>5</sup> Rahmi Rosita, "Pengaruh Pandemi Covid-19 Terhadap UMKM Di Indonesia," *Jurnal Lentera Bisnis* 9, no. 2 (2020): 109, <https://doi.org/10.34127/jrlab.v9i2.380>.

<sup>6</sup> Wizna Gania Balqis and Tulus Sartono, "Bank Wakaf Mikro Sebagai Sarana Pemberdayaan Pada Usaha Mikro, Kecil Dan Menengah," *Jurisdictie* 10, no. 2 (2020): 215, <https://doi.org/10.18860/j.v10i2.7380>.

to help the city's economy recover from the impact of the pandemic.<sup>7</sup> There are 114 clients of Al Muayyad Micro Waqf Bank at present. BWM Al Muayyad disburses one million rupiah to each client around the pesantren as initial capital. The cumulative amount of financing that has been provided to clients for business sustainability has exceeded IDR 114 million.<sup>8</sup>

Every country, especially Indonesia, calls for the government to have a role in formulating policies that can impact the growth of micro enterprises. Everyone is aware that the economy is crucial to maintaining the stability of the country and the country's way of life. Economic indicators can be used to measure a country's level of development and growth, and economic actors, including large and small multinational companies, can contribute to both. Hence, how important the role of local governments and financial institutions is in the growth of micro-enterprises managed by micro-entrepreneurs, especially Sharia Financial Institutions. As a result, every aspect of society must play an active role, for example by improving the economy of those who also provide assistance. With the Micro Waqf Bank, it is hoped that the empowerment of micro, small, and medium enterprises during the pandemic will allow them to function properly, survive, and provide more income for MSME actors during the pandemic.<sup>9</sup>

The current pandemic conditions are very stressful, especially for community organizations as the businesses they run will experience the impact of lower sales, resulting in an economic crisis that was not anticipated by the community. Therefore, the role of Micro Waqf Banks, particularly in business organizations, is indispensable in relation to this issue. The existence of the Micro Waqf Bank is considered to offer a way for micro, small, and medium enterprises (MSMEs) to boost income. To make it easier for MSME players in the pesantren environment who do not have access to official banking institutions to obtain business financing. The Micro Waqf Bank itself is a form of implementation of the 1945 Constitution, namely for the welfare of the Indonesian people. To ensure its legality, BWM falls under the Microfinance Institution Law.<sup>10</sup> After the Covid-19 outbreak, the expansion of Islamic Microfinance Institutions (MFIs) is anticipated to boost financial performance. The researchers are interested in studying the role of Al Muayyad Micro Waqf Bank in an effort to help MSMEs during the Covid-19 Pandemic based on the background information provided above.

## **Results and Discussion**

### **Micro Waqf Bank**

The location of the Waqf Bank is a *pesantren*, which is a very prospective and important location with various purposes and roles. The Micro Waqf Bank is an institution that addresses inequality and poverty by improving the economic welfare

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<sup>7</sup> Hafid Fuad, "Diresmikan Gibran, OJK Buka Bank Wakaf Di Pesantren Al Muayyad Mangkuyudan Solo," Sindownews.com, 2021.

<sup>8</sup> BWM, "Pengertian Bank Wakaf Mikro," Lkms-Bwm Al Muayyad2, 2016.

<sup>9</sup> Nugrahana and Zaki, "Peran Bank Wakaf Mikro Di Masa Pandemi Covid-19."

<sup>10</sup> Zeehan Fuad Attamimi, Hari Sutra Disemadi, and Budi Santoso, "Prinsip Syariah Dalam Penyelenggaraan Bank Wakaf Mikro Sebagai Perlindungan Hak Spiritual Nasabah," *Jurnal Jurisprudence* 9, no. 2 (2019): 117–32, <https://doi.org/10.23917/jurisprudence.v9i2.8897>.

of the community.<sup>11</sup> Furthermore, it is protected by law, which is quite effective in fighting poverty.<sup>12</sup> The legal framework for the microfinance institution, which is OJK's pilot project aimed at improving financial inclusion and developing microfinance products for the community through *pesantren*-based religious institutions, to operate is UU No. 1/2013 on Microfinance Institutions.

