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The Role of Baitul Maal Wa Tamwil (BMT) Indragiri in Improving Sharia Financial Literacy For MSME: a Maqashid Syariah Perspective

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Abstract

Sharia financial literacy is an important factor in improving the understanding of MSME regarding financial management in accordance with sharia principles. The low level of understanding of the community and MSME regarding the products and services of sharia financial institutions can affect the utilization of financial institutions in supporting economic activities and business development. This study aims to analyze Baitul Maal Wa Tamwil (BMT) Indragiri in improving sharia financial literacy for MSME, analyze the supporting and inhibiting factors of efforts to improve sharia financial literacy for MSMEs in Rengat District, and analyze the role of BMT in improving sharia financial literacy reviewed from the perspective of maqashid sharia. The method used in this study is qualitative, and this research was conducted on Jalan Sultan Kompleks Indragiri Islamik Center, Kp Dagang Village, Rengat District, Indragiri Regency, Riau Province. The data sources in this study are primary data and secondary data, data collection techniques are interviews. Based on the research results, it was found that in improving Islamic financial literacy, BMT Indragiri has implemented a management plan consisting of planning, organizing, directing (actuating), and monitoring (controlling). The most supporting factor for BMT Indragiri's success in improving Islamic financial literacy is the increasing level of public awareness of the use of Islamic contracts. The factors that hinder BMT Indragiri in improving Islamic financial literacy are internal and external obstacles. BMT Indragiri consistently integrates the values of maqashid sharia in every financial literacy activity, especially the values of justice (al-'adl) and welfare (al-maslahah). Meanwhile, the value of welfare (al-maslahah) is reflected in the literacy orientation that emphasizes not only increasing knowledge, but also on empowering the people's economy. Overall, the level of implementation of maqashid sharia by MSME fostered by BMT Indragiri is in the fairly good category, especially in the aspects of financial transactions and business management.

PENDAHULUAN

The growth of the Islamic economy worldwide shows a positive trend, both in Muslim-majority and non-Muslim countries (Ajustina & Nisa, 2024). In recent decades, the Islamic economy has grown rapidly, including in Indonesia, with an approach based on justice, blessings, and sustainability, not just profit (Rofiullah, 2025). The Islamic economy presents a solution because it prioritizes the principles of divinity, justice, and balance in economic activities (Nasution et al., 2026). Currently, the development of Islamic finance is growing rapidly, with many Islamic financial institutions offering financial products and services based on Islamic law. Islam is a religion that places great emphasis on literacy (Djuwita & Yusuf, 2018).

Islamic financial literacy is an individual's ability to understand the concepts and principles of Islamic finance, including financial products and services that comply with Islamic principles. This includes understanding Islamic financial principles such as usury (riba), gharar (gharar), and maysir (gambling), as well as Islamic financial products such as savings, investments, and insurance. By possessing Islamic financial literacy, individuals can make wise financial decisions in accordance with Islamic financial principles and utilize Islamic financial products effectively (Menne, 2023).

In 2024, the National Survey on Financial Literacy and Inclusion (SNLIK) showed that the financial literacy index of the Indonesian population was 65.43%, while the financial inclusion index was 75.02%. The 2024 SNLIK also measured the level of Islamic financial literacy and inclusion. The results showed that the Islamic financial literacy index of the Indonesian population was 39.11%. Meanwhile, the Islamic financial inclusion index was 12.88%.

On the other hand, conventional financial literacy and inclusion reached 65.43% and 75.02%, respectively, indicating a significant gap between the two sectors. By region, significant differences in financial literacy and inclusion rates between urban and rural areas persisted in 2024. The financial literacy index in urban areas reached 69.71%, while in rural areas it was lower at 59.25%. Furthermore, the financial inclusion index was also higher in urban areas at 78.41%, compared to 70.13% in rural areas (Yulianti et al., 2024).

The survey results indicate that Indonesians' Sharia financial literacy remains very low compared to conventional financial literacy. The Financial Services Authority (OJK) stated that the low level of Sharia financial literacy in Indonesia is due to the unequal distribution of Sharia financial products and their lack of mainstream adoption. Therefore, the OJK is collaborating with all stakeholders to encourage innovation in Sharia financial products so that their quality and variety can compete with conventional financial products. At the same time, the OJK also continues to strive to increase public literacy that sharia financial services and products can be used by people outside the Islamic religion (Rahayu & Djumena, 2025).

Baitul Mal Wat Tamwil (BMT) is a community empowerment institution with a sharia-based savings and loan system that aims to provide an alternative for MSMEs in the financial services sector (Vebriyani et al., 2024). BMT activities include enhancing economic activities, organizing funds so they circulate among those in need, particularly micro-enterprises, and facilitating and improving the economic well-being of its members (Sholihah & Rofiqoh, 2025).

The effectiveness of BMT as part of a savings and loan cooperative is crucial for driving the Indonesian economy. Established by the community and developed by the community using their own funds or capital, BMTs, which have both commercial and social functions, are expected to help empower MSME (Vebriyani et al., 2024). Furthermore, according to Nur, BMTs play a role in preventing the community from engaging in usury (Bistiana & Indrarini, 2021). Therefore, the effectiveness of the role of BMT as a financial institution is expected to help the community improve their understanding of Islamic financial literacy.

Based on the researcher's observations, the researcher believes that BMT plays a strategic role in supporting Islamic financial literacy, especially for communities and MSME that have not yet been reached by formal financial institutions. The following are some of BMT roles in Islamic financial literacy:

1. Education and Socialization of Islamic Financial Products: BMT actively provides education to members and prospective members about various Islamic financial products, such as mudharabah savings, murabahah financing, and Sharia-based investments.
2. Acting as a Facility for Direct Practice: BMT not only provides theory but also provides Islamic financial services that can be directly used by the community. This way, the community not only understands the theory but also learns from direct practice, such as financial management, business record keeping, and financial planning in accordance with Sharia principles.
3. Mentoring and Empowering MSME: BMT currently frequently provide mentoring to MSME, both in terms of business development and financial management. This mentoring helps business owners understand the importance of managing finances according to Sharia law and improves their business accountability.
4. Raising Awareness of Zakat, Infaq, and Shadaqah (ZIS). As a financial institution that also manages Islamic social funds, BMT also promotes the importance of zakat, infaq, and shadaqah. This step is part of Sharia financial literacy efforts aimed at maintaining social balance and business success.

Through the role outlined above, BMTs have become drivers of Islamic financial literacy, particularly in rural areas or areas underserved by formal financial institutions. The development of BMTs in Indonesia has now reached a network spread across the country and emerged as a driver of real-micro business intermediation. This is evidenced by the number of BMTs, or Islamic financial services cooperatives, that have expanded to remote areas of Indonesia (Dewi, 2023). The current growth in the number of BMTs is quite rapid, with approximately 4,500 units currently established, although this figure remains questionable (Monalisa & Sunarti, 2024).

Indragiri Hulu Regency is one of the regencies in Indonesia with a recorded number of 288 cooperatives (Supriyanto, 2025). The presence of BMTs plays a crucial role in supporting government policies in various aspects, particularly in promoting the development of the Islamic economy and MSME. The development of the Islamic economy is one of the sectors driving economic growth in Riau Province. The Head of the Bisnis Indonesia Pekanbaru Representative Office, Aang Ananda Suherman, emphasized the importance of sharia economics in driving economic growth in Riau, focusing not only on religious aspects but also on its significant positive impact on society.

However, in reality, the community also faces obstacles in accessing sharia financial institutions, due to the high number of unbanked people caused by the inter-provincial poverty gap, low financing, high microcredit interest rates, asymmetric information, inadequate community management skills, bank monopolies in the micro sector, and limited distribution channels for other sharia financial services (Arafah, 2023).

In addition to the above issues, Eka Nuraini Rachmawati, during a Community Service (PKM) activity for Micro, Small, and Medium Enterprises (MSME) in Titian Resak Village, Siberida District, Indragiri Hulu Regency, Riau, also encountered issues related to sharia financial literacy, concluding that the MSME lack of understanding of Sharia-compliant business activities was a major obstacle. Many MSME participants still do not fully understand the gravity of the sin of usury and the importance of avoiding financial practices that contain it. Understanding of Islamic financing contracts and products also needs to be improved, as does the concept of investment, business development, and trade in accordance with Sharia principles (Rachmawati et al., 2025).

A similar issue was encountered in Saputra Mansur's thesis, which explains that the author conducted an interview with a 50-year-old Mr. Annas, a Da'i (preacher) and a teacher at a public school in Rengat, on January 29, 2022, at the Indragiri Islamic Bank (BMT) office. During the interview, the informant was unable to differentiate between Islamic buying and selling practices and usury transactions. Another example is an interview on February 5, 2022, with Mr. Teguh, a 45-year-old bachelor's degree holder, who was also unable to provide an answer when asked to explain the practices and differences between musyarokah and mudharabah contracts (Mansur, 2022).

