

IMPLEMENTING INTEGRATED ISLAMIC COMMERCIAL AND SOCIAL FINANCE

In Islamic Financial Institutions



A s c a r y a

Islamic Economic and Finance Department – BANK INDONESIA
Yogyakarta, December 5, 2017

OUTLINE

1. INTRODUCTION

Background

Objective

2. Literatur Review

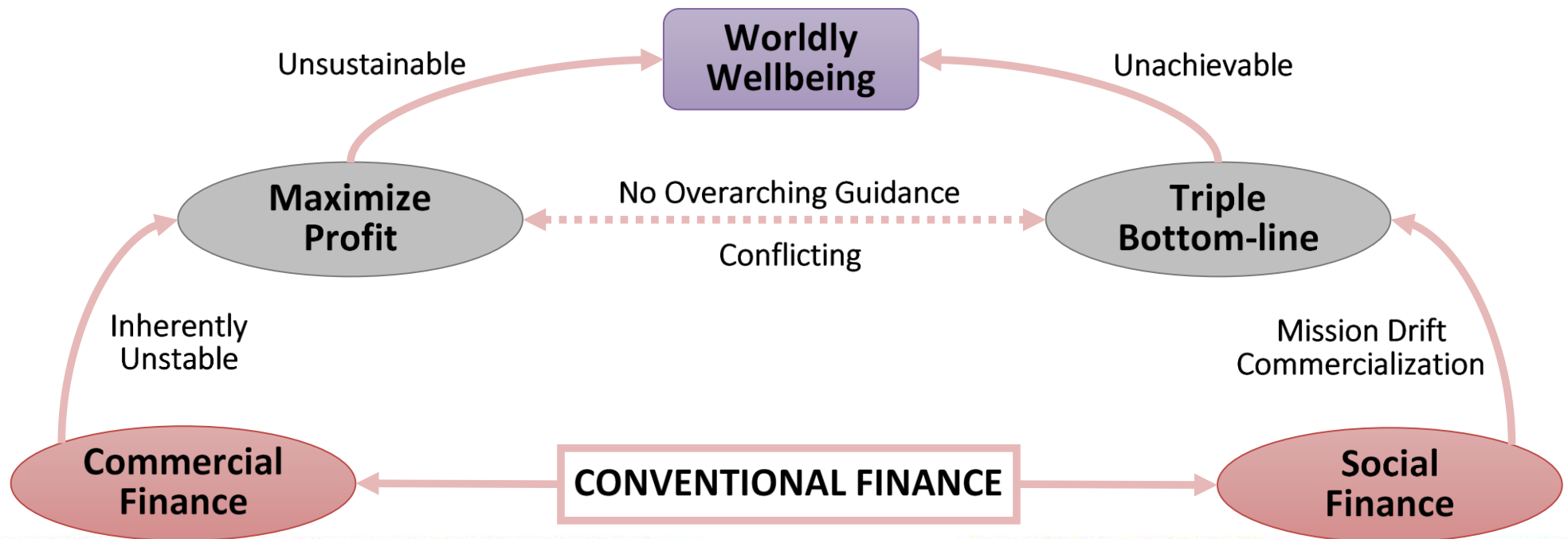
3. Integrated ICF and ISF in IFI

4. Conclusion and Recommendation



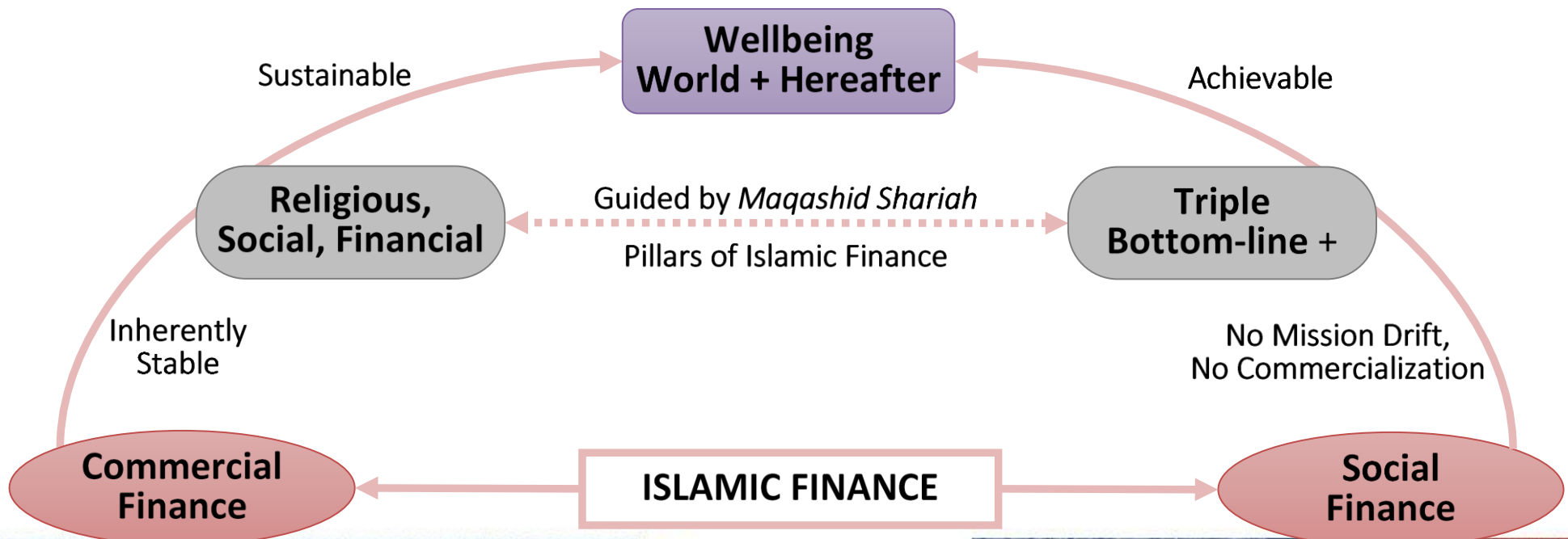
INTRODUCTION

- Under current secular economic system, conventional finance is mainly commercial finance which excludes social finance. The objective of maximizing profit in commercial finance is mostly conflicting with the objective of triple bottom-line (outreach, sustainability and welfare impact) in social finance. Meanwhile, conventional commercial finance is inherently unstable (Summer, 2002), while triple bottomline in conventional social finance is impossible to be achieved (Zeller and Meyer, 2002) due to mission drift (Armendariz, *et al.*, 2013) and commercialization (Hamada, 2010), so that the integration between conventional commercial finance and conventional social finance to achieve the wellbeing of the society is very unlikely.



INTRODUCTION

- Under Islamic economic system, Islamic finance is not only about commercial finance, but also covers social finance with similar objective to achieve *falah* (wellbeing and prosperity in this world and in the hereafter). Meanwhile, Islamic commercial finance is inherently stable (Aziz, 2010), while Islamic social finance could simultaneously achieve triple bottom-line (Ascarya, *et al.*, 2015).
- Moreover, the pillars of Islamic economic and finance encompass Islamic commercial finance (such as partnership, real activities, governance and ethical), as well as Islamic social finance (such as zakat and waqf). Therefore, in a country adopting dual financial system, financial system stability could be enhance by integrating Islamic commercial finance and Islamic social finance. This study aims to explore the integration of Islamic commercial and social finance in micro/small scale.