As of March 2018, 20 BWMs have been licensed by OJK. The phrase "Micro Waqf Bank" does not imply "bank" or "waqf institution." According to Ahmad Soekro Tratmono, Head of OJK's Sharia Banking Supervision Department, the Micro Waqf Bank is a non-bank financial institution. Although referred to as a waqf bank, this financial entity does not perform waqf-related tasks. The Micro Waqf Bank is housed in a *pesantren* environment, hence the name Micro Waqf Bank. Instead, it operates as an Islamic microfinance institution and works with Indonesian Islamic boarding schools and institutions to reduce poverty. Besides the fact that BWM operations take place in the context of *pesantren*, this term was chosen because the government expects the core of the money supplied to the community to be preserved without degrading its benefits.<sup>13</sup>

As part of the implementation of the Presidential Regulation of the Republic of Indonesia No. 82/2016 on the National Strategy for Financial Inclusion, the government has made a serious commitment through the Micro Waqf Bank to encourage community financial inclusion by providing access to formal financial services.<sup>14</sup> The Financial Services Authority has set its sights on the educated and trustworthy underprivileged as its target demographic. This suggests that, despite claims to the contrary, the financial entity Micro Waqf Bank does not directly receive money from the general public in the form of savings or deposits. The return on funds should be higher than or equal to 3% a year. The Waqf Bank is intended to be a socially responsible non-profit bank with interest-free loans whose capital is primarily used for the economic and social development of poor communities.<sup>15</sup>

### Waqf in Islamic Law

Waqf comes from the Arabic *waqafa*, which means to keep, stop, or remain in position or remain upright. Waqf serves religious and social purposes in addition to

<sup>11</sup> I Ismail, M Misrah, and A Soemitra, "Bibliometric Analysis of Zakat Development in Indonesia During the Covid-19 Pandemi," *Jurnal Ilmiah Ekonomi Islam* 8, no. 02 (2022): 1357–64, <https://www.jurnal.stie-aas.ac.id/index.php/jei/article/view/5425>.

<sup>12</sup> Fauzul Hanif Noor Athief, Darlin Rizki, and Arum Pratwindya, "Performa Bank Wakaf Mikro Selama 2017-2021: Sebuah Studi Literatur Sistematis (Systematic Literature Review)," *IQTISHADIA Jurnal Ekonomi & Perbankan Syariah* 9, no. 2 (November 2022): 204–21, <https://doi.org/10.19105/igtishadia.v9i2.6727>.

<sup>13</sup> Siska Lis Sulistiani, Muhammad Yunus, and Eva Misfah Bayuni, "Peran Dan Legalitas Bank Wakaf Mikro Dalam Pengentasan Kemiskinan Berbasis Pesantren Di Indonesia The Role and Legality of Micro Waqf Bank in Pesantren Based Poverty Alleviation in Indonesia A . Pendahuluan Sosial Masyarakat Merupakan Sebuah Hal Yang Pent," *Jurnal Bimas Islam* 12, no. 1 (2019): 1–26; Farida et al., "Peran Bwm Al-Fithrah Wawa Mandiri Surabaya Terhadap UMKM (Nasabah Bwm) Yang Usahanya Terdampak Pandemi Covid 19: Fenomenologi Study 4."

<sup>14</sup> Ismail and Andri Soemitra, "Analisis Bibliometrika: Peran Bank Wakaf Mikro Dalam Mendorong Kesejahteraan UMKM Di Indonesia," *Juremi: Jurnal Riset Ekonomi* 1, no. 5 (2022): 429–36.

<sup>15</sup> Ujang Syahrul Mubarrak and Zulfia Rahmawati, "Analisis Bibliometrik Perkembangan Penelitian Bank Wakaf," *Malia (Terakreditasi)* 12, no. 1 (2020): 17–28, <https://doi.org/10.35891/ml.v12i1.1938>.



being a religious ceremony.<sup>16</sup> In another function, waqf also aims to ensure that the wakif (a reasonable person) has a life in the afterlife. Regardless of the long-term and tangible benefits of waqf, it is a high-value development investment. Due to the increasing complexity of the issues, the waqf material should be revisited from time to time. Modern assumptions about progress and changing times should be the basis for the waqf hypothesis.<sup>17</sup> One of them is that the successful and long-term development of waqf can be understood as beneficial waqf. To benefit those who fulfill the sharia waqf requirements, waqf is allowed to offer benefits in the domains of agriculture, industry, exchange, and administration. Waqf is very helpful in reducing the poverty of Muslims so that Indonesian Muslims can develop.<sup>18</sup>

