

CHAPTER IV

RESEARCH RESULTS AND FINDINGS

A. Profile of BMT Mitra Usaha Ummat

1. History of BMT Mitra Usaha Ummat

Baitul Maal wa Tamwil (BMT) Mitra Usaha Ummat is one of the Islamic Financial Institutions in the form of cooperative. BMT Mitra Usaha Ummat has two business fields, for business and social orientations. The activities carried out by BMT Mitra Usaha Ummat in the business sector began with the main business of the Islamic Financial Institution Unit and developed the real sector unit, as well as managing financial businesses using *sharia* principles. Whereas in the social field is raising funds from the community which is then channeled to the community. The funds are *maal* funds, which come from *zakah*, *infaq*, and *sadaqah*. The establishment of BMT Mitra Usaha Ummat was initiated by youth, community and *ulama* leaders in Ngemplak and surrounding sub-districts, facilitated by the *Lembaga Pengabdian Masyarakat Universitas Islam Indonesia* (LPM UII) Yogyakarta. BMT Mitra Usaha Ummat was inaugurated on December 25, 1995 by the Rector of the *Universitas Islam Indonesia*, Zaini Dahlan and began its operations on January 2, 1996. On October 12, 1998, BMT Mitra Usaha Ummat was approved by the *Koperasi Serba Usaha Syari'ah* (KSU

Syari'ah). KSU *Syari'ah* BMT Mitra Usaha Ummat began to operate on January 2, 1996 with the legal entity number 13/BH/DK/X/1998. In addition, BMT Mitra Usaha Ummat already has a Trade Business License (*Tanda Daftar Usaha Perdagangan*) No. 173/1202/TDUP/XII/98, Tax Identification Number (*Nomor Pokok Wajib Pajak*): 01,852,410.8-42,000, and became a member of the Indonesian BMT Association, member of *Puskopsyah Forum Mitra Ekonomi Syariah* (FORMES) Sleman, member of *Puskopsyah* DIY and member of *Dewan Koperasi Indonesia* (DEKOPIN), so that the legality of the BMT Mitra Usaha Ummat is guaranteed. The Business Partner BMT consists of 1 head office and 8 branch offices, namely:

1. Head office: Jangkang Besi Ruko Jangkang Market, Widodomartani, Ngemplak, Sleman, Yogyakarta. Phone number (0274) 4461471 Fax (0274) 4461471.
2. Branch office 1: Jangkang, Widodomartani, Ngemplak, Sleman, Yogyakarta. Phone number (0274) 4461016.
3. Branch office 2: Ruko No. 6 Degolan Market Kaliurang Km 14.5 Ruko, Umbulmartani, Ngemplak, Sleman, Yogyakarta. Phone number (0274) 4543977.
4. Branch office 3: Pasar Jambon No. 3-4 Sindumartani, Ngemplak, Sleman, Yogyakarta. Phone number 0851 00858003.

5. Branch office 4: Perum Pertamina, Bromonilan, Purwomartani, Kalasan, Sleman, Yogyakarta. Phone number 0851 00858002.
6. Branch office 5: Damai, Mudal, Sariharjo, Ngaglik, Sleman, Yogyakarta. Phone number 0851 00622200
7. Branch office 6: Kronggahan 2, Trihanggo, Gamping, Sleman, Yogyakarta. Phone number 0851 01573322.
8. Branch office 7: Godean Km. 9.5 Senuko, Sendang Agung, Godean, Sleman. Phone number 0851 02877076.
9. Branch office 8: Prambanan - Piyungan Madurejo, Bokoharjo Prambanan, Sleman, Yogyakarta. Phone number 0853 84781228.

2. Vision and Mission of BMT Mitra Usaha Ummat

a. The Vision of BMT Mitra Usaha Ummat

The vision developed by BMT Mitra Usaha Ummat is "The realization of a just and Islamic economic system of the society in Sleman Regency and its surroundings, which is built on the basis of *ukhuwah Islamiyah*"

b. The Mission of BMT Mitra Usaha Ummat

In order to realize this vision, the missions developed by BMT Mitra Usaha Ummat are:

- i. Making BMT Mitra Usaha Ummat as a trusted and entrenched Islamic financial institution in society.
- ii. Growing a strong and independent economic network of society.

3. Products Offered

In its operational activities, BMT Mitra Usaha Ummat has 2 types of service products namely; *Baitul Maal* products and *Baitul Tamwil* products.

a. *Baitul Maal*

i. Fund raising

The *maal* fund collection program originates from the internal of BMT and other parties or the general public.

Products:

- 1) Deposits for distribution of *zakah*, *infaq* and *sadaqah* funds.
- 2) *Wadi'ah Amanah* deposit (*infaq funds or social funds*)

ii. Fund distribution

The *maal* fund distribution program from related institutions is in accordance with the provisions set by the institution, while the distribution of the collected funds is channeled to 8 *asnaf* with priority for productive activities.

