

## Issues & Challenges of Baitul Maal Wa Tamwil (BMT) In Financing the Poor During Pandemic Covid-19: A Systematic Literature Review of Evidence

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### ABSTRACT

*COVID-19 is a virus that attacks Islamic non-bank financial institutions, such as Islamic microfinance institutions (IMFI). BMT's presence is useful for freeing people from the usury system and promoting justice; it is also meant to act as a link between Islamic beliefs and poverty alleviation. A systematic review aims to provide a detailed, unbiased synthesis of multiple relevant studies. Conventional literature review felt lacks a formal methodology for monitoring the impact of a therapy, a far more methodical approach is necessary. This article aims to discover Pandemic covid-19 impact to BMT by means of a systematic literature review. The advancement of BMT literature during the COVID-19 pandemic may be divided into four categories namely by year of study, kind of published document, based on the research approach, and based on the type of research. Result of the study explained that COVID-19 pandemic has an impact on BMT activities such as the fluctuating level of development in the number of Non-Performing Financing. The phenomenon of non-performing financing is also found in several BMTs. The role of BMT in the economic empowerment of the lower economic community includes the role in the development of MSMEs and its impact on business development (total assets, income, profits, and business stability) and decrease unemployment through employee recruitment. Future study can use a quantitative and/or mixed method approach. The study's object can be expanded by expanding the research object and/or do content analysis/library research/conceptual research.*

**Keywords:** *baitul maal wa tamwil, financing the poor, pandemic-covid 19, systematic literature review*

### INTRODUCTION

COVID-19 is one of the very infectious viruses that have already pushed certain nations into a deeper recession in recent years. The tourism and MSMEs sectors will be the most affected within the scope of the economy (Anuar, Shobri, & Abdullah, 2021). However, it is felt that improvements might be made to make the finance more long-term sustainable. According to the study, understanding and knowledge of Islamic social finance have a potentially considerable positive impact to poverty eradication during the COVID-19 (Umar, Baita, Haron, & Kabiru, 2021). Contrary to expectations, the moderating influence of ethical orientation has resulted in considerable negative and minor positive contributions from *zakat* and *waqaf*, respectively. Only Islamic microfinance has been able to withstand the moderation impact and continue to contribute considerably and positively to poverty reduction.

MFIs' performance has suffered because of the COVID-19 crisis, since their main clients, micro and small businesses, have contracted. To deal with the present and any future shocks, MFIs have established several mitigation and adaptation strategies. These findings give an overview of how much the crisis has affected MFIs, which can aid the government in developing measures to enable MFIs and MSEs survive (Ermawati et al., 2021). The Islamic Social Finance (ISF) and its mechanisms, particularly *zakat*, *infaq*, and *waqf*, may be able to assist the government and the economy in recovering from the crisis. The recommended options include: saving lives through medical help and a social safety net; saving families through a social safety net and graduation program; and saving companies, particularly micro-small firms, through financial and business aid (especially digital marketing) (Ascarya, 2021). The Covid-19 affects Islamic non-bank financial institutions, which include Islamic microfinance institutions (IMFI) (Trimulato, Muhlis, Fajrin, Hamid, & Putra, 2021). SMEs that become IMFI market segments are also affected. IMFI can maintain an effective service pattern during an infection. It can continue to provide services by adhering to existing rules and increasing the level of engagement with clients.

*Baitul Maal Wa Tamwil* (BMT) is one of the most significant Islamic financial organizations in Indonesia. BMT has two purposes at the same time, a commercial function and a social function that handles community social funds, based on the founding notion that was later incorporated into its name. BMT is one of the Microfinance Institutions (MFIs) that must follow the rules outlined in Law No. 1 of 2013 which has an impact on the separation of social funds into separate divisions that were parented by other institutions, the complexity of reporting to the institutions that overshadowed them, and difficulties in developing their social functions due to the public perception that BMT is just a commercial financial institution like others (Yaqin, 2021).

BMT is a financial institution that aims to build productive enterprises and make investments to improve the quality of economic activities for medium and lower-income entrepreneurs. The existence of BMT plays an important role in absorbing the desires of the Muslim community in the face of concern about economic activities based on the idea of usury, as well as in providing money to build small and medium company empowerment operations. BMT services are available in two varieties (Husaeni, 2021). First, raise funds (Financing) by savings and spend them with principle. The second approach is to channel cash (Lending) through finance that includes profit sharing and buying and selling. Saves or savings may be defined as a pure deposit made to the BMT by an individual or corporate organization.

