



Mosque Economic Empowerment through Sharia Microfinance Institutions

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Abstract

Mosques are not only places of worship but also places of economic activity. The potential for economic empowerment in mosques has not been realized optimally. As part of strengthening the community's economy, the role of mosques in society needs to be expanded. So, this research aims to determine the role of mosque economic empowerment through Sharia microfinance institutions. This qualitative research is a literature study using data sources like reference books and scientific journal articles. The results of this research indicate that mosque-based community economic empowerment is necessary as a driving force for poverty alleviation efforts to improve the community's quality of life. Mosques' financial independence can be realized by establishing Islamic Cooperatives or Baitul Maal wa Tamwil (BMT). By maximizing the function and potential of mosques, the Mosque's economy can be strengthened and used as a strategic location for the local community's economic development.

Keywords: empowerment; mosque; sharia financial institutions

INTRODUCTION

Reflecting on the early days of Islam, the Mosque was not only a centralized place of worship. However, it was also often used as a center of government, education, security, economics, and others. After Prophet Muhammad's time and era followed, the issues were explored and answered in the Mosque. Even the function of the Mosque extends to the center of Islamic culture by making it a discussion room, a place to study, and a place to explore religious and general sciences (Imtiyaz et al., 2021). The Mosque, a symbol of Islam, is a benchmark for the state of the Muslim community living around it. The Muslim character will be good if the optimization of the mosque function can be carried out correctly (Alwi, 2015).

Currently, the view that mosques are only used for worship is one of the causes of many local communities stagnating in their livelihoods and economy. Since the time of Rasulullah SAW, mosques have been used as economic centers to help the economy of the

surrounding community through the presence of markets and the Baitul Maal institution. Mosques are one of the right places to empower society, including in the economic sector (Ridwanullah & Herdiana, 2018).

The economic empowerment carried out by the Prophet Muhammad in Medina focused on three things, namely: First, the exposure of Islamic economic principles that a Muslim must obey both in buying and selling transactions in the market and elsewhere, such as the prohibition of dishonest behavior, fraud, and usury. Second, to strengthen the relationship between the Muhajirin and Anshar. So, the Muhajirin gradually began to build their economy like Abdurrahman bin Auf, who established a business or invested capital in the market. Some people started farming after getting land, and so on. Third, creating a market around the Prophet's Mosque. This establishment is a step to strengthen the economy of Muslims, especially the establishment of Islamic economic



institutions and the initial stage of implementing the Islamic financial system. The Prophet Muhammad SAW prohibited the collection of taxes in this market, as was common among the Jews, and forbade fraud in buying and selling (Nurjamilah, 2017).

In terms of function, the Mosque is not only a place of worship but also a place of economic activity. Therefore, mosque-based community economic empowerment is needed as a driving force in poverty alleviation efforts so that the community's quality of life is improved. The existence of the Mosque at least has a social function, namely first, as Bait at-Ta'lim, referring as a place of religious education, a place of da'wah, and a place of religious understanding through recitation and formal education organized by mosques such as the establishment of Majlis Ta'lim, TPQ, and Madrasah. Second, as Bait al-Ta'min, the Mosque can provide social security for its congregation. At the beginning of Muslim society, the Prophet Muhammad SAW provided a special place for Muslims. It secured their lives thanks to the active role of the community in the Mosque. Furthermore, third, Bait al-Maal wa Al-Tamwil, namely the Mosque which is the center of social and religious activities, especially the role of carrying out rituals related to wealth such as Zakat, Infaq, and alms for the benefit of the community (Alwi, 2020).

The Mosque's function as Bait Al-Tamwil shows that the Mosque can make money through its business. Thus, the Mosque manages to grow and cover its own financial needs. Baitul Maal is the foundation on which the Mosque can stand in economic independence and time economic benefits for the empowerment of the surrounding community at the same time (Alwi, 2020).

Considering that the Mosque is a religious organization that has an essential social role in society, the problem of mosque management deserves special attention. The

community can safely carry out worship and religious activities dynamically according to Islamic ideals through professional economic management organized by mosques so that mosque activities are more reliable without burdening the community (Ridwanullah & Herdiana, 2018).

