

## THE POTENTIAL OF THE SHARIAH MICRO FINANCE INSTITUTION IN BUILDING THE UMMAT ECONOMY

**Hendra**

Institut Syekh Abdul Halim Hasan Binjai  
Email: [hendra@ishlahiyah.ac.id](mailto:hendra@ishlahiyah.ac.id)

---

### **Abstract**

*As for the objective of this research, which is to outline the potential for optimization of LKMS (Shariah Micro Financial Institution) to assist in the building of the economy through the implementation of Shariah finance. Using qualitative descriptive approaches (interactive models) from a variety of previously published material such as articles, books, or journals of past study. The findings of the debate indicate that there is an increase tendency in terms of assets and loans/financing shown by OJK data for the period 2019 to 2023. In light of this, it may be deduced that the presence of LKMS has a considerable impact on the rate at which sustainable economic growth occurs. As a result, the part that Shariah micro-financial institutions played in the development of the economy in Indonesia turned out to be significant and pertinent. LKMS is the best answer for microentrepreneurs in situations in which they do not have access to microfinance from traditional banking institutions.*

**Keywords:** economic development ; LKMS; opportunities

### **A. INTRODUCTION**

The establishment of sharia-compliant financial institutions in a variety of Muslim nations is evidence of the rebirth and development of the sharia system during the beginning of the 20th century. In general, this may be inferred from the fact that sharia-compliant financial institutions were established at that time. In response to the growing demand for financial services that adhere to Sharia principles, both banking and non-banking financial organizations have begun to apply and implement the Sharia concept in their operations. The public's growing understanding of the Sharia financial system has sparked a discourse about the application of Sharia finance, which is seen as an alternative to the "colonial hegemony" of the economy. The next impact is the increasingly varied and diverse applications of the Syrian financial system, including the types of institutions that are available, the products and obstacles, and their uses.

The Shariah's microfinancial institutions are the ones that get the most personal with each individual and with those who commit crimes in the United Kingdom. The obstacles posed by rapid change and acceleration will have an effect on the form that the micro-institution of Shariah takes. It is therefore vital that we continue our studies, research, and exploration regarding the characteristics and institutional forms of the micro-shariah unity institution itself. This is necessary not only in terms of the kinds of products but also of the challenges that will be presented. (Faisal & Zuhri, 2022).

The LKMS attends to financial requirements and initiates funding solutions for each and every micro sector. The many institutions that make up the Syrian micro-financial institutions are referred to together as the LKMS. These institutions include the BPRS (Sharia People's Bank of Credit), the BMT (*Baitul Mal Wat Tamwil*), the Zakat Management Institutions (BAZ and LAZ), and the *Wakaf* management institutions. The four institutions have tight links with one another and influence one another. They are also closely associated with other major sharia institutions. However, the LKMS in Indonesia is often split into two categories: the Bank-LKMS and the Non-Bank-LKMS. Nevertheless, it is regrettable that its survival is still precarious, and "no" continues to be the answer that many communities go with when deciding how much cash to provide to their micro-enterprise.

In the Islamic concept, any state that has a clear goal, in this case the formation of a peaceful order of society as described by Imam al Syatibi in his work *al muwafaqat fii al ushul*, will strive consistently to seek out and engage in a variety of economic activities that are both beneficial and in accordance with the nature of the nation. This is because the formation of a peaceful order of society is a prerequisite for the formation of a peaceful order of society. It is anticipated that Islamic Micro-finance, which consists of BMT, Shariah Corporation, and BPRS, in addition to Islamic banks with their own micro-enterprise units, will assist in the accomplishment of the aim (Kamilah & Annio, 2019).

**Table 1. Number and percentage of poor in Indonesia (2019 - 2023)**

No.	Year – Month	Total of Poor People	Percentage (%)
1.	2019-March	25.140.000	9,41
2.	2019-Sept	24.780.000	9,22
3.	2020-March	26.420.000	9,78
4.	2020-Sept	27.550.000	10,19
5.	2021-March	27.540.000	10,14
6.	2021-Sept	26.500.000	9,71
7.	2022-March	26.160.000	9,54
8.	2022-Sept	26.360.000	9,57
9.	2023-March	25.900.000	9,36

Source: [databoks.katadata.co.id](https://databoks.katadata.co.id)

**Figure 1. Economic growth chart in Indonesia**



Source: Central Statistic Agency in Bappenas, (2023)

Additionally, the percentage of impoverished people in the nation fell throughout the course of the previous year, going from 9.54 percent in March 2022 to 9.36 percent in March 2023. The economy of Indonesia's triwulan I increased well by 5.03 percent year over year in 2023, bringing it back to the growth averages it had before the epidemic. The truth of the matter is, however, that the expansion of Indonesia's economy is forecast to slow down by the year 2023, after having reached its maximum level of expansion in 2022.

