



Micro Waqf Banks (BWM) Development in Indonesia

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Bank Waqf Micro (BWM) is an Islamic microfinance instrument developed to increase financial inclusion, empower micro businesses, and free the community from loan shark practices. Nevertheless, the implementation and development of BWM in Indonesia still faces various structural, institutional, and operational constraints. This study aims to identify and determine the priorities of the main problems in the development of Micro Waqf Banks in Indonesia based on the perspective of experts. The method used is the Delphi method involving nine experts from academics, practitioners, and regulators in the field of microfinance and Islamic economics. Data analysis was carried out using statistical indicators of mean value, standard deviation, and interquartile range (IR) to assess the consensus level. The results showed that of the 25 problem variables identified, there were 16 variables that reached a consensus. The three main priorities for BWM development in Indonesia are coaching and education for BWM managers, the role of BWM in freeing the community from loan sharks, and the need for reliable infrastructure and information technology support. These findings are expected to be the basis for the formulation of policies and strategies to strengthen BWM institutions in Indonesia.

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INTRODUCTION

Waqf is one of the instruments of Islamic philanthropy that has great potential in supporting economic development and social welfare. In the modern context, waqf is not only understood as static assets such as land and buildings, but can also be managed productively through various institutional and financial schemes (Cizakca, 2011; Antonio et al., 2021). One of the innovations in productive waqf management in Indonesia is the establishment of the Micro Waqf Bank (BWM).

Bank Waqf Micro (BWM) is an innovative Islamic microfinance institution in Indonesia that integrates Islamic social finance, particularly cash waqf (wakaf uang), with Sharia-compliant microfinance mechanisms to promote financial inclusion and poverty alleviation among underserved communities (Andayani et al., 2025). Despite its name, BWM is not a commercial bank but a Sharia Microfinance Institution (Lembaga Keuangan Mikro Syariah/LKMS) operating under the supervision of the Financial Services Authority (Otoritas Jasa Keuangan/ OJK).

Conceptually, BWM is designed to address structural barriers faced by the poor and ultra-micro entrepreneurs, such as lack of collateral, limited access to formal financial institutions, and insufficient financial literacy. By utilizing waqf funds—which are inherently social, perpetual, and non-profit-oriented—BWM offers non-collateralized and low-cost financing, primarily through qard hasan (benevolent loans), complemented by continuous mentoring and religious-social guidance. This approach differentiates BWM from conventional microfinance institutions that often rely on interest-based lending and profit maximization.

A distinctive feature of BWM is its community-based operational model, which is typically centered around Islamic boarding schools (pesantren). Pesantren function not only as physical hubs but also as institutions of moral authority and social trust, enabling effective screening of beneficiaries and fostering discipline through group-based financing mechanisms. Regular group meetings (halaqah mingguan) serve as platforms for repayment monitoring, business coaching, and character development, thereby strengthening social capital and reducing default risk (Nurhafiani et al., 2024).

From a financial perspective, the principal of waqf funds managed by BWM is preserved, while returns generated from productive use are recycled to expand outreach and sustain operations. This mechanism aligns with the classical principle of waqf,

which emphasizes asset preservation and continuous benefit (istimrār al-manfa'ah). As such, BWM represents a practical model of productive waqf, transforming philanthropic resources into sustainable economic empowerment tools.

In terms of development impact, BWM contributes directly to the realization of maqasid al-shariah, particularly the protection of wealth (hifz al-mal), life (hifz al-nafs), and human dignity. At the macro level, it supports national agendas on financial inclusion, poverty reduction, and the achievement of the Sustainable Development Goals (SDGs). By targeting unbanked populations and promoting ethical finance, BWM serves as a bridge between Islamic social finance instruments and inclusive economic development.

Bank Waqf Micro was introduced as a non-bank Islamic microfinance institution that focuses on empowering the productive poor, especially around Islamic boarding schools. The BWM model integrates unsecured financing, low margins, business assistance, and spiritual guidance through the halaqah system. This approach makes BWM different from other conventional and sharia microfinance institutions (Ascarya, 2024).

In summary, Bank Waqf Micro can be understood as a hybrid institutional model that merges waqf-based philanthropy with Islamic microfinance practices to deliver socially oriented, sustainable, and community-driven financial services. Its emergence reflects a paradigm shift in Islamic finance—from a predominantly commercial focus toward a more balanced ecosystem that integrates social justice, empowerment, and sustainability.

However, in practice, the development of BWM in Indonesia still faces various challenges. Several studies show that there are limited human resource capacities, variations in pesantren conditions, funding challenges, and the need to strengthen sharia governance and compliance. In addition, differences in perceptions and interests between stakeholders often make it difficult to determine the focus of BWM development policies.

