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The Qur'an-Based Operational Model of Baitul Maal wa Tamwil (BMT) in Empowering the Poor

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A B S T R A C T

This study aims to analyze the operational model of *Baitul Maal wa Tamwil* (BMT) in empowering the poor, grounded in the values of the Qur'an. Poverty is not merely perceived as an economic issue but also as a social challenge requiring a comprehensive solution rooted in spiritual and moral principles. The Qur'an provides essential instruments to address social inequality, such as *zakat*, *infāq*, *ṣadaqah*, and *waqf*, which serve as mechanisms for equitable wealth distribution. BMT emerges as an Islamic microfinance institution that integrates two main functions: *baitul maal* as the manager of social funds, and *baitul tamwil* as the provider of microfinance based on partnership and free from *ribā*. This research employs a qualitative approach using a descriptive-analytical method through the review of primary and secondary literature. The findings reveal that the operational model of BMT, founded upon the Qur'anic principles of justice, equity, and sustainability, has a tangible impact on empowering the poor. BMT functions not only as a financial institution but also as an agent of social transformation that fosters economic independence, reduces reliance on non-Islamic practices such as moneylenders, and strengthens the community's spiritual foundation. Hence, integrating Qur'anic values into the operational system of BMT may serve as an effective model for creating sustainable welfare while supporting the broader objectives of Islamic economics.

1. Introduction

Poverty is a multidimensional issue faced by nearly all nations, including Indonesia. It encompasses not only the lack of income but also limited access to education, healthcare, decent employment, and dignified social participation. Within the framework of national development, poverty alleviation has always been a primary priority, as high levels of poverty generate various social problems such as inequality, unemployment, crime, and the weakening of socio-political stability. Therefore, seeking solutions to poverty must be pursued through multiple approaches—economic, social, cultural, and spiritual.

In Islamic thought, poverty is perceived not only as a condition that undermines human dignity but also as an obstacle to achieving a balanced life between worldly and spiritual goals. The Qur'an emphasizes the importance of social welfare through equitable distribution of wealth and the social obligations inherent in every Muslim. Instruments such as *zakāt*, *infāq*, *ṣadaqah*, and *waqf* serve not merely as acts of worship but as social mechanisms to improve the condition of the poor. Allah declares in Qur'an Surat At-Taubah [9]:60:

إِنَّمَا الصَّدَقَاتُ لِلْفُقَرَاءِ وَالْمَسَاكِينِ وَالْعَامِلِينَ عَلَيْهَا وَالْمُؤَلَّفَةِ قُلُوبُهُمْ وَفِي الرِّقَابِ وَالْغَارِمِينَ وَفِي سَبِيلِ اللَّهِ وَابْنِ السَّبِيلِ ۖ
فَرِيضَةً مِنَ اللَّهِ ۗ وَاللَّهُ عَلِيمٌ حَكِيمٌ

"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 traveler – an obligation [imposed] by Allah. And Allah is Knowing and Wise".

This verse explicitly underlines the obligation of wealth distribution to those in need as an essential social duty in Islam. Similarly, Qur'an Surah Al-Hashr [59]:7 reinforces the principle of distributive justice:

.... كَيْ لَا يَكُونَ دُولَةً بَيْنَ الْأَغْنِيَاءِ مِنْكُمْ....

"…so that it will not circulate solely among the rich from among you…"

This principle highlights that wealth should not remain concentrated among a privileged few, but must be distributed more widely to achieve social justice. Thus, the Qur'an provides a normative foundation that situates social welfare as a collective responsibility realized through equitable wealth distribution.

In line with this principle, *Baitul Maal wa Tamwil* (BMT) emerged as an Islamic microfinance institution with a dual function. As *baitul maal*, it manages social funds to be distributed to rightful beneficiaries (*mustahiq*) according to Islamic law. As *baitul tamwil*, it provides microfinance based on partnership and free from *ribā*, emphasizing cooperation and justice. This dual role makes BMT a unique institution that does not solely pursue financial gain but also prioritizes social benefit. Consequently, BMT holds great potential as a Qur'an-based instrument for poverty alleviation.

Nevertheless, critical questions remain: To what extent does the operational model of BMT truly internalize Qur'anic values, and how significant is its contribution to empowering the poor? These questions are crucial, as not all Islamic financial institutions consistently integrate Qur'anic principles, especially when facing the pressures of modern economic competition. This study is therefore relevant in examining how a Qur'an-based operational model of BMT can serve as a solution to poverty alleviation.

Previous studies consistently highlight BMT's significant role in economic empowerment and poverty reduction, particularly through access to microfinance, mobilization of social funds (*zakāt, infāq, ṣadaqah*), and SME development programs. Empirical research underscores the effectiveness of BMT in strengthening microenterprises (Anwar et al., 2023; Ekawati & Kusumaningtias, 2024; Ma'ruf et al., 2022), as well as its role in empowering poor women (Husaeni, 2021; Rahayu, 2020). Other conceptual and applied studies emphasize the integration of religious instruments, such as cash *waqf*, to enhance BMT's dual functions (Ascarya et al., 2022; Ascarya & Masrifah, 2022), while further research discusses capital management optimization and innovative financing models (Rohman et al., 2024; Widyastuti & Lutfi, 2024). Although results are positive, literature also identifies challenges—including sustainability, managerial capacity, and the consistent integration of social-commercial functions—recommending stronger internal policies and more systematic integrative models for long-term impact (Fitriana et al., 2024; Purwanto et al., 2021).

