

The Strategies for Developing Micro Waqf Bank in Indonesia

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Micro Waqf Bank (BWM) is an Islamic microfinance institution which aims to empower the poor and whose development strategies in Indonesia will be examined in this study. To keep empowering the poor, BWM should survive and be operated sustainably. This study discovers the main strategies for developing BWM in Indonesia, so that it will be able to survive and be sustained. This study employed SWOT analysis which resulted in a SWOT matrix and several alternative strategies (SO, ST, WO, and WT strategies). This study also applied ANP to determine the main strategies for developing BWM. Data was obtained from observation, interviews, and literature review. Interviews were conducted with practitioners, experts, regulators, and academics. Among the six alternative strategies for developing BWM in Indonesia, the most crucial is dissemination and education on BWM to the general public. This study is limited to BWM and does not include cash waqf. Nowadays, BWM is managed mainly by the microfinance institution Financial Services Authority (OJK) which promotes BWM and has become the most important instrument in the financial institution sector. Therefore, BWM deserves a closer empirical study. Besides, the bank through BWM has the potential to create jobs in the future. The combinations of alternative strategies aide the regulators and managers to decide the best strategies and influential factors for developing BWM in Indonesia.

Key words: *Islamic microfinance, waqf, waqf bank, ANP.*



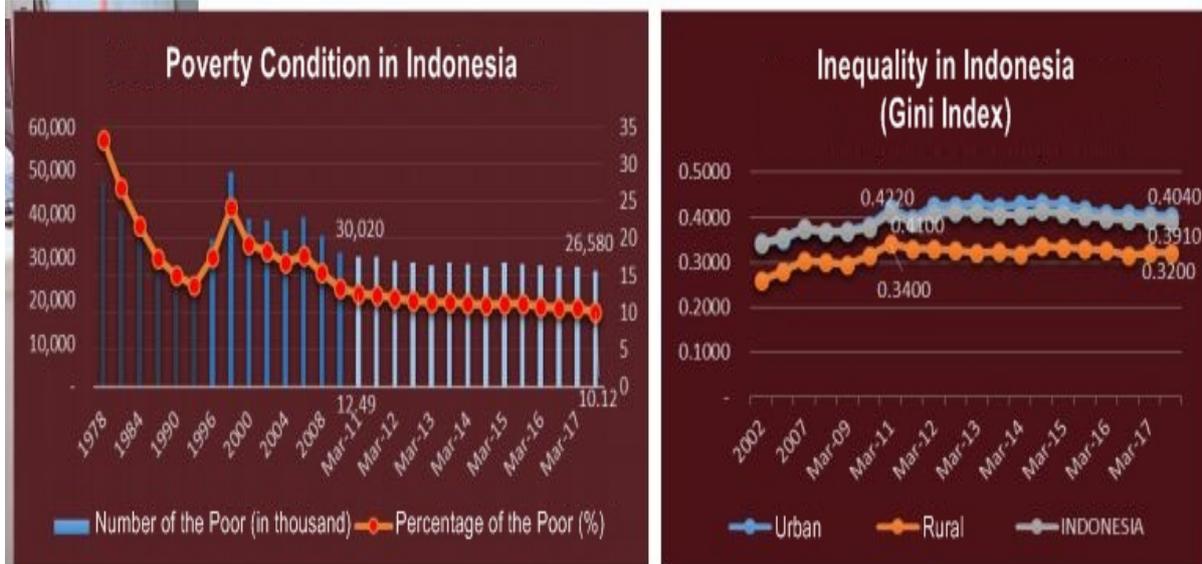
Introduction

In Indonesia, Micro Waqf Bank (BWM) targets the poor who lack access to formal financial institutions (banking). The purpose is to alleviate poverty and facilitate the poor to receive loans more efficiently so that they advance their business. BWM is an Islamic microfinance institution (LKMS) which is founded with the permission of the Financial Services Authority (OJK) and aims to provide capital loans for small business. BWM is founded in Islamic boarding schools which OJK have authorised. Up to 2019, the number of BWM financial institutions has reached 53 (OJK: 2018; OJK: 2019).

