

ECONOMIC EMPOWERMENT OF PEOPLE THROUGH DEVELOPMENT OF SHARIA COOPERATIVES IN RURAL COMMUNITIES

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Keywords

Economic
Empowerment,
Sharia
Cooperatives,
Rural
Communities

Abstract

A strategic initiative to enhance community well-being is the establishment of sharia cooperatives in rural communities to enable economic empowerment of the populace. Community members can access fair and sustainable financing, financial services, and business opportunities through Sharia cooperatives, which adhere to Islamic economic principles. Through this agreeable, country networks can take advantage of neighborhood potential, fortify monetary organizations, and increment aggregate pay. Through the establishment of sharia-based cooperatives in rural communities, this study seeks to identify and evaluate effective strategies for enhancing the economic well-being of local communities and ensuring the long-term viability of a sharia-based economy. The purpose of this study, which was carried out at the Kalisat Jember Branch of KSPP Syariah BMT NU Jatim, is to ascertain the development of the community-based economic level as well as the community's interest in the products that are offered. This exploration was led utilizing an information assortment process utilizing perception, meetings and documentation. Editing, organizing, and analyzing are the steps that go into processing data, and case studies are used in analysis. According to the findings of this study, the establishment of sharia cooperatives in rural areas enhances people's economic well-being. Through preparing and coaching, helpful individuals can oversee funds utilizing sharia standards, increment pay and set out new business open doors. Accordingly, the social and monetary fortitude of the local area becomes more grounded.

INTRODUCTION

Strengthening the individual economy is an important effort to ease the burden on society and further develop local government assistance, especially in rural communities (Suaidah et al., 2023). Limited access to formal financial services, low financial education, and minimal business opportunities are the main obstacles faced by rural communities. According to Saputra et al. (2023), in this context, the establishment of sharia cooperatives emerges as a potential solution that is not only in line with Islamic principles but also relevant to the needs and conditions of the local community. Sharia cooperatives provide an inclusive and sustainable economic empowerment model, which is guided by the principles of profit sharing and justice. Rural communities can gain easier and more equitable access to financial resources, skills training, and opportunities to build productive businesses through sharia cooperatives (Fitriyani et al., 2023). The inclusive and sustainable economic model is presented by KSPP Syariah BMT NU East Java which adheres to the principles of openness, justice, and profit sharing (Wartoyo et al., 2023). Fair and ethical financial services can now be provided to rural communities that have often been marginalized from the conventional financial system. The community can learn and apply the principles of Islamic economics in managing finances through KSPP Syariah BMT NU East Java Kalisat Branch.

METHOD

This study used qualitative research methods to learn more about the experiences, perceptions, and effects of creating Sharia cooperatives on the economic empowerment of rural residents. The complexity of the social, cultural, and economic context that influences the implementation of Sharia cooperatives can be investigated in greater depth using a qualitative method (Gulo, 2023). Participatory observation and in-depth interviews with cooperative members, community leaders, and other relevant stakeholders were used in the research. Documentation studies were also used to gather information about the history, development, and impact of Sharia cooperatives on the community economy (Sari et al., 2023).

Using an inductive method, patterns, themes, and relationships that emerged from the data were analyzed to produce a comprehensive understanding of the experience of economic empowerment in rural areas through sharia cooperatives. The legitimacy of the examination was guaranteed through information triangulation, peer interviewing, and specialist reflexivity. It is hoped that research using this qualitative method will provide a comprehensive and contextual

understanding of how Sharia cooperatives can be a useful tool for enhancing the economic well-being of the populace and bolstering the rural economy as a whole.

In a number of works, research on sharia cooperatives has been extensively discussed. Every one of them examines the execution of sharia standards in cooperatives, part support and possession, financial strengthening of individuals, and morals in business. Conversation of Sharia cooperatives in a few written works frequently features how these cooperatives are monetary elements, yet additionally, friendly substances that assume a significant part in building manageability and local areas flourishing inside the system of Islamic standards (Fitriyani et al., 2023).

RESULTS AND DISCUSSION

Lure al-Mal wa al-Tamwil (BMT) is a free and incorporated business element through useful business improvement exercises and asset the executives to help work on the nature of the economy for independent venture entertainers through investment funds and supporting business exercises (Oktavia, 2021). In addition, BMT serves as an 'amil (distributor) and provides services such as receiving zakat, infaq, and alms in accordance with the applicable laws and regulations. According to Sahil (2019), BMT is an informal non-bank Sharia financial institution that was established by Community Self-Help Groups (KSM).

