

Islamic Microfinance Cluster Territory Model In Indonesia

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Abstract

This research was conducted in order to find out how the territory cluster model can be used as a method of sustainability and development of BMT in Indonesia. By analyzing the sustainable management of BMT, this research was conducted with the aim of knowing the development and sustainability of Islamic Microfinance in Indonesia, which in this case is in the form of BMT using the territory cluster model. This study uses a qualitative method with a phenomenological approach aimed at analyzing the regional cluster model used by Islamic microfinance institutions in Indonesia, in this case BMT UGT Nusantara. The results of the study can be concluded that the regional cluster model used by BMT in Indonesia is to map the groups that are the target market. The meaning of community here is that BMT members will be strong if they come from a community or association of people or groups. The implications of the Cluster Territory model are born from the letter of the Qur'an at-Taubah verse 60 regarding the classification of people who are entitled to receive zakat. Regional Cluster is the classification of people who can become members of the BMT so that the BMT can remain sustainable in the long term. Cluster Territory is the phase from community to culture. The selected groups are micro and small entrepreneurs and communities born from the institution that oversees the BMT who already have a close relationship.

Keywords: Islamic Microfinance, target market groups, sustainability, Cluster Territory model, Baitul Maal wat Tamwil (BMT).

Introduction

Microfinance institutions are one of the strong pillars of the country's economy in alleviating poverty (Karlan and Zinman, 2007). Microfinance institutions do not only rely on a large number of assets, but microfinance institutions must be able to maintain financial balances related to the effectiveness in collecting funds from members and non-members to channel these funds to the people who need it most as business capital. Islamic Microfinance have the potential for poverty alleviation and also promote development, although their products are relatively limited at present, as they are suitable for enabling Islamic-compliant financing as well as increasing security of tenure. This is compounded by the current nature of the operation of microfinance institutions where they focus more on poor entrepreneurs than on the various financial

services needed for the poor (Rozzani, et. Al., 2015). Even compared to conventional microfinance institutions, from a global analysis of the world, Islamic Microfinance perform well and are closer to the micro community. Islamic Microfinance are more able to reach the lower class. Islamic MFIs also have less credit risk but are less profitable and financially sustainable, have better poverty coverage, and are less likely to 'deviate' from their mission. (Fan, et. al., 2019, and Ahmad, et. al., 2020). The role of Islamic Microfinance is indeed as a financial intermediary institution, which is to carry out activities to transfer funds from the surplus party to the economic deficit party. For the micro community, the existence of Islamic Microfinance is very helpful in their funding needs for various purposes. One form of Islamic microfinance institution in Indonesia that is close to the community is *Baitul Maal wat Tamwil* (BMT) (Soemitra, 2015: 52). The main target market for Islamic Microfinance is the same as banks that serve micro-scale communities, especially Small and Medium Enterprises (SMEs) (Kemenkop RI, 2016). This condition creates a condition of market struggle which in the end is won by banks that distribute microfinance by providing a smaller margin than Islamic Microfinance. Banks can provide smaller margins because they receive government subsidies to facilitate financing for MSMEs. Therefore, the market for Islamic Microfinance has been eroded because MSMEs prefer microfinance in banks, even though MSMEs are the key to the development of Islamic Microfinance (Supriyanto, 2019).

The phenomenon of BMT according to Mikhriani (2011) that the passion for the emergence of so many BMTs in Indonesia is not supported by the supporting factors that allow BMT to continue to develop and run well. Facts on the ground show that many BMTs have sunk and disbanded due to various reasons, including: erratic management, untrustworthy and professional managers, distrust of the community, capital difficulties and others. As a result, the image that arises in society is very bad. BMT is synonymous with ugly, untrustworthy, and so on. A BMT still has to meet the criteria like a large Islamic bank with thousands of customers. One simple reason is that an institution that manages public money must of course be credible and can be trusted by the community, so that BMT will sustain and even develop.