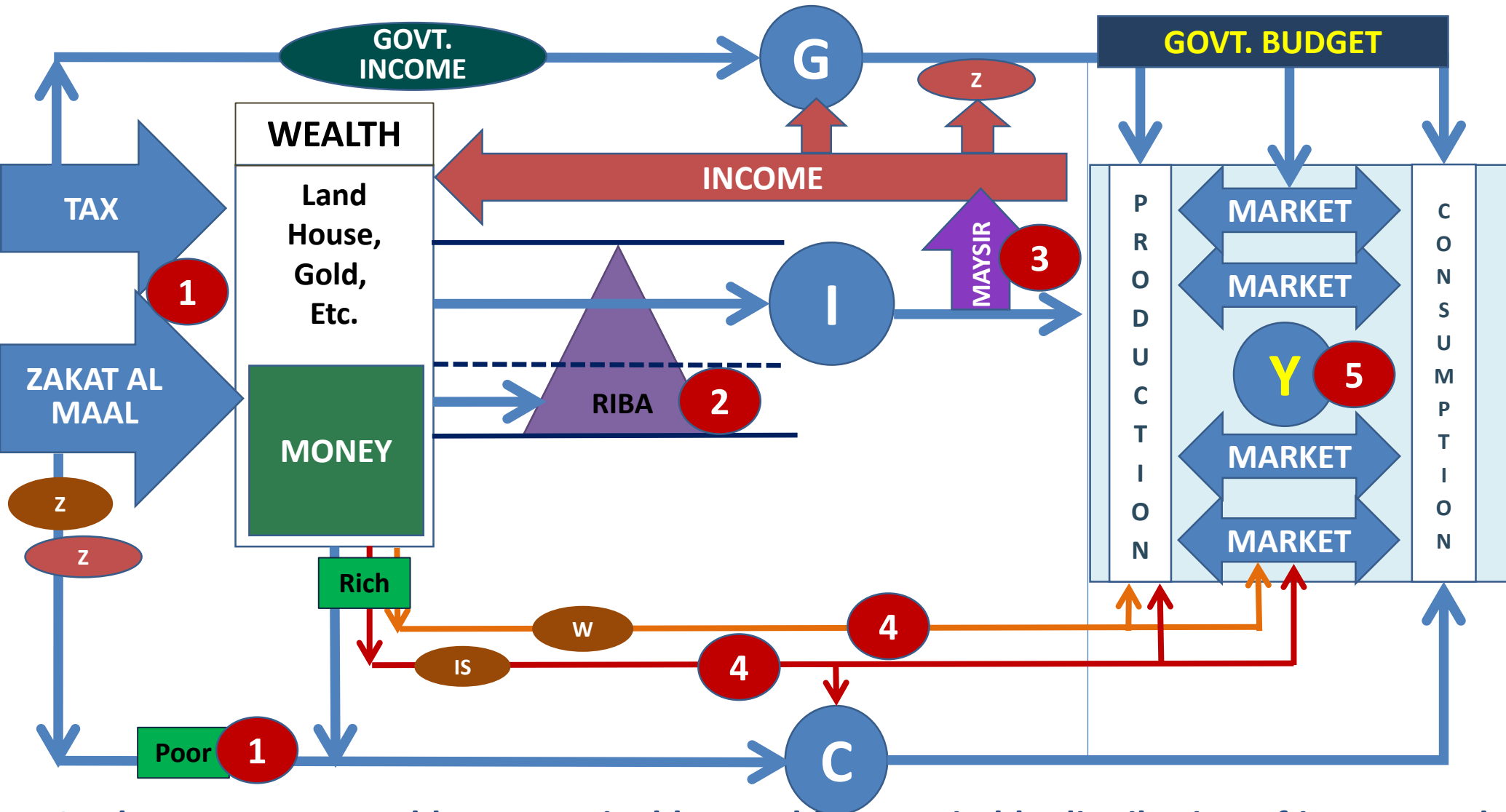


INTRODUCTION



- The principles of Islamic economic and finance is not only focused on the commercial side, such as the prohibition of riba, gharar, maysir, dharar, dzalim and muharramat, but it is also focused on the sosial side, such as zakat, infaq, shadaqa and waqf.
- Zakat is not only an instrument to achieve equitable distribution of income and wealth inclusively, but zakat is also an instrument to control individual wealth to be channeled to productive activities in the real sector.
- Waqf, along with infaq and shadaqa, is an instrument intended to encourage members of the community to participate in social and commercial activities aiming to improve the welfare of the community.

INTRODUCTION



- So that economy would run sustainably to achieve equitable distribution of income and wealth with stable and just monetary and financial system.

