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## THE ROLE OF KEMPEK MICRO WAQF BANK IN EMPOWERING PESANTREN-BASED MICRO BUSINESSES

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### Abstract

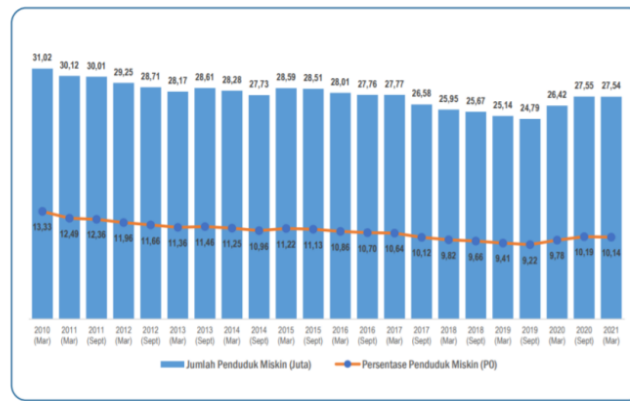
Bank Wakaf Mikro (BWM), established by OJK and the government, is a strategic step in empowering the economy of communities around Islamic boarding schools. With a group model, simple procedures, and ongoing assistance, BWM plays a role in reducing poverty, providing access to capital without collateral, and countering loan sharking practices. This research, which uses an exploratory qualitative approach, examines community economic empowerment through the implementation of BWM KHAS Kempek. The results show that the BWM CSR grant management mechanism involves: (a) sources of funds from individual and corporate donors, (b) a loan distribution system with intensive mentoring, and (c) locking some of the grant funds in the form of deposits for sustainability. The Akad used includes a grant contract, al-qardh contract, and ju'alah contract. Pesantren-based micro business empowerment is realized through increasing the number of customers, optimizing business potential, and financial and spiritual assistance through the Weekly Halaqoh (HALMI). This finding confirms the role of pesantren as economic and social drivers of the community. Practically, this research provides insights for policy makers, Islamic financial institutions, and pesantren managers in developing a sustainable and community-based microfinance model. With this approach, it is expected that BWM can further improve the welfare of the community around the pesantren and become an effective model of financial inclusion.

**Keywords:** empowerment, pesantren, micro-enterprise.

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### Introduction

The number of poor people in Indonesia in March 2021 reached 27.54 million people (Imelda et al., 2023). Compared to September 2020, the number of poor people decreased by 0.01 million people (Saputra & Sedyatmo, 2022). Meanwhile, when compared to March 2020, the number of poor people increased by 1.12 million people (Navarro et al., 2021). The percentage of poor people in March 2021 was recorded at 10.14 percent, a decrease of 0.05 percentage points against September 2020 and an increase of 0.36 percentage points against March 2020 (Khanifa et al., 2022). Practically, this research provides insights for policy makers, Islamic financial institutions, and pesantren managers in developing a sustainable and community-based microfinance model. With this approach, it is expected that BWM can further improve the welfare of the community around the pesantren and become an effective model of financial inclusion. This can be illustrated in the following table:



Sumber: Diolah dari data Survei Sosial Ekonomi Nasional (Susesnas)

**Image 1. Number and Percentage of Poor People, March 2010 - March 2021**

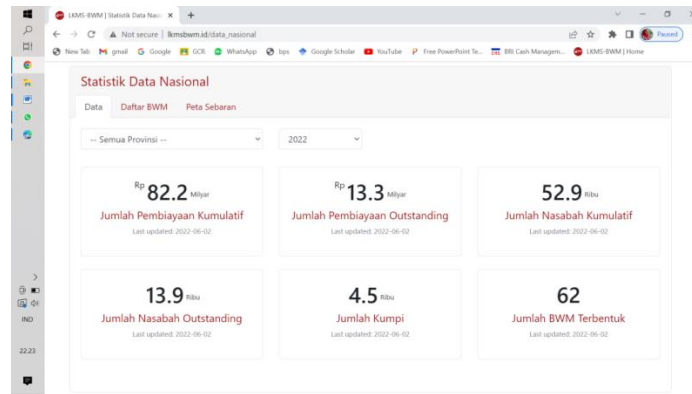
The government continues to reduce poverty, one of which is by strengthening financial institutions that can provide capital assistance so that people can develop their businesses so that productivity is higher (Ayoo, 2022). In 2017, the Government together with the Financial Services Authority established the Micro Waqf Bank or abbreviated as BWM which is a Sharia Microfinance Institution registered and supervised by the Financial Services Authority (OJK) which aims to provide access to capital for small communities who do not have access to formal financial institutions. Where the placement of the Micro Waqf Bank is in the Islamic Boarding School (Rozalinda & Nurhasnah, 2020).