BMT Indragiri, as a sharia microfinance institution, plays a crucial role in supporting financing and economic empowerment for the community. Furthermore, BMT Indragiri is also expected to fulfill its educational function by increasing sharia financial literacy among MSME. This literacy is crucial for MSME to operate their businesses in a halal, fair, and sustainable manner, while avoiding financial practices that conflict with Islamic teachings, such as usury (riba), gharar (gharar), and maysir (gambling). The importance of sharia financial literacy for MSME can also be seen in the high level of interest in BMT Indragiri among MSME in Rengat District, as shown in Table 1 below:

Table 1
Amount of Cooperative Members with MSME Status at BMT Indragiri 2019-2024

Nu	Year	Amount of MSME Members per Year
1	2019	520
2	2020	560
3	2021	600
4	2022	680

5	2023	750
6	2024	800

Data Source: BMT Indragiri, 2025

Based on Table 1 above, it can be seen that in 2019 and 2020, the number of MSME members of BMT Indragiri increased by 7.6%. In 2021, MSME members increased by 7.1%. In 2022, it increased by 13.3%. In 2023, the number of MSME members of BMT Indragiri also increased by 10.2%. Likewise, in 2024, it increased by 6.6%. The increasing number of MSME members of BMT Indragiri each year is due to BMT Indragiri's clear goal of improving the welfare of MSMEs. However, when compared to the amount of Micro, Small, and Medium Enterprises (MSME) in Indragiri Hulu Regency, the amount of MSME members at BMT Indragiri is still relatively low. As seen in Table 2 below:

Table 2
Amount of MSME in Indragiri Hulu Regency 2019-2023

No	Year	Amount of MSME
1	2019	9.170
2	2020	9.170
3	2021	16.906
4	2022	15.000
5	2023	18.798

Data Source: INHU Cooperatives and SMEs Service 2024

To increase member fundraising, BMT Indragiri offers a digital application called BMT Mobile. The BMT Mobile Indragiri app significantly simplifies member payments and deposits at BMT Indragiri. BMT Indragiri's fundraising has increased over the past five years, but this contrasted with a decline in 2020, when member fundraising declined. This can be seen in the following table:

Table 3
Data on Fund Collection and Distribution at BMT Indragiri 2019-2023

No	Year	Amount of Fundraising	Amount of Funds Disbursed
1	2019	17.812.450.000	17.145.600.000
2	2020	17.234.670.000	500.890.000
3	2021	17.945.320.000	700.450.000
4	2022	19.480.890.000	12.345.700.000
5	2023	22.135.760.000	15.678.900.000

Data Source: BMT Indragiri 2024

Table 3 shows that BMT Indragiri's fundraising has tended to increase. The growth in fundraising from 2019 to 2020 was -3.2%. Fundraising from 2020 to 2021 was 4.1%. From 2021 to 2022, it was 8.5%. From 2022 to 2023, it was 13.6%. Meanwhile, the percentage of fund disbursement to fundraising from 2019 to 2023 fluctuated at 96%, 2.9%, 3.9%, 63%, and 70.8%.

BMT Indragiri has several programs aimed at supporting Micro, Small, and Medium Enterprises (MSME) in running and developing their businesses. The steps taken by BMT Indragiri to improve the quality of MSME are: 1) Providing access to funding. 2) Providing access to financial management. 3) Increasing business capacity. 4) Increasing competitiveness. 5) Improving member welfare, and 6) Encouraging digital transformation. Based on this, researchers took the initiative to analyze the fund management implemented by BMT Indragiri to improve Islamic financial literacy among MSME by examining: 1) Planning, 2) Organizing, 3) Directing, and 4) Controlling.

Based on the aforementioned issues, researchers also conducted observations, observations, and interviews regarding the development of Islamic financial literacy in Indragiri Hulu Regency, particularly in Rengat District. They concluded that the level of Islamic financial literacy among the Rengat community is still relatively low. This is based on initial observations, which indicate that access to finance is difficult due to the limited network of bank branches and other financial institutions, the remoteness of ATMs, and frequent flooding that damages roads. Apart from that, researchers found that many people use the services of conventional cooperatives, and there is a lack of public understanding of the concept of usury.

The maqasid theory is one of the theories discussed by Imam Syatibi in his book al-muwafakat, and discussed in his book entitled al-i'tisham. Maqasid sharia comes from two words, namely maqasid and sharia, maqasid is the plural form of qasd, maqsh or qusbud which comes from the verb qasada yaqsudu which means goal, direction, middle, fair and so on. Meanwhile, sharia is God's law, which in terminology means sacred texts originating from the Koran and Sunnah. So these two words mean the values and goals to be realized by the maker of sharia, namely Allah SWT behind the making of sharia and the laws researched by mujtahid scholars from sharia texts (Milhan, 2021).

Although numerous studies have examined Islamic financial literacy and the role of BMTs in financing MSME, research specifically examining how BMT management practices improve Islamic financial literacy for MSME from a maqashid sharia perspective is still limited. Research conducted by Johan et al identified three mechanisms used by BMT Surya Rahardja to achieve financial inclusion: outreach, marketing strategies, and roll play. To maximize its role in financial inclusion, BMT Surya Rahardja uses three methods: door-to-door outreach, market visits, and open tables. BMT Surya Rahardja's consistency in realizing its role in financial inclusion has increased access for coastal communities in Tuban (Johan et al., 2020).

Furthermore, research conducted by Fatih Atsaris Sujud (2024) demonstrated the Kediri Financial Services Authority (OJK)'s active involvement in strengthening Islamic financial literacy and inclusion by applying principles such as planning and measurement, achievement-oriented, sustainability, and collaboration. Programs such as the Islamic Economic Celebration and Training of Trainers have been implemented, but improvements in national education programs and campaigns are needed to ensure equitable financial literacy across the vast OJK Kediri work area (Sujud, 2024). Several previous studies have examined the role of BMTs and financial literacy. However, little research has examined the managerial role of BMTs in improving Islamic financial literacy among MSMEs from a maqasid sharia perspective, particularly in the regional context.

METODE

This research is a type of field research using a qualitative approach. This research aims to describe and summarize various conditions, situations, or phenomena of social reality that exist in the community being studied, and attempts to bring these realities to the surface as characteristics, traits, characteristics, models, signs, or depictions of certain conditions, situations, or phenomena (Bungin, 2007).

According to John W. Creswell, qualitative research is an approach to exploring and understanding the meanings given by individuals or groups to social or humanitarian issues. The research process involves questions and procedures, collecting data, usually from participants, analyzing the obtained data inductively from specific themes to general themes, and interpreting the meaning of the data (Creswell, 2014).

This research was conducted on Jalan Sultan, Indragiri Islamic Center Complex, Kp Dagang Village, Rengat District, Indragiri Regency, Riau Province. The subjects of this study were the leaders authorized to improve Islamic financial literacy at Baitul Maal Wa Tamwil (BMT) Indragiri, consisting of the chairman, vice chairman, and those with authority such as the secretary, deputy secretary, treasurer, and members of the MSME at BMT Indragiri. The object of this study is the Role of Baitul Maal Wa Tamwil (BMT Indragiri in Improving Islamic Financial Literacy for MSME: A Maqashid Syariah Perspective.

The primary data source the researcher will request is information on BMT Indragiri's fund management in improving Islamic financial literacy, as seen from its fund management, obstacles encountered, and solutions to improving Islamic financial literacy among the leaders of BMT

Indragiri, Rengat District, Indragiri Hulu Regency, or their representatives, as well as the MSME affiliated with BMT Indragiri. To strengthen the information obtained, this study will use interview data with key informants, BMT representatives, and Indragiri MSME.

The primary data source used in this study was data collected directly from the management of Baitul Maal Wa Tamwil (BMT) Indragiri, which focuses on improving Islamic financial literacy for MSME through observation and interviews. Secondary data sources in this study were obtained from books, documents, the internet, or other sources that provided data closely related to the research objectives.

The data collection technique used in this study was interviews. An interview is a purposeful conversation conducted by two parties: the interviewer who asks questions and the interviewee who provides answers. The purpose of this interview was to obtain information related to the management of BMT Indragi Hulu. Interviews are a data collection method used to obtain information directly from the source. They ask several questions through a direct question-and-answer process with key informants, including the Head of Marketing, Marketing, the Rengat Branch Manager, the Belilas Branch Manager, the Ukui Branch Manager, and the Operations Manager.