Islamic law not only governs the selection of people or groups, but also the integration of both. It is a necessary basis for the growth of MEs since shared advantages are envisioned. The existence of the BMT is beneficial for releasing people from the usury system and promoting justice; it is also supposed to serve as a link between Islamic principles and alleviating poverty (Astuti & Samir, 2021). This institution is a fast-growing sharia microfinance organization in Indonesia which typically enhanced wellbeing through business credit as a driving factor in the community's economy (Astuti & Samir, 2021).

Systematic reviews in healthcare first appeared in print in the 1970s and 1980s, and their popularity has skyrocketed since the 1990s (Munn et al., 2018). Furthermore, Munn et al. (2018) explained that systematic reviews are a sort of research synthesis that is carried out by review groups. Review groups are tasked with locating and retrieving international evidence pertinent to a certain issue or questions, as well as evaluating and synthesizing the findings. Systematic reviews adhere to a systematic and pre-defined approach that necessitates the use of rigorous methodologies to guarantee that the results are both trustworthy and useful.

As described by Munn et al. (2018), systematic reviews can be used to provide statements that can be used to influence clinical decision-making, care delivery, and policy creation. A systematic review can also assist in identifying gaps, weaknesses, and trends in present knowledge, which can serve to underline and inform future research. In general, the following are signals for such reviews: Discover worldwide evidence, validate current practice, address variations, and identify new practices. Identify and enlighten future study areas, evaluate contradictory results, and generate statements. A systematic review strives to give a thorough, unbiased synthesis of several relevant research in a single document. A significantly more systematic method is required since the standard literature review lacks a formal mechanism of measuring the impact of therapy. A systematic review has well-defined and widely recognized qualities (Aromataris & Pearson, 2014).

In this study, a systematic review was carried out to explore information related to issues and challenges of BMT during the COVID-19 pandemic. To achieve this goal, four questions were raised to facilitate the search, namely: 1) how was the development of literature related to BMT during the covid-19 pandemic? 2) What are the issues facing BMT during the COVID-19 pandemic? 3) What is the BMT strategy in dealing with problems during the COVID-19 pandemic and 4) what is the role of BMT in empowering the lower middle-class economy during the covid-19 pandemic?

## LITERATURE REVIEW

### Islamic Microfinance Institution – Baitul Maal Wa Tamwil

Islamic finance is a financial system which is implemented on Islamic Law basic. The formation of this system is based on prohibition in Islam to lend or by charging interest on loans (*usury*) and also the prohibition against investing in haram business, which the conventional system cannot guarantee as well (Trimulato, 2021). While Islamic Microfinance Institutions (IMFIs) operate based on Islamic principle with several values such as prohibition against usury (*riba*), excessive uncertainty (*gharar*), all activities used for permitting purposes (*halal*) and implement profit and loss sharing. IMFIs fulfils the needs and demands of the community based on the sharia compliance instrument. IMFIs is also provide and to help improve the welfare of the Muslim community and highly reduce the poverty (Trianto et al., 2020).

The financial instrument offered by Islamic microfinance institution fulfil the needs and demands of the community. Eventually, the sharia-compliance instruments provided help improve the welfare of the Muslim community and highly drop the extent and the severity of poverty (Mawardi et al., 2020). For very low-income

families, saving is very expensive. The low income can only make the fundamental consumption and necessities at their minimum level, thus Islamic microfinancing plays an important role in improving the family's well-being (Hassan, et al., 2017).

One of the fast-growing IMFIs in Indonesia is *Baitul Maal wa Tamwil*. BMT is a social and LKCN business (Financial Institution non-Bank) to restore the people's economy then the fund which has been received from the members must be returned to members in the form of Financing. BMT is providing oriented financing in order to make people's income become optimally developed. All sectors of the economy, including agriculture, household industry, trade, and services, are financing target. As for the various types of financing provided by BMT, the financing leads to two types of contract, both are *Syirkah* and Buying and Selling (Alam & Aisyah, 2021). Based on BMT Association of Indonesia (ABSINDO), Indonesia have in about 5.806 Islamic Microfinance Institution in 2019 since the first established in 1990 and more than 98% operates as Islamic Cooperatives under the law of Minister of Cooperatives and SMEs No. 91 in 2004 (Mawardi et al., 2020)

### **The role of Baitul Maal Wa Tamwil (BMT) towards Micro, Small and Medium Enterprises (MSMEs)**

Trimulato, et.al (2021) emphasized that the role of BMT is to keep people away from non-syariah economic parties. Actively socializing in the community about the importance of the Islamic economic system. In conduct with coaching and funding for small enterprises, BMT must take and massive role in carrying out its function as a microfinance institution, for instance, mentoring, coaching, counselling, and supervising businesses of the message or the public. As well as eliminating bad culture which often occurs in small communities.

