

THE ROLE OF ISLAMIC FINANCIAL COOPERATIVE (BMT) IN POVERTY ALLEVIATION THROUGH EMPOWERING MICRO, SMALL, AND MEDIUM ENTREPRENEURS

Fitrah Kamaliyah¹

ABSTRACT

The purpose of this study to analyze the role of BMT on MSMEs quality of life by taking a case study of BMT Bina Umat Sejahtera in Yogyakarta city. A survey on 53 respondents was conducted on September-November 2015. Non-parametric tests were applied in this study to analyze correlation between variables and CIBEST, MSMPI and IPI MODEL were employed as poverty measurement tools. This study found that financing through the entrepreneurs was effective to increase their income. Age, duration of installment, financing amount, household income and expenditure before financing found as significant factors affecting to household income after financing. Overall, BMT's Performance was proven to be able change the quality of life of respondents in three models of poverty measurement positively. The results of this study are expected to BMT strategies so that financing customers can improve their standard of living as well as increase their level of spirituality

Keyword : Islamic Microfinance, Poverty, Poverty Indices.

ARTICLE INFO

Article History :

Received 17 June 2018

Accepted 13 November 2018

Available online 30 November 2018

Introduction

Since the global financial crisis which began in 2007, market growth and financial stability started deteriorate. An estimated 2,5 billion people or more than half of world's adult population do not have access to formal financial institutions (Schoon and Range 2014). High unemployment, poverty and low access to formal financial institution make informal microfinance institution become popular within Micro, small, medium enterprise (MSMEs).

In islamic perspective, the conception of poverty has holistic define, it is not only seen in material aspect but spiritual dimension should be taken into consideration also. Chapra (1992) argued that moral as socio economic justice must be injected into poverty alleviation's strategy. The values are formed by four basic ethical interrelated namely unity (*tawhid*), justice (*al 'adl wal ihsan*), freedom (*ikhtiy'ar*), dan responsibility (*fardh*) (Naqvi 1994). Hasan (2010) proposed three distinct sets of measurement which are positive, preventive and corrective. The fulfillment of basic needs and efficient all human and material resources to achieve economic growth and gain the standard of living of the human kind. Because of all these, the Islamic economic system makes a substantial differentiate against conventional economic approach to solve the issues related to poverty.

¹ Author : Dosen Akuntansi Fakultas Ekonomi Universitas Pamulang
Telp. 021-7412566
Email : fkamaliyah@gmail.com