Previous research that provided a summary of the trend indicators on the influence of the function of Sharia Micro Financial Institutions among them included the following: The findings of Pratama, et.all, (2023), indicate that both LKMS and LPS have had an impact on economic growth concurrently. Kamilah and Annio (2019) claimed that the Shariah Micro Financial Institution (LKMS) in Medan City has a role in bridging gaps and ensuring equitable distribution of income in the city. Rahmad Bahagia and Ridwan, (2022), came to the conclusion that using Shariah financial institutions with UMKM is also extremely beneficial with the system for producing outcomes that are not detrimental to the entrepreneur. As a result, the function and position of the Micro Sharia Financial Institution (LKMS), BMT can be seen as having two primary functions. First, it can function as a medium for the dissemination of worship property such as zakat, infak, sedekah, and wakaf. Second, it can function as an institution that operates in the field of investment that is productive as a bank.(Surbakti & Marsono, 2020). Rajab & Nawawi, (2022) came to the conclusion that the Micro Finance Institution plays a significant part in maintaining the stability of the economy. This is accomplished by giving help with financing to small and medium-sized businesses that have trouble gaining access to national banks.

According to the results of my research, there is not a great deal of literature that discusses LKMS (Shariah Micro Financial Institution). Conduct research on the body of literature that addresses this topic. There are several reasons why it is necessary to determine the qualities and organizational structure of Shariah-Micro Financial Institution. To begin, the features and institutional forms of Shariah-

compliant microfinancial institutions are always shifting, which is why it is imperative that study and investigation be carried out in perpetuity. Second, the results of this study are anticipated to serve as an additional reference and an expansion of the viewpoint of the variety of financing services available to micro-enterprises who do not qualify for bank financing due to their limited budgets.

## **B. LITERATURE REVIEW**

### **1. LKMS (Shariah Micro Financial Institution), Illustrious History**

One of the most important goals of contemporary financial institutions is to foster the growth of local microfinance institutions (LKMS), and the Shariah has also garnered a considerable amount of attention in recent years. That constancy in establishing the LKM of Shariah would be one of the effective methods to repeat the golden era that previously existed during the time of Khalifah Umar bin Abdul Aziz. This would be one of the effective ways to repeat the golden period that once existed during the time of Khalifah Umar bin Abdul Aziz. During that historical period, philanthropic organizations and other social institutions had challenges while attempting to disperse the amassed riches around the society. The populace already enjoys a high level of prosperity with regard to meeting their numerous requirements, which may include having a roof over their heads, furniture, food, an education, good health, freedom of speech, and so on. A vision for the future that has to be brought closer to being realized by all of us. As a means of bolstering the expansion of the country's economy, the Shariah Legal Knowledge Matrices will play an increasingly strategic and significant role.

LKMS is a financial institution whose primary mission is to better the lives of its members and the associations they belong to. In the course of running his firm, he focuses on only one neighborhood, municipal district, or city. In the event that LKMS conducts commercial operations in more than one district or municipal territory, the company will be required to transition into the role of a bank. (Pasal 16 and Pasal 27 of the UU-LKM). Microfinancing institutions based on Shariah have two primary roles by their own nature: social functions and business activities. Because microfinance institutions have such a huge untapped potential for their functions, they may be improved upon to make the community's economy stronger via the use of microfinance. As a result, it can assist the government in its efforts to ensure the general welfare of the entire society. It is connected to that, one of the attempts made by the government to eradicate poverty is by boosting the role of microfinance institutions in the provision of capital for businesses. This is one of the initiatives being taken by the government. The policies that the government adopts in relation to the monetary system have to have the welfare of individuals and small businesses in mind. Micro, Small and Medium Enterprises (UMKM) are a vital component of the process of bolstering the economy of the nation. This is due to the fact that the UMKM sector in Indonesia accounts for the highest percentage of the country's total business scale (Oktafia, 2017).