According to the Asian Development Bank (2000), the success of microfinance institutions refers to two aspects as a measure of financial performance, namely; outreach or affordability and sustainability. The outreach indicator points to microfinance institution services that can reach all customers in each branch office, while the sustainability indicator as a measure of the ability of microfinance institutions to survive independently in obtaining funds and does not rely on foreign injections of funds or temporary government grants. The sustainability of microfinance institutions according to the Association for Social Advancement (ASA) can be assessed from institutional sustainability and financial sustainability. Institutional sustainability is the ability of microfinance institutions to continue their operations supported by the successful implementation of the main key to business activities, namely cost effectiveness. As for the financial sustainability of the financial management capacity of microfinance institutions in conducting its activities fulfilled all the needs of operational costs and long-term funding costs.

Microfinance institutions that can be sustainable start from operational continuity that the institution is able to manage sources of income well to meet all operational costs. This shows the financial independence of microfinance institutions that are able to manage operating income and subsidy for authorized capital to obtain sufficient operating income. The financial independence of microfinance institutions does not

only depend on the ability to manage operational costs, but also on the ability not to rely on subsidized funds to meet funding costs, inflation costs, and all other non-cash costs (Ayayi and Sene, 2010).

Microfinance institutions are said to be profitable if they can generate excess funds that are used for additional investment and institutional expansion. The sustainability of the growth of microfinance institutions depends on adequate liquidity that is able to meet operational costs and disburse funds to customers. Conversely, lack of liquidity from minimal operating income will depend on third party funds to meet operational costs and funding costs (Rosenberg, 2009). Meanwhile, based on research analysis Zubair (2016: 223-224) mentions external and internal factors that influence the sustainability of BMT, among others; regulation, supervision, infrastructure, human resources, and capital. Aspects of these factors can be used as indicators of sustainable BMT performance improvement. BMT also needs to be strengthened externally and internally. The external side is from stakeholders (government, companies, Islamic banking, and the community) to create a conducive climate and fulfill adequate infrastructure for the development of BMTs in Indonesia. The internal side is in the form of strengthening capital and institutions so that BMTs become more established and credible in contributing to micro-enterprise capital throughout Indonesia.

Several factors that affect the sustainability of BMT in Indonesia really need to be considered, especially for the managers. The large number of BMTs in Indonesia, which reaches 4,500 institutions, is evidence of the development of the Islamic economy in Indonesia. Various forms of development strategies are carried out by BMT to be sustainable. The success of BMT to be sustainable certainly has the characteristics of careful management. The BMT that has been named the most sustainable BMT in Indonesia is BMT UGT Nusantara. This BMT applies the territory cluster model as the key to its sustainability success with the acquisition of member deposits reaching 1.4 trillion from 702,000 members managed by 1,650 administrators (Trisnawati, 2021).

The phenomenon of clustering, as a merger of enterprises with economic ties operating in a given area, has been known since the craft development period. But the concept of cluster development as a driver of regional economic policy has only begun to be discussed by scientific writers for the last years of the century. his work "The competitive advantage of countries", which was published in 1990, Michael Porter, a cluster of content follows: cluster - this is a geographic concentration of interconnected companies, according to the mark, specialized suppliers, firms in the relevant fields and related organizations grouping (Maia and Anzor, 2019). This research was conducted in order to find out how the territory cluster model can be used as a method of sustainability and development of BMT in Indonesia. By analyzing the sustainable management of BMT, this research was conducted with the aim of knowing the development and sustainability of Islamic Microfinance in Indonesia, which in this case is in the form of BMT using the territory cluster model.