Waqf, as defined by the term termination of property rights over tangible things (*al-ain*) with the intention of providing benefits or profits. According to the Waqf Law Number 41 of 2004, waqf refers to the legal act of a wakif dividing and giving part of his property to be used in the interests of worship and public good in line with the sharia, either forever or for a certain period of time, depending on his interests.<sup>19</sup> Waqf is another type of economic organization that is crucial for empowering local communities. As a result, waqf regulations are always increasing and growing, especially among the majority of the world's Muslims.

In shara' terms, in general, waqf is a type of gift that is implemented by withholding (ownership) and then the benefits are directed to certain entities. The withholding of ownership here is intended to prevent inheritance, sale or anything that can reduce or even eliminate the value of the waqf object. The utilization of the waqf object is in accordance with the provisions stipulated by the waqif.<sup>20</sup> Mundzir Qahaf says that waqf is the provision to generate wealth or principal without regard to personal intervention and the targeted distribution of income and profit in accordance with the purpose of waqf, whether for the benefit of individuals, religious communities, or the general public.<sup>21</sup>

Article 16 paragraph 3 of the Law on Waqf contains the types of assets that can be waqfed. The assets that can be waqfed include movable objects including money, precious metals, securities, vehicles, intellectual property rights, lease rights and other movable objects in accordance with sharia law and applicable laws and regulations. It also includes property that cannot be depleted by consumption. The

<sup>16</sup> Robithoh Alam Islamy and Mulawarman Hannase, "Optimizing The Role of Zakat and Wakaf in Promoting National Economic Growth: Analytic Network Process (ANP) Method Approach," *Journal of Islamic Economic Laws* 4, no. 1 (2021): 78–95, <https://doi.org/10.23917/jisel.v4i1.13093>.

<sup>17</sup> Muhamad Subhi Apriantoro, Adam Endra Dharma Iskandar, and M Muthoifin, "Analisis Bibliometrik Terhadap Peta Perkembangan Dan Arah Penelitian Wakaf Pada Publikasi Terindeks Scopus Tahun 2020-2022," *Prosiding University Research Colloquium*, 2023, 154–73.

<sup>18</sup> Mochamad Firdaus Fajar Baharsyah et al., "Waqf Logo as a Productive Waqf of the Digital Age in the Perspective of Maqashid Sharia," *Proceedings of the International Conference on Islamic and Muhammadiyah Studies (ICIMS 2022)* 676, no. Icims (2022): 354–60, <https://doi.org/10.2991/assehr.k.220708.044>.

<sup>19</sup> K.H Izzuddin Siswanto Edi, "Pengertian Wakaf Menurut 4 Madzhab Dan Undang-Undang," *DOMPET DHUAFA*, 2022.

<sup>20</sup> Afief El Ashfahany and Novita Lestari, "Optimizing Cash Waqf and Cash Waqf Linked Sukuk : The Role of Nazhir and The Strategies," *Iqtishadia* 15, no. 2 (2023): 171–90.

<sup>21</sup> S Surandi, *Kontribusi Bank Wakaf Mikro Terhadap Pemberdayaan Usaha Mikro Di Lingkungan Pondok Pesantren (Study Pada Bank Wakaf Mikro ...)*, 2021.

development of cash waqf has contributed to the presence of the Micro Waqf Bank (BWM) in Indonesia.<sup>22</sup> In waqf, Nadzirs are necessary in waqf because they are in charge of overseeing waqf assets. Nadzirs have the authority to manage and administer waqf assets in accordance with the purpose of waqf. Although managing or supervising waqf assets is essentially the responsibility of the waqif, he is also permitted to delegate this responsibility to others, including private individuals and public institutions.<sup>23</sup>

### MSMEs

Micro, Small and Medium Enterprises (MSMEs) have demonstrated their existence in the Indonesian economy under various circumstances. In 1998, when Indonesia experienced a financial crisis, small and medium-sized enterprises seemed to survive better than large enterprises. This is due to the fact that most small-scale enterprises are less dependent on large capital investments or external loans in foreign currency. So that large companies that often borrow money in foreign currency, when the exchange rate occurs, are more likely to experience an economic crisis. Based on what meets the criteria of a micro business is having a business capital of up to IDR 1,000,000,000.00 (one billion rupiah), excluding the land and building where the business is located.<sup>24</sup> To provide capital solutions in the face of MSMEs, of course, cooperation between Indonesian MSMEs and banking institutions and other non-banking organizations is needed to support financing for the MSME production process.

