

Economic Empowerment Model through Sharia' Financing: A Case Study on the Beneficiary of 'Mesra Soft Loan' in Bandung City

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Abstract: The paper aims to elaborate on an Islamic finance instrument as an empowerment tool in empowering the micro-small economic sector. Particularly, this study seeks to analyze socio-economic empowerment effect on the beneficiaries through an Islamic finance instrument issued by the Bandung City Government, called 'Mesra Soft Loan' or 'Kredit Mesra'. This research was conducted in several places in Bandung City, West Java, Indonesia, which focused on PD. BPR Kota Bandung and Masjid Baitul Ma'mur, Bandung Kidul Districts. The community, through sharia' cooperative group, was collected to be empowered in a mosque. The contract of qardhul hasan instruments was applied from funds budgeted by the Government of Bandung City that channeled through the partnership of PD. BPR Kota Bandung and sharia' cooperatives in community mosques. This qardhul hasan instruments, through Kredit Mesra program, had given exceptional impact in developing and empowering the micro-small economic sector in the city. This program had succeeded in impacting the social, economic, and spiritual aspects of society as an empowerment program.

1 INTRODUCTION

Islam is the second largest religion in the world after Christianity, with a total of 1.6 billion people or 23% of the world's total population. Indonesia becomes a country with the largest Muslim population in the world, with about 209 million people or 87.2% of the total population (Masci & Desilver, 2017).

With a Muslim population of 209 million, Indonesia had great potential for ZISWAF funds (Zakat, Infaq, Sadaqah, and Waqf). Firmansyah (2009) estimated the potential for Zakat by accepting zakat levels of at least 2.5% of each Gross Regional Domestic Product (GRDP) as follows: 1) Agricultural zakat levels amount to 2.5% of the GRDP value of the agricultural sector; 2) Mining zakat level was 2.5% of the GRDP value of the mining sector; 3) Zakat in other sectors was 2.5% for each sector. However, the Center for Strategic Studies of the National Zakat Agency (Puskas Baznas) in 2017 noted that the potential for zakat in Indonesia reached Rp.286 trillion per year, bigger than previous research.

If the potential of Rp. 286 Trillion of Zakat fund could be managed appropriately, and the fund could be used as a response to alleviate poverty, which was a current fundamental problem of Indonesia since Zakat actually targets people who are considered

poor. As of Allah SWT in Surat At-Taubat (9): 60: "Zakah expenditures are only for the poor and for the needy and for those employed to collect [zakah] and for bringing hearts together [for Islam] and for freeing captives [or slaves] and for those in debt and for the cause of Allah and for the [stranded] traveller – an obligation [imposed] by Allah. And Allah is Knowing and Wise."

However, in the reality, the absorption of Zakat fund has not been optimal yet. During the year of 2017, the absorption of Zakat fund that noted in BAZNAS's data was only Rp. 6 Trillion, very far below the estimated amount that BAZNAS noted. Only 2.09 percent of the Rp. 286 Trillion of zakat fund estimation from BAZNAS could be collected.

The Zakat, in fact, had not been able to overcome poverty in Indonesia yet. In March 2018, the Central Bureau of Statistics had noted that the poverty rate was at 9.82 percent. However, often missed by the media attention was the definition of BPS's "absolute poverty" and the blurring of the actual number of poverty.

The national poverty line in March 2018, which resulted in a poverty rate of 9.82 percent, was IDR 400,995. However, if the poverty limit was changed using the middle-income poverty line standard of World Bank with a figure of USD 3.9 or IDR 56

thousand per day, Indonesia's poverty rate will increase dramatically to 30 percent in 2016. Indonesia was even inferior to Vietnam by 11 percent.

Poverty in Indonesia was reflected by its position in the fourth place as the country with the greatest inequality in the world, with data from 1% of Indonesia's richest people controlling 49.3 percent of national wealth. This condition is only better than Russia, India, and Thailand. When it was pulled-up to 10 percent of the richest, its control reached 75.7 percent. (Credit Suisse Global Wealth Databooks, 2017).

However, The Muslims, as the biggest religion population in Indonesia, ironically contributed only 12 percent of the total economy of Indonesia (Dahuri, 2016). From the 50 of the Richest in Indonesia, only 8 people were Muslims (Tanjung, 2017). The data showed that the contribution of Muslims of Indonesia in the national economic was less contributed. Furthermore, the data indirectly said that Muslims in Indonesia is the biggest contributor to the national poverty index.

Bandung, as the 4th biggest city in Indonesia and the biggest city in West Java province, faced a poverty problem of 117 thousands of household or 444 thousands of people living under poverty line. This number represented 8.1% out of the total population of Bandung City.