Octavia (2021) in her research investigated that BMT is an Islamic social empowerment institution which goals to help the finance and capital need toward micro, small and medium enterprises. All about the loans problem are caused by pandemic covid 19 when the debtors are difficult to repay their installment. Work termination and salary cuts remained the most reasons as well. The same opinion was illustrated by Puput (2021) that the presence of BMT as an Islamic Financial Institution such as BMT Marhaban Rembang during this pandemic has had an impact on business sustainability by providing productive economic financing for customer. Based on the data she obtained, there have been many customers who got the loans. The numbers of BMT's debtors are optimally increased as well as the role of BMT itself toward the development of micro, small and medium enterprises are really needed, especially amidst the Covid-19 pandemic.

Furthermore, Sulaeman (2020) on his research declared that the Islamic donation-based crowdfunding platform model which is expected to solve the existing problems due to the adverse impact of the Covid-19 pandemic on Micro, Small and Medium Enterprises (MSMEs) in Indonesia. Again, the platform model will open the good opportunity for more optimum and impactful utilization of Islamic charity donation funds from *zakat*, cash *waqf*, *sadaqah*, *infaq*. It reveals that the concept is so much relevant with the role of *Bait at Tamwil* as well.

Next, the role of BMT is well proven by BMT Mandiri artha syari'ah in term of financing to the Micro, Small and Medium Enterprises around Bojonegoro, East Java Indonesia. BMT plays a good role amidst the Covid 19 pandemic by providing a leeway payment time to the customer since the pandemic impacts their business dramatically (Bistiana & Indrarini, 2021).

**RESEARCH METHODOLOGY**

This article aims to discover Pandemic covid-19 impact to BMT by means of a systematic literature review. As explained by many authors, a systematic review entails an exhaustive search, evaluation and summary of the available information to objectively collect all of the most important information on a specific topic. As such, we have used this methodological approach to synthesize results and to draw up a series of conclusions. It is important to note that not all reviews are systematic: only those that follow a logical order when searching for and collecting data can be considered systematic. In this way, the database consists of the use of keywords selected articles. It has been chosen keywords because it allows a critical textual analysis of large masses of data. This study uses seven stages of the screening process which can be seen in table 3.1.

**Table 3.1 Stages of Research Article Screening Process**

| Stage | Screening Description  | Stage | Article Classification                                     | Number of Articles |
|-------|--|-------|--|--------------------|
| 1     | Article screening by year  |       |  | 153                |
| 2     | Article screening per year based on the relevance of the research topic              |       |  | 111                |
| 3     | Article screening based on accessible data part 1                                    |       |  | 107                |
| 4     | Screening based on relevance of publication document type and accessible data part 2 | 1     | Classification by year, title, theme, and type of research | 50                 |
| 5     | Screening based on the relevance of research content                                 | 2.    | Classification based on research theme                     | 50                 |
| 6     | Screening based on research methods and accessible data part 3                       | 3     | Classification of the number of studies                    | 46                 |
| 7     | Screening based on Research Results, Methods, & Research Gaps by theme               | 4     | Research classification by theme                           | 46                 |

Source: processed by the author based on research article data

This study uses three years recent available papers through an article searching process that contains the phrase “Baitul maal wa tamwil”, “Indonesia”, “covid-19” in the article title or author supplied keywords from Google Scholar at the time of December 2021. The search results found a total of 46 relevant academic papers. The collected article data is then described, classified, and presented descriptively to answer research questions. As for the reliability and validity of the data, it was carried out through extended observations and re-checking the content of the articles used.