Products:

- 1) *Peduli Dhuafa*

Economic empowerment of lower class people (indigent, poor, orphans and *ghorimin*)

2) *Peduli Kemandirian*

Provide loans without profit sharing to poor families for productive micro businesses through *qard al-hasan*.

3) *Peduli Generasi*

Initiate and provide operational assistance for *Quran* learning activities in the community, especially the younger generation and children.

4) *Peduli Dakwah*

Hold and assist religious activities in the community.

5) *Peduli Lingkungan*

Conduct sanitation financing for the community, provide donation to victims of natural disasters and clean mosques and provide donation for mosques.

b. *Baitul Tamwil*

i. Funding

Products with activities in the field of commercial business with the sharia concept include:

1) *Simpanan Mudharabah Harian* (SI MUDAH)

Saving that can be deposited and returned at any time.

Product Excellence:

a) Get profitable profit-sharing for each month.

b) Withdrawal and deposit can be made every day.

- c) Free of administration fees.
- d) Can be used as collateral for financing.
- e) Profit ratio 63:37

2) *Simpanan Berjangka (SI JAKA)*

Saving that can be returned at maturity.

Product Excellence:

- a) The means of safe and profitable fund investment.
- b) Free of administration fees.
- c) Can be used as collateral for financing.
- d) Get profitable profit-sharing for each month.

3) *Simpanan Masa Depan (SIMADE)*

Saving whose deposits are made continuously every month with a certain nominal value and can only be taken at the maturity date of the agreement. Deposits that will be used in the future, for example: school fee / education, retirees, building a house, business investment, preparation for performing hajj, marriage, *aqiqah*, *qurban*, etc.

Product Excellence:

- a) The means of safe and profitable fund investment.
- b) The means of planning fund needs in future.
- c) Free of administration fees.

- d) Can be used as collateral for financing.
- e) Get profitable profit-sharing for each month.

4) *Simpanan Penyertaan Tetap dan Tidak Tetap.*

Simpanan Penyertaan Tetap is members' deposits that have minimal amount of one million rupiah or multiple cannot be taken while being member. *Simpanan Penyertaan Tidak Tetap* is members' deposits that have minimal amount of one million rupiah can be taken after maturity of membership with minimal of 1.5 year.

ii. Financing

To fulfil the needs of members, BMT Mitra Usaha Ummat issues financing service products to the public using the principle of;

1) *Murabahah*

Financing for purchasing goods, where BMT benefits by increasing the price of the goods and the customer pays in installments.

2) *Musyarakah*

Financing for business activities purposes by providing a portion of profits to BMT in accordance with the agreement.

3) *Mudharabah*

Financing for joint venture partnership given to other party by providing a portion of profits to BMT in accordance with the agreement.

4) *Ijarah*

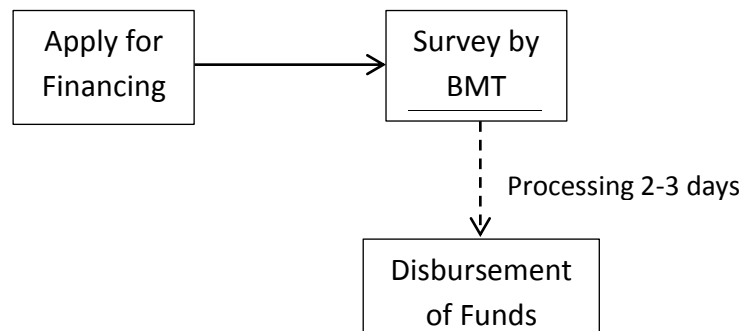
Financing for leasing purposes.

4. *Qard al-hasan* Financing Application Requirement and Procedure

a. Application Requirement

1. A member of BMT Mitra Usaha Ummat,
2. Photocopy of husband and wife ID card,
3. Family Card (*Kartu Keluarga*),
4. Submission Letter.

b. Application Procedure



Source: Author's Interpretation

FIGURE 4.1

Qard al-hasan Application Procedure in BMT MUU

B. Analysis of *Qard al-hasan* Financing on Economic Empowerment and Poverty Alleviation

After presenting data that has been obtained from the BMT Mitra Usaha Ummat documentation, the author will analyze the implementation of *qard al-hasan* financing at the BMT Mitra Usaha Ummat based on the results of interviews with several BMT Mitra Usaha Ummat members, the Maal Manager of BMT Mitra Usaha Ummat and HN as an Islamic economist and a lecturer in Economics Department of *Universitas Islam Indonesia*. In this research, the author has conducted interview with 9 members who took *qard al-hasan* financing to the BMT Mitra Usaha Ummat. In terms of marriage status, the average respondents interviewed was married. While in term of the dominant age of respondents are those who are in the age among 30-70 year old. In terms of last education status, there are 2 respondents who graduated from high schools, 3 respondents graduated from middle high school and 4 respondents only graduated from elementary school. The types of job of the respondents are varied, starting from *angkringan* owner, farmer and merchants (*lotek*, children clothes, chicken, fishes, *nasi rames* and groceries merchants).