## **2. The Growth of LKMS (Shariah Micro Financial Institution)**

The growth of Shariah-compliant microfinancial institutions during the last decade, particularly in terms of the number of institutions as well as the number of users, exhibited astonishing results. This was notably the case in the most recent decade. It is not separate from the rising public knowledge of the benefits and the need of conducting economic activity through these financial institutions to enhance circumstances. This is not an isolated phenomenon. It is even expected that LKM would play a vital role in hastening the process of Indonesia becoming a developed country by the year 2030. This prediction is based on a number of factors. Chairul Tanjung, an entrepreneur who is also the Chairman of the National Economic Committee (KEN), mentioned this in his statement at the 47th Anniversary of Dies Natalis Bogor Agricultural Institute (IPB). Chairul Tanjung is also the Chairman of the National Economic Committee (KEN). He is convinced that Indonesia would be among the top five most developed countries by the year 2030, and that LKM will be one of the primary pillars of that achievement.

Numerous developing nations have, in point of fact, put into action poverty alleviation programs run by Microfinance Institutions (MFI). The program is a suggestion to help small and medium-sized entrepreneurs finance investments for economic activities, reduce vulnerability to external shocks, consumption expenditures, and allow the *erbeitlos* (unemployed) to do business when wage opportunities in the formal sector of the economy are limited. Even the United Nations (UN) declared that the year 2005 marked the beginning of the International Year for the Microfinance Institution, which acknowledged that it was an essential method of playing a role in the fight against global poverty.

## **3. The Relationship Between Economic Growth and the Presence of LKMS**

The people of LKM have a significant part to play in the expansion of the economy by extending low-interest loans to the less fortunate in order to provide them the opportunity to start or expand their own businesses. People who are unable to receive ordinary credit because they do not have guarantees, stable employment, or trustworthy credit histories are the ones who may take advantage of micro-credit. Microcredit is intended to be a form of assistance for low-income persons who have restricted financial capacities.

The growth of the economy of the people themselves for the sake of the people as a society, or the enhancement of the capabilities of the people in an all-encompassing manner by cultivating and energizing their potential through the activities that they partake in is what is meant by "economic development." (Nuryanti, 2021).

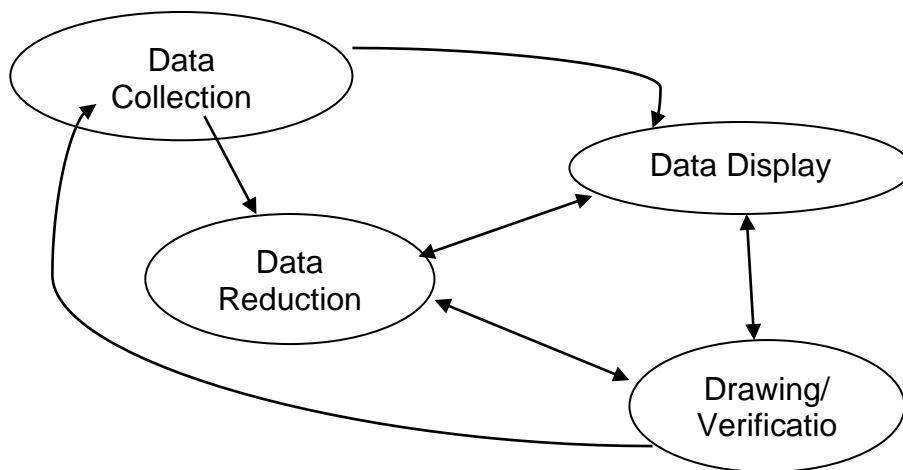
Microfinance institutions, also known as loan and leasing companies (LKMS), have emerged as a tool for economic development with the intention of benefiting low-income countries. As organizations dedicated to development, the goal of LKMS is to provide for their monetary requirements. It is also an effort to develop goals such as creating jobs, reducing poverty, helping existing enterprises to increase or differentiate their, empowering women or other groups

of societies that are less fortunate (poor societies or people with low incomes), and encouraging the development of new businesses. Specifically, it is an effort to encourage the development of new businesses (Restia Christianty, 2019).