Therefore, a systematic approach is needed to identify and prioritize the main problems in BWM development. The Delphi method was chosen in this study because it is able to accommodate the opinions of experts in a structured manner and generate consensus that can be used as a basis for strategic decision-making and better policy.

DATA AND METHODOLOGY

This research aims to find the priority problem of the development of micro waqf banks (BWM) in Indonesia. The data used are the results of interviews with academics, practitioners and regulators of microfinance and Islamic economics in general. The total number of expert respondents was 9 experts. The application *Software* used as a tool is Microsoft Excel. The method used is the Delphi technique which is a qualitative method based on interviews with experts.

The Delphi method is a group process that involves interaction between researchers and a group of experts related to a specific topic, and through the help of questionnaires. This method is used to get a common point about future trends using a structured information collection process. This method is useful when the opinions and judgments of experts and practitioners are needed in solving problems.

The core principle of the Delphi method lies in its iterative process. Experts are asked to respond to a series of questionnaires in successive rounds. After each round, responses are statistically summarized and shared anonymously with the panel. This feedback allows participants to reconsider and, if necessary, revise their judgments in light of the group's aggregated responses. Through this controlled iteration, the method seeks to reduce extreme positions, minimize the influence of dominant individuals, and promote convergence toward consensus.

This study will use the 3 most widely used statistical indicators in the application of the Delphi method, namely *mean* values, standard deviation values, and *interquartile range* or IR values. The first measure of convergence assessment is when the answers or assessments of all respondents have a standard deviation value of less than 1.5 (<1.5). The formula for standard deviation notation as already known is as follows.

$$s = \sqrt{\frac{\sum(x_i - \bar{x})^2}{n-1}} \quad \text{or} \quad \sqrt{\frac{\sum x_i^2 - \frac{(\sum x_i)^2}{n}}{n-1}}$$

Where:

x = respondent A's answer to instrument n

\bar{x} = average respondents' answers to instrument n

The next measure is the consensus assessment or convergence where the answers or assessments of all respondents have an *Interquartile Range* value or IR of less than 2.5 (<2.5). The calculation of the IR value is the difference between the upper and lower quartiles (IR

= Q3 – Q1), where the quartile value formula is as follows.

$$Q_1 = \frac{x_{(\frac{n-1}{4})} + x_{(\frac{n+3}{4})}}{2}$$

$$Q_2 = x_{(\frac{2(n+1)}{4})}$$

$$Q_3 = \frac{x_{(\frac{3n+1}{4})} + x_{(\frac{3n+5}{4})}}{2}$$

The measurement to express the convergence or consensus level of all variables is when the standard values of the deviation <1.5 and the *value of the interquartile range* <2.5. If one of the indicators does not meet the requirements, then the variable is declared non-convergent or not agreed (divergent). Meanwhile, for variables that have met the requirements, the next step is to rank with the highest average value for each variable that reaches consensus (convergent).

RESULTS

Based on literature studies, there are at least 25 problems for the development of micro waqf banks (BWM) in Indonesia, namely: (1) Friendly and responsive service, (2) Establishment assisted by reliable infrastructure & IT, (3) Coaching and education training for BWM managers, administrators and supervisors (4) Customer acceptance process and joint responsibility concept, (5) Minimizing Defaults, (6) Implementation and assistance of members' businesses, (7) No difficulty finding funding sources, (8) The existence of halaqah increases discipline, cohesiveness, please help, empathy, which minimizes NPF, (9) The halaqah system re-foals the spirit of togetherness that is beginning to fade, (10) BWM brings the community closer to Islamic boarding schools, (11) Potential system maintenance costs, (12) Limited understanding of human resources related to the BWM program, the implementation of the program is not in accordance with the business model, (13) The conditions of each pesantren are different so that they have their own challenges in the development of BWM, (14) BWM has the opportunity to apply for additional capital, as customers increase (15) BWM can receive other parties' grants to increase capital. And there are still ten other indicators that can be seen in table 1.

From the 25 elements of the problem of micro waqf bank development (BWM) in Indonesia above, the

following is a complete answer in the form of weight given by the 9 expert respondents.