Pondok Pesantren Khas Kempek, which was established in 1960, was chosen as one of the Islamic Boarding Schools appointed by the Government to manage the Micro Waqf Bank. The KHAS Kempek Micro Waqf Bank is the first Micro Waqf Bank inaugurated by President Jokowi on October 21, 2017. Since its inception, KHAS Kempek Micro Waqf Bank has disbursed funds amounting to 1.4 billion with 1,100 customers. The existence of the KHAS Kempek Micro Waqf Bank provides considerable access to capital for micro businesses in the Gempol sub-district area (Widyanti, 2020).

Based on data quoted from the official website of BPS Cirebon Regency, in 2021 Kempek Village, which is one of the eight villages in Gempol District, was ranked first in the category of villages with the largest number of food stalls, totaling 25 stalls. The total number of small traders in Gempol Sub-district is 758 people, and Kempek Village is ranked third with 73 people who work as small traders. Stall owners and small traders around this pesantren have difficulty in capital, they need quick capital with a straightforward administrative process and with a figure that is not too large under the nominal banking financing platform (Hartnell, 2020). Because of this, they often borrow capital from moneylenders because the process is easy and not bothered with a lot of administration, but in the end their business is difficult to develop because they are burdened with a large amount of interest. They find it difficult to make a profit because they are overwhelmed by paying their debts to loan sharks (Witt, 2021).

The choice of Pondok Pesantren as the organizer of this BWM Shari'ah Microfinance Institution is because Pondok Pesantren has great potential with a large number in Indonesia, based on data from PD Pontren, the number of pesantren nationally in 2019 is 14,903 which are spread across all provinces in Indonesia. The existence of Islamic boarding schools is a magnet for the development of micro businesses (Saleh & Satriawan, 2020). Where there is a pesantren, the real sector will grow, there will be many traders (who are the community around the pesantren) who offer a variety of goods or services to meet the daily needs of the students (Faishal, 2021). This is also the case at Pondok Pesantren KHAS Kempek. Along the road to this pesantren, there are many stalls and also street vendors lined up and filled with students (Yasmin et al., n.d.).

The KHAS Kempek Micro Waqf Bank as a Sharia Microfinance institution is needed to become an institution that helps economic growth, poverty alleviation, income distribution, financial system stability and especially also fights loan shark practices in the midst of society. The Micro Waqf Bank is just a name that President Jokowi gave at the inauguration of the first Kempek Islamic Boarding School (Komarudin et al., 2024). Although the name is Micro Waqf Bank, this institution does not manage waqf funds nor does it distribute waqf funds (Mohammad, 2011). Its main source of funds comes from social funds, CSR or personal donations.



**Image 2. National Data Statistics Source : [http://lkmsbwm.id/data\\_nasional](http://lkmsbwm.id/data_nasional)**

The Micro Waqf Bank is a pilot project for an innovative Microfinance Institution based on Islamic Boarding Schools (Fatira & Nasution, 2019). Based on the data above, we can know that until 2022, Micro Waqf Banks throughout Indonesia, located at 62 points, have absorbed financing assistance of up to Rp. 82.2 M with a total number of customers reaching 52,900 thousand people.

Based on the overall description above, the author is very interested in making the Micro Waqf Bank a place of research for the author's thesis. Researchers will analyze the extent of the role of the Micro Waqf Bank in empowering pesantren-based small businesses (Yasmin et al., n.d.). For this reason, the author raises the title of his research, namely "The Role of the KHAS Kempek Micro Waqf Bank in Economic Empowerment of Islamic Boarding School-Based Micro Businesses".

## Research Method

In this study the authors used qualitative research methods, namely the research process of exploring and understanding the meaning of individual and group behavior, describing social problems and humanitarian problems. The research process includes making research questions and procedures that are still temporary, collecting data in participant settings, analyzing data inductively, building partial data into themes, and then providing interpretation of the meaning of data, the final activity is to make reports into a flexible structure. Researchers use a phenomenological approach, which investigates the experience of consciousness, which is related to the subjective experiences of various types and types of subjects encountered. In this case the researcher tries to understand the meaning of events and their links to people who are in a particular situation. Here, researchers will try to understand the extent of the role of the Micro Waqf Bank (BWM) in empowering micro businesses through Islamic boarding schools.