## RESULT AND DISCUSSION

### The development of literature related to BMT during the covid-19 pandemic (2019-2022)

In this study, the development of literature related to BMT during the COVID-19 pandemic was classified into four as described below:

#### Article Classification by Year of Publication

Article data based on the year of publication can be seen in Figure 4.1 below:

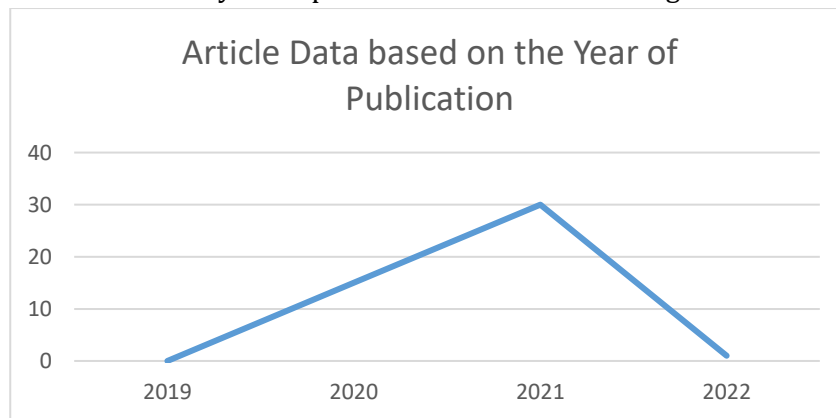


Figure 4.1 Article Data based on the Year of Publication

From the line chart in Figure 4.1, it can be seen that the publication of articles related to BMT during the COVID-19 pandemic only started in 2020 with a total of 15 articles, this is evidenced by the absence of publications related to this theme in 2019 where the spread of COVID-19 was new began to spread in Wuhan, China in December 2019 and is predicted to start spreading in Indonesia in January 2020 (<https://news.detik.com/berita/d-4991485/Kapan-Selakunya-corona-pertama-kali-enter-ri>) This affected the absence of publications in 2019. In 2021 there was an increase of 100% compared to the previous year and because when research data was collected, it was only entering 2022, only one publication of articles related to BMT during the covid-19 pandemic was found.

#### Classification of Articles by Type of Research Document

Article data based on the type of research document can be seen in figure 4.2 below:

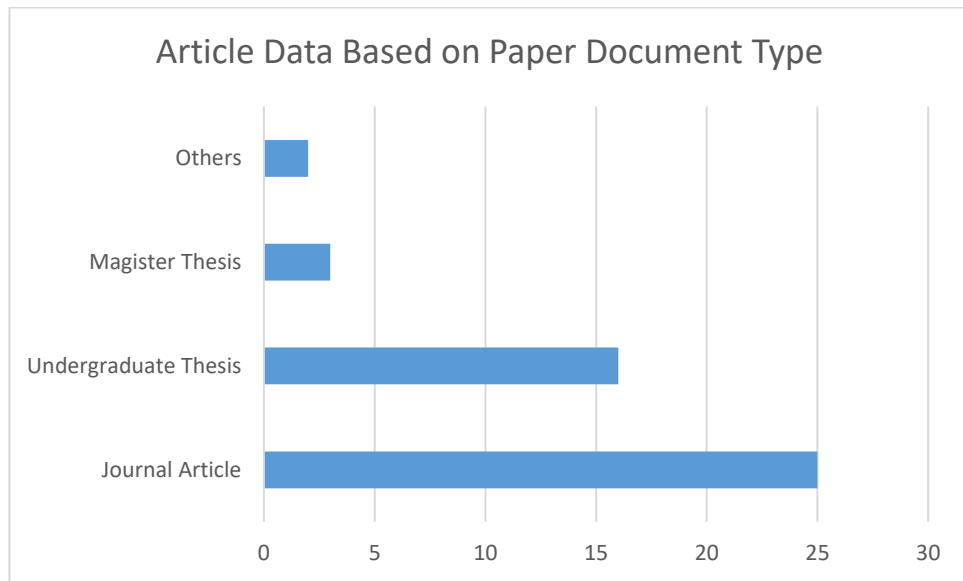


Figure 4.2 Article Data based on Paper Document Type

The clustered bar in figure 4.2 illustrates that most publications related to BMT during the covid-19 pandemic were in the form of journal articles, which amounted to 25 articles, while other publications in the form of non-journal paper articles occupied the lowest position, which was only two. Other publications are in the form of 16 and three undergraduates and master thesis respectively. The data shows that research related to BMT during the COVID-19 pandemic is not only in the form of papers or journal articles, but several theses have also researched about it.