INTRODUCTION

- However, zakat and waqf, as elements of Islamic social finance, have not been given the same attention to Islamic commercial finance, so that IFI has mostly focused on commercial finance.
- In the meantime, conceptually, Islamic financial institution (IFI), especially Islamic bank (IB), Islamic rural bank (IRB) and Islamic microfinance institution (IMFI), operates differently compare to conventional financial institution (CFI). While CFI applies fractional reserve banking system (FRBS), pooling of funds and liability driven, IFI applies non-FRBS, allocation of funds and asset driven.
- But, IFI has been operating mimicking CFI, so that IFI has also been exposed to risks associated with FRBS, pooling of fund and liability driven, such as bubble, mismatch and liquidity risk. Therefore, IFI has also been affected greatly by the global financial crisis.
- This study aims to show that the implementation of Integrated Islamic Commercial and Social finance in IFI would not only help to achieve sustainable growth and equitable distribution of income & wealth, but also would strengthen IFI and financial system stability.

OUTLINE

1. Introduction

2. LITERATURE REVIEW

Islamic Bank Operation

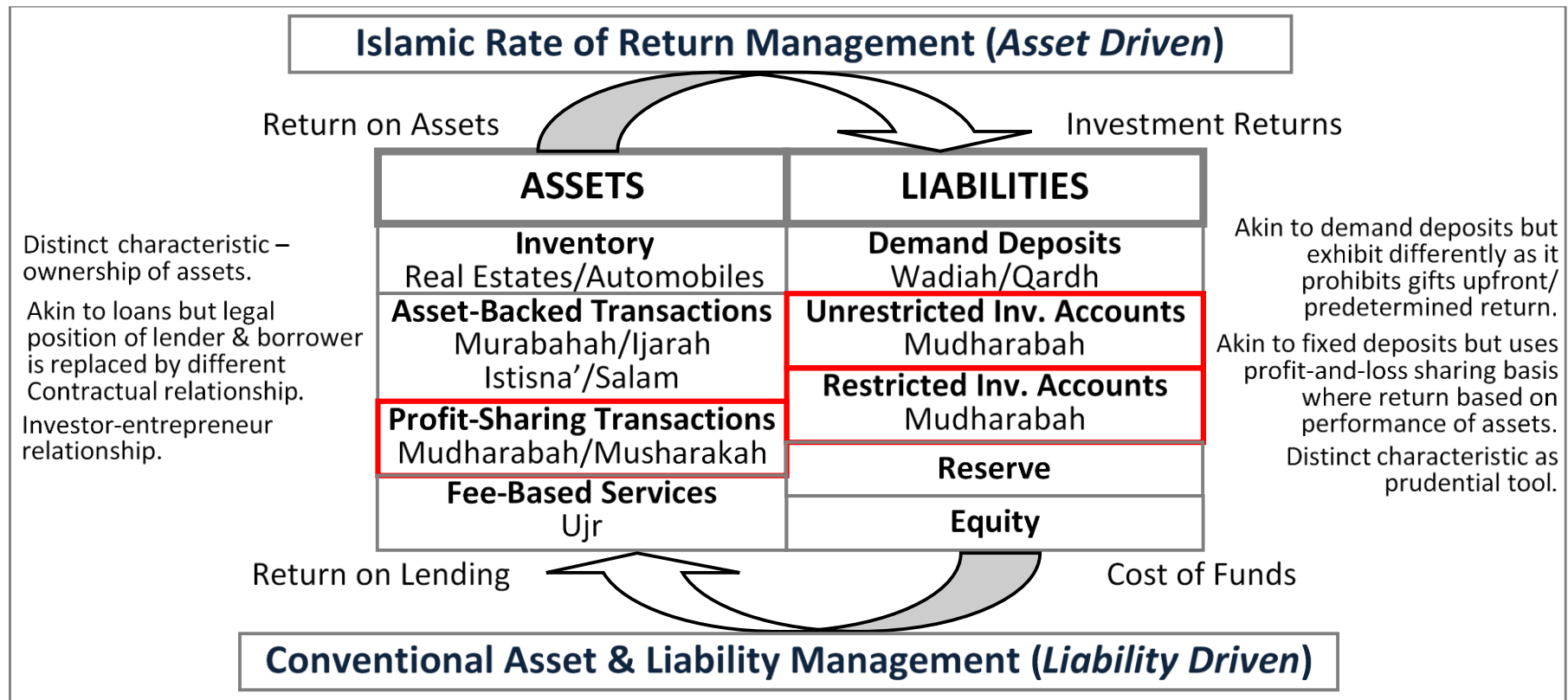
Regulation of IFI in Indonesia

3. Integrated ICF and ISF in IFI

4. Conclusion and Recommendation

BANK OPERATION

- Conventional bank collects deposits of various terms (DD, SD and TD), pools them together into pooled funds, determines its cost of funds, and extends loans (sells money). CB requires ALM to manages mismatch, liquidity and leverage. CB is inherently unstable (Mirakhor & Kirchene, 2009).