Literature Review

Islamic Microfinance

In principle, the best practice of microfinance can be integrated with the principle of 'profit-loss sharing' in the Shari'ah which equitably allocates risk and return between investors and entrepreneurs without subjecting microentrepreneurs to disproportionate risks (Feroz & Goud, 2008). Therefore, Shari'ah scholars in general are of the opinion that musharaka is a more 'Islamic' form of financing than murabaha because it is upon

risks and profit-and-loss sharing. They prefer to give murabaha a transitional role in providing Shari'ah-based financial services to the poor. In terms of technicality and practice, the procedure of murabaha in Islamic microfinance is similar to conventional microfinance; hence, it is a starting point to socialize more Islamic microfinance products. However, the murabaha transaction, which is currently more familiar to clients, can be a bridge to the success of the musharaka product in the future. Feroz and Goud (2008) assert that training on basic book keeping for MFI clients is pivotal to enhance their ability to exhibit the financial report regularly, accurate and reliable as a prerequisite for musharaka financing. A good combination of trust, managerial and reporting skills is a key success of musharaka financing.

Instruments for gathering MFI funds may be generally segregated into (1) charity that includes zakah, sadaqah, awqaf; gifts that include grants and *tabarru'*; (2) deposits in the form of *wadiah*, *qard al hassan* and *mudarabah* and (3) equity in the form of classical *musharakah*. For interest-free loans (*qard al hassan*), the principles of Islamic financing can be broadly classified as partnerships (*shirakat*) on the basis of profit sharing or output sharing and exchange contracts (*mu'awadat*) (Ahmed, 2002: 10). While sadaqah, grant and *tabarru'* have parallels in conventional microfinance, such as, donations or contributions, zakah and awqaf have a special place in the Islamic system and are governed by elaborate Islamic jurisprudence rules. Deposits in the form of *wadiah*, *qard al hassan* and *mudarabah* have their parallel in savings, current and time deposits respectively and are a regular source of funds for Islamic Microfinance, especially those in South-East Asia. Other Islamic finance instruments such as price deferred sale (*bay'-mu'ajjal*), sharing in agricultural production (*muzara'ah*) and leasing (*ijarah* and *ijarah wa iqtina*) can be implemented for Islamic MFIs (Ahmed, 2002).

Baitul Maal wat Tamwil (BMT)

One form of Islamic Microfinance in Indonesia is *Baitul Maal wat Tamwil* (BMT), which is an institution or business organization that also acts as a social institution. BMT is an informal non-banking Islamic economic or financial institution. It is called informal because this institution was established by a Non-Governmental Organization (KSM) which is different from banking financial institutions and other formal financial institutions. Therefore, apart from functioning as a financial institution, BMT can also function as an economic institution. As a financial institution, he is tasked with collecting funds and distributing them to the public (BMT members). As an economic institution, it is also entitled to carry out economic activities, such as trade, industry, agriculture (Aziz and Ulfah, 2010: 116).

BMT is a form of financial institution that carries out the function of collecting and distributing funds. BMT funds are obtained from the founders in the form of special principal savings. As regular members, the founders also pay for principal deposits, mandatory deposits, and, if any, voluntary deposits. The capital of the founders was invested to finance the training of managers, offices and equipment, and administrative equipment. This capital can also be used for daily and monthly operational costs as long as the BMT has not yet earned income. Apart from the founders, BMT capital can come from community and government institutions.

According to the Sharia Microfinance Division (2019: 48), to build a sustainable Islamic microfinance institution, it can be done in two approaches:

1. Encouraging the Institutional, Operational, and Financial Strengthening of Islamic Microfinance

The institutional approach of microfinance institutions focuses on creating financial institutions that are able to reach customers who do not receive financial services from the formal financial system. The determining factor for the sustainability of microfinance institutions is the balance of commercial goals (profit making objective), namely earning profit and social goals (social mission). The activities of sustainable microfinance institutions can be followed by commercial institutions that also provide financial services to the economically active poor. The important thing that microfinance institutions must pay attention to is the availability of profitable savings and credit services that can be reached by large-scale customers if the institution is independent and has clear regulations (Robinson, 2002: 27).