The tendency to see many mosques, especially in big cities, shows that mosques function as centers of worship, education, economic empowerment, health, and other social activities. Therefore, the congregation and the surrounding community can benefit from the Mosque's existence in this way. The Mosque's goal is to thrive through effective and organized management to produce pious Muslims who will contribute to the progress of society (Karim, 2020).

For the benefit of the community, the Mosque's potential must be worked on and utilized. By maximizing the function and potential of the Mosque, the mosque economy can be strengthened and used as a strategic location for the economic development of the people. The existing economic potential of the Mosque, in terms of human resources, potential financial resources, potential mosque waqf, and the economic potential of the Mosque's environment, can be utilized to carry out the empowerment plan. However, for now, the potential for economic empowerment in the Mosque has not been optimally realized. In the context of people's economic empowerment, the role of mosques in society should be expanded. This research will illustrate the relationship between the role of mosque economic empowerment and Sharia microfinance institutions, which have been philosophically thought about and implemented since the time of Rasulullah SAW and his companions.

METHOD

This research is qualitative research with the type of research, namely literature study, using data sources in the form of reference books and scientific journal articles.



The series of activities in this research refers to collecting library data, reading and taking notes, and appropriately processing the information needed to answer the problem formulation to be solved. The steps taken in this core research include: a) exploring general ideas about research; b) looking for information that supports the research topic; c) focusing research and organizing materials accordingly; d) searching and retrieve data in format from library sources, including books and scientific journal articles; e) rearranging materials and notes regarding conclusions from data sources; f) preparing analysis documents that are suitable for discussing and answering the formulation of research questions, g) enriching data sources for the purposes of conducting data analysis; and h) preparation of research results.

RESULTS AND DISCUSSION

Results

The Mosque became the turning point and the first sign of the social development of Islamic society. The Mosque became part of the agent of change because the Prophet's Mosque in Medina was inseparable from several social transformations that occurred at that time (As-Salafiyah et al., 2021). Its activities have instilled equality, discipline, togetherness, and a standard view of the world and the hereafter. Undebatable, mosques played a vital role in the early days of Islam as centers of social change. In this case, the Mosque served as a religious and social symbol for the people of Medina. It was the center of social, political, economic, and spiritual life (Ahmed & Anbrine, 2022).

Mosques have two substantial forms of non-financial capital, namely institutional capital and social capital, so they have the potential to become economically independent. Social capital is a type of group involvement in common problems motivated by trust and supported by the social framework. Social capital plays an essential role in mosque financial management,

especially concerning community involvement and accountability in reviving the Mosque's societal role (Alwi, 2020); Holle & Arifin, 2022).

Generosity or participation in material and financial terms is one social capital that develops in cooperation among community members. Generosity can be created from people, institutions, social systems, and religious elements that provide normative guidelines (doctrines) for individual actions and are implemented cooperatively by a group of people to achieve a common goal.

To meet the financial needs of the Mosque, the community uses several financial sources, including participating in charitable activities such as Zakat, Infaq, and Waqf (ZISWAF). Moreover, independent businesses such as space rentals, bookstores, canteens, and others, and finally, government support program activities (Alwi, 2015).

Because it is used more for consumption than production, the income received by the community from zakat and waqf is still not adequately utilized in the financial management of the Mosque (Ch, 2016). Although these social funds can add to the economic wealth of the Mosque, if the management manages the money well, the help of mosque organizations, Baitul Maal, can strengthen the people's economy (Erziaty, 2015). There are two primary sources of Muslim funding for mosques, such as zakat and waqf, which should be appropriately managed (Afif & Anggoro, 2018).

Discussion

Mosque Economic Development Through Islamic Cooperatives

The establishment of Islamic cooperatives is one of the Mosque's commercial ventures or economic activities. Islamic cooperatives have great potential to grow and benefit their members in a way that makes it easier for them to fulfill their needs and improve their welfare.