- Islamic bank determines projects to be financed, collects investment deposits according to needed terms, determines expected return on assets, and determines expected investment returns (asks partnership). IB requires iRR Management. IB is inherently stable (Mirakhor & Kirchene, 2009).



Source: TF-IFGFS (2010)

ISLAMIC BANK OPERATION

Pooling of Funds

USES

ST-Financing

MT-Financing

LT-Financing

Return on Financing

ASSETS

Liability Driven

Pooling
Funds

SOURCES

iDemand Deposits

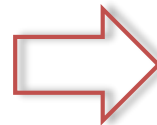
iSaving Deposits

ilInvestment Deposits

Cost of Funds

LIABILITIES

- ✓ All sources of funds are collected in Pooling Funds.
- ✓ Pooling funds will be extended to all terms of financing.
- ✓ The term of the funds is not related to the term of financing



- ❖ High *leverage* and *bubble* due to FRB System.
- ❖ The problem with *mismatch* and *liquidity*.
- ❖ *Liquidity Management* and *Lender of Last Resort* are required.

ISLAMIC BANK OPERATION

Allocation of Funds

USES

Return on Assets

ST-Financing

MT-Financing

LT-Financing

ASSETS

ST-Funds

MT-Funds

LT-Funds

Asset Driven

SOURCES

Investment Returns

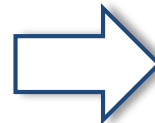
iST Inv. Deposits

iMT Inv. Deposits

iLT Inv. Deposits

LIABILITIES

- ✓ Islamic bank, first, tries to find real sector project to be finance, and then seek investment needed to finance the project.
- ✓ Islamic bank aligns financing needs with the source of funds by finding appropriate investors in terms of duration and amount.



- ❖ Minimize *bubble, mismatch* and the need of Liquidity Management.
- ❖ Optimize productive financing to the real sector.
- ❖ Shifting paradigm from *Pool of Fund* to *Mixed of Fund* (combination of *Pool of Fund* and *Allocation of Fund*).