In 2017, the Bandung City Government had a target in poverty alleviation efforts in the city of Bandung. To solve this problem, the Bandung City Government organized the "Kredit Mesra" program, a mosque-based sharia' financing instrument, to provide convenience in igniting and developing micro-businesses. This program targeted efforts to improve the welfare of the community through the empowerment of mosque-based microfinance institutions. By involving Bank Perkreditan Rakyat Kota Bandung, the Kredit Mesra program was faced with the ability to run in 4000 mosques in the city of Bandung and be expected increasing in the future.

This Kredit Mesra program, in its application, uses the contract of *qardhul hasan* as an Islamic contract of finance. According to the research that held by Said and Mahmuddin (2015), the attention to the development of SMEs through the *qardhul hasan* instrument is based on the fact that SMEs has a greater power to reduce social and economy disparities, unemployment and decreases poverty rate.

Through Kredit Mesra program, a holistic approach was used by the Government of Bandung City in empowering the micro-small economic level community, particularly they who come from

Muslims society. The mosque-based empowerment approach is jointly integrates economy, social, and spiritual aspect by mean to function the mosque as the central place of worship and to reinforce the social awareness and to shape good conduct and behavior of the *ummah*. In addition, it is also meant to build the awareness of the Muslim community on the importance of unifying the spiritual, social and economy aspects. (Said & Mahmuddin, 2015). Indeed, mosques do not only act as a centre of religion and worship of Muslims, but also as a centre for the development and activities of *ummah* in the fields of social, educational, economic, political, and defense, as narrated in *Al-Sira Al-Nabawiyya*. From the research held by Amaney Jamal (2005), the religious aspect not only touches the soul more and builds or constructs the awareness based on the feeling rather than the mind, but also, as explained by Bagby (2004), has a stronger bonding power for the community because there are deep spiritual dynamics, resulting in a feeling of community.

2 OBJECTIVE OF RESEARCH

Based on the reason explained, this study aims to identify and to understand the model of economic empowerment based on sharia' financing scheme, through *Kredit Mesra* program, that given to its beneficiaries as an empowerment tool.

3 LITERATURE REVIEW

3.1 Community Economic Empowerment

Ras (2013, p. 62) explained that as an effort to alleviate poverty, the strategy considered as the most appropriate to reduce poverty was through a community empowerment strategy.

Empowerment referred to the delegation of some authority and responsibility to employees and involving them in the decision-making process, not in mere job activities, but rather at all the levels of management (Empowerment, n.d.).

According to Malumbot (2015), principally, community empowerment was the concept of actualizing the potential that had actually been owned by individuals in society to organize themselves. The process of community economic empowerment had a starting point to establish the community to be able to improving their own standard of living by using and

accessing local resources as well as possible. The approach used in community empowerment aimed to increase public awareness and capacity to be able to influence policy changes that were pro-society. Community empowerment encouraged the internalization of development for the poor and marginalized job creation, as well as the participation of the poor in building and establishing the social capital and good governance.

According to Suharto (2005), the community empowerment could be interpreted as a process and an objective, with the following explanation:

1. As a process, empowerment was an activity series to strengthen a weak group in society, including the individuals who experienced poverty problems.
2. As an objective, empowerment referred to the circumstances that a social change wanted to achieve, which were an empowered society, having the power or knowledge and ability to meet their life needs, both physical, economic and social aspect, such as confident in conveying aspirations, having livelihood, participating in social activity, and independent in running their life duties.

However, Fahrudin (2012) explained that community empowerment was an effort to make the community becoming capable and independent through the following actions:

1. **Enabling**, was creating an atmosphere or climate that allowed people to develop themselves. The starting point was the recognition that every human being and every community had potential that could be developed. Empowerment was an effort to build power by encouraging, motivating and raising awareness of its potential and to make serious efforts to develop it.
2. **Empowering**, was increasing the capacity through reinforcing the potential or power that community owned. This reinforcement included concrete steps such as providing various inputs and opening up access to opportunities that could make people more empowered.
3. **Protecting**, was protecting interests by developing a protection system for the people as the subject of development. In the empowerment process, the weak must be prevented from becoming weaker, due to lack of power in the face of the strong. Protecting, in this case, was seen as an effort to prevent unbalanced competition and exploitation of the strong to the weak.