Islamic cooperative activities generally handle plenty of transactions with mosque congregants and the surrounding environment. Examples include accepting deposits, buying and selling, working with partners, and providing services. Islamic cooperatives can also facilitate notable transactions or cooperation. This transaction is done to benefit and help the community in the neighborhood around the Mosque. The following products can be offered by Islamic Cooperatives, namely:

1. Member deposits include principal savings, mandatory savings, and voluntary savings. Members only pay principal savings once when registering as a member with a fixed nominal value. In mandatory savings, members must make monthly deposits of a particular value and are routine. Voluntary savings are not mandatory, deposits adjust to their ability, and there is no set nominal amount.
2. Islamic cooperatives can provide financing through capital participation and voluntary loans. Members who lend money to Islamic cooperatives only need to repay the borrowed money without additional fees. In comparison, capital participation is given to members with independent businesses but is limited by business capital. Profit sharing is the system used in capital participation.
3. They are buying and selling groceries, which fulfill all basic needs and daily necessities.
4. Service units include payment of telephone, electricity, water, health, land and building tax, online shops, bank transfers, and other bills.
5. Kitchen service unit that can provide food for Aqiqah, thanksgiving, circumcision, weddings, and other events.

6. Service units include repairing water pumps, washing machines, vehicle tax management, car rental, package delivery, and other special services (Nurrachmi & Setiawan, 2020).

The main objective of a cooperative is to create a successful business that will financially benefit the Mosque and the surrounding community. The established cooperative can take the form of a multi-business or Islamic financial services cooperative. Despite the cash or regular savings from Zakat, Infaq, and Waqf, Mosques also have various assets to afford some money to make the Mosque self-reliant, which are rental properties, plantations, rice fields, healthcare facilities, tailoring businesses, renting out buildings, shares in various companies, even by running businesses such as fish farming and animal husbandry (Budiman & Mairijani, 2016).

The mosque management or Takmir can call for independent entrepreneurship. In the end, the Mosque no longer relies on donations but funds its activities independently with community participation in economic activities carried out by the mosque management.

Mosque Economic Development Through BMT

The Mosque's function as a Sharia-compliant microfinance provider is critical to the economic and social support of the community (Adriani et al., 2019). In the beginning, Baitul Maal was seen primarily as an organization in charge of managing the entire wealth of Muslims, including their income and expenditures. During the time of the Prophet Muhammad, Baitul Maal was responsible for managing domestic and foreign payments, maintaining the stability of the money supply, and preparing the state budget.



The Baitul Maal remained in that state during the first year of Abu Bakr's caliphate (632 CE). The Prophet's Mosque was where Abu Bakr distributed the wealth he acquired from the Islamic caliphate to those who deserved it. Caliph Abu Bakr authorized Abu Ubaidah bin al-Jarrah. Later, in the second year of his caliphate (633 CE), Abu Bakr helped create the broader concept of Baitul Maal. Baitul Maal also means the repository of state assets. To store the treasures transported to Medina, Abu Bakr built a special place in his house in the form of sacks or bags (ghiraarah). This process continued until he died in 634 CE.

Under the second caliph, Umar Ibn Khattab (634-644 CE), the institution proliferated and had several branches in every major city of the caliphate to collect taxes and administrative fees, manage booty, and raise funds for charity. In addition, the institution was also used to pay the salaries of civil servants and support infrastructure (Antonio, 2011).

In Muslim-majority Indonesia, there is a desire to return to the financial institutions of the early stages of Islam. This desire is not only due to increased religious fervor but also due to the inability of current economic institutions to encourage economic activity and production in the free market era. Conceptually, BMT is a financial institution that simultaneously performs two types of activities, namely: First, fundraising initiatives to collect funds from various sources such as Zakat, Infaq, Sadaqah, and others, which are then given to people who are entitled to receive them. Second, productive activities that aim to create new value and encourage economic development (Alwi, 2015). Mosque-based Baitul Maal initiatives are expected to improve the standard of living of the surrounding community and reduce poverty levels (Kausar & Kabir, 2016).

The purpose of establishing BMT at the Mosque is to strengthen the community's economy and become an example of the application of Islamic law in the area of Muamalah. BMT is an institution that helps improve the economy of small and micro businesses by sharia law. This institution has two parts, Baitul Maal and Baitul Tamwil. The Baitul Maal section is responsible for collecting and distributing Zakat, Infaq, and Sadaqah. On the other hand, Baitul Tamwil creates investment and production companies to raise the degree of micro and small businesses by encouraging saving behavior and providing business capital. Meanwhile, BMT is a financial institution in the form of a savings and loan group (KSP) or a group of community-based organizations (KSM) with legal status (Alwi, 2015).