Microfinance provides financial services and products for the poor (Dhaoui, 2015). The most prominent microfinance practice is through the Grameen Bank in Bangladesh, an initiative from Prof Muhammad Yunus which started in 1976 (Dhaoui, 2015; Gustina and Ihsan, 2010). It was found that this model impacts greatly on poverty alleviation in Bangladesh where loans are given to the poor based on trust, not on collateral or on the basis of a guarantor. To receive a loan from Grameen Bank, the prospective borrower must join a microfinance borrowers group. The members of this group are granted a small loan, and a new loan will be given after they pay off the earlier debt. The payment scheme is short term, generally lastings for one or two weeks. The priority for the loans is to collect social capital through projects with the borrower's groups (Abdulrahman, 2007). BWM modifies the lending practices in Grameen Bank. BWM utilises Islamic boarding schools as its main facilitator since the schools' environment is familiar with the rural community, a feature which is beneficial for loans distribution. BWM implements a margin of 3% and a profit sharing system which is intended for the donors to show support, but not to gain benefit.

Another microfinance institution in Indonesia is *Baitul Maal Wat Tamwil* (BMT). While BWM cannot collecting funding directly from the public, BMT has functions as an intermediary institutio and is allowed to collect funding directly from the public (Sakti: 2013). Until today, there have been some studies of BMT (Hamzah, Rusby, & Hamzah, 2013; Hosen & Sa'roni, 2012; Muqorrobin, Utami, & Ridho, 2017; Nasution, 2014; Rusydiana & Devi, 2013; Sakai, 2010; Sakti, 2013; Sofiyannurriyanti, 2017; etc), but there are no studies of BWM as yet. This fact is the main motivation to do this research.

Figure 1. Poverty Level Data



Source: Central Bureau of Statistics

Poverty and inequality are national on-going problems. According to the Central Bureau of Statistics (BPS), there are 26.6 million or 10.12% people living in destitution. The high level of inequality, 0.3910, accompanies this number; where the widest inequality, 0.440, happens in the cities. Almost all regions in Indonesia endure 12-28% of poverty levels which is above the national average. One way to overcome this is by empowering a people-based economy which should be a solution to alleviate poverty and inequality (BPS, 2018). This is the second major motivation to work on this research.

However, it is essential to determine the right strategies in order to implement and sustain the BWM concepts as well as how to effectively reach its goals. Thus, this study aims to discover the priority strategies for BWM administrators to use in managing micro waqf funds. Moreover, the government should make policies which give positive feedback so that the available strategies are applicable for the administrators.

BWM and Social Welfare Improvement

In Indonesia, the investment proceeds of waqf money either directly and indirectly will be able to give a significant influence in alleviating poverty (Rianto and Afif: 2012). Wafa (2010) suggests that the impact of waqf development in Malaysia is not only useful to promote significant waqf rules to the country but also to (a) advance the third sector in the Islamic economy; (b) build economic activities through projects and businesses; (c) complement the development of monarch aid, virtue, and educational programs; and (d) improve social character. Mohammad (2011) elaborates that waqf banking is applicable for the poor because

Islam allows the institution based on the validity of cash waqf and waqf needs, the benefit recipients, and society.

In Malaysia, waqf can contribute to social finance as an integral option in contrast to governments and private-sector financial institutions that cannot embrace all socially desirable projects due to absence of assets or invisible business (Shaikh et al: 2017). Waqf is distributed for building schools with full financial support from waqf institutions. The schools provide free education from the elementary level right to the university level. Waqf also contributes to increasing the GDP of Yemen through the utilisation of waqf land such as the Dhabab and Zabeed valleys (Saad et al: 2019). Waqf is a form of endowment in Islam which has an unexplored great potential for implementation in Indonesia to fulfil the social needs of the poor.

SWOT Analysis of BWM

SWOT analysis is crucial for investors to make decisions. The findings from SWOT analysis may also support companies to progress using their strengths, recognise new opportunities, and minimise or remove all possible threats (Phadermrod et al., 2019).