1. The Implementation of *Qard al-hasan* Financing in BMT Mitra Usaha Ummat

According to the result of interview with the Manager of Funding and *Maal* of BMT Mitra Usaha Ummat defined the *qard al-hasan* financing as one of the programs from *Baitul Maal* BMT Mitra Usaha

Ummat that is given free-interest loan from ZIS funds to help providing additional capital for *dhuafa* who have productive business. BMT Mitra Usaha Ummat provides *qard al-hasan* financing that to help economically weak people who are productive in micro business, for those who lack capital in the business, or do not even have capital at all but have certain expertise even if it can be said that the category is capable. This financing provided for additional business capital or to help open a business that had stopped for a while. As explained in terms of the economy, *qard al-hasan* financing procedures in BMT Mitra Usaha Ummat did not use all 5C principles in general, which only used the principles of Character, Capacity and Condition of Economics. The reason is because the actual provision of *qard al-hasan* financing aims to help the *dhuafa* to develop their businesses. In providing financing, BMT Mitra Usaha Ummat applies the precautionary principle where the fund disbursement pattern is adjusted to business needs. A business income depends on the size of the capital used; if the capital is large, the product produced is also large so that the income increases. Until this research is conducted, there are 9 customers using *qard al-hasan* for business purposes with funding starting from Rp100,000 up to Rp2,000,000. The sources of this *qard al-hasan* financing come from *zakah*, *infaq* and *sadaqah* (ZIS) from customers, communities and employees of BMT Mitra Usaha Ummat. The customers or members of BMT Mitra Usaha

Ummat are encouraged to pay *infaq* and to set aside their money to give *sadaqah* at every installment.

HN stated his opinion about *qard al-hasan* by saying that *qard al-hasan* is a debt contract or a loan without any additions to the mission of goodness and it is not making any profit or non-commercial purposes. The “*qard*” itself means debt, and the term of *qard* in Islamic bank is a debt contract without any additions. With addition term of “*hasan*”, the context is related with social mission of Islamic bank term. The definition is enhancing by adding “*hasan*”, so it became the debt contract without additions for the goodness mission.

He also added that the target of *qard al-hasan* is not always for the poor or *dhuafa*, it can be anybody who needs money, but generally for the poor. The source of funds can be anything that does not need commercial purposes such as the social fund from the BMT itself, from society directly or partnership with other charity organizations. Responding from the manager that said this *qard al-hasan* is only for those who have small business or for productive purpose, HN said that the *qard al-hasan* can be for productive either consumptive purposes. The loan will be used for anything up to the one who borrow the money; it can be for consumption and production as long as there is no addition in the loan.

The author then asked about *qard al-hasan* financing related with its definition, purposes and procedure, almost all of the respondents' answer that they do not know anything about it. All they know only how many amount of money that has to be returned every month, how many months the installment, the maturity date and there will be addition amount for *infaq* and *sadaqah* told by BMT Mitra Usaha Ummat employee. It shows that the employee of BMT Mitra Usaha Ummat did not explain clearly about the *qard al-hasan* financing in details.

The procedure of *qard al-hasan* financing; first, there must be reference letter from neighbor or marketing team. Second, BMT Mitra Usaha Ummat will consider it from the income per month (below regional minimum wages) and how many the family members, is the income can fulfill all the family members' needs or not. BMT Mitra Usaha Ummat is also implementing this character principle. This principle is an approach to data about the personality of prospective financing members such as nature, habits, and way of life, circumstances and family background. This character is to find out whether these prospective members will be honest and try to fulfill their obligations.

As accordance with the requirement and procedure that have been written by author, the manager added that the requirement in *qard al-hasan* financing is no different with the requirements in *Tamwil* but

without collateral. The process of disbursement only took by 3 days; even SM (60 years old) confessed that it only took 2 days:

“Pencairan dana sangat cepat, biasanya setelah pengajuan langsung cair dalam 2 hari.”

“The translation: Disbursement of the fund is very fast, usually after the submission is immediately liquid within 2 days”

In the next question related monthly monitoring or any assistance done by BMT Mitra Usaha Ummat, all of the respondents answer that BMT Mitra Usaha Ummat never give any monitoring or training and only do survey in the early of submission to their houses. In each activity there must be a risk that must be faced, therefore the BMT Mitra Usaha Ummat should implement a mentoring system after being given financing in order to overcome problems and reduce the risk of late installments. The method of approach to its members can be used by means of a social approach and a built-in approach. In mentoring the recipients of *qard al-hasan* financing, the members must obey the agreed agreements. The manager of BMT Mitra Usaha Ummat responded to this issue and explained in the interview:

”Setelah pencairan, tim marketing akan ke lokasi melakukan monitoring secara tidak langsung untuk melihat keadaan usahanya. Dijelaskan juga (saat monitoring) bahwa pembiayaan qardhul hasan beda dengan yang di Tamwil, jadi harus amanah dan ditujukan untuk yang benar-benar membutuhkan saja.”

