

## THE ROLE OF ISLAMIC MICROFINANCE INSTITUTIONS TOWARDS THE DEVELOPMENT HALAL INDUSTRY IN SUMENEP REGENCY

Siti Fatimah Azzahrah<sup>1</sup>

Nasrulloh Nasrulloh<sup>2</sup>

<sup>1,2</sup> Universitas Trunojoyo Madura

<sup>1</sup> [210721100185@student.trunojoyo.ac.id](mailto:210721100185@student.trunojoyo.ac.id)

<sup>2</sup> [nasrulloh@trunojoyo.ac.id](mailto:nasrulloh@trunojoyo.ac.id)

### Abstract

Sharia Microfinance Institutions are one of the sectors that must promote the growth of the halal business in Indonesia, particularly in Sumenep Regency. Using descriptive qualitative research methodologies, this study seeks to ascertain the contribution of Islamic microfinance institutions to the growth of the halal industry in Sumenep Regency. The data used are primary data and secondary data obtained by means of interviews, observation, and documentation. The results of the study indicate that the role provided by Sharia Microfinance Institutions is in the form of financing, halal certificate assistance, marketing facilities, and making payment media (QRIS). The existence of this role has a very positive impact on the growth and marketing of the halal industry. This study suggests that Sharia Microfinance Institutions improve and expand services to business actors. In addition, collaboration between Sharia Financial Institutions, the Government, and the community is needed in strengthening the halal industry in Sumenep.

**Keywords :** *Halal Industry, Sharia Microfinance Institutions, Sumenep Regency*

### INTRODUCTION

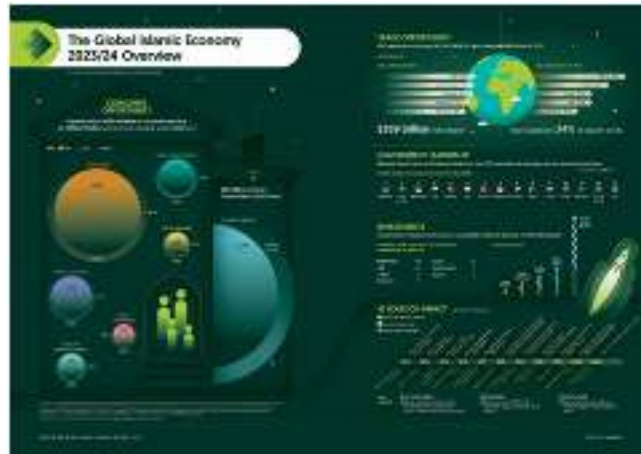
The halal industry is an economic sector that continues to grow globally, it has the potential to drive global economic growth. The increasing growth of the Muslim population in the world has almost reached the two billion mark, this also causes the demand for halal goods to increase. Therefore, the halal industry has an important role in global trade when viewed from the many Muslim countries in the world that depend on international markets in meeting the need for halal products (Rahmawati et al., 2022).

The increasing number of Muslim population in the world, provides an opportunity for halal industry consumers to increase by 5.2% with total consumer spending reaching USD 2.2 trillion (Adamsah & Subakti, 2022). *Compound Annual Growth Rate* (CAGR) predicts that there will be an increase in the halal industry of 6.2% within 6 years or from 2018 to 2024. In addition, the total funds spent by consumers of the



halal industry will increase to reach USD 3.2 trillion by 2024(Syamsuri et al., 2024). Based on the data above, it can be seen that the halal industry has a very bright opportunity in the future.

Muslim Halal Industry Spending Chart



Source: State of the Global Islamic Economy Report 2024

Based on the State of the Global Islamic economy Report 2024, it shows that there is significant growth potential, both among Muslims and non-Muslims, besides that the report also reveals that non-Muslim countries such as Russia, Nigeria, France, Singapore, Thailand, Canada, Spain and Italy are included in the top ten of the world's halal industry. The presence of non-Muslim countries in this top ranking strengthens the indication that opportunities for the development of the halal industry are expanding. Japan, which is not a Muslim country, has experienced a surge in the number of foreign tourists since 2013 with more than 10 million visits, of which about 300 thousand are Muslim tourists. It is estimated that the number of tourists will continue to increase until 2020, with projections reaching one million people (Samsul et al., 2024). The growth of trade, advances in technology and science, and various initiatives to improve the quality of life of the community show that industry players really understand the concept of halal. The halal concept is expected to affect social change by ensuring public safety, improving quality of life, and creating a comfortable and good environment to live in (Herianti et al., 2023).