Meanwhile, recent studies have increasingly sought to integrate Qur'anic values—including *maqāṣid al-sharī'ah*, social justice, and ethical economics—into the framework of contemporary Islamic economics. Conceptual and systematic reviews reaffirm Islamic economics as a "moral economy" that aligns Shariah objectives with sustainable development goals (Ahmadi, 2019; Harahap et al., 2023; Kasri et al., 2023). Scientometric and bibliometric studies identify *maqāṣid* as a central and expanding theme while highlighting methodological gaps in measuring its implementation (Maulina et al., 2023; Mohammed, 2024). Discussions of *homo islamicus* and Qur'anic ethics emphasize the distinctiveness of the Islamic economic agent compared to the neoclassical model, with implications for policy and ethical financial products (Furqani & Echchabi, 2022; Güney, 2024). Literature also underscores the potential synergy between *maqāṣid* and the SDGs (Aziz et al., 2024), while acknowledging challenges of operationalization, measurement, and harmonization of financial instruments (Avdukic & Asutay, 2025; Gassouma & Benhamed, 2023). Collectively, these studies form a strong conceptual foundation while pointing to the need for applied research that bridges Qur'anic values with real economic practice.

Based on this review, two key research gaps are identified. First, most studies focus on the practical role of BMT in providing access to finance, distributing social funds, and alleviating poverty. While these studies show BMT's success, they insufficiently explore how Qur'anic values truly underpin its operations. Second, more normative research on Qur'an-based economics tends to remain conceptual, without directly linking it to the institutional implementation of microfinance such as BMT.

The novelty of this study lies in integrating these two approaches: a normative analysis of Qur'anic principles with a practical examination of BMT operations. By exploring BMT's operational model through a Qur'anic lens, this research offers a unique contribution in demonstrating how sacred texts can serve as practical references in modern institutional practice. The focus on a Qur'an-based operational model distinguishes this study from prior works that address BMT in more general terms.

Accordingly, this study seeks to answer the following central research question: How can BMT's operational model be interpreted and implemented according to Qur'anic principles in empowering the poor? This central question includes three sub-questions: (1) Which Qur'anic values are most relevant to economic empowerment? (2) How does BMT internalize these values in managing social funds and providing microfinance? and (3) To what extent do these operations reduce poverty?

Aligned with these questions, the objectives of this study are: (1) to identify Qur'anic principles that may serve as the foundation of BMT's operational model; (2) to analyze how these principles are implemented in the dual functions of *baitul maal* and *baitul tamwil*; and (3) to evaluate BMT's contribution to empowering the poor. Thus, this study aims to provide not only theoretical contributions to Qur'an-based economic discourse but also practical insights for strengthening BMT's role in fostering sustainable welfare consistent with the objectives of Islamic economics.

2. Method

This study employs a qualitative approach with a descriptive-analytical method. This approach was chosen because the aim of the research is to gain an in-depth understanding of the role and operational model of *Baitul Maal wa Tamwil* (BMT) in empowering the poor based on Qur'anic principles. Data were collected through a literature review, which included primary sources such as the Qur'an, tafsir, and hadith, as well as secondary sources such as journal articles, books, research reports, and official publications of relevant institutions. This approach is considered appropriate because qualitative research enables the exploration of socio-economic phenomena by taking into account values, norms, and spiritual contexts embedded within the Islamic economic system (Creswell & Poth, 2016).

Data analysis was conducted using content analysis to identify, classify, and interpret the main themes emerging from the texts. The process involved three stages: (1) data reduction, i.e., selecting relevant information related to concepts of poverty, welfare, and the operational model of BMT; (2) data presentation through thematic categorization between the functions of *baitul maal* and *baitul tamwil*; and (3) drawing conclusions by connecting findings in the literature with Qur'anic principles such as distributive justice (Qur'an 9:60; Qur'an 59:7). This method not only provides a conceptual description but also allows normative interpretation of BMT practices in light of Qur'anic values.

To ensure data validity, this study applies source triangulation by comparing various academic references with empirical practices of BMT in Indonesia. Previous studies were used as comparative references, including Anwar et al. (2023), Ascarya & Masrifah (2022), and Ma'ruf et al. (2022), which discuss economic empowerment through BMT, as well as Gassouma & Benhamed (2023) and Furqani & Echchabi (2022), which highlight the integration of Qur'anic values into Islamic economics. This triangulation strengthens the reliability of the findings while underscoring the novelty of this study in proposing a Qur'an-based operational model of BMT as an effective instrument for poverty alleviation.

3. Results and Discussion

3.1. Overview of Poverty and the Economic Challenges of the Ummah

Poverty remains one of the most persistent and multidimensional challenges confronting Muslim societies, including Indonesia. It is not merely an issue of insufficient income but also a manifestation of structural inequality, limited access to education, healthcare, and decent employment, as well as social exclusion. In the context of Islamic development, poverty is viewed as both an economic and moral concern that threatens human dignity and social justice. The Qur'an emphasizes collective responsibility and equitable distribution of wealth as the foundation for eradicating poverty and achieving *falah* (holistic well-being). Thus, addressing poverty within the Muslim community requires an integrated approach that combines material solutions with ethical and spiritual dimensions. This section provides an overview of poverty trends in Indonesia, explores the Qur'anic perspective on wealth distribution and social welfare, and highlights the urgency of adopting Qur'an-based approaches to economic empowerment.

3.1.1 Poverty in Indonesia

Poverty remains one of Indonesia's persistent structural challenges. According to Statistics Indonesia (BPS), as of March 2023, the number of poor people reached 25.90 million, or approximately 9.36% of the total population (BPS, 2023). Although this figure shows a downward trend compared to the previous decade—when the poverty rate exceeded 11%—the decline has been relatively slow, particularly due to the impact of the COVID-19 pandemic, which temporarily increased poverty levels in 2020–2021. Post-pandemic economic recovery has helped reduce poverty; however, disparities across regions and socio-economic groups remain a serious issue.

Poverty in Indonesia is multidimensional, encompassing not only low income but also limited access to education, healthcare, adequate housing, and basic infrastructure (World Bank, 2022). While Indonesia's Human Development Index (HDI) continues to improve, significant regional inequalities persist. For instance, poverty rates in Papua and East Nusa Tenggara remain considerably higher compared to Jakarta or West Java (BPS, 2023). This indicates that poverty is not solely an economic problem but also a matter of equitable development and just distribution of resources.