### C. METHOD

The researchers employ qualitative descriptive research to describe or illustrate facts, conditions, or symptoms of Shariah Micro Finance Institution in Indonesia. This study collects data from documents. (Sugiyono, 2014), states that documents can be written, visual, or monumental. Documentation method: searching for notes, transskrips, books, newspapers, magazines, inscriptions, meeting minutes, lengths, agendas, etc. Refer to grand theory in this research is Effectivity Theory, that mean Effectivity refers to the success of achieving organizational goals, so efficiency is described as a measure of whether managers are doing the right job. Effectiveness is defined as the extent to which an organization achieves its goals.

**Figure 2. Components in Data Analysis (Interactive Model)**



Source: (Sugiyono, 2014)

### D. RESULTS AND DISCUSSION

One of the measures that governments should give in order to reduce the amount of people living in poverty is to stimulate the growth of small and medium-sized businesses. On the other hand, the expansion of small businesses has been hampered by a number of challenges, the most significant of which are restrictions on finance, challenges in marketing, limits of human resources, issues with raw materials, and limitations imposed by technology. This presents a challenge to the progress that is being made in the attempt. The provision of funds for the funding of the firm through the Microfinance Institution (LKM) is one alternative method that may be used. The LKM acts as a financial institution for micro-credit, which is a small-scale financial service offered for those who have limited access to standard banking services. As a result, it is made simpler for the community to get micro-finance money via the efforts of the LKM.

At this point in time, Indonesia is considered to be a developing country. Many people in Indonesia continue to have poor incomes, which forces them to live below the poverty line. In such challenging circumstances, there is a need for an organization that can help them improve their standard of life, particularly in improving their economic situations. This institution must be able to assist them in improving their economic conditions.

The Islamic micro-finance program that is employed as a tool in the solution of poverty is characterized as follows by Ahmad Rusyad (2020): The financing of *gabah* (*sedekah* fingeryah) with acq *qordhul hassan* that was borrowed during the period of paeklik and that the community is obligated to pay back when the season of harvest comes with the payment of *gabha* or money.

Anyone who wishes to borrow money can do so through akad *qordhul hassan* if they attend a study session on Tuesday evenings and offer *infak* as a voluntary service to a community that is in immediate need of it. The informal sector plays an important role in economic activity across the developing world. The economic downturn in developing countries is caused by a lack of capital, where the assets in the emerging countries are incapable of becoming labor capital because of their ownership rights and the inefficiency of micro-financial institutions that directly serve and reach the micro, small, and informal industries that are adequately able to provide alternatives to both sav and formal industries. The informal sector plays an important role in the economic activity across the developing world. (Irwan Suriadi, et.all, 2021).

It is a micro-financial institution (LKM) that operates on the basis of the principles of Shariah and its acronym is BMT, which stands for Baitul Mal wat Tamwil. According to what the acronym stands for, BMT is composed of two primary functions, which are as follows:

1. *Baitul tamwil*, also known as property development houses, carry out activities of development of productive enterprises and investments in improving the quality of the economy of micro and small entrepreneurs by, among other things, promoting saving activities and supporting the financing of economic activities.
2. *The Baitul Mal* (House of Treasures), which is responsible for collecting the payments made to the zakat fund, the infak, and the sedekah and maximizing their distribution in accordance with the laws and trusts.

The microfinancing organization known as Baitul Mal wat Tamwil works on the basis of making a profit, fosters the growth of micro and small businesses with the goal of elevating people's dignity, and looks out for the interests of the poorest of the poor.

**Tabel 2. Threats and Oppouturnities of Shariah LKM**

No	THREATS	OPPOUTURNITIES
1.	The mentality of a member who is still weak to start a new venture; the desire of the member to succeed in entrepreneurship instantly	The scope of the market potential for the development of Sharia LKM
2.	Lack of human resources and information, public confidence; dominant lack of understanding about Sharia financing	Bringing the Shariah LKM closer to the economic center.
3.	The development of other financial institutions is modern, like the losing of the Sharia LKM's agility over the sharia bank which eventually joined the opening of microfinance.	Optimization of UMKM empowerment that is unable to obtain funding from the bank.
4.	KUR (People's Enterprise Credit) provided by other financial institutions.	The system's advantage over the results, benefiting both sides, either Sharia LKM or capital borrowers.
5.	Lack of funding, one of which is the lack of massive development of this agency in getting customers.	Progressive and sustained empowerment, helping the government to introduce a program to empower the poor.