This study delved into primary and secondary data. The primary data was collected from interviews with some informants while the secondary ones were gathered from previous studies. The informants were chosen based on their capacity for problems with BWM development in Indonesia. They consisted of two Islamic department heads at OJK, a chief of PINBUK Indonesia (which is appointed by Laznas BSM as the associate), a representative of Laznas BSM, a BWM administrator, an expert on waqf, and an academic. The four main questions raised to them regarding SWOT analysis were:

1. What are BWM strengths in Indonesia?
2. What are BWM weaknesses in Indonesia?
3. What are BWM opportunities in Indonesia?
4. What are BWM threats in Indonesia?

Table 1 below shows the result.

Strengths

The customers deserve the best options to fulfil their needs and BWM has given cordial and responsive services. IT is critical in a business structure. Companies which benefit from technology will offer diverse, structured jobs. In setting up BWM, the government supports these social initiatives by providing a reliable IT system. Coaching and education for BWM

administrators, management, and supervisors should be given to improve and develop their attitude, behaviour, skills, and knowledge according to the company's standards.

The concept BWM holds is halaqa which creates discipline, cohesiveness, mutual assistance, and empathy as well as minimising default. The halaqa system is used to finance trading purposes or a product's utility of place upgrade. Thereby margins are not imposed on the customers, only a small amount of ujah (fee). The halaqa system has been a part of Islamic boarding schools. This system shows an organized, functional relation between several units or components which then forms a unity with clear goals and thus regrows the fading spirit of togetherness.

The relation between Islamic boarding schools and society is a cooperative effort to develop an efficient two-way information sharing system and also helps develop mutual appreciation. The relation should also attempt to plan, develop, and optimise a comparative effort between the two parties so that there will be a harmonious interrelation in the future. In this case, BWM helps society have a closer relation with Islamic boarding schools.

Weaknesses

In general, man-made products are not indestructible. However, these products may be kept in good repair by doing some maintenance which incur potential costs. Meanwhile, there is a limitation in BWM operation regarding human resources, particularly the administrators' limited understanding of BWM programs. This limitation keeps the program implementation from running according to the business model. Besides, the varied conditions in every Islamic boarding school regarding the lessons taught, the number of students, the leadership pattern, and technological progress becomes another challenge and may also influence BWM development.

Opportunities

Endowment is a direct, unconditional gift without anything in return. This concept aims to help foster cooperation and promote valuable virtue between human beings. BWM may receive endowment, but not collect funds. BWM may propose a rise in the endowment to a certain limit as their capital grows along with the increase in the number of customers. Based on the halaqa system, BWM may receive an endowment from other parties but may not collect funds from the customers. This system essentially aims to help middle and lower class society to advance their businesses and minimise default risk. For its operation, BWM requires substantial funding and there are numerous interested stakeholders in the BWM program. Thus, BWM receives endowment from other parties to increase its capital.

A nadzir (trustee) keeps funds and material things as waqf from a wakif (donor) to be managed and developed. A nadzir is assigned to manage waqf; once appointed, a nadzir is responsible for taking any possible action to do it. When BWM obtains a nadzir certificate, more BWM's will receive larger waqf funds from various parties, and consequently, the BWM program will become more advanced.

BWM and halaqa system may encourage the society's willingness to uphold Islamic principles since the society will learn more about them through BWM. The founding of BWM is a form of government response to complaints from the rural area and Islamic boarding schools about the limited access to banking services. Despite the complicated administration and required collateral, people in the area require financing access to obtain working and investment capital. The development of micro and people economy, particularly in Islamic boarding schools and their neighborhoods, should be effective. Therefore, the government will keep developing BWM and pay positive attention to it.

There are opportunities for BWM to develop across Indonesia. The presence of educational institutions and many other kinds of religious social institutions such as mosques proves the idea to be true. BWM program is applicable through these institutions since basically, any institution can develop from the smallest opportunity. In the future, BWM program are expected to grow through other social institutions besides Islamic boarding schools. Micro-business owners are highly interested in BWM programs because they benefit from it. The government develops the right access to financing for rural areas through this program. Therefore, the government expects BWM to be the solution to financing access for the poor, which keeps them from relying on loan sharks.

