

Development of a Sustainable Economic Empowerment Model Through Islamic Micro Finance: Evidence of Intellectual Treasure of *Pesantren* in Indonesia

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Abstract:

This research aims to design an appropriate economic empowerment model for Islamic Micro Finance Institutions (IMFI), especially *Baitul Maal wat Tamwil* (BMT) in Indonesia which is an intellectual treasure of *pesantren* in Indonesia such as Gontor. The purpose of this research is a critical review the sustainable economic empowerment model of *pesantren* from the IMFI Gontor *pesantren*. This research used qualitative method. It conducts in-depth interviews with experts and practitioners, while to collect secondary data from relevant sources and analysis through qualitative and descriptive. The validity of the data is examined through triangulation and extension from consumers. The data obtained through interviews is then analyzed qualitatively, with several stages, data preparation, categorizing data, describing data, analyzing information, and demonstrating its core ideas and supporting data using discussions, tables, pictures, and narratives. The results is, BMT La Tansa is a IMFI under the auspices of Pondok Modern Darussalam Gontor (PMDG). This project is carried out with a *mudharabah* contract, which is supervised by the *pesantren* and BMT. This research is based on the Indonesian context because it is influenced by the typical conditions of the country. Even so, some of the findings in this rsearch can be evidence as a model of economic development which is a form of *pesantren* treasure. The proposed model can be a contribution of *pesantren* on IMFI to be able to improve the quality of life for the *pesantren* community and the surrounding community in sustainable economic empowerment through business capital. This research focuses on intellectual treasure to create a sustainable business model in accordance with sharia principles.



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Introduction

Financial institutions help entrepreneurs get more capital through credit mechanisms (Anas Alhifni & Nurul Huda, 2018), and become investment bases through saving mechanisms, so they have a big role in distributing economic resources among the community (May Shinta Retnowati et al., 2024; Permata, 2017). Islamic microfinance institutions in Indonesia are growing very rapidly. The poverty alleviation efforts continue to be encouraged, one of which is by breaking the chain of poverty through group empowerment by the development of microfinance (Ascarya & Sakti, 2022), which is a model of financial service providers for people who have businesses in the smallest sectors who cannot access bank services due to various limitations. Islamic Micro Finance Institutions (IMFI) are a people's economic institution that seeks to develop businesses productive and investment in improving the economy of small entrepreneurs based on sharia principles and cooperative principles (Umar et al., 2021), *Baitul Maal wat Tamwil* (BMT) is a IMFI which is operated on the principle of profit sharing, trying to grow and develop small business in order to raise the degree and dignity, and defend the interests of the low-income communities. Many of the people are unbankable, so it is difficult for them to get funding and the number of people who are more dominant in practicing sharia economics and being trapped in *riba* is a serious problem in the community (Alam et al., 2021).

Pesantren faces this reality, as a challenge. *Pesantren* is idealized as an institution that effectively provides answers to these developments. The history of Islamic boarding schools has overcome various social, economic, and cultural challenges of cosmopolitan society. Zamakhsyari Dhofier explained that there are functions of Islamic boarding schools from the community, such as the role of *Kyai* as spiritual leaders and education (Zamakhsyari Dhofier, 1980). The *pesantren* solution is based on literacy of the book of *turast* (Fuadi & Mahbub, 2023), and strong religious competence are expected to be able to invite and teach the public about advanced religious competence. Materials It is contained in the results of the study of scholars from the classical to the middle ages (Nurcholis Majid, 2008). Of course, the ability of *pesantren* continues to be tested to adapt to current developments this, especially the economic aspect. *Pesantren*, as educational and religious institutions, have proven to be a center of education and a barometer of the morality of the people (Harnadi et al., 2021). They are able to change Islamic and national values by adapting social changes and challenges in local, national, and global contexts (Zamakhsyari Dhofier, 1980). By looking at its potential and function, *pesantren* can actually play a role in addition to producing experts in science. In addition, the potential and function that the *pesantren*

actually has can play a role in producing religious experts, *pesantren* can also used as an intermediary institution expected by the community which can be an empowerment for the surrounding community and a driver development in all fields of business, including in the field of economic business, both empowerment for students and the surrounding community. Community economic empowerment is the strengthening of empowerment factors that are able to form community groups that have alternative solutions to economic systems that carry out economic activities by upholding the values of property, the values of justice, freedom, balance and brotherhood and togetherness. *Pesantren* is a religious institution that cannot be separated from community, especially rural communities, because *pesantren* are growing and developed from and for the community (Siti Nur Athifah, 2022).