The location of the research in the form of mini research was conducted at the KHAS Kempek Micro Waqf Bank which is located at the KHAS Kempek Islamic Boarding School, Jalan Tunggal Pegagan, Kempek Village, Gempol District, Cirebon Regency, with a zip code of 45161. The research subjects are administrators, managers and customers of the KHAS Kempek Micro Waqf Bank. The object of this research is the response of the community who are customers of the KHAS Kempek Micro Waqf Bank to the empowerment of micro, small and medium enterprises and their symptoms. In writing this research, only 2 (two) types of data sources are used, namely primary data sources, secondary data sources. Data collection techniques using observation, semi-structured interviews, documents, and triangulation.

## Result And Discussion

Kempek Islamic Boarding School was founded by KH. Harun in 1908 (Hadi et al., 2024). The name of the Kempek Islamic Boarding School is taken from the name of the village of Kempek, Gempol sub-district, Cirebon Regency which is located in Palimanan, approximately 14 KM west of the city of Cirebon. In 1960, KH Aqiel Siroj from Pesantren Gedongan, who was the son-in-law of KH Harun, established a pesantren to complement and develop the existing education in Kempek under the name Majelis Tarbiyatul Mubtadiien (MTM). In 1990, the leadership of this pesantren was continued by his first son, Buya H. Ja'far Aqiel Siroj, under whose leadership the KHAS Kempek Islamic Boarding School progressed and developed until Formal Education was opened to accommodate the interests of students who wanted to study while going to school. In 1995, he established the KHAS Foundation (Kiai Haji Aqiel Siroj) (Fahmi et al., 2023).

After the death of Buya H. Ja'far Shodiq Aqiel Siroj in 2014, Pesantren KHAS Kempek was led by his younger brother, KH. Aqiel Siroj's third son, KH. Muh. Musthofa Aqiel Siroj. The name of the pesantren, which was originally MTM, then changed to Pondok Pesantren KH. Aqiel Siroj, as a form of respect for the founder of the pesantren, which is then better known by its abbreviation, Pondok Pesantren KHAS Kempek. Currently, the number of students studying at Pesantren KHAS Kempek is around 5000 students studying at MTs, MAs and junior high schools, vocational schools, to universities, namely the College of Health Sciences (STIKES) and also the Sharia College of Economics (STIES). In addition to progress in the field of Education and Religion, Pesantren KHAS Kempek also penetrated into the development of the Economic field, this Economic field houses several business units, such as santri cooperatives, teacher and employee cooperatives, development of hydroponic agriculture, catfish cultivation, Mini Market, Food Corner, to the Micro Waqf Bank.

KHAS Kempek Micro Waqf Bank is located on Jalan Tunggal Pegagan-Kempek No.01 Kempek Village, Gempol District, Cirebon Regency, West Java, established on October 20, 2017, KHAS Kempek Micro Waqf Bank became the first Micro Waqf Bank Sharia Microfinance Institution to be inaugurated directly by President Jokowi.

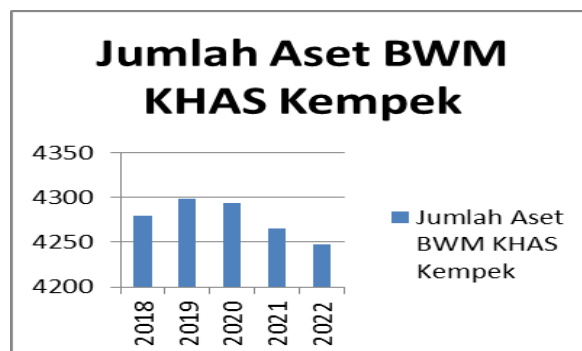
President Jokowi was accompanied by OJK Chairman Mr. Wimboh Santoso and PBNU Chairman at the time, KH. Said Aqiel Siroj who is also the Trustee of the KHAS Kempek Foundation.



**Image 3. Inauguration of BWM KHAS Kempek by President Jokowi**

Establishment permit and also operational permit of KHAS Kempek Micro Waqf Bank by OJK Cirebon branch office with number KEP-56/KO.0201/2017 dated 16-10-2017/0056651BHIM.KUKM.2/X/2017, with Legal Entity LKMS KHAS Kempek Cooperative.

