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**The Impact of Microfinance Institutions on the Growth of Umkm:  
a Case Study of Baitul Maal Wa Tamwil (BMT)  
at Al-Amin Mosque, Deli Serdang**

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**ABSTRACT**

This study aims to analyze the impact of Baitul Maal wa Tamwil (BMT) at Al-Amin Mosque, Deli Serdang, on the growth of Micro, Small, and Medium Enterprises (MSMEs). Using a mixed-method approach through quantitative surveys and qualitative interviews, this study examines changes in indicators of turnover, business assets, workforce, and profitability of MSMEs before and after receiving financing from BMT. The results of the study indicate that BMT financing services have a positive impact on MSME growth. Average turnover increased by 60%, business assets increased, and 40% of respondents were able to employ additional workers. In addition, business profitability also increased significantly. However, this study also found several obstacles, such as low financial management capabilities and limited market access. This indicates the need to strengthen technology-based service innovation and coaching programs to support the sustainability of MSMEs. This study concludes that BMTs play a strategic role in empowering the local economy through sharia-based microfinance services. The results of this study provide recommendations for the development of similar MFIs to support MSME growth more effectively and inclusively.

Microfinance Institution, Baitul Maal Wa Tamwil, MSMEs, Economic Growth, Deli Serdang.

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**INTRODUCTION**

Microfinance Institutions (MFIs), especially Baitul Maal wa Tamwil (BMT), have become one of the important pillars in encouraging the growth of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. BMTs, with their sharia principles, offer a more inclusive financing alternative that is in accordance with community values. In Deli Serdang Regency, the existence of BMTs, for example those under the auspices of the Al-Amin Mosque, is expected to make a significant contribution to the development of local MSMEs.

However, the extent to which BMTs actually impact the growth of MSMEs in this area still needs to be studied in more depth.

Micro, Small, and Medium Enterprises (MSMEs) are one of the main pillars of the economy in Indonesia. Based on data from the Ministry of Cooperatives and SMEs (MSME Performance Report, 2020), MSMEs contribute more than 60% to the national Gross Domestic Product (GDP) and create jobs for the majority of Indonesian people. However, one of the main challenges faced by MSMEs is limited access to formal financing, which often hinders business growth and sustainability. To overcome this obstacle, microfinance institutions (MFIs) are present as a solution that can bridge the financing needs of MSMEs. One form of MSME that is widely developed in Indonesia is Baitul Maal wa Tamwil (BMT). BMT is a sharia-based financial institution that not only provides financing services but also empowers the community's economy by prioritizing the principles of justice and togetherness.

Al-Amin Mosque in Deli Serdang is one of the locations that actively supports economic empowerment through BMT. As part of the local community, BMT at Al-Amin Mosque has a strategic role in providing access to financing for local MSMEs. However, the extent to which BMT has an impact on the growth of MSMEs in this area is still an interesting question to study. This study aims to analyze the impact of the presence of BMT at Al-Amin Mosque on the growth of MSMEs in the surrounding area. Through a case study approach, this study is expected to provide insight in-depth about the contribution of BMT in increasing the scale of business, income, and sustainability of MSMEs, and providing recommendations for the development of an LKM-based economic empowerment model.

## **RESEARCH METHOD**

This study uses a quantitative and qualitative approach (mixed-method) with a case study design. This approach was chosen to gain an in-depth understanding of the impact of Baitul Maal wa Tamwil (BMT) at Al-Amin Mosque on the growth of Micro, Small, and Medium Enterprises (MSMEs) in Deli Serdang. The location of the study was a BMT operating at Al-Amin Mosque, Deli Serdang, North Sumatra. The subjects of the study included: BMT Management to understand policies, financing programs, and empowerment strategies and BMT Customers (MSMEs) as beneficiaries of microfinance services. The population is all MSME customers who receive financing services from BMT Al-Amin Mosque. The researcher used a purposive sampling technique to select relevant samples, namely MSME customers who have received financing for at least one year. With a sample of 30-50 customers

selected to obtain quantitative data, as well as 5-10 key respondents for in-depth interviews. Data collection techniques used questionnaires and in-depth interviews with BMT managers and customers to explore qualitative information about the experience and impact of BMT services.

## RESULT AND DISCUSSION

This study produced significant findings regarding the impact of Baitul Maal wa Tamwil (BMT) at Al-Amin Mosque on the growth of Micro, Small, and Medium Enterprises (MSMEs) in Deli Serdang. Most respondents were micro-entrepreneurs (70%), with dominant business sectors including trade (45%), food and beverages (30%), and services (25%). The length of time as a BMT customer ranged from 1-5 years, with an average loan of IDR 10 million to IDR 25 million. This study revealed the significant impact of Baitul Maal wa Tamwil (BMT) at Al-Amin Mosque on the growth of Micro, Small, and Medium Enterprises (MSMEs) in Deli Serdang.