Threats

Arguments and confusing information in society about the right name, the founding, and the sharia status of BWM operation financing, especially about the use of the word "waqf," are to be reasonably expected. Up to now, the National Sharia Board (DSN) has not yet stipulated the sharia status of BWM operation financing. Therefore, OJK should have proposed a fatwa to DSN as the responsible board for Islamic finance in Indonesia.

OJK informs that BWM will not distribute its initial capital entirely to financing the customers; it will also invest some of the capital too. The former opinion is formed because of the lack of understanding in society about BWM, business management, and sharia implementation. OJK continually pushes the development of BWM since it is an alternative financial institution to support the MSME and informal sector. The fact that DSN has not stipulated anything about BWM may be a threat to BWM development.

Table 1: Result of SWOT Analysis of BWM

| Internal Factors | External Factors |
|---|---|
| <p>Strengths:</p> <ul style="list-style-type: none"> • Cordial and responsive services • Reliable IT support on the founding • Training for BWM administrators, management, and supervisors • Customer acceptance process and joint responsibility minimise default • Business assistance for members • Easy to acquire funding • Halaqa creates discipline, cohesiveness, mutual assistance, and empathy as well as minimises default • No margin is imposed on customers, only a small amount of ujah • Halaqa system regrows the fading spirit of togetherness • BWM helps the society have a closer relation with Islamic boarding schools | <p>Opportunities:</p> <ul style="list-style-type: none"> • BWM may propose a rise in the endowment to a certain limit as their capital along with the increase in the number of customers • BWM is allowed to receive an endowment from other parties to increase its capital. • BWM may obtain a nadzir certificate, which will open wider opportunities to receive larger waqf funds from various parties • The society's willingness to uphold Islamic principles will raise • The government pays positive attention to BWM development • The chance for BWM to develop covers all over Indonesia and not only in Islamic boarding schools, but also in other similar educational institutions, religious, social institutions and mosques. • Micro-business owners are highly interested in BWM program • BWM keeps the society from relying on loan sharks |
| <p>Weakness:</p> <ul style="list-style-type: none"> • Potential costs of system maintenance • The administrators' limited understanding of BWM program which keeps the program implementation from running according to the BWM business model • The varied conditions in every Islamic boarding school become another challenge to BWM development and influence BWM development | <p>Threats:</p> <ul style="list-style-type: none"> • Competition with other program institutions (MEKAR, UMI) • Possible disobedience to sharia principles set by DSN-MUI in its operation • Lack of understanding in the society about BWM, business management, and sharia implementation • The use of the word waqf in BWM triggers questions from the society |

Strategies for BWM (Micro Waqf Bank) Development and Sustainability

When seeking SWOT data, the respondents also suggested some strategies for BWM development and sustainability in Indonesia. The result of interviews and SWOT analysis shows that BWM strengths and weaknesses are the dominant factors in the recent BWM condition (Table 2).

SO: Extending the area of potential customers

Doing so may help develop target and cover operating costs.

ST1: Cooperation with Related Technical Institutions to Improve Customers' Business and Competence

Building a relationship with bigger institutions enables BWM to receive endowments for its operating costs.

ST2: Dissemination and Education on BWM

BWM should find an efficient and effective means to introduce its products.

WO1: Expanding Funding Sources to Develop Target and Cover Operating Costs

Funding is the main source for BWM to cover operating costs and develops target. Expanding funding sources will boost BWM progress in developing targets. If the funding source is strong, then operating costs will face no deficiency.

WO2: Improve The Management's Understanding and Educate Professional Managers to Gain More Profit from the Available Opportunities

Training for the human resource aims to update knowledge, solve problems, set the employees' orientation to the organisation, and improve professionalism.

WT: Strengthen the Associate's Roles to Improve the BWM Administrator's Understanding about BWM Program and Business Plan

Standard Operating Procedures (SOP) supports BWM administrators to have a better understanding about BWM programs and business models. Besides as the internal quality guarantor, the associate's role is to ensure the administrators understand the SOP and implement BWM program and business models correctly.