**Classification of Articles based on Research Approach**

The classification of articles based on research approach can be seen in figure 4.3 below:

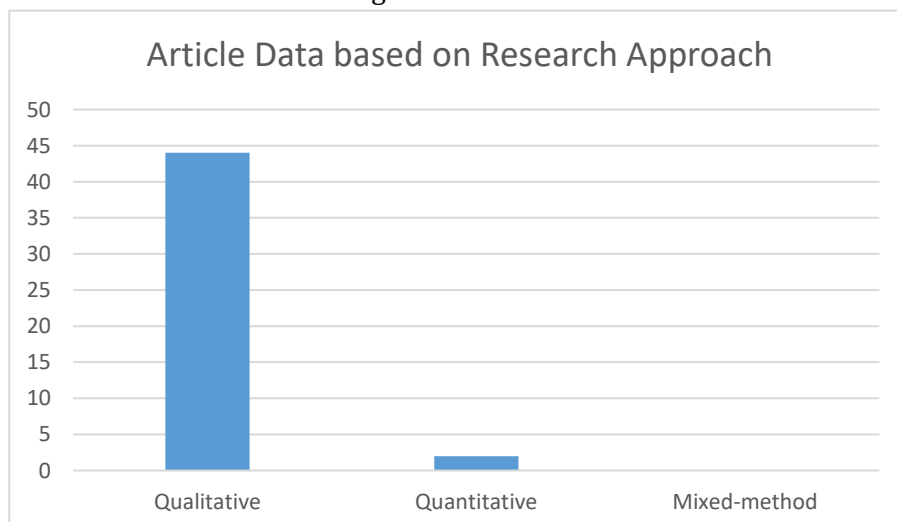


Figure 4.3 Article Data based on Research Approach

The clustered column in figure 4.3 describes the classification of research based on its approach which is divided into three, namely research with qualitative, quantitative, and mixed method approaches. From the available data, it was found

that most studies used a qualitative approach, which was 96% of the total articles. The rest is quantitative research, which consists of two articles. It's a shame that none of the articles used a mixed method approach. This explanation provides direction for further research that can use quantitative and mixed method approaches to obtain research results that further strengthen the generalization of the research and are more comprehensive and in-depth.

### Classification of Articles by Type of Research

Publication data based on the type of research can be seen in figure 4.4 below:

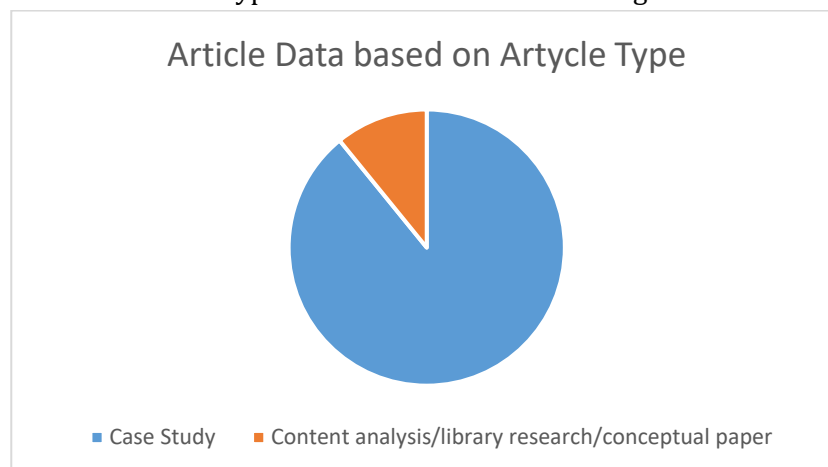


Figure 4.4 Article Data based on Article Type

The publication of articles based on the type of research is described in the pie-chart in figure 4.1 which divides the types of research into two, namely research in the form of case studies and content analysis/library research/conceptual papers. From the available data, 96% of the total articles are case studies, while the remaining 4% are content analysis/library research/conceptual papers. The description of the data illustrates the reality of research developments related to BMT during the COVID-19 pandemic, most of which went directly to the field in articles taking case studies. However, almost all these case studies only take one object of research in which the generalizability of the research results is still questionable. This provides direction for future research to be able to take case studies by expanding the object of research and/conducting content analysis/conceptual paper research in which the number of publications is still very minimal, namely only five articles.