“The translation: After the disbursement, the marketing team will go to the location to monitor indirectly to see the state of the business. It was also explained (during monitoring) that the *qard*

al-hasan financing was different from the one in the *Tamwil*, so it must be mandatory and intended for those who really need it.”

Related to the training or assistance for members that took *qard al-hasan* financing, HN explained that someone cannot be given money just like that. The person must be guided, must be taught and accompanied, then generally it can be said that there is a need for assistance. He added that so far, the biggest criticism is that a lot of social institutions including BMTs only provide loans without any assistance, but need for assistance depends on the case of the customer. The obstacles are in the management, how to be effective in increasing people's income. The problem is that a lot of social funds are just given without being designed; poor people not only need money but also need skills.

The manager confessed the obstacles face by BMT Mitra Usaha Ummat related to *qard al-hasan* financing are using the fund for consumptive purposes and paying the installment beyond the maturity date. A member who uses this *qard al-hasan* fund for consumptive purposes such as to pay tuition fee of their children is not justified with the purpose of *qard al-hasan* financing itself. *Qard al-hasan* financing is intended to poor who have small business with productive purposes. For the delay of paying installment, BMT Mitra Usaha Ummat has given the tolerance within 3 days after maturity date. If a member could not pay installment, he can give the yields in a while and pay with money after he

able to do it. Then, if he really cannot afford the installment, the fund will be donated.

HN affirmed that many recipients of social funds whether from BMTs, *Baitul Maal* or any charity organizations that are mentally damaged because they think these funds are social funds must not be returned. He agreed toward the creation and innovation of social funds for productive purpose, but of course they have to be on target. If a person who does not return the loan will be considered as a sin even if he is poor, still count as sin.

According to the result of interviews with several members, all interviewees answer that they can return the loan back without any troubles except for DL (70 years old):

“Kendalanya itu terjadi ketika sedang banyak kebutuhan, kadang saya tidak bisa bayar tepat waktu. Tapi sedang tidak banyak ya, saya bisa bayar tepat waktu, kadang juga jika tidak bisa bayar angsuran, saya gabung jadi satu dengan bulan tunggakan kemarin. Saya juga tidak bisa menabung karna pendapatan pas-pasan tapi alhamdulillah masih bisa bayar zakat infaq dan sadaqah.”

“The translation: The obstacle occurs when there are many needs, sometimes I cannot pay on time. But if it is not, I can pay on time. Sometimes if I cannot pay installment, I combine it with one last month installment. I also cannot save money because of mediocre income but thank God I can still pay *zakah, infaq* and *sadaqah*.”

Qard al-hasan is considered effective on improving member's economic empowerment and really helping the *qard al-hasan* financing recipients at BMT Mitra Usaha Ummat, as the manager stated her

opinion in the interview, this financing not only for those who already have business. BMT Mitra Usaha Ummat is also helping for the poor who wants to open new business but lacked of capital by asking what skills do they have first. Then, BMT Mitra Usaha Ummat will suggest the type of business that matches the skills they have. She also added the fact that if someone wants to make a loan at the bank, there must be collateral and complicated requirement from bank. *Qard al-hasan* financing can be the right solution for these problems. It can help those who want to open a business, or increase business capital or continue their business that had stopped before. This has been proven by a statement from SR (52 years old), he stated:

“Karena kebetulan yang dekat disini (rumah) kan BMT dan Bank BRI. Tetapi persyaratan di Bank BRI sangat ribet dan banyak persyaratannya. Maka dari itu saya memilih BMT dan juga saudara saya yang kebetulan pegawai disana menawari saya pembiayaan qardhul hasan ini. Di Bank BRI itu misalnya telat angsuran sedikit saja langsung dikejar penagih. Dibandingkan BMT, kalo telat tidak apa-apa asal masih dalam bulan itu dan hanya bayar denda.”

”The translation: Because those near here (home) are BMT and Bank BRI, but the requirements at Bank BRI are very complicated. Therefore I chose BMT and also my relative, the employee in BMT, offered me *qard al-hasan* financing. At Bank BRI, for example, I will be pursued by the debt collector if I am late on paying installment. Compared to BMT, if it is okay to be late as long as it is still in that month and I only have to pay a fine”

Based on the result of the interview shows that the implementation of *qard al-hasan* financing at BMT Mitra Usaha Ummat is relatively well by providing good financial services and facilities. All respondents are satisfied with the service provided by BMT Mitra Usaha Ummat. Most of the members who took *qard al-hasan* financing felt really helped in order to get additional capital to their micro businesses. The procedure is simple with only ID card and Family Card (KK), they can obtain the loan easily without any collateral. The disbursement of the fund is not burdensome for members within only just 2-3 days. BMT Mitra Usaha Ummat does not charge any high interest rate any ask any collateral unlike in the conventional banks.