Pondok Modern Darussalam Gontor (PMDG), established in 1926, is one of the leading *pesantren* in Indonesia that integrates religious and general education. With over 20 branches and 350 alumni spread out, PMDG is known for its modern educational system and strict discipline. With a holistic and comprehensive educational approach, PMDG has become a model for many other *pesantren* in Indonesia and has significantly contributed to the development of education, as well as its role in economic independence through the establishment of many business units as pillars of the *pesantren* economic independence, one of which is BMT La Tansa Gontor. BMT La Tansa Gontor is a IMFI under the guidance of PMDG, which is an *pesantren* in Indonesia that has the most widespread *pesantren* system in Indonesia. BMT La Tansa Gontor is one of the efforts to implement the role and function of *pesantren*, namely empowerment to the community. Through the empowerment that has been carried out by BMT La Tansa Gontor shows a concrete evidence of intellectual treasure of *pesantren* to make a development model of economic empowerment for community as the role of *pesantren* as agents of social change for the community which (Niken Dwi Achiruddin, 2022), especially people who are still economically vulnerable but they have the potential for economic independence that they are still not paid attention to by the government, so that it becomes an attraction to be researched morecontinued. This research is important to do because it sees the importance of the presence of Medium, Small, and Micro Enterprises (MSMEs) in supporting the economy of the lower class people who still need guidance from supporting parties such as financial institutions and the government.

Pesantren have a role that the main functions are education, *da'wah*, and community empowerment. The main objective of the results of community economic empowerment is to economically independent community members so that they can improve the standard of living of their families by optimizing the resources they have.

The contribution of Islamic boarding schools to economic and social development. Through cooperation between the boarding schools and the community, these institutions can meet daily living needs and create a positive impact on the surrounding community. The economic institutions of the boarding schools function as drivers of community empowerment by establishing cooperatives, financial institutions, and micro-enterprises. Through this initiative, the boarding schools not only support the economic welfare of the students but also create jobs and enhance financial inclusion in the surrounding community, and is this what serves as evidence of the intellectual treasures of the *pesantren*? What is the form of sustainable economic development from the treasures of *pesantren* for the community?

Methodology

This research uses a qualitative approach (Mason, 2002), with primary and secondary data analysis. The qualitative approach was chosen to provide a deep understanding of economic assistance from the evidence of the treasures of *pesantren* that develop IMFI in the community, especially at BMT La Tansa situated in East Java, Indonesia. BMT La tansa was selected due its unique focus on empowerment of *pesantren* for the community. This research focus on the developmeny model on economic empowerment for community, the scope included consumer as entrepreneur who's using financing product at BMT La Tansa, East Java Indonesia.

The source of data research, included primary and secondary data (Patton, 2014). The primary sources obtained by in-depth interviews with the manager of BMT La Tansa Gontor and several accompanying customers, and documentation from BMT La Tansa Gontor, while secondary sources come from several data literature taken from previous research and supporting research such as economic and financial data obtained from various sources, including Bank Indonesia, the Financial Services Authority (OJK). This data includes statistics on the growth of IMFI, especially BMT and various developments in sharia financing in Indonesia to optimize the economic level of the community.

This research initially observed (Strauss, 1987), the empowerment process for customers who use business capital products who then felt the impact of deeper financial literacy on how the BMT empowerment model as an Islamic boarding school IMFI is applied to customers. The interview begins with general questions, such as customer financing patterns, customer economic empowerment such as financial management assistance from customer business income, changes in the economic stability of customer business before and after obtaining financing, as well as data

results from documentation collected regarding income or financial statements, customers are asked to complete open-ended.