Indonesia is the largest Muslim-majority country in the world, with a Muslim population of 87.18% of the population of 232.5 million (Adinugrah et al., 2022). With this number, Indonesia has a huge opportunity to develop the halal industry. Given the aforementioned, Indonesia has a significant advantage in developing the halal industry. The demand for halal products in Indonesian markets continues to rise. In 2017, the entire consumption of halal products in Indonesia reached 200 million AS, which is equivalent to more than 36% of all tangga and seta household consumption and 20% of



all PDB Indonesia consumption. It is estimated that the consumption of halal products will continue to rise at a rate of about 5.3% every year. It is estimated that Indonesian halal product consumption will reach 330,5 million AS by 2025 (Razali et al., 2021).

The opportunity to develop the halal industry, which is currently a global trend, provides Indonesia with an excellent opportunity to become the center of the global halal industry. One aspect that provides opportunities for the Indonesian halal industry is global recognition. Indonesia is internationally recognized as one of the countries committed to the development of the halal industry. According to the *State of the Global Islamic Economy 2020/2021* report, Indonesia is ranked fourth out of the top 15 countries in the world in the World Islamic Economic Index. Indonesia is ranked second in the world in fashion, fourth in halal food, fifth in media and entertainment, and sixth in Islamic finance, travel, pharmaceuticals, and cosmetics. (Samsul et al., 2024).

Madura Island is an island located in the northeast of East Java, Indonesia. Madura Island is often called the “Salt Island” because of its abundant salt production. In addition, Madura is also known as the “Island of a thousand Islamic boarding schools” due to the large number of Islamic boarding schools in Madura, reflecting that the majority of the population of Madura Island embraces Islam. The number of Madurese who embrace Islam is 99% of the total population. Sumenep is a district located at the easternmost tip of Madura Island. The district has significant economic potential, especially in the halal industry sector. As an area with a majority Muslim population, Sumenep has strong potential to develop the halal industry. This potential is supported by increasing consumer demand for products that comply with sharia principles. Amid the growth of the halal industry in the Sumenep district, Islamic microfinance institutions play a role in supporting and facilitating the development of the halal industry. Islamic financial institutions that stand in Sumenep Regency consist of Islamic banking, Islamic cooperatives, and baitul mal wa tamwil (BMT).

Several researchers have conducted similar research, such as research conducted by Inayatillah (Djakfar et al., 2021) in 2021 using qualitative research methods. The result of this study is that Bank Syariah Mandiri KCP Ulee Kareng has a role in developing halal tourism, especially in the culinary business sector, providing travel services, and lodging. The role given is to provide financing to halal tourism business actors. The financing provided is micro business financing. In terms of its role, Islamic banks have several important functions. One of them is as a policy, because this option can expand the tourism industry and gain financial benefits through capital distribution. In addition, Islamic banks also act as a strategy in channeling their funds. By supporting the tourism industry in Banda Aceh, Islamic banks not only attract public trust and support, but also encourage their loyalty in choosing financing from Islamic banks.



Research conducted by Sipul (Sipul & Burhan Noor Hasan, 2022) using field research methods. The result of this study is that Islamic banks are willing to cooperate in developing edu-tourism in Morkepek village as long as the tour has been running for 2 years. In addition to these conditions, Islamic banks will also offer available products or provide an explanation of the agreement contract that suits their needs. Therefore, tree house educational tourism in Morkepek village has not been able to establish cooperation with Islamic banks because it has only been established for about six months.

Another study was also conducted by Warto (Warto et al., 2024) using the type of field research. The results of this study indicate that Bank Syariah Indonesia has the ability to support the halal food industry through the following programs: (a) BSI KUR Mikro and BSI KUR Kecil products, which support the halal food business for small businesses in Tangerang Balaraja. (b) Human Resource Development. Both products are very important for the halal food industry in the region and contribute to the economic growth of Nasabah. Nonetheless, BSI KCP Tangerang Balaraja must assess the use of the financing to ensure that the money is used for business purposes and not for consumptive purposes.