2. Condition of *Qard al-hasan* Financing Recipients

Based on interviews with respondents who are using *qard al-hasan* financing, the increase in the main small business is capital and small income. For small businesses, it is often found that to get capital is accompanied by paying a high enough interest at bank, so that the loan becomes a burden which at any time can become boomerang if there is late of installment. The reason why some members use *qard al-hasan* financing is because they are unable to use other financing services. BMT Mitra Usaha Ummat does not ask any collateral neither additional amount of money (interest rate and margin) for the requirement to obtain this *qard al-hasan* financing unlike banks. The recipients of *qard al-*

hasan financing at BMT Mitra Usaha Ummat are categorized as the people who economically weak. The interest rate and requirements with collateral at the bank are the problems why they do not able to make loan, especially they only have small business.

The ease and flexibility provided by the BMT is the main attraction both in the local community and those who have joined this financial institution which is BMT Mitra Usaha Ummat. Remembering that micro entrepreneurs cannot be reached by bank financial institutions, this is because they do not have collateral and have weak economic conditions.

BMT as a financial institution that is grown from the role of society at large, there are no economic and social constraints. All components of society can play an active role in building a more equitable financial system and more importantly able to reach even the smallest layer of entrepreneurs.

The strategy to develop business and increase the income of micro-entrepreneurs will improve the welfare of society as a whole. With the existence of micro-businesses it can add economic value by creating jobs, increasing income, strengthening purchasing power, reducing costs and increasing the ease of doing business. Efforts to develop the business of micro entrepreneurs through the provision of *qard al-hasan* financing are expected to be a spirit to improve a decent and good life and be able to improve the quality of independent human resources with a good future.

To find out the changes in the economic conditions of micro-business actors before and after obtaining financing from BMT, we must first know about the use of funding by *qard al-hasan* members.

Interviews conducted by author with 9 respondents who took *qard al-hasan* financing shows that the majority of them used the fund to give additional business capital for their micro businesses. When author asked about the economic conditions before and after taking *qard al-hasan* financing in BMT Mitra Usaha Ummat, each of them gave a different answer, but their answers sulked to one conclusion that after receiving *qard al-hasan* financing from BMT their income has increased, they could fulfill their daily needs and could save their money.

SR is 52 years old man who worked as a construction worker and has 2 children. He told the author that he just had an accident by falling from the roof when installing tiles and broke his arms. He did not get to work like he used to and finally took an initiative to open *angkringan*. He confessed that the income from the food stall before he took the financing at BMT Mitra Usaha Ummat is only Rp2,000,000 per month. Considering he has a wife and has to pay the tuition fee for his 2 children, the income will be just mediocre to fulfill the needs. Then, SR proposed the *qard al-hasan* financing through his relatives who works at BMT Mira Usaha Ummat. The economic condition of SR is getting better after receiving the fund; he confessed that the income from selling

food is increasing from Rp2,000,000 to Rp2,300,000 per month. He added that he also can save his money, pay *zakah*, *infaq*, *sadaqah*, fulfill his family needs and medical care costs. To pay the medicine or any medical treatment, he said that got help from government through BPJS program.

SP is a 53 years old woman who only elementary school graduates and has a small stall of Indonesian vegetables salad called *lotek*. She confessed that the income from selling *lotek* before she took the financing at BMT Mitra Usaha Ummat is only Rp500,000 per month. She expressed her complaint about the increasing of production cost in selling of *lotek* and *lotis*. For making a portion of *lotek*, she needs to buy vegetables such as cassava leaves, bean sprouts, cucumber, cabbage, peanuts, cooking oil and various spices. She told that the example of increasing the production cost is the increasing price of *kencur*, the kind of spice used in *lotek*, is costed Rp10,000 per ounce. She took *qard al-hasan* financing to give additional capital because of increasing in production cost. Then, SP proposed the *qard al-hasan* financing through her nephew who works at BMT Mira Usaha Ummat. The economic condition of SP is getting better after receiving the fund; she confessed that the income from selling *lotek* is increasing from Rp500,000 to Rp550,000 per month. She added that the fund is really helped her business. At the first financing, she used the fund to expand her stall by

adding floor and installing the well in the back of her house. Then, she took another *qard al-hasan* financing to add the additional capital for her small-business.