New challenges are also emerging in the form of structural poverty linked to economic digitalization and climate change. The poor are particularly vulnerable to global shocks, such as rising energy and food prices. They also face higher risks of unemployment and limited access to digital technologies, which are now prerequisites for participation in the modern economy (ILO, 2021). In this context, poverty alleviation strategies must not only address material aspects but also incorporate social, spiritual, and moral dimensions.

3.1.2 The Qur'anic Perspective on Poverty, Wealth Distribution, and Welfare

Islam views poverty as a condition that must be addressed collectively, as it threatens social order and weakens faith. In the Qur'an, poverty is understood not merely as material deprivation but also as a test that demands social solidarity and wealth redistribution. A key verse concerning wealth distribution is found in Qur'an 9:60:

"*Zakah expenditures are only for the poor and the needy, those employed to collect [zakah], those whose hearts are to be reconciled, for freeing captives, for those in debt, in the cause of Allah, and for the stranded traveler – an obligation [imposed] by Allah. And Allah is Knowing and Wise.*"

This verse emphasizes zakāt as a primary instrument in Islam to address inequality and provide social protection for vulnerable groups. By designating eight categories (*aṣnāf*) of recipients, zakāt functions not only as an individual act of worship but also as a mandated social policy.

Beyond zakāt, the Qur'an stresses the principle of fair wealth distribution. Qur'an 59:7 declares:

"…so that wealth does not merely circulate among the rich among you."

This verse conveys a fundamental principle: preventing wealth concentration in the hands of a privileged elite. Unequal distribution leads to social inequality, resentment, and potential conflict. Thus, Islam requires mechanisms to ensure wider circulation of wealth, whether through religious instruments such as zakāt, *infāq*, *ṣadaqah*, and *waqf*, or through economic policies favoring disadvantaged groups (Chapra, 2016).

From the Islamic perspective, welfare is not limited to material sufficiency but entails holistic balance, encompassing spiritual, moral, and social dimensions. The concepts of *falāḥ* (success in this world and the hereafter) and *maṣlaḥah* (public good) are the ultimate goals of the Islamic economic system. Consequently, leaving poverty unaddressed contradicts the objectives of Shariah (*maqāṣid al-sharī'ah*), particularly in preserving religion, life, intellect, progeny, and wealth (Al Ghazali, 1997).

3.1.3 The Urgency of a Qur'an-Based Approach in Economic Empowerment

A Qur'an-based approach is crucial in addressing poverty, as it provides a holistic solution. Conventional economic systems tend to prioritize growth and capital accumulation, often neglecting issues of wealth distribution. This has resulted in widening inequality between the rich and the poor. In contrast, the Qur'an-based Islamic economic system emphasizes balance between material and spiritual aspects, between individual and social dimensions, and between profitability and sustainability.

Baitul Maal wa Tamwil (BMT) exemplifies an institution designed to integrate Qur'anic values into economic practice. As *baitul maal*, it channels social funds such as zakāt, *infāq*, *ṣadaqah*, and *waqf* to assist the poor. As *baitul tamwil*, it provides microfinance based on Shariah principles, enabling the poor to access capital without falling into usurious practices (Anwar et al., 2023). Thus, BMT functions not only as a financial institution but also as a socio-religious instrument that embodies Qur'anic teachings in combating poverty.

Integrating Qur'anic values into economic empowerment also aligns with global agendas such as the Sustainable Development Goals (SDGs), particularly Goal 1 (ending poverty) and Goal 10 (reducing inequality). Several studies highlight the convergence between *maqāṣid al-sharī'ah* and the SDGs, suggesting that the implementation of Qur'anic values can reinforce sustainable development strategies (Kasri et al., 2023; Bustamam, 2025). In this sense, a Qur'an-based approach is not only relevant for Muslim societies but also offers universal contributions to achieving social and economic justice.

Accordingly, research on a Qur'an-based operational model of BMT is of great significance. Beyond providing a strong theoretical foundation, such research has practical implications for formulating effective policies for community economic empowerment. By drawing inspiration directly from the Qur'an, proposed solutions are expected to be not only economically effective but also spiritually meaningful and socially transformative.

3.2 Principles of Islamic Economics as a Normative Foundation

Islamic economics is fundamentally rooted in a set of normative principles derived from the Qur'an and Sunnah, which aim to establish justice, balance, and welfare in human economic life. Unlike conventional economic systems that prioritize profit maximization and individual gain, the Islamic framework integrates moral, spiritual, and social dimensions into economic activity. Core principles such as *tawḥīd* (unity of God), *'adl* (justice), *amānah* (trust), and sustainability form the ethical foundation that guides economic behavior and institutional design. These principles are further articulated through the concept of *maqāṣid al-sharī'ah*—the higher objectives of Islamic law—which ensure that economic practices contribute to the preservation of faith, life, intellect, lineage, and wealth. This section elaborates on the key normative principles of Islamic economics, explores their relevance to contemporary economic systems, and discusses how these Qur'anic values are operationalized within Islamic financial instruments and institutions such as Baitul Maal wa Tamwil (BMT).

3.2.1 The Concepts of Tawḥīd, Justice, Trustworthiness, and Sustainability

The principle of *tawḥīd* serves as the fundamental foundation of all aspects of Islam, including the economic system. *Tawḥīd* affirms that all human activities, including economic endeavors, are ultimately acts of devotion to Allah (Qur'an 6:162). In the economic context, *tawḥīd* guides human behavior away from materialism, positioning economic activity as a means of attaining divine blessing (*barakah*) and collective welfare (Chapra, 2016). Thus, Islamic economic practices must not be separated from spirituality, requiring that every transaction be conducted with sincerity and full adherence to Shariah principles.