The data analysis used in this study is qualitative, in the form of descriptive presentations, after collecting field data through observation, interviews, and literature review. During the observations, the researcher carefully observes the research situation and records everything surrounding the research object related to the information sought. Following the observations, the researcher will also conduct face-to-face interviews with the head of BMT Indragiri, Rengat District, Indragiri Hulu Regency, Riau, or their representative regarding BMT Indragiri's fund management in improving Islamic financial literacy, including its fund management, challenges encountered, and solutions to improve Islamic financial literacy. The interview results will be recorded in detail to support the validity of this research. Furthermore, the researcher will use an audio recorder to record the interview results provided by the informants.

RESULTS AND DISCUSSION

Analysis of BMT Indragiri in Improving Sharia Financial Literacy for MSME.

As is known, management is key to the success of a company or organization. There are four management functions: planning, organizing, directing, and controlling. The following explains BMT Indragiri's management in improving Sharia financial literacy for MSME in Indragiri Hulu District.

a. Planning

Increasing Sharia financial literacy requires formulation and planning regarding what BMT Indragiri will do. Based on an interview with Operations Manager Mr. Supriyanto, who stated:

"Currently, the steps taken by BMT Indragiri in implementing its plan to improve Islamic financial literacy for MSME include developing a door-to-door program. This program has a positive impact on MSME because it allows them to access all Islamic financial transactions. In addition to the door-to-door program, BMT Indragiri also runs a social media program, which aims to expand its reach at a wider area at a more affordable cost" (Supriyanto, Interview 20 November 2025).

A similar statement was made by Mr. Miftahul Huda, Ukui Branch Manager, who stated:

"BMT Indragiri is currently focusing on door-to-door programs and social media development to enhance collaboration with MSME, both in financial transactions and improving Islamic financial literacy" (Huda, Interview 20 November 2025).

The following is an explanation of BMT Indragiri's program activities:

1) *Door to door* Program

Based on interviews with BMT Indragiri members, it was found that the door-to-door strategy is a key approach in serving and mentoring members, particularly MSME. BMT Indragiri conducts regular visits to MSME businesses for monitoring, installment collection, and mentoring

(Supriyanto, Interview 20 November 2025). These visits make MSME feel more comfortable and supported because BMT Indragiri is there in person when they need business consultation and mentoring. They obtain more accurate information about business feasibility, particularly regarding operational conditions, daily turnover, and the characteristics of the business owners.

This strategy improves financial literacy and understanding of Sharia contracts because education is provided in a personalized and contextual manner. This approach provides an effective oversight tool to prevent misuse of financing funds and detect potential risks early. This strategy helps expand Sharia financial inclusion by facilitating access to BMT Indragiri offices for MSME with limited access (Supriyanto, Interview 20 November 2025).

According to interviews, several benefits of the door-to-door program implemented by BMT Indragiri were identified. These include building stronger relationships through direct interactions in the field. This personal approach facilitates business counseling and encourages MSME loyalty to BMT Indragiri's services. Furthermore, the direct visits provide BMT Indragiri with a factual understanding of MSME activities. This reduces uncertainty (gharar) in financing and increases the accuracy of risk analysis.

Field data helps BMT Indragiri make more informed, fair, and appropriate financing decisions for MSME. The door-to-door strategy has proven effective in improving MSME understanding of contracts, cash management, simple record-keeping, and halal principles in transactions. Contextual education at the business location facilitates MSME understanding of sharia concepts. This aligns with the maqasid of sharia, particularly hifz al-'aql (strengthening knowledge) and hifz al-mal (protecting assets) (Supriyanto, Interview 20 November 2025).

Implementing direct monitoring allows BMT Indragiri to detect business obstacles early. This supervision is not repressive, but rather supportive. Field findings indicate that this strategy prevents potential misuse of funds, decreased turnover, and the risk of default. This simultaneously maintains business continuity and the quality of BMT Indragiri's financing portfolio.

The outreach strategy makes it easier for MSME facing distance, time, or administrative constraints to obtain financing and Sharia education. This approach aligns with the principles of justice (al-'adl) and economic equality. Thus, this strategy contributes to strengthening the broader Muslim economy (Supriyanto, Interview 20 November 2025). The door-to-door strategy provides MSME with several benefits, such as strengthening trust through direct interaction, prohibiting coercion and emotional manipulation, and adherence to Sharia business ethics (Supriyanto, Interview 20 November 2025).

The door-to-door Sharia financial literacy program is an effective approach to reaching the community directly and personally. The goal is to improve the understanding and application of Islamic financial principles at the household and community level. BMT Indragiri, through its Account Officers (AO) and collectors, is tasked with bridging the gap between customers and financial institutions, particularly in financing and fundraising (Supriyanto, Interview 20 November 2025). The door-to-door or direct marketing strategy includes permissible muamalah activities as long as they are carried out with proper etiquette, ethics, and contracts. From a Sharia economic perspective, the door-to-door strategy has a significant impact on realizing the values of the Maqasid Sharia, namely hifz al-mal (obligatory charity), hifz al-aql (reasonable charity), hifz al-din (deen), hifz al-nafs (protective charity), and al-'ird (unlawful charity).

The door-to-door strategy is an educational approach that involves visiting communities directly at their homes or businesses. This approach is considered effective in increasing Islamic financial literacy, especially for those who are not yet BMT Indragiri customers, because it overcomes limited access to information and a lack of understanding of Islamic financial institutions.

Through in-person visits, BMT Indragiri officers can explain basic Islamic financial concepts, such as the prohibition of usury (riba), the principle of profit-sharing, and the various contracts used in BMT Indragiri's operations. Delivering information face-to-face allows for two-way communication, allowing the public to ask questions and gain a comprehensive understanding.

This ensures that the literacy provided is not only theoretical but also contextualized to meet the community's needs.

Furthermore, the door-to-door approach plays a role in reaching community groups that are less active in formal outreach activities. Many potential customers have not utilized BMT Indragiri's services due to limited information, low levels of trust, and the perception that Islamic financial institutions are no different from conventional institutions. In-person visits help reduce these barriers through personal interactions that build emotional closeness and trust in the institution.

This approach also allows officers to more accurately identify the community's economic situation. This allows education to be directed at practical aspects such as business financial management, separating personal and business finances, the importance of saving, and the healthy use of Islamic financing. This needs-based literacy contributes to changing the community's financial behavior toward wiser management in accordance with Islamic principles (Supriyanto, Interview 20 November 2025).

2) Social Media Program

BMT Indragiri recognizes the significant influence of social media today, and therefore will continue to maximize service information and promotions (Huda, Interview 20 November 2025). MSME are one of the main pillars of the Indonesian economy and contribute significantly to economic growth and job creation. The importance of Islamic financial literacy is not only related to adherence to religious values but also has a direct impact on business sustainability. The next step taken by BMT Indragiri to improve Islamic financial literacy among MSME is to hold specific events for MSME partners (Huda, Interview 20 November 2025).

Based on the interviews, it is clear that BMT Indragiri has implemented each existing program based on the principles of honesty, transparency, fairness, trustworthiness, non-deception, and non-harm. Furthermore, interviews revealed that all employees (general manager, marketing manager, operational manager, mancap, and marketing) are involved in the planning of BMT Indragiri activities. The participation of all employees is crucial for the sustainability of BMT Indragiri. This ensures that activity plans are realistic, effective, and aligned with BMT Indragiri's objectives. Furthermore, each activity receives support from relevant units, and execution can proceed optimally because all parties understand their respective roles. And every risk can be properly anticipated through a comprehensive managerial perspective.

By involving all employees, BMT Indragiri can produce measurable, targeted activity plans that support the overall growth of the institution. From a Sharia economic perspective, the involvement of all employees in the decision-making process is a crucial aspect that aligns with the principles of justice, deliberation, transparency, and sustainability. Conceptually, Sharia economics assesses decisions not only based on financial gain but also considers moral, social, and public welfare (maslahah al-'ammah).

The principle of shura is a principle of collective decision-making that emphasizes deliberation, consultation, and openness in Islam. The principles of syura, justice, trustworthiness, and maslahah provide a normative basis that decisions should not be exploitative or benefit specific groups, but rather reflect holistic sharia values.

Interviews with operational managers revealed that the most effective program for increasing literacy at BMT Indragiri is the door-to-door approach. This strategy provides a way to explain what a sharia financial institution is and the contracts applied in each transaction.

b. Organizing

The organizational structure of BMT Indragiri aims to facilitate and streamline organizational activities, ensuring clear and organized positions, and division of tasks, authority, and responsibilities. In the context of the Sharia financial literacy program, Mr. Supriyanto stated:

“"The organizational function at BMT Indragiri plays a crucial role in ensuring the education process runs smoothly, is structured, on target, and complies with Sharia principles” (Supriyanto, Interview 20 November 2025).

Organizing not only manages resources but also ensures coordination between units so that Sharia financial literacy materials can be effectively implemented by MSMEs. Organization plays a crucial role in achieving every goal pursued by companies and foundations. Mr. Prayuda Pangestu, the Belilas Branch Manager, stated:

"The organizational function carried out by BMT Indragiri related to the development of Islamic financial literacy includes structuring the team, assigning tasks, and disseminating information to MSME partners" (Pangestu, Interview 23 November 2025).

