

## Implementation of Sharia Economics in the Development of MSMEs in East Lombok Through BMT

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**Abstract:** MSMEs play an important role in regional economic development, including in East Lombok. However, challenges in capital and access to formal financial institutions are often the main obstacles to the development of MSMEs. The implementation of sharia economics through microfinance institutions such as Baitul Maal wat Tamwil (BMT) is an alternative solution based on the values of justice and partnership. This study aims to examine the implementation of sharia economic principles in the development of MSMEs through BMT financing services in East Lombok. The method used is qualitative descriptive with a field study approach. Data were obtained through interviews, observations, and documentation of MSME actors and BMT managers. The results of the study indicate that the implementation of mudharabah, murabahah, and musyarakah contracts in the financing scheme has a positive impact on business growth, increased income, and independence of MSME actors. In addition, the role of BMT in providing training and mentoring also strengthens business competitiveness. The implementation of sharia economics in this context is not only limited to financial transactions, but also touches on the social and spiritual aspects of business actors. This study suggests increasing the institutional capacity of BMT and collaboration with the government in expanding access to sharia financing for MSMEs.

**Keywords:** Sharia Economy, MSMEs, BMT, Financing, East Lombok.

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### A. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in the structure of the Indonesian economy, including in the East Lombok region. MSMEs not only contribute to local economic growth but are also the main source of livelihood for most people. However, challenges such as limited access to capital and lack of business assistance often hinder the development of MSMEs (Aliyah, 2022). Sharia economics offers an alternative financial system based on the principles of justice, partnership, and blessings. Sharia microfinance institutions, such as Baitul Maal wat Tamwil (BMT), are here to provide financing that in accordance with sharia values to MSME actors. Research by (Bmt et al., 2024) shows that the implementation of mudharabah financing at BMT Al Hidayah Ummat Sejahtera Lombok Timur has significantly increased the income of MSME actors. In addition, a study by (Sartika et al., 2024) revealed that murabahah financing implemented by BMT Permata Hidayatullah in Loyok Village, Sikur District, East Lombok, has played a role in the development of customer businesses, marked by increased income and turnover.

However, there are still limitations in the literature that discuss in depth the implementation of sharia economics through BMT in the context of MSME development in East Lombok. Therefore, this study aims to further examine how the principles of sharia economics are implemented by BMT in supporting the development of MSMEs in the region, as well as to identify the challenges and opportunities faced in the process. However, challenges remain. Research by Himam (2022) identify internal and external constraints faced by BMT in supporting the development of productive MSMEs in Suralaga Village, East Lombok, including limited human resources and members' understanding of sharia principles.

The implementation of sharia economics through BMT not only functions as a financing instrument, but also as a catalyst in building a business ecosystem based on ethical values at the grassroots level. Amidst the dynamics of the global economy and local challenges, BMT is able to bridge the need for business capital with the principle of justice, prioritizing the principle of mutual assistance and encouraging inclusive economic growth based on the community. Thus, strengthening the MSME sector through a sharia approach is an important strategy in strengthening regional economic independence.

## **B. METHOD**

This study uses a descriptive qualitative approach with a case study method. This approach was chosen to gain an in-depth understanding of the implementation of sharia economic principles by Baitul Maal wat Tamwil (BMT) in the development of Micro, Small, and Medium Enterprises (MSMEs) in East Lombok. The case study was conducted on two BMTs that actively distribute financing to small business actors, namely BMT Al Hidayah Ummat Sejahtera and BMT Permata Hidayatullah (Balaka, 2022). The subjects of the study included BMT managers, UMKM actors who received sharia financing, field assistants, and community leaders who knew the process of local economic empowerment. Data were collected through in-depth interviews with informants, direct observation of business activities in the field, and documentation studies from BMT archives such as financial reports, financing data, and business training materials (Rachmayani, 2015).

Data analysis was conducted using the Miles and Huberman interactive model, which includes three main stages: data reduction, data presentation, and drawing conclusions. The reduction stage is carried out by filtering important information from the results of interviews and observations. Then, the data is systematically arranged so that it is easy to understand, and finally conclusions are drawn based on the patterns found in the field (Sidiq & Choiri, 2019). To ensure the validity of the research results, triangulation techniques were used by comparing data from various sources. In addition, reconfirmation (member check) was also carried out with the sources so that the information obtained was truly accurate. The author also discussed the research results with the supervisor and colleagues in order to obtain objective input and strengthen the analysis (Subhaktiyasa, n.d.).

