

The Role of BMT NU Ngasem Jampet Branch in Increasing MSME Income in Jampet Market Through *Rahn* Financing

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Abstract

The purpose of this research was to describe the role of BMT NU Ngasem Jampet Branch in increasing the income of MSMEs in Jampet Market through Rahn Financing. The method used was qualitative. The results showed that the role of financing applied by BMT NU Ngasem Jampet Branch is in accordance with the objectives of Islamic financial institutions in general, namely improving the quality of the community's economic business for the welfare of the community and its members. Especially in financing products, because the existence of this financing makes it a solution for MSMEs or market traders in the capital used to develop and improve their business than before. So that financing is one way for MSMEs or market traders to increase their business income. The success of BMT NU Ngasem Jampet Branch in carrying out work programs related to financing realized for MSMEs or market traders. This is evidenced by the implementation of financing carried out by BMT NU Ngasem Jampet Branch with several MSMEs or traders in Jampet Market who carry out financing totaling 22 members, but there are some members who have difficulty in terms of installments because their sales are still quiet unlike other traders. So that it makes the installments delay and makes the installment time longer. Meanwhile, members who experience business development and are smooth in financing installments and make the repayment time according to maturity. From the application of financing to 11 MSMEs

in the Jampet Market, there was an increase in income for rahn financing with an average of 3.4% of income per month of May 2021.

Keywords: BMT, MSME, Rahn Financing

Introduction

Lately, many Islamic financial institutions have sprung up in Indonesia, one of which is the *Baitul Maal wa Tamwil Sharia* Savings and Loans Cooperative (KSPPS) or usually called BMT. That is an institution that is not only business oriented but also socially oriented.¹ BMT is an integrated independent business center whose core content is *bayt al-mal wa al-tamwil* with activities to develop productive businesses and investment in increasing productive businesses and investment in improving the quality of small, medium, and small scale economic activities, with activities including encouraging saving activities and support the financing of economic activities.²

With the optimization of *Baitul Maal Wattamwil* (BMT) it can help small and medium communities to improve their economy through financing in the form of additional capital that can help people who have the desire to establish or develop MSMEs (micro, small, and medium enterprises) in order to meet their needs and improve their economy.³ MSMEs themselves play an important role in the economy and also contribute to economic development in Bojonegoro. So far, the number of MSMEs has reached 3.450 businesses with a contribution to Gross Regional Domestic Product (GRDP) reaching 54%.⁴ However, despite contributing to developments in Indonesia, the MSME sector has not grown without problems. Problems that often grow in MSMEs are problems of human resources, management capabilities, and access to capital. This is something that needs to be addressed by MSME entrepreneurs on an ongoing basis.⁵

¹Lely Ana Ferawati Ekaningsih, *Lembaga Keuangan Syariah Bank & Non Bank* (Surabaya: Kopertais, 2016), p. 59.

²Andri Soemitra, *Bank dan Lembaga Keuangan Syariah* (Depok: Kencana, 2009), p. 473.

³Renny Oktavia, "Peranan *Baitul Maal wat Tamwil* (BMT) Terhadap Upaya Perbaikan Moral Masyarakat di Kawasan Dolly Surabaya", *An-Nisbah: Jurnal Ekonomi Syariah*, 1(1), 2014, p. 119-137. Retrieved from <https://doi.org/10.21274/an.2014.1.1.119-137>.

⁴Amelia, *Kontribusi Koperasi dan UMKM ke PDRB*. Retrieved from <http://www.nusadaily.com>.

⁵Reni Susanti, *Masalah Utama yang Dihadapi UMKM di Indonesia*. Retrieved from

To overcome this problem, Islamic financial institutions are needed which are considered to be able to help overcome the problems that exist in the financial sector of MSMEs, one of these institutions is BMT. This is because Islamic banks have not reached all corners of the small business community and specifically small microfinance institutions that are more concerned directly with MSME business actors. Thus, the existence of (BMT) can be a solution for Micro, Small and Medium Enterprises (MSMEs) to borrow funds used as business capital with easy borrowing procedures. MSMEs usually find it difficult to get access to banking related to collateral and others.⁶ BMT is present as a vehicle for economic transformation from the *aghniya'* (owners of money) to the poor, small traders who need business capital. BMT is built on a community basis, because it is formed from, by and for the community, solutions for empowering micro, small, and medium enterprises.⁷