Based on data obtained from the Sispro system of the KHAS Kempek Micro Waqf Bank, the author obtained data on the total assets currently owned amounting to Rp. 4,247,892,274, -. This amount of assets has decreased when compared to assets in the first year of this Micro Waqf Bank, which amounted to Rp. 4,280,612,177. This decline was caused by a profit sharing policy that decreased, causing the balance sheet for the two years to lose money. The increase only occurred in the second year of the Micro Waqf Bank's operation.



**Image 4. Micro Waqf Bank's operation**

The vision of the Micro Waqf Bank is, to become an independent, healthy and strong financial institution, whose members' quality of worship increases to such an extent that they are able to play a role as representatives of God's servants to prosper the lives of members in particular and mankind in general. The mission of the Micro Waqf Bank is to realize the movement to free members and the community from the shackles of loan sharks, poverty traps and the ribawi economy, the empowerment movement to increase capacity in real economic activities and institutions towards a prosperous and advanced economic order and the justice movement to build a just civil society structure with prosperity - progress, and prosperity - progress with justice based on sharia and the pleasure of Allah SWT. The purpose of the Micro Waqf Bank is to improve the quality of economic businesses for the welfare of members in particular and society in general (Harto et al., 2022).

The organizational structure of the KHAS Kempek Micro Waqf Bank consists of two Supervisory Boards, two Shari'ah Supervisory Boards, three administrators including the Chairman, Secretary and Treasurer and three managers, namely admiin, teller and supervisor. The structure of the KHAS Kempek Micro Waqf Bank is as follows:

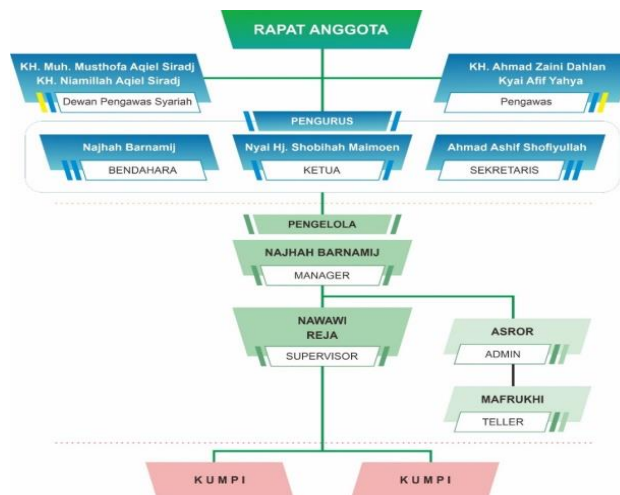


Image 5. Organizational Structure of BWM KHAS Kempek

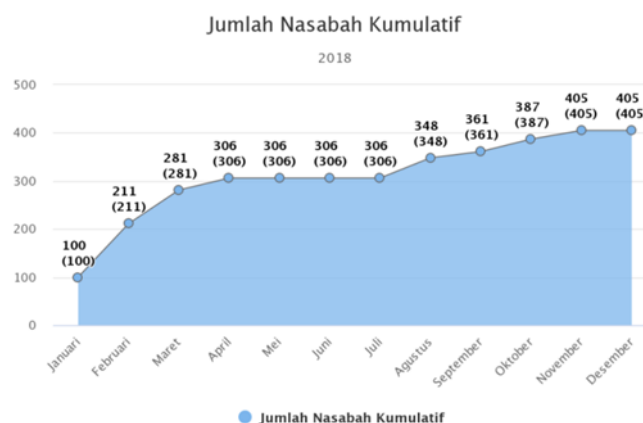
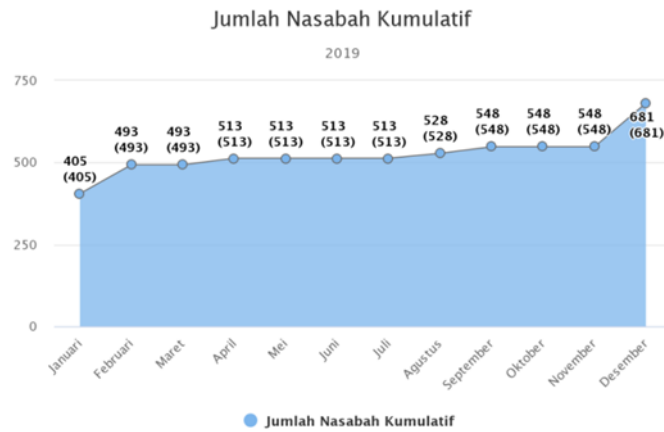


