



## The Urgency of BMT in Building Economic Independence in Islamic Boarding School Communities in Gresik

Alya Roghibah Faradisyl<sup>1\*</sup>, Sutono<sup>2</sup>

<sup>1,2</sup> Sharia Economics Study Program, Faculty of Islamic Economics and Business,  
Institut Al-Azhar, Indonesia

\*Corresponding Author: [rektoristaz@gmail.com](mailto:rektoristaz@gmail.com)

**Abstract.** Baitul Maal wat Tamwil (BMT) is a sharia microfinance institution that has a strategic role in supporting the economic independence of Islamic boarding school communities. This study aims to conceptually analyze the urgency of BMT in building the economic independence of Islamic boarding school communities in Gresik Regency. The research method used is a descriptive qualitative approach with a literature study method. Data were obtained from textbooks, articles, scientific journals, research reports, and online media. The results of the discussion indicate that BMT plays an important role through its tamwil function in providing financing for productive businesses for Islamic boarding schools, students, and the surrounding community, as well as its maal function in managing zakat, infaq, and alms funds for the economic empowerment of the community. However, optimizing the role of BMT still faces various obstacles, especially in the aspects of unintegrated regulations, limited human resources, capital, and suboptimal sharia governance and supervision. Therefore, a strategy is needed to strengthen the role of BMTs through institutional improvements, human resource enhancements, integration with Islamic boarding school business units, optimization of social functions, increased Islamic financial literacy, and enhanced collaboration with the government and related institutions. With this strengthening, BMTs are expected to become a key pillar in realizing Islamic boarding school economic independence and contribute to strengthening the local Sharia-based economy in Gresik Regency.

**Keywords:** BMT; Economic Independence; Gresik; Islamic Boarding Schools; Sharia Economics

### 1. BACKGROUND

Islamic boarding schools (pesantren) are socio-religious institutions that play a strategic role not only in Islamic education but also in strengthening the community's economy. Their large base, extensive social networks, and close ties to the community make them potential actors in the development of a community-based sharia economy (Fathoni & Rohim, 2019). Historically, sharia economic values such as justice, togetherness, independence, and blessings have been integral to the practices of Islamic boarding schools, providing a strong cultural foundation for developing productive economic activities (Dwi Masithoh et al., 2025).

Gresik Regency is known as one of the regions in East Java with a strong Islamic boarding school tradition and a relatively large number of Islamic boarding schools. Islamic boarding schools in Gresik serve not only as centers for the transmission of Islamic knowledge but also as hubs for social and economic activity (Yovita, 2025). This situation indicates that Islamic boarding schools have significant potential to become the basis for developing a local sharia economy, particularly through empowering students, alumni, and the surrounding community in productive sharia-based economic activities.

On the other hand, the development of Islamic financial institutions in Indonesia has experienced quite rapid growth. However, the optimal role of Islamic boarding schools

(pesantren) as centers for Islamic economic development has not yet been fully realized. Many Islamic boarding schools still face obstacles in terms of economic independence, limited access to capital, and the lack of optimal integration of the Islamic boarding school economic system with Islamic financial institutions (Nugraheni, 2007; Uniba et al., 2017). This situation indicates the need for Islamic microfinance institutions that can bridge financing needs while simultaneously empowering the economic well-being of Islamic boarding school communities. In this context, Baitul Maal wat Tamwil (BMT) presents a relevant alternative solution. BMTs not only function as Islamic microfinance institutions providing financing and savings services, but also fulfill a social function through the management of zakat, infaq, and alms funds for community empowerment (Harahap et al., 2021). The BMT's institutional model, which integrates business and social functions, makes it a strategic instrument in promoting community-based economic independence, particularly in Islamic boarding schools (pesantren) (Tussa'adah, 2024).