### BMT Issues during Covid-19 Pandemic

The COVID-19 pandemic has an impact on BMT activities, including financial performance such as the fluctuating level of development in the number of Non-Performing Financing. As was the case with KSPPS BMT Amanah Indonesia, which was affected by the achievement of financing, revenue, and operating profit. In addition, conditions during the COVID-19 pandemic also resulted in the loss of the ability of BMT Beringharjo members at the Malioboro branch office, Yogyakarta to pay their financing installments and save their savings in BMT. The phenomenon of non-performing financing is also found in several BMTs, for example the case of bad

loans caused by customers who have been laid off or affected by salary cuts, while customers who use financing products at BMT are MSME traders who are clearly most seriously affected by this virus pandemic. such that most customers delay paying their credit due to difficulties in economic problems.

The factors that cause problematic financing include:

- a) Internal factors are factors that come from within, namely errors on the part of BMT such as inaccuracy in analyzing financing, difficulties in understanding the character of prospective customers, less than optimal supervision by BMT, lack of closeness to members, inaccuracy of officers, incomplete data, procedural errors and moral hazard.
- b) External factors, namely factors caused by external parties such as a decrease in customer operating income, bad customer character as an example of intentional delaying payments, misuse of financing funds, and changes in government policies.

Related to product implementation at BMT, there are several problems including:

- a) Agency problems that occur in the financing of *musharaka* contracts are problems caused by the relationship between *shahibul maal* and *mudharib* due to adverse selection and moral hazard.
- b) In the aspect of sharia compliance, most of the contracts implemented in BMT are in accordance with the DSN-MUI fatwa. However, several contracts were found that were not in accordance with, for example, the application of multi-service *ijarah* financing that was not in accordance with the provisions of the National Sharia Council Fatwa No. 44/DSN-MUI/VIII/200. This is because in every multi-service financing area there are objects that are held in collaboration with BMT, but in this BMT there is no problem with the object but only disburses the funds fully and BMT does not fully examine what the funds are for. For KSPPS BMT Multijasa Ijarah Financing, every time you make financing you have met the requirements, always read the contract that contains articles and makes it easier for members to pay in installments.
- c) In financing with a *murabahah* contract, there is a force majeure position as a necessity because it anticipates unwanted and dangerous things that are beyond the control of the parties in the *murabahah* contract. The term Force majeure is one of the concepts in civil law in Article 1244 and Article 1245 of the Civil Code (BW) and is accepted as a principle in law. BMT as a cooperative legal entity is specifically regulated in Law Number 1 of 2013 concerning Microfinance Institutions (UULKM). Institutionally, BMT legal entities can take the form of cooperatives, foundations, limited liability companies (PT), and even non-governmental organizations (KSM).

### **BMT strategy in dealing with problems during the covid-19 pandemic**

The strategies implemented by BMT in dealing with problems that arise during the COVID-19 pandemic include:

- a) Implementing a mosque-based empowerment model.

The empowerment model by BMT in dealing with the impact of covid-19 is carried out by mosque congregations in Indonesia. An example is the congregation of the Al-Mu'minuun mosque with several empowerment programs which are divided into three fields, namely, empowerment in the fields of health, economy and religion. In the implementation of this empowerment model, it is possible for conflicts to occur between mosque congregations. To resolve the pros and cons of the congregation, efforts were made to resolve the pros and cons of the congregation by establishing the synergy of related parties such as the mosque *takmir*, representatives of the mosque congregation, and religious leaders with a persuasive approach so as to foster a spirit of cooperation and produce mutual agreements.