3.1.1 The Objective of Economic Empowerment

Mardikanto (2014) explained that there were six objectives of community economic empowerment:

1. **Better Institution**, by improving activities/actions performed, it was expected to improve institutions, including the development of business partnership networks.
2. **Better Business**, improving education (enthusiasm for learning), improving business access, activities and institutional changes, were expected to improve business development.
3. **Better Income**, through the improvement of business development, it was expected that it would be able to improve the income earned, including the income of the household and the community.
4. **Better Environment**, Improvement in income was expected to improve the environment (physical and social) because environmental damage was often caused by poverty or limited income.
5. **Better Living**, The improvement in the level of income and environmental conditions were expected to improve the living conditions of household and community.
6. **Better Community**, a better life, which was supported by a better environment (physical and social), was expected to create a better community life.

3.1.2 Stages of Community Economic Empowerment

As in figure 1, Wilson (as cited in Tukasno, 2013) explained four stages of empowerment process, were:

1. **Awakening**, at this stage, the community was made aware of their abilities, attitudes and skills owned, and also plans and hopes for better and more effective conditions.
2. **Understanding**, at this stage, the community were given new understanding and perceptions about themselves, their aspirations and other general conditions.
3. **Harnessing**, after the community had been aware and had understood about empowerment, it was time for them to decide to use for their community's benefit.
4. **Using**, Using skills and abilities as part of daily life.

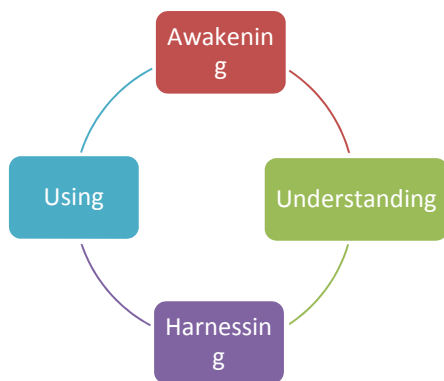


Figure 1: Wilson's Four Stages of Empowerment Process. (Source: Wilson (as cited in Tukasno, 2013)).

3.2 Qardhul Hasan as Sharia' Finance Contract

In terms of terminology, al-Qardhu al-Hasan (soft and benevolent loan) was a loan given on the basis of mere social obligations, in this case, the debtor was not required to return anything except the loan. Further, the nature of Qardhul Hasan did not provide financial benefits (Adnan, 2006). Whereas, some experts stated that giving assets to other people which could be billed or asked to return or in other words lent without expecting a reward was defined as *al-Qardh*. In classical *fiqh* literature, *qardh* was categorized in *aqd tathawwui* or contract of help and not as a commercial transaction (asy-Syarbasyi, 1987) (Sabiq, 1987).

However, Abidin, Alwi, and Ariffin (2011) believed that *Qadrul Hasan* could be used as an effective means of economic development and poverty alleviation.

The Islamic scholars allowed the transaction of *qardh* based on the *hadith* that was narrated by Ibnu Majjah and *Ijma* or consensus of Islamic scholars. However, the God, on the Al-Quran, commanded the humans to lend something for "God's religion". It was explained on Al-Quran *surah* al-Hadiid:

"Who is he that will lend to Allah a goodly loan, then (Allah) will increase it manifold to his credit (in repaying), and he will have (besides) a good reward" (Al-Quran *surah* Al-Hadiid 57:11, Translation by Muhammad Taqi-ud-Din al-Hilali and Muhammad Muhsin Khan).

The basis of the argument in this verse was that humans were called to 'lend to God', meaning to spend wealth in the way of Allah.

Antonio (2001) explained that in alignment with

lending to God, humans were also called "to lend to other human being", as a part of civil society.

Another command was narrated by Ibnu Majjah in a *hadith* that the Prophet (Peace be upon Him) said:

"Ibn Mas'ud narrated that the Prophet (Peace be upon Him) said: 'There is no Muslim who lends something to another Muslim twice, but it will be like giving charity once'" (HR Sunan Ibn Majjah no. 2, *kitab* al-Ahkam,; Ibn Hibban and Baihaqi)

It was narrated from Anas bin Malik that the Messenger of Allah (ﷺ) said: "On the night on which I was taken on the Night Journey (Isra), I saw written at the gate of Paradise: 'Charity brings a tenfold reward, and a loan brings an eighteen fold reward.' I said: 'O Jibril! Why is a loan better than charity?'" He said: 'Because the beggar asks when he has something, but the one who asks for a loan does so only because he is in need.' " (HR Ibnu Majjah no. 242, *Kitab* al-Ahkam, and Baihaqi).

The Islamic scholars agreed that *al-qardh* was permitted to do. This consensus was based on the nature of humans who could not live without help from their brothers. No one owned everything that was needed. Because of that reason, lending and borrowing had become a part of human's life. Islam very paid its attention to all of its followers' needs (Antonio, 2001).