In addition, BMT is also one of the *sharia* microfinance institutions that protects the lower middle class from the interest system applied by conventional institutions and from loan shark services that charge high interest to their customers. BMT is different from other financial institutions that provide consumptive financing so that the community's economy tends to be consumptive.⁸ BMT itself tends to provide financing in the form of working capital to people who have micro, small, and medium enterprises (MSMEs) or traders in order to develop their business and increase their income. In this case, there is a uniqueness of BMT NU Ngasem Jampet Bojonegoro Branch, namely giving gifts to its members in order to maintain members' trust in BMT NU Ngasem Jampet Bojonegoro Branch.⁹

With the existence of BMT NU Ngasem Jampet Bojonegoro Branch, MSMEs or traders really hope to be helped in their business

<http://www.kompas.com/bandung>.

⁶Miftakhul Khoir, *Peran Pembiayaan Baitul Maal wa Tamwil Mandiri Sejahtera dalam Meningkatkan Pendapatan Usaha Mikro Kecil Menengah (UMKM) di Pasar Sugio Lamongan*, Skripsi (Surabaya: UINSA, 2019), p. 2.

⁷Ahmad Rodoni and Abdul Hamid, *Lembaga Keuangan Syari'ah* (Jakarta: Zikrul Hakim, 2008), p. 68-69.

⁸Fitriani Prastiawati and Emile Satia Darma, "Peran Pembiayaan Baitul Maal wat Tamwil Terhadap Perkembangan Usaha dan Peningkatan Kesejahteraan Anggotanya dari Sektor Mikro Pedagang Pasar Tradisional", *Journal of Accounting and Investment*, 17(2), 2016, p. 197-208. Retrieved from <https://doi.org/10.18196/jai.2016.0055.197-208>.

⁹Nur Ilya Muharom, *Interview*, Bojonegoro, January 25, 2021.

financial problems for economic needs in business development. With the existence of BMT NU Ngasem Jampet Bojonegoro Branch, MSMEs or traders really hope that they can be helped in their business financial problems for economic needs in developing their business.¹⁰ BMT NU Ngasem Jampet Branch is one of the financial institutions with the Islamic spirit of *Ahlusunnah wal Jama'ah* in accordance with its mission, namely to build and develop the people's economy with the concept of Islamic *sharia* and create *wata'awanu alabirri wat taqwa* through the people's economy. As in BMT in general, BMT NU Ngasem Jampet Branch also has several financing products including *mudharabah* financing (profit sharing), *musyarakah* financing (participation), *murabaha* financing (buying and selling), *ba'i bitsamanil ajil* financing (buying and selling with an installment system), *rahn's* financing (mortgage). From some of the financing mentioned above, the type of financing that is most in demand by MSME actors is *rahn* financing. Because the *rahn* contract is easier and less complicated when compared to other types of financing.¹¹

Rahn financing is a guarantee in an agreement with a loan or also holds the property of the borrower as collateral for the loan it receives, the party withholding obtains a guarantee to take back all or part of the debt.¹² In this case, BMT holds movable goods as collateral for the debts of members/customers.¹³

Table. 1: Number of Market Traders and *Rahn* Financing Members at BMT NU Ngasem Jampet Bojonegoro Branch 2019-2020

Year	Traders at Jampet Market	<i>Rahn</i> Financing Member at Jampet Market
2018	68	17
2019	73	19
2020	82	22

Source: Data collected

¹⁰Ngarsini (chrips traders at Pasar Jampet who are also members of the *rahn* financing), *Interview*, Bojonegoro, January 28, 2021.

¹¹Wicen Andrayani, *Interview*, Bojonegoro, January 22, 2021.

¹²Soemitra, *Bank dan Lembaga Keuangan Syariah*, p. 403.

¹³Nur Ilya Muharom, *Interview*, Bojonegoro, January 25, 2021.

