

INVESTIGATING AN INDONESIAN EQUITABLE FINANCING: CASE STUDY ON BAITUL MAAL MASJID JOGOKARIYAN

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Abstract: *This study aims to analyze the mechanism of equitable Islamic financing in Indonesia toward Baitul Maal of Masjid Jogokariyan. Here, the mosque has no desire to put forward its economic growth, but it focuses on how to increase the welfare of society. Qualitative descriptive through case study approach is used as an exploration tool. The method of interviewing the management of baitul maal and takmir was chosen. In addition, direct observation was also carried out so that the data needed could be obtained thoroughly. The result of this study shows the three important points from financing practice at Masjid Jogokariyan: (1) financing funds are sourced from zakat maal, (2) financing funds are fully distributed to the asnaf unconditionally according to their needs, (3) the return process is based on kinship principle with rizq concept. Therefore, it can be concluded that Masjid Jogokariyan has succeeded in carrying out the practice of equitable Islamic financing without overriding the value of culture and nasionalism spirit of Indonesia.*

Keywords: Culture, Equitable, Islamic Finance.

INTRODUCTION

Mosque is very important place for Muslims (Alwi, 2015; Razak, Yahya, Hussin, & Muhammad, 2014; Wahid, Kader, & Ahmad, 2011). At the time of the Prophet Muhammad, the mosque not only served as a place of worship, but also as the center of *ummah* (Mulawarman, 2016). This integration shows that there is no separation between divine values and humanitarian activities. Although it was reduced, the phenomenon of revitalizing mosque functions as a center for the development of *ummah*, especially for the economic development, has become an interesting issue over the past few decades (Alwi, 2015; Hadisumarto & Ismail, 2010; Razak et al., 2014; Wahid et al., 2011; Yumna & Clarke, 2009). The emergence of this phenomenon is caused by the many criticisms of Islamic financial institutions, especially banks, which up to now have not

been fully implemented the principles of Islamic economic governance, not yet free from usury practices (Asytuti, 2012; Rahmanti, 2012; Soleh, Cahyadi, & Rifai, 2018).

Islamic financial institutions are expected to be able as the solution of economic inequalities due to conventional systems. In fact, they have not been fully effective because they are still dominated by consumer financing (Alaeddin & Anwar, 2012; Cokro & Ismail, 2009; Hamzah, Rusby, & Hamzah, 2013). In Europe, the interest in the practice of Islamic finance grew significantly and increasingly gained a place of financial practitioners (Mustofa, 2018). This is because Islamic microfinance is a combination of social intermediation and social capital by adding the value of Islamic financing. However, the weakness of the system built causes collisions on various aspects (Wulandari & Kassim, 2016).

Alwi (2015) stated that basically, what became the big aspiration regarding the revitalization of mosque functions was the development of economic resources of pilgrims in building mosques and empowering worshipers. In Indonesia, the practice of mosque-based community economic empowerment is realized through the *Baitul Maal wat Tamwil* (BMT) institution (Basid, 2009). Until now, BMT has continued to grow in hopes of being able to advance the economy of the community (Adnan & Ajija, 2015; Hadisumarto & Ismail, 2010; Yumna & Clarke, 2009). But in practice there are still some problems such as (1) only targeting financing in weak economic communities while still requiring forms of employment or income (Yumna & Clarke, 2009); (2) the distribution of funds is limited to venture capital without massive assistance to the borrower's productive economic activities; and (3) low loan repayment rates (Auliyah, 2014). These three problems show that in practice, BMTs are not much different from conventional financial institutions.

Reflecting on the Prophet's Sirah, Masjid Jogokariyan applies a different system in empowering the community's economy, namely through the establishment of *baitul maal* without *tamwil*. Here, the mosque has no desire to adapt its economic growth, but focuses on how to prosper the community. Baitul Maal Masjid Jogokariyan is considered to have succeeded in being free from the shackles of capitalism which makes profit and loss and self interest as its main operational spirit. As an institution that stands under the auspices of the mosque, the vision and mission of this institution is in line with the vision and mission of the mosque, which is to multiply people to prostrate through approaches according to the needs and culture that develops in society.