Table 2: SWOT Matrix of Developing BWM in Indonesia

| | Internal factors | |
|---|--|--|
| External factors | <p>Strengths:</p> <p>S1: Cordial and responsive services</p> <p>S2: Reliable IT support on the founding</p> <p>S3: Coaching and training for BWM administrators, management, and supervisors</p> <p>S4: Customer acceptance process and joint responsibility minimise default</p> <p>S5: Business assistance for members</p> <p>S6: Easy to acquire funding</p> <p>S7: Halaqa creates discipline, cohesiveness, mutual assistance, and empathy as well as minimises default</p> <p>S8: No margin is imposed on customers, only a small amount of ujah</p> <p>S9: Halaqa system regrows the fading spirit of togetherness</p> <p>S10: BWM helps the society have a closer relation with Islamic boarding schools</p> | <p>Weaknesses:</p> <p>W1: Potential costs of system maintenance</p> <p>W2: The administrators' limited understanding of BWM program which keeps the program implementation from running according to the BWM business model</p> <p>W3: The varied conditions in every Islamic boarding school become another challenge to BWM development and influence BWM development</p> |
| <p>Opportunities:</p> <p>O1: BWM may propose a rise in the endowments to a certain limit as their capital grows along with the increase in the number of customers</p> <p>O2: BWM is allowed to receive endowments</p> | <p>SO Strategy:</p> <ol style="list-style-type: none"> 1. Extending the area of potential customers | <p>WO Strategy:</p> <ol style="list-style-type: none"> 1. Expanding funding sources to develop target and cover operating costs 2. Improving the management's understanding and educate professional managers to gain |

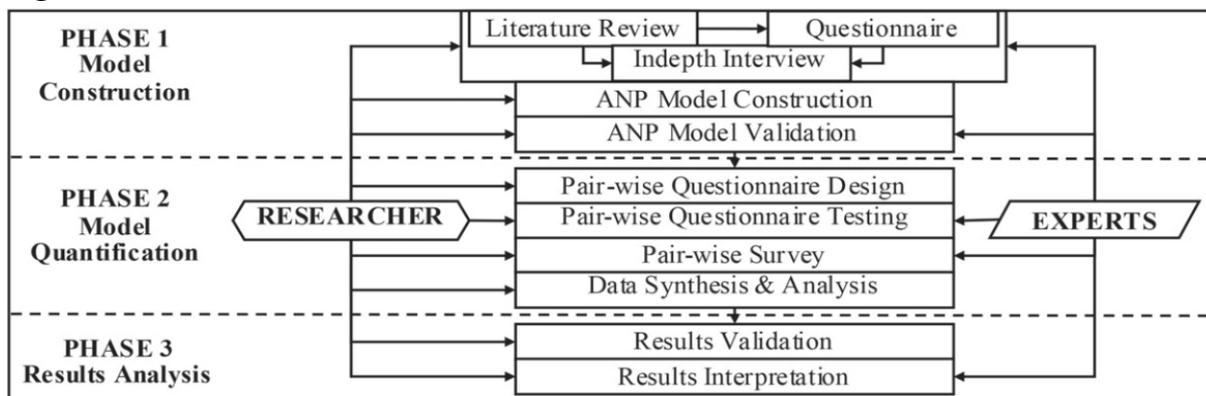
| | | |
|--|--|---|
| <p>from other parties to increase its capital.</p> <p>O3: BWM has a chance to obtain a nadzir certificate, which will open a wider opportunity to receive bigger waqf funds from various parties</p> <p>O4: Society's willingness to uphold Islamic principles will raise</p> <p>O5: The government pays positive attention to BWM development</p> <p>O6: The chance for BWM to develop covers all over Indonesia and not only in Islamic boarding schools, but also in other similar educational institutions, religious social institutions and mosques.</p> <p>O7: Micro-business owners are highly interested in BWM programs</p> <p>O8: BWM keeps the society from relying on loan sharks</p> | | <p>more profit from the available opportunities</p> |
| <p>Threats:</p> <p>T1: Competition with other program institutions (MEKAR, UMI)</p> <p>T2: Possible disobedience to sharia principles set</p> | <p>ST Strategy:</p> <ol style="list-style-type: none"> 1. Cooperation with related technical institutions to improve customers' business and competence 2. Dissemination and education on BWM | <p>WT Strategy:</p> <ol style="list-style-type: none"> 1. Strengthen the associate's roles to improve the BWM administrator's understanding about BWM programs and business plans |

| | | |
|---|--|--|
| <p>by DSN-MUI in its operation</p> <p>T3: Lack of understanding in society about BWM, business management, and sharia implementation</p> <p>T4: The use of the word waqf in BWM triggers questions from society</p> | | |
|---|--|--|