The following is a summary of the results of the interview conducted by the researcher:

1) Division of tasks and coordination between departments in implementing the Sharia financial literacy program.

The division of tasks and coordination between departments in implementing the Sharia financial literacy program at BMT Indragiri is divided into two divisions: marketing and operations (Supriyanto, Interview 20 November 2025). BMT Indragiri's marketing approach differs from that of conventional financial institutions, as it adheres to Sharia principles, which emphasize fairness, transparency, and the absence of riba (interest), gharar (uncertainty), and maysir (gambling) (Pangestu, Interview 23 November 2025). The following are some marketing aspects of BMT Indragiri:

- Introduction to Sharia Products

  BMT Indragiri offers various products that comply with Sharia principles, such as Sharia financing (murabahah, mudharabah, musyarakah, and ijarah), as well as Sharia savings and deposits (Huda, Interview 20 November 2025).
- Educational and Socialization Approach

  The marketing team at BMT Indragiri has so far focused on educating the public about the advantages of sharia products and how they align with religious values. This education can be achieved through: Seminars or workshops on sharia economics, outreach on the differences between sharia and conventional products, and using social media and websites to disseminate information about sharia principles and their benefits (Huda, Interview 20 November 2025).
- Promotion Using Islamic Propagation Media

  BMT Indragiri is committed to implementing sharia principles. Islamic propagation media is a promotional tool that is currently an important part of sharia marketing and financial literacy, such as: Religious sermons. BMT Indragiri uses religious figures or ustadz (Islamic teachers) to deliver sermons on the importance of using sharia-compliant financial products. Through social media, BMT Indragiri disseminates product information through platforms such as Instagram, Facebook, and other online platforms, emphasizing the blessings and fairness of Sharia-compliant transactions (Huda, Interview 20 November 2025).
- Emphasis on the Principles of Trust and Security

  MSME tend to choose BMT Indragiri due to their trust in a financial system that complies with Sharia principles. Therefore, in marketing, BMT Indragiri emphasizes several aspects, such as transparency in every transaction, security in financing and investment products, and blessings as a core value in running the business (Huda, Interview 20 November 2025).

2) BMT Indragiri ensures that information about Islamic financial products and principles is easily understood by MSME

To ensure that information about Islamic financial products and principles is easily understood by MSME, BMT Indragiri uses simple language and avoids complex technical terms. Furthermore, BMT Indragiri actively provides education through training, counseling, and direct mentoring to MSME, enabling them to understand Islamic concepts in the context of everyday business. Information is also delivered through easily accessible media such as brochures, infographics, WhatsApp groups, and social media. BMT Indragiri typically provides real-life examples and contract simulations to clarify financing mechanisms. The community-based approach and transparency in every process and contract document further help MSME understand their rights, obligations, and the benefits of Islamic financial products offered by BMT Indragiri (Supriyanto, Interview 20 November 2025).

BMT Indragiri provision of easy-to-understand information to MSME aligns with the core principles of Islamic economics, such as avoiding gharar (unlawful), implementing trust (amanah), justice, and maslahah (beneficial benefit), as well as increasing literacy and strengthening shura (lawful agreement). In this context, information is not merely technical data, but rather an instrument for creating ethical, fair, and sustainable transactions in accordance with Sharia principles. Therefore, simplifying information is an inherent part of responsible Islamic financial institution governance.

This statement aligns with an interview with an MSME owner, Mr. Agus, who stated:

"During my transactions with BMT Indragiri, I always received good guidance from every BMT Indragiri employee. The information and explanations for each transaction were also easy to understand because they were presented in simple language" (Agus, Interview 20 November 2025).

c. Actuating

The purpose of guidance at BMT Indragiri is to ensure that all Sharia financial literacy activities are not only well-planned but also executed effectively, coordinated, and on target. BMT Indragiri's guidance in improving Sharia financial literacy has been successful. This statement is confirmed by an interview with Mr. Supriyanto, who stated:

"The guidance implemented by BMT Indragiri includes providing instruction, motivation, coaching, communication, and behavioral supervision so that MSMEs are able to apply Sharia financial principles in their business practices" (Supriyanto, Interview 20 November 2025).

The following is a description of the interview results:

1) The form of mentoring or training provided by BMT Indragiri to MSME.

Based on interviews conducted by the researcher, researchers found that in providing mentoring and training, BMT Indragiri emphasizes five key elements:

- Financial Mentoring: BMT Indragiri provides explanations to MSME regarding simple bookkeeping, cash flow management, and determining appropriate selling prices.
- Sharia Financing Education: BMT Indragiri explains the types of contracts, how to apply for financing, and ensures that funds are used productively for business purposes.
- Marketing & Digitalization Training: BMT Indragiri teaches promotion through social media, product photography, and the use of marketplaces.
- Product Development: BMT Indragiri explains the steps for improving product quality and packaging, as well as obtaining legal documents such as NIB, PIRT, or halal certification.
- Mentoring and Monitoring: BMT Indragiri provides personal mentoring, field visits, regular evaluations, and provides solutions tailored to the MSME business conditions (Supriyanto, Interview 20 November 2025).

From a Sharia economic perspective, BMT Indragiri's mentoring of MSME is not merely an additional service, but rather part of the ethical and spiritual structure required in Sharia financing. Mentoring strengthens trust, creates benefits, maintains Sharia compliance, improves literacy, and ensures the sustainability of members' businesses. Therefore, mentoring is a key element in realizing a just, sustainable, and welfare-oriented economy.

2) How BMT motivates MSMEs to consistently implement Islamic financial principles.

Based on interviews, BMT Indragiri provides motivation by not making deductions when MSME withdraw savings, collecting savings from MSME without charging a fee, and collaborating with the LP2A (Rengat City Islamic preachers' association) by asking each preacher to explain the importance of Islamic financial institutions for business sustainability (Supriyanto, Interview 20 November 2025).

In addition, BMT Indragiri also takes several steps to motivate MSMEs such as: Providing education and training on the benefits and workings of sharia finance, guiding and assisting MSME in recording and practicing sharia finance, providing easy and transparent sharia financing, so that MSME feel the direct benefits, showing exemplary behavior and transparency in BMT Indragiri's operations, and building a sharia-based MSME community (Supriyanto, Interview 20 November 2025).

3) An example of a successful MSME whose literacy has increased thanks to the BMT Indragiri program.

One MSME informant, Mr. Anto, the owner of a Bakso and Mie Ayam Barokah stall in Rengat District, explained that before participating in BMT Indragiri mentoring, he lacked proper financial records and often fell into debt. His business remained operational, but profits were often unclear because his finances were mixed with household expenses. He said that after participating in the Sharia financial literacy program implemented by BMT Indragiri at the Jami' Mosque, he learned how to maintain simple daily records, the differences between Sharia contracts such as After the program, Mr. Anto received a three-month mentoring offer from BMT Indragiri officers who came directly to his stall. The goal was to help him create a cash book, separate business and household funds, and understand Sharia-compliant transactions. After registering as an MSME with BMT Indragiri, Mr. Anto received a more in-depth explanation of the easy and clear process, cost of goods sold, margins, and payment methods without hidden fees. After three months, Mr. Anto began to experience benefits such as more organized and controlled inventory, increased profits due to clear record-keeping, regular savings, and an increase in customers due to better service (Anto, Interview 20 November 2025). In addition to Mr. Anto, Mr. Agus, a resident of Rengat, has also become a member of BMT Indragiri.

An interview with Mr. Agus, the owner of a motorcycle repair shop, revealed that before he became acquainted with BMT Indragiri, his business financial management was still simple and he did not separate business and personal finances. Furthermore, Mr. Agus did not yet fully understand the concept of financing and Islamic financial management. According to Mr. Agus:

"Previously, I was only focused on keeping the workshop running and generating income. After receiving guidance from BMT Indragiri, I started recording the workshop's finances, separating personal and business funds, and gaining a better understanding of how to develop a business based on Sharia principles" (Agus, Interview 23 November 2025).

Mr. Agus also stated that the mentoring provided by BMT Indragiri helped him develop a capital utilization plan. The funds raised were used to increase spare parts stock, repair service equipment, and improve customer service.

The impacts experienced by Mr. Agus after receiving Sharia financial literacy from BMT Indragiri are:

1) The workshop's financial management has become more organized.
2) Business capital is used more effectively and in a planned manner.
3) Business income is easier to monitor each month.
4) Business decision-making skills have improved
5) Awareness of running a business in accordance with Sharia values has emerged.