This study aims to examine the Islamic equitable financing mechanism that is typical of Indonesia in Baitul Maal Masjid Jogokariyan. Exploration was carried out through qualitative descriptive with a case study approach at Baitul Maal Masjid Jogokariyan, Yogyakarta, Indonesia. Data was collected through interviews with one of Takmir Masjid Jogokariyan (G. Welly Ariadi or Mr. Welly) and Treasurer of the Baitul Maal Masjid Jogokariyan (M. Rizqi Rahim or Mr. Rizqi).

History and Fundraising Mechanism of *Baitul Maal Masjid Jogokariyan*

Masjid Jogokariyan is one of the mosques that manages its congregation with orientation towards worship services and has a vision to multiply prostrate people. Therefore, every activity and program of the mosque always returns to the comfort of the congregation and the welfare of the pilgrims. When looking at the Prophet's Sirah, there are at least five mosque functions that can be developed at this time, as *Bait Allah*, *Bait al-Ta'lim*, *Bait al-Maal*, *Bait al-Ta'min*, *Bait al-Tamwil* (Alwi, 2015). In accordance with these functions, in its operation, the Management of the Masjid Jogokariyan uses modern mosque management based on the values of the mosque at the time of the Prophet Muhammad, where mosques became the main heart of community activities and benefited the welfare of the surrounding community.

Like mosques in general, the main function of the Masjid Jogokariyan is as a house of worship specifically for prayer facilities in congregation. Masjid Jogokariyan owns *Baitul Maal* which aims to collect and manage pilgrims' zakat funds. While the function of *Bait al-Tamwil* is carried out by a business entity owned by a mosque which is used as a means to fund the mosque's operations. The four units have their respective places located in the mosque area.

The thing that distinguishes Masjid Jogokariyan from most mosques in Indonesia is the differentiation of units responsible for carrying out the functions of *Baitul Maal* and *Baitul Tamwil*. The treasurer of *Baitul Maal* Masjid Jogokariyan, Mr. Rizqi, argues that these two functions cannot be combined into one unit:

“If we use tamwil, the problem is a congregation borrowing funds, then he drags it off. Even if he is billed he will instead run away from the mosque. Baitul maal is actually an activity that can attract new worshippers at the Masjid Jogokariyan.”

Jogokariyan really aims to carry out social functions without involving business functions as happened in the *Baitul Maal wat Tamwil* (BMT) in general. *Baitul maal* is an Islamic financial institution that manages social funds and is sourced from zakat, infaq, sodaqoh, grants and others. Meanwhile, *baitul tamwil* is a financial institution that manages public funds that are of a commercial nature in accordance with Islamic law. So that conceptually, BMT has a dual mission, namely business and social (Hadisumarto & Ismail, 2010). The business mission of BMT serves as a financial intermediary that provides financial services such as savings and micro-enterprise financing. Whereas the social mission of BMT is as *amil* (collecting and distributing zakat), collecting and distributing infaq and shadaqah and providing money on *qard al-hasan* financing. Thus, when *baitul maal* brought the word ‘*tamwil*’, it indirectly brought the business mission in its operationalization. Even though ideally, because the funds obtained come from zakat, then there is no element of business in its operations, both in terms of collection and distribution so that the mission carried in accordance with the vision to be achieved by the mosque.

At the Masjid Jogokariyan, the mosque's Business Entity functions as an institution that funds mosque operations. This is because the takmir do not want to use the incoming *shadaqah* just to fund the operation of the mosque. Therefore, takmir worked hand in hand to build a mosque-owned business entity so that the whole *infaq* and *shadaqah* of the pilgrims were truly

intended for the benefit of the pilgrims. This is what later made the Masjid Jogokariyan get the title of *Masjid Mandiri*.