The validity of the data is examined through triangulation and extension from consumers (Flick, 2018). The data obtained through interviews is then analyzed qualitatively, with several stages, *first*, data preparation, which includes classifying the information obtained, through reading and recording, requiring an extended review of all information, annotation of marginal records, and exploratory code being. *Second*, categorizing data into codes and themes, where important statements are further developed into units of definition. *Third*, describing data through issues and themes, where the customer experience and the core of the empowerment process conducted by BMT La Tansa are described. *Fourth*, analyzing information, necessitating the creation of a thorough explanation of the empowering process and its ramifications. *Fifth*, demonstrating its core ideas and supporting data using discussions, tables, pictures, and narratives.

Results and Discussion

Islamic Micro Finance Institutions (IMFI) are important in supporting sustainable projects that aim to achieve inclusive and sustainable economic growth (Mutia et al., 2023). IMFI is committed to adhering to sharia principles that prioritize justice, equality, and sustainability in their financial activities. *Baitul Maal wat Tamwil* (BMT) is a microfinance institution operated with a microfinance institution operated with a profit-sharing concept, developing micro business businesses that aim to raise the status and dignity and defend the interests of the poor and the underprivileged (Ulfa & Iflahah, 2022). This thought emerged from the presence of community leaders who want to promote an economic system based on justice, peace, and prosperity. In the language *baitul maal* means a house of funds and *baitul tamwil* means a business house, namely from the time of the Prophet to the middle ages of the development of Islam. The description of BMT above explains that BMT as a very simple institution as an Islamic financial institution in activating the improvement of the development of community economic activities based on sharia laws in every activity (Ascarya, 2021).

BMT is an alternative institution, in addition to being an institution of *amil zakat*, *infaq*, *shadaqah*, but also plays a role as a microfinance institution that helps people's financial transactions. Therefore, BMT must set a priority scale for programs of the type of business activities that will be carried out optimally both on a local scale and on a national scale. In essence, BMT is highly expected to be able to become a teacher who can support the government's efforts in improving people's lives, welfare in the economy and also be a solution in poverty alleviation (Rozci & Laily, 2023). Here are

some of the ways BMT supports economic empowerment projects. *First*, profit-sharing based financing, BMT often uses profit-sharing based financing, such as *mudharabah* and *musharakah*, which encourages partnerships between BMT and borrowers. It divides risk and profit fairly, motivating borrowers to run projects efficiently and pay attention to environmental aspects. *Second*, sustainable agriculture project, IMFI provides financing to farmers to modernize their farms using sustainable practices. This includes agricultural technologies that are more efficient and environmentally friendly. *Third*, sustainable tourism projects, the sustainable tourism sector is getting attention from Islamic financial institutions. Financial support is provided for the development of sustainable and environmentally sound tourism infrastructure (Diego Maiorano et al., 2021).

Empowerment to the community is an effort to awaken the self-potential of the people to be able to go in a better direction, good in life social, political, and economic (Diego Maiorano et al., 2021). As for other opinions about economic assistance as environmental quality, economic vitality, education and skills, health, social, political, and cultural environment, and security are the six dimensions that make up the concept. The economic empowerment of *pesantren* plays an important role in meeting the needs of everyone living in *pesantren*, especially *Kyai*, teacher (*ustadz*), *santri*, and surrounding community (Intania & Nurcholis, 2024). Empowerment refers to the circumstances or outcomes to be achieved, and the idea of this goal is often used as an indicator of the success of empowerment as a process (Yaqin et al., 2021).

One of the flagship programs from the provincial government has the One *Pesantren* One Product (OPOP) (Edahwati et al., 2021), that program which aims for the independence and economic empowerment of *pesantren*. According the general secretary of OPOP East Java, stated that OPOP East Java consists of three pillars, namely *santri*-preneur (empowerment of students in *pesantren*), *pesantren*-preneur (independence of Islamic boarding school institutions), and socio-preneur (empowerment of alumni *santri*), the *Kopontren* owned by the *pesantren* of Gontor is encouraged to become a cooperative of *pesantren* with a legal entity, BMT La Tansa.