Application of ANP Model on SWOT Analysis in BWM

SWOT analysis is able to produce optional strategies. The combination between SWOT methodology and AHP/ANP has been worked on by several studies. Saaty (1990) developed AHP, then also developed ANP (Saaty: 1996). More recent studies which combine SWOT and ANP among others are Wang (2017) regarding the renewable machine industry in China, Arsić and Živković (2017) about the development and sustainability of national parks in Serbia, Zhu et al. (2016) on the rare earth industry development, as well as Petra and Lidija (2015) about environmental management, and other studies by Liu et al (2018). There have been some studies of BMT strategies such as Pristiyanto and Soekarto: 2013; Sofiyaurriyanti, 2017). The analysis to determine BMT strategies in the previous studies is done manually. However it does not employ analytical tools to decide the best strategies. Hence it is necessary to work on research about strategies selection in BMT or BWM or LKMS, which uses ANP-SWOT as the analysis tool. The phases of research using ANP were as follows:

Figure 2. ANP Phases



Source: (Ascarya, 2014)

Phase 1 was model construction to identify, analyse, and structurise the problem complexity into the right ANP network, which consisted of: a) literature review, questionnaire, and interviews with experts and practitioners of microfinance institutions to learn about the problems with BWM development in Indonesia; b) building an ANP network based on the above understanding, c) validating designed ANP network according to the experts and practitioners.

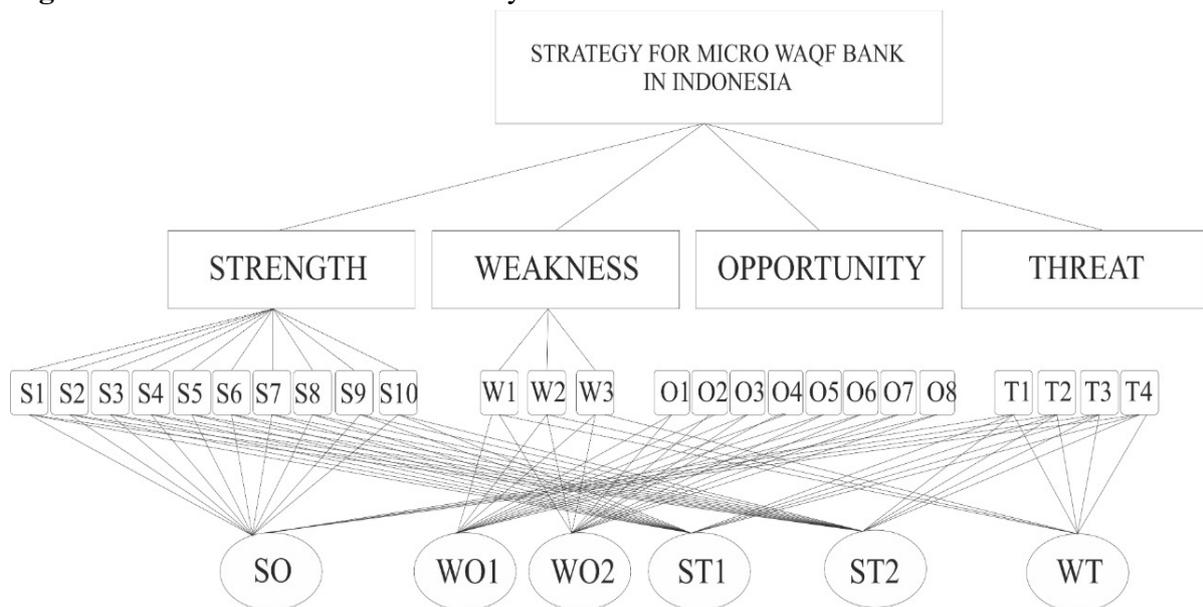
Phase 2 was model quantification using pairwise comparison, which consisted of: a) composing a pairwise questionnaire based on ANP network designed in Phase 1; b) testing the pairwise questionnaire to the experts and practitioners as potential respondents; c) surveying the experts and practitioners as respondents to guide them in filling in the pairwise questionnaire correctly and consistently.