The following are examples of BMT Indragiri's literacy activities to improve MSME:

1) Financial and Business Management Training

- Financial Recording Education: BMT Indragiri provides training on how to record cash flow (income and expenses) in a simple way so that MSME can separate personal and business funds.
- Business Planning: Education on how to plan long-term business strategies, budgeting, and inventory management.
- Risk Management Training: Understanding how to mitigate financial risks in business.

2) Sharia Literacy Mentoring and Socialization

- Routine Mentoring: BMT Indragiri employs a personal approach and direct mentoring at businesses to provide financial literacy education.
- Sharia Financial Product Education: Socialization regarding Sharia financing contracts such as murabahah (sale and purchase) and mudharabah (profit sharing) to improve customers' Sharia financial literacy.

- Anti-Loan Shark Outreach: Providing an understanding of the dangers of loan shark practices and offering fair, interest-free Sharia financing alternatives.

3) Digital Literacy and Business Legality

- Digitalization Education: Encouraging MSME to utilize digital technology for marketing and cashless transactions to expand market reach. Baitul Maal Wat Tamwil (BMT) Indragiri also improves service quality by providing a digital application in the form of BMT Mobile. The presence of the BMT Mobile Indragiri application greatly facilitates members in making payment transactions and making mudharabah deposits at BMT Indragiri. BMT Mobile is not only a transaction tool, but also an educational medium that can transform people from mere service users to individuals who understand, apply, and are accustomed to financial management in accordance with sharia principles. The impact of using BMT Mobile for MSME is quite significant because it not only functions to facilitate transactions, but also helps business actors become more orderly and understand sharia financial management. One MSME informant who has successfully implemented sharia financial principles is Mr. Anto, the owner of the Bakso and Mie Ayam Barokah stall in Rengat district, who explained that before participating in BMT Indragiri mentoring, he had not kept neat financial records and was often trapped in loans. His business continues to operate, but profits are often unclear because his finances are mixed with household expenses. He said that after participating in the Islamic financial literacy program run by BMT Indragiri at the Jami' Mosque, he learned how to keep simple daily records, the differences between Islamic contracts such as murabahah and mudharabah, and how to manage capital without interest.
- Business Legality Assistance: BMT Indragiri often helps business actors in processing business legality documents so that MSME can more easily gain access to greater capital.

4) Empowerment through the Social Functions of BMT Indragiri

Training and Productive Waqf: BMT Indragiri focuses not only on financing (Tamwil), but also distributes social funds (zakat, infaq, sedekah/waqf) to provide interest-free working capital for ultra-micro entrepreneurs.

The following are the beneficiaries of BMT Indragiri literacy activities:

- BMT Indragiri Members and Prospective Members: Members or prospective customers of BMT Indragiri are the primary target group for understanding sharia financing and savings products.
- Micro, Small, and Medium Enterprises (MSME): BMT Indragiri provides literacy training to small business owners so they can develop their businesses through sharia financing, which simultaneously improves the welfare of lower-middle-class communities.
- Rural and Remote Communities: Sharia financial literacy outreach often targets rural communities that have not yet been reached by conventional banking to protect them from usury and loan sharks.
- Marginalized Communities: BMT Indragiri targets underprivileged communities, marginalized groups, or communities in low-income housing complexes (susun) to educate them about Sharia-based financial management.
- Recipients of Zakat, Infaq, and Sedekah (Mustahiq): Through BMT Indragiri's functions, literacy is also provided to mustahiq, focusing on education on social fund management and economic empowerment.

d. Controlling

In BMT Indragiri's activities, supervision is carried out in layers, involving management, mentoring, and the Sharia Supervisory Board (DPS) to ensure the quality of education and compliance of MSME in implementing Sharia financial literacy. The supervision currently in place at BMT Indragiri covers all aspects of operational activities, such as planning, organization, implementation, and finance (Supriyanto, Interview 20 November 2025). BMT Indragiri is very active in carrying out oversight of all its operations. As stated by Mr. Saprizal, a marketing officer at BMT Indragiri:

"During my time at BMT Indragiri, every morning before leaving for the field (marketing), we would receive a briefing on what we would be doing. After the field trip, we were always supervised by the Head of Marketing regarding our performance" (Saprizal, Interview 24 November 2025).

Mr. Saprizal also added:

"The same thing applies to other departments; there is always supervision during all activities".

The following is a summary of the interview and observation results regarding the supervisory function at BMT Indragiri:

1) BMT Indragiri oversees the financial practices of MSME to ensure they comply with Sharia principles.

BMT Indragiri has several steps to oversee MSME financial practices to ensure they remain in line with Sharia principles, such as:

- Education and Socialization of Sharia Principles to MSME: Before providing financing, BMT Indragiri typically conducts training on Sharia contracts (murabahah, mudharabah, musyarakah, ijarah, and others). BMT Indragiri then explains the rules that must be followed, such as the prohibition on usury (riba), gharar (uncertainty), maisir (speculation), and haram (forbidden) transactions. The purpose of this education is to ensure that MSME understand from the outset how Sharia-compliant financial activities should be conducted (Supriyanto, Interview 20 November 2025).
- Business Analysis and Verification (Sharia Screening): BMT Indragiri typically conducts sharia due diligence to ensure that the MSME business is halal, that the production process, supply chain, and products do not violate sharia, and that the MSME has clear business documents to avoid uncertainty (gharar) (Supriyanto, Interview 20 November 2025).
- Determining and Signing the Appropriate Contract: All financing must use a contract appropriate to the nature of the business, such as murabahah (financing for goods), mudharabah (profit sharing with BMT Indragiri as the capital owner), musyarakah (capital pooling), and ijarah (leasing). Furthermore, BMT Indragiri will ensure that the contract is clearly written, agreed to by both parties without coercion, and does not contain additional interest (Supriyanto, Interview 20 November 2025).
- Business Monitoring and Mentoring: BMT Indragiri not only provides funding but also conducts several activities related to monitoring and mentoring businesses, including regular visits to business locations, checking MSME financial reports, providing financial management guidance to ensure they are in accordance with Sharia law, and evaluating the use of funds to ensure they align with agreed contracts (Supriyanto, Interview 20 November 2025).
- Internal Sharia Compliance Supervision: BMT Indragiri has several steps to improve oversight, including a Sharia Supervisory Board (DPS) that reviews transactions, a Sharia Standard Operating Procedure (SOP) to ensure all products and activities comply with DSN-MUI fatwas, regular internal Sharia audits, and if violations are found, the DPS provides corrections and corrective procedures (Supriyanto, Interview 20 November 2025).
- Periodic Reporting and Evaluation: MSME are required to submit reports to BMT Indragiri regarding cash flow, profit and loss, and the use of financing funds. Following this report, BMT Indragiri will evaluate whether the revenue distribution complies with the contract (e.g., profit sharing in mudharabah/musyarakah) (Supriyanto, Interview 20 November 2025).
- Handling Violations and Corrective Action: If MSME do not comply with sharia principles, BMT Indragiri has the authority to issue warnings and re-education, review financing contracts, and terminate financing if violations are serious (e.g., the business becomes illicit) (Supriyanto, Interview 20 November 2025).

2) Follow-up by BMT Indragiri if violations or errors are discovered.

If BMT Indragiri discovers violations or errors by MSME, the follow-up actions will include clarification and education of the MSME regarding the errors, warnings and guidance to ensure they return to Sharia compliance, adjustments or review of the contract if the error relates to the use of funds, temporary suspension of financing if the violation persists, termination of the contract if the violation is serious or if correction is not made, and resolution through deliberation and legal channels if an amicable solution cannot be found (Pangestu, Interview 23 November 2025).

3) Monitoring results will be used to improve the next literacy program.

Given the problems encountered in the field by both MSME partners and prospective MSME partners, BMT Indragiri will consistently use each issue as a basis for developing policies that can minimize errors by:

- Identifying MSME weaknesses: Through supervision, BMT Indragiri identifies the areas most frequently misunderstood by MSME (e.g., contracts, financial records, or the use of funds). These findings become the primary focus of BMT Indragiri for future literacy materials.
- Evaluating the effectiveness of training methods: If MSME still make many errors, BMT Indragiri assesses that the previous literacy methods are ineffective. The results of the supervision are used to improve the training format, for example, BMT Indragiri will employ more hands-on practice, case studies, or direct mentoring.
- Improving literacy materials: Material that is unclear, too theoretical, or not aligned with field needs will be promptly updated based on supervision findings.
- More precise training segmentation: Supervision results indicate which MSME groups need additional training. BMT Indragiri will provide specialized training for beginners, intermediate, or based on the type of contract.
- Developing a more effective mentoring strategy: Supervision helps BMT Indragiri determine the appropriate frequency and method of mentoring for MSMEs, ensuring more targeted and targeted coaching.
- Improving financing and mentoring SOPs: If supervision reveals specific problem patterns, BMT Indragiri will update the SOPs to streamline future financing and supervision and reduce the risk of violations.