“Alhamdulillah, uangnya bisa saya putar untuk menambah biaya modal untuk dagang lagi. Bahkan di pembiayaan pertama saya bisa gunakan untuk bangun sumur di rumah. Sebelumnya pihak BMT sudah survey kesini (rumah) jadi sudah tau kondisi dan keadaan saya seperti apa. Dulu di rumah belum ada apa-apa, masih kosong, karna saya baru pindah ke (daerah) sini. Sedangkan di pembiayaan kedua saya bisa memperluas warung lotek saya.”

“The translation: *Alhamdulillah*, I can use the money to increase capital for selling again. Even in the first financing I use it to build a well at home. The BMT employees had surveyed my home so they already knew what the conditions. Previously, there was nothing at my home, it was still empty, because I had just moved here. Whereas in the second funding I can expand my *lotek* stall”

She also can save her money, pay *zakah*, *infaq*, *sadaqah*, fulfill her family needs and medical care costs. To pay the medicine or any medical treatment for her and husband, she said that got help from government through Social Insurance Administration Organization (*Badan Penyelenggara Jaminan Sosial*) program.

MR is a 50 years old woman who graduates high school and has a small grocery stall at Pasar Kejambon Sleman with 6 years business experience. She confessed that the income she got before she took the financing at BMT Mitra Usaha Ummat is only around Rp100,000-Rp300,000 per month. Even after she took the *qard al-hasan* financing,

there is no change in income. She explained that her stall is quite and she thought by taking the financing to expand the business could help her but in fact, it could not. She also complained that she cannot save her money in order to fulfill daily needs and she felt like this *qard al-hasan* financing does not give any positive impact to her:

“Jujur saja, sebelum dan sesudah saya melakukan pinjaman di BMT, pendapatan (saya) tetap sama. Warung sembako saya selalu sepi. Jadi saya hanya bisa memenuhi kebutuhan sehari-hari saja. Menabung pun saya tidak bisa. Saya tidak merasakan manfaat apa-apa dari pembiayaan ini.”

“The translation: Honestly, before and after I borrowed a loan from the BMT, the income remained the same. My grocery store is always quiet. So I can only fulfill my daily needs. I can't save money and I don't feel any benefit from this financing. ”

Even though cannot save money, she still can pay *zakah*, *infaq*, *sadaqah*, fulfill her needs and medical care costs.

DL is a 70 years old widow who only elementary school graduates and still working as a farmer. She confessed that the income from selling agricultural products before she took the financing at BMT Mitra Usaha Ummat is only Rp450,000 per 3 months. It happened because of the factors affecting the farm production like changing in climate and weather. The average income per month is only Rp150,000 and it may change or uncertain over time.

Similar to MR, she cannot do saving because her income just only can fulfill her daily basic needs. For paying the installment is another

trouble she faced. Because of uncertain income she gets and having many needs, she usually late for the installment. It depends on her economic condition; as she gets the money, she can pay installment. If she does not have money, she will pay it in the end of the month. Even though cannot save money, she still can pay *zakah*, *infaq*, *sadaqah* that encouraged by BMT Mitra Usaha Ummat at every installment and she can fulfill her needs and medical care costs.

SM is a 60 years old woman who only junior high school graduates and has a small stall of children's clothes at traditional market. She confessed that the income from selling clothes before she took the financing at BMT Mitra Usaha Ummat is only Rp300,000 per month. Even after she took the *qard al-hasan* financing, there is no significant change in income. She explained that sometimes her stall is quite and sometimes it is crowded. She thought by taking the financing to give additional capital could increase the income, but in fact the income is no different with before she took the financing. Even though her income did not change, she still can set aside her income to save, pay *zakah*, *infaq*, *sadaqah* and she can fulfill her and husband's needs and medical care costs.

IM is a 38 years old man who graduated from junior high school, works as a seller of chicken and various kind of fish and has 3 children. He confessed that the income from selling chicken and fish before he

took the financing at BMT Mitra Usaha Ummat is only Rp2,000,000 per month. After he took the *qard al-hasan* financing, there is no significant change in income. He explained that this is the first time he took the *qard al-hasan* financing in BMT Mitra Usaha Ummat. He said that with the income that he got, he cannot save the money because of his family needs. Even though his income does not have significant change, he still fulfil his obligation as a Muslim and head of the family to pay *zakah*, *infaq*, *sadaqah* and he can fulfill his family needs and medical care costs.

MY is a 31 years old woman of 2 children who only junior high school graduates and has a small stall of *angkringan*. She said that the income from selling before she took the financing at BMT Mitra Usaha Ummat is only Rp3,000,000 per month. She told the author that she is already accustomed took the financing in BMT Mitra Usaha Ummat because the BMT is near her stall. She used to take the *mudharabah* financing and she is using the *qardh al-hasan* financing recently. Her economic condition is getting better after receiving the fund; she confessed that the income from selling *angkringan* is increasing from Rp3,000,000 to Rp4,000,000 per month. She added that the fund is really helped her *angkringan* business, especially when she needs money to buy a new stove. Comparing to conventional bank, she stated that BMT is running with Islamic principles so it gives tolerance for those who are late on the installments. She considered as empowered by providing

proof that she still can set aside her income to save, pay *zakah*, *infaq*, *sadaqah* and she can fulfill her family's needs and medical care costs.