The role of economic empowerment of *pesantren* that have developed and are independent internally so that they can be channeled to the community around *pesantren* (Dewi & Wajdi, 2022), this as part of the Sustainable Development Goals (SDGs) has a positive impact on their entrepreneurial capacity, investment, and financial planning for their future investments (Amin & Panorama, 2021). Financial inclusion from empowering the economic role of *pesantren* can be measured by the sustainability of customer business activities in accordance with Islamic law. Limited access to Islamic financial products further marginalizes the existence of financial

institutions based on public finance, as well as the weakness of customer financial management in business management based on BMT financing. Business economic empowerment for BMT La Tansa customers is part of financial inclusion. Which serves as a determinant of economic growth and poverty alleviation. Financial inclusion can also increase savings, investment, business, sustainable empowerment of community.

The intellectual property of the *pesantren* is a unique thought and becomes a characteristic of the *pesantren* (Harnadi et al., 2021; Zamakhsyari Dhofier, 1980). The wealth he has is obtained from the function of *pesantren* which among others functions as an educational institution, which has Islamic values, religious institutions that carry out social control and religious institutions as social controls (Niken Dwi Achiruddin, 2022). The differences in the characteristics of *pesantren* are not spared from these differences in functions. Many roles have been played by *pesantren*, both in social, political, economic, and cultural aspects, and also, the religious aspect is the basic of his studies. In the existential, *pesantren* have proven to be able to survive in the midst of heavy currents modernization with various challenges and negative impacts it causes (Intania & Nurcholis, 2024; Nurcholis Majid, 2008).

In this context, *pesantren* has proven to be able to play a role as a "fortress" of morality of the nation apart from being an Islamic educational institution in shaping the intellectual intelligence, emotional intelligence, and spiritual intelligence of the students, but indirectly the role of the *pesantren* can also affect the external aspects of the *pesantren* such as social, political, cultural, and also economic aspects in society (Zamakhsyari Dhofier, 1980). The intellectual property of this *pesantren* cannot be separated from the tradition of the *pesantren* that can be instilled into the community (Harnadi et al., 2021). BMT La Tansa also in its activities is also inseparable from the tradition of the Gontor *pesantren* so that this can be a distinctive pattern. BMT La Tansa can directly transmit the tradition of the Gontor *pesantren* to its customers so that it is also part of the intellectual property of the *pesantren*. The culture of *pesantren* has survived for centuries and remains based on the basic teachings of Islam. This concept is a logical result of modeling. The idea of cultural preservation affects intellectual life in the world of *pesantren*. The guidance and blessings of a *Kyai* form the material taught in this institution. People who live in *pesantren* believe that *pesantren* is a place to learn and serve. His knowledge is a sacred part of religion. So, their way of thinking starts with belief and ends with belief. In contrast to science, which is a discipline that sees every symptom as a relative and conditional fact. The end of this perspective is that the intellectual property of *pesantren* is not only considered as a methodological thinking ability, rather, it is considered the result of experience.

IMFI such as BMT La Tansa as well as financial institutions in general that offer their services for financial transactions. BMT La Tansa is part of *pesantren* Gontor which not only helps Islamic financial services, but also IMFI which carries out activities to empower micro entrepreneurs through business capital financing through access with guidance. The customers of BMT La Tansa are not only large families of *pesantren* but even more from the community, the ratio is approximately 35% : 65%. The large number of consumers from the community is a form of public trust in IMFI. BMT La Tansa Gontor was established in 2009 in an area where the majority of the population works as laborers, farmers, and private employees. Therefore, it is hoped that the presence of BMT La Tansa Gontor will improve the economic welfare of the community and help them establish businesses that can create jobs. The availability of capital required to start a business or business is a problem faced by business people. Some of them said they were afraid to do financing because they did not have enough knowledge about the business, which could cause them to lose their practice, this is the need to provide literacy and proper financial assistance for business people.