A micro-enterprise is a trading enterprise run by an organization or person that refers to a legally compliant and economically productive operation. An economically productive business that operates independently, run by a natural person or business entity that is not a subsidiary or affiliate of any company, and that does not directly or indirectly own, control, or hold a majority interest in a medium or large business, and that meets the legal requirements for a small business. A medium-sized enterprise is an independent and productive economic enterprise run by an individual or business entity that is not a subsidiary of, controlled by, or affiliated in any way with a small enterprise or a large enterprise whose net worth or annual income is required by law.

The goal of Micro, Small, and Medium Enterprises, as stated by Law No. 20 of 2008, is to expand and develop their business operations in order to create a country with an economic system based on economic democracy and equality.<sup>25</sup> Principles of empowering micro, small, medium, and medium-sized enterprises; (1) Development of independence, unity, and entrepreneurship of MSMEs to work on

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<sup>22</sup> Hari Sutra Disemadi and Kholis Roisah, "Bank Wakaf Mikro Dan Pengaruhnya Terhadap Inklusi Keuangan Pelaku Usaha Kecil Dan Mikro (UKM) | Proceedings of Annual Conference for Muslim Scholars," *Law Reform* 15, no. 2 (2019): 179.

<sup>23</sup> Azhar Alam, Muslih Isnaini Rahmawati, and Aditya Nurrahman, "Manajemen Wakaf Produktif Dan Tantangannya Di Majelis Wakaf Dan Kehartabendaan Pdm Surakarta," *Profetika: Jurnal Studi Islam* 23, no. 1 (2021): 114–26, <https://doi.org/10.23917/profetika.v23i1.16799>.

<sup>24</sup> Salman Al Farisi, Muhammad Iqbal Fasa, and Suharto, "Dalam Meningkatkan Kesejahteraan," *Jurnal Dinamika Ekonomi Syariah* 9, no. 1 (2022): 73–84.

<sup>25</sup> Safirah Cahyani, Muhammad Zuhirsyan, and Muslim Marpaung, "Peran Bank Wakaf Mikro Dalam Meningkatkan Ekonomi Produktif Pelaku Ukm Sekitar Pesantren Mawaridus Salam," *Jurnal Budgeting Akuntansi (Jba)* 2, no. 1 (2021): 127–34.

their own projects. (2) Fulfillment of transparent, accountable, and equitable public policies. (3) Creation of regional businesses with a focus on the market and based on market potential in accordance with the knowledge of Micro, Small, and Medium Enterprises. (4) Improving the competitiveness of businesses, Micro, Small, and Medium Enterprises. (5) Introducing integrated planning, implementation, and control.

The objectives for empowering small, medium and micro enterprises are: (1) To implement a fair, thriving, and balanced national economic framework. (2) Increasing the capacity of micro, small, and medium enterprises to withstand adversity and establish themselves as independent enterprises. (3) Expanding the contribution of micro, small, and medium enterprises to economic growth, job creation, income equality, and poverty eradication.

MSMEs have the ability to grow the Indonesian economy, so when implemented, they should be maximized and allowed to fully realize their potential to drive community economic development.<sup>26</sup> This development will certainly be continued with government assistance in providing the necessary infrastructure to support the implementation and progress of existing activities in order to produce high-quality output and remain competitive in the global market. One business that has the potential to become an economic driver and a substitute for improving people's welfare is the government's involvement in the growth of micro, small, and medium enterprises (MSMEs). Therefore, it is important to invest in human resources that supply infrastructure and facilities. The importance of MSMEs is often linked to economic and social issues including unemployment, poverty, and income inequality, which are also urbanization issues. It is therefore expected that the emergence of MSMEs will provide solutions in an attempt to solve these problems.