This table explains that the increase in the number of members from 2018 to 2020 was triggered because the BMT NU Ngasem Branch Jampet Bojonegoro was good at marketing financing to members or prospective members. It is proven that in 2018, the number of traders who used *rahn* financing reached 17 traders, while in 2019 it increased to 19 traders, and increased again in 2020 to 22 traders who became members of *rahn* financing. This was also offset by the increase in the number of traders in the Jampet market, which was initially 68 traders in 2018 and increased to 82 in 2020, most of the new traders asked for a capital loan at BMT NU Ngasem Jampet Bojonegoro Branch by using *rahn* financing to start their business.¹⁴

The development of MSMEs can be measured by business capital, the amount of business income and the number of workers. A business is declared to be developing if a lot of capital is spent then the business is running smoothly and the income earned increases, when income increases it means the number of customers also increases, when the number of customers increases the MSME will increase the number of workers to serve customers.¹⁵

Methodology

This type of research is qualitative research using an inductive approach. Qualitative research is a research aimed at describing and analyzing phenomena, events, social activities, attitudes, beliefs, perceptions, thoughts of people individually and in groups. Several descriptions are used to find the principles and explanations that lead to the conclusion. Qualitative research is inductive in that the researcher allows problems to emerge from the data or is left open to interpretation. The data were collected with careful observation, including descriptions in a detailed context accompanied by notes from in depth interviews, as well as the results of analysis of documents and notes.¹⁶

Data analysis technique is the process of collecting data systematically to facilitate researchers in obtaining conclusions. Data analysis according to Bogdan in Sugiyono is the process

¹⁴*Ibid.*

¹⁵Prastiawati and Darma, "Peran Pembiayaan *Baitul Maal wat Tamwil* Terhadap Perkembangan Usaha dan Peningkatan Kesejahteraan Anggotanya dari Sektor Mikro Pedagang Pasar Tradisional", p. 197-208.

¹⁶Nana Syaodih Sukmadinata, *Metode Penelitian Pendidikan* (Bandung: PT Remaja Rosdakarya, 2007), p. 60.

of systematically searching and compiling data obtained from interviews, field notes, and other materials so that they can be easily understood and the findings can be informed to others.¹⁷ Qualitative data analysis is inductive, namely analysis based on the data obtained. According to Milles and Huberman, the analysis consists of three streams of activities that occur simultaneously, namely data reduction, data presentation, conclusion drawing/verification.¹⁸

Result and Discussion

According to the term *baitul maal wa tamwil* is a formal financial institution or institution that is run according to Islamic *sharia* whose main business is to collect and provide financing to productive and profitable businesses. This institution operates in two ways at once, namely the social system (*baitul maal*) and the business system (*baitul tamwil*).^{19,20,21} *Rahn* according to language is called *al-tsubut* (الثبوت) and *al-habs* (الحبس) namely determination and detention or *rahn* means to hold things as collateral or debt.²² In terms of *rahn* is to make goods of value according to *syara'* as collateral for debt, with the goods being guaranteed, all or part of the debt can be accepted.²³ It can also be interpreted as a guarantee against a debt that may be used as a payer if the debtor is unable to pay it off.²⁴

According to *fiqh* terms, *rahn* is to make property as collateral for a debt dependent when it is difficult to pay it off. The property is used

¹⁷Sugiyono, *Memahami Penelitian Kualitatif* (Bandung: Alfabeta, 2009), p. 334.

¹⁸Milles and Huberman, *Analisis Data Kualitatif* (Jakarta: Universitas Indonesia Press, 1992), p. 16.

¹⁹Ana Kholifatul Mar'ah, et. al., "Effect of *Mudharabah* Financing toward Sellers Members' Income at BMT Usaha Artha Sejahtera Bojonegoro", *Shahih: Journal of Islamicate Multidisciplinary*, 5(1), 2020, p. 15-36. Retrieved from <https://dx.doi.org/10.22515/shahih.v5i1.2283>.

²⁰Khoiriyah Muthmainnah, et. al., "Mekanisme Bagi Hasil Simpanan Berjangka Syariah (Si Jaka) di BMT Nurul Ummah Ngasem Jawa Timur (The *Sharia* Futures Deposit (Si Jaka) Profit Sharing Mechanism in BMT Nurul Ummah Ngasem East Java)", *Qawānīn: Journal of Economic Syaria Law*, 4(1), 2020, p. 40-70. Retrieved from <https://doi.org/10.30762/q.v4i1.1971>.

²¹Imada Ulinnuha, "Pengaruh Kepribadian, Pembelajaran, Kemampuan, dan Karakteristik Biografis Terhadap Komitmen Organisasi pada Karyawan BMT UGT Sidogiri Surabaya", *Journal of Sharia Economics*, 2(2), 2020, p. 130-157. Retrieved from <https://doi.org/10.35896/jse.v2i2.88>.

²²Muhammad Yazid, *Ekonomi Islam (Fiqh Muamalah)* (Surabaya: IMTIYAZ, 2016), p. 119.