The participants on this research were BMT La Tansa specifically costumer micropreneur, that using business capital Financing at BMT La Tansa. These customer engaged in various businesses with diverse educational and affiliations. The type of businesses engaged various sector as farmer, trader, motorcycle repair shop, and the other businesses. as explained by informant "R" (basic food trader), stated that many small business actors face capital difficulties in their business, but also cannot manage capital optimally. Customers who are given financing should be able to increase their business, but there are still those who do not experience an increase in business which can be seen from the declining income. There is a gap between the goals of financial sector institutions such as BMT and the situation and there is also a gap between the government that does not pay attention to small businesses, so that empowerment given to BMT customers to be able to manage the finances of the business so that they can equip them with financial knowledge and capacity to improve business, which ultimately improves economic well-being for customers. Deep empowerment of the BMT only provides form of empowerment in the form of business assistance to members or customers alone, have not reached the wider community in general.

The assistance of financial of BMT La Tansa Gontor begin by socialization that showing the potential of small businesses like as MSMEs, in the community was growed, BMT has conducting financial counseling or literacy to community, such as offering capital for businesses with a profit sharing system (*mudharabah*) with the percentage of profit distribution according to the contract. After obtaining business

capital financing, BMT also provided more in-depth assistance such as financial bookkeeping, so that their business operations run efficient, it also aims to minimize the risk of default. In addition, BMT, namely the financing and marketing team, motivates small entrepreneurs more courageous in developing, perseverance in work, maintaining discipline and supporting each other through healthy business competition. More a detailed understanding of the empowerment model implemented by BMT La Tansa is shown in Table 1. Customer empowerment starts before becoming a customer. This asistancing consists of financial literacy materials, financial provision basic banking knowledge, and identification of segmentation business.

Table 1. Empowerment of Financial Costumer at BMT La Tansa Gontor

The Stage of Empowement	Action	Materials
Socialization	Survey, interview, face to face interaction	<ul style="list-style-type: none"> • Islamic financial literacy • Segmentation business customer • Sharing financial problem
Introduction product	Discussion for costumer needs	<ul style="list-style-type: none"> • Entrepreneurship on every financing product
Routine meeting	Asistance	<ul style="list-style-type: none"> • Financial report • Management business

Source: Data Processed

At the initial stage this is part of a business market survey or when the customer has not made financing to BMT La Tansa Gontor, and this customer is called a partner. and or the designation of this partner is specifically intended for customers who will receive financing assistance from BMT La Tansa Gontor. Comprehensive understanding of Islamic financial information allows customers to export from the main issues of their business. This is done to ensure that customers understand the purpose of financing at BMT La Tansa Gontor. The customer receives the right information about on segmentation business costumer. This is important because it can affect the way customers interact with customers, design marketing strategies, and make business decisions. In addition, deeper mentoring is provided after the customer obtains financing, as part of the regular meeting, which aims to advance entrepreneurship.

In the next stage, the customers can discuss with the financing and marketing team about the suitability of financing with business needs by utilizing sharia financing business capital products. The financing and marketing team must conduct an investigation or business survey before being funded. The disbursement of

financing occurred after the financing form was approved by Director of BMT La Tansa Gontor. The financing product for this microfinance is the financing of the profit-sharing system using the *mudharabah* contract. The amount of profit sharing is determined when the contract is approved by the leadership, in determining the profit sharing is also influenced by the results of the survey obtained by the marketing team and the results of analysis from the financing team. This financing is accepted to be used for business capital. The amount of capital issued by BMT La Tansa Gontor is a maximum of IDR 50 million per customer. After the rendition of the contract by the financing team, and the customer signs the financing contract after which financing will be disbursed. Customers are required to submit a guarantee of valuables, which are usually used as Motor Vehicle Owner's Book (BPKB) or others. BMT after providing a certain amount of capital for business needs. The financing period lasts for 1 to 3 years.