From the previous research that the researchers described above, it can be concluded that there are differences in the research to be carried out. In this study, researchers chose the halal industry as the object of research considering that in Sumenep Regency there are still many business actors who do not have halal certificates. whereas in preliminary research the researchers only focused on one sector of the halal industry. In addition, other differences can be seen from financial institutions, research methods, and research sites. In this study, researchers prefer Sharia Microfinance Institutions which are the subject of research.

Therefore, the importance of the above problems requires further research which hopes to find out how Islamic microfinance institutions play a role in providing support in the development of the halal industry in Sumenep Regency.

## **LITERATURE REVIEW**

### **Sharia Microfinance Institutions**

Microfinance institutions are financial institutions directed at providing business development services and empowering local communities, either through micro-scale lending or financing which is often referred to as a funding system, loans to members and communities, management of deposits, and provision of consulting services. The main objective is not only profit-seeking, but also involves broader business development (Aini & Rahman, 2023).



Sharia microfinance institution is an entity that carries out activities in the financial sector by collecting funds from the public and channeling them back using sharia principles. The term “micro” in Islamic Microfinance Institutions refers to a smaller scope or scope. If we compare it to large financial institutions, such as banks that have large capital, then Microfinance Institutions are another form of banks or similar institutions that have small capital and are aimed at the micro and small business sector. In this context, these include *Baitul Mal Wattammwil*, Sharia Cooperatives, and Sharia Rural Banks (BPRS)(Qadariyah & Permata, 2017).

### Forms of Sharia Microfinance Institutions

Islamic microfinance institutions in Indonesia are divided into two types, namely Islamic microfinance institutions in the form of banks and non-bank Islamic microfinance institutions. Bank-shaped Islamic microfinance institutions are still based on the general Islamic banking system, although there are differences regulated in the Islamic banking law, Bank Indonesia (BI) regulations, and OJK regulations related to these differences. Meanwhile, non-bank Islamic microfinance institutions have their own legal basis and apply sharia principles in their operations, but their products and management are slightly different from the banking industry.

#### 1. Sharia Rural Banks (BPRS)

If in the convention concept, BPR is an acronym for Bank Perkreditan Rakyat. In contrast to the concept of sharia, BPRS is a bank that bridges the needs of small and medium entrepreneurs through the ease of procedures based on sharia principles. different from commercial banks, emphasized in Law No. 21 of 2008 concerning Sharia Banking and the latest rules contained by OJK in OJK regulation No.3 / POJK.03 / 2016 concerning BPRS. BPRS is a bank that runs a financing business in accordance with sharia principles but, does not provide services in payment traffic such as, deposits in the form of current accounts and deposits, foreign exchange activities, insurance business activities, and equity participation with other institutions.

#### 2. Islamic Financial Services Cooperative

In accordance with the Decree of the Minister of Cooperatives No. 91/Kep/M.KUKM/IX/2004, the Sharia Financial Services Cooperative (KJKS) is a cooperative institution also known as the Sharia Savings and Loan and Financing Cooperative (KSSPS). KJKS is engaged in credit, investment and savings in accordance with sharia principles. In carrying out its operational activities, KSSPS follows an organizational structure





similar to traditional cooperatives. The organization consists of Members Meeting, Management and Supervisors. The Members' Meeting is the highest body of the cooperative. The management is responsible for implementing the decisions of the members' meeting, and the supervisor is responsible for monitoring the performance of the management in carrying out these duties (Amalia, 2016).

### 3. *Baitul Maal wa Tamwil* (BMT)

The two frames of *Baitul Mal Wa Tamwil* (BMT) are *Baitul Mal* and *Baitul Tamwil*. In practical terms, *Baitul Mal* means "house of funds," while *Baitul Tamwil* means "house of business." Both of them have different dampak and makna. According to the definition, *Baitul Mal* is a place that distributes money derived from zakat, infaq, and shodaqoh with social goals in accordance with syariah law. Meanwhile, *Baitul Tamwil* is a place that manages community or people's savings funds and distributes them for commercial purposes (Tanjung & Novizas, 2018).