3.2.1 The Application of Al-Qardh

In the book of *Bank Syariah: Dari Teori ke Praktik*, Antonio (2001) explained that the application of *al-Qardh*, as a financial product, was usually applied as followed:

- As a complementary products to the customers who had been proven of their loyalty and reliability, who needed an immediate bailout for a relatively short period of time. The customers would return as soon as possible in a sum of borrowed money.
- As a facility to customers who needed fast fund while they could not be able to withdraw their fund because, for example, their money was saved in the form of deposit.
- As a product that was donated to micro-enterprises or helping the social sector.

3.2.2 Source of Fund

Futhermore, Antonio (2001) said that the nature of *al-Qardh* did not give financial benefits. Because of that

reason, the *al-Qardh* funding could be taken according to this following categories:

- a. *Al-Qardh* needed to help customers' finances quickly and short terms. The bailout could be come from the bank's capital fund.
- b. *Al-Qardh* needed to help micro-enterprises and social welfare could be sourced from funds of *zakah, infaq, and sadaqah*. Besides from the source of *ummah's* funds, the practitioners of sharia' banking, as well as Islamic scholars, saw the existence of other fund sources that been able to be allocated to *Qardh al-Hasan*, which were doubtful incomes, such as nostro services at conventional correspondent bank, interest of L/C collateral in foreign bank, etc. one of the considerations the utilization of these funds was *akhaffu dhararain* rule (took less harm or *mudharat*). It considered if Muslims' fund were allowed in non-Muslim institution, it might be used for something detrimental to Islam, for example, the fund of Arab Muslims in Jewish bank in Switzerland. Therefore, the parked funds would be better taken and utilized for social welfare needs.

The risks in *al-Qardh* were counted having high-risks because it was considered as a fund that not been closed with collateral (Antonio, 2001).

In general, *al-Qardh* could be visualized into figure 2.

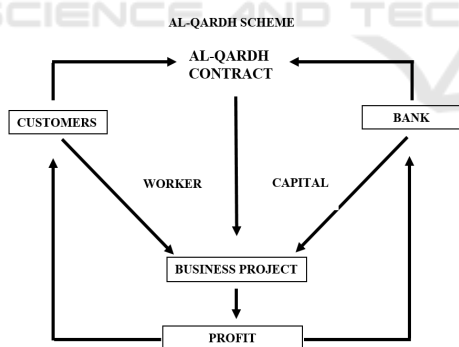


Figure 2: Al-Qardh Scheme. (Source: Antonio (Bank Syariah: Dari Teori ke Praktik, 2001)).

4 RESEARCH METHODOLOGY

This study aims to identify the model of economic empowerment based on Sharia' financing through *Kredit Mesra* program. The research used a qualitative approach to explore the research subject. This research location was focused on PD. BPR Kota Bandung and neighborhood of Masjid Baitul Ma'mur,

Bandung Kidul District. The techniques of qualitative data collection, as pointed out by Bodgan and Biklen (1982, 27) were participant observation and in-depth interview. In addition, documentation and online data searching studies were used as the additional collection method

In-depth interview was addressed to the HRD manager of PD. BPR Kota Bandung, the Head of Masjid Baitul Ma'mur, and three beneficiaries of *Kredit Mesra* program the empowerment target. Observation on beneficiaries was used to see the reality of the empowerment activity in the field to identify the result of an in-depth interview. In addition, documentation and online data searching were used to proof the data gotten and comparing with the data published.

5 RESULTS AND DISCUSSION

5.1 Kredit Mesra

Kredit Mesra was a community empowerment program from the Government of Bandung City in the form of a soft loan with Islamic principles which was rolled out through a community mosque that owned sharia' cooperative. *Kredit Mesra* was launched in 2017 by the former Mayor of Bandung, M. Ridwan Kamil. This loan program was devoted to Muslim people due to the channeling system through the community mosque that only could be reached by the *ummah* of the mosque. It was expected that the *Kredit Mesra* could stimulate the growth of the economy in the mosque's neighborhood and create the mosque as the centre of *ummah's* activities, not only in the field of *ibadah* but also *muammalah*.

Kredit Mesra, as an economic empowerment program, was issued by the Government of Bandung City. However, on the implementation, the Bandung City Government appointed PD. BPR Kota Bandung to distribute the fund and manage administration, and MUI (Indonesian Ulema Council) to socialize the *Kredit Mesra* idea to the community mosque and to give assistance to the mosque and beneficiaries.

The structure could be seen as follow in figure 3.