Alongside *tawḥīd*, the principle of justice occupies a central role in the Islamic economic framework. The Qur'an emphasizes justice in all aspects of life, as in Qur'an 16:90: *"Indeed, Allah commands justice and excellence…"* Economic justice entails the absence of exploitation, oppression, and the concentration of wealth among a privileged few. This concept resonates with Qur'an 59:7, which warns against wealth circulating only among the rich. Hence, equitable wealth distribution becomes a crucial instrument for ensuring social balance.

The principle of *amānah* (trustworthiness) is also vital in Islamic economic ethics. Every human being is viewed as a khalīfah (vicegerent) of Allah on earth (Qur'an 2:30), entrusted to safeguard, manage, and distribute resources wisely. This principle implies that wealth is, in essence, a trust from Allah, and its use must consider the rights of others, particularly the poor and needy (Obaidullah & Khan, 2008). *Amānah* therefore requires transparency, honesty, and accountability in all economic activities.

The principle of sustainability (*istiḍāmah*) in Islamic economics is closely linked with the concept of *raḥmatan lil-'ālamīn* (a mercy for all creation). Economic development must not only pursue short-term profit but also consider environmental preservation, social balance, and the welfare of future generations. Islam prohibits *isrāf* (extravagance) and *tabdhīr* (wastefulness), as emphasized in Qur'an 7:31: *"Eat and drink, but do not be excessive. Indeed, He* *does not like those who commit excess."* Thus, sustainability in Islam is comprehensive, encompassing spiritual, social, economic, and environmental dimensions.

3.2.2 The Relevance of Maqāṣid al-Sharī'ah in the Economic System

Maqāṣid al-sharī'ah (the higher objectives of Shariah) provide a normative framework for guiding the entire Islamic economic system. Al-Ghazali (1997) identifies five essentials (*al-ḍarūriyyāt*): preservation of religion (*ḥifẓ al-dīn*), life (*ḥifẓ al-nafs*), intellect (*ḥifẓ al-'aql*), progeny (*ḥifẓ al-nasl*), and wealth (*ḥifẓ al-māl*). Within the economic domain, *maqāṣid* ensure that activities are not merely profit-oriented but also safeguard social justice and collective prosperity.

The implementation of *maqāṣid* is evident in various Islamic financial instruments. For instance, the prohibition of *ribā* protects wealth from exploitative practices; the obligation of zakāt reduces social inequality; and the permissibility of partnership contracts such as *muḍārabah* and *mushārakah* reflects the values of justice and risk-sharing (Dusuki & Bouheraoua, 2011; Sholihin et al., 2022). In this sense, *maqāṣid* act as a normative filter to guarantee that the economic system operates in harmony with Qur'anic values.

In contemporary discourse, *maqāṣid* are also recognized as relevant to global development agendas such as the Sustainable Development Goals (SDGs). Kasri et al. (2023) highlight the convergence between *maqāṣid* and the SDGs, particularly in eradicating poverty, ensuring equitable education, and strengthening institutions. This underscores the universal contribution of Islamic economics, extending beyond Muslim communities to broader sustainable development initiatives.

3.2.3 Integrating Qur'anic Values into Social Instruments and Their Relevance to BMT

Social instruments in Islam—namely zakāt, *infāq*, *ṣadaqah*, and *waqf*—are concrete manifestations of wealth distribution as commanded in the Qur'an. Zakāt, as outlined in Qur'an 9:60, is a religious obligation serving as a redistributive mechanism and social safety net. While *infāq* and *ṣadaqah* are voluntary, they expand the scope of social solidarity, and *waqf* provides long-term contributions by generating productive assets for public benefit (Cizakca & Bashir, 2004).

Baitul Maal wa Tamwil (BMT) plays a pivotal role in operationalizing these instruments within the framework of Islamic microfinance. As *baitul maal*, BMT manages social funds and distributes them to rightful beneficiaries, for example through productive assistance programs for poor households. As *baitul tamwil*, it provides Shariah-compliant financing based on partnership principles, enabling the poor to access capital without being trapped in usurious systems (Anwar et al., 2023; Ma'ruf et al., 2022).

This dual function makes BMT unique compared to conventional microfinance institutions. By channeling zakāt, *infāq*, and *waqf* funds productively, BMT addresses both immediate consumption needs and long-term economic empowerment. Such an approach reflects Qur'anic values in offering sustainable poverty alleviation (Ascarya & Masrifah, 2022).

Moreover, integrating Qur'anic principles into BMT's operations strengthens community spirituality. Economic assistance is perceived not merely as a financial transaction but as an act of worship and solidarity within the Muslim community. This resonates with the concept of *ukhūwah islāmiyyah* (Islamic brotherhood), which emphasizes fraternity and social responsibility. Thus, BMT is not merely a financial institution but also a transformative agent that implements Qur'anic principles in the socio-economic life of the community.

The principles of Islamic economics—*tawḥīd*, justice, trustworthiness, and sustainability—together with the *maqāṣid al-sharī'ah*, provide a strong normative foundation for economic practice. Social instruments such as zakāt, *infāq*, *ṣadaqah*, and *waqf* are tangible manifestations of Qur'anic values in achieving just wealth distribution. BMT, by integrating these values, offers a comprehensive model for poverty alleviation. Hence, examining the Qur'an-based operational model of BMT holds significant normative as well as practical relevance.

3.3 Concept and Operational Model of BMT

Baitul Maal wa Tamwil (BMT) represents one of the most distinctive innovations in the practice of Islamic microfinance, combining both social and commercial functions within a single institutional framework. As a hybrid financial entity, BMT operates simultaneously as *baitul maal*—a social institution managing charitable funds such as *zakah*, *infāq*, *ṣadaqah*, and *waqf*—and as *baitul tamwil*, a profit-oriented financial intermediary that provides *sharia*-compliant financing for micro and small enterprises. This dual function enables BMT to address two critical dimensions of poverty alleviation: immediate welfare support and long-term economic empowerment. In doing so, BMT not only serves as a financial institution but also as a vehicle for implementing Qur'anic values such as justice, equitable distribution, and solidarity in the economic sphere. The following section explores the operational mechanisms of BMT, its financing models based on *sharia* contracts, and the integration of Qur'anic principles within its institutional structure.