Several previous studies have shown that BMTs significantly contribute to strengthening micro-enterprise capital, improving member welfare, and supporting Sharia-compliant community economic growth (Pradhana & Nafik, 2016; Yusmita & Eni, 2023). Furthermore, BMTs are also considered capable of enhancing economic sustainability by strengthening the small and medium enterprise sector and empowering the lower-income community (Riwajanti et al., 2020). However, most of these studies have focused on the financial performance, productivity, and efficiency of BMTs as microfinance institutions, leaving them largely unexplored in terms of their social dimensions and strategic role in building the economic independence of Islamic boarding school communities (Sutono, 2021a).

Specifically, studies on the urgency of Islamic boarding school-based BMTs as a driving force for economic independence within Islamic boarding schools in Gresik Regency are still relatively limited. However, given the high concentration of Islamic boarding schools and their local economic potential, Islamic boarding school-based BMTs have significant potential to become instruments for sustainable economic empowerment. Therefore, a conceptual study is needed that comprehensively analyzes the role and urgency of BMTs in building economic independence within Islamic boarding schools in Gresik.

Based on the description, this study aims to analyze the urgency of the existence of Baitul Maal wat Tamwil (BMT) in strengthening the economic independence of Islamic boarding school communities in Gresik Regency, by emphasizing the integration of BMT's social and business functions as an instrument of community-based economic empowerment.

## 2. THEORETICAL STUDY

### **Baitul Maal wat Tamwil (BMT)**

Baitul Maal wat Tamwil (BMT) is an institution that holds a strategic position in the Islamic financial system, particularly in the microfinance sector. BMTs can also be described as independent business organizations oriented towards developing productive economic activities with the aim of improving the economic activities of small communities and micro-entrepreneurs. In their operational practices, BMTs encourage community savings while providing financing for the productive economic activities of their members. Furthermore, BMTs play a role in collecting and distributing social funds in the form of zakat, infaq, and sadaqah in accordance with applicable sharia provisions. These characteristics demonstrate that BMTs function not only as financial institutions but also as economic institutions with a strong social dimension (Binus 2021) .

As a sharia financial institution, BMT is relatively more informal than other sharia financial institutions, such as sharia banks and sharia capital market institutions. This informal nature allows BMTs to reach segments of society unserved by formal financial institutions. Historically, the Baitul Maal concept has been known since the time of the Prophet Muhammad (peace be upon him) and continued during the era of the Caliphs (Khalaf al-Rasyidin) as an institution for managing the people's finances. The development of this concept later gave birth to BMTs, a modern sharia microfinance institution that functions to integrate social and economic aspects within a single institution (Binus 2021).

In line with this thinking, Fahmi Ikhsan Arifuddin explained that the establishment of BMT as a sharia financial institution with a cooperative legal entity is a strategic effort to stimulate a people's economy, which is largely based on Islamic values. The existence of BMT at the grassroots level is considered capable of reducing the dependence of lower-income communities on exploitative loan shark practices. Structurally, BMT consists of two main divisions: the Baitul Maal division and the Baitul Tamwil division. The Baitul Maal division is responsible for managing social funds sourced from zakat, infaq, and sadaqah, while the Baitul Tamwil division carries out the function of collecting and distributing funds in the form of business capital financing with a profit-sharing system (Ikhsan Arifuddin 2023).

Furthermore, it can be concluded that the implementation of an Islamic economic system through BMTs is expected to encourage communities, particularly Muslims, to improve their well-being in a sustainable manner. BMTs' orientation, which combines the principles of justice, togetherness, and economic empowerment, demonstrates their crucial role in Sharia-based economic development.

## **Islamic Boarding Schools in Gresik Regency**

Boarding schools (pesantren) as social and religious institutions possess strong community economic characteristics, making the existence of BMTs highly relevant in supporting the economic activities of students and the surrounding community. Gresik Regency is known as *the City of Saints* and *the City of Santri*, a role inextricably linked to the roles of Sunan Giri and Sheikh Maulana Malik Ibrahim, key figures in the spread of Islam in Java. This history shaped the religious character of the Gresik community and made the region a center for the development of Islamic education. Strong Islamic values are then internalized in the community's social life, one of which is through the existence of Islamic boarding schools (pesantren) as institutions of education and religious development (Kompas 2021).