- b) Applying a pesantren-based empowerment model.  
In Indonesia, BMT, especially Baitul Maal, has also been developed among Islamic boarding schools where this BMT functions as an incubator for the pesantren business, but has a centralized financial control center by the pesantren's caregivers. The BMT model in this pesantren is more focused and fostered by the business activities of the santri through the Baitul Maal of the Islamic Boarding School. This makes the business developed by the students more planned because it is directly controlled and supported by the Baitul Maal Pondok Pesantren. Empowerment efforts carried out by BMT will run well if there is cooperation from all parties. The factors that cause empowerment to run optimally include availability of funds, active involvement by participants, progressive movers, and good cooperation by all related elements.
- c) Utilizing information systems and transparency of accounting system management to support the creation of accountability in BMT. The use of digital technology to improve product implementation efficiency, for example using mobile BMT and increasing the reach of the mobile BMT to attract community users, build a core system that is managed independently, and improve feature innovations that support increased revenue.
- d) Good application of Good Corporate Governance (GCG) principles, namely in the form of principles of transparency, accountability, responsibility, independence, and fairness, and based on Islamic law as a form of implementation of the characteristics of *shiddiq*, *tabligh*, *amanah* and *fathanah*. The implementation of Good Corporate Governance (GCG) as a company strategy during the Covid-19 pandemic has a positive impact on the company.
- e) Risk management which includes handling the risk of default by members and institutions.
- f) Operational management, namely by implementing health protocols as an effort to protect employees from being exposed to the Covid-19 virus.
- g) The use of social funds, namely from zakat, *infaq*, and *shadaqah* as a source of capital using the *qardhul hasan* scheme, namely soft loans without interest, without collateral, without fines, without fees, and without confiscation to

super micro, micro and small entrepreneurs who affected by loan sharks (interest) is also supported by religious assistance for entrepreneurs who do the financing.

h) Implement specific fund allocation

During the COVID-19 pandemic, BMT will be more careful in allocating funds. During the COVID-19 pandemic, BMT capital was allocated for productive financing for members, the community, and other BMTs who applied for financing for businesses in the economy, medical devices, food and retail, so that they did not have risks that could reduce BMT assets. BMT funds are also allocated for Human Resources training to create human resources who can work smart and creatively to minimize risks during the Third economic recession. Furthermore, funds are also allocated to mitigate risks such as provision for non-performing financing, additional general reserve funds and allowance for retained earnings.

i) Provide three forms of transaction services, namely online, directly at the BMT office, and using the ball pick-up system.

j) Implementing three stages of relaxation policy for customer members, namely a) the socialization and data collection phase, b) the phase of checking the feasibility of granting relaxation, and making decisions, and c) the phase of assistance in economic recovery. In relation to the implementation of the relaxation policy, there are three concepts offered, namely a) customer members pay 50% installments of their nominal obligations with an additional period of 6 months, b) customer members pay only margin and defer principal payments at the end of the period with an additional period of 6 months, and c) defer the principal and margin to be paid at the end of the period without any additional period.

One of the problems that often occurs in BMTs during the COVID-19 pandemic is problematic financing. BMT strategies in dealing with these problems include:

a) a policy of relaxation of financing for members of *musyarakah* financing in the form of postponement of installments and adjustment of the number of installments.

b) Carry out social functions through Baitul Maal by providing direct assistance to members in the form of assistance with nine basic materials or cash.

c) Selectively provide *musyarakah* financing as an effort to meet the needs of members/prospective members during the pandemic and participate in implementing the government's 2020 National Economic Recovery (PEN) program.

d) In the case of *murabaha* financing, rescheduling (Rescheduling) and reconditioning (requirements) are carried out which is in accordance with Ali'imran verse 76, the first principle of Islamic law is peace (as-sulh) and DSN-MUI Fatwa No. 48/ DSNMUI/II/2005 regarding rescheduling of *murabahah* bill financing.

e) Negotiations to resolve non-performing financing disputes that are familiar in restructuring.

- f) Through the restructuring method carried out by reconditioning, namely by reducing the number of installments that should be paid for every month in a certain period, without increasing the margin and time, so that in the period after restructuring, you have to pay larger installments than before.
- g) Member monitoring, financing relaxation by rescheduling, reconditioning and negotiating as well as confiscation of collateral as a last resort.
- h) Agency problems that occur in the financing of *musyarakah* contracts are problems caused by the relationship between *shahibul maal* and *mudharib* due to adverse selection and moral hazard.
- i) Incentive compatible constraints in the case of agency problems. It is hoped that the optimization of the revenue sharing scheme for the financing of the *Musyarakah* contract will continue to run with the various incentive compatible constraints that have been applied. The results of this study indicate that the agency problem that occurs in the financing of the *Musyarakah* contract has two problems, namely adverse selection and moral hazard. Determination of the optimal profit-sharing scheme, namely by applying various incentive compatible constraints by BMT, including by establishing a profit-sharing scheme for *Musyarakah* financing using the profit and loss sharing method, applying transparent information (symmetric information), establishing honest and trustworthy criteria, applying the principle of transparency, optimizing monitoring procedures, applying guarantees, using the Unsecured Credit (KTA) system, holding entrepreneurship and cooperative workshops, and establishing deliberation policies.