BMT is intended to improve the quality of business in the micro-economy as well as mengotganissri community potential in improving the welfare of its members. As a financial institution, BMT certainly has activities to raise funds and distribute them. The turnover of funds in BMT and KSPPS has similarities, namely the initial funds or capital obtained from the founder in the form of principal savings. In addition, capital is also obtained if the BMT or KSPPS cooperates with social institutions such as foundations, Amil Zakat Institutions (LAZ) and others.

## Halal Industry

According to KBBI, industry is the process of making and changing goods using tools and machines, such as machines. Meanwhile, halal is something that is prohibited or not allowed by law. In other words, the halal industry is a business that uses Islamic tools and equipment to produce and process goods.

According to the Indonesian Halal Industry Master Plan, the halal industry is an activity that involves the processing of halal goods and services using raw material resources, equipment, and processing processes in accordance with Islamic law in producing halal products, including the value chain associated with these industrial activities (Harahap et al., 2023). The halal industry in Indonesia covers various sectors, such as food and beverages, cosmetics, pharmaceuticals, and tourism in accordance with Islamic law.



The functions and objectives of the halal industry include the implementation of Law No. 33 of 2014 on Halal Product Guarantee. The purpose of this law is to ensure that everyone can live their lives as they wish, with the state required to provide protection and guidance regarding the sale of goods. However, not all products that are widely available in society comply with the law, thus requiring legal compliance through several agreements to create the Halal Product Guarantee Law. Article 1 of Law No. 33 of 2014 defines products as goods or services that include usable goods consisting of food, medicine, cosmetics, chemical products, biological products, genetically modified products, and other usable goods that are used or utilized by the public. In contrast, halal products are products that have been declared halal in accordance with Islamic law (Bakar et al., 2021).

### **Halal Industry Development Strategies**

In developing the halal industry in Indonesia, there needs to be an efficient and measurable, directed strategy, such as strengthening in various sectors so that the halal industry can develop optimally. The following strategies can be applied, namely (Harahap et al., 2023):

- a. The government has a very important role in developing the halal industry in Indonesia. In addition to strengthening existing legislation, the government must also improve the halal ecosystem by taking policies at the macro and micro levels. At the macro level, the government can make specific policies such as increasing market value with halal goods export policies, including food, industry and cosmetics, and increasing halal tourism for foreign tourists. At the micro level, the government can increase halal financing for MSMEs and provide subsidies or support for easy facilities for MSMEs in arranging halal certification..
- b. Halal infrastructure must be prepared, both in the form of logistics and halal supply chain, to provide according to different logistics conditions and characteristics. Thus, the halal industry in logistics can be improved. The existence of halal infrastructure in logistics can improve various halal industries, such as food, cosmetics, pharmaceuticals, tourism and finance.
- c. Increasing Human Resources (HR) is important in improving the halal industry. This can be done by holding trainings to increase public awareness about the importance of halal product guarantees. Current conditions show that there are still many people who do not realize the importance of halal certification. Therefore, the trainings are expected to increase the competence of jobs related to the halal industry and increase the competence of human resources and product materials. All of this boils down to the halal industry ecosystem chain in Indonesia.



## RESEARCH METHOD

In this study, researchers used qualitative research with a descriptive approach. Qualitative research is a research process that produces descriptive data in the form of language, writing, and behavior of people observed in a certain context. Qualitative research involves examining a phenomenon from a comprehensive, global, and holistic perspective. In qualitative research, researchers collect, analyze, and interpret common visual and narrative (non-numerical) data to better understand certain phenomena (Agusven et al., 2023). This method is also used to study certain problems and situations that exist in society, thus allowing researchers to get a new picture, strengthen existing truths, or vice versa (Faqih & Makhtum, 2021). However, in this study, the authors focus on the role played by Islamic microfinance institutions in Sumenep in developing the halal industry, considering that there are still many industries that have not met halal standards, such as catering companies and MSMEs. I received my certificate. Clarify through research the role of Islamic microfinance institutions in supporting the development of the halal industry.

The data used in this study are primary data and secondary data. Primary data in this study were obtained through direct interviews with sources, namely Sharia Microfinance Institutions in Sumenep Regency and customers who received support for the development of the halal industry. As for secondary data obtained through books, evidence, photo documentation, published and unpublished records or histories, and all data related to this research.