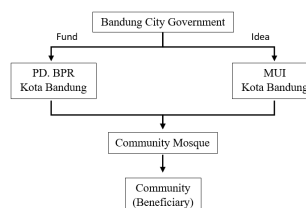


Figure 3: The Structure of Kredit Mesra.

PD. BPR Kota Bandung as a regional-owned company was pointed by the Government of Bandung City to distribute the fund allocated for the program of Kredit Mesra. The budget of funds used by BPR Kota Bandung is the budget allocated by the City Government of Bandung amounting to 600 Billion to run this program. By the recommendation of Sharia cooperative at the community mosque as the party that administered administrative matters, the BPR Kota Bandung transferred funds to the beneficiaries.

In its socialization, the Bandung City Government appointed MUI of Bandung City to socialize the *Kredit Mesra* program to community mosques in the city of Bandung. Furthermore, the MUI of Bandung City had the duty to direct mosques in the implementation of this program and was also tasked with providing assistance, through community mosques, to the beneficiaries of the *Kredit Mesra* program.

In its presence, the program targeted people with small and micro economic levels who had businesses as targets. This matter was created because the main purpose of the *Kredit Mesra* program was to empower the community, Muslim community in particular, and it was designed to alleviate and help the poor community which in Islam was seen as the enemy that could harm the dignity of all the poor as the noble creation of God.

This program had been created to be based in mosques because the main target was the *ummah* who lived around the mosque, and often came and worshiped in the mosque. Furthermore, because this program adhered to the value of trust in customers, it was expected that beneficiaries who often worship in mosques were trustworthy and able to use the loan properly and repay it well.

to be a member of sharia' cooperative at the mosque that they wanted to apply for the program. It aimed to show that the beneficiaries were the *jama'ah* of the mosque and to fulfill the requirement because the recommendation that explained the beneficiary was proper to get the financing program should be issued by the sharia' cooperative. Furthermore, the beneficiary had to form a group to apply to this program. It was required in purpose to make sure that the empowerment program targeted community as the main target, not an individual.

According to the PD BPR Kota Bandung's statement, the Kredit Mesra program had already been available in over 10 out of around 4000 community mosques in Bandung City. Masjid Baitul Ma'mur in Bandung Kidul District one of the 170 community mosques that had run this program. This mosque served several districts in southern Bandung area, besides the Bandung Kidul District, such as Batununggal, Buahbatu, Regol, and Lengkong, that had a total population of over 429,300 living in this area since the scarcity of mosques that owned sharia' cooperative.

5.2 Kredit Mesra as a Tool of Economic Empowerment

The Kredit Mesra as a sharia' financing product to empower the community, according to the explanation of PD. BPR Kota Bandung and the Head of DKM Masjid Baitul Ma'mur, had been successfully empowering and stimulating the economic between ummah. It was marked by the growth of the individual economy, the increment of ummah's independency, and the economy in the mosque's neighborhood and the prosperity of the mosque increasing. The loan rate of return was also 100%, as PD BPR explained.

The Masjid Baitul Ma'mur, as a mosque that serves the application of Kredit Mesra program for five districts in the southern area, had issued over 190 recommendation of applicants who were eligible to receive the benefit of Kredit Mesra program to PD. BPR Kota Bandung. As the intermediary that serves Kredit Mesra application, Masjid Baitul Ma'mur inadvertently received the benefit that came from the existence of Kredit Mesra. First, it got a new member of its sharia' cooperative that automatically contributed to an increase in the amount of savings of members of cooperatives managed by its sharia' cooperative which some of the profits would be channeled for the aim of the mosque prosperity.

Furthermore, from the statement given by the Head of DKM Masjid Baitul Ma'mur, after this

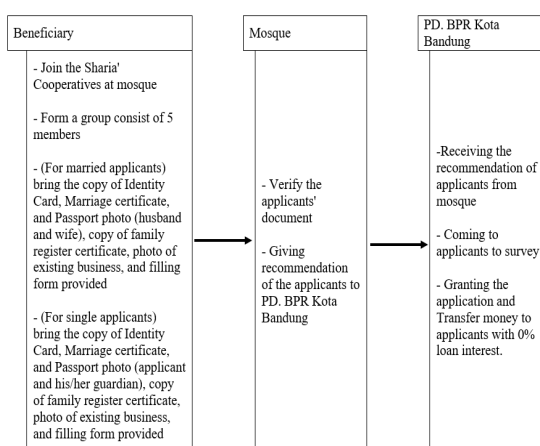


Figure 4: The Application Flow of Kredit Mesra.