Based on interviews with Mr. Rizqi and Mr. Welly, it is known that basically, the establishment of Baitul Maal in the Masjid Jogokariyan was initiated by the concern of the takmir of the mosque to see the reality of the community around the mosque. Where, at the beginning of 2000, the amount of zakat entering the Masjid Jogokariyan was only around Rp 4,000,000. Takmir obtained information that many potential *muzakki* candidates were visited by the mosque. Takmir worked with someone who had an influence on the group to begin tithe, as a trigger for their colleagues to fulfill their *zakat* obligations. This effort is quite effective because it can increase the number of pilgrims and the number of *zakat* providers.

Although there are those who see the steps taken by takmir not good, the takmir still insist on continuing their business. Mr. Welly explained;

“...Ustadz Jairoh, the chairman of our Dewan Shuro, said that better forced to go to heaven than voluntarily go to hell. Zakat is indeed 'take it'. So the amil zakat officer actually saves people who are obliged to pay zakat. So 'take it' because it must be taken.”

From the explanation, information was obtained that the step was taken to complete the task of *amil* and help *muzakki* to pay zakat. *Amil* is responsible for taking zakat from the obligatory. As stated in QS. At-Taubah verse 103.

“Take zakat from some of their property, with that zakat you cleanse and purify them and pray for them. Verily your prayer will be for them. And Allah is Hearer, Knower.”

UU No. 23 Tahun 2011 concerning zakat management states, to assist BAZNAS in carrying out the collection, distribution and utilization of zakat, the community can form LAZ (Amil Zakat Institution). Referring to the law, the zakat fund collection and management institution must be incorporated. In accordance with the mandate of the law, Baitul Maal Masjid Jogokariyan was formed as a zakat management institution that refers to the provisions of state law. This institution is accused of the mosque's inevitability. So that in carrying out its functions, *baitul maal* still must refer to the vision of the Masjid Jogokariyan.

Fund Distribution Mechanism of *Baitul Maal* Masjid Jogokariyan

As with other zakat institutions, the zakat fund of the congregation is distributed to people who are included in the eight *asnaf* recipients of *zakat*. The distribution of funds was prioritized to the worshippers of the mosque. In addition, takmir and administrators of *baitul maal* argued, when mosques were able to become a means for the welfare of pilgrims, more people would sympathize with mosques, care about the existence of mosques, and more people felt close to the mosque. Furthermore, *baitul maal* as one of the institutions under the auspices of the mosque also has an obligation to encourage the achievement of this vision, through its programs.

The mechanism for distributing zakat funds is carried out through two programs; consumptive financing and productive financing. The main target of this consumptive financing is meeting basic needs. The management of *baitul maal* also has a program, namely the release of pilgrims from debt winding. As the Word of God in Surah At-Tawbah verse 60 which means:

“Indeed zakat is only for the needy, the poor, amil zakat, converts, to (liberate) slaves, to (liberate) those who owe, to the way of Allah, and to those who are on their way, as an obligation from Allah. Allah is All-Knowing, Wise.”

From the verse it is known that one who is entitled to receive *zakat* is the person who owes. Based on the verse, the debt-free program was initiated by the administrators of *baitul maal*. They say that if someone is pursued by debt-collector, they will hide and far from mosque because they are fear to the debt-collector. The distribution of zakat funds through this program is expected to create a sense of comfort and calm for the community to worship in the mosque, so that the vision of the Masjid Jogokariyan to multiply prostrate people can be achieved.

In addition to the overall consumptive financing program, the distribution of *zakat maal* funds is also carried out through productive financing programs in the form of venture capital assistance without conditions of return. This program was held since 2003 through the Ramadhan market, as described by Mr. Rizqi:

“The productive start was the beginning of the Ramadhan market. We provide stalls then we make an event to invite prospective buyers. Our pilgrims push to open stalls. If it doesn't sell, the mosque will buy. We want to motivated pilgrims to have experience in entrepreneurship.”

