

Developing Fintech-Micro BMT (FMB) Model

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This paper aims to design a financial technology innovation model for Islamic microfinance institutions Baitul Maal wa Tamwil (BMT), namely Fintech Micro BMT (FMB) at the APEX/association scale. Fintech micro BMT is an effort to realize the two main goals of BMT, namely to become an efficient and independent institution (financial self-sufficiency) as a commercial function and to contribute to poverty alleviation as a social function. The research was conducted using qualitative methods through descriptive analysis techniques. The data used are primary data from interviews and secondary data from literature studies. The analysis of the innovation model is carried out using the Business Model Canvas framework, described in the basic prototype of the application and the features of the business scheme, then equipped with an explanation of the simple financial reporting accounting system of BMT and MSMEs, as well as a credit scoring model. The result of this research is a Fintech micro BMT model that maximizes the duality of BMT's commercial (expanding market share) and social (ZISWAF) functions, overcoming the problem of liquidity gaps (mismatch). Both functions are supported by business management and accounting reporting as well as a professional credit scoring model. Fintech micro BMT also realizes BMT's triple bottom line mission, namely economic development, community empowerment, and da'wah to be sustainable. The use of Fintech micro BMT is expected to help BMTs increase their role in expanding the sharia microfinance network, encourage collaboration between BMTs in Indonesia, increase the volume of BMT financial transactions and integrate MSME actors as recipients of ZISWAF financing and donors with BMTs, encourage more transparent markets and reduce risk of information asymmetry in the process of providing financing.

Keywords: BMT; Fintech Micro BMT; Microfinance

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INTRODUCTION

Data from the World Bank in 2014 showed that the number of Indonesians who already had an account at a formal financial institution was only around 36%, the remaining 64% did not have an account or access to financial services (unbankable) (Ansori, 2019). Moreover, most banks, including Islamic banking, choose to channel funds to large companies compared to Micro, Small, and Medium Enterprises (MSMEs) (Wiranatakusuma & Hawwa, 2019). This is one of the main problems for MSMEs where they face problems of access to financing.

The development of the Islamic finance industry in Indonesia is increasing every year. One visible indicator is the increasing number of Islamic Financial Institutions (LKS) spread throughout Indonesia. This has an impact on the development of Islamic microfinance institutions, including *baitul mal wa tamwil* (BMT) which are expected to be more effective and appropriate in encouraging small-scale economic empowerment (Hossain, 2019; Kachkar, 2017). Sharia microfinance institutions are financial institutions that provide services in payment traffic and money circulation carried out following sharia principles. Sharia microfinance services include credit, savings, insurance, transfers, and financing for micro-businesses. The role of Islamic microfinance institutions in providing broad access to microfinance is considered an effort to alleviate poverty (Pratiwi, 2014).

Baitul mal wa tamwil (hereinafter referred to as BMT) has a role in providing financial loans to the community, this role is increasingly needed in restoring the community's economic condition. Although this institution is also experiencing funding difficulties, its existence is still needed in providing community empowerment (Goodell, 2020). BMT is now collaborating with Islamic financial institutions in empowering the community by channeling Islamic social finance in the productive business sector through BMT financing (Saputra, 2020).

BMT has dual main functions, namely a financial function as an efficient and independent institution (financial self-sufficiency) and a commercial function as a contribution to poverty alleviation. In addition, the comprehensive spirit of BMT contains a triple bottom line mission, namely economic development, community empowerment, and *da'wah*. The *da'wah* in question starts from *amar ma'ruf nahi munkar* for BMT members and the general public to economic literacy and sharia finance (Alhifni & Huda, 2015; Santika et al., 2019). Unfortunately, the problems faced by BMT at this time are still focused on the commercial side, lack of liquidity and mismatch between its two main functions and challenges in expanding market share.

Therefore, based on the existing problems and potentials, this essay aims to overcome funding

problems, assist in the collection of *zakat-infaq*, *alms*, and *waqf*, as well as resolve liquidity problems and incompatibility of the main functions of BMT to create a sustainable BMT through FIT (FINTECH MICRO BMT): Financial Technology Innovation BMT (*Baitul Maal Wa Tamwil*) Institutional Solution Efficient Sustainable and Social Impact.

Based on the background of the problem, the benefits that are expected to be realized after conducting this research include the following: (1) Preparing the design of the Fintech Micro BMT (FMB) model at the APEX/association scale; (2) Provide an overview of the business process scheme of Fintech Micro BMT (FMB); (3) Provide an overview of simple accounting reporting and Fintech Micro BMT (FMB) credit scoring models.