²³Mardani, *Hukum Sistem Ekonomi Islam* (Jakarta: Rajawali Press, 2015), p. 246.

²⁴Ismail, *Perbankan Syariah* (Jakarta: Kencana, 2011), p. 209.

as a tool to guard when debts cannot or are difficult to pay or pay off. Then you can use *rahn's* property to pay debts.²⁵ Some *fiqh* scholars also define *rahn* in terms. According to Malikiyah scholars, *rahn* is a property that is used as a debt guarantee that is binding. Meanwhile, according to Hanafiyah scholars, *rahn* is to make something (goods) as a guarantee of rights (receivables) that may be the payer of rights (receivables), either in whole or in part. Syafiiyah and Hambaliyah scholars also define *rahn* by making goods as collateral for debts that can be used as debt payments if the debtor cannot pay the debt.²⁶

The goods that may be pawned are valuable and can be traded, because the pledge includes selling the value of the goods. The pawned goods (*marhun*) must be available at the time of the contract, so that they can be handed over to the person receiving the pledge. And in *rahn* financing, the debtor must clearly state the desired amount of debt. So if on another day the person who pledged the mortgage asks for additional debt with collateral for the goods that have been pawned, then it is not allowed.²⁷

According to the Big Indonesian Dictionary (KBBI), income comes from the word "*can*", while the understanding of income is the result of work (efforts and so on).²⁸ According to Soemarso, income is an increase in economic benefits during the accounting period in the form of a decrease in liabilities or an increase in assets that causes an increase in equity that does not originate from investment contributions.²⁹ In general, income is the amount of money received by a company from an activity it does, and most of these activities are the activity of selling products or selling services to consumers.

BMT NU Ngasem Jampet Branch provides financing as additional business capital to MSMEs and traders in Jampet Market who need it. The granting of financing from BMT NU Ngasem Jampet Branch is distinguished between old members and new members. The provision of financing for old members reaches 50% of the total value of the collateral guaranteed to BMT NU Ngasem Jampet Branch. The provision of 50%

²⁵Habib Wakidatul Ihtiar, "Analisis Fatwa Dewan Syariah Nasional No: 92/DSN-MUI/IV/2014 Tentang Pembiayaan yang Disertai *Rahn*", *An-Nisbah: Jurnal Ekonomi Syariah*, 3(1), 2016, p. 23-38. Retrieved from <https://doi.org/10.21274/an.2016.3.1.23-38>.

²⁶Wangsawidjaja, *Pembiayaan Bank Syariah* (Jakarta: Gramedia, 2012), p. 306.

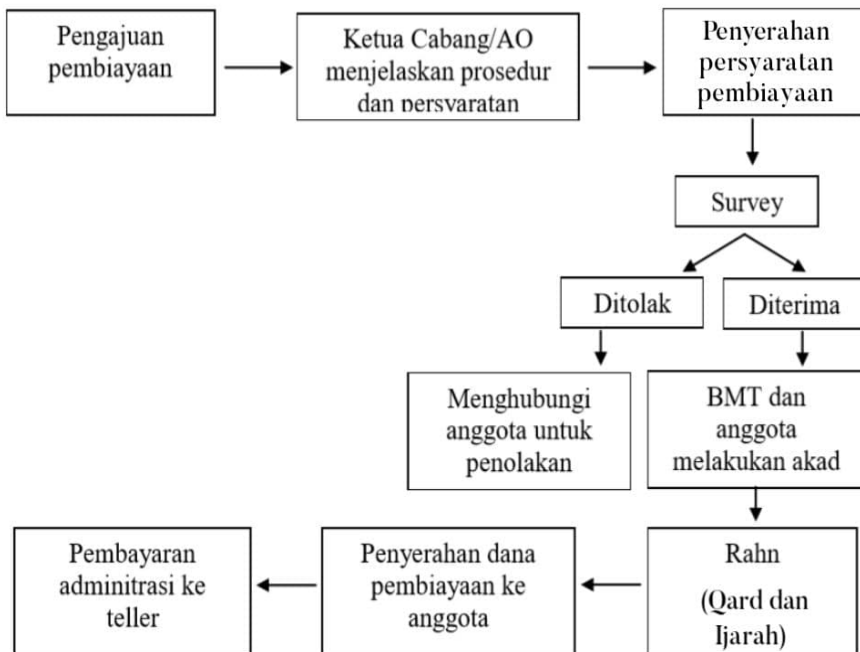
²⁷Ihtiar, "Analisis Fatwa Dewan Syariah Nasional No: 92/DSN-MUI/IV/2014 Tentang Pembiayaan yang Disertai *Rahn*", 23-38.