3.3.1 The Dual Functions of BMT: *Baitul Maal* and *Baitul Tamwil*

Baitul Maal wa Tamwil (BMT) is an Islamic microfinance institution with a unique characteristic: it combines two primary functions, namely *baitul maal* and *baitul tamwil*. As *baitul maal*, BMT manages social funds collected from zakāt, *infāq*, *ṣadaqah*, and *waqf*. These funds are distributed to eligible recipients (*mustahiq*), either in the form of consumptive assistance or productive support. This social function emphasizes that BMT is not merely profit-oriented but is also committed to promoting social justice and equitable welfare distribution (Ascarya & Masrifah, 2022).

On the other hand, as *baitul tamwil*, BMT performs a financial intermediation function by providing Shariah-compliant financing for micro, small, and medium enterprises (MSMEs). Through this service, BMT assists low-income communities that struggle to access formal financial institutions, while simultaneously protecting them from predatory lending practices. This dual role distinguishes BMT from conventional microfinance institutions, as it integrates both social and commercial missions into a single institutional framework (Anwar et al., 2023).

The integration of social and commercial functions aligns with the Qur'anic vision that wealth should not circulate only among the rich, as emphasized in Qur'an 59:7. In this regard, BMT emerges as an inclusive, equitable financial institution that prioritizes marginalized groups.

3.3.2 Shariah Financing Models: *Muḍārabah*, *Mushārakah*, and *Murābaḥah*

In performing its *baitul tamwil* function, BMT utilizes Shariah-based financing contracts derived from *fiqh mu'āmalah*. Three models are most widely applied: *muḍārabah*, *mushārakah*, and *murābaḥah*.

The *muḍārabah* contract represents a partnership between the capital provider (*ṣāḥib al-māl*) and the entrepreneur (*muḍārib*), where profits are shared according to a pre-agreed ratio, while losses are borne by the investor unless negligence is proven. This contract is particularly suitable for small-scale businesses that require capital but lack collateral. In the BMT context, *muḍārabah* enables micro-entrepreneurs to access financing under a profit-sharing scheme rather than a burdensome fixed-interest system (Antonio, 2001; Hardivizon & Sholihin, 2021).

The *mushārakah* contract involves a joint venture in which two or more parties contribute capital to a business, with profits shared according to the agreement and losses allocated proportionally to capital contributions. This model is highly relevant for small and medium enterprises requiring strategic partnerships. By engaging in *mushārakah*, BMT positions itself as an equal partner with its clients, fostering emotional bonds and shared responsibility for business sustainability (Ma'ruf et al., 2022).

Meanwhile, *murābaḥah* is a cost-plus sale agreement in which the BMT purchases goods needed by the client and sells them back at an agreed-upon profit margin. This model is the most widely used in BMT operations because of its simplicity, ease of understanding by local communities, and relatively low risk. Despite its simplicity, *murābaḥah* remains consistent with Shariah principles, as it avoids *ribā* and ensures transparency in pricing (Husaeni, 2021).

Through these contracts, BMT provides financing tailored to the needs and capacities of poor households and micro-entrepreneurs. Beyond economic outcomes, these models embed values of justice, partnership, and blessing (*barakah*), ensuring that financing transactions are both material and spiritual in nature.

3.3.3 Integrating Qur'anic Values into the Operational System

The operational model of BMT is inseparable from the integration of Qur'anic values, which form the core ethical framework of Islamic economics. These values encompass justice, equitable distribution, and socio-economic sustainability.

First, the principle of justice requires BMT to avoid exploitative practices that harm vulnerable groups. This aligns with Qur'an 16:90, which commands justice and prohibits oppression. BMT is thus obligated to ensure fairness in setting profit margins, distributing returns, and treating low-income clients.

Second, the principle of wealth distribution stresses the importance of channeling social funds to *mustahiq* so that wealth does not remain concentrated among the wealthy. By managing zakāt, *infāq*, *ṣadaqah*, and *waqf*, BMT serves as an effective instrument for realizing the vision of Qur'an 9:60 in practice. This demonstrates that BMT's social function is not ancillary but central to its institutional mission.

Third, the principle of sustainability underscores that economic empowerment must extend beyond short-term consumption, focusing instead on building long-term productive capacity among the poor. Consequently, many BMTs develop financing programs oriented toward self-reliance and resilience. This is consistent with Qur'an 7:31, which condemns extravagance and advocates prudent resource management.

Additionally, BMT operations embody the principle of *amānah* (trust). Since the funds managed are a trust from society and ultimately from Allah, BMT must operate with full transparency and accountability. This principle forms the basis of sound governance, preventing corruption and mismanagement.

In essence, BMT's operational framework integrates its dual role as *baitul maal* and *baitul tamwil*. Through Shariah-based financing contracts such as *muḍārabah*, *mushārakah*, and *murābaḥah*, BMT offers equitable and inclusive financial services to marginalized groups and small businesses. Beyond its financial role, the integration of Qur'anic values transforms BMT into an agent of socio-economic change, promoting just distribution, empowerment, and sustainability. Hence, studying the Qur'an-based operational model of BMT is crucial for advancing Islamic economics in addressing contemporary challenges.

3.4 The Role of BMT in Empowering the Poor

The role of Baitul Maal wa Tamwil (BMT) extends far beyond its financial operations—it embodies a holistic approach to poverty alleviation rooted in Islamic moral and social values. By integrating financial inclusion with community empowerment, BMT has emerged as a key instrument for transforming the socio-economic conditions of marginalized groups. Its programs not only provide access to capital for micro-entrepreneurs but also nurture independence, promote ethical business practices, and strengthen spiritual consciousness among beneficiaries. This multifaceted impact reflects the Qur'anic vision of social justice and solidarity, where economic empowerment is inseparable from moral and spiritual development. The following discussion examines the social and economic impacts of BMT, supported by empirical evidence from various regions, to highlight its effectiveness as a model for sustainable poverty alleviation within the Islamic framework.