SK is a 41 years old man who only elementary school graduates, works as a seller of coconuts and has 1 son. He confessed that the income from selling coconut before he took the financing at BMT Mitra Usaha Ummat is only around Rp40,000-Rp 50,000 or equals to Rp800,000 per month. After he took the *qard al-hasan* financing, there is no significant change in income. He explained that it is been raining lately and the coconut trees are slippery and cannot bear fruits, so he cannot sell coconut. With the income that he got, he cannot save the money because of his family got sick recently and he needed the money to pay the medicine so he cannot save money for a while. Even though his income does not have significant change and cannot save money, he still can pay *zakah*, *infaq*, *sadaqah* and he can fulfill his family needs and medical care costs.

PR is a 60 years old woman of 1 daughter who only elementary school graduates and has a small stall of *nasi rames*. She said that the income from selling before she took the financing at BMT Mitra Usaha Ummat is only Rp2,000,000 per month. Her economic condition is getting better after receiving the fund; she confessed that the income from selling *nasi rames* is increasing from Rp2,000,000 to Rp3,000,000 per month. She added that the fund is really helped her business; it can

give the additional capital. Comparing to conventional bank, she stated that BMT is running with Islamic principles so there is no interest rate. She considered as empowered by providing proof that she still can set aside her income to save, pay *zakah*, *infaq*, *sadaqah* and she can fulfill her family's needs and medical care costs.

The reasons why there are some of the respondents that are not able to save their money are similar with the reasons why the income changes is not really significant or does not change at all. It is also related with the income received and several reasons that caused this can be happened. The amount of income received by the respondents is small and just enough to fulfill the basic needs. In addition, if there is a family member got sick, the expenses will be higher. The number of buyer is also the cause of why the amount of income is small and affects the ability to save money. The less the number of buyer, the less the income they get, the less the ability to save money. Another reason that in line with this concept is also the uncertain farm production depends on weather.

C. Changes on Income Before and After *Qard al-hasan* Financing

The effectiveness of *qard al-hasan* financing on BMT Mitra Usaha Ummat can be seen from changes on income before and after the respondents obtain financing with the *qard al-hasan* contract. The effectiveness of *qard al-hasan* financing as measured by paired t-test on

economic empowerment and poverty alleviation has been evaluated by pointing out the change of respondents' income. By using the Statistical Package for the Social Science (SPSS) 20th version, the mean of the income before obtaining the *qard al-hasan* and when the research is conducted or after obtaining the *qard al-hasan* financing will be compared. The following data is the income before and after the financing obtained from interviews directly with respondents in brief:

TABLE 4.1
Change on Income Before and After *Qard al-hasan* Financing

No.	Name of Respondent	Income per month	
		Before*	After**
1.	SR	Rp 2,000,000	Rp 2,300,000
2.	SP	Rp 500,000	Rp 550,000
3.	MR	Rp 300,000	Rp 300,000
4.	DL	Rp 150,000	Rp 150,000
5.	SM	Rp 300,000	Rp 300,000
6.	IM	Rp 2,000,000	Rp 2,000,000
7.	MY	Rp 3,000,000	Rp 4,000,000
8.	SK	Rp 800,000	Rp 800,000
9.	PR	Rp 2,000,000	Rp 3,000,000

*before the *qard al-hasan* financing, **after the *qard al-hasan* financing (at the interview)

Source: Author's Interpretation based on Result of Interview

The results of the paired t-test show that the mean of the income before the *qard al-hasan* financing is not significantly different from the mean after the financing with increasing only 17.5 percents. In table 4.2 indicates that the mean before the financing is Rp1,227,777 (with the

minimum income Rp150,000 and maximum income Rp3,000,000). The mean after the *qard al-hasan* financing is Rp1,488,888 (the minimum income Rp150,000 and the maximum income Rp4,000,000). The significance value of the result of paired t-test is 0.106 (>0.05 with 95% confidence level) indicates there is no significant difference between before and after the *qard al-hasan* financing which essentially states that *qard al-hasan* financing is not effective on empowering the economic condition of respondents. The result of the paired t-test can be seen in Table 4.2 below.