## RESULTS AND DISCUSSION

### Profile of PT. BPRS Bhakti Sumekar

With the enactment of Law No. 22/1999 on Regional Government and Government Regulation No. 25 on Government Authority and Provincial Authority as autonomous regions, regional autonomy became the responsibility of local governments. This authority includes the management of all regional budgetary affairs and the institutions and devices involved. The Sumenep district government, in addition to trying to increase and utilize the economic potential of the region to increase local revenue (PAD), also plans to develop the role of financial institutions that are expected to support the achievement of these goals. Financial institutions are expected to encourage the improvement and utilization of regional economic potential in order to achieve community welfare evenly.

The ideal form of financial institution that meets the criteria of the Sumenep region is a microfinance institution, in this case the Sharia Rural Bank (BPRS). To meet these objectives, the Sumenep government acquired a People's Credit Bank based in





Sidoarjo, namely PT. BPR DANA MERAPI which was then relocated to Sumenep Regency.

To carry out the acquisition of PT BPR Dana Merapi, the Sumenep District Government prepared a Memorandum of Understanding (MOU) and Cooperation Agreement Letter for the Establishment of Sharia Rural Banks (BPRS) in Sumenep District with Number 910/608b/435.304/200-1011/BMI/PKS/XII/2001, signed by the Sumenep Regent and PT Bank Syariah Muamalat Indonesia, Tbk. on December 27, 2001. In the MOU, PT Bank Muamalat is responsible as the executor in the BPR takeover process and also provides consultation related to licensing, recruitment, training, and coaching.

Furthermore, to legalize the establishment of PT BPRS Bhakti Sumekar - Sumenep, the Sumenep District Government regulated the matter through Regional Regulation (PERDA) Number 6 of 2003 issued on July 31, 2003, concerning the Establishment of PT Bhakti Sumekar Syariah Rural Bank..

Conventional System changes to Shari'ah System and change the name of PT.BPR Bhakti Sumekar to PT.BPRS Bhakti Sumekar in notarial deed Sukarini SH notary in Sidoarjo No.1 dated November 1, 2003 has been approved by the Department of Justice and Human Rights RI, No.C-01389 HT.01.04.TH.2004 dated January 19, 2004 and approval of the principle permit Bank Indonesia NO.6/606/DPbs Jakarta dated May 21, 2004 and Bank Indonesia Surabaya Branch No.6/353/DPBPR/IDBPR/Sb dated June 22, 2004.

### **The Role of Bhakti Sumekar BPRS in the Development of the Halal Industry in Sumenep**

As one of the Islamic microfinance institutions in Sumenep Regency, BPRS Bhakti Sumekar plays an active role in providing support for local economic growth, especially the halal industry through various financing programs and support for Micro, Small and Medium Enterprises (MSMEs). BPRS Bhakti Sumekar provides access to interest-free capital (usury) in accordance with Sharia principles and enables economic actors to develop products and services that meet halal standards. The programs or products provided by BPRS Bhakti Sumekar in supporting the development of the halal industry in Sumenep Regency are as follows:

a. Sharia Partner Financing

Sharia partner financing is a financing service that provides capital opportunities for small business actors or an individual investment that has micro, small and medium businesses to be used as business capital. This



financing is devoted to business actors, especially middle to lower class and not yet large scale who have difficulty in capitalizing their business. The margin rate on this financing is quite cheap, some are even 0% or no margin. However, for financing without margin there is a maximum financing ceiling regulation of Rp. 5,000,000. Bhakti Sumekar BPRS provides various kinds of support for business actors, especially for halal industry players in Sumenep. Islamic partner financing offered by BPRS is not only without margin but there are also Islamic partner financing with a margin, but the margin is still fairly cheap.

Financing sharia partners without margin is one form of commitment given by the BPRS Bhakti Sumekar in supporting the development of the halal industry inumenep regency. This financing has a total of 225 customers. The Akad used in this financing is Murabahah bil Wakalah, where customers do not get goods but customers only get money to fulfill the goods they need in other words the BPRS entrusts the money that has been given to customers to be used to meet their needs in business, as well as in determining the margin which is fixed in accordance with the agreement or agreement that has been agreed between the BPRS and its customers. This financing is given to improve the standard of living of halal industry business actors who experience constraints in their business capital. This sharia partner financing has a very efficient role for halal industry players in Sumenep Regency to develop their business.