The strengthening of sustainable BMT institutions is carried out by; the mention of the concept and spirit of BMT can represent the entire movement of Islamic Microfinance in Indonesia, setting Management Qualification Certification, increasing the competence of Human Resources, and developing Social Functions and Islamic Da'wah. Operational strengthening for BMT sustain can be done by; development of types of business activities, development of Standard Operational Guidelines and Internal Control Systems, and development of a Health Level Assessment System. The financial strengthening of sustainable BMT is carried out by; development of capital criteria and development of access to funding.

Strengthening Monitoring System and Institutions

So far, there are two main legal bases used by two different authorities in regulating the BMT movement, namely the Cooperative Law and the Micro Finance Institution (MFI) Law. Each of these laws has different implications for BMT supervision, where the Cooperative Law appoints the Ministry of Cooperatives and SMEs as the supervisor and the MFI Law appoints the Financial Services Authority as the supervisor. Each of these institutions has its own supervisory system, whereas the supervisory system should have the same standard. BMT requires a strong institutional infrastructure in carrying out financial transaction activities in order to be sustainable. Adequate institutional infrastructure can foster the health of the financial industry. Therefore, the *Asian Development Bank* urges the government to intervene indirectly with microfinance institutions by building supporting infrastructure.

Cluster Territory Model

According to the originator of the cluster concept, Michael E. Porter (2000) revealed that clusters are geographic concentrations of interconnected companies and institutions in a particular field. Clusters encompass an array of linked industries and other entities important to competition. They include, for example, suppliers of specialized infrastructure. Cluster can be defined as a group of similar/same companies, suppliers, service providers, economic infrastructure, related institutions (eg. universities and trade associations) that are interrelated and clustered or are within a certain geographical boundary that compete but also cooperate. in certain functional areas and build relationships and alliances to increase efficiency, collective competitiveness and encourage innovation so as to create competitive advantage.

However, it is not only large companies that can work together and are called clusters. Clusters can also consist of a group of small businesses located in the same area that work together and are interrelated with related institutions. This is viewed from the location of the area of the business. As we know that Indonesia is a developing

country. The real sector that is developing in this country is still dominated by MSMEs. Thus, in Indonesia, clusters are not only cooperation between large companies or industries, but also cooperation between existing MSMEs. Based on the definition of the cluster, when combined with an area, the territory cluster is a group of companies or small businesses in a certain area. The territory cluster referred to in the sustainability model of Islamic Microfinance such as BMT in this study means a group of small businesses in a certain area or group that is used as the main market for BMT in each branch. Determining the target market based on territory clusters makes it easier for BMT to control the management of its members in the cluster.

Current Research

1. Karlan and Zinman (2007) proved that microfinance provides strong evidence in supporting the positive role of microfinance in handling poverty issues. Additionally, Jayati (2013) has done a study in a recent literature on microfinance in developing countries and a critical assessment of its effectiveness in India. The study revealed that microfinance has a significant role in assisting the poor and of micro small and medium enterprises.
2. Rozzani, et. al. (2015) state the potential of Islamic microfinance is significant contributing towards the alleviation of poverty and promoting development of a nation. This is because Islamic microfinance has the ability to nurture its clients from being a recipient of zakat to eventually becoming a zakat payer in the future. From the capital assistance provided to clients, Islamic Microfinance monitor its clients growth from start-up all the way to success.
3. Santoso and Ahmad (2016) suggested that branchless banking could also be used for microfinance institutions, which were considered to be more flexible in alleviating poverty and a stronger economy leading to national unity and a prosperous country.
4. Maia and Anzor (2019) conclude that the development of clusters in Georgia is associated with the expected positive effects in regional economic policy and that the effectiveness of clusters is impossible without the formation of an appropriate economic and legal model. The authors believe that the cluster should be developed as a special legal model of the internal interaction of participating enterprises, which will contribute to the further development of the cluster as an economic model.

In addition, Islamic Microfinance have existed in several other countries although Indonesia is still ranked first in the management of Islamic Microfinance with the existence of BMT. These countries manage Islamic Microfinance which also target the micro community as their customers side by side with conventional microfinance institutions. Several studies on Islamic Microfinance in other countries in table 1 below do not use the same territory cluster model as this study.