²⁸Hestanto, *Pengertian Pendapatan*. Retrieved from <https://www.hestanto.web.id/pengertian-pendapatan/>.

²⁹Soemarso, *Akuntansi: Suatu Pengantar* (Jakarta: Salemba Empat, 2003), p. 230.

financing is not only given to old members, but members must also have an ongoing business. Meanwhile, new members of BMT NU Ngasem Jampet Branch can only provide financing of 40% of the total value of collateral guaranteed to BMT. This is because BMT NU Ngasem Jampet Branch does not yet know the ability of members to pay the installments that have been determined. BMT NU Ngasem Jampet Branch serves financing to its members a maximum of Rp 30.000.000,- that's all because BMT NU Ngasem Jampet Branch in terms of financial cash is still relatively small so adjust it and there is also a regulatory limit from the central BMT. The distribution of financing at BMT NU Ngasem Jampet Branch uses a *rahn* contract, in terms of distribution, it is prioritized for residents of Jampet Ngasem and its surroundings. If there are residents from outside the area outside Jampet's location who apply for financing, they will still be served. Meanwhile, the period applied by BMT NU Ngasem Jampet Branch in the distribution of financing is about 3 months to 3 years. BMT also offers the option to return the principal, namely the principal is returned at maturity (seasonal) or in monthly installments.

Figure. 1: Financing Scheme for *Rahn* BMT NU Ngasem



Source: Documentation of BMT NU Ngasem

The picture above can be explained that the *rahn* financing system at BMT NU Ngasem Jampet Branch, where the members apply for financing to the Branch Manager or Account Officer, then the BMT explains the procedures and requirements that must be met by members. After the requirements are met, the member submits the file to the office, after which the BMT conducts a friendly relationship at the house of the member who applies for financing. In this survey, there are two possibilities for acceptance or not, before deciding on this, the BMT usually considers several factors to accept the application or reject it, including economic factors (income before applying for financing) and the personality (honesty) of members who will apply for financing. If the financing application is accepted, the BMT will contact the applicant to make the *rahn* contract at the office. Before the contract takes place, the BMT will hold one of the member's property as collateral for the loan it receives. The *rahn* financing at BMT NU Ngasem Jampet Branch uses two contracts, namely the *qardh* contract (debt) and the *ijarah* contract (depositing services), the *qardh* contract is used to provide cash, while the *ijarah* contract is used as a place to rent services to store *marhun* (collateral). For the profit sharing applied by BMT NU Ngasem Jampet Branch in *rahn* financing, there are two payment options in installments, namely monthly and seasonal. For monthly installment payments, the BMT gets a percentage of Rp 20.000,-/Rp 1.000.000,- of the amount of financing. Meanwhile, for seasonal installment payments, the BMT gets an *ujrah* of Rp 25.000,-/Rp 1.000.000,- of the amount of financing. This *ujrah* is obtained from a financing collateral depository service (*marhun*). The following are the number of *rahn* financing members in Jampet Ngasem Market and the time period for MSMEs or market traders who have done financing and whether or not the financing carried out by market traders is healthy.

Table. 2: Number of Members of *Rahn* Financing and Realization of Financing and Monthly Income of MSMEs in Jampet Market Before Submitting Financing

No	Name	Financing Realization	Income per Month	Duration
1	Siti Kamilah	Rp 20.000.000,-	Rp 7.000.000,-	24
2	Jarnik	Rp 4.000.000,-	Rp 1.500.000,-	12
3	Liswati	Rp 3.000.000,-	Rp 750.000,-	12

No	Name	Financing Realization	Income per Month	Duration
4	Martini	Rp 6.000.000,-	Rp 1.500.000,-	12
5	Siti Muyasaroh	Rp 8.000.000,-	Rp 3.000.000,-	24
6	Mat Adji	Rp 5.000.000,-	Rp 2.500.000,-	12
7	Khoirul Muin	Rp 8.000.000,-	Rp 2.000.000,-	24
8	Samijan	Rp 1.500.000,-	Rp 500.000,-	6
9	Kaswari	Rp 5.000.000,-	Rp 2.000.000,-	12
10	Sulistianik	Rp 6.000.000,-	Rp 2.500.000,-	12
11	Lailatul Mukaromah	Rp 3.000.000,-	Rp 2.000.000,-	12