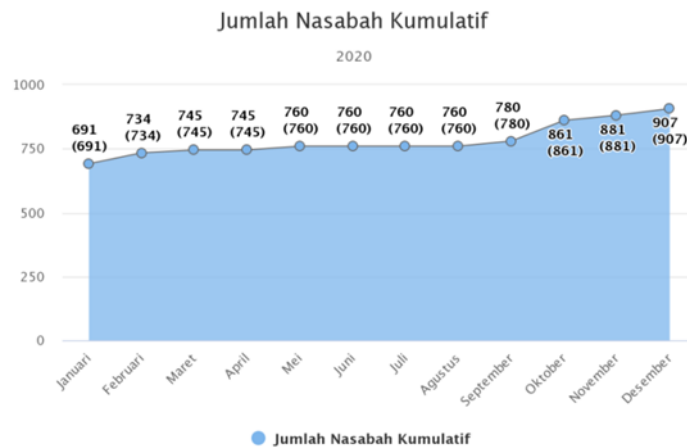
Image 6. Cumulative Number Of Customers 2018

Which in January 2019 amounted to 405 people until December 2019 amounted to 681 people. The increase increased by 27 customers. As illustrated in the following curve.



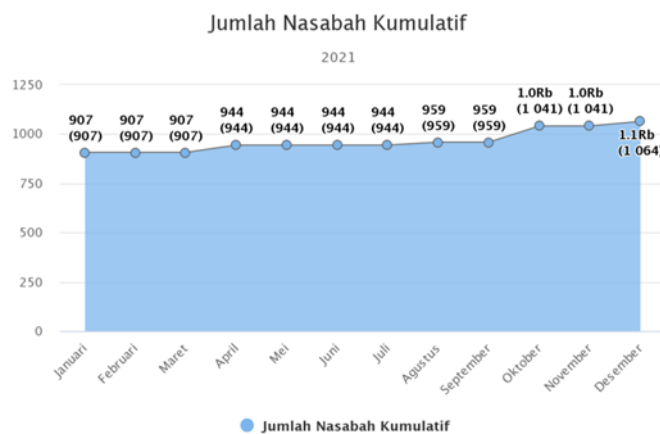
**Image 7. Cumulative Number Of Customers 2019**

In December 2020, the increase was 226 people compared to before. The total number of customers in this third year was 907.



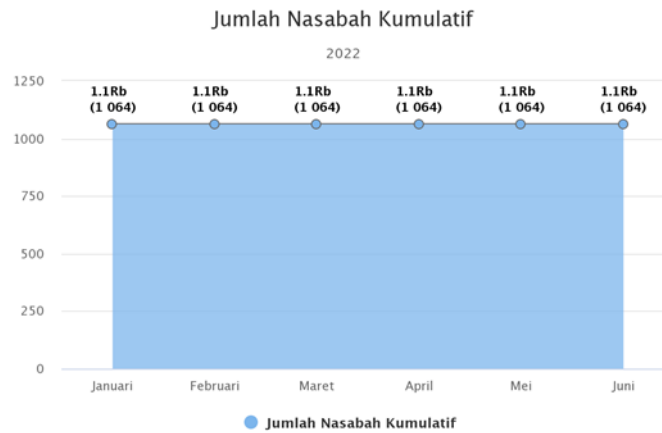
**Image 8. Cumulative Number Of Customers 2020**

In December 2021 the increase was 193 people. Smaller than the previous year with an increase of up to 226 people (Meslé et al., 2024). Based on information obtained by the author from interviews with Micro Waqf Bank managers, one of the reasons for the lower number of customers than before is also due to the covid-19 virus factor which makes the managers try to provide financing assistance to customers more effectively. In this fourth year the number of customers reached 1064 people. As shown by the following curve.



**Image 9. Cumulative Number Of Customers 2021**

In this fifth year, as of June 2022 the number is stagnant at 1064 customers. There was no increase this year because there were obstacles related to the amount of profit sharing on deposits decreasing by 25% which made the management of the Micro Waqf Bank choose to temporarily hold back the addition of new customers. Because the increase in customers will cause the management to have to take deposits stored at the Bank and will affect the amount of profit that is decreasing (Andros et al., 2020). The curve below is data from January 2022 to June 2022.