BMT can be likened to a place to collect potential community resources, which are then utilized and managed by themselves, by the community, and by Sharia principles to improve the welfare of the community and strengthen the carrying capacity of the national economy. It proves that BMT is a financial institution by sharia. BMT is not only a social institution but also an economic institution with the right to seek profit in a way that is not contrary to Islamic law. In addition, BMT aims to support and expand community entrepreneurship to improve social welfare (Rusydiana & Devi, 2013).

Muslim communities such as mosque assemblies, tariqah communities, pesantren, and Islamic social organizations are where most BMTs are established and maintained. BMT combines social, economic, and religious elements at once, in contrast to cooperatives in general, which only pay attention to economic and social factors. Because of its religious component, BMT plays an instrument in applying sharia principles. BMT financial institutions differ from other financial institutions because of



their unique design. The purpose of establishing BMT is to encourage cooperation in bearing business risks between institutions that act as fund managers (Mudharib), namely people who need funds from borrowers or business managers and fund owners (Shahib al-Maal) who deposit their money in BMT institutions.

BMT is not only an economic institution with a small national scale to compete in the free market, but it is also designed as an institution based on solidarity. The purpose of BMT is to be a solution to the problem of poverty and capital. The birth of BMT in this era aims for the people's welfare and economic empowerment.

Islamic financial institutions, including BMTs, technically have access to various financial sources for collection and distribution. It is possible because there is ample room for it in the sharia system. However, in reality, most BMTs use a certain number of products that are considered profitable and safe. For example, BMTs prefer profit sharing (Mudharabah) when collecting money because it works like a Mudharib and is relatively easy to distribute (Alwi, 2015).

Unfortunately, BMT prioritizes Mudharabah products because these products can guarantee a decent income and provide customers with financial opportunities. BMT prioritizes Mudharabah products because they can guarantee a decent income. As mentioned earlier, BMT can technically and financially produce various goods for its business, including collecting and distributing funds through Wadi'ah, Mudharabah, Musyarakah, and Murabahah contracts. In other contracts, BMT is not ready to introduce other contracts such as Bai' Salam, Ijarah, Ijarah wa iqtina', Hiwalah, Sarf, Qard, and others.

Then, in terms of human resources, BMT is a management-based organization, so HR skills and expertise significantly impact organizational growth. BMTs that do not have a parent company or operate independently without supervision from other institutions sometimes pay less attention to improving the quality of their human resources.

In terms of capital, BMTs are usually established with limited capital; at least, BMTs can buy office equipment and cover operational costs. BMTs still need additional capital for business development. In contrast, investors who invest in BMT usually have social-religious motives, so the capital they share is not too large. On the other hand, BMTs are independent institutions, so they do not have strong capitalization, unlike commercial banks and BPRS under Bank Indonesia. Both of which are guaranteed capital liquidity. This circumstance significantly affects competitiveness in the eyes of customers. This capital limit can also hinder the provision of financing to customers.

Public trust in BMT is also affected by the lack of socialization. People often avoid BMT, which is seen as a small financial institution that is not convincing in its existence (Nugraheni, 2007).

CONCLUSION

The role of mosques in empowering the people's economy has been exemplified since the time of Rasulullah SAW and his companions, namely, with the establishment of Baitul Maal. The Mosque became a turning point and an early sign of the social development of Islamic society. At that time, the Nabawi Mosque in Medina was closely related to several social changes, and the Mosque became one of the agents of change. Mosques have two strong non-financial capital, namely institutional capital and social capital, which provide the potential to be



economically independent. Mosques' financial independence can be achieved through the establishment of a Sharia Cooperative or Baitul Maal wa Tamwil (BMT). The main goal of the cooperative is to create a business that directly provides economic benefits for the Mosque and its surroundings. The cooperative that is established can be in the form of a multi-business cooperative or a Sharia financial services cooperative. On the other hand, BMT can be considered a forum for collecting

potential community resources to be utilized and managed by the community in accordance with Sharia principles in order to improve the general welfare and strengthen the sustainability of the national economy.

The author's advice for further research is to examine other Sharia microfinance institutions, which could be an option for empowering a more independent mosque economy.

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