### **Business Transformation After The Covid-19 Pandemic**

The Covid-19 outbreak has had a significant economic impact in Indonesia, as well as other countries around the world. When considering the impact on the number of business units, GDP, export employment, and investment in the Indonesian economy, MSMEs in this case are the most affected by the crisis. This is so important that it should be a top priority for the government to use whatever tools and policies are available to help the recovery and revival of MSMEs in Indonesia after the pandemic.

The government's main focus is to reduce the mortality rate due to COVID-19, therefore policies are separated into various short, medium, and long-term initiatives, including short-term and emergency interventions. In the medium term, the protection of the business community while managing operations, ensuring the viability of the logistics sector, and encouraging industrial self-reliance are among the objectives of the medical sector, which provides social support for people affected by politics and impulses. The main long-term plan for the adoption and utilization of digital technologies of MSMEs as well as their readiness for the center of the industrial era on medical devices.

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<sup>26</sup> Azhar Alam et al., "Evaluasi Program Pemberdayaan Usaha Mikro Kecil Dan Menengah (UMKM) LAZISMU Magetan Dengan Pendekatan Diagram Kartesius," *AL-MUZARA'AH* 9, no. 2 (December 2021): 147-65, <https://doi.org/10.29244/jam.9.2.147-165>.

Nurul Mailiza, among others, conducted research related to Microfinance Institutions entitled "Analysis of the Implementation and Role of Financing in Micro Businesses at the Mawaridussalam Micro Waqf Bank in North Sumatra" examining the use of Qard finance in micro businesses and how it contributes to their development.<sup>27</sup> According to the findings of this study, Mawaridussalam Micro Waqf Bank's financing and business assistance have a significant impact on micro business development. It is known from the research findings previously described that the items observed by this study are different from those discussed above, the above research observes the form of implementation of the role of financing using Qard in micro businesses while in this study the author observes the role of micro waqf banks in efforts to help MSMEs after the pandemic.

In addition, the study "Productive Waqf Management at Al-Fithrah Wawa Mandiri Micro Waqf Bank Surabaya" by Maha Rani Bella Sartika regarding productive waqf management, limitations of productive waqf management, and solutions to productive waqf management at Al-Fithrah Wawa Mandiri Micro Waqf Bank Surabaya.<sup>28</sup> This study found that the productive waqf management process of the Al-Fithrah Wawa Mandiri Surabaya Micro Waqf Bank begins with waqf money collected from various donors and then handled by the Micro Waqf Bank to carry out activities, such as financing, and empowerment, productively. Considering the findings of the study, it is clear that, despite the fact that the two objects studied are the same Micro Waqf Bank, the discussion is about the productive waqf management process, not the role of the Micro Waqf Bank in efforts to help MSMEs after the pandemic.

Qurrotul Aini conducted a study entitled "The Effect of Capital and Financing on the Development of Micro, Small and Medium Enterprises (MSMEs) at the Islamic Micro Waqf Bank Berkah Rizqi Lirboyo Kediri" examining the financing of the Berkah Rizqi Lirboyo Kediri Micro Waqf Bank for the growth of small and medium enterprises (MSMEs).<sup>29</sup> According to the findings of this study, capital plays an important role in the growth of MSMEs. This is because capital, which is a table calculation with a value of  $6,855 > 1,651$  and  $0.000 < 0.05$ , results in  $H_0$  being rejected and  $H_A$  being allowed.

Furthermore, Mawaridussalam Micro Waqf Bank's people's economic empowerment program is analyzed in Safiani's research, "The Role of Micro Waqf Banks in People's Economic Empowerment."<sup>30</sup> According to the findings of this study, the Waqf Micro Bank helps communities become more economically empowered by providing business capital financing. In addition, communities gain knowledge about entrepreneurship and religious teaching through the Micro Waqf Bank managers. Although the Micro Waqf Bank is discussed in this study, the focus

<sup>27</sup> Nurul Mailiza Rkt, "Analisis Pelaksanaan Dan Peran Pembiayaan Pada Usaha Mikro Di Bank Wakaf Mikro Mawaridussalam Sumatera Utara," *Skripsi* 1–135, no. 1 (2020): 135.