In line with this religious identity, Islamic boarding schools (pesantren) have developed rapidly and become a vital part of the social fabric of the Gresik community. According to the latest data from the Ministry of Religious Affairs (2025), there were 209 Islamic boarding schools (Wafa 2025). This demonstrates that Islamic boarding schools function not only as educational institutions but also as social communities with internal economic activities, thus potentially contributing to strengthening the community's economy.

This potential drives the need for a financial management system compliant with Sharia principles within Islamic boarding schools. Research by Arfandi Pama and Aditya shows that Islamic boarding schools (pesantren) are strategic environments for the development of Sharia financial institutions, particularly Baitul Maal wat Tamwil (BMT). The presence of BMTs in Islamic boarding schools is considered capable of supporting structured financial management among students and the Islamic boarding school community, while also serving as a means of economic empowerment aligned with Islamic values (Arfandi Pama and Pangeran Aditya 2022).

## **3. RESEARCH METHODS**

This study employed a descriptive qualitative approach with a literature review method. Data were obtained from textbooks, articles, scientific journals, research reports, online media, and other documents related to BMT, Islamic boarding schools, and Islamic economics (Susilo Saefullah 2024). Data analysis techniques included data reduction, data presentation, and systematic conclusion drawing to obtain a comprehensive picture of the urgency of BMT in Islamic boarding schools in Gresik.

#### **4. RESULTS AND DISCUSSION**

##### **The Urgency of BMT for the Economic Independence of Islamic Boarding Schools**

The existence of Baitul Maal wat Tamwil (BMT) has significant urgency in supporting the economic independence of Islamic boarding schools, especially as an alternative philanthropic institution outside of zakat institutions managed by the government and the private sector. BMT plays a role in collecting and managing zakat, infaq, and alms (ZIS) funds more closely with the community, especially the Islamic boarding school community. This role is crucial considering that there is still potential ZIS funds that have not been fully reached by formal zakat institutions. Through flexible and community-based mechanisms, BMT is expected to expand the reach of ZIS fund management and increase the effectiveness of its distribution to mustahiq in a more equitable and targeted manner.

In the context of Islamic boarding schools (pesantren), the BMT serves not only as a social fund management institution but also as an instrument for strengthening the institution's economic well-being. The integration of social and economic functions within BMTs enables Islamic boarding schools to manage ZIS funds productively, both to support their operational needs and to empower the economic well-being of their students and the surrounding community. Thus, BMTs contribute directly to efforts to achieve sustainable economic independence in Islamic boarding schools, aligned with Islamic economic principles (Ahmad Ramdani Harahap and Ghozali 2021) .

The urgency of BMT becomes even more relevant considering Gresik Regency, a region known for its high concentration of Islamic boarding schools (pesantren) and a deeply religious community. The large number of Islamic boarding schools in Gresik makes the need for community-based Islamic financial institutions even more pressing. The presence of BMT within Gresik's Islamic boarding schools has the potential to be a strategic solution for managing ZIS funds, reducing the Islamic boarding school's economic dependence on external parties, and promoting local economic independence. In this role, BMT functions not only as a financial institution but also as a driving force for the economic empowerment of Islamic boarding schools and the community in the Gresik region.

##### **The Strategic Role of BMT in Empowering Islamic Boarding School Communities**

Islamic boarding schools (pesantren) have significant potential to promote economic empowerment through the establishment of Sharia-compliant businesses and financial institutions. In practice, Islamic boarding schools can establish cooperatives, Sharia-compliant microfinance institutions such as Baitul Maal wat Tamwil (BMT), or social institutions such as zakat institutions. These institutions serve as economic instruments aimed at strengthening

the economic independence of the Islamic boarding school community and its surrounding community. Among these institutions, BMTs occupy a strategic position because they integrate social and business functions into a single, operational and sustainable institution.