At a conceptual level, BMT serves two purposes: 1) *Bait al-Tamwil* (*Bait* implies house, *al-tamwil* implies creating resources) serves exercises to increment useful organizations and speculations to foster the nature of exchange and economy for miniature and private company entertainers, particularly concerning saving exercises and completing capital supporting in its business exercises; 2) *Bait al-Mal* (*bait* implies house, *mal* implies treasure) gets zakat, infaq, and donations reserves. Then again, it is additionally an 'amil (merchant) because of the pertinent arrangements and guidelines (Toyyibi, 2021).

As per Astuti (2024), as an autonomous business substance, BMT has its attributes, including: 1) Business-oriented, which means that it is focused on making a profit or profits together and taking full advantage of various economic opportunities to improve members' well-being and the environment; 2) Professional management of individuals' social funds - such as zakat, infaq, alms, endowments, and so on - that are not social institutions; 3) Publicly owned and voluntarily managed economic institutions that collaborate with members of the general public in the community; 2) Financial institutions that are not owned by individuals or specific

groups or factions outside of the BMT community but are jointly owned by members of the lower middle class.

In particular, BMT initiatives are closely related to economic sustainability in Indonesia in several aspects. First, BMTs help reduce people's dependence on informal lending sources that often have high interest rates. By offering fairer financing schemes, BMTs not only encourage the growth of small businesses but also create economic stability at the local level. Second, BMTs play a role in encouraging financial inclusion. In rural areas, access to banking services is often limited due to distance and lack of infrastructure. Through BMTs, rural communities can more easily access transparent and sharia-compliant financial services. This encourages increased financial literacy and economic independence among rural communities. Third, BMTs support economic sustainability through financing that focuses on productive sectors. This helps create new jobs and encourage increased productivity, especially in the agricultural sector and micro-enterprises. In the long term, this contributes to poverty alleviation in rural areas.

According to Samsi, 2021; Sujana et al., 2022; Harahap, 2021), if there is capability people that can use to posit themselves as a facilitator, catalyst, and innovator, then it can be used to produce a fund or a mode of *umat* that is commercial or not commercial and that is used to produce a product for the Muslim community (In addition, Bait al-Mal wa al-Tamwil (BMT) is a viable alternative that aims to provide a viable economic solution to the current economic crisis as an Islamic economic effort. According to Majdi (2021), this is a determinant of Islam's success in overcoming a variety of obstacles, from the common man to the elite (Majdi, 2021).

The total number of customers who joined KSPP Syariah BMT NU East Java Kalisat Branch until the end of 2023 is 1,226 people. This has a significant impact on the BMT's ability to improve the quality of life for the general populace. The term "*tangan*" refers to a strategy that has been used by several individuals to cultivate empathy among people and to implement the method in several finances different. The following is a list of the members that will be funded by KSPP Syariah BMT NU East Java Kalisat Branch from 2019 to 2023:

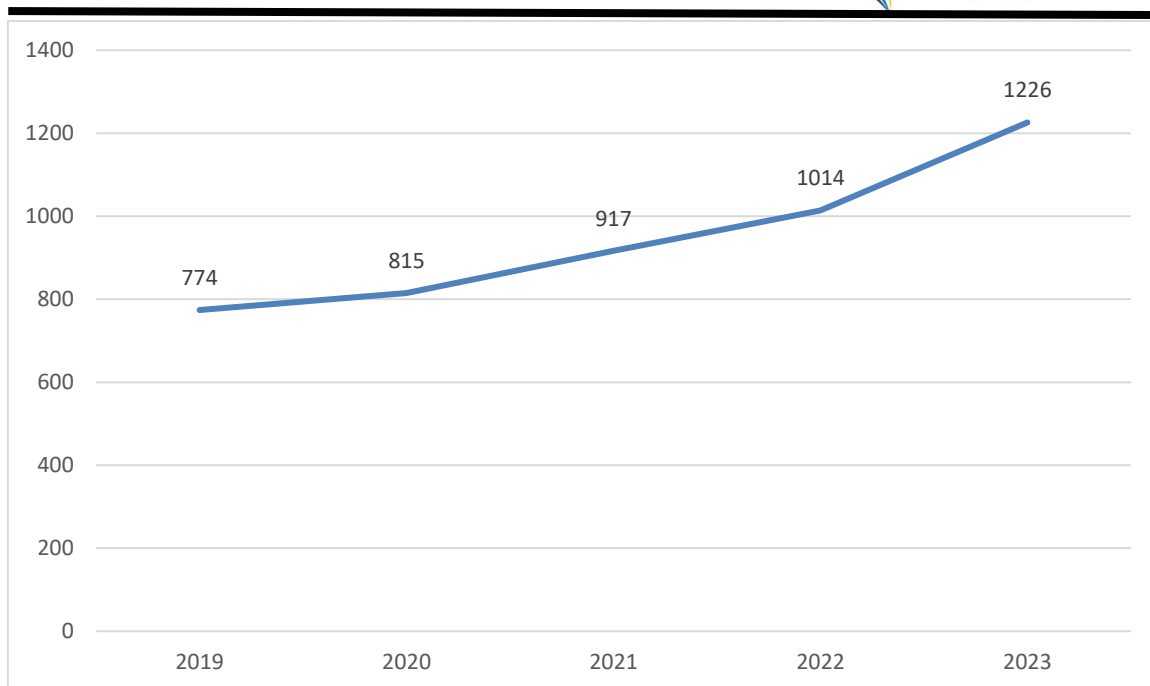


Figure 1
The total number of customers at KSPP Syariah BMT NU
East Java Kalisat in 2023

If the graph above is carefully examined, it demonstrates that the public now trusts KSPP Syariah BMT NU East Java Kalisat Branch to join and save money. This trust is positively a long and difficult interaction. Additionally, different comparative monetary organizations neglected to begin their organizations, bringing about them failing. By 2023, over a thousand new customers will have joined, representing significant growth of 20% over the previous year. From getting this order, KSPP Syariah BMT NU East Java Kalisat Branch will proceed to improve and keep up with its presence as a sharia helpful based monetary establishment equipped for working on the financial government assistance of frail networks.

In fact, by 2023, there will be 3,562 KSPP Syariah BMT NU East Java Kalisat Branch savers, or thousands. The absolute number of savers and how much reserve funds throughout the course of recent years should be visible in the accompanying chart

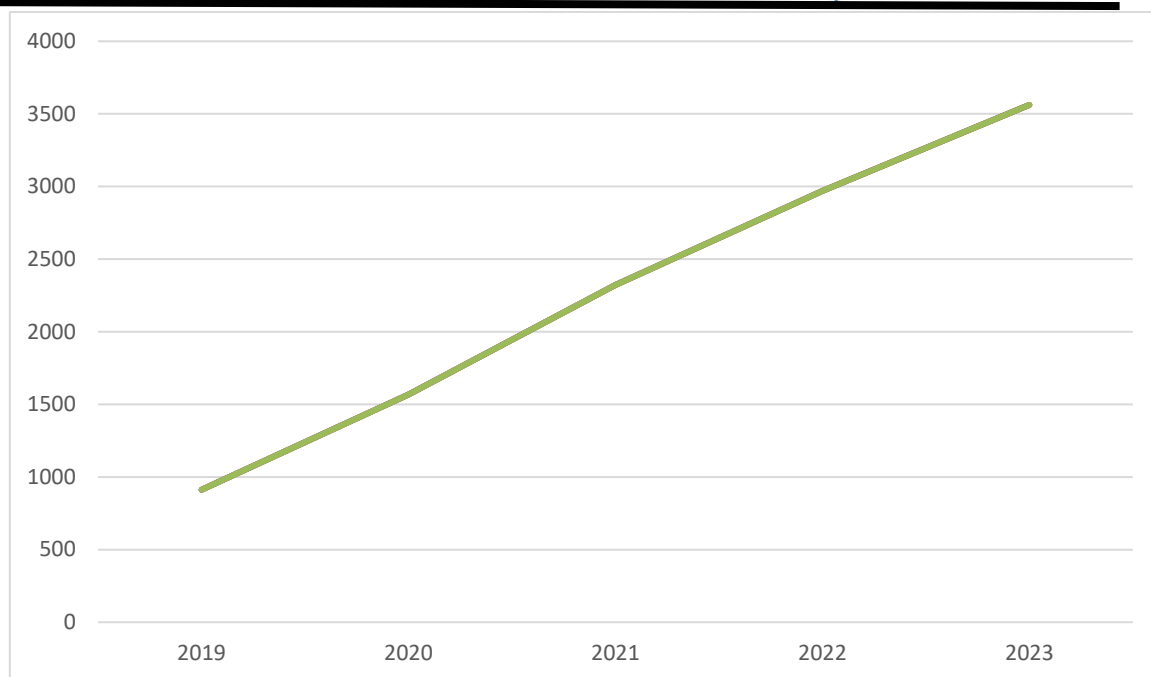


Figure 2
Branch Savers at KSPS Syariah BMT NU Kalisat in 2023

The various types of savings products at BMT NU East Java are as follows :

1) *Simpanan Anggota (SIAGA)*

Using a musyarakah contract, this product instantly makes a person a member and owner of BMT NU East Java with profitable profit sharing, which is 70% of the SHU (maximum 60% as capital participation and minimum 10% as reserve funds). SIAGA consists of a single Rp payment for the principal. 100,000,- SIAGA Should be paid consistently IDR 20,000,- and Exceptional SIAGA paid whenever with a base store of IDR 100,000,-. Special SIAGA can be withdrawn every January, whereas Basic and Mandatory SIAGA can only be canceled when a member's membership ends.