### Impact Of Financing On MSME Growth

The study found that microfinance services from BMT have a positive impact on MSME growth based on the following indicators:

a. Increasing Business Turnover

Before receiving financing from BMT, the average monthly turnover of MSMEs was IDR 5 million. After receiving financing, turnover increased to an average of IDR 8 million (an increase of around 60%). Statistical tests showed a significant relationship between the amount of financing received and the increase in business turnover ( $p$ -value  $<0.05$ ). The results of the study showed that BMT financing increased the average turnover of MSMEs by up to 60%. Assets that increased as a result of financing included various types of goods or tools that support business activities. For example:

- 1) Production Equipment: Purchase of machines or tools to increase production capacity, such as sewing machines, cooking utensils, or packaging machines.
- 2) Merchandise: Addition of merchandise stock, which enables business actors to increase the scale of their business.
- 3) Business Location Expansion: Some business actors use financing to rent or improve their business premises, such as kiosks or small outlets.

This increase in turnover and assets occurred because BMT financing

allows business actors to obtain additional capital without the requirement of physical collateral, which is often an obstacle in formal financing. This finding is in line with previous studies stating that microfinance services increase the production capacity and efficiency of small businesses (Rahman & Zaman, 2021). The increase in assets, such as business equipment, also reflects that funds from BMT are used productively. BMT provides financing with a more flexible approach than formal financial institutions, such as not requiring physical collateral. This supports financial inclusion, especially for business actors who do not have access to banks.

b. Increasing Business Assets

As many as 65% of respondents reported an increase in business assets, such as purchasing production equipment or business expansion, after receiving financing from BMT.

c. Addition Of Manpower

Before receiving financing, most MSMEs only employed the business owner. After financing, 40% of respondents were able to employ additional workers, an average of 1-2 people. The increase in turnover allowed MSMEs to expand their businesses and employ additional workers. This reflects the positive impact of BMT in reducing unemployment at the local level, in line with the goal of community-based economic empowerment.

d. Increased Profitability

The average monthly net profit increased from IDR1.5 million to IDR2.5 million after joining the BMT financing program. The increase in the average net profit of MSMEs shows that financing from BMT is used well by customers. This emphasizes the importance of a sharia-based approach, where financing is not only oriented towards profit, but also the sustainability of the customer's business.

### **Obstacles Faced By MSMEs**

Although financing from BMT has a positive impact, several obstacles expressed by respondents include:

- a. Financial management capabilities are still low in most MSMEs.
- b. Challenges of market competition and limited access to wider markets.
- c. The amount of financing provided is sometimes still not enough for larger business expansion.

In-depth interviews with BMT customers and managers revealed that BMT's community-based approach and sharia principles were key factors in the success of the program. The existence of BMT is not only providing financial services, but also creating a business ecosystem that supports local economic empowerment. This constraint shows the importance of strengthening BMT services, especially in providing more intensive digital marketing and financial management training.

### **The Role of BMT In The Microfinance Ecosystem**

As a sharia-based microfinance institution, BMT plays a strategic role in:

- a. Supporting financial inclusion through interest-free financing (qardhul hasan) or profit sharing (mudharabah).
- b. Creating a community-based business ecosystem, where business actors support each other through local networks.

This approach makes BMTs more acceptable to local communities, especially in rural areas, compared to conventional financial institutions. The government can support the development of BMTs by providing training and incentives, so that they are able to serve more MSMEs. BMTs can expand their reach by utilizing digital technology, such as microfinance applications, to reach underserved MSMEs. BMTs can collaborate with third parties, such as universities or training institutions, to increase the capacity of MSMEs.

### **Contribusion To Microfinance Literacy and Practices**

This study confirms the role of microfinance institutions such as BMT in supporting the growth of MSMEs. BMT is not only a source of financing, but also a partner in economic empowerment. This supports the literature stating that microfinance has significant social and economic impacts, especially in developing areas (Yunus, 2007).

### **CONCLUSION**

This study proves that Baitul Maal wa Tamwil (BMT) at Al-Amin Mosque, Deli Serdang, has a significant impact on the growth of Micro, Small, and Medium Enterprises (MSMEs). The financing distributed by BMT not only encourages increased turnover, business assets, and profits, but also contributes to the creation of new jobs. This shows that the existence of BMT as a sharia-based microfinance institution is able to answer the need for access to capital for small business actors who are often not reached by formal financial institutions. Good service quality and

coaching and training programs provided by BMT are also supporting factors for the success of MSMEs in utilizing financing funds. However, this study also found that MSME actors still face obstacles in financial management and marketing, which need to be overcome by increasing the intensity of coaching and technology-based service innovation.

Thus, BMT plays a strategic role not only as a provider of funds, but also as a partner in empowering the local economy. This success provides concrete evidence that microfinance institutions such as BMT can be a driving force for financial inclusion and the development of MSMEs, while also encouraging regional economic growth. Therefore, strengthening the capacity of BMT and support for government policies are the keys to the sustainability of this positive impact in the future.

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