The selection of a qualitative case study approach allows researchers to explore the dynamics of the relationship between sharia principles, microfinance institution practices, and small business performance in depth. This methodology is considered the most appropriate

for understanding the social, cultural, and economic complexities that underlie the success or obstacles of implementing sharia financing in the field.

## **C. RESULTS AND DISCUSSION**

### **1. The Role of Sharia Financing in Improving MSME Performance**

This study reveals that the application of sharia economic principles by Baitul Maal wat Tamwil (BMT) in East Lombok in the context of developing micro, small, and medium enterprises (MSMEs), the existence of Islamic financial institutions such as BMT has an important role, especially through financing schemes based on sharia contracts. One of the contracts that is often used is mudharabah, which is a collaboration between capital owners (BMT) and business managers (MSMEs) with a profit-sharing system.

The implementation of this mudharabah contract provides flexibility and a sense of security for business actors, because they are not burdened with the obligation to pay interest as in the conventional system. This has a direct impact on increasing productivity and business income, because MSME actors can focus on developing their businesses without excessive financial pressure. In addition, BMT's compliance with the National Sharia Council's fatwa also increases business actors' trust in the sharia financial system (Tussa'adah, 2024).

### **2. Sharia Mentoring and Education as a Strategy for Empowering MSMEs**

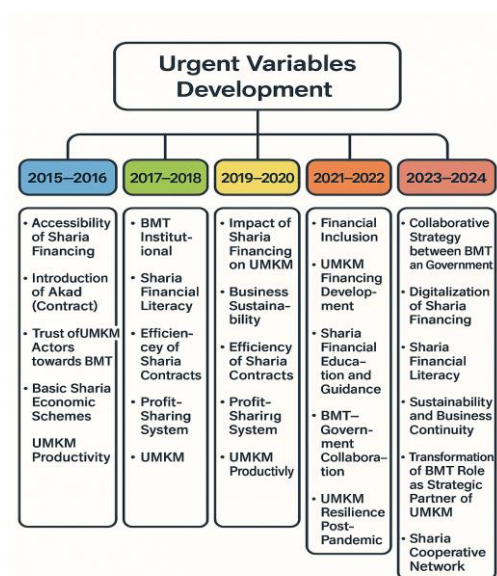
The advantages of BMT are not only in the financing aspect, but also in terms of empowering MSMEs through education and mentoring programs. The training provided includes financial management, marketing strategies, and understanding the principles of sharia contracts. This approach aims to ensure that MSMEs are not only able to run their businesses independently, but also understand the basics of Islamic law in transactions.

With this assistance, UMKM actors become more prepared managerially and spiritually in facing business challenges. They not only get capital, but also knowledge and understanding that are important provisions in running a business that is not only economically profitable, but also a blessing in value (Siregar & Suryani, 2022).

### **3. Challenges and Solutions in the Implementation of Sharia Financing in the Field**

Behind the success of implementing sharia financing, there are still challenges that need to be considered. One of them is the lack of sharia financial literacy among MSMEs. Many of them do not yet understand the terms and mechanisms of sharia contracts, which has the potential to cause misunderstandings in implementing transactions. In addition, the limited capital owned by BMT is also an obstacle in expanding access to financing to more business actors.

In response to these constraints, BMT has taken strategic steps such as holding regular training, establishing cooperation with local governments, and strengthening the network of sharia cooperatives. These steps are expected to increase the internal capacity of BMT while expanding the scope of services to the wider community, especially in areas that have not been reached by formal financial institutions (Renaldi et al., 2024).



**Figure 1.** Urgent Variables Development

Overall, the implementation of sharia economics through BMT in East Lombok has made a positive contribution to the development of MSMEs. With an approach that prioritizes justice, transparency, and business blessings, BMT is able to become a strategic partner for MSMEs in increasing their business capacity (Laili & Kusumaningtias, 2020). This study recommends the need for the development of an information technology-based monitoring and evaluation system to improve transparency, accountability, and effectiveness of sharia financing distribution. Synergy between sharia financial institutions, academics, business actors, and local governments needs to be improved in the form of regular forums, to ensure the implementation of a sustainable, adaptive financing ecosystem that is in accordance with the values of maqashid al-syariah.

#### D. CONCLUSIONS AND SUGGESTIONS

This study recommends the need for the development of an information technology-based monitoring and evaluation system to improve transparency, accountability, and effectiveness of sharia financing distribution. Synergy between sharia financial institutions, academics, business actors, and local governments needs to be improved in the form of regular forums, to ensure the implementation of a sustainable, adaptive financing ecosystem that is in accordance with the values of maqashid al-syariah.

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