The efforts carried out by the takmir at that time illustrated the seriousness of developing productive financing programs. It is proven by the vibrant Pasar Ramadhan Masjid Jogokariyan which continues to increase from year to year. This illustrates the success of channeling funds through productive financing programs. Next, because *mustahiq* understands that these funds are capital assistance, so what they understand is that the funds will be returned to *baitul maal* as the aid provider. Nevertheless, basically the management of *baitul maal* never demanded the return of the funds, as predicted by Mr. Rizqi:

“...They got the help because they were in the category of eight asnaf ... Our main goal actually helps. If we ask or we chase it, they will run away from the mosque. The more they have no money to pay, the further they from the mosque. Even though we do not need any return, but on average they even return.”

So, it can be said that returns are carried out with a family principle. By reason, the terms of return would actually add to the reluctance of pilgrims to the mosque when they do not yet have the ability to return. This deviates from the main purpose of providing assistance to pilgrims. It is this code that is avoided by the administrators of *baitul maal* so that it does not require a return. In addition, *zakat* funds are also a right for those who are classified as eight asnaf recipients of *zakat*, so there is no need for returns. This can be applied because Baitul Maal Masjid Jogokariyan does not carry the business mission contained in the word ‘*tamwil*’. The hope of bringing more people to the mosque would be difficult to materialize if the mosque applied a *baitul tamwil* together with *baitul maal*. Another interesting thing from this explanation is that the pilgrims who receive funds are actually motivated to voluntarily return the capital funds they have received. While for the amount of return equal to the amount of capital assistance received, so there is no element of usury in it.

Funds are channeled very selectively, because Islam has set the target of the recipients of *zakat*. So, it must be absolutely ensured that *zakat* is distributed to those who comply with these provisions. From this explanation, it can be illustrated the selectivity of *baitul maal* management in distributing *zakat* funds. Besides that, it is not limited to providing capital funds only, the management of *baitul maal* also strives to make the pilgrims' business run well, through providing entrepreneurship training.

Equitable Financing Concept

As explained earlier, *muzakki* in Baitul Maal Masjid Jogokariyan is selected very carefully. Islam has arranged eight *asnaf* who are entitled to receive *zakat*. This arrangement is the filter to make the funds be ascertained to the right people. In addition, it should be noted that the distribution of *zakat* funds must be able to increase the economic independence of *mustahiq*. There will be a problem if the management is not developed well.

One of the efforts taken by Baitul Maal Masjid Jogokariyan was not to use business functions in their operation. There is *baitul tamwil* which the function is carried out separately from *baitul maal* but both is located in the same place, namely the Mosque. Even though it did not apply its business function to *baitul maal*, Masjid Jogokariyan had never experienced a shortage of funds to be channeled to *mustahiq* whenever *mustahiq* needed it. *Zakat* funds in Baitul Maal Masjid Jogokariyan are collected from pilgrims using the approach to worshipers, both through *da'wah* and non-missionary activities such as providing regular pilgrimage sports activities every weekend and *Pasar Ramadhan*. This was done to introduce the mosques to the worshipers, so pilgrims knew that mosques did not vacuum and increase the confidence of pilgrims in relation to the distribution of their *zakat* funds. This method is considered effective because the collected *zakat* continues to increase over time.

When we asked more deeply, Baitul Maal Masjid Jogokariyan uses *rizq concept* in its operations. Mulawarman (2009) in his paper explained that *Rizq Concept* rests on the word Rabb. While Rabb etymologically means Ruler and Giver of *Rizq* (Muslehuddin, 2004). In other words, only Allah is the owner and giver of *rizq* or enjoyment both in the world and the hereafter. Therefore, the context of *rizq* or world life full of enjoyment cannot be separated from life in the hereafter. As stated in QS Al-A'raf verse 10, which reads as follows:

“Surely we have placed you all on the earth and we have for you on the earth (source) of livelihood. very little you are grateful.”