After giving capital assistance in the form of *mudharabah* financing to small business customers, BMT also monitors their businesses. develop or not at regular meeting activities once a year that provide assistance on the business problems faced and provide business education or business assistance in order to maintain and advance the business, in addition to monitoring and evaluating the business being carried out. The forms of assistance provided by BMT to its partners are mostly such as the preparation of financial reporting and business management that is carried out. The assistance provided by BMT, especially in the field of financing for the business capital of MSMEs actors, continues to increase, namely more than 150 partners even though in 2020 (during the Covid-19 pandemic) it decreased.

The independence of *pesantren* has become a support system for the national economy as of the success of the Ministry of Religion program as of 2021. In this program, *pesantren* shows that the independence of *pesantren* has been able to encourage the birth of hundreds of business entities, such as the Pondok Modern Darussalam gontor (PMDG) which established BMT La Tansa as an effort to improve the national economy. The conditions mentioned above illustrate that *pesantren* are always moving to innovate, responsive to the changing times. Many *pesantren* values that play a role in the national economy such as the implementation of BMT La Tansa Gontor products which empower community. When *pesantren* carry out community empowerment, there are three reasons. *First*, religion, that poverty is contrary to Islamic socio-economic ethics. *Second*, social, that *Kyai* must be able to overcome the economic crisis of the local community. *Third*, politics, that local rulers have micro and macro interests. Here, *pesantren* play an important role in improving the welfare of the community both physically and mentally (Misbah, 2021). One of the founders of the

PMDG, namely KH. Imam Zarkasyi said that there are 5 *Panca Jiwa*, including sincerity (*ikhlas*), simplicity (*basatah*), self-reliance (*i'timad 'ala al-nafsi*), Islamic brotherhood (*ukhuwah al-Islamiyah*), and freedom (*huriyah*) (Dihyatun Masqon, 2011). It is undeniable that the spirit of the *pesantren* values held provides tremendous strength both mentally-emotionally and mentally-spiritually not only for the *pesantren* community but also for the community around the *pesantren*. As an institution under PMDG, BMT La Tansa Gontor also maintains these values which are applied to all of its IMFI operational activities so that it can provide a blessing impact for the *pesantren* and its customers.

The economic potential of *pesantren* is the economic ability of *pesantren* that allows them to become a source of income for *pesantren* and the surrounding community, and is even able to encourage national economic growth as a whole. The value of PMDG is applied to the microfinance institution BMT La tansa Gontor. The assistance carried out by BMT La Tansa Gontor is a form of the value of the *pesantren* practiced in its business activities. The economic empowerment of *pesantren* in the BMT program through *mudharabah* financing in the form of business development is very important for the community, business development or success exists because of economic factors that influence, such as capital, human resources or skills, and the magnitude of opportunities in running a business that can be seen from the level of quality of life community which is indirectly based on the values of PMDG. The business development of economic empowerment with the spirit of *pesantren* can also have an impact on the performance of the community in meeting their needs.

The value of *pesantren* in community empowerment in BMT La Tansa Gontor in its role in improving economic and social welfare. Through programs such as cooperatives and BMT La Tansa Gontor, *pesantren* can provide access to financing, entrepreneurship training, and support social initiatives that empower the community. The values of the PMDG on community's economic development that were instilled include, *first*, economic independence, *pesantren* teach the importance of independence in the economy, encouraging people to not only depend on aid but also try to be economically independent. *Second*, social care, through existing programs, *pesantren* instill the value of caring for others, thereby encouraging people to help each other and contribute to economic development. *Third*, business ethics, *pesantren* prioritize ethical principles in doing business, ensuring that all economic activities are carried out in a fair manner and in accordance with sharia values. BMT La Tansa Gontor in carrying out economic empowerment in sustainable business for its customers. Businesses carried out by customers must be able to integrate sharia principles in every aspect of their business operations through business assistance

activities, so that the values of the *pesantren* are realized. In addition, BMT La Tansa also assists its prospective customers in determining business prospects through face-to-face socialization by BMT La Tansa Gontor in preparing a clear and measurable business plan to ensure the sustainability of the business and involve the community in decision-making to increase the sense of ownership so that the business implementation that is stiffened by BMT La Tansa Gontor customers always values the principles of *pesantren*.