Functionally, BMTs play a role in providing access to capital for Islamic boarding school communities through Sharia-based business financing. This financing scheme enables communities to obtain business capital without relying on usurious financial systems. Furthermore, BMTs also provide savings services, allowing Islamic boarding school communities to manage and store their funds safely and in accordance with Sharia principles. This role distinguishes BMTs from other institutions, such as Islamic boarding school cooperatives, which focus more on the distribution of conventional products and loans, or zakat institutions, which focus on the distribution of social funds (Fathoni and Rohim 2019) .

The presence of BMTs in Islamic boarding schools (pesantren) has strategic value as a means of Islamic financial education for the community. Given the community's low level of literacy regarding Islamic financial institutions and systems, BMT activities indirectly introduce Islamic economic practices into everyday life.

### **The Impact of BMT's Existence on Economic Independence**

#### ***Providing Financing Access for Micro-Entrepreneurs***

BMTs provide business financing for MSMEs or aspiring entrepreneurs who often struggle to obtain credit from conventional banks. This financing is typically based on Sharia principles (e.g., murabahah financing or other contracts) that are more appropriate to the local economic conditions. Sharia principles also uphold the public interest, allowing them to accept the challenges faced by customers, which are then resolved through deliberation and consensus, with the hope of achieving mutual benefit (Tussa'adah 2024) .

One example is BMT Mandiri Sejahtera, which has proven to provide access to business capital for micro, small, and medium enterprises (MSMEs) that are difficult to reach through conventional financial institutions. The financing provided by BMT helps strengthen the capital structure of businesses, allowing MSMEs to develop their businesses, increase revenue, and expand their production capacity. This is crucial for promoting economic independence in communities in terms of productivity and income (Pradhana and Hr 2016) .

Meanwhile, another example within the scope of Islamic boarding schools is BMT Khoirul Ummah at the Darul Ihsan Menganti Islamic boarding school, which then directly encourages the economic independence of Islamic boarding schools through the collection and distribution of sharia-based funds formed to meet the internal needs of Islamic boarding schools as well as the businesses of students or Islamic boarding school communities so that they can reduce

dependence on external donors by utilizing their own resources for the operation and development of economic businesses. (Sutono 2021b) .

### ***As a Bridge to Strengthen the Local Economy***

Several previous studies have shown a positive direction for the presence of BMT for local economic progress, one study at BMT Sidogiri, Sangkapura District, Bawean stated that the presence of BMT significantly contributed to improving the economic conditions of creditor customers, especially MSMEs and micro-business actors who are not served by conventional banking institutions (Yusmita and Eni 2023) .

BMT provides access to business capital to local MSMEs often rejected by banks due to lack of collateral or formal business legality. This convenience significantly contributes to the sustainability of the local economy, guided by sharia principles, which are beneficial to customers, as the concept of the welfare of the community is the motto of all sharia financial institutions. With more affordable capital and no interest, micro-entrepreneurs can increase their productivity, income, and business capacity, thereby stimulating local economic activity in the city of Gresik (Pradhana and Hr 2016) .

### **Challenges and Obstacles of BMT**

#### ***Low Capital and Liquidity***

BMTs, as independent cooperatives or community self-help groups, lack a strong capital base. Unlike commercial banks or BPRS, which are under the auspices of Bank Indonesia, they receive guaranteed capital liquidity. This significantly impacts their competitiveness in the eyes of customers. Prospective customers typically place more trust in commercial banks whose funds are guaranteed by Bank Indonesia than in BMTs whose capital background is unclear. This limited capital can also hamper the process of providing financing to borrowers and also hinder product innovation (Nugraheni 2007) .