**Description:** According to a study conducted by the Royal Islamic Strategic Studies Centre (RISSC) and titled "The Muslim 500 edition 2023," it is projected that the number of Muslims in Indonesia would reach 237.55 million by the year 2022, which is comparable to 86.7% of the total Indonesian Muslim population. In this country, the Halal business is really poised to have a prosperous future. Similar to the Shariah micro-financial institutions, not less has the common potential of the market that is large enough to provide its services on capital provision to the micro-Indonesian community that is unable to get access to financing from the bank. Enough with a rigorous literacy and inclusion of understanding and socialization to the target financing (nasabah), so that have a comprehension of the history of everything related to the Shari'ah LKM.If the seriousness of the optimization of this institution has become something that will end in the improvement of economic well-being for the poor people who are also empowered through the programs and financing of the products that the Shariah LKM provides with a system and contracts that are easy to understand so that the financing and the return of financing can be assured of their flexibility, then this institution has become something that will end in

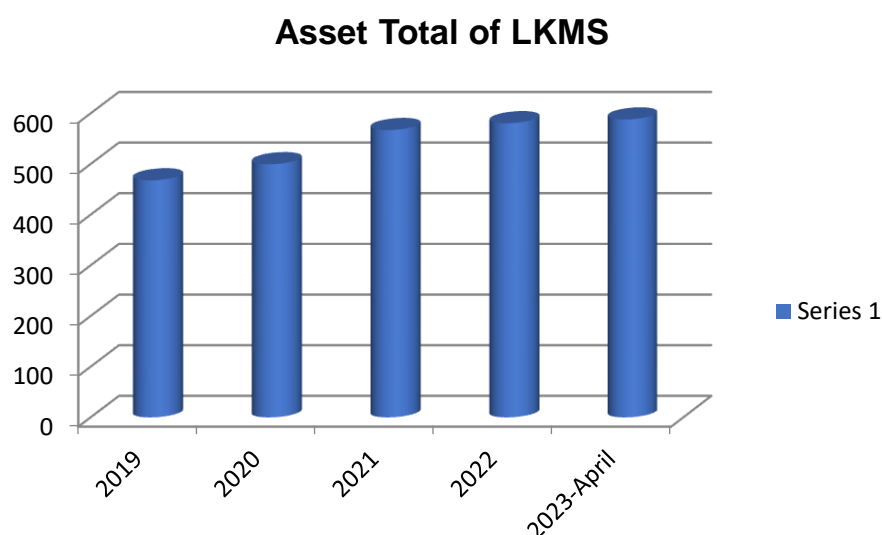


the improvement of economic well-being for the poor people who are also empowered through these programs and financing of the products.

The prospective chances that are accessible, if not synergized with the sharia LKM criminals in creating its finance institutions, have a high chance of being surpassed by rivals who were the first to notice the moment of opportunity, which is why serious microeconomists are in more demand to create their economy. In addition, this implies battling without first preparing supplies since it disregards the most important parts of the quality of human resources as the driving force behind the Sharia LKM. If SDM LKM Shariah is still out of step with other microfinancial institutions or banks, it will be difficult to grow and build this institution. If this happens, there will be no public impeachment on this institution, which means that it will not be able to borrow capital for its microenterprises from any of its other choices.