<sup>28</sup> Maha Rani Sartika Bela, *Mikro Al Fithrah Wawa Mandiri Surabaya Fakultas Ekonomi Dan Bisnis Islam November 2020*, 2020.

<sup>29</sup> Qurrotul Aini, "Pengaruh Modal Dan Pembiayaan Bank Wakaf Mikro Syariah Terhadap Perkembangan Usaha Mikro Kecil Menengah (UMKM) Pada Bank Wakaf Mikro Syariah Berkah Rizqi Lirboyo Kediri," *Skripsi*, 2019.

<sup>30</sup> Safiani, "Peran Bank Wakaf Mikro Dalam Pemberdayaan Ekonomi Ummat," *Universitas Islam Negeri Sumatera Utara Medan* 21, no. 1 (2020): 1–99.



is on the economic empowerment of the ummah rather than efforts to help MSMEs after the pandemic, and the research study has not been conducted in Surakarta City.

This research applies a descriptive qualitative approach, describing the same situation that is being studied in terms of research. In discussing this research, it requires various data as an analysis. Primary data sources are used as a source of research data by extracting information from the parties concerned, namely the head of the Al Muayyad Micro Waqf Bank management to help answer the problem of the role of the Al Muayyad Micro Waqf Bank in efforts to help MSMEs after the pandemic raised in this study. And secondary data sources in the form of a collection of theories from books and journals that help the author understand the subject matter raised and are important as a tool for analyzing this research problem. The subjects of this research are BWM Al Muayyad and the fostered MSMEs. The object of this research is the role of BWM with various programs participated in by MSME players. The process for collecting data through interviews and documentation. More than just data analysis it occurs through a reduction process to draw conclusions. Data validity testing is also carried out by expanding observations, increasing persistence and checking data with triangulation from various sources as a comparison.

### **Characteristics of Al Muayyad Micro Waqf Bank**

Al Muayyad Micro Waqf Bank is a Sharia Microfinance Institution established by Lembaga Amil Zakat Bangun Sejahtera Mitra Umat (Laz BSMU), Bank Syariah Indonesia (BSI), and the Financial Services Authority as part of a community empowerment program through the establishment of Sharia MFIs around Islamic boarding schools. Al Muayyad Islamic Boarding School, located in Laweyan District, Surakarta City, is the place to organize this Micro Waqf Bank. In March 2021, Al Muayyad Micro Waqf Bank was established. The Islamic financial institution named BWM Al Muayyad seeks to empower the community, especially the area around the pesantren, by offering various micro business opportunities.

Many companies have gone out of business due to the long Covid-19 pandemic. Even medium and large businesses are having a hard time. While this is happening, some micro and small businesses are finding it harder to survive. There has been negative economic growth or even economic decline. BWM Al Muayyad customers whose businesses have been affected by the Covid-19 pandemic have a variety of different businesses such as laundry businesses, grocery stores, and canteens at schools. The effects of the pandemic have negatively impacted their businesses. All three business owners were severely affected by Covid-19, and one of their businesses, the school canteen, had to stop operating due to the pandemic. As a result, the canteen business was forced to close temporarily due to the influence of policies from the PSBB government during the pandemic and all school activities were transferred to online or study from home. Of course this has a huge impact on the economy.

### ***BWM Al Muayyad's Programs and Assistance in Efforts to help MSMEs***

Despite the establishment of this Micro Waqf Bank during the Covid-19 pandemic, financing at BWM Al Muayyad was not carried out, that is, it was stopped. This is due to the fact that BWM Al Muayyad took into account a number of aspects, one of which was the requirement to improve the funding process for customers.

During the pandemic, the role of BWM Al Muayyad is very important for the economy of the community, especially BWM customers who participate to develop their businesses.

The program implemented by BWM Al Muayyad only provides capital loans to customers with collateral-free financing to small and medium-sized businesses that are easy around the pesantren who need capital to launch their businesses, especially those due to the Covid-19 pandemic and those not affected by the pandemic. There are 114 MSMEs registered at Al Muayyad Micro Waqf Bank as assisted members. By Al Muayyad Micro Waqf Bank, the development of customer members is carried out in various forms, namely; (1) Each group member has a direct view of the working capital funding distributed. (2) Making business capital loan payments in accordance with the terms of the agreement at the beginning of the financing, which is carried out according to the customer's ability and does not place an undue financial burden on the customer. (3) Continuous support and supervision of the customer's business.