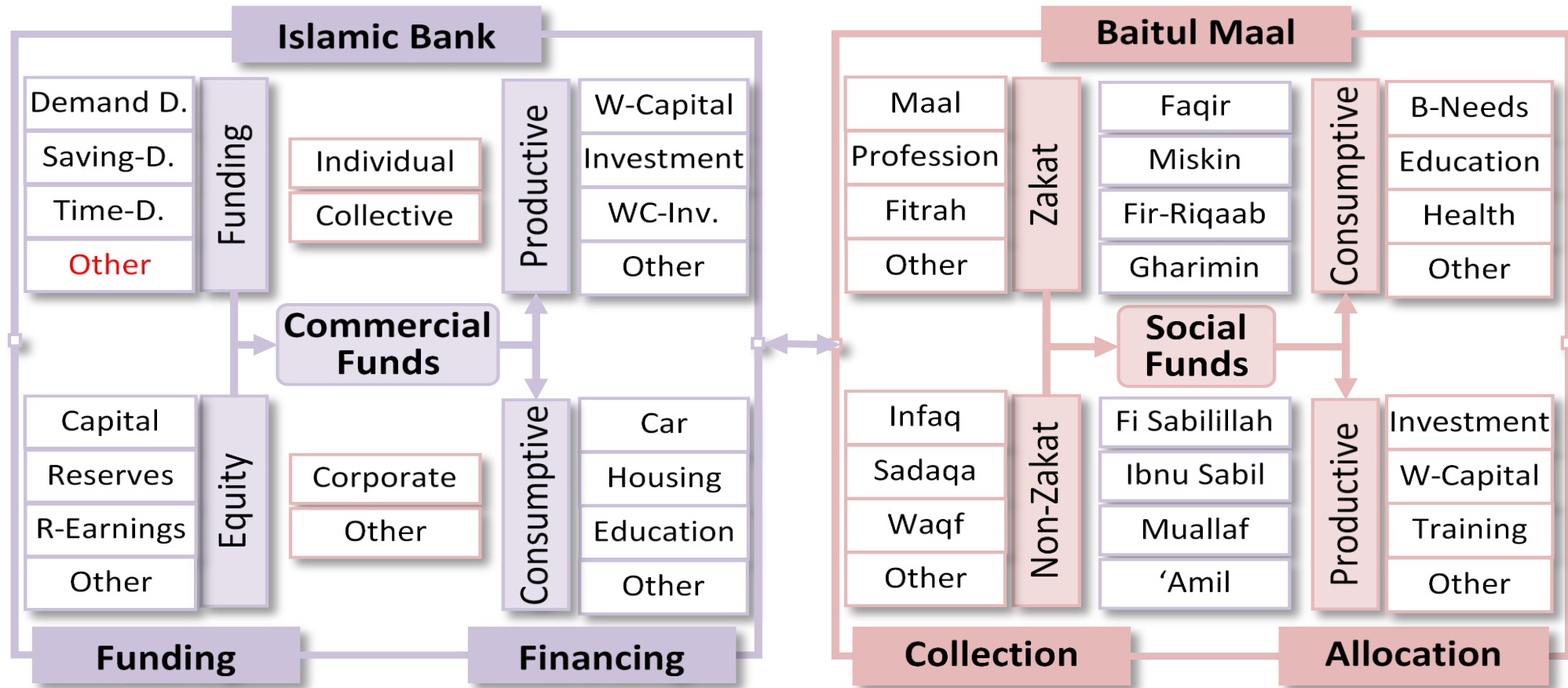


BANK INDONESIA

REGULATION OF IFI IN INDONESIA

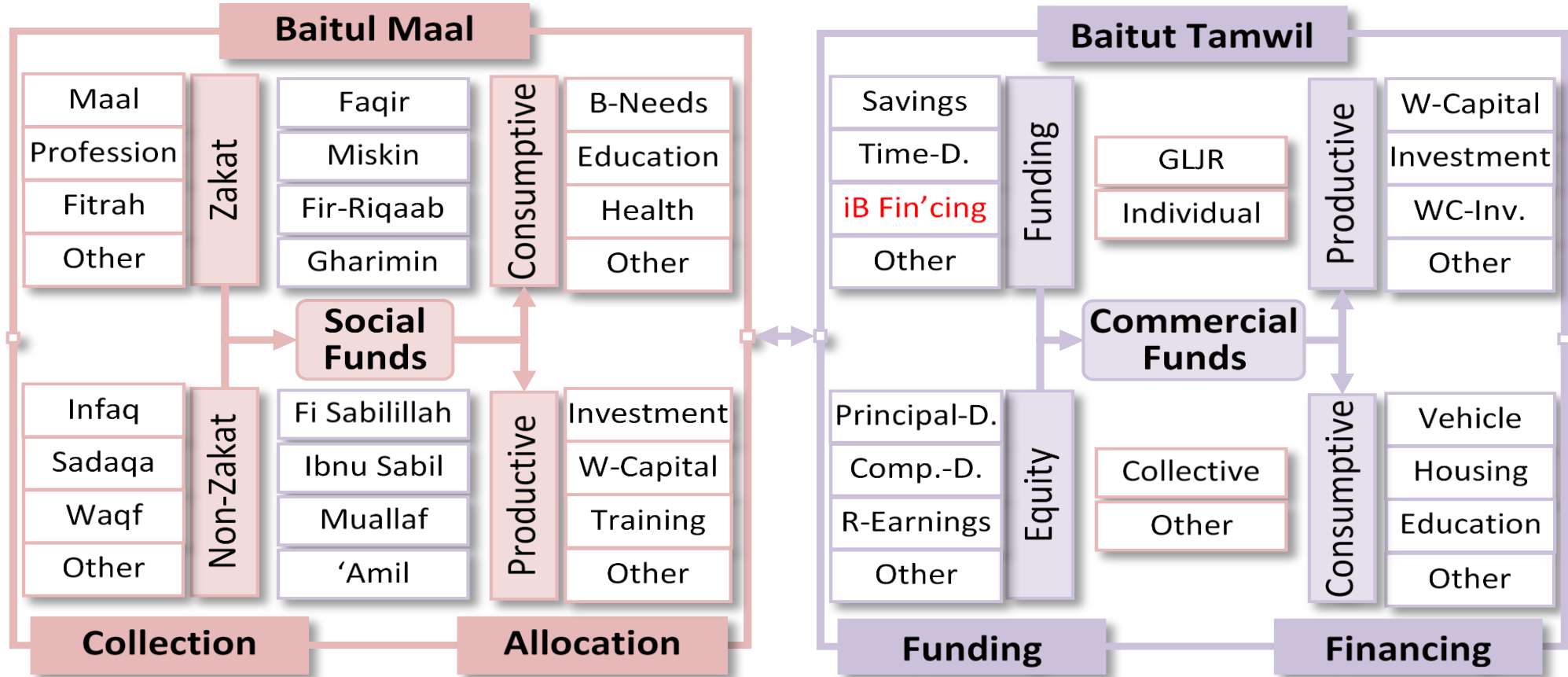
- Based on Islamic Banking Act No.21 year 2008, Islamic Bank (including Islamic Rural Bank) could not only conduct Islamic commercial finance, but could also conduct Islamic social finance by establishing Baitul Maal as Islamic social finance institution managing zakat, infaq, shadaqah, as well as waqf (including cash waqf).
- Islamic Bank (including Islamic Rural Bank) could act as corresponding bank for zakat and cash waqf collection, while Baitul Maal could act as registered *Amil* of zakat and registered *Nadzir* of waqf (including cash waqf).
- Meanwhile, Based on Minister of Cooperatives and SME Regulation No.16 / Per / M.KUKM / IX / 2015 on the Implementation of SPPS Business Activity by Cooperative, Baitul Maal wat Tamwil (BMT) could carry out Islamic commercial and social finance activities at once.
- Baitut Tamwil of BMT could conduct Islamic commercial finance activities as IMFI, while Baitul Maal of BMT could conduct Islamic social finance activities as both Amil of zakat and Nadzir of waqf (including cash waqf). BMT could also be a corresponding financial institution of its Baitul Maal in collection of zakat and cash waqf.

ISLAMIC BANK + ISF



- Islamic bank conducts ICF acting as intermediary institution by collecting deposits and extending financing. Islamic bank establishes Baitul Maal to conduct ISF acting as Amil of zakat and Nadzir of wakaf.

BAITUL MAAL WAT TAMWIL