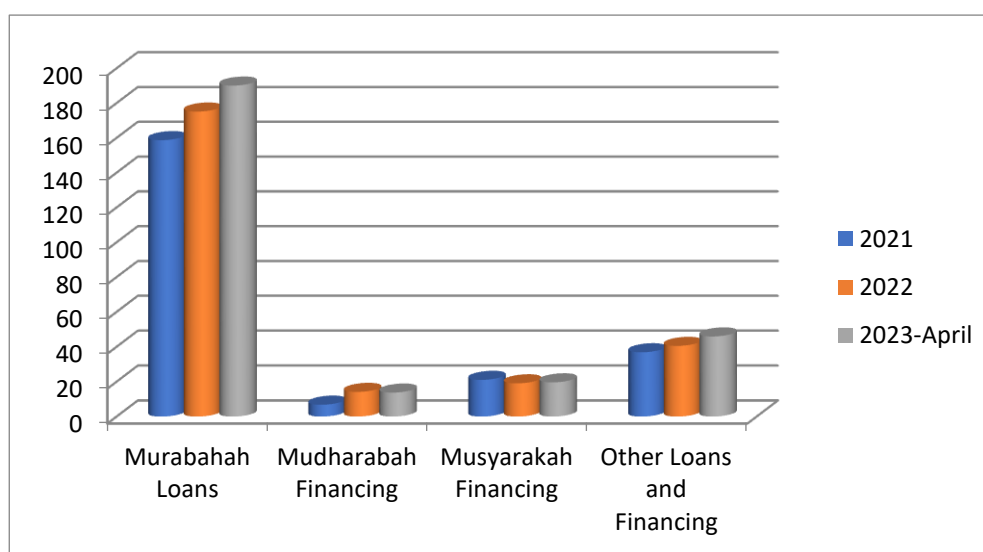
**Tabel 3. LKMS Asset Development in Indonesia**

No	Year	Total Asset (Rp. Billions)	Number of perpetrators
1.	2019	467,9	75
2.	2020	499,70	80
3.	2021	567,20	82
4.	2022	580,62	81
5.	2023-April	588	81



Source : Shariah IKNB

**Figure 2. Financing and Loans of LKMS in Indonesia, 2020 – 2023**



*Source: The data is processed from Shariah IKNB*

The finance for this expansion hit a new all-time high of Rs. 269.25 billion in April of 2023, which allowed for this expansion to take place. The expansion of the Sharia LKM and the increase in its funding, in addition to the rise in the total assets held by the Sharia LKM on an annual basis, are all displaying signs of rising growth. Despite the fact that the number of perpetrators or financing institutions (Shariah LKM) by the year 2023 will only be accessible at 81 institutions standing in Indonesia, interpreting two meanings is the first, its presence is still modest but positive to its performance, as demonstrated by the assets and funding it holds.

According to the findings of IKNB Shariah OJK (2021), it is discernible that the growth of LKMS indicates an upward trajectory in terms of both the Assets and the Amount of Financing Channeled, in addition to the Savings of the Collective Community. This indicates that the presence of LKMS has a major influence on the rate of environmentally responsible economic development, as well as, of course, the actualization of equitable financial practices. As a result, the contribution of Shariah-compliant microfinancial institutions to the development of a sustainable and inclusive economy in Indonesia has been shown to be significant and pertinent. The micro-Shariah financial institutions in Indonesia have the potential to be a key driver in the achievement of the goals of sustainable and inclusive economic growth in the country if they take an inclusive approach, adhere to the principles of Shariah, and demonstrate social and environmental responsibility in their operations.

### **The Economic Development Potential of Umat Due to the Impact of the Presence of the Shariah Micro Financial Institution**

The Shariah Microfinance Institution offers financial services to the general public that are not made available by traditional financial institutions. These services are not available because the Shariah Microfinance Institution blends the principles of microfinance with those of shariah.

There is a possibility that the function of Shariah-compliant microfinancial institutions has been tested and proven to be viable beyond the current economic crisis for some time already, and even more so in more recent times. UMKM is one of the enterprise units that relies heavily on LKMS in the long term for the good of the Indonesian economy. It should come as no surprise that many parties are looking at LKSM; however, the attention given has not been able to fully touch the fundamental issues facing IKMS so that it can truly strengthen and develop the financing institutions for UMKM, which are primarily small communities (Jenita, 2017).

Small and medium-sized businesses are crucial to the process of economic growth because they have the potential to propel the economy forward. However, there are many issues that arise in small and medium-sized businesses. In addition to consistency in entrepreneurship, the most significant issue is the problem of limited cash resources. It is vital to optimize the potential of financial institutions that may be an alternative source of finance for farmers and rural communities in order to respond to the difficulties of limited capital as well as with the falling fiscal capacity of the government. This is necessary since it is necessary to address both of these issues simultaneously. The Microfinance Institution (LKM) is one of the financial institutions that may be utilized and encouraged to fund economic activity in rural regions where the bulk of the population enters the micro-segment. These places often have lower levels of economic development. Despite the fact that this institution has expanded significantly and has deep roots in rural life, it has not been utilized to its full potential. Even in metropolitan areas, its presence is still uncompetitive in comparison to that of other funding organizations, which ultimately led to the dissolution of the Sharia Micro Finance Foundation.