Table 1. International Islamic Microfinance Institution Management Strategy

Country	Research Point	Implementation Strategy
Kyrgyzstan	Compliance with the implementation of Islamic financial institutions that have only been established since 2017 with the maqashid Syariah	Islamic microfinance contributes to serving many key aspects of maq asid al-shari'a, including: (1) Poverty reduction (2) economy enhancement (3) enhancing social condition of society (4)

	(Alkhan and Hassan, 2021)	wealth distribution and circulation, and (5) enhancing intellectual levels of society
Kano, Nigeria	Acceptance of Islamic Microfinance in Nigeria (Yakubu, et. al., 2021)	A total of 194 customers accepted Islamic Microfinance with consideration of service quality, customer perceived value, corporate image, and religiosity.
Malaysia	The use of mobile banking in Islamic Microfinance (Amran, et. al., 2014)	Mobile Banking is applied to save service costs and eliminate interest charges used to pay overhead costs
South Asia (Pakistan, Bangladesh) Middle East and North Africa	Comparison of the performance of Islamic Microfinance with conventional (Ahmad, et. al., 2020)	The service performance of Islamic Microfinance is better than conventional in terms of the availability of various choices of financing products and outreach to the poor. However, the financial performance of conventional microfinance institutions is still superior

According to the National Sharia Finance Committee, Indonesia currently has 4,500 BMTs. Of the many BMTs in Indonesia, the largest BMT in terms of assets, deposit funds, number of members, branch offices, and managers is BMT UGT Sidogiri which in early 2020 was renamed BMT UGT Nusantara.

Institutional BMT UGT Nusantara

BMT UGT Nusantara from the beginning was founded on an association of several people who are members of the Sidogiri Islamic Boarding School's Teacher Affairs (GT PPS Affairs) activities. This activity is a collaborative activity of the Sidogiri Islamic Boarding School which includes madrasa leaders and teachers, alumni, and sympathizers spread across East Java. BMT UGT Nusantara already has several branch units that serve the financial needs of its members in potential districts and cities. Until 2020, it already has 286 Baitul Maal wat Tamwil Service Units/Sharia Financial Services. The BMT management continues to strive for continuous improvement and development in all areas of both organization and business. The management of the UGT Nusantara BMT Cooperative for the 2019-2022 period has formulated a new vision and mission that is more grounded and in line with the identity of the santri as the founders of BMT. The new vision is with the acronym MANTAB which stands for Cooperative that is Trustworthy, Resilient and Dignified.

The mission of the UGT Nusantara BMT Cooperative was also updated, namely:

1. Managing a cooperative that is in accordance with the identity of the students
2. Implementing a sharia system that is in accordance with the standards of the salaf book and the Fatwa of the National Sharia Council (DSN)
3. Creating sustainable liquidity independence
4. Strengthening economic synergy between members
5. Strengthen members' awareness of cooperatives
6. Giving the best service to members and the people
7. Improving the welfare of members and the people.

As a sharia financial institution, BMT UGT Nusantara has sharia-based savings and financing service products. Deposit service products include; Hajj savings, Umrah savings, Eid savings, education savings, qurban savings, tarbiyah savings, term savings, and MDA plus term savings. Financing service products include; gold pawning, business capital, multi-use without collateral, motor vehicles, purchase of electronic goods, hajj financing, multi-service, multi-home, and agricultural capital.