2) *Tabungan Mudharabah (TABAH)*

This bank account can make it more straightforward for individuals to meet their day to day needs since stores and withdrawals can be made whenever and they can get a 40% benefit sharing benefit. utilizing the contract of *mudharabah muthlaqah*. Beginning store IDR 10,000,- and afterward at least IDR 2,500,-.

3) *Simpanan Pendidikan Fathonah (SIDIK Fathonah)*

Savings with a profitable 45 percent profit sharing for students and their parents who want to achieve their educational objectives perfectly. utilizing the

Mudlarabah Muthlaqah Agreement, which can be deposited at any time and withdrawn prior to the start of the new semester and school year. The initial deposit starts at IDR 2,500, and the subsequent deposit must be at least IDR 500,-

4) ***Simpanan Haji dan Umrah*** (SAHARA)

Reserve funds that can make it more straightforward for individuals to play out the Hajj and Umrah by getting plentiful benefits with 65% benefit sharing as extra arrangement for Hajj and Umrah costs. Utilizing the *Mudlarabah Muthlaqah* Understanding. The first deposit, which must be at least IDR 1,000,000, is required, and subsequent deposits are determined by the members' abilities. With the exception of Islamic *udzur*, neither deposits nor withdrawals can be made at any time. Only the Hajj and Umrah can be performed.

5) ***Tabungan Ukhrawi*** (TARAWI)

Saving money for charity without losing it, as the savings' profits will be distributed to the needy and orphans. utilizing a *mudlarabah muthlaqah* contract with a 50% profit share and a minimum deposit of IDR 5,000 for each contract.

6) ***Simpanan Lebaran*** (SABAR)

Investment funds that can make it simpler for individuals to meet their Eid needs by acquiring benefits from a benefit sharing of 55%. Utilizing a *mudlarabah muthlaqah* contract with an underlying store of IDR 25,000,- and the following store is at least IDR 5,000,- stores whenever and withdrawals must be made each period of Ramadhan.

7) ***Simpanan Berjangka Wadiah Berhadiah*** (SAJADAH)

Reserve funds with benefits that can be appreciated ahead of time by getting prizes straightforwardly without being drawn. utilizes the *wadiah yad al-dhamanah* contract and can be removed whenever in light of the material arrangements.

8) ***Simpanan Berjangka Mudharabah*** (SIBERKAH)

savings with a 65% profit share and a lot of profits. Utilizing the *mudlarabah muthlaqah* contract. least store Rp. 500,000,- with a base term of 1 (one) year.

There are a few advantages that individuals can get while supporting at KSPP Syariah BMT NU East Java Kalisat Branch, including the accompanying: (1) Bountiful benefits, halal and gift, since they stay away from the act of usury which is

prohibited; (2) Free organization expenses; (3) Liberated from late installment fines; (4) Simple and quick interaction; (5) Simple portions; (6) Exchanges are straightforward and you can check adjusts by means of the SMS Place or Versatile BMT NU application; (7) Can make portions at all branch workplaces.

The benefits offered by KSPP Syariah BMT NU East Java Kalisat Branch show how Islamic financial institutions are able to provide an alternative for people to save without having to get involved in usury, which is prohibited in Islam. The implication of this finding is that the growth of BMT membership can directly contribute to improving economic welfare and community empowerment. The absence of administrative fees and late fines creates easier and cheaper access for customers, who tend to come from the lower middle class.

The easy and fast process and ease of payment also allow people to be more active in managing their finances. In addition, with balance check services via SMS or applications, BMTs are increasingly relevant in the digital era, increasing financial inclusion in rural and suburban areas. This growth also creates a more independent and productive economic ecosystem, where people can be more financially and socially empowered. Overall, the existence of BMTs plays an important role in alleviating poverty and improving living standards through fair and transparent Islamic financial principles.

CONCLUSION

Sharia cooperatives play a significant part in engaging the economy of rustic networks. The sharia standards applied in this agreeable are in accordance with the strict and social upsides of provincial networks, so they are not difficult to acknowledge and execute. The advancement of sharia cooperatives in country regions gives many advantages. The establishment of sharia cooperatives in rural areas necessitates the assistance of a variety of parties, including universities, non-governmental organizations, and the government. This support can come in the form of capital, training, mentoring, and community outreach. With supportable turn of events, it is trusted that sharia cooperatives can turn into the principal support point in engaging the economy of country networks and understanding a prosperous and economical life.

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