Phase 3 was synthesising and analysing findings, which consisted of: a) processing data collected from Phase 2 using ANP software (superdecisions), synthetising the data, searching for findings, and counting geometric mean and rater agreement; b) validating obtained findings; and c) interpreting and analysing the findings and suggesting recommended policies.

Framework of SWOT-ANP Analysis

The result of Phase 1 was a model of SWOT-ANP analysis. This study employs SWOT analysis to evaluate BWM condition and determine the alternative strategies for developing BWM and ANP to discover the priority strategies for the purpose. The proposed alternative strategies in this study were placed in the last tier of the model (Figure 3).

Figure 3. ANP Model on SWOT Analysis of BWM



Data Collection

The result of Phase 2 was collected data. In this phase, the findings from the SWOT matrix were converted into a pairwise questionnaire. The valid requirement to be a respondent in ANP is a mastery in their specific domain. Therefore, the chosen respondents in this survey were the informants who had been interviewed to help analyse the SWOT of BWM. SWOT and strategy were considered criteria in the ANP. Meanwhile, SWOT description and alternative strategies were the sub-criteria. Each criterion and the sub-criteria was scored from 1 to 9, importance-wise (Table 3). The collected data were then inputted into the superdecisions software to be processed so as to deliver a supermatrix-shape output.

Table 3: Pairwise Comparison Scale

| Definition | Intensity of Importance |
|--|--------------------------------|
| Equal Importance | 1 |
| Weak | 2 |
| Moderate Importance | 3 |
| Moderate Plus | 4 |
| Strong Importance | 5 |
| Strong Plus | 6 |
| Very Strong or Demonstrated Importance | 7 |
| Very, Very Strong | 8 |
| Extreme Importance | 9 |

Data Analysis

Data analysis was the third phase. The data processing result with ANP are as follows:

Table 4: The Overall Priority of the SWOT Sub-Criteria

| SWOT Criteria | Priority of the criteria | SWOT Sub Criteria | Priority of the criteria |
|---------------|--------------------------|-------------------|--------------------------|
| S | 0.809 | S1 | 0.104 |
| | | S2 | 0.107 |
| | | S3 | 0.107 |
| | | S4 | 0.102 |
| | | S5 | 0.091 |
| | | S6 | 0.096 |
| | | S7 | 0.098 |
| | | S8 | 0.085 |
| | | S9 | 0.098 |
| | | S10 | 0.104 |
| W | 0.690 | W1 | 0.301 |
| | | W2 | 0.319 |
| | | W3 | 0.380 |
| O | 0.324 | O1 | 0.119 |
| | | O2 | 0.120 |
| | | O3 | 0.105 |
| | | O4 | 0.119 |
| | | O5 | 0.128 |
| | | O6 | 0.131 |
| | | O7 | 0.135 |
| | | O8 | 0.143 |
| T | 0.107 | T1 | 0.240 |
| | | T2 | 0.266 |
| | | T3 | 0.270 |
| | | T4 | 0.224 |

Table 4 shows that the top priority of criteria is Strengths. The top three sub-criteria are (1) Reliable IT support, (2) Coaching and training for BWM administrators, management, and supervisors, and (3) Halaqa concept which creates discipline, cohesiveness, mutual assistance, and empathy as well as minimises default.

The last on the priority list is threats. The top three sub-criteria are (1) Lack of understanding in the society about BWM, business management, and sharia implementation. (2) A possible disobedience to sharia principles set by DSN-MUI in its operation, and (3) Competition with other program institutions (MEKAR, UMI).