Development of BMT UGT Nusantara

1. Organizational Field

Almost 90% of the organization is filled by alumni of the Sidogiri Islamic boarding school whose management is assisted by the teachers of the Islamic boarding school. There are 1600 employees who are alumni of the Sidogiri Islamic boarding school spread over 286 offices; 48 Branch Offices, 221 Sub-Branch Offices, and 17 Cash Offices. This Sidogiri Islamic Boarding School most of its students are Madurese people who sociologically have a strong spirit of obedience to the ulama. Therefore, the managers of BMT UGT Nusantara prioritize the principle of trust (trustworthy) in operations and services to members. The founders of BMT UGT Nusantara believe that every student of the Sidogiri Islamic Boarding School has a strong spirit of trust because it is related to the scientific blessings they get while being students. Although many alumni students who have not qualified to manage BMT, but armed with a mandate only stayed hone the skills they with BMT management trainings given. The provision of this training also does not take too long, so that these santri alumni can still manage BMT and provide good service and trust to members.

2. Membership Field

Members of BMT UGT Nusantara are divided into two groups, namely ordinary members and extraordinary members. Ordinary members are shareholder members, while extraordinary members are members who can only enjoy BMT products without having voting rights in the RAT/GMS. Until 2019, the number of ordinary members reached 20,000 people, and the number of extraordinary members reached 800,000 people. Members of BMT UGT Nusantara always increase every year. In 2017 there were 809,350 prospective members. In 2018, a selection was made to become extraordinary members, as many as 432,223 extraordinary members. In 2019, the number increased to 482,465 people spread across ten provinces.

3. Finance

BMT's initial capital at the time of its establishment in 2000 was 115 million rupiah. Until 2019, BMT capital from ordinary members has reached 464 billion rupiah. The capital from the savings deposits of extraordinary members reached 1.5

trillion rupiah. The BMT capital is channeled for financing, which until 2019 has reached 1.4 trillion rupiah outstanding and each year the average distribution of funds is 500 billion rupiah. The liquidity of BMT UGT Nusantara is very sufficient, plus there are several Islamic banks and the government which are third parties for funding. Funds from the government are entrusted to the BMT to be distributed to the public whose value is below 10 million rupiah. Due to the sufficient liquidity of BMT, since 2013 BMT has limited the incoming capital from members. In 2013 the capital rose to 100%, at the end of 2012 the capital amounted to 85 billion rupiah and in 2013 it rose to 170 billion rupiah.

In 2019 BMT has recorded an SHU of 47 billion rupiah. SHU's revenue did not decline sharply from the previous year amid slowing economic conditions. In 2018 SHU was recorded at 15.02% and in 2019 it was recorded at 15.01%. Of the total SHU, only 20 billion rupiah or only 43.13% of SHU was withdrawn by members, the remaining more than 56.87% was not taken by members and left or placed back as Member Savings. This shows that there are still many members who put their trust in BMT UGT Nusantara.

4. Marketing

BMT UGT Nusantara has the BMT System (SiBMT) application technology to attract public interest in this BMT. The SiBMT application is a financial application that makes it easy for members to transact *by system*, ranging from savings deposits, installment deposits, to financing applications. SiBMT has been applied for 7-8 years and has become an added value for BMT in the face of an increasingly developing technology era. This application also increases the trust of members, especially extraordinary members, namely market traders because BMT shows the transparency of their financial transactions. Traders who incidentally are not alumni of the Sidogiri Islamic Boarding School still believe in BMT because it is managed by santri who have a mandate.

The SiBMT application provides faster service to members for their financial transactions. With this application, members can immediately find out the final balance after completing a transaction. This application also makes it easier for BMT to recap financial data every month and every year. Capital management is easier and employees are easier to carry out their duties.

5. Human Resources Development Bidang

Human resource development is carried out by BMT by providing training to employees who are mostly filled by alumni of the Sidogiri Islamic boarding school and have not mastered the management and operations of BMT. The training is given according to the field of work such as technology operational training, management, marketing, and others.

6. Social Affairs

The forms of social responsibility of BMT UGT Nusantara include; The Qoryah Thoyyibah Sidogiri (QTS) program with the Sidogiri Santri Alumni Association (IASS) is a program to build and empower the community through education, economy, health,

social and village environment, and the existence of the Sidogiri Amil Zakat Institution (LAZ) for the distribution of social funds collected from BMT.