To be able to get this program, the beneficiary had

program had run to the beneficiaries who applied through this mosque, the absorption of ZISWAF (*Zakat, Infaq, Shadaqaah, and Waqaf*) fund at Masjid Baitul Ma'mur increased highly. The mosque's financial balance, based on interview result with DKM Baitul Ma'mur, had already reached Rp. 50 Million in only latest six months which it did not usually happened before the existence of this program. Moreover, the mosque got additional income from *infaq* since it was currently doing expansion of its building and build a new Madrasah at its area that averagely reached Rp. 12 Million per month.

The Kredit Mesra beneficiaries came from a homogeny background, small and micro economic level of community. The beneficiaries were they who had business, either business that was already running or new business, due to the requirements that the prospective debtors had to have a business.

Most of the beneficiary started their business as a form of survival effort after they had gotten economic difficulties because work termination and extraordinary condition that forced them to survive with starting a business. However, another reason also became the reasons why the beneficiaries started their business, i.e., their needs to find certain goods that became an idea to run a business, although they also had economic difficulties but it was not the main reason.

The beneficiaries got to know the availability of Kredit Mesra program, from the explanation of DKM Baitul Ma'mur, because of the socialization from MUI and BPR Kota Bandung at their mosque. However, some of the beneficiaries knew it because they got information from their relatives or even been referenced by other mosques since the mosque in their neighborhood had no sharia' cooperative.

Almost all of the groups of beneficiaries, based on an interview with DKM Baitul Ma'mur and the beneficiaries, consisted with the members who had already known and trusted each other. It was reasonable because the beneficiaries expected if they knew each other closely, the problem that might be occurred in the future could be minimizing and be avoiding since the Kredit Mesra was based on trustworthy.

The Sharia' principle usage of the financing program became a special attractiveness for their beneficiaries to apply for this program. In term of loan given, based on the informants' experiences, it was not burdened at all since it had no loan interest and no sanction or penalty given, although it had an administrative cost. The application and fund disbursement was also easy and quick.

Furthermore, the beneficiaries felt improvement after they had received this program. They experienced economic improvement. For example, they who had no income and suffered critical economies difficulties experienced improvement economically and became independent. They who already had business could get additional capital to add new goods to sell and made their income increasing.

The Kredit Mesra affected its beneficiaries' fulfillment of needs, either physical or nonphysical thing. The improvement began with their fulfillment of daily basic needs. After had received this sharia' based empowerment financing program, the beneficiaries became able to fill their needs more freely and been free owing to *warung* in fulfilling their daily needs, although there was no significant change, explained the beneficiaries, since they only bought what they really needed.

Besides the fulfillment of daily basic needs, some of the beneficiaries had been able already to fulfill their secondary needs though with a different purpose, such as buying a new motorcycle to help running their business or buying a laptop for their child study. The fulfillment of nonphysical goods became more achievable. The beneficiaries became able to send their children to higher education and to get proper health facilities.

Since the beneficiaries received the Kredit Mesra loan, they could contribute to their family economy. The income that they earned from their business was felt strongly affected to their economy. In some cases, their income even became the main source of the family revenue. The savings and assets (gold) that were sourced from the income gotten as the results of this empowerment program could be created by the beneficiaries.

Furthermore, besides economic improvement, the beneficiaries could contribute to determining the family decision to their family, and their partner's willingness to give a chance for the beneficiaries became one of some factors.

The beneficiaries got improvement in social aspects. Through joining this program, they could meet and know new people from other groups. The contribution to environment economy was improved through the ZISWAF fund that they could give after receiving the Kredit Mesra program or even increasing in number and frequency. This program, as felt by the beneficiaries, extremely saved their life from the bondage of loan shark which influential in turning the beneficiaries business off or even breaking their family's economy down.

The Kredit Mesra contributed to strengthening the

ukhuwah islamiyah towards its beneficiaries. The beneficiaries became more often to come to the mosque for attending religious class, meeting other *jama'ah*, praying congregationally or *salah* al *jama'ah*, attending and contributing for a religious event, and even they had understood the prohibition of *Riba* and tried to avoid it as much as possible. The Head of DKM Masjid Baitul Ma'mur said that the Kredit Mesra program had been successfully empowering the people and brought change to them in *muammalah* and *ibadah* aspects. 'If the *muammalah* aspects are strong, the *ibadah* aspects will follow,' the DKM Masjid baitul Ma'mur says.