3.4.1 Social Impacts: Expanding Access to Capital, Promoting Entrepreneurial Independence, and Strengthening Spirituality

Baitul Maal wa Tamwil (BMT) serves not only as a microfinance institution but also as a driver of social transformation. One of its most significant social contributions is expanding access to capital for marginalized groups that are typically excluded from formal financial institutions. Access to financing enables poor households to establish small businesses, expand productive networks, and enhance their participation in economic activities (Anwar et al., 2023).

Furthermore, BMT contributes to fostering entrepreneurial independence. Through profit-and-loss sharing schemes such as *muḍārabah* and *mushārakah*, clients receive not only capital but also business mentoring. These schemes generate a sense of shared responsibility between clients and BMT, leading to more sustainable enterprises. A study by Husaeni (2021) in Cianjur revealed that poor women clients of BMT were able to improve their entrepreneurial skills and develop home-based businesses that supported household income.

In addition, BMT plays a role in strengthening spirituality within communities. The social funds it manages—zakat, *infāq*, and *ṣadaqah*—offer more than material assistance; they cultivate values of solidarity, compassion, and Islamic brotherhood (*ukhuwah islāmiyyah*). Empowerment programs are often accompanied by religious education and Islamic business ethics training. Hence, the economic support provided by BMT also nurtures moral and spiritual character, reinforcing social resilience (Rahayu, 2020).

3.4.2 Economic Impacts: Reducing Dependence on Loan Sharks and Increasing Household Income

Economically, BMT has had a tangible impact in reducing the reliance of the poor on loan sharks. Informal moneylenders often become the only financing option for low-income households due to their simple requirements, despite imposing exorbitant interest rates. BMT provides a fairer alternative through Shariah-compliant contracts that are based on partnership principles rather than usury. This not only alleviates the financial burden on clients but also establishes healthier financial relationships (Ma'ruf et al., 2022).

Beyond breaking free from loan shark practices, BMT clients often experience significant increases in household income. Productive financing programs enable poor families to engage in small-scale businesses ranging from trade and agriculture to service industries. A study by Ekawati and Kusumaningtias (2024) noted that BMT-managed microfinance effectively improved household income and reduced unemployment rates in several regions. With higher incomes, poor families are better able to meet basic needs such as children's education, healthcare, and overall quality of life.

The economic impacts of BMT also create multiplier effects. Small businesses financed by BMT not only benefit the entrepreneurs but also generate employment opportunities for others in the community. Thus, BMT functions not only as a family-level economic catalyst but also as a community-level economic driver, demonstrating its potential to foster sustainable prosperity.

3.4.3 Literature and Empirical Studies: Contributions of BMT Across Regions

Empirical studies consistently highlight BMT's vital role in empowering the poor across different regions of Indonesia. Anwar et al. (2023) found that BMT significantly contributes to MSME empowerment through productive financing, particularly in trade and service sectors. Their study underscored that BMT's role extends beyond financial support to include business mentoring and ethical guidance.

Husaeni (2021), in his research in Cianjur, revealed the transformative role of BMT in empowering poor women. Through financing schemes and entrepreneurship training, women who previously engaged primarily in domestic roles were able to build independent businesses that sustained household income. This not only increased family earnings but also enhanced women's social roles in their communities.

Rohman et al. (2024) emphasized the importance of optimal capital management for BMT to ensure the sustainability of its empowerment programs. Their findings indicated that while BMT holds significant potential in poverty alleviation, weaknesses in capital governance can hinder its effectiveness. Hence, managerial innovations and human resource capacity building are essential.

Similarly, Ayu Fitriana et al. (2024) highlighted the crucial role of Islamic microfinance institutions, including BMT, in poverty alleviation efforts in Indonesia. Their study stressed that the success of BMT's programs is strongly influenced by synergy with local governments, regulatory support, and community participation. This suggests that BMT cannot operate in isolation but requires a supportive ecosystem to maximize its impact.

Overall, empirical practices across regions demonstrate a consistent pattern: BMT effectively expands financial access, empowers microenterprises, and integrates Qur'anic values into economic practices. These achievements establish BMT as a key pillar of Shariah-based poverty alleviation strategies in Indonesia.

From the discussion above, it can be concluded that BMT plays a strategic role in empowering the poor both socially and economically. Socially, it expands access to capital, fosters entrepreneurial independence, and strengthens community spirituality. Economically, it reduces reliance on loan sharks, raises household income, and generates new employment opportunities. Empirical studies confirm BMT's significant contributions across regions, while also pointing to challenges in governance and institutional support. Thus, integrating Qur'anic values into BMT's operational model positions it as an effective instrument for achieving just and sustainable socio-economic welfare.

3.5 The Ideal Qur'an-Based Model of BMT

The findings from the previous discussions reveal that while Baitul Maal wa Tamwil (BMT) has played a transformative role in empowering the poor, variations in its operational practices indicate a need for a more integrated and Qur'an-based model. Many BMTs tend to emphasize their commercial financing functions, while the social dimension—rooted in *zakah*, *infaq*, and *waqf* management—remains underdeveloped. To achieve the Qur'anic vision of justice and balanced wealth distribution, both dimensions must operate harmoniously within a single institutional framework. This section therefore proposes an ideal conceptual model of BMT grounded in Qur'anic principles, emphasizing justice, trust (*amanah*), equitable distribution, and sustainability. By synthesizing theoretical insights and empirical findings, the model aims to bridge normative Islamic economics with practical strategies for poverty alleviation, aligning institutional design with the higher objectives of the Sharia (*maqāṣid al-sharī'ah*) and the global agenda for sustainable development.