Discussion

Sustainability of BMT UGT Nusantara

BMT sustainability can be achieved based on the performance performed. Performance can be analyzed based on three aspects, namely; quantity, quality, and timeliness (Dharma, 2012: 24). Assessment of these three aspects can indicate whether an institution is sustainable or not. The sustainability of a financial institution is strongly influenced by its ability to raise public funds, both small and large scale. This explains that third party funds or funds raised from the public are an important element that must be considered by financial institutions to be sustainable. One component of the funds or assets of Islamic financial institutions is deposits or third party funds. Therefore, an increase or decrease in the amount of third party funds that can be collected by Islamic financial institutions will directly affect the number of institutional Islamic financial assets and their growth (Aisy and Mawardi, 2016: 253). The key to the success of the sustainability of BMT UGT Nusantara analyzed in terms of quantity, quality and timeliness is as follows.

1. Quantity

In terms of the quantity of capital assets, BMT UGT Nusantara has a very rapid development. From the year of establishment in 2000 to 2012 where the capital reached 85 billion rupiah, an increase of 100% in the following year, namely 2013 which was 170 billion rupiah, then in the next 6 (six) years, 2019 it increased to more than 1000% by 2 trillion rupiah. The development of capital assets was accompanied by the success of BMT in recording the 2019 Remaining Operating Results (SHU) of 47 billion rupiah. The development of BMT UGT Nusantara also includes a large number of members, offices and employees. In 2019, BMT members reached 20,000 ordinary members and 800,000 extraordinary members, Branch Offices, Sub-Branch Offices and Cash Offices covering 286 offices, and 1,600 employees.

2. Quality

A successful institution cannot be separated from the quality of its managers. Even though BMT UGT Nusantara is managed by students who incidentally do not master the science of managing financial institutions, it can be sustainable and even growing. This is based on the spirit of *trust* that is firmly entrenched in every action of the students of the Sidogiri Islamic Boarding School which oversees BMT UGT Nusantara. The spirit of *trust* possessed by the santri as well as the managers of BMT UGT Nusantara cannot be separated from the characteristics of most of the santri who come from Madura who are very obedient in carrying out the messages taught by their teachers while studying to be able to carry public trust when they interact with the community.

Qualified managers show an increase in the number of members of BMT UGT Nusantara. Good fund management is certainly carried out by qualified managers, supervisors, management, and employees. Qualified BMT managers are those who have high trust, so they are taken from alumni of Pondok Pesantren, especially Sidogiri. In addition, they are also equipped with knowledge and understanding of the continuous management of BMT in training. Management of member funds with *trust* provides

mutual trust from members who still do not take the remaining business results and continue to place the remaining business results in Member Savings. The quality of fund management for members of BMT UGT Nusantara is also good, indicated by the outstanding which reaches 90% of the total capital obtained. The quality of public fund management is also supported by the SiBMT application system as financial transparency and ease of transaction for members at BMT UGT Nusantara.

3. Punctuality

The development of BMT UGT Nusantara cannot be separated from its management. The ease of operation of BMT, which provides financial information to members more quickly after the transaction. This application also makes it easier for BMT to recap financial data every month and every year. Capital management is easier and employees are easier to carry out their duties. The development of BMT UGT Nusantara based on three performance indicators leads to the concept of a grouping territory model as the key to the success of BMT Sustainability. The concept of the classer territory model which means the level of the region / class.