The top three Weaknesses sub-criteria are (1) The varied conditions in every Islamic boarding school become another challenge to BWM development and influences BWM development. (2) The administrators' limited understanding of BWM program which keeps the program implementation from running according to the BWM business model, and (3) Potential costs of system maintenance.

Meanwhile, the top three Opportunities sub-criteria are (1) BWM keeps the society from loan sharks. (2) Micro business owners are highly interested in BWM, and (3) The chance for BWM to develop covers all over Indonesia and not only in Islamic boarding schools, but also in other similar educational institutions, religious, social institutions and mosques.

Table 5: The Ranking Result of the ANP method

| Strategy | Result Priority of the Strategy | Ranking |
|----------|---------------------------------|---------|
| SO | 0.151 | 5 |
| WO1 | 0.149 | 6 |
| WO2 | 0.173 | 3 |
| ST1 | 0.165 | 4 |
| ST2 | 0.185 | 1 |
| WT | 0.178 | 2 |

Table 5 shows that the best strategies for developing BWM are “ST2: Dissemination and education on BWM,” “WT: Strengthen the associate’s roles to improve the BWM administrator’s understanding about BWM program and business plan,” “WO2: Improving the management’s understanding and educate the managers,” and “ST1: Cooperation with related technical institutions to improve customers’ business and competence.”

Dissemination and Education on BWM

This is essential to introduce BWM, its business model, and its products. Dissemination may be given through:

1. Roadshow and information broadcast through electronic media to the academics, OJK stakeholders, and society. It is crucial to minimise the misunderstanding risk of the word “Waqf” in “Micro Waqf Bank” term.
2. Mass and electronic media so that potential customers understand the functions and benefits of BWM. BWM targets a productive yet poor society to alleviate poverty and inequality.
3. Promoting the dissemination of 3% ujah. The society and stakeholders thought that the 3% fee which is imposed on the customers was profit sharing from loans.

Strengthen The Associate's Roles to Improve the BWM Administrator's Understanding about BWM Program and Business Plan

The following ways might improve the BWM administrator's understanding:

1. Training for BWM administrators regarding BWM program and business plan
2. Arranging an overall SOP, whether on institutional management or evaluation
3. Giving assistance on SOP implementation to BWM administrators and staff
4. Continued evaluation on SOP implementation as a form of BWM internal quality guarantee

Improving the Management's Understanding and Educate the Managers

The suggested ways are the following:

1. Training for the administrators regarding BWM products, BWM management, and assistance for BWM customers
2. Training on cooperatives by the Office of Cooperatives and MSME or a similar institution
3. Training on LKMS health by OJK

Cooperation with Related Technical Institutions to Improve Customers' Business and Competence

The cooperation can take the forms of:

1. A synergy between BWM and LEUmart or KMSN, institutions which also empower people economy in Indonesia.
2. Programs that bridge BWM and the Ministry of Industry and the Ministry of Trade.
3. National Amil Zakat Institution (Lazis) collects donations from companies or individuals for BWM loan funds.
4. BWM founding must meet three requirements, namely: donors, Islamic boarding schools, and productive society.
5. BWM is a government program in collaboration with OJK and Laznas which aims to alleviate poverty and inequality.
6. BWM customers market their business products in Village-Owned Enterprises (BUMDes), while BUMDes provide financing access for society through BWM.
7. Capital funds will not be distributed entirely for financing; some of the funds are saved as deposit in Islamic commercial banks. The saved funds will be used for covering operating costs and reducing the amount of quotient between customers and LKMS.



Conclusions and Recommendations

Based on the result of interviews with the experts and practitioners of BWM, the top SWOT criteria in the strategies for developing BWM is strengths and the last is threats. The four main strategies for developing BWM are (1) Dissemination and education on BWM to the public; (2) Strengthen the associate's roles to improve BWM administrator's understanding about BWM program and business plan; (3) Improving the management's understanding and educate professional managers to gain more profit from the available opportunities; and (4) Cooperation with related technical institutions to improve customers' business and competence.

This study should be the foundation for upcoming research; for instance, by expanding the number of expert respondents and involving policymakers besides merely practitioners and academics. Therefore, the findings will be richer and more comprehensive.

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