TABLE 4.2
Mean on Income Before and After *Qard al-hasan* Financing

Indicators	Mean Before (Rp)	Mean After (Rp)	Differences of Mean (Rp)	Sig. (2 tailed)
Income before and after financing	1,227,777	1,488,888	261,111	0.106

Source: Author's Interpretation Result of Paired T-test

From the table above, it can be seen that there is an increase in income for some respondents but not significantly change. The reasons why it happens are because; firstly, increasing of price of goods that cause increasing also in production cost. One of the respondent said there is increasing of production cost in selling of her *lotek* and *lotis*. The example of increasing the production cost is the increasing price of

kencur, the kind of spice used in *lotek*, is costed Rp10,000 per ounce. She took *qard al-hasan* financing to give additional capital because of increasing in production cost and it is why her income did not change that much recently.

Secondly, there are respondents that have the same problems why they have no significant income difference. It happened because the stall is rather quiet and not has many customers. This problem happened to MR and SM as the seller of grocery and children clothes. The income of these 2 respondents is uncertain depends on the number of the buyers; sometimes they are plenty, sometimes are not. This is also why the income of MR is just only for fulfilling her basic needs but she cannot save money. Unlike SM, even though her stall is sometimes rather quiet, she still can save from the money she got and fulfill her and husband needs.

The third reason why there is no difference in income is caused by the uncertain of farm production that depends on climate and weather. It happened to DL who works as a farmer and the income she got is uncertain because of these factors. The other problem that is affecting her income is because of the large expenses for needs and it also happened to IM and SK. As a head of their family, IM and SK have to fulfill not only for their needs but also their family needs. IM confessed that recently the

family needs increased and he needs more money to fulfill the needs. The income IM got can only fulfilling their basic needs and cannot be saved. He added that he has not felt the difference in income because of just taking the *qard al-hasan* financing recently. Different case for SK, he said that the recently his family member got sick, and he has to pay more not only for fulfilling their basic needs but also for medical cost. SK also told because it was rain lately and the coconut trees are slippery and fruitless, he cannot be selling his coconuts.

Because of the distribution fund of *qard al-hasan* financing is relatively small, the income difference between before and after the financing is not significant. The *qard al-hasan* financing does not give any significant impact because the fund is small within only the maximum amount of loan is only around Rp100,000-Rp2,000,000. Comparing with the operational cost for selling, it can only fulfill additional capital not the cost entirely for all the respondents' needs.

According to the results of interview with all respondents using qualitative descriptive analysis, it can be concluded that the implementation of *qard al-hasan* financing at BMT Mitra Usaha Ummat is relatively good proved by all respondents are satisfied with the good financial services and facilities provided by BMT Mitra Usaha Ummat. However, there are several aspects that need to be improved such as the

details about the financing itself has to be delivered well to the members who want to take the financing. The training or assessment for the recipients is also needed in order to maintain the condition of the members who took *qard al-hasan* after given the fund is still in a good condition or even better. The easiness felt by the respondents in obtaining the funds is also well-received and fast that only took 2-3 days. It is really helping for those who really need the fund to add the capital immediately. In general the implementation of *qard al-hasan* financing is well based on the result of interview with all the respondents.

Through the financing of *qard al-hasan* given by BMT Mitra Usaha Ummat, members who have small businesses are helped to supplement their small business capital even though there is no significant difference in income received after the financing. It also expected to encourage small entrepreneurs to be able to increase their production so as to increase revenue and be able to compete with other entrepreneurs.

BMTs in general for *tamwil* purposes are dominated by profitable financing and the percentage for the financing of *qard al-hasan* in BMT Mitra Usaha Ummat is still very small. BMT Mitra Usaha Ummat is expected to play a role in the community, at least concerned with what is felt by the poor. Besides the expectation of being in the center of society,

BMT Mitra Usaha Ummat is also expected to be able to open the door of blessings by helping the members.

Comparing the results of this research with the research written by Irawan and Arimbi, both are showing that *qard al-hasan* financing implemented by BMT Mitra Usaha Ummat and Dompot Dhuafa Jawa Barat is relatively good and proven by the results of interview with respondents. The aspects that could be improved are the further assistance, business income and the ability to save money. The results are not in line with the research conducted by Widiyanto et al. that *qard al-hasan* financing can increase the economic condition of the respondents and proven that this *qard al-hasan* financing model is effective in empowering the economic activities of the needy. The result of the implementation of *qard al-hasan* financing indicated that it was able to improve the business performance which is showing by the increase of their business income and profit accompanied by the increase of the ability of the small entrepreneurs to fulfill their basic needs, to save money, to pay *infaq* and *sadaqah*, to pay school fee for their school and to pay cost of medical treatment of the household members. Similar to the results of the research written by Ahmad Mojtahed, it is also proven that the micro finance model using *qard al-hasan* financing could reduce the socio-economic inequality. It mentioned that the government with the

cooperation of banking system and financial institutions in the frame of work of targeting the allocation of low cost loan of *qard al-hasan* for small operational projects which create jobs and preparing the necessary background to increase the income capability and business suitable for economically weak people is necessary.