Source: Data collected

The data display in the table above shows that the traders in the Jampet market propose a financing realization of a maximum of Rp 20.000.000,- and at least with a nominal value of Rp 1.500.000,- with an average monthly income of Rp 2.570.000,- before getting *rahn* financing at BMT NU Ngasem Jampet Branch. To find out the success of BMT NU Ngasem Jampet Branch in carrying out work programs related to financing realized for market traders. Whether it can increase the income of MSMEs in the Jampet Ngasem Market or not, the researchers have collected data and conducted a survey by interviewing several members who did *rahn* financing at BMT NU Ngasem Jampet Branch as shown in Table. 2 which is data traders and income per month before getting *rahn* financing. In addition to playing a role in providing capital through financing BMT NU Ngasem also does several things that aim to improve Human Resources (HR). This is intended so that MSME actors are able to increase their income and so that members are able to carry out installment payments smoothly. The following are some of the efforts made by the BMT:

1. *Sharpening Entrepreneurial Ability*

Financing program to the community with the aim of empowering members and making their business better than before. And also provides an understanding of Islamic economics. The main target of BMT NU Ngasem Jampet Branch is MSMEs in

Jampet Market who need additional capital in order to improve their business based on Islamic principles, besides that BMT NU Ngasem also provides business management training and workshops about entrepreneurship conducted by the BMT Division of the institut, it is intended that MSME actors are able to run their business and most importantly in accordance with Islamic teachings.

2. *Helping Market Member Products*

The BMT NU realizes that for the economic welfare of the people it is not enough to only provide capital loans but also to provide assistance and also increase income, especially for members who are involved in MSMEs. Therefore BMT NU Ngasem offers product marketing services through NU Swalayan which is part of BMT NU Ngasem itself. For example, there are members from BMT NU Ngasem who have products such as coffee grounds, snacks and others that can be deposited at NU Swalayan which is a supermarket owned by BMT NU Ngasem itself.

3. *Instilling the Importance of Worship*

In addition to providing insight and guidance on business and MSME governance management, BMT NU Ngasem also invites its members to increase their faith and piety to Allah Swt. The invitation was conveyed to customers when they met or during a financing survey, besides that it was also conveyed through NU *Da'wah* Radio which is a radio channel managed by BMT NU Ngasem to preach about Islamic teachings and also about NU. The following is a description of MSMEs or traders at Jampet Ngasem Market after doing and getting *rahn* financing.

Table. 3: Overview of MSMEs After Getting *Rahn* Financing and Percentage of Income Increase as of May 2021

No	Name	Income per Month	Increase of Income	Percentage of Increase
1	Siti Kamilah	Rp 7.000.000,-	Rp 7.500.000,-	14%
2	Jarnik	Rp 1.500.000,-	Rp 1.750.000,-	3,75%
3	Liswati	Rp 750.000,-	Rp 800.000,-	3,75%
4	Martini	Rp 1.500.000,-	Rp 1.800.000,-	4,5%
5	Siti Muyasaroh	Rp 3.000.000,-	Rp 3.250.000,-	7,5%

No	Name	Income per Month	Increase of Income	Percentage of Increase
6	Mat Adji	Rp 2.500.000,-	Rp 2.500.000,-	0%
7	Khoirul Muin	Rp 2.000.000,-	Rp 1.800.000,-	-4%
8	Samijan	Rp 500.000,-	Rp 500.000,-	0%
9	Kaswari	Rp 2.000.000,-	Rp 2.100.000,-	2%
10	Sulistianik	Rp 2.500.000,-	Rp 2.750.000,-	6%
11	Lailatul Mukaromah	Rp 2.000.000,-	Rp 2.000.000,-	0%