LITERATURE REVIEW

In the 1990s, the issue of microfinance sustainability gave rise to important debates between its commercial and social sides. The commercial approach emphasizes the importance of covering the cost of borrowing money from the income generated to reduce operating costs. The social approach focuses on providing loans to the poor to overcome poverty. However, the problem is that large-scale outreach to the poor in the long term will be feared to have an impact on the sustainability of Islamic microfinance while fighting for financial sustainability is very important. Therefore, the attention of microfinance focuses on improving its financial sustainability and efficiency (Abdullah, 2014).

BMT is a microfinance institution that promotes financial inclusion by combining social inclusion by *Baitul Maal* and commercial inclusion by *Baitul Tamwil*. Social inclusion includes social programs and development programs provided to the poor by utilizing Islamic social instruments, such as *zakat* funds, *infaq*, and *waqf*. Commercial inclusion includes financing programs and Islamic microfinance services provided to people who have graduated from the development program by utilizing commercial funds. These two inclusions combine BMT's social goals of reducing poverty and commercial goals of financial sustainability. In addition, BMT must produce welfare impacts, including economic impacts and social impacts (Ascarya et al., 2018).

BMT operates under the cooperative principle, which is regulated in the cooperative law Law no. 25/1992. They are registered with the ministry of cooperatives, small and medium enterprises, but not all BMTs operate as legal entities. The establishment of BMT must be legalized by a notary and standardized BMT statutes covering subjects, such as identity, area of operations, objectives, and transactions with profit-sharing principles and using Islamic moral values as guidelines in transactions.

Most BMTs can fund new businesses, including MSMEs that are developing in the vicinity. This willingness is rarely carried out by banks, both conventional banks, and Islamic banks. An MSME that is still developing is usually marked by its financial statements that are still not well organized. BMT administrators are trained to assess the business by using good communication and relationships with each other (Putra, 2014).

This shows that Islamic microfinance including BMT has an important role in contributing to fulfilling the five main elements of Maqashid Syariah, namely: (1) poverty alleviation (2) economic improvement (3) improvement of social conditions of society (4) distribution and circulation wealth, and (5) improve the intellectual level of society (Alkhan & Hassan, 2020).

One of the developments of BMT in response to the development of the financial industry in cooperation with financial technology. Fintech is emerging all over the world and reaching its peak in recent years. Fintech is becoming a growing industry and revolutionizing the financial industry as a whole (Ali et al., 2018). The existence of Sharia Fintech is based on the DSN-MUI Fatwa Number 117/DSN-MUI/II/2018 which expressly states that information technology-based financing services are allowed on conditions that must be based on sharia principles (Syed et al., 2020; Usanti et al., 2020). To get the benefits of Fintech properly, the synergy between BMT and Fintech companies must be realized. Through collaboration, it is hoped that the weaknesses of each institution can complement each other. It is time for BMT to be proactive with Fintech developments to optimize its potential (Ali et al., 2019).

The expansion of BMT collaboration with Fintech that combines various product features requires further consideration and review of the various elements in it to maintain customer protection and improve social

finance (Hassan et al., 2019). Therefore, this study in addition to trying to explain the Fintech Micro BMT (FMB) model, also monitors all aspects of its development with special attention to business models, business processes, simple accounting reporting systems, and credit scoring and risk analysis.

METHODOLOGY

This study uses a qualitative method, which is based on the philosophy of postpositivism, to examine the condition of natural objects, where the key instrument in the qualitative method is the researcher, the data produced tends to be qualitative, the data analysis is qualitative or inductive, and the research results are to understand the meaning, understand the uniqueness, constructing phenomena, and finding hypotheses (Sugiyono, 2017). The analysis used is the descriptive analysis technique, where descriptive research is a form of research aimed at describing or describing existing phenomena, both natural phenomena and human engineering (Moleong, 2018). The types of data collected are primary data and secondary data. The primary data collection technique was carried out through in-depth interviews and observations of one respondent, namely Mr. Ayubi Chozin, who currently serves as the manager of BMT Mandiri Sejahtera and BMT Peta.

ANALYSIS AND DISCUSSION

4.1. Fintech-Micro BMT (FMB) Model Design

Based on the business model canvas, there are three important aspects in the proposed FMB (Fintech Model BMT) platform, namely marketing, operational and financial aspects. The marketing aspect of FMB consists of the following:

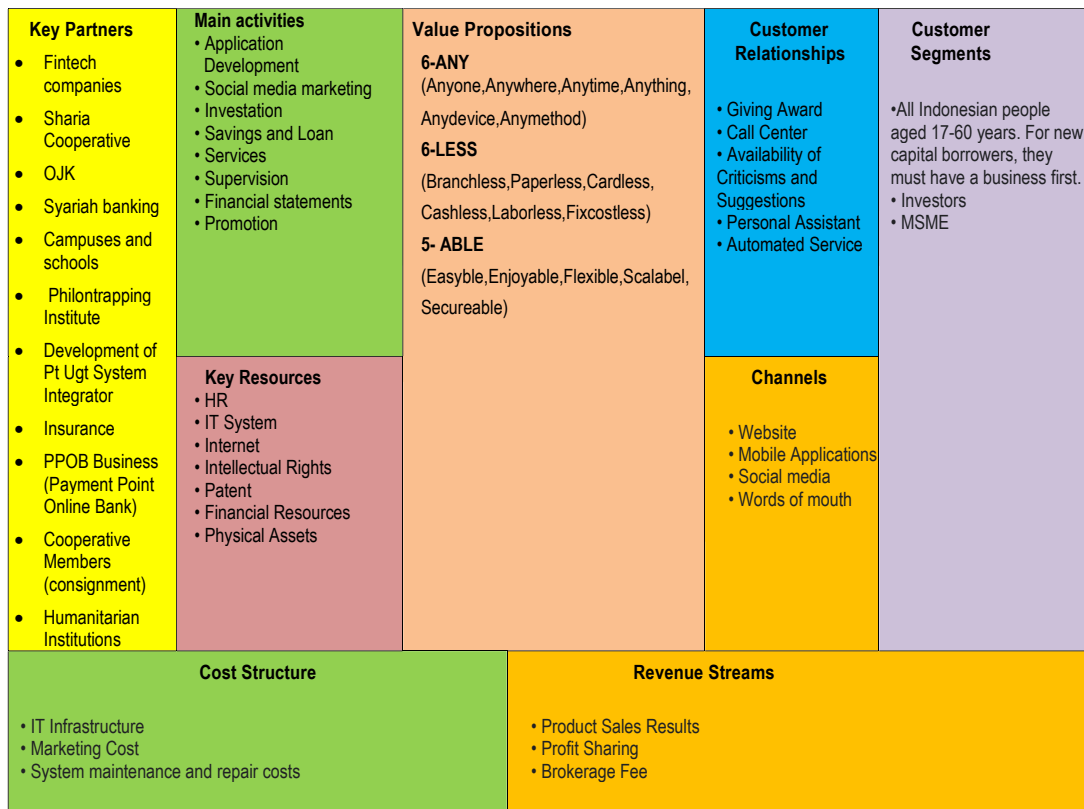


Figure 1: Fintech-Micro BMT (FMB) Canvas Business Model
Source: Authors (2021)

1. Value Propositions

In the FMB platform, there are three value propositions offered: 6-Any, 6-Less, and 5-Able. **6-ANY** is a form of digital, real-time online service for Anyone, Anywhere, Anytime, Anything, Anydevice, and Anymethod. This application makes it easy for anyone, anywhere, anytime, whatever the transaction, the service, and whatever tools are used (PC, Laptop, Tablet, Smartphone, SmartTV, SmartGlass, ATM, EDC, etc.). **6-LESS** is a form of implementation of the total digitization paradigm, namely; Branchless, Paperless, Cardless, Cashless, Laborless, and Fixcostless. Branchless is a service and transaction system that does not require an office anymore, because it can be done anytime and anywhere, Paperless is a form of service, transaction, administration, and archive that no longer uses paper but is replaced with digital technology so that information, documents, and archives can be accessed anytime and anywhere. Cardless is a system and transaction method no longer using cards, but replaced with this digital application with just one application or mobile, whatever the transaction can be done. Cashless is a system and transaction method that no longer uses cash. Laborless is a way that can be used to reduce the need for labor. Fixcostless is a step that can eliminate many fixed-cost components. **6-ABLE** It is a way of interacting and transacting with BMT, you will feel an experimental experience, namely, Easyble, Enjoyable, Flexible, Scalable, Securable (That transacting with BMT

is easy, comfortable, flexible, can use various methods and devices, a wide range of types of transactions and which most important is safe.

2. Customer Segment

The targeted customers in this platform are all Indonesian people ranging in age from 17-60 years, Investors, Company Owners, and BMT Member Customers. This platform can be accessed easily by all Indonesian people, therefore the target of BMT can target all age categories ranging from millennials to the elderly which are expected to increase the development of BMT. Investors are our target to get the capital used for the development of BMT so that it can continue to be sustainable and better. Company owners (MSMEs) are our customers because they have their own business which can be collaborated with products and services at each BMT.

3. Customer Relationship

FMB builds good relationships with customers by giving awards to the best members, the most savers, or something that can be given appreciation for the achievements achieved. To provide the best service, we provide call center services for the benefit of many things if the customer has problems in all aspects. To improve the best service, there are links to criticism and suggestions available at various BMTs so that customers can make the best use of them for the benefit of BMT progress. A personal Assistant is a form of consulting service for commercial purposes so that customers or

customers can carry out BMT activities optimally and comfortably, besides that there are automated services that can be used by customers without having to queue directly.