In point of fact, Setyawan, et.al, (2021) showed it as an example he examined that micro-financial organizations such as BMT Bima might alleviate poverty through the distribution of ZISWAF monies (baitul maal) to the people in need outside the status of customers. ZISWAF stands for zakat, infak, shadaqah, and wakaf. The fact that the variable of financing does not have a considerable influence on the variable of income in 2018 is, nevertheless, something that frequently becomes an issue. This is due to the fact that there are still some consumers of UMKM who utilize money for various forms of private economic activity. Also, Eny Latifah, (2022) found the results of research that supports the late Sharia Micro Finance Institution can be optimized to the maximum in practice. This means that the knowledge and skills that the human resources that exist in the Sharia micro finance institutions in operating and conducting managerial still can not maximize the product possessed with evidence that the distribution of products is uneven because of the sharia Micro Finance Institution put in place. In other words, the knowledge and skills that the human resources that exist.

## E. CONCLUSION

Microfinance institutions also have an effect on the growth of the people's economy. This is because, with the assistance of funding from the LKM, a large number of business owners are utilizing rapidly expanding businesses in order to increase employment opportunities and decrease rates of unemployment. This is evidence that microfinance banks should offer more creative financing solutions in order to not only provide capital for LKM projects but also give education and training in order to generate a greater number of new business owners.

The LKMS has to have its institutions fortified so that it can play a larger part in the maximum finance services that are provided to UMKM and be in a position to expand on those roles. A sort of cooperation known as a linkage program can be used to make the LKMS more powerful on an institutional level. Linkage to this program can take the form of channeling, implementing, or co-financing, among other possible arrangements.

## F. REFERENCE

- Ahdiat, Adi, (17 July 2023) : *Indonesian Poverty Population Decreased in March 2023, Lowest since Pandemic*, accessed from <https://databoks.katadata.co.id/datapublish/2023/07/17/indigenous-poor-populations-reduced-by-maret-2023-lowest-se-since>
- Ahmad pandemics, Rusyda Afifah. (2020). *Challenges in the Eradication of Poverty: The Role of Islamic Microfinance Institutions and Social Finance*.
- Annur, Cindy Mutia (2023, 28 March): *This is the Largest Number Of Muslim Populations In The ASEAN Regions, Indonesia*, accsed from <https://databoks.katadata.co.id/datapublish/2023/03/28/this-population-Muslim-in-region-Indonesia-most>
- Ardiansyah, Muhammad Rajab, Zuhri M. Nawawi. (2022). *Urgency and the Role of Micro-Finance Institutions in Combating Poverty and Economic Development in Indonesia: Literary Studies*, *Studia Economica* Vol. VIII No. 2, <http://dx.doi.org/10.30821/se.v8i2.13617>
- <https://www.bps.go.id/pressrelease/2023/07/17/2016/profile-poornes-in-indonesia-march-2023.html>
- Bahagia, Rahmad, Ridwan. (2022). *Role of the Sharia Micro Finance Institution in the Empowerment of UMKM*, *AKMAMI Journal (Akutansi, Management, Economics,)* Vol 3 No 1, url: <https://jurnal.ceredindonesia.or.id/index.php/akmami>
- Cahyani, Rizka. (2021). *Increasing Public Knowledge About Sharia Microfinance Institutions and Zakat Infaq Alms Waqf*, *ALMUJTAMAE: Journal of Public Service* Vol. 1, No. 3