Source: *Data collected*

The table above can explain that this increase in income comes from the difference between income before financing and after financing at BMT NU Ngasem Jampet Branch and the percentage result is obtained from the increase in income divided by the value of the amount of income after doing the financing. The above income is the result of the sale of goods that have not been deducted by other deduction costs, usually referred to as gross income. Based on the results of interviews with MSMEs or traders at Pasar Jampet, it was found that there were several reasons for increasing their business income after receiving financing at BMT NU Ngasem Jampet Branch, according to Siti Muyasaroh, who is one of the members of BMT , if (the same) add more types of clothes, *mas*, he said. He is a clothing seller (distro), he has also been a long time member of BMT NU Ngasem Jampet Branch and he also does *rahn* financing as additional business capital of Rp 8.000.000,-. Then the researcher asked the condition of his business before doing the financing: “*Before I got a capital loan from BMT Jampet, I found it difficult to add merchandise, and that made those who wanted to stop by at my distro, didn’t come, because the item they were looking for was not there. But after I got a capital loan from BMT Jampet I was able to add more merchandise, bro, even though my income often fluctuated due to the pandemic*”. However, after doing financing at BMT NU Ngasem Jampet Branch, his income increased from Rp 3.000.000,- now becomes Rp 3.250.000,- every month. The existence of a financing product implemented by BMT NU Ngasem Jampet Branch, he felt helped. Because when there was no financing from BMT NU Ngasem Jampet Branch, he was confused about finding a capital loan as additional business capital, but after the

rahn financing from BMT NU Ngasem Jampet Branch he became no longer difficult in terms of finding a loan for additional business funds and how to pay it it can also be weekly, monthly or seasonal this is in accordance with the contract between the BMT and the members, although there are a few difficulties during the current Covid-19 pandemic situation.

This is different from Mat Adji, regarding his business income, namely Meatballs and *Mie Ayam*, he financed the BMT NU Ngasem Jampet Branch of Rp 5.000.000,- with a maturity of 12 months. The following is a response regarding the state of its business income: "It's the same as before, mas, the loan at BMT Jampet was only for additional capital, before making a loan at BMT my income was Rp 2.500.000,- until now, that's the same, mas, you know, I'm the one who sells Meatballs & Mie Ayam, I'm not alone, mas, so it's like there is competition between traders, especially now that it's the corona season, sometimes it can even go down, mas". Based on the results of interviews with all members of BMT NU Ngasem Jampet Branch who did the above financing, that all the reasons for financing at BMT were to use additional capital for their respective businesses, while the average percentage increase in the income of MSMEs or traders in Jampet Ngasem Market was doing financing at BMT NU Ngasem Jampet Branch was 3,4%. So it can be seen that MSMEs or market traders experienced a significant increase in monthly income.

The financing applied by BMT NU Ngasem is a financing product that is in accordance with Islamic principles, because *rahn* financing is in accordance with Islamic principles because there are pillars of *rahn*, namely *ijab qabul*, and also in accordance with the provisions of the *fatwa* of the National Sharia Council (DSN), because the collateral and margins have been explained in the contract, and has been agreed by the BMT NU Ngasem Jampet Branch with its members. BMT NU Ngasem Jampet Branch has a role in increasing the income of MSMEs or traders in the Jampet Market, including:

1. *Providing Financing*

With the financing from BMT NU Ngasem Branch Jampet, it is hoped that these MSMEs or market traders will not make additional business capital through money lender services that charge high interest and make MSMEs or market traders feel burdened with the interest. Even though Islam has prohibited or forbids any activities that contain elements of usury that can have a negative impact on him.

This is what Allah Swt. says in the Qur'an surah al-Baqarah verse 275:

الَّذِينَ يَأْكُلُونَ الرِّبَا لَا يَقُومُونَ إِلَّا كَمَا يَقُومُ الَّذِي يَتَخَبَّطُهُ الشَّيْطَانُ مِنَ الْمَسِّ ۗ
 ذَلِكَ بِأَنَّهُمْ قَالُوا إِنَّمَا الْبَيْعُ مِثْلُ الرِّبَا وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا فَمَنْ جَاءَهُ
 مَوْعِظَةٌ مِنْ رَبِّهِ فَانْتَهَى فَلَهُ مَا سَلَفَ وَأَمْرُهُ إِلَى اللَّهِ وَمَنْ عَادَ فَأُولَئِكَ أَصْحَابُ
 النَّارِ هُمْ فِيهَا خَالِدُونَ

2. *Welfare of Members*

Social welfare is often defined as a condition of well being (first conception), which is a condition of the fulfillment of all forms of life, especially the basic ones such as food, clothing, housing, education, and health care.³⁰ BMT NU Ngasem helps realize the welfare of members through the provision of capital, in the form of loans, providing insight through training provided by BMT NU Ngasem through the BMT Institute division. As well as helping to market products owned by members through NU Swalayan which is a super market owned by BMT NU Ngasem.