Based on the results of interviews with 2 sharia partner financing customers, it was explained that accessing sharia partner financing was a very easy and fast process. Then, in terms of increasing the income of customers who utilize sharia partner financing, there is a significant development compared to their condition before accessing the financing. This can be seen from the daily income of the traders, which increased due to sufficient capital. With the available capital, they can prepare the inventory of goods needed for their business. The more stock they have, the more flexible they are in running their business, which in turn has a positive impact on increasing their income. As said by Mr. Soadi, he said that with this sharia partner financing his business experienced significant progress, he was able to open a new branch thanks to BPRS capital assistance although the capital did not cover all his needs.

b. Halal certification Mentoring

In addition to providing support in the form of providing financing, BPRS Bhakti Sumekar also provides halal certification assistance for business



people who do not yet have a halal certificate on their business. The assistance was carried out by BPRS Bhakti Sumekar 2 years ago, precisely in 2022 without charging or free of charge. Assistance in obtaining halal certification is a form of commitment of BPRS Bhakti Sumekar in order to encourage the production of business actors in Sumenep to have quality value and upgrade, so that they can compete in marketing. The halal certification assistance was guided by a team of experts from the Sepuluh November Institute of Technology (ITS) Surabaya. This assistance was attended by 50 business people in Sumenep who are also members of the fostered and customers of BPRS Bhakti Sumekar..

### Profile of KSPP. Syariah BMT NU Sumenep

The establishment of BMT NU is motivated by concerns about the condition of the Sumenep community in general, especially the people of Gapura Sub-district who have not experienced a significant increase in welfare, even though they have a fairly high work ethic. This is in accordance with the lyrics of a Madurese song that says “*Asapok angin abantal ombak* (covered in wind and cushioned by waves)”.

The people of Gapura Sub-district are known as hardworking people, with both husbands and wives working together to fulfill their needs. However. They are unable to improve their standard of living. This condition caused concern for the MWC Nahdlatul Utama. Therefore, in 2003 the current MWC NU Gapura board gave the task to the economic institution to take concrete action by initiating the Strengthening the People's Economy Program to improve the Welfare of the Mardhatillah Community. To realize the program, the economic institution of MWC NU Gapura made a series of efforts, starting with entrepreneurship training on April 8-10, 2003, followed by a talk with the alumni of the training to formulate the economic strengthening capital on June 13, 2003, and a business meeting on November 21, 2003. Furthermore, a socialization on gingseng plants was held on 13-14 May 2004, a workshop on alternative plants other than tobacco on 14 May 2004, and a workshop on planning the establishment of BUMNU (NU-Owned Enterprises) on 15 May 2004.

Through these activities, it was identified that the problems faced by small communities were weak capital, lack of marketing and lack of mastery of technology. Because of this problem, the head of NU's economic institution Mashdi proposed the idea of establishing Baitul Maal Wat Tamwil (BMT) as a sharia microfinance institution that would run a savings and loan business for its members. This idea was also motivated by the practice of moneylenders and BMTs with 50% interest rates that are prevalent in Gapura Sub-district..



Initially, the workshop participants and the MWC NU Gapura board objected to Mr. Masyudi's idea of establishing a Baitul Maal wat Tamwil (BMT), due to past trauma where financial institutions often misused their money. However, on July 1, 2004, after listening to the Term of Reference (TOR) for establishing a BMT prepared by Mr. Masyudi, the MWC NU Gapura board and workshop participants agreed to establish a sharia savings and loan business in the form of a BMT cooperative. This was done as a continuation of the previous workshop. However, during the MWC NU Gapura management meeting on April 29, 2007, the name of BMT Nahdlatul Ulama was changed to BMT Nuansa Umat or BMT NU. The change was made because of input from notaries and officials of the Sumenep District Cooperative and UMKM Office that the use of the name Nahdlatul Ulama by other institutions cannot be done without written permission from the Nahdlatul Ulama Executive Board.