4. Channels

To promote the existence of FMB and convey the value proposition, it is carried out through the website, mobile application, and social media. In addition, we use Words of Mouth which is an effective and low-budget delivery technique because it only requires someone who has used this application and they feel comfortable then they will invite others to use this application.

Referring to the BMC above, there are three operational aspects in FMB which include Key Activities, Key Partners, and Key Resources:

1. Key Activities

The first stage in FMB activities is the creation of applications that will be used as a forum for BMT activities ranging from information dissemination, financing information, savings, payments, and social activities. The second stage is social media marketing activities where later we will create a special Instagram so that customers or customers get important information related to FMB and sharia sciences which are no less important for increasing public literacy. Investments, savings loans, and services are activities to reach customers. Surveys and financial reports are a form of continuous activity that will later be for the improvement of the FMB itself. No less important are promotional activities to increase FMB users.

2. Key Partners

The core parties who will become FMB partners are Fintech companies, Sharia Cooperatives, Sharia Banking, Campuses and schools, philanthropic institutions, and humanitarian institutions all to increase the synergy of goodness and products. In addition, we are collaborating with PT Ugt System Integrator Development, PPOB Business (Payment Point Online Bank), OJK to strengthen databases, law, and digitalization.

3. Key Resources

The key resource for FMB activities is a digital platform that plays a role in bridging all activities. The other main source is Human Resources (HR). The human resources referred to here are human resources who are reliable in managing and overcoming the system, namely IT and Financial. In addition to Human Resources, which is no less important are Patents and Intellectual Rights that must exist in a company or business.

The last aspect is the financial aspect which is also a crucial aspect in supporting the marketing and operational aspects. The following is an analysis of the financial aspects of FMB which consists of:

1. Cost Structure

The fixed cost of the FMB platform is to build a good system, therefore IT infrastructure is the fundamental operation of FMB. The variable costs of this FMB are the costs of maintaining the system and database as well as marketing costs.

2. Revenue Stream

Represents the income stream that displays the financial condition of FMB obtained from revenue sharing and income obtained from intermediary services in the range of 1%-1.5%.

4.2. Fintech-Micro BMT (FMB) Business Process Scheme

The issue of microfinance sustainability, especially BMTs, has created an important debate between the commercial side and the social side. Therefore, as an effort of BMT in responding to liquidity problems and maintaining sustainability, it is in cooperation with financial technology. The image below is a schematic design of the microFintech model for BMT at the association level to overcome funding problems, assisting in the collection of zakat-infaq, alms, and waqf, as well as solve liquidity problems and incompatibility of the main functions of BMTs to create a sustainable BMT.