Even though PMDG is an educational institution, but the function of the *pesantren* as an agent of development and has a mission as an institution that brings social change, can be seen in several activities and institutions within the Islamic boarding school, the first is the potential possessed by students, alumni, sympathizers, and the community by strengthening progress to develop the community's economy. In essence, it remains an Islamic educational institution and *da'wah* with the characteristics of its movement. Thus, the *pesantren* institution has entered the modern era by prioritizing the society. *Pesantren* can obtain a functional dimension after sustainable of economic community. The existence of BMT La Tansa Gontor is part of one of the institutions that supports the sustainable economy of the community. One of the possibilities that can be collaborated in the economic empowerment of the community that makes *pesantren* with their distinctive traditions and scientific treasures, as the basis of development paradigm in the design of IMFI or it can be said, through the typical treasures of *pesantren* with culture Islamic studies from the *turast* books with the role of *Kyai*, *santri*, and *ustadz* who also contributed to in the midst of the pace of change of times. In fact, in perspective Bruinessen, the *pesantren* is said to have succeeded in building a tradition great tradition based on these classic books (Fuadi & Mahbub, 2023).

BMT La Tansa Gontor organizes its business activities based on the values, norms and principles of PMDG the operational system at BMT La Tansa Gontor applies as the role of BMT as it should be, so that it can clearly shows the behavior of the value of *pesantren*. Although the form of the legal entity of BMT La Tansa is a cooperative, the role and function of BMT is still carried out, namely as a forum for charitable or philanthropic activities and profit activities. in its operations at BMT La tansa is divided into two divisions, namely *first*, the division of the *Baitul Maal* Division, managing (funding, operating, and distributing) of *zakat*, *infaq*, and *shadaqah*. *Second*, the *Baitul Tamwil* Division, with products including, funding products and financing product such as one of them is a business capital financing product that provides assistance to customer. IMFI such as BMT are indispensable as mediators between the MSMEs sector and Islamic banks because their characteristics are very much in line

with the needs of MSMEs, namely providing services such as savings, financing, payments, and deposits. In addition, BMT is in the middle of small or rural communities that look at the small business sectors has so far shown excellent activity and is even able to support the recovery and growth of the national economy. This sector is also the driver of the economy when the economic crisis occurs.

The presence of BMT La Tansa Gontor is indeed has become a form of concern from *pesantren* for economic conditions of the surrounding community, so that in the future the community itself must be aware of the existence and function of BMT aforementioned. The existence of a *mudharabah* financing program with an empowerment system carried out by BMT La Tansa is able to strengthen economic potential owned by the community. The role of BMT La Tansa Gontor for the community, the *mudharabah* financing program with empowerment is more targeted at micro entrepreneurs or businessmen who are just starting their business. BMT La Tansa provides this assistance to be a sustainable economic support to the community or in other words the community is able to run its business even though it is still small-scale, besides that this assistance aims to be able to minimize defaults by its partners/costumers. By development of microfinance institutions model in *pesantren* by involving the development of financing products that focus on community economic empowerment. This includes the use of *pesantren* intellectual treasure to create a sustainable business model and in accordance with *pesantren* values that are inseparable from sharia principles. the context of the development of the institutional design of IMFI is a form of intellectual property treasures of *pesantren* and the spirit of the typical values of the *pesantren* inherent in the operations of BMT La Tansa Gontor which can be used as a reference from the identification of BMT under the auspices of *pesantren* whose products are presented as a socio-economic forum that is able to realize sustainable community economic growth that has the value of *pesantren*.