3. *Empowering Members*

Community empowerment is an effort to provide power (empowerment) or strengthening (strengthening) to the community. Community empowerment is also defined as the ability of individuals who combine with the community in building the empowerment of the community concerned so that it aims to find new alternatives in community development.³¹

BMT NU Ngasem in addition to providing financing in the form of capital to the community, the BMT also empowers the community or members and makes the member's business better than before. Through entrepreneurship workshops organized by the BMT Instut division, BMT also provides an understanding of Islamic economics. The main target of BMT NU Ngasem Jampet Branch is MSMEs or traders in Jampet Market who need additional capital in order to improve their business better based on Islamic principles.³²

³⁰Edi Suharto, *Membangun Masyarakat Memberdayakan Rakyat* (Bandung: Refika Aditama, 2005), p. 3.

³¹Mardikanto, *CSR (Corporate Social Responsibility): Tanggung Jawab Sosial Korporasi* (Bandung: Alfabeta, 2014), p. 200.

³²Nur Ilya Muharom (Branch Manager BMT NU Ngasem Jampet Bojonegoro

4. Member Development

Coaching is a process by which people achieve certain abilities to help achieve organizational goals.³³ The guidance carried out by BMT NU Ngasem includes several things including religion in the form of invitations to worship and continue to pray so that they are always given fluency in business. In terms of entrepreneurship, members are trained to manage their business independently and with *sharia* principles such as workshops held by the BMT Institute division for members for the development of their business. So that members not only get additional capital assistance but also get guidance on entrepreneurship material.³⁴ This is not only aimed at helping increase the income of MSME actors but also to instill a love for local products and introduce products owned by its members.

5. Member Product Marketing

Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others.³⁵ In addition to several forms of business carried out by BMT NU Ngasem to increase MSME income, BMT NU Ngasem also helps market its members' products through NU Swalayan. So every member who has a product can be entrusted to NU Swalayan because sometimes MSMEs have difficulty marketing their products, then BMT Nu Ngasem also provides a marketing platform for each member of BMT NU Ngasem.³⁶ This not only aims to help increase the income of MSME actors but also to instill a love for local products and introduce products owned by their members.

Based on the description above, the role of financing applied by BMT NU Ngasem Jampet Branch is in accordance with the objectives of Islamic financial institutions in general, namely improving the quality of community economic business for the welfare of the community and its members. Especially in financing products, because the existence of this financing makes it a solution for MSMEs

Branch), *Interview*, Bojonegoro, May 29, 2021.

³³Mathis Robert and Jackson Jhon, *Manajemen Sumber Daya Manusia* (Jakarta: Salemba Empat, 2002), p. -.

³⁴Wicen Andrayani (Account Officer BMT NU Ngasem Jampet Bojonegoro Branch), *Interview*, Bojonegoro, May 29, 2021.

³⁵Philip Kotler, *Manajemen Pemasaran* (Jakarta: Salemba Empat 1992), p. -.

³⁶Hamdan Habibi, *Interview*, Bojonegoro, May 29, 2021.

or market traders in the capital used to develop and improve their business than before. So that financing is one way for MSMEs or market traders to increase their business income.

The success of BMT NU Ngasem Jampet Branch in carrying out work programs related to financing realized for MSMEs or market traders. This is evidenced by the implementation of financing carried out by BMT NU Ngasem Jampet Branch with several MSMEs or traders in Jampet Market who carry out financing totaling 22 members, but there are some members who have difficulty in terms of installments because their sales are still quiet unlike other traders. So that it makes the installments delay and makes the installment time longer. Meanwhile, members who experience business development and are smooth in financing installments and make the repayment time according to maturity. From the application of financing to 11 MSMEs in the Jampet Market, there was an increase in income for *rahn* financing with an average of 3.4% of income per month of May 2021.

Conclusion

Based on the research that has been done by the author on “*The Role of Rahn Financing at BMT NU Ngasem Jampet Branch in Increasing the Income of Micro, Small, and Medium Enterprises (MSMEs) in Jampet Market*” it is concluded that with the existence of *rahn* financing carried out by BMT NU Ngasem Jampet Branch to MSMEs or traders in Jampet Market have an impact on increasing their business income by 3,4% from the previous month’s income. This is inseparable from the role of BMT NU Ngasem, which is not only providing capital loans, but BMT NU Ngasem also providing empowerment, coaching, and also helping market products from these members so that their business has increased 3,4% from last month’s income. By increasing the income of MSMEs or traders in Jampet Market, they become prosperous, because the necessities of life and the desire to increase their business have been fulfilled.

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