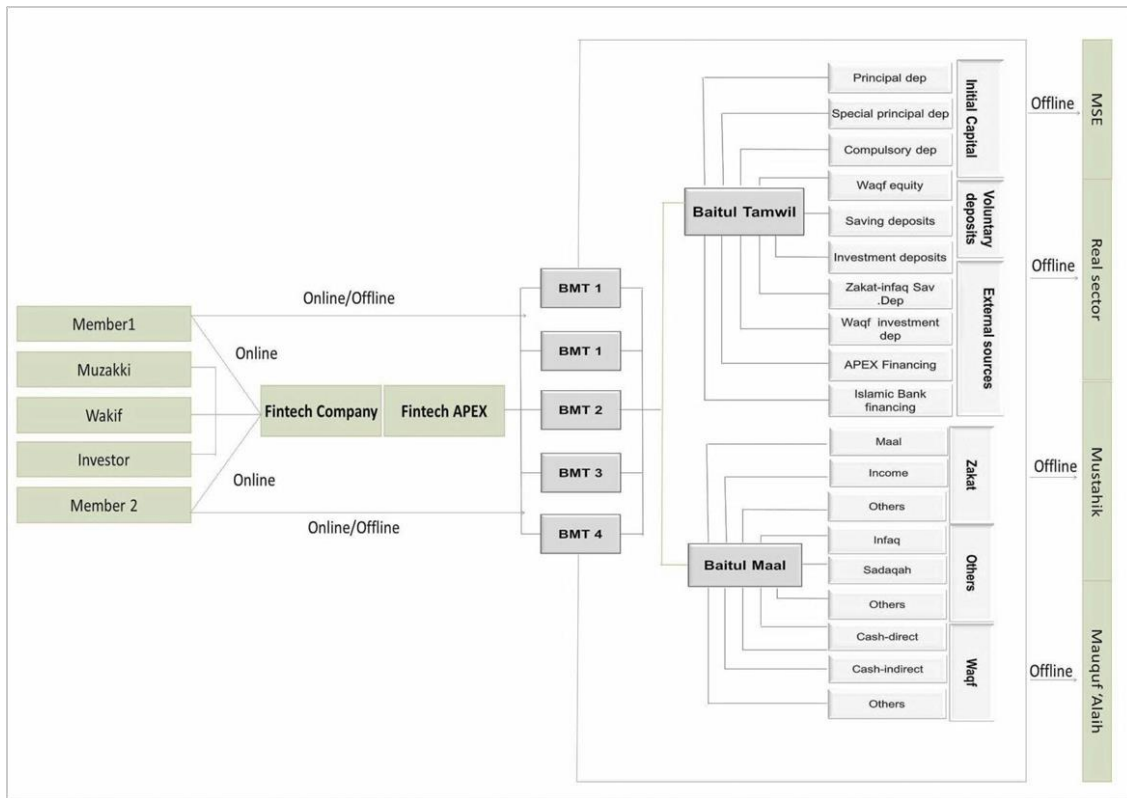


Figure 2: Fintech-Micro BMT (FMB) Scheme
 Source: Ascarya & Sakti (2019), Author's modification

This model is a modification of the research by Ascarya and Sakti (2019) (Ascarya & Sakti, 2019) which uses a hybrid Ecosystem modeling. In this model, the APEX/Association microFintech will be developed by APEX for the benefit of BMT, its members, as well as external stakeholders. Meanwhile, several other microFintech fields will have collaborated between APEX and the Fintech Company. With this collaboration, BMT member customers as well as external investors, muzakki, and munfiq can obtain microFintech products and services through APEX Fintech and Fintech Company.

Fintech companies provide potential solutions for microfinance that has problems of high costs but low income. This is also similar to microfinance institutions in Indonesia which have problems of cost and income pressure (Yeow et al., 2018) so it forces LKMS including BMTs to focus more on efficiency through technology adoption or Fintech. This is supported by Pytcowska & Korynsky (2017) who say that MFIs need to adopt Fintech in some of their operations, as well as supported by Yeow et al. (2018) that MFIs should switch to technology.

Fintech can be applied in Islamic social finance (social P2P crowdfunding), such as zakat, waqf, and infaq for collection and distribution (Rachman & Salam, 2018; Yahya & Ahmad, 2018; in the case of zakat, and Aminu et al., 2018; in waqf case). This opinion is in line with Yahya & Ahmad (2018) which states that Fintech has the potential to improve the management of ZISWAF by Baitul Maal. The presence of Fintech can

increase the efficiency of zakat distribution, and it can also improve the management of waqf, especially in terms of greater efficiency and effectiveness through reduced costs, transaction speed, wider access, transparency, and timely disclosure of adequate information to stakeholders. Aminah, et al, 2018). Not only from a social perspective, but Fintech also has the potential to improve Islamic microfinance services with Baitut Tamwil, and become a solution to expand financial inclusion (Gabor & Brooks, 2017; Jones, 2018).

There are three types of Fintech needed by BMT from a commercial/Tamwil side including digital banking, payment, and P2P financing. Meanwhile, from the social side, there are four Fintechs needed by BMT, namely digital banking, Payment, and P2P social, as well as e-Commerce to collect ZISWAF digitally. Digital banking in this case is important to support P2P and P2P Social Financing, as well as e-Commerce. Fintech digital banking and payment aims to provide easy services for members/customers on the commercial side, as well as for muzakki and waqif on the social side. Fintech P2P Financing allows BMTs to practice crowdfunding with sources of funds coming from external investors to increase funding sources and reduce liquidity risk. Meanwhile, social P2P Fintech and e-Commerce can be used for ZISWAF fundraising targeting external muzakki and waqf.

In terms of the distribution of Baitul Maal (disbursement of ZISWAF) and Baitut Tamwil (financing), from the BMT it should be done offline because BMT and its members have an emotional bond

that cannot be replaced by technology. In other words, P2P financing and social P2P cannot be fully done online, but still, apply the Offline to Online (OTO) approach. Only in terms of funding/fundraising done online.

4.3. Financial Reporting System and Credit Scoring Model

a. Financial Report System

Periodic financial reporting is required as a prerequisite for Fintech-Micro BMT (FMB) members, both from the side of MSMEs who are members of the BMT and from the BMT concerned to provide financial information to stakeholders as a basis for decision making. As the function of the financial statements itself is to provide a record of a company's information in the accounting period that describes the company's performance which is then used by interested parties in analyzing and interpreting the financial performance and condition of the company (Indonesian Accounting Association, 2009). Provisions related to the financial reporting system for Fintech-Micro BMT (FMB) members, of course, refer to the regulations that have been in effect.