Essentially, the supervisory findings will be used as evaluation material to improve the material, methods, and strategies of the literacy program to make it more targeted and effective for MSME (Pangestu, Interview 23 November 2025).

Supporting and inhibiting factors for efforts to improve Islamic financial literacy for MSME in Rengat District.

a. Factors that most support the success of BMT Indragiri in improving Islamic financial literacy.

Based on interviews, the supporting factors for BMT Indragiri's success in improving Islamic financial literacy can be seen in several areas. Among them are the increasing level of public awareness of the use of Islamic contracts. This is due to the ongoing education provided by BMT Indragiri and other parties, such as religious teachers (ustadz/ustazah), and religious leaders to MSME and the community. BMT Indragiri continues to strive to increase promotion through discussions, events, booths, collaborations with relevant parties such as the government and the community, and its involvement in the Peduli Ummat forum (Supriyanto, Interview 20 November 2025).

Based on interviews and observations conducted by the researcher, BMT Indragiri's success in improving Islamic financial literacy is inseparable from several strategic determinants operating within the social, institutional, and educational context. The researchers can explain these factors in several points as follows:

1) Social Closeness and Community Capital: The research results show that BMT Indragiri's closeness to the community is the most dominant factor in the success of Sharia financial

literacy. BMT Indragiri operates within the community and has strong social relationships with its members. This social capital strengthens trust and reduces the psychological distance between the institution and its service users. This finding aligns with the theory of community-based finance, which states that community-based micro-institutions are more effective in providing education because they have a deep understanding of the social and economic characteristics of the local community (Supriyanto, Interview 20 November 2025).

2) Effectiveness of Education and Mentoring Programs: Research shows that regular training, outreach, and business mentoring activities can improve the community's understanding of Sharia contracts and financial management. Ongoing mentoring programs have shown a more significant impact than occasional education. This finding reinforces the concept that financial literacy is a long-term process that requires consistent education (Supriyanto, Interview 20 November 2025).
3) The Quality of BMT Indragiri's Human Resources in Managing and Delivering Information: The ability of BMT Indragiri managers to explain Islamic financial mechanisms in easy-to-understand language is a crucial pillar of literacy. Although not all human resources have a formal Islamic economics education background, BMT Indragiri's practical experience and internal training enable them to transform Islamic concepts into more applicable forms. This finding aligns with human capital theory, which emphasizes the importance of human resource competencies in driving the effectiveness of microfinance services (Supriyanto, Interview 20 November 2025).
4) Simple and Relevant Products: BMT Indragiri's savings and financing products, designed to meet microeconomic needs, have been proven to facilitate the community's understanding of Sharia principles. Products with murabahah, mudharabah, and musyarakah contracts are explained simply, accelerating the internalization of concepts. This finding supports the view that literacy success is determined in part by the accessibility of concepts within financial products (Supriyanto, Interview 20 November 2025).
5) Collaboration with Local Institutions: BMT Indragiri's collaboration with mosques, schools, markets, and village officials helps expand the reach of Sharia financial literacy. This collaboration strengthens the legitimacy of the education program because it involves institutions that play a strategic role in the community. This supports the theory of institutional complementarity, which states that literacy can be increased more effectively when various institutions work synergistically (Supriyanto, Interview 20 November 2025).

Supporting factors in BMT Indragiri's Sharia financial literacy activities significantly impact its competitive advantage. These five factors can increase public trust, expand its membership base, increase product usage, and strengthen BMT Indragiri's position as a Sharia financial institution focused on community empowerment.

b. Obstacles that frequently arise, both internally and externally, in improving Islamic financial literacy at BMT Indragiri: The development of Islamic financial literacy at BMT Indragiri is inseparable from various structural, operational, and socio-cultural obstacles. These obstacles can be classified into two broad categories: internal obstacles (originating from within the BMT Indragiri institution) and external obstacles (originating from the social, economic, and regulatory environment) (Supriyanto, Interview 20 November 2025).

1) Internal Obstacles of BMT Indragiri in Developing Sharia Financial Literacy

- Limited Human Resources in Sharia and Education: Internally, one of the most prominent findings is the limited capacity of human resources in terms of pedagogy and a deep understanding of Islamic jurisprudence. Although they are capable of running operations, their ability to provide systematic education varies. This indicates the need for more structured, advanced training.
- Limited Technology and Information Systems: BMT Indragiri still uses manual methods for administration and information publication. The limited use of technology makes digital literacy

programs difficult to implement. This finding aligns with the theory of financial inclusion 2.0, which emphasizes the importance of technology as an instrument for modern financial literacy.

- Insufficient Budget for Sharia Financial Literacy Programs: Limited operational funds mean that literacy activities have not been a top priority. BMT Indragiri tends to focus on financing and fundraising, resulting in often limited allocations for education. This constraint shows the imbalance between commercial goals and the social-institutional mission (Supriyanto, Interview 20 November 2025).

2) External Obstacles to BMT Indragiri in Developing Sharia Financial Literacy.

- Low Basic Community Literacy: Field findings indicate that the community still has minimal understanding of basic financial concepts, especially Sharia terminology. This low baseline requires a more intensive approach to education. This obstacle supports the financial capability gap theory, which is the gap between product availability and the community's ability to understand how to use them.
- Cultural Influence and Conventional Transaction Preferences: Communities long accustomed to conventional systems show initial resistance to Sharia concepts. This is related to local economic cultural practices that are not easily changed. This cultural factor presents a challenge for BMT Indragiri in communicating the differences between conventional and Sharia principles.
- Limited Regulation and Government Support: BMT Indragiri still faces unclear regulations, especially for cooperative-based BMT that are not fully under the formal Sharia banking system. This inconsistent regulation impacts BMT Indragiri's capacity to implement literacy programs in a more formal and structured manner.
- Community Economic Factors: Most BMT Indragiri customers come from lower-middle income groups. Limited incomes make Islamic financial literacy a low priority. The community focuses more on meeting short-term needs than on improving financial knowledge.

Based on the research findings, it can be concluded that the success of BMT Indragiri Sharia financial literacy program is influenced by a combination of the institution's internal strengths and external support from the community and local institutions. However, various obstacles identified indicate the need for strategies to strengthen human resource capacity, utilize technology, and synergize with regulators and supporting institutions. These findings have important implications for the development of more inclusive Sharia economic policies, particularly in the microfinance sector.

c. How BMT Indragiri Overcomes Obstacles to Maintain Program Effectiveness.

BMT Indragiri's efforts to maintain the effectiveness of its Sharia financial literacy program are implemented through a series of adaptive, collaborative, and empowerment-oriented strategies. These strategies can be divided into two main parts: internal strategies (focused on institutional strengthening) and external strategies (focused on community outreach and cross-institutional collaboration).

1) BMT Indragiri's Internal Strategy

- Improving Human Resource Competence through Structured Training: To address the limited understanding of human resources regarding muamalah jurisprudence and pedagogical skills, BMT Indragiri holds in-house training on Sharia contracts and financial literacy. Workshops are held in collaboration with institutions such as the National Sharia Council (DSN-MUI), the Sharia Economic Training Institute (LPES), or the Indragiri BMT Association, and mentoring from university academics. This approach strengthens human capital and enhances the management's ability to deliver educational materials systematically (Supriyanto, Interview 20 November 2025).
- Strengthening Administrative Systems and Technology: To address technological limitations, BMT Indragiri has begun adopting several tools, such as a sharia microfinance application, a digital record-keeping system, social media as an educational tool, and simple e-literacy

platforms like short videos, infographics, and online modules. This digitalization allows BMT Indragiri to educate the community more broadly and cost-effectively (Supriyanto, Interview 20 November 2025).

- Budget Efficiency and Optimization of Social Funds: When budget constraints are limited, BMT Indragiri will employ strategies such as utilizing community funds for empowerment-based education, integrating literacy activities with routine events such as member meetings or religious study groups, and collaborating with partner institutions to obtain financial support for activities. This approach ensures literacy continues without increasing the financial burden on the institution (Supriyanto, Interview 20 November 2025).
- Developing SOPs for Sharia Financial Literacy: To address governance variations, BMT Indragiri has developed standard operating procedures (SOPs) for education, along with a schedule of educational activities, at least monthly or quarterly. This standardization increases the consistency and professionalism of the program (Supriyanto, Interview 20 November 2025).
- BMT Indragiri's External Strategy: To address the community's low level of basic literacy, BMT Indragiri uses a more contextual approach, such as explaining sharia contracts in the local language, delivering education through religious forums (religious study groups, majelis taklim), and using analogies and real-life examples. This approach aligns with the characteristics of micro-communities and is more easily accepted emotionally. Education Through Business Mentoring (Action-Based Learning). BMT Indragiri not only provides theoretical material but also assists customers in managing financing, provides examples of simple financial record keeping, and directly assesses micro-business activities. This method has been proven to increase literacy because the community learns through hands-on practice.
- Strengthening Collaboration with Local Institutions: To address limited information reach, BMT Indragiri expands its network through collaborations with mosques and Islamic boarding schools (pesantren) as community activity centers, schools and universities for academic support, village/sub-district governments for the dissemination of sharia economic programs, and local MSME and cooperatives for joint empowerment programs. This collaboration creates an ecosystem that supports broader and more structured education.
- Product-Integrated Education: To address public misperceptions about Sharia products, BMT Indragiri implements product-based literacy (each contract is explained before the transaction), transparency of margins and profit-sharing mechanisms, and contract simulations to facilitate understanding. This reduces community resistance and increases trust in Sharia services.
- Program Adaptation to the Community's Economic Conditions: To address the economic challenges faced by low-income communities, BMT Indragiri offers several programs, such as providing microfinance with low-cost schemes, providing basic financial education such as cash flow management, and integrating literacy with economic empowerment programs such as small business training. This approach ensures literacy is relevant to their economic needs.