#### ***Human Resources***

BMT is a management-based organization where the level of capability and skill of its human resources significantly influences its regulations and operational success. However, many BMTs are managed by personnel with low-level education, equivalent to high school diplomas, and a small proportion have a bachelor's degree (S1). Furthermore, management's lack of attention to improving the competence or quality of human resources has led to creditor defaults due to incompetent personnel, leading to incorrect analysis (Nugraheni 2007) . Several studies on BMTs in several regions also indicate that human resources are a major obstacle significantly influencing the sustainability of BMT businesses (Riwajanti et al. 2020) .

## **Regulation**

Regulation is one of the main challenges faced by Baitul Maal wat Tamwil (BMT) due to the lack of a specific legal framework that comprehensively regulates BMT as a sharia microfinance institution. BMTs exist in a regulatory dualism, namely as cooperatives subject to the Cooperatives Law and as microfinance institutions referred to the Microfinance Institutions Law, resulting in unclear oversight systems, reporting standards, and the application of the prudential principle. Furthermore, oversight of sharia compliance has not been optimal because not all BMTs have an active and competent Sharia Supervisory Board. This condition has resulted in weak governance, increased operational risk, and limited access to government policy support and capital for BMTs, which ultimately impacts public trust and the sustainability of BMTs as a local economic driver (Uniba et al. 2017) .

## **5. CONCLUSION AND SUGGESTIONS**

Baitul Maal wat Tamwil (BMT) plays a crucial role in fostering economic independence within Islamic boarding schools (pesantren) in Gresik Regency. BMT functions not only as a sharia-compliant microfinance institution providing fundraising and distribution services, but also as a means of community economic empowerment aligned with the values and culture of Islamic boarding schools. Through its financing function (tamwil), BMT contributes to strengthening productive Islamic boarding school businesses, student-run MSMEs, and the economic activities of the surrounding community. Its social function (maal) involves managing zakat, infaq, and alms funds to improve the economic and social well-being of the Islamic boarding school community.

However, optimizing the role of BMTs in Islamic boarding schools still faces various obstacles, particularly related to regulatory constraints that are not fully supportive, limited human resource quality, limited capital, and suboptimal sharia governance and supervision. Institutional uncertainty due to regulatory dualism, low sharia financial literacy, and limited managerial capacity are factors that influence the effectiveness of BMTs in strengthening the economic independence of Islamic boarding schools.

Thus, comprehensive and sustainable efforts are needed to strengthen the role of BMTs in Gresik Islamic boarding schools through improvements to institutional systems and governance, enhancing human resource competencies, integrating BMTs with Islamic boarding school business units, strengthening social functions, enhancing Islamic financial literacy, and fostering synergy with the government and related institutions. Implementation of these strategies is expected to establish BMTs as a key pillar in developing Islamic boarding



school economic independence while simultaneously encouraging local economic growth based on Islamic principles in Gresik Regency.