Regarding the financial statements of BMT, legally BMT is a cooperative legal entity. Based on the Ministry of KUKM through Permen KUKM No.04/per/M.KUKM/VII/2012 concerning Cooperative Accounting Guidelines, it is determined that cooperatives use **SAK ETAP**. However, considering that BMT is a sharia entity that carries out most sharia-based activities or transactions, BMTs are required to use **Sharia SAK**, namely PSAK 101. Sharia financial institutions are different from conventional financial institutions. Islamic financial institutions prohibit the receipt and payment of interest. Therefore, all operational activities of Islamic financial institutions, including financial reports, must be guided by the rules set out in the Sharia Financial Accounting Standards (PSAK) which have been set based on the fatwas issued by the National Sharia Council (DSN-MUI) and has been adjusted to accounting rules by a special committee of the Indonesian Institute of Accountants (IAI).

Concerning the MSME financial reporting system, the Indonesian Accounting Association seeks to provide solutions in overcoming MSME constraints in terms of preparing simple financial reports by issuing Financial Accounting Standards for Micro, Small, and Medium Entities (SAK EMKM). SAK EMKM only consists of three main components, namely the balance sheet, income statement, and notes to financial statements.

The following is a table that contains the components of the financial statements of the two entities:

Standard of Financial Reporting	
Statement of Financial Position Asset Liabilities Equity	Statement of Financial Position Asset Liabilities Equity Temporary Syirkah Fund
Income statement Revenue Expense	Income statement Revenue Expense
Notes to Financial Statement	Cash Flow Operational activity Investing activity Financing activity
	Statement of Changes in Equity
	Reports on sources and uses of zakat funds
	Report sources and uses of benevolent funds
	Notes to Financial Statement

Table 1: Financial Report Standard
Source: processed by the author (2021)

b. Fintech-Micro BMT (FMB) Scoring Credit Model

Fintech-Micro BMT (FMB) provides a Credit scoring facility as a procedure or procedure for analyzing financing risk. The purpose of credit scoring for microfinance institutions in this case is BMT, namely to reduce non-performing financing, increase consistency in decision making, conduct explicit risk assessments, and increase efficiency in the loan process. According to Dellien (2005) which states that credit scoring is a quantitative way to explicitly evaluate financing risk. Credit scoring is used by financial institutions to improve the performance and efficiency of financing programs. Scoring especially in statistical scoring offers several advantages that can improve micro-lending performance (Dellien, 2005; Berger, 2007). Credit scoring on microfinance is intended to optimally distinguish between good and bad debtors (Van Gool, 2009).

The following is a best practice in determining the criteria for assessing the feasibility of prospective micro-enterprises used by financial institutions, microfinance institutions (Savings and Loans Cooperatives, and BMTs), and banks that provide credit to small and micro-enterprises. There are five risk rating scales, namely very low (100%), low (75%), moderate (50%), high (25%), and very high (0%).

No	Criteria	Weight	Description
1	Mandatory requirements	-	All elements must be met
2	Debtor character	30% 40%	- The better the character of the debtor, the better the quality
3	Business Prospects (Capacity)	10% 20%	- The more prospects and stable the better
4	Ability to pay (Finance)	20% 30%	- The higher the capacity to pay, the better
5	Eligibility of collateral (collateral)	15% 30%	- The more marketable, the better
		100 %	

Table 2: Best Practice Scoring debtor eligibility
Source: Processed from various sources

Furthermore, there are four variables used by Fintech-Micro BMT (FMB) as a credit scoring model, including personal characteristics, business prospects or capacity, ability to pay (financial), and eligibility for collateral.

Category	Variable	Score
Personal Characteristics	1) Honesty	
	2) Have a good name in the workplace and place of residence	
	3) Openness	
	4) Membership	
	5) Save regularly	
	6) Business experience	
	7) There are developments in socio-economic life	
Business Prospects/ Capacity	1) Turnover each period is stable or increasing	
	2) Effort as the main quest	
	3) Higher operating profit compared to financing installments	
	4) The results of operations are greater than the value of the purchase of goods	
	5) Business management diligently and earnestly	
Ability to pay (finance)	1) The maximum installment	

	obligation is 50% of net income per month
	2) The amount of business results is greater than the payment for goods
	3) The level of business profit is reasonable compared to the obligation to pay to finance
Eligibility of collateral/collateral	1) Willing to sign the financing agreement document
	2) Have a sufficient amount of savings as a complement to the guarantee
	3) Willing to provide personal property as collateral for additional financing.
	4) The value of the guaranteed property is greater than the value of the financing
	5) Some parties guarantee financing security.