### **The Role of BMT in Facing Problems During the Covid-19 Pandemic**

BMT is a sharia microfinance institution as a non-governmental organization that collects and manages funds according to sharia principles to achieve financial and humanitarian economic goals or achieve benefit. BMT does not only focus on financial activities but also social benevolence activities. BMT refers to the authoritative sources of Islam, Law no. 25 1992 concerning cooperatives and the DSN-MUI fatwa. Financial sources come from customers and operating income. The customer's funds are then managed using Islamic financing and contracts, the profits are known as profit sharing. BMT must always evaluate so that the operational system and its resources are better and continue to disseminate information to the community. Baitul Maal wat Tamwil (BMT) is a non-governmental movement in the economic sector with the aim of helping the financial and capital needs of micro, small and medium enterprises. BMT is a financial institution that has a dual role as a financial and social intermediary institution. The financing contracts used by BMT include *murabahah*, *musyarakah*, *mudharabah*, *ijarah*, and *qardhul hasan* contracts. The role of BMT in the economic empowerment of the middle to lower economic community includes:

- a) Increasing members who carry out financing and increasing the amount of financing whose presence has an important role in the driving wheel of MSMEs, especially in the conditions of covid-19.
- b) Play a role in the development of MSMEs through two things, namely the provision of financing that helps the availability of capital to small traders or the lower middle-class community as well as providing guidance to small traders and the lower middle-class community so that they can account for the capital that has been given to business actors.
- c) Changes in MSME business, namely increasing business assets, increasing business sales turnover, increasing operating income, and increasing business stability. The good performance of an MSME can be seen from its entrepreneurial orientation because the increased spirit of entrepreneurial orientation will motivate MSMEs to innovate and be ready to face all possible risks in the future.
- d) Social activities at BMT can function as a representation of Islamic financial institutions that help the congregation's economy and society at large to answer the needs of the community.
- e) Improving the welfare of BMT members by optimizing cooperation between BMT and the community, especially customer members.
- f) By optimizing the implementation of the BMT function as an institution for empowering the middle to lower economic community, it can increase financial inclusion and financial literacy which can affect the performance of MSMEs.
- g) The existence of capital assistance through business financing has an impact on business development (total assets, income, profits, and business stability) and decreases unemployment through employee recruitment with business development.

## CONCLUSION

From the results of the research and discussion, it can be concluded that the summary of the research is as follows:

1. The development of literature related to BMT during the COVID-19 pandemic can be classified into four, namely 1) based on the year of research where the majority of research is in 2021; 2) based on the type of publication document, most of which are journal articles and the rest are thesis and non-journal papers; 3) based on the research approach, the majority of which are using a quantitative approach; and 4) based on the type of research, most of which are in the form of case studies while the rest are in the form of content analysis/library research/conceptual papers.
2. The COVID-19 pandemic has an impact on BMT activities, including financial performance, loss of the ability of BMT members, the phenomenon of non-performing financing, and product implementation issues which are caused by external and internal factors.
3. The strategies implemented by BMT in dealing with problems that arose during the COVID-19 pandemic include implementing a mosque-based empowerment model, applying a pesantren-based empowerment model, utilizing information

systems and transparency of accounting system management to support the creation of accountability in BMT, good application of Good Corporate Governance (GCG) principles, Risk and operational management, optimization of social fund usage, Implement specific fund allocation, Provide three forms of transaction services, namely online, directly at the BMT office, and using the ball pick-up system, and implementing three stages of relaxation policy for customer members, namely a) the socialization and data collection phase, b) the phase of checking the feasibility of granting relaxation, and making decisions, and c) the phase of assistance in economic recovery.

4. The role of BMT in the economic empowerment of the middle to lower economic community includes: a) play a role in the development of MSMEs; b) changes in MSME business, namely increasing business assets, increasing business sales turnover, increasing operating income, and increasing business stability; c) Social activities at BMT can function as a representation of Islamic financial institutions that help the congregation's economy and society at large to answer the needs of the community; d) Improving the welfare of BMT members; and e) impact on business development (total assets, income, profits, and business stability) and decreases unemployment through employee recruitment with business development.

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