## REFERENCE LIST

- Arifuddin, F. I. (2023). *The role of baitul maal wa tamwil (BMT) in community economic empowerment efforts*. <https://ideas.repec.org/p/osf/osfxxx/7jfqc.html>
- Binus Accounting. (2021, December 17). *Getting to know baitul maal wat tamwil, a sharia social financial institution*. <https://accounting.binus.ac.id/2021/12/17/mengenal-baitul-maal-wat-tamwil-lembaga-keuangan-sosial-syariah/>
- Dwi Masithoh, A., Rakshanda, N., Alawiyah, R., Solihin, M. A., & Cahya, D. P. (2025). Economic resources of Islamic boarding schools in realizing the independence of the Al-Barokah An-Nur Khumairoh Islamic Boarding School, Jember. *Menulis*, 1, 182–188. <https://doi.org/10.59435/menulis.v1i6.342>
- Fathoni, M. A., & Rohim, A. N. (2019). The role of Islamic boarding schools in empowering the economy of the community in Indonesia. *Proceeding of Conference on Islamic Management, Accounting, and Economics*, 133–140.
- Harahap, A. R., Soritua, & Ghozali, M. (2021). The role of baitul mal wa tamwil (BMT) in the development of the community's economy. *HUMAN FALAH: Journal of Islamic Economics and Business*.
- Kompas Daily Team. (2021, November 8). *Gresik Regency: City of santri and industrial revolution*. <https://www.kompas.id/baca/daerah/2021/11/08/kabupaten-gresik-kota-santri-dan-geliat-industri>
- Nugraheni, P. (2007). BMT: Opportunities and challenges. *Journal of Business Applications*, 904–919. <https://doi.org/10.20885/jabis.vol7.iss10.art8>
- Pama, M. A., & Aditya, M. P. (2022). BMT management in financial management of students of Al Mubarak DDI Tobarakka Islamic Boarding School. *Al-Ubudiyah: Journal of Islamic Education and Studies*. <https://jurnal.staiddimakassar.ac.id/index.php/aujpsi/article/view/44>
- Pradhana, H. P., & Nafik, M. H. (2016). Strengthening capital of micro, small and medium enterprises through financing at BMT Mandiri Sejahtera Gresik. *Journal of Theoretical and Applied Sharia Economics*, 3(4), 325–332. <https://doi.org/10.20473/vol3iss20164pp325-332>
- Riwajanti, N. I., Muwidha, M., Hendayani, E., & Miharso, A. (2020). How to improve the sustainability of baitul maal wat tamwil (BMT). <https://ejournal.unida.gontor.ac.id/index.php/altijarah/article/view/3979/8437>
- Saefullah, A. S. (2024). Various literature-based qualitative research in the study of religion and religiousness in Islam. *Al-Tarbiyah*, 2, 195–211. <https://doi.org/10.59059/al-tarbiyah.v2i4.1428>
- Sutono. (2021a). The productivity of baitul maal wat tamwil Khoiru Ummah in improving the welfare of the Gresik Islamic boarding school community. *Al Iqtishod: Journal of Islamic Economic Thought and Research*, 9(2), 68–93. <https://doi.org/10.37812/aliqtishod.v9i2.248>

- Sutono. (2021b). The productivity of baitul maal wat tamwil Khoiru Ummah in increasing the welfare of the Gresik Islamic boarding school community. *Al Iqtishod: Journal of Islamic Economic Thought and Research*, 9(2), 68–93. <https://doi.org/10.37812/aligtishod.v9i2.248>
- Tussa'adah, F. (2024). The role of baitul maal wat tamwil (BMT) in stimulating Indonesia's economic growth through MSMEs. *Paraduta: Journal of Economics and Social Sciences*, 2(2), 58–63. <https://doi.org/10.56630/paraduta.v2i2.669>
- Uniba Faculty of Law, Dewi, N., S.H., & M.H. (2017). Regulation of the existence of baitul maal wat tamwil (BMT) in the economic system in Indonesia. *Serambi Hukum*, 11(1), 96–110.
- Wafa, I. (2025). *Not Sidoarjo, this is the region with the most Islamic boarding schools in East Java 2025*. GoodStats Data. <https://data.goodstats.id/statistic/bukan-sidoarjo-ini-daerah-dengan-pesantren-terbanyak-di-jawa-timur-2025-r1RNt>
- Yovita, K. (2025). *Interesting facts about Gresik*. Detik Jatim. <https://www.detik.com/jatim/berita/d-7888075/fakta-menarik-gresik-dari-kota-santri-hingga-sarung-tenun-mendunia>
- Yusmita, Y., & Eni, U. (2023). The contribution of baitul maal wa tamwil (BMT) to the economy of creditor customers at BMT Sidogiri, Sangkapura District, Bawean, Gresik Regency. *JURISY: Jurnal Ilmiah Syariah*, 3(2), 1–22. <https://doi.org/10.37348/jurisy.v3i2.325>