#### ***Coaching Frequency and Mentoring Program of Al Muayyad Waqf Bank***

Al Muayyad Micro Waqf Bank offers weekly mentoring with an initial loan of IDR 1,000,000 (One Million Rupiah), payable in 50 weeks. In carrying out its duties, Al Muayyad Micro Waqf Bank continues to offer excellent service to customers through weekly halaqah activities (HALMI). In the weekly halaqah, there is a group section with a division of 5-25 customers to help customers form bonds with each other, develop a sense of responsibility, and reduce problems that may arise in terms of loan repayment to BWM institutions. Therefore, BWM has a scheme known as "shared responsibility," where if any customer in the group has difficulty paying the loan, it will be borne by the rest of the group members, so that customers will work together to make their business better.

#### ***Financing Barriers to the Implementation of the Assisted Program***

The obstacles in the implementation of this program are the default of some customers when returning capital, in making customer installment payments so it is advisable to ask for leniency because certain customers may experience congestion when returning capital or completing installment payments, so this is a major factor in obstacles to the Bank's program. BWM also audits installment payment transactions and directly observes how the business growth of its customers that require installment waiver offers. This means that customers who really want a fee waiver can get one by presenting arguments that BWM can accept, and will either get a 50% waiver, or postpone their payments. BWM employees keep track of Micro Waqf Bank customers and attempt to explain to them the value of online media in business growth. Under these circumstances, BWM works to provide various services to its customers to maintain business operations.

#### ***Policies and Solutions provided by BWM Al Muayyad***

BWM Al Muayyad provides policies to ease the burden on its customers who have obstacles in making loan payments as already given, namely making installments easier. In cases like this, the various methods and solutions offered to customers by BWM Al Muayyad are undoubtedly in accordance with the stated

vision, mission, and objectives. The details carried out are as follows; (1) Consistently tracking customers, finding out whether the customer's condition is affected by the pandemic or not is the purpose of collecting customer data. (2) Affected customers will be offered special policies and will observe their business. This is in line with the basic objective of BWM, which is to improve the quality of economic businesses for the welfare of members and the wider community. Special policies include being given installment relief and debriefing to continue the business. (3) Make installation simpler. In this case, BWM offers convenience in the form of installment payment methods to BWM in order to overcome problems that arise in the customer's business. (4) Offer direction and advice to use online media. Media that provides information is indispensable during the current pandemic. To accommodate customers who are unable to obtain financing during or after the Covid-19 outbreak, the Micro Waqf Bank consults with other financial institutions.

It is possible that the current Covid-19 outbreak will have an impact on how customers develop their business. In fact, many companies continue to see a decline in consumer spending, which inevitably results in a noticeable decline in household income. The community around the pesantren has responded to the establishment of the Micro Waqf Bank with great enthusiasm and helped with the economic problems that occur in the surrounding environment, especially for MSME players who do not have access to business capital in official banks. And it is expected to be one of the main drivers of national economic growth.

## **Conclusion**

In general, the role of the Micro Waqf Bank in improving the welfare of small and medium enterprises is to easily provide unsecured loans to MSME players. The Micro Waqf Bank assists customers through weekly halaqah assistance, both related to education about business processing and enlightening religious knowledge, as well as fostering cooperation, trust, and responsibility among them. The obstacles found in the implementation of the program include the absence of customers making installment payments in weekly halaqah activities and there are also several delays in payments made by customers. Such things are a big reason caused by the impact of the Covid-19 pandemic which has reduced their income. Customers will greatly benefit from the policies of Al Muayyad Micro Waqf Bank, especially with regards to the extended time offered to make payments. Given the pandemic-related economic immobility, it will undoubtedly reduce the burden on customers. All the suggestions given by Al Muayyad Micro Waqf Bank are acceptable and helpful for its customers, encouraging them to let go of their pessimistic and optimistic nature is BWM's top priority when managing their businesses so that their economy can gradually recover.

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