3.5.1 Synthesis of Analysis: Integrating Qur'anic Principles in BMT Operations

The preceding analysis demonstrates that BMT holds a strategic position in alleviating poverty and empowering the poor through Shariah-compliant financial approaches. However, field practices reveal variations in the extent to which Qur'anic principles are applied in BMT operations. Some institutions tend to emphasize their commercial function (*baitul tamwil*), while their social function (*baitul maal*) remains underutilized (Ascarya & Masrifah, 2022). Therefore, an ideal Qur'an-based model of BMT must integrate both functions harmoniously, ensuring that social and commercial objectives operate in balance.

The Qur'anic principles underpinning this model include justice, wealth distribution, trust (*amānah*), and sustainability. Justice demands that financing avoid exploitative practices, wealth distribution emphasizes channelling resources to the needy, *amānah* requires transparent governance, while sustainability highlights directing funds towards long-term productive activities (Chapra, 2016). Integrating these values positions BMT not only as a financial intermediary but also as a vehicle for implementing Qur'anic teachings in socio-economic life.

3.5.2 Conceptual Model: Combining Social and Commercial Functions

The ideal BMT can be conceptualized as an institution that simultaneously carries out two core functions. The first is the social function (*baitul maal*), focusing on the collection and distribution of zakat, *infāq*, *ṣadaqah*, and *waqf*. These resources can be channelled for consumptive needs such as food and healthcare, but should also be directed towards productive programs including microenterprise capital, skills training, and educational scholarships. This aligns with QS. At-Taubah: 60, which prescribes the allocation of zakat for eight categories of beneficiaries, including the poor and needy.

The second is the commercial function (*baitul tamwil*), which provides microfinance through Shariah contracts such as *muḍārabah*, *mushārakah*, and *murābaḥah*. These arrangements enable poor households to access capital without usury while ensuring that BMT sustains its financial viability. Social funds can also serve as a risk buffer or seed capital for productive programs—for instance, zakat or charity grants may provide initial support, while commercial financing through profit-sharing expands entrepreneurial capacity.

Empirical studies support this integrative approach. Ascarya et al. (2022) propose cash waqf models to strengthen BMT capacity, while Anwar et al. (2023) demonstrate that combining Shariah financing with business mentoring enhances MSME success. Hence, the conceptual model is not merely theoretical but supported by evidence-based practices.

3.5.3 Relevance to Sustainable Development Goals (SDGs) and *Maqāṣid al-Sharī'ah*

The Qur'an-based ideal model of BMT strongly resonates with both the Sustainable Development Goals (SDGs) and *maqāṣid al-sharī'ah*. The SDGs emphasize poverty eradication (goal 1), reducing inequality (goal 10), and promoting decent work and economic growth (goal 8). The social function of BMT aligns with poverty alleviation, while its commercial function contributes to inclusive economic growth. Moreover, channeling social funds into education and healthcare advances SDG 4 (quality education) and SDG 3 (good health and well-being) (Kasri et al., 2023).

From the perspective of *maqāṣid al-sharī'ah*, this model supports the preservation of:

- *Hifz al-dīn* (protection of religion): through spiritual development and Islamic business ethics.
- *Hifz al-nafs* (protection of life): through social safety nets and provision of basic needs.
- *Hifz al-'aql* (protection of intellect): via educational programs funded by zakat or waqf.
- *Hifz al-nasl* (protection of progeny): through family empowerment ensuring better opportunities for future generations.
- *Hifz al-māl* (protection of wealth): through fair, interest-free financial systems based on risk-sharing (Dusuki & Bouheraoua, 2011).

The Qur'an-based model of BMT synthesizes justice, equitable wealth distribution, trust, and sustainability into a unified framework. By integrating social and commercial functions, BMT can address both short-term needs and long-term empowerment. This approach is not only rooted in Qur'anic principles but also aligned with global SDG targets and the normative objectives of Shariah. Accordingly, BMT can serve as an agent of transformation, alleviating poverty while building a just, inclusive, and sustainable economic system.

3.6 Implications and Opportunities for Development

The development of a Qur'an-based operational model for Baitul Maal wa Tamwil (BMT) not only offers a normative framework for Islamic microfinance but also generates significant implications for theory and practice. Beyond its role as a financial intermediary, BMT represents an applied manifestation of Islamic economic ethics—linking spiritual values with socio-economic transformation. Therefore, understanding its implications is crucial to bridge the gap between conceptual models and real-world implementation. This section discusses the academic and practical contributions of the proposed model, offering recommendations for scholars, regulators, and practitioners. Moreover, it explores emerging opportunities for developing BMT within the context of digital transformation and the growing landscape of Islamic financial technology (fintech). Such an integrative perspective positions BMT as both a moral and innovative institution capable of advancing inclusive, transparent, and sustainable economic empowerment in line with Qur'anic values and global development goals.

3.6.1 Academic Implications: Contribution to the Development of Islamic Economics Literature

The study of the ideal Qur'an-based model of Baitul Maal wa Tamwil (BMT) offers a significant contribution to the growing literature on Islamic economics, particularly in the field of Islamic microfinance. This research enriches academic discourse by demonstrating how Islamic financial institutions function not merely as economic entities but also as instruments of social and spiritual transformation. By emphasizing the integration of the social (*baitul maal*) and commercial (*baitul tamwil*) functions, this study strengthens the "double bottom line" discourse in Islamic finance, namely profitability and social sustainability (Dusuki & Bouheraoua, 2011).

Furthermore, the findings reaffirm the relevance of *maqāṣid al-sharī'ah* in contemporary economic practices. While discourse on *maqāṣid* has often remained theoretical, the BMT context shows its practical application in economic empowerment, wealth distribution, and the enhancement of spiritual values (Güney, 2024). This study thus paves the way for further research on the operationalization of *maqāṣid* in Islamic microfinance institutions. In addition, it contributes to literature on the integration of Qur'anic values with the Sustainable Development Goals (SDGs), which are central to contemporary Islamic economics scholarship (Kasri et al., 2023).