PMDG develops not only in educational institutions but also in the microfinance sector, this is a form of the role of the *pesantren* in the midst of society as an agent of change. BMT La Tansa Gontor provides space for people to be able to alleviate poverty through entrepreneurship activities provided in *mudharabah* financing products. This financing mechanism is managed by the value of the *pesantren* improving the welfare of the community's economic potential can be achieved by considering various things, from planning to implementation and evaluation. To achieve at the level of community welfare, several important elements must be considered. *First*, identify community needs and potentials identify community needs, including natural resources, community skills, and local culture that can be developed. *Second*, supervision and evaluation of monitoring and evaluation of periodic assessment programs. Conduct

periodic monitoring and evaluation to find out how effective the program is. As for success indicators, they can create measurable and measurable indicators such as increased income, poverty reduction, and improved quality of life. Community involvement in community feedback evaluation, gathering public opinion on the benefits and effects of the program being implemented. Evaluation stage, using the results of the evaluation to make continuous changes and improvements to the program the implementation of empowerment is one of the alternatives for micro-entrepreneurs even though the implementation has not been maximized, such as BMT La Tansa Gontor it focuses more on the financing stage, but the socio-economic impact presented by the implementation of the empowerment is clear. such as with the financing of *mudharabah*, customers are assisted with business capital and if it happens financing is stuck, so BMT is only able to provide a solution, namely in the form of education and assistance in problem solving such as managing business and finances.

Monitor and control of BMT La Tansa regarding the empowerment of micro-entrepreneurs is carried out with partners once a year is a form of concern that comes from the value of the *pesantren* which is the basis of the intellectual treasure of the PMDG in improving the economic stability of the community, to find out the extent of the empowerment results that have been carried out by BMT La Tansa Gontor with its customers held meeting to discuss issues related to customers, financing, and evaluating the problems faced. From the results of the evaluation can be concluded that BMT does have role in empowering MSMEs. Empowerment of BMT La Tansa Gontor proved successful in increasing the economic strength of the lower middle class. Business development is very important for the community because of the many opportunities to do business which can be seen from the increasing level of people's quality of life. Good business development will also improve community performance. The impact of BMT La Tansa Gontor empowerment program plays a very important role in the economy micro-entrepreneurs. BMT is able to play a role in realizing resilience people's economy, so that in the end it will create prosperous and independent society. Various programs and activities community economy carried out through BMT, not only implications for the welfare of members, more than that, real work cooperatives have an influence on the development of life social society, so as to be able to increase income and the achievement of various government programs, thereby increasing strengthening its existence in the midst of society. To measure the welfare of its partners (accompanying customers), it is shown that the income level of micro entrepreneurs has increased since becoming a customer of BMT La Tansa Gontor's *mudharabah* financing, in accordance with welfare indicators related to income levels, so that small businesses can be considered prosperous.

Conclusion

Based on the exposure of data, analysis, and previous discussions above, it can be concluded that evidence as a model of economic development which is a form of Islamic boarding school property faces community problems, especially in socio-economic activities. So *pesantren* as an agent of social change. Therefore, by proving it as a form of Islamic boarding school intellectual treasure, PMDG presents the design of IMFI in the context of the development of competition in the era of globalization that is appropriate in accordance with the values of the *pesantren* that does not deviate from the teachings of Islam, the design of this IMFI has been formalized appropriately and accurately as the function of the *pesantren*. One of the organizations that contributes to the sustainable economy of the community is BMT La Tansa Gontor. Community economic empowerment that provides a unique tradition of *pesantren* is one of the opportunities for collaboration in solving community problems. BMT La Tansa Gontor's operational system which empowers the community starts when they are not yet BMT customers or partners, this is because their financing products use *mudharabah* contracts. The stages of mentoring start from socialization to prospective customers about the literacy of Islamic financial institutions, sharing about financial problems and exposure to micro businesses from them, second, exposure of products owned by BMT to prospective customers according to customer needs. Customers who are accepted for this *mudharabah* financing are given more detailed assistance through a routine meeting discussing and assisting financial report and management business. The companion who is carried out to meet the needs of the community, BMT La Tansa Gontor, can be a role model for IMFI in *pesantren* such as BMT throughout the country. In terms of designing microfinance institutions based on *pesantren* values that do not contradict the *qauniyah* verses sourced from Al-Qur'an and Hadith as well as from the *qauniyah* verses which are the basis of Islamic thought from contemporary Islamic scientific studies so that *pesantren* are able to solve community problems as the role of *pesantren*.

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