- Harahap, Faisal Hamdani, Zuhri M Nawaw. (2022). *Characteristics and Forms of Micro-Sharia Financial Institutions in Indonesia*, *Studia Economica: Journal of Islamic Economy*, Vol. VII No. 2, <http://dx.doi.org/10.30821/se.v8i2.13874>
- Jenita. (2017). *The Role of the Sharia Microfinance Institution in the Economic Empowerment of Small Communities in Indonesia*, *Al Masraf J. Lemb. Financial. and Perbank.*, vol. 2, no. 2, pp. 177-190.
- Kamilah, Annio Indah Lestari Nst. (2019). *The Role of the Industry of the Sharia Micro Finance Institution in Addressing Gaps and Income Distribution Problems in the Field City*, *Human Falah: Journal of Islamic Economy and Business*, Vol. 6 No.1, <http://dx.doi.org/10.30829/hf.v1i6.5686>
- Ministry of PPN/Bappenas. (2023). *Economic Development of Indonesia and World Triwulan I Year 2023*, Edition Vol.1 No. 7, ISSN 2580-2518
- Latifah, Eny, Lailiyah, Ummu Shofiyatul Fuada, Cindy Andini Fariskasari. (2022). *Islamic Economy Philanthropy With Approaches to Human Resource Development at the Shariah Financial Institution at Paciran Lamongan Village*, *PARTICIPATORY: Journal of Public Devotion* Vol. 1 No.1. <https://ejournal.iai-tabah.ac.id/index.php/Participatory>
- “*Shariah Indonesia Financial Development Report 2021.*” <https://www.ojk.go.id/id/canal/syariah/data-and-statistics/rapports-developments-keuangan-syaria-indonesia/Pages/Report-Developments-Financial-Syariah-Indonesia-2021.aspx> (accessed Nov 1, 2023).
- N. Azizah, I. Erwina, and S. Sidra. (2021). *The Role of Shariah Financial Institutions in Implementing Inclusive Finance for the Social Economy*, *Ekon. Islam*, vol. I, no.1, pp. 26–41.
- Nuryanti, A. A. S. & R. D. (2021). *The role of the Shariah Microfinance Institution in the business world in a pandemic (Studi Kasus Pada KSPPS BMT NU Ngasem Cabang Sroyo)*. *Tawazun Shariah Economic Journal*, 1(1), 64–74.
- Oktafia, R. (2017). *Accelerating the Growth of Micro, Small and Medium Enterprises (UMKM) Through Strengthening the Shariah Micro Financial Institution (LKMS) in East Java*. *Proceedings of the Annual Conference for Muslim Scholars*, (Series 1), 85-92. <https://doi.org/10.36835/ancoms.v0iSeries 1.11>
- Previously, Muhammad Riski Anugerah, Shauqi Aditya Khalis. (2023). *Analysis of the Impact of the Sharia Microfinance Institution and Sharia Financing Institution on the Economic Growth of Indonesia in 2015-2021*. *IHTIYATH Journal of Sharia Financial Management* Vol. 7 No. 1
- Restia Christianty, & D. M. (2019). *Strategy to Improve the Role of Women's Microfinance Institutions in Local Commodities in Toisapu Ambon*. *Business Management Journal*, 2(1), 270–280.

- Samer, Sayed, Izaidin Majid, Shaiful Rizal, M.R. Muhamad, Sarah-Halim, and Nlizwa Rashid. (2015). *The Impact of Microfinance on Poverty Reduction: Empirical Evidence from Malaysian Perspective*. *Procedia - Social and Behavioral Sciences* 195: 721–28. <https://doi.org/10.1016/j.sbspro.2015.06.343>
- Sari, Widya Ratna, Sulistyowati. (2023). *The Role of Sharia Microfinance Institutions in Building a Sustainable and Inclusive Economy*, *Journal of Business Economics and Accounting* Vol. 3 No.2, <https://doi.org/10.55606/jebaku.v3i2.1690>.
- Setyawan, Supanji, and Chaidir Iswanaji. (2021). *The role of Baitul Mall Wattamwil as an effort to reduce poverty through the development of small and medium-sized enterprises*.
- Suaidah, Devi Arjun. (2023). *Reinforce: Journal of Sharia Management* Volume 2, Issue 1
- Sugiyono. (2014). *Combined Research Method (mixed methods)*. Bandung: Alfabet
- Surbakti, Try, Nurhidayah Marsono. (2020). *Microfinance institutions and their position in Islamic economics*, *AL Mutsala : Journal of Islamic Sciences and Social Affairs* Vol. 2 No. 1
- Suriadi, Irwan, Hailuddin, Siti Sriningsih. (2021). *Model of Development of the Sharia Micro Financial Institution in Eradicating Poverty in the City of Mataram*, *ECONOBIS* Vol 7 No. 1
- Soemitra, Andri. (2012). *Shariah Bank and Financial Institutions*, 3rd ed., Jakarta: disaster.