Table 1. Expert Respondent Answer Results

DEVELOPMENT OF MICRO WAQF BANK (BWM)	R1	R2	R3	R4	R5	R6	R7	R8	R9
Friendly and responsive service	9	7	7	9	9	9	9	8	9
Establishment assisted by reliable infrastructure & IT	9	8	9	9	8	9	9	8	8
Coaching and education training for BWM managers, administrators and supervisors	9	8	9	9	8	9	9	9	9
The customer acceptance process and the concept of joint liability minimize the occurrence of defaults	9	7	9	9	8	8	8	8	8
Implementation and assistance of members' businesses	9	6	6	9	8	7	7	7	8
No difficulty finding funding sources	9	7	7	9	9	8	6	8	7
The existence of halaqah increases discipline, cohesiveness, please help, empathy, which minimizes NPF	9	8	9	9	9	9	7	8	8
Customers are charged relatively low loan margins	9	8	4	9	7	6	6	7	8
The halaqah system re-foals the spirit of togetherness that is beginning to fade	9	7	8	9	9	7	7	7	7
BWM brings the community closer to Islamic boarding schools	9	8	8	9	8	8	9	8	8
Potential system maintenance costs	9	6	7	7	2	2	8	6	7
Limited understanding of human resources related to the BWM program	7	6	8	7	1	8	8	7	7
The conditions of each pesantren are different so that they have their own challenges in the development of BWM	8	7	8	7	3	8	8	7	8
BWM has the opportunity to apply for additional capital, as customers increase	7	6	7	9	8	8	6	6	7
BWM can receive other parties' grants to increase capital	6	7	7	9	7	8	7	7	8
BWM can get a nadzir certificate, so opens up opportunities to receive larger waqf funds	6	8	2	8	8	8	6	8	8
The community's desire to carry out sharia is increasing	8	9	4	9	9	8	5	8	8
Government support for BWM development	8	7	6	9	9	9	7	7	7
Opportunities for BWM development are not only in Islamic boarding schools, but also in other institutions	9	7	7	9	9	8	7	7	9
SMEs interested in large BWM programmes	9	8	8	8	8	8	8	8	8
Freeing society from loan sharks	9	9	8	9	9	9	8	9	8
Competition with other Programs (MEKAAR, UMI)	6	3	4	6	8	8	4	5	5
There is a possibility of non-compliance with sharia principles in accordance with DSN-MUI in operational activities	5	6	5	7	7	8	4	4	5
Weak public understanding of BWM, business management, and sharia implementation	5	5	6	8	9	8	3	6	6
The use of the word waqf in BWM raises questions from the community	5	4	2	7	9	8	3	7	7

In the application of the Delphi method, there are 3 most widely used statistical indicators, namely *mean* values, standard deviation values, and *interquartile range* or IR values. Based on the results of the data processing

that has been carried out, the calculation of the priority of the audit problem at zakat institutions in Indonesia is as attached in the table 2.

Table 2. Delphi Problem Calculation Results

BWM PROBLEMS	Q1	Q2	Q3	IR	STDEV	CONSENSUS		MEAN	RANK
						IR	STDEV		
Friendly and responsive service	8	9	9	1	0,831	CONVERGENT	CONVERGENT	8,444	4
Establishment assisted by reliable infrastructure & IT	8	9	9	1	0,497	CONVERGENT	CONVERGENT	8,555	3
Coaching and education training for BWM managers	9	9	9	0	0,416	CONVERGENT	CONVERGENT	8,777	1
The concept of joint liability minimizes the occurrence of defaults	8	8	9	1	0,629	CONVERGENT	CONVERGENT	8,222	7
Implementation and assistance of members' businesses	7	7	8	1	1,066	CONVERGENT	CONVERGENT	7,444	13
No difficulty finding funding sources	7	8	9	2	1,03	CONVERGENT	CONVERGENT	7,777	10
The existence of halaqah increases discipline, and minimizes NPF	8	9	9	1	0,685	CONVERGENT	CONVERGENT	8,444	4
Customers are charged relatively low loan margins	6	7	8	2	1,523	CONVERGENT	DIVERGENT	7,111	
The halaqah system re-foals the faded spirit of togetherness	7	7	9	2	0,916	CONVERGENT	CONVERGENT	7,777	10
BWM brings the community closer to Islamic boarding schools	8	8	9	1	0,471	CONVERGENT	CONVERGENT	8,333	6
Potential system maintenance costs	6	7	7	1	2,309	CONVERGENT	DIVERGENT	6	
Limited understanding of human resources related to the BWM program	7	7	8	1	2,061	CONVERGENT	DIVERGENT	6,555	
The conditions of each pesantren are different, so it is a challenge	7	8	8	1	1,523	CONVERGENT	DIVERGENT	7,111	
BWM has the opportunity to apply for capital increase	6	7	8	2	0,994	CONVERGENT	CONVERGENT	7,111	15
BWM can receive other parties' grants to increase capital	7	7	8	1	0,816	CONVERGENT	CONVERGENT	7,333	14
BWM can get a nadzir certificate	6	8	8	2	1,912	CONVERGENT	DIVERGENT	6,888	
The community's desire to carry out sharia is increasing	8	8	9	1	1,707	CONVERGENT	DIVERGENT	7,555	
Government support for BWM development	7	7	9	2	1,054	CONVERGENT	CONVERGENT	7,666	12
Opportunities for BWM development are not only in Islamic boarding schools, but also in other institutions	7	8	9	2	0,943	CONVERGENT	CONVERGENT	8	9
SMEs interested in large BWM programmes	8	8	8	0	0,314	CONVERGENT	CONVERGENT	8,111	8
Freeing society from loan sharks	8	9	9	1	0,471	CONVERGENT	CONVERGENT	8,666	2
Competition with other Programs (MEKAAR, UMI)	4	5	6	2	1,641	CONVERGENT	DIVERGENT	5,444	
There is a possibility of non-compliance with sharia principles according to DSN-MUI	5	5	7	2	1,333	CONVERGENT	CONVERGENT	5,666	16
Weak public understanding of BWM and the application of sharia	5	6	8	3	1,75	DIVERGENT	DIVERGENT	6,222	
The use of the word waqf in BWM raises questions from the public	4	7	7	3	2,25	DIVERGENT	DIVERGENT	5,777	