Total Score

Table 3: Variable details Credit Scoring Fintech-Micro BMT (FMB)

Source: Author modified (2021)

First, the category of personal characteristics relates to a person's personality. Second, the category of business prospects/capacity relates to stability and increased turnover, comparison of operating profit with financing installments, comparison of operating results with the purchase of goods, as well as persistence and seriousness of business management. Third, the ability to pay (finance) relates to the maximum installment obligations of net income, the comparison of the number of operating results and the payment of goods, the comparison of profits and financing obligations. Fourth, the feasibility of collateral (collateral) is related to the willingness to sign the agreement document, have sufficient savings as a complement to the guarantee, the willingness to provide personal property as collateral, and the comparison of the value of the collateral property is greater than the financing value.

4.4. Risk Aspect Analysis of Fintech-Micro BMT (FMB)

Within the framework of risk management, planning, organizing, implementing, and monitoring

activities need to be carried out in a risk management program so that the objectives of the program can be achieved effectively and efficiently. An organization's risk management program can be classified into several activities including:

a. Risk Identification

Risk identification is an activity to collect all information related to business activities. Then analyze it to find every possible risk exposure that can turn into a loss. Techniques that can be used to identify risks include:

- 1) Analyzing the financial statements of a company.
- 2) Analyze the flow chart of the company's activities and operations to see the risks of a production process and operation.
- 3) Analyzing contracts that have been and are being made by the company with its clients.
- 4) View loss statistics and company loss report.
- 5) Surveys and interviews with managers regarding the risks they face daily.

b. Risk Measurement and Evaluation (Risk Assessment)

Risk measurement and evaluation is a systematic process carried out by companies to measure the level of risk faced by the company through risk quantification. There are two dimensions in measuring risk, namely the frequency of occurrence of losses and the significance and severity of an event/risk. The frequency of an event can be grouped into several levels, such as 1) It is almost impossible to happen (almost nil), 2) It is very likely to happen (slight), 3) It is possible to happen (moderate), 4) It is very likely to happen (definite). Meanwhile, the level of significance of a risk event can be divided into 1) Normal loss expectancy, if the loss can still be managed alone, 2) Probably a maximum loss, loss if security is not functioning, 3) Maximum foreseeable loss, loss that cannot be overcome alone, 4) Maximum possible loss, a loss that cannot be secured (either personally or through insurance).

c. Risk Management

After the risk is identified measured and evaluated, then risk management is carried out. Several alternative risk management is carried out, including avoidance, retention, diversification, risk transfer, and risk funding. The next management alternative is risk holding. Resisting risk is dealing with risk with your abilities and available resources without asking for help from other parties such as insurance companies. Diversification is the placement of wealth in several different assets to minimize risk. The greater the diversification, or the more types of assets owned, the smaller the risk of a total loss due to the investment. Risk transfer is the process of transferring part or all of the risk borne to another party (the insurer) which is usually an insurance company.

d. Risk Monitoring

To carry out risk monitoring, BMT must at least evaluate risk exposure and improve the reporting process if there are changes in BMT's business activities, products, transactions, risk factors, information technology, and risk management information systems.

To minimize the losses incurred, the BMT can use rescue by rescheduling, reconditioning, restructuring. These three efforts can be carried out only on customers who still have good intentions, but have lost the ability to pay due to unwanted things. And vice versa if the customer does not have a good faith, then the last alternative made by BMT is the execution of collateral or collateral.

Another form of risk management to reduce the occurrence of financing risk and get more eligible customers, BMT can also apply the principle of financing analysis, namely through the 5C + 1S principle, to minimize the risk of problems or non-return of financing. The six principles include:

1. Character, the belief of the BMT that the customer has positive, cooperative morals, character, or personal traits and has a sense of responsibility both from his personal life as a human being, life as a member of the community, or in carrying out his business activities.
2. Capacity is an assessment of prospective customers regarding the ability to pay off the obligations of the business activities they undertake or the business activities they will undertake which will be financed with financing from BMT. So it is clear that the purpose of this capacity assessment is to assess to what extent the business results that will be obtained will be able to pay off the installments on time following the agreed agreement.
3. Capital is an assessment of the number of funds or own capital owned by the prospective customer. This seems contradictory to the purpose of financing which serves as a provider of funds. However, this is indeed the case in terms of pure business, the richer a person is, the more likely they will be trusted to obtain financing.
4. Collateral, is an assessment of collateral items submitted by the borrower or customer as collateral for the financing he received. A collateral benefit is as a security tool if the business financed by the financing fails or for other reasons where the customer is unable to pay off the financing from normal business results.
5. Condition of Economy is a political, social, economic, cultural, and other situation and condition that affects economic conditions at a time or for a certain period which is likely to affect the smooth running of the company that obtains financing.