3.6.2 Practical Implications: Recommendations for BMT Managers, Regulators, and Communities

From a practical standpoint, this research provides several key recommendations. First, for BMT managers, the findings highlight the need to balance social and commercial functions. Many BMTs have tended to prioritize commercial financing, leaving the social role of managing zakat, *infāq*, *ṣadaqah*, and *waqf* underdeveloped. Strengthening the collection and distribution of social funds with professional, transparent, and accountable systems is thus essential (Anwar et al., 2023).

Second, for regulators such as the Financial Services Authority (OJK) or the Ministry of Cooperatives, the study underscores the need for more comprehensive regulations that go beyond legality and governance. Such regulations should provide incentives for BMTs that successfully integrate their dual functions and support managerial training to strengthen institutional capacity in responding to modern economic dynamics (Rohman et al., 2024).

Third, for communities, this research clarifies that BMTs are not simply Shariah-based savings and loan institutions, but also partners in both economic and spiritual empowerment. Active community participation—whether as clients, contributors of social funds, or social watchdogs—remains vital to strengthening BMT's legitimacy and effectiveness in alleviating poverty.

3.6.3 Opportunities for Developing BMT in the Digital Era and Integrating Islamic Fintech

The rise of digital technology presents vast opportunities for the future development of BMT. One of BMT's longstanding challenges has been its limited geographical reach and high operational costs. By adopting digital financial technology (fintech), BMT can expand services to remote areas without large infrastructure costs. Digital platforms enable financing processes, reporting, and payments to be conducted online, thereby enhancing efficiency and transparency (Maulina et al., 2023).

Technology can also strengthen BMT's social function. Fundraising for zakat, *infāq*, and *ṣadaqah* can be conducted through easily accessible mobile applications, while blockchain technology can ensure transparent fund distribution, boosting public trust (Mohammed, 2024). Moreover, digital data analytics can be used to more accurately assess the needs of the poor, enabling more targeted empowerment programs.

For the commercial function, digital integration facilitates the creation of innovative Shariah-compliant financing products. For example, Shariah-based peer-to-peer lending platforms can connect investors with microentrepreneurs, with Islamic contracts as the legal framework. Artificial intelligence (AI) can also be applied to assess creditworthiness using alternative data, reducing financing risks.

Another promising avenue lies in collaborations between BMTs and the broader Islamic fintech ecosystem. Such partnerships could expand access to capital, accelerate service digitalization, and enhance financial literacy. By embracing this synergy, BMTs can reinforce their role as inclusive, transparent, and innovative Islamic financial institutions, while remaining grounded in Qur'anic principles.

The implications of this study demonstrate that a Qur'an-based BMT model contributes significantly in both academic and practical dimensions. Academically, it enriches Islamic economics literature by emphasizing the integration of Qur'anic values, *maqāṣid al-sharī'ah*, and global development agendas. Practically, it provides actionable recommendations for managers, regulators, and communities to strengthen BMT's impact. Finally, opportunities in the digital era highlight that the future of BMT is highly promising, provided it successfully integrates Islamic fintech into its operations. Thus, BMT can serve not only as an instrument of poverty alleviation but also as a catalyst for inclusive, ethical, and sustainable Islamic finance.

4. Conclusion

This study affirms that *Baitul Maal wa Tamwil* (BMT) plays a strategic role in empowering the poor by integrating Qur'anic values into its operations. Through its dual functions as *baitul maal* (manager of social funds) and *baitul tamwil* (provider of microfinance), BMT addresses two essential dimensions of empowerment: the fulfillment of basic consumptive needs and the enhancement of productive capacity. This integration reflects key Qur'anic principles—justice, wealth distribution, trust (*amānah*), and sustainability—while also operationalizing *maqāṣid al-sharīʿah* within the economic domain.

Socially, BMT enhances poor communities' access to capital, strengthens entrepreneurial independence, and fosters values of spirituality and social solidarity. Economically, BMT reduces dependence on loan sharks, increases household income, and generates new employment opportunities. Both literature and empirical evidence confirm BMT's significant contribution to poverty alleviation across various regions, despite challenges related to governance, limited capital, and regulatory support.

Theoretically, this research enriches the literature on Islamic economics by emphasizing the integration of social and commercial functions within Islamic microfinance institutions. The findings extend the discourse on *maqāṣid al-sharīʿah* from theory to practice, while also linking it to global agendas such as the Sustainable Development Goals (SDGs). Hence, this study offers a conceptual framework that may serve as an academic reference for developing more inclusive and sustainable Islamic microfinance models.

Practically, the study offers three recommendations. First, for BMT managers, it is crucial to balance social and commercial functions through transparent governance, Shariah-based product innovation, and optimized business mentoring. Second, for regulators, supportive policies are needed to strengthen institutional capacity, including access to capital, human resource training, and regulations that encourage integration of dual functions. Third, for communities, active participation as clients, donors, and business partners is vital to ensuring BMT's success in fulfilling its mission of empowerment.

Furthermore, the digital era presents vast opportunities for BMT's development. Integrating Islamic financial technology (fintech) enables BMT to expand service outreach, improve efficiency, and strengthen transparency in managing both social and commercial funds. By adopting digital innovations, BMT can reinforce its relevance to community needs while remaining aligned with Qur'anic principles.

In conclusion, the ideal Qur'an-based model of BMT is one that balances social and commercial functions, integrates justice and sustainability, and remains relevant to both *maqāṣid al-sharīʿah* and global development goals. With strengthened institutional capacity, regulatory support, and digital adoption, BMT has the potential to become a key driver of poverty alleviation and economic development that is just, inclusive, and sustainable.

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