Based on table 2, in general of the 25 problem variables in the development of micro waqf banks (BWM), 16 variables have been agreed upon by experts and only 9 variables have not been agreed. Meanwhile, the order of the most important variables of problems in the development of micro waqf banks (BWM) in Indonesia are: (1) Coaching and training education for BWM managers, administrators and supervisors, (2) Liberating the community from loan sharks, (3)

Establishment assisted by reliable infrastructure & IT, (4) Friendly and responsive services, (4) The existence of halaqah increases discipline, cohesiveness, please help, empathy, which minimizes NPF, (6) BWM brings the community closer to Islamic boarding schools, (7) The process of accepting customers and the concept of joint responsibility minimizes defaults, (8) Authorization problems, (8) SMEs who are interested in large BWM programs, (9) Opportunities for BWM development not

only in Islamic boarding schools, but also in institutions, (10) There is no difficulty in finding sources of funding, (10) The halaqah system refoals the spirit of togetherness that is starting to fade, and (12) Government support for the development of BWM, (13) The implementation and assistance of members' businesses, (14) BWM may receive grants from other parties u/ increase capital, (15) BWM has the opportunity to apply for additional capital, as customers increase, (16) There is a possibility of non-compliance with the principles sharia in accordance with DSN-MUI in operational activities.

DISCUSSION

Based on the results of data processing using the Delphi method, this study identified 25 problem variables in the development of Micro Waqf Banks in Indonesia. Of these, 16 variables were declared to have reached a consensus, while the other 9 variables did not reach agreement among experts. The high number of converging variables shows that there is a common view among experts regarding the crucial issues faced by BWM.

The variable with the highest consensus level was coaching and training education for BWM managers, administrators, and supervisors, with the highest average score and low standard deviation. These findings confirm that the quality of human resources is a key factor in the successful management of Islamic microfinance institutions (Soemitra et al., 2022). Without adequate managerial capacity, business understanding, and sharia literacy, the BWM model risks not running according to its original purpose.

The second priority agreed by the experts is the role of BWM in freeing the community from the practice of loan sharks. The problem of the poor's dependence on high-interest informal loans is still a structural problem in Indonesia. The existence of BWM with sharia-based financing, low margins, and a social approach is considered very strategic in breaking the chain. These findings are in line with the Islamic microfinance literature that emphasizes the social function of Islamic financial institutions in promoting financial justice and inclusion (Obaidullah & Khan, 2008).

The third variable with a high level of priority is the need for reliable infrastructure and information technology support. Although BWM operates on a micro scale, the complexity of customer data management, financial reporting, and compliance monitoring requires an adequate technology system.

Limited IT infrastructure has the potential to cause inefficiencies, increase operational risks, and complicate the monitoring process by regulators.

Several other variables that also reached a high consensus were related to the halaqah system, such as increased discipline, solidarity, and reduced risk of non-performing financing (NPF). This shows that social and spiritual approaches are not only complementary, but integral to BWM's business model. The integration of religious values with financial mechanisms has been proven to strengthen customer commitment and reduce the risk of moral hazard (Fitri, 2021).

Meanwhile, the variables that did not reach consensus were generally related to public perception, competition with other financing programs, and the issue of the terminology of "waqf" in BWM. This disagreement reflects differences in regional contexts, practical experiences, and expert viewpoints. This indicates the need for a more contextual and region-based follow-up study.

CONCLUSION

This study aims to identify and determine the priorities of the main issues in the development of Micro Waqf Banks in Indonesia based on the perspective of experts. Based on the results of the calculation, in general, out of 25 problem variables in the development of micro waqf banks (BWM) in Indonesia, 16 variables have been agreed upon by experts and only 9 variables have not been agreed. From the results of the calculation using the Delphi method, the 3 main priorities for the development of micro waqf banks (BWM) in Indonesia are (1) Coaching and education training for BWM managers, administrators and supervisors, (2) Liberating the community from loan sharks, (3) Establishment assisted by reliable infrastructure & IT.

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