Through this verse Allah commands humans to always be grateful for what has been obtained (*rizq*). Furthermore, *baitul maal* which is a *zakat* fund management institution, specifically *zakat maal*, can also be said as a suggestion for improving gratitude for *rizq*. Thus, the operational system should also use *rizq concept*. This is what makes Baitul Maal Masjid Jogokariyan continue to grow even though it does not adopt business functions (*tamwil*).

The application of this concept can be seen from the distribution of *zakat* funds through consumptive and productive financing. Consumptive financing with three programs, namely basic food and cash assistance, healthy home programs, and debt relief from moneylenders. These programs were chosen to reach eight *Asnaf* recipients of *zakat* according to the word of

Allah in the Surah At-Taubah verse 60. Meanwhile, productive financing was channeled to pilgrims who were included in the eight asnaf recipients of *zakat*, had a productive age and did not have a permanent business or employment. This requirement is expected to be a filter so that funds are truly channeled to those in need. After providing financing, *baitul maal* also monitored the activities of the pilgrimage business, the point of the importance of assisting pilgrims, through entrepreneurship training. In addition to these two things, what distinguishes productive financing from those rolled out by the BMT in general is the absence of coercion to return the financing provided.

The administrators were of the view that the funds were *zakat* funds, so they should have been channeled rather than lent. However, the return on capital is actually quite good. Furthermore, *baitul maal* did not immediately refuse refunds from pilgrims, because the funds they received were returned to be channeled to other parties, so the assets continued to spin. For the long-term goal, it is hoped that the people who obtain productive financing will not only continue to be *zakat* recipients, but in the future they will be able to become *zakat* providers. Both of these goals are in accordance with the concept of wealth initiated by (Rahmanti, Kamayanti, & Mulawarman, 2013), namely flow concept. Where the provision of financing is not oriented to economic income, but rather to *rizq*-income.

Rizq Concept according to Muslehuddin (2004) is the implementation of Divine Justice and aims at social justice which is sought by Divine Law. Through these programs, they want to make the pilgrims aware that wealth is not the main goal but is an impact on an effort. This is in line with what was explained by Hamka (2017), that wealth is only a tool and not an end in itself, because the main goal is to remember Allah, towards the pleasure of Allah and uphold the path of Allah. Not only touching the aspect of justice in the context of religiosity, the program carried out is certainly in accordance with the concept of mutual cooperation which is the philosophy of our country life, and reflects the value of justice in terms of society so as to achieve the basic goals of ZISWAF, namely to solve complex social problems such as poverty, unemployment, natural disasters, debt and uneven income distribution (Dogarawa, 2010). This value of justice can be seen through achieving the vision of the Masjid Jogokariyan, namely “*Increasing the number of people to prostrate themselves*”. Evidently, from time to time the number of worshippers continues to increase in the Masjid Jogokariyan. The hope is that this equitable financing concept can also be developed in other mosques in Indonesia, so that the big aspirations to earth mosques and improve people's living standards can be achieved together.

CONCLUSION

Baitul Maal Masjid Jogokariyan is an official *zakat* fund management institution in accordance with Law No. 23 of 2011 concerning the management of *zakat*. The concept of equitable financing is carried out through the collection of *zakat maal* funds from pilgrims, as well as channeling them to pilgrims who fulfill eight Asnaf recipients of *zakat* according to their designation. Broadly speaking, there are two distribution programs, namely productive financing and consumer financing. For returns on productive financing, it is carried out with kinship principle. All the concepts carried out, can increase the intimacy of pilgrims with the mosque, so

that the vision of the Masjid Jogokariyan can be realized. *Rizq concept* is used as a form of justice in the context of religiosity. In addition, mutual cooperation principles that are always taken care of in the distribution of funds are a reflection of the value of justice in a social order. So that it can be said that Baitul Maal Masjid Jogokariyan has implemented the practice of Islamic finance that is just without ignoring the cultural values that have become the spirit of the Indonesian people.

Furthermore, this research has implications for being able to become a reference to the management of *baitul maal* based on mosque, so that in the future there will be more mosques that apply the concept of equitable financing in accordance with Islamic values and do not override Indonesian cultural values.

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