At the time of the establishment of BMT NU, there was an agreement that the legality of BMT NU would be sought after significant progress, having good prospects, and gaining the trust of the community. This is done so that BMT NU is not just a business entity in name only without conducting appropriate business activities. In addition, the participants also agreed on Mr. Masyudi as Chairman and concurrently as secretary, while Mr. Darwis as Treasurer.

One of the main challenges faced by the BMT NU board at the beginning of its establishment was to convince all the founders of BMT NU from the MWC NU Gapura board, which initially numbered 36 people to 22 people who agreed to pay member deposits, and the initial capital collected was only Rp. 400,000. This situation encouraged the BMT NU board to be enthusiastic and work hard in convincing the founders and the community that the establishment of BMT NU would provide benefits in increasing small and medium enterprises, as well as maintaining the security and sustainability of their savings through professional management and free from usury practices prohibited by religion.

The strong spirit and motivation of the BMT NU board is truly tested and requires total dedication to improve and develop BMT NU. They believe that BMT NU can make a positive contribution in improving the economy of small and micro businesses. Therefore, almost every day they meet the people of Gapura Sub-district door to door to attract people to become BMT members. Initially, many people were pessimistic due to the public's perception and bad reputation of cooperatives that often fail and the lack of clarity regarding the fate of members' savings. This became a major challenge faced by the management in convincing the community to join and save.

The hard work done by the board at the beginning of the establishment of BMT NU has not yielded significant results. The initial capital of only Rp. 400,000 on July 1, 2002 only increased in December 2004, which amounted to Rp. 2,172,000 with a net



profit of Rp. 42,000. Operational costs are not charged to BMT NU, but are borne by the management themselves as a sacrifice for the progress of BMT NU, so that at the beginning of the establishment the management did not get a salary. Nevertheless, the number of members managed to increase from 17 to 33 people.

After paying attention to the development of BMT NU in 2006, the board made a decision to complete the legality aspect as a cooperative recognized by the government. Until finally on May 4, 2007 BMT NU was officially registered in a notary deed with Number: 10, Legal Entity: 188.4/11/BH/XVI.26/435.113/2007, SIUP: 503/6731/SIUP-KJK435.114/2007, TDP: 132125200588, and NPWP: 02.599.962.4-608.000 under the name of Sharia Financial Services Cooperative (KJKS) Baitum Maal wa Tamwil Nuansa Umat abbreviated as BMT NU.

### **The Role of KSPP. Syariah BMT NU Sumenep in the Development of the Halal Industry in Sumenep**

The main activity of KSPPS BMT NU Sumenep City Branch in addition to collecting funds from the community in the form of deposits, it also distributes funds in the form of financing in accordance with the existing contract at KSPPS BMT NU which aims to improve community welfare. Financing provided by KSPPS BMT NU for halal industry players, such as MSMEs, aims to expand their business, develop their products, meet production needs, and increase their trade goods.

Developing a business is the desire of every business actor to increase the productivity of his business, with the financing of the difficulties in obtaining business capital faced by business actors can be resolved. The role given by KSPPS BMT NU Sumenep City Branch in developing the halal industry is by:

a. Provide Financing

In an effort to assist the development of customers' businesses, BMT NU provides funds to business actors in the form of financing. Financing provided to KSPPS BMT NU City Branch customers is murabahah, qardhul hasan, and mudharabah financing. The financing is business capital provided to customers who need funds for their business needs. This financing is an effort made by KSPPS BMT NU Cabang Kota to help customers who are developing their business and free from interest. To get this financing, customers or partners must fulfill several conditions, one of the main requirements is that they must be a member of KSPPS BMT NU. To get financing, BMT NU partners must go through several stages, namely the submission stage, survey stage, approval stage, and disbursement stage.





According to Mrs. Iis as a partner of KSPPS BMT NU who has done financing using a qardhul Hasan contract (entrusted services), initially she was selling using a bicycle around now she is progressing by selling using a cart and in one place. Mrs. Iis applied for financing at KSPPS BMT NU Kota Branch, namely for additional capital. She has been a member of KSPSS BMT Nu for 2 years. With this financing she feels the progress of her business.