5.3 The Impact of Empowerment

The community empowerment was the concept of actualizing the potential that had actually been owned by individuals in society to organize themselves. The process of community economic empowerment had a starting point to establish the community to be able to improve their own standard of living by using and accessing local resources as well as possible (Malumbot, 2015). The indicators of success used to measure the success of community empowerment programs, according to publication of RISTEKDIKTI (as cited in Arifin, 2014), consist of ***declining in number of poverty; improvement of business and income of the community; improvement in public awareness of efforts to improve the welfare of poor families*** in their environment; ***increment in group independency*** which is characterized by the growing development of member and group productive businesses, stronger group capital, more neat group administration systems, and increasingly the extent of group interaction with other groups in society; ***community capacity and equitable income improvement*** characterized by an increase in income of poor families who are able to meet basic needs and basic social needs. This indicator approach was used by the Researcher because it was able to comprehensively explain and analyze in identifying the effects of the economic empowerment process that occurred on the Kredit Mesra beneficiaries.

Declining the number of poverty is an indicator that shows the declining of poverty number as the positive impact of the empowerment program. Based on the Researcher's analysis, the improvement in alleviating poverty through this program is experienced by the beneficiaries and the environment where they live. It is reflected by the statement from DKM Masjid Baitul Ma'mur that stated if the *Asnaf* (people who are entitled receiving *zakat*) from poor community was declining, and the number of

Muzakki (people who are obligated to pay *zakat* fund) was increasing, especially for the *Zakat al-Fitr* since the collection of *Zakat* fund was centered in that community mosque. The beneficiaries who had not been able to pay *zakat* before they got the assistance of Kredit Mesra, currently, they are able to spend this obligation as their income has been able to fulfill their needs. This declining in poverty number aspect became a critical factor in community empowerment since this program aimed for poverty alleviation.

Improvement of business and income of the community was marked by the improvement in the beneficiaries' business and income. From the findings in the field, the beneficiaries experienced some improvement, on their business in particular. Two beneficiaries who were observed said that using this Kredit Mesra assistance, they could develop their business significantly. Previously, they only made their business as a side business that was run irregularly. However, through the Kredit Mesra that they got and develop for their business, they could make their business becoming the main income for their family and improve their business in the number of goods sold or the condition of the shop owned. The income of their business was also improving since it became the current main income for their family and their living. It was reflected by a beneficiary who could get IDR 500 thousand per day after she got the Kredit Mesra and run her business properly when she had worked before, she only could earn IDR 60 thousand per day.

Improvement in public awareness of efforts to improve the welfare of poor families in their environment was becoming an important aspect since the community empowerment targeted communal and not individual. This Kredit Mesra program required its beneficiary to apply in a group that made this program did not target an individual but community. The beneficiaries, after they could run and develop their business, became aware that this empowerment program was really helping and important to they who want to empower themselves and becoming independent.

It was proven by the statement of a beneficiary who said that this program was really empowering the small economic society. It made them becoming free to borrow money from the loan sharks when it actually killed the small businesses.

Some of the informants from the beneficiaries even promoted this program to their fellow and relatives who had small businesses and said that this program was really soft loan and helpful for the business.

Increment in group independency, as an empo-

werment indicator, was characterized by the growing development of productive members and groups, the stronger the capital of the group, the more tidy the group administration system, and the broader interaction of groups with other groups in society. From the Researcher analysis, this aspects had been gotten by the beneficiaries because the solidarity in their *Kredit Mesra* own group had been formed. It was marked by the group cohesiveness in paying the loan, more advanced business that run by every individual in the group, involvement of group members in giving help when one of them getting difficulties, the frequency of interaction among the beneficiaries, get involved in helping community through the ZISWAF funds given by *Kredit Mesra* beneficiaries, strengthen the fraternity and *ukhuwah islamiyah* that experienced among the beneficiaries and its community since they were started to come mosque often that made them got to know each other.

Community capacity and equitable income improvement were marked by an increase in income of beneficiaries who were able to meet basic needs and basic social needs. According to the witnesses of the beneficiaries, the income that they got after had received the *Kredit Mesra* improving a lot that made them becoming able to fill their basic needs and even secondary needs since some of them, before accepting the *Kredit Mesra*, had had no income at all in particular. Furthermore, the beneficiaries had been already able to allocate and to increase their ZISWAF funds expenditure. It made the Researcher able to conclude for his analysis that this indicator had been reached by the beneficiaries.

5.4 Economic, Social, and Spiritual Changing

According to from the Researcher's findings in analyzing this empowerment scheme through the *Kredit Mesra* on its beneficiaries, this *Kredit Mesra* program was not only acting as an empowerment tool but also as a value creator in community and mosque. This program had been successfully turning the community who had no income previously to become able earning income from a business made using this program. It also turned they who had had income already but limited into profit gains in their business. Through this program, the prosperity of the mosque was also improving since the increase of people who came to the mosque and expended their ZISWAF money through the mosque. It could be seen in figure 5.