The efforts above demonstrate that BMT Indragiri implements a literacy strategy that is not only educational but also social, economic, and religious. This holistic approach has proven effective in improving Islamic financial literacy despite facing various internal and external obstacles.

d. Collaboration between BMT Indragiri and other institutions (e.g., the Financial Services Authority (OJK), the National Zakat Agency (Baznas), and universities).

The research findings indicate that BMT Indragiri relies not only on internal capacity to implement its Sharia financial literacy program, but also establishes strategic partnerships with various external institutions. This collaboration has proven to be significant in strengthening the Sharia financial literacy ecosystem, expanding educational reach, and enhancing BMT Indragiri's legitimacy in the eyes of the public (Beni, Interview 22 November 2025). The following forms of collaboration were identified in the research:

1) Collaboration with the Financial Services Authority (OJK).

Although BMT Indragiri is not directly under the supervision of the OJK because it is generally a cooperative, research shows that partnerships are maintained through several educational programs. The OJK regularly holds literacy activities such as Financial Inclusion Month and National Financial Education, in which BMT Indragiri participates as a partner to promote Islamic finance to the public. BMT Indragiri also receives training materials on risk management, consumer protection, and anti-fraud through collaborations facilitated by the Cooperatives Office or BMT associations (such as PBMT Indonesia). This collaboration contributes to increasing BMT Indragiri's human resource capacity and strengthening institutional governance (Beni, Interview 22 November 2025).

2) Collaboration with BAZNAS and the Zakat Collection Institution.

Research found that BMT Indragiri's collaboration with BAZNAS is quite strong, especially in the context of empowering the community's economy. BAZNAS distributes zakat, infaq, and alms (ZIS) funds through BMTs for programs to strengthen mustahik businesses, while BMT Indragiri provides business training and mentoring, as well as basic sharia financial literacy. This collaboration is symbiotic, as BAZNAS gains an effective channel for channeling funds, while BMT Indragiri receives financial support and strengthens its social function as an institution that integrates maal and tamwil. Programs such as mustahik business groups and ZIS-based microfinance have significantly impacted literacy for low-income communities (Beni, Interview 22 November 2025).

3) Collaboration with Universities.

Collaboration with universities has emerged as a crucial supporting factor, particularly in strengthening education and human resource capacity. Universities, through research activities, community service, student internships, and community service programs (KKN), assist BMT Indragiri in developing educational modules, providing financial record-keeping training, and developing data-based literacy strategies. This collaboration provides two main benefits: BMT Indragiri gains academic knowledge and human resource assistance, and students gain practical experience opportunities at Islamic microfinance institutions. This synergy has been proven to enrich literacy materials and improve the quality of empowerment programs implemented by BMT Indragiri (Beni, Interview 22 November 2025).

4) Collaboration with Mosques, Islamic Boarding Schools, and Religious Institutions such as LPA2 Rengat.

This research shows that collaboration with religious institutions is one of the most effective forms of collaboration in reaching grassroots communities. Mosques and Islamic boarding schools provide strategic social and religious spaces for delivering Islamic financial education, whether through Islamic study groups (Majelis Taklim), religious study groups (Koran), or Islamic boarding school activities. Because the community already has an emotional connection with these institutions, BMT Indragiri's literacy messages are more easily accepted. These include using less formal language, focusing on tangible benefits for MSME and the community, avoiding direct product sales, and emphasizing the values of mentoring, blessings, and empowerment that are synonymous with BMT Indragiri. In addition, several Islamic boarding schools (pesantren) collaborate with BMT Indragiri to manage their business units, ensuring that Islamic financial literacy is not only theoretical but also practical (Beni, Interview 22 November 2025).

5) Collaboration with the Local Government and Related Agencies.

BMT Indragiri also maintains relationships with the local government through the Cooperatives and MSME Agency for micro-business management training, cooperative certification, and business licensing facilitation. The village government frequently partners with BMT Indragiri in empowerment programs such as One Village One Product, entrepreneurship training, and the distribution of productive capital assistance. This collaboration helps BMT Indragiri expand its influence in local economic development and facilitates the implementation of Islamic financial literacy activities (Beni, Interview 22 November 2025).

6) Implications of Cross-Institutional Partnerships.

Based on research findings, it can be concluded that cross-institutional collaboration is a key pillar of BMT Indragiri's success in improving Islamic financial literacy. This collaboration expands the reach of education through the support of external networks. Increase legitimacy because the community has more trust in programs supported by multiple parties. Strengthen internal capacity through training, mentoring, and resource support. Create a more inclusive sharia economic ecosystem by connecting BMT Indragiri with strategic actors at the local and national levels.

The role of BMT Indragiri in improving Islamic financial literacy is examined from the perspective of the principles of Islamic finance (maqasid sharia).

a. BMT Indragiri ensures that its Islamic financial literacy activities reflect the values of Islamic finance (maqasid sharia), such as justice and welfare.

The research results show that BMT Indragiri consistently integrates the values of Islamic finance (maqasid sharia) into every financial literacy activity, particularly the values of justice (al-'adl) and welfare (al-maslahah). The values of justice are realized through the delivery of literacy materials that are transparent and easily understood by all levels of society. As stated by Mr. Supriyanto, who stated:

"Justice is an obligation that is always applied in every transaction at BMT Indragiri. In addition to justice, BMT Indragiri is also committed to transparency, honesty, and always upholding togetherness in all activities" (Supriyanto, Interview 20 November 2025).

BMT Indragiri explains every contract, fee, rights and obligations, and transaction risks in detail and without manipulation, ensuring there is no element of gharar or ambiguity for members. Literacy activities are also conducted in various communities, such as MSME groups, religious study groups, and village environments, to ensure equitable access to education and not just for certain groups. Thus, BMT Indragiri promotes cognitive justice through an inclusive approach and the use of simple language. As stated by Mr. Supriyanto:

"We have always approached MSME through door-to-door programs and outreach programs through social media" (Supriyanto, Interview 20 November 2025).

Sharia economics emphasizes that justice is a direct command from Allah SWT, as Allah says:

إِنَّ ٱللَّهَ يَأْمُرُ بِٱلْعَدْلِ وَٱلْإِحْسَٰنِ وَإِيتَآئِ ذِى ٱلْقُرْبَىٰ وَيَنْهَىٰ عَنِ ٱلْفَحْشَآءِ وَٱلْمُنكَرِ وَٱلْبَغْىِ ۚ يَعِظُكُمْ لَعَلَّكُمْ تَذَكَّرُونَ

Meaning: "Indeed, Allah commands to act fairly, do good deeds, and provide assistance to relatives. He (also) forbids evil deeds, evil and enmity. He teaches you a lesson so that you always remember." (QS. An Nahl verse 90)

يٰٓاَيُّهَا الَّذِيْنَ اٰمَنُوْا كُوْنُوْا قَوّٰمِيْنَ لِلّٰهِ شُهَدَاۤءَ بِالْقِسْطِۖ وَلَا يَجْرِمَنَّكُمْ شَنَاٰنُ قَوْمٍ عَلٰٓى اَلَّا تَعْدِلُوْا ۗاِعْدِلُوْاۗ هُوَ اَقْرَبُ
لِلتَّقْوٰىۖ وَاتَّقُوا اللّٰهَ ۗاِنَّ اللّٰهَ خَبِيْرٌۢ بِمَا تَعْمَلُوْنَ ۝٨

Meaning: "O you who believe, be you upholders (of the truth) for Allah (and) witnesses (who act) fairly. Let not your hatred of a people encourage you to act unfairly. Act justly because (fairly) is closer to piety. Fear Allah. Indeed, Allah is Most Accurate in what you do." (QS al-Maidah verse 8)

Meanwhile, the value of welfare (al-maslahah) is reflected in a literacy orientation that emphasizes not only increasing knowledge but also empowering the community's economy. The training materials provided by BMT Indragiri cover financial management, business record keeping, capital planning, and strategies for developing MSME, enabling members to sustainably increase their economic capacity. Furthermore, BMT Indragiri continues its literacy activities with practical business mentoring, such as field coaching, business consulting, and monitoring business development. These efforts ensure that literacy doesn't stop at the theoretical level but produces a real welfare impact for members and the community.

b. In the context of safeguarding assets (hifz al-mal), the way BMT Indragiri helps MSME avoid non-sharia practices.