The same thing was also conveyed by Mrs. Dina as a BMT NU partner who also took financing using a qardhul hasan contract (entrusted services). She said that after taking financing which was used as capital, the business she was running experienced significant progress even though she had only been a partner for 1.5 years.

b. As Container and Marketing

In supporting customer business development, BMT NU Sumenep utilizes its self-service by accommodating products owned by customers. This marketing is done so that the products owned by BMT NU partners are known by all circles. The conditions that must be met by partners or customers to leave their products in the BMT NU supermarket are first, the partner is a member of KSPPS BMT NU. Second, the product to be marketed must have a Halal label, because the food consumed by the community must be guaranteed halal. With this role, it has a positive impact, the Sumenep community can recognize the regional specialties of each BMT NU Branch.

### **Profile of Profile of Muamalat Bank KCP Sumenep**

Bank Muamalat Indonesia (BMI) is the first bank in Indonesia to implement a sharia banking system and is subject to Bank Indonesia (BI) regulations. Bmi was established based on the deed of establishment No. 1 dated November 1, 1991 AD or 24 Rabiul Akhir 1412 Hijri. Bank Muamalat was founded on the idea of the Indonesian Ulema Council (MUI), Indonesian Muslim Scholars (ICMI) and Muslim entrepreneurs who later received support from the Government of the Republic of Indonesia. BMI began operations on May 1, 1992/27 Syawal 1412 H and the date was designated as the Company's birthday. In contrast to conventional banks, BMI is prohibited from using interest instruments, which in Islam is included in usury and is not in accordance with Islamic law.

One of the branches that became the center of this research is Bank Muamalat Indonesia KCP Sumenep which is located on the eastern part of Madura Island, precisely Sumenep Regency. In Sumenep District BMI has 1 (one) branch office and 1 (one) Mobile Branch located at the Ministry of Religion Office. The beginning of the



establishment of Bank Muamalat KCP Sumenep began with the Mobile Branch until it was approved by the center to establish a Branch Office precisely in Kolor, Sumenep City District, Sumenep Regency.

Mobile Branch itself has existed since October 2018. Since the existence of this Mobile Branch, many Madurese people, especially Sumenep, have registered themselves to become Bank Muamalat customers, one of which is a Hajj customer. This is one of the factors for the establishment of the Branch Office. Based on information from one of the Bank Muamalat Sumenep employees that Hajj customers at the time amounted to about 14 people. However, every day the number of customers always increases, until finally in November 2018 the office was successfully established and inaugurated until now. Along with the times the products in Bank Muamalat also increase according to developments, starting from the Muamalat DIN (Digital Islamic Network) application so that customers are easier to make accounts without having to go to the bank, and there are Prohajj or Hajj Plus products so that customers can leave faster where the waiting period is around 6 to 7 years. In addition, there is also a Qris feature that can facilitate customers in transactions anywhere and anytime.

### **The Role of Muamalat Bank KCP Sumenep in the Development of the Halal Industry in Sumenep**

Based on the results of interviews with Mr. Budi as the Operations Supervisor explained that at this time Bank Muamalat provides services in the form of savings and making Qris payment media for the halal industry in Sumenep Regency. The program provided by Bank Muamalat KCP Sumenep in supporting the development of the halal industry in Sumenep Regency is only in the form of Sharia savings, making Qris, and making business accounts. So it can be concluded that Bank Muamalat KCP Sumenep only provides the Qris creation program. At this time Bank Muamalat KCP Sumenep still does not provide financing specifically for the development of the halal industry. However, Bank Muamalat believes that the halal industry in the Regency is very good in its development so that it can convince consumers to enjoy or consume halal products, this is also reinforced by the majority of Sumenep people who embrace Islam.

### **CONCLUSION**

Based on the results of the research that has been submitted by the author above, it can be concluded that the halal industry in Sumenep Regency is experiencing very good development, so that it can increase the level of consumer confidence in enjoying or consuming halal products, this is also reinforced by the Sumenep community, the majority of whom adhere to Islam. However, this development will not go well if it is not supported by the government and financial institutions, because more or less the problem that arises in the development of the halal industry is business capital. The role



provided by Islamic microfinance institutions is in the form of financing, marketing, halal certification assistance, and making the Qris payment system. The existence of this role is expected to support the halal industry in Sumenep Regency to develop for the better.

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