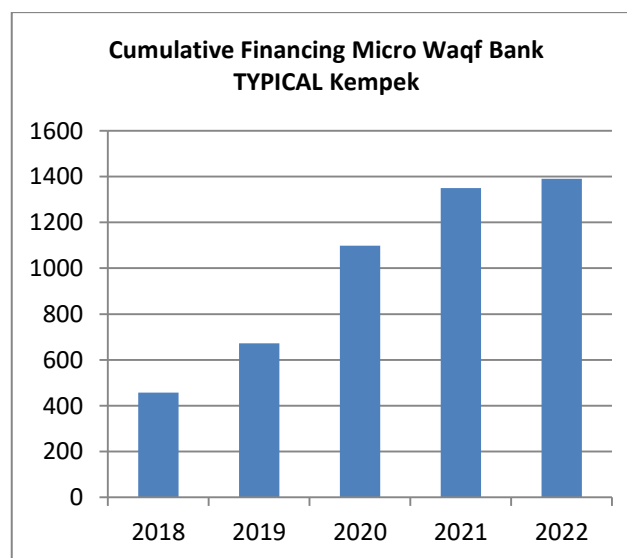


**Image 10. Cumulative Number Of Customers 2022**

The cumulative financing amount of KHAS Kempek Micro Waqf Bank has disbursed funds amounting to Rp1,390,000,000 over a period of almost five years. As in the following table and curve:

**Table 1. Cumulative Financing Amount of BWM KHAS Kempek**

No	Year	Cumulative Financing Amount
1	2018	Rp. 457.000.000
2	2019	Rp. 672.00.000
3	2020	Rp. 1.099.800.000
4	2021	Rp. 1.350.000.000
5	2022	Rp. 1.390.400.000



**Image 11. Cumulative Financing Micro Waqf Bank**

### Conclusion

The existence of BWM KHAS Kempek greatly supports the economic empowerment of the community by creating conditions that can read the potential that allows micro entrepreneurs around the pesantren to be able to develop their business. And also the strengthening and support provided by the management and management of BWM KHAS Kempek. The higher amount of financing provided to the

community is also an indicator that BWM KHAS is channeling its funds well with high absorption. This year it reached Rp1,390,000,000 (one billion three hundred and ninety thousand rupiah). The customers feel high blessings from the halmi activities that are carried out regularly and also with the nominal financing, even though the nominal is considered small but they feel the blessings. The strength of the women who are members of BWM KHAS customers is very strong. The existence of the infaq fund provides solidarity and cohesiveness in the mutual cooperation of the customers, so that the infaq fund can be used for joint responsibility, which is to bear together if one of the customers is unable to pay due to economic conditions, or due to death. In addition, infaq funds are also intended for social charity activities, such as donating infaq to musholla, mosques and religious activities.

Pesantren as the manager of the KHAS Kempek Micro Waqf Bank has succeeded in carrying out its function as an educational institution, da'wah institution, social institution, expert institution and change institution in the reflection of the KHAS Kempek Micro Waqf Bank. It can be seen from the management and managers, all of whom are alumni of the pesantren, have expertise in managing the Micro Waqf Bank, filling Halmi material with recitation and making changes to better economic conditions. To further enhance its impact, several recommendations are proposed for stakeholders. For BWM KHAS Kempek Management, expanding financial literacy programs for customers can enhance their business acumen and ensure sustainable economic growth. Strengthening monitoring and evaluation mechanisms will help assess the impact of financing on micro-entrepreneurs. Additionally, enhancing collaboration with financial institutions and government programs can increase available funding and improve services. For customers (micro-entrepreneurs), active participation in training programs and Halmi activities is essential to maximize business potential and financial sustainability. Strengthening business networking and collaboration among members fosters collective growth and resilience, while regular contributions to the infaq fund help maintain the solidarity-based financial support system. For government and regulatory bodies, providing policy support and incentives can enhance the scalability of Micro Waqf Banks and ensure their sustainability. Facilitating partnerships between BWM KHAS Kempek and larger financial institutions can open additional funding opportunities. Encouraging digitalization efforts will also streamline financial services and improve accessibility for micro-entrepreneurs. For religious and community leaders, advocating for the expansion of microfinance initiatives within pesantren-based communities can replicate the success of BWM KHAS Kempek. Supporting ongoing social and economic empowerment programs through education and outreach initiatives is also crucial. Additionally, promoting ethical business practices and zakat/infaq contributions will further strengthen community development. By implementing these recommendations, BWM KHAS Kempek can further strengthen its role in empowering micro-entrepreneurs, ensuring financial sustainability, and enhancing community welfare.

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