In the context of safeguarding assets (hifz al-mal), BMT Indragiri plays a role in helping MSME avoid non-sharia practices through several main mechanisms:

1) Provision of Islamic financing, such as murabahah, mudharabah, and musyarakah, that is free from usury, so that MSME do not become entangled in high-interest loans that could potentially harm their assets.
2) Sharia financial assistance and education, helping MSME understand halal contracts, avoid gharar (uncertainty), and harmful practices such as speculative or manipulative transactions.
3) Supervision of Sharia compliance, including verification of fund use and monitoring of business activities to ensure they comply with Sharia principles and do not lead to irregularities that could threaten asset security.
4) Facilitating secure financial recording and management, so that MSME can manage their capital more orderly, reducing the risk of loss, misuse, or waste.

With this role, BMT Indragiri not only provides access to financing but also ensures the protection of MSME assets through safer, ethical, and Sharia-compliant business practices, namely creating community welfare and improving the quality of life.

In Islam, welfare is a comprehensive concept that emphasizes the protection, goodness, and well-being of humanity in accordance with the guidance of sharia. It is the primary objective (maqasid) and the legal basis of Islam. Every social, economic, and social activity is considered beneficial if it supports the realization of safety, balance, and sustainability in human life. The Quran emphasizes that sharia was revealed for the benefit of humanity. Allah SWT says:

وَمَآ اَرْسَلْنٰكَ اِلَّا رَحْمَةً لِّلْعٰلَمِيْنَ ۝١٠٧

Meaning: "We did not send you (Prophet Muhammad), except as a mercy for the entire world." (QS. Al Anbiya verse 107)

QS Al-Anbiya: 107 emphasizes that the Prophet Muhammad SAW was sent as a mercy (compassion, goodness and benefit) for all of nature, humans, society and the entire system of life. The concept of "grace" here is meaningful:

- Bringing universal goodness, not limited to a specific group.
- Providing rules of life that create justice, blessings, and prosperity.
- Protecting humanity from economic, social, and moral injustice.

Because sharia is built on the foundation of mercy, all Islamic provisions, including sharia economic regulations, are aimed at realizing the welfare of the people.

c. BMT Indragiri Sharia financial literacy program contributes to fostering halal and ethical economic behavior (hifz al-din, hifz al-nafs, hifz al-aql).

BMT Indragiri views its Sharia financial literacy program as significantly contributing to fostering halal and ethical economic behavior, as seen from the following three aspects of the Maqasid (Islamic principles):

1) Hifz al-Din: Sharia literacy can help business actors (MSME) understand the boundaries of halal and haram in transactions, such as the prohibitions on usury, gharar, and maysir. This understanding encourages adherence to religious principles in economic activities, so that business decisions always remain within the framework of Sharia.
2) Hifz al-Nafs: By understanding fair and secure financing mechanisms, MSME avoid exploitative practices, burdensome debt, or financial risks that can threaten their well-being. This literacy fosters more prudent and secure economic behavior and minimizes financial stress.
3) Hifz al-Aql: Financial education improves MSME ability to understand contracts, manage risks, and make rational business decisions. This prevents fraud, information manipulation, and speculative practices that undermine reason and thinking.

Overall, Islamic financial literacy fosters a mindset and economic behavior that is more responsible, ethical, and in line with the objectives of protecting the maqashid sharia.

d. BMT Indragiri has implemented the values of maqashid sharia to the MSME fostered by BMT Indragiri.

In fostering MSME partners, BMT Indragiri has implemented the values of maqashid sharia in each of its programs. This can be seen through the following indicators:

1) Hifz al-Din: Many MSME partners fostered by BMT Indragiri have implemented sharia contracts in their transactions, used halal financing, and avoided usury, gharar, and unethical transactions. This compliance demonstrates that religious values are beginning to become the basis for business decision-making.
2) Hifz al-Nafs: Through BMT Indragiri's assistance, most MSME have managed their businesses more securely, for example by avoiding dangerous debt, implementing simple record-keeping, and maintaining business sustainability. This demonstrates an increased awareness of maintaining financial security and family well-being.
3) Hifz al-Aql: BMT Indragiri's literacy and coaching program empowers MSME to better understand basic financial concepts, sharia contracts, and risk management. They are able to make rational business decisions and avoid speculative or manipulative practices.
4) Hifz al-Mal: MSME are becoming more disciplined in managing capital, separating personal and business finances, and safeguarding assets through transparent transactions. BMT Indragiri's Sharia financing can help ensure that asset turnover is safe and in accordance with Sharia.
5) Hifz al-Nasl: Although its implementation is not always immediately visible, some MSME show increased attention to business ethics, for example maintaining product quality and avoiding fraudulent practices that impact business sustainability for the next generation.

Overall, the level of implementation of maqashid sharia by MSME assisted by BMT Indragiri is quite good, particularly in financial transactions and business management. However, consistency and deepening of maqashid sharia values still require further guidance for more comprehensive implementation across all aspects of economic activity.

Furthermore, developing Islamic financial literacy will significantly impact the independence of MSME. Mr. Supriyanto, the operational manager of BMT Indragiri, explained that the impact of developing Islamic financial literacy on MSME independence can be divided into five points:

1) Ability to manage finances independently: MSME become more disciplined in recording, budgeting, and separating personal finances from their businesses. This eliminates their reliance on external parties for basic financial decisions.
2) Reduced dependence on unsound financing: Understanding contracts and risks makes MSME more selective in seeking financing. They are able to avoid high-interest loans and choose safer Sharia-compliant schemes.
3) Improved ability to make rational business decisions: Sharia financial literacy, particularly regarding contracts, risks, and capital management, helps MSME determine their business strategies independently without relying entirely on financial advisors.
4) Strengthening ethical and sustainable business practices: Sharia values encourage MSME to be more honest, disciplined, and responsible, thereby increasing customer and partner trust.
5) Increased business stability and sustainability: With better financial management and lower risks, MSME are better able to survive, grow, and manage their businesses sustainably without intensive intervention from financial advisors. In essence, the Islamic financial literacy program can make MSME more capable of making their own financial decisions, safer from harmful practices, and operationally stronger. This is the most real form of independence.

The research results show that the Islamic financial literacy program implemented by BMT Indragiri has had a positive impact on improving the understanding and financial management skills of MSME. However, to expand the program's benefits and strengthen its sustainability, several hopes and suggestions are presented for future development. These hopes and suggestions for future development of the Islamic financial literacy program include strengthening the competency of BMT Indragiri's human resources, developing a more systematic curriculum, and utilizing digital technology to expand educational reach.

BMT Indragiri also needs to expand its collaboration with the Financial Services Authority (OJK), the National Zakat Agency (Baznas), universities, and local governments, and integrate literacy with practical business mentoring. Literacy materials should be tailored to the diverse needs of the MSME sector, supported by measurable impact evaluation. This approach will enable Sharia financial literacy to be more effective, inclusive, and sustainable in increasing community economic independence.

KESIMPULAN

After conducting field research using three data collection methods: observation, interviews, and literature review, the following conclusions can be drawn:

1. To improve Islamic financial literacy, Baitul Maal Wa Tamwil (BMT) Indragiri has implemented a management plan consisting of planning, organizing, directing, and controlling.
2. The supporting and inhibiting factors for BMT Indragiri in improving Islamic financial literacy for MSME in Rengat District.
   a. The factors most supporting BMT Indragiri's success in improving Islamic financial literacy are the increasing level of public awareness of the use of Islamic contracts. BMT Indragiri's social closeness and community capital. The effectiveness of education and mentoring programs. Simple and relevant products. Collaboration with local institutions.
   b. The factors hindering BMT Indragiri in improving Islamic financial literacy include internal and external constraints.
3. The role of BMT management in improving Islamic financial literacy is examined from the perspective of the maqasid sharia.

   BMT Indragiri consistently integrates the values of maqasid sharia into all financial literacy activities, particularly the values of justice (al-'adl) and welfare (al-maslahah). The welfare value (al-maslahah) is reflected in a literacy orientation that emphasizes not only increasing knowledge but also empowering the community economically. Overall, the level of implementation of maqasid sharia by the MSME fostered by BMT Indragiri is considered quite good, particularly in aspects of financial transactions and business management.

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