6. Shari'ah, the shari'ah principle is applied to see whether the business field of the prospective financing member does not conflict with the shari'ah and examines whether the financing needs are following the type of financing based on shari'ah principles.

The implementation of good risk management will result in a relatively more stable and profitable business. Not only for BMT but also for customers/members who are financed. In the end, a well-run and growing business can improve the national economy, reduce poverty and unemployment levels because it plays a role in creating job opportunities.

CONCLUSIONS

The Fintech Micro BMT (FMB) business model canvas design consists of nine blocks, which consist of Customer Segments, Value Propositions, Channels, Revenue Streams, Key Resources, Customer Relationships, Key Activities, Key Partnerships, and Cost Structure. The use of BMC aims to determine the marketing, operational and financial aspects, thus facilitating the measurement of the level of business feasibility and on the other hand, being an evaluation for the business if there is a discrepancy with the business vision and mission.

The Fintech Micro BMT (FMB) prototype is a combination of various well-known BMTs throughout Indonesia which is a reference for BMTs that are still in the development of digitalization so that the duality of their functions, namely commercial and social, can be realized. Fintech Micro BMT (FMB) uses a hybrid Ecosystem modeling developed by APEX in collaboration with the Fintech Company. With this collaboration, BMT member customers as well as external investors, muzakki, and munfiq can obtain microfinance products and services through Fintech APEX and Fintech Company.

The financial statements of BMTs use SAK Syariah, namely PSAK 101. Meanwhile, the financial reporting system of SMEs using SAK EMKM only consists of three main components, namely balance sheets, income statements, and notes to financial statements. Furthermore, Fintech-Micro BMT (FMB) provides a Credit scoring facility as a procedure or procedure for analyzing financing risk using four variables, namely personal characteristics, business prospects or capacity, ability to pay (financial), and collateral eligibility (collateral). There are five risk rating scales, namely very low (100%), low (75%), moderate (50%), high (25%), and very high (0%).

The analysis of risk aspects of Fintech-Micro BMT (FMB) consists of ten types of risks, namely credit risk, market risk, liquidity risk, operational risk, legal risk, reputation risk, strategic risk, compliance risk, return risk, and investment risk. To overcome this, this research then carries out risk management by identifying

risk, measuring and evaluating risk, managing risk, and monitoring risk. Efforts to minimize FMB losses are also carried out by rescheduling, reconditioning, and restructuring, as well as providing financing by applying the 5C+1S principle analysis.

The findings of this BMT innovation are interesting to note given its nature which provides a forum for BMT collaboration at the association level. This requires the development of a more innovative FMB. Meanwhile, several factors hinder the development of Fintech for BMTs in Indonesia, namely: 1) Inadequate BMT capital; 2) poor understanding of BMT by practitioners; 3) Lack of government support, and 4) low public interest in BMT. Therefore, related parties need improvement in terms of education, improving the quality of BMT human resources, and no less important is government support. Recommendations for practitioners are the need to improve the quality of human resources at BMT and the application of BMT Fintech product innovations to provide more varied choices for customers to increase the breadth of the benefits of BMT.

Suggestions for academics to continue to update BMT information and data or expand the object of research and refine the limitations of this research. The existence of technology can provide better services so that the BMT market also develops. After the technology is implemented, it is expected that BMT's market share will grow. Academics can also update this research in terms of methodology, data, or FMB innovation, which is adjusted to a comprehensive picture of the state of society, as well as other determinant variables that are in line with the development of BMT. Therefore, further research is expected to generate ideas to increase productivity with various updates according to the times. Recommendations for regulators are the need to improve the quality of BMT from all aspects, especially technological developments.

Recommendations for further researchers are to continue to conduct research related to the theme of BMT innovation, develop this FMB innovation and evaluate the development of BMT, especially in Indonesia, especially in collaborative innovation between BMT and Fintech to produce other ideas that in the future can improve public literacy about BMT.

Recommendations for the Financial Services Authority (OJK) and the Ministry of Cooperatives and SMEs as regulators need to pay more attention to the development of FMB and BMT in general. The existence of BMTs, which are still few compared to financial institutions such as Islamic banking or other non-banks, requires a lot of development and improvement. The position of OJK and Kemenkop who have become supervisors for BMTs is also very good so that people can choose BMTs registered by OJK and Kemenkop that are trusted among the many offers of BMT loans and can be detrimental. In addition,

OJK and Kemenkop can also continue to evaluate the development of BMT through collaboration with DSN-MUI to ensure BMT sharia compliance. Finally, OJK and Kemenkop need to provide signs and directions, especially for new BMTs without hindering their existence so that they can be more advanced and expand their benefits and roles for the community.

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