This concept is included in the BMT performance model as follow:

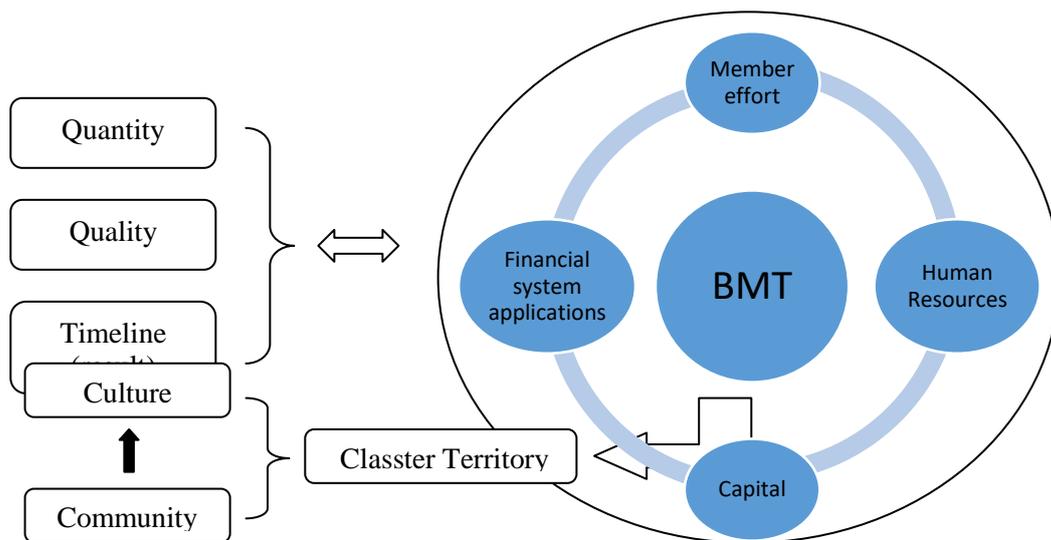


Figure 1. Classter Territory Model as the Key to the Success of BMT

The Sustainability Area here is intended for promising groups of BMT members. The group level in the Classification Region Concept is based on the following Quran, Surah at-Taubah, verse 60.

In fact, zakat-zakat is only for the poor, zakat organizers, converts. which their hearts have convinced, of slaves (free), those who are in debt, in the way of Allah and for those who are on the way, as a decree ordained by Allah, and Allah is All-Knowing, All-Wise.

Based on the analysis of the research results described above, that the success of the sustainability of BMT UGT Nusantara is by mapping members taken from a community, namely the micro-scale merchant community. Taking members from the merchant community has proven to help BMT continue to grow because this member's

business is also running. As for BMT UGT Nusantara, the classification of elected members has increased no longer from the community, but a culture in which these members already have an attachment as a large family unit at the Sidogiri Islamic Boarding School. This strong culture makes BMT UGT Nusantara growing because it is supported by the trustful attitude and spirit of the big family of students who remain attached to every Sidogiri alumni.

Islamic boarding schools that have spread throughout Indonesia. Every alumni of Sidogiri Islam, a boarding school student, has been provided with a strong mandate and has the principle of togetherness in developing financial institutions managed by fellow Islamic students who are at the same Islamic boarding school by becoming members and managers of BMT UGT Nusantara in various branches throughout Indonesia.

Conclusion

The Cluster Territory concept is the key to the sustainability of Baitul Maal wat Tamwil. LKMS that can develop is to apply three sides of the triangle, namely; reach the poor, both financially, and have a positive impact on members. BMT UGT Nusantara which optimizes the empowerment of micro business members accompanied by good financial management.

The implications of the Cluster Territory model are born from the letter of the Qur'an at-Taubah verse 60 regarding the classification of people who are entitled to receive zakat. Regional Cluster is the classification of people who can become members of the BMT so that the BMT can remain sustainable in the long term. Cluster Territory is the phase from community to culture.

The meaning of community here is that BMT members will be strong if they come from a community or association of people or groups. People usually have a culture and know and understand each other. Communities are like family, so no matter what happens, what is prioritized is the community. The community can develop more firmly into the culture. Culture is determined by BMT UGT Nusantara as an attachment. BMT members already have a culture of each other. Members of BMT, both alumni of the Sidogiri Islamic Boarding School students and other communities who are not alumni, feel an attachment to being part of the big family of BMT UGT Nusantara which grows from the trust of its members.

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