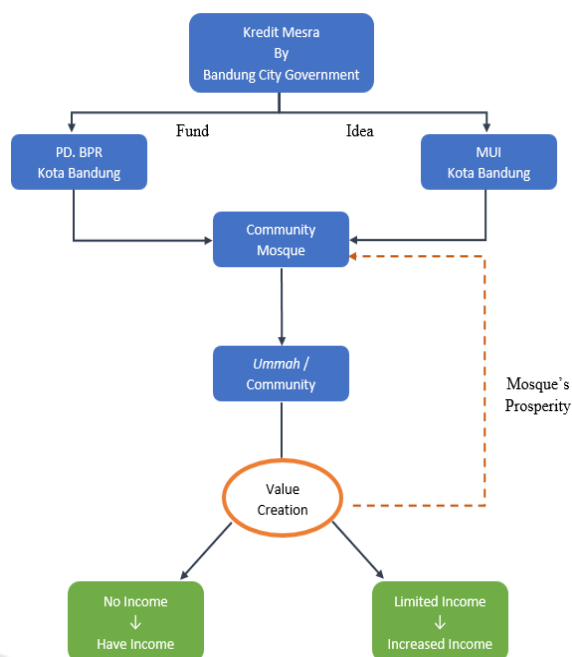


Figure 5: Value Creation of Kredit Mesra.

Furthermore, the generation of *Kredit Mesra* fund by the mosque and its beneficiaries became an implementation of social entrepreneurship action, particularly in Islamic perspective. In Islamic social entrepreneurship, as explained by Mulyaningsih and Ramadhani (2017), Muslims entrepreneur, as the person on duty of Allah, had an obligation to manage their activities into two roleplays: for people development (*habluminannas*) and for spiritual development (*habluminallah*). The beneficiaries had been able to run this aspect. In people development aspects, they got a change in the economic condition of themselves through income earning and profit gaining. For spiritual development, the improvement of their worship activities could be seen from their ability to issue ZISWAF fund and often becoming to come to the mosque to attend congregation prayer and religious classes. They even had been able to combine the *habluminannas* and *habluminallah* aspects in changing their society through strengthening their fraternity and *ukhuwah Islamiyah* on their society. The visualization could be seen in figure 6.

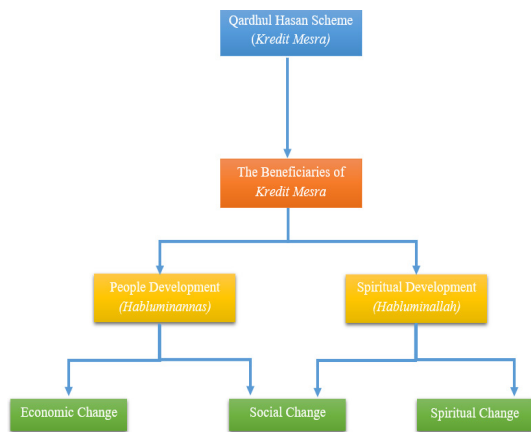


Figure 6: Overview of Islamic Social Entrepreneurship Application through Kredit Mesra.

6 CONCLUSION

The beneficiaries' achievement of improvement in the empowerment indicator that had been reached. The beneficiaries had experienced the improvement in all points of the indicator that measured the success of economic empowerment, were *declining in number of poverty; improvement of business and income of the community; improvement in public awareness of efforts to improve the welfare of poor families* in their environment; *increment in group independency* which is characterized by the growing development of member and group productive businesses, stronger group capital, more neat group administration systems, and increasingly the extent of group interaction with other groups in society; *community capacity and equitable income improvement* characterized by an increase in income of poor families who are able to meet basic needs and basic social needs, after had been given the *Kredit Mesra* program as a mosque-based sharia' financing with *qardhul hasan* scheme.

As an empowerment's object, the beneficiaries had experienced some positive changing both in the economic aspect, social aspect, and even spiritual aspect. As the example, they, who had had no income before got the *Mesra* soft loan or *Kredit Mesra*, had been able to earn income from the business they run that helped by this program. Further, they could fulfill their needs and spend their obligation as a Muslim of ZISWAF expenditure. In the social aspect, they became able to socialize and to build fraternity and *ukhuwah islamiyah* at their environment and became able to help other who needed through their ZISWAF expenditure, particularly *shadaqaah* and *infaq*, given which also reflected the spiritual aspect improvement.

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