- BMT has BT Unit to conduct ICF acting as intermediary cooperative (members as the shareholders) by collecting deposits and extending financing to its members. Meanwhile, BMT also has BM Unit to conduct ISF acting as Amil of zakat and Nadzir of wakaf.

BAITUL MAAL WAT TAMWIL

- Baitul Maal collects zakat, infaq, shadaqah, and waqf funds from their respective donor, i.e., muzakki (zakah), munfiq (infaq/shadaqah) and wakif (waqf). These funds subsequently are distributed to their respective recipients. Zakah can only be distributed to 8 groups of people (asnaf), including indebted (gharimin), to free slave (fir-riqaab), the poor or needy (fuqara), the destitute (masakin), converts (muallaf), the wayfarers (ibn as-sabil), in the path of Allah (fi sabilillah), and zakah administrator ('amil). Zakat could be used for recovery, empowerment and development programs of the recipients.
- Meanwhile, non-zakat funds, such as social and productive waqf, should be managed and utilized as they are intended according to Shariah for general ummah.
- Baitut Tamwil collects fund from its members . Initial capital comes from its members, just like cooperatives. Meanwhile, voluntary deposits and safe keeping could come from members and non-members. When funding is short, BT could find it from external sources, such as Apex institutions, Islamic banks or foreign sources. Subsequently, BT could extend financing to its members customers mainly for productive purposes using various equity-based and debt-based Islamic contracts.
- Moreover, BT also provide non-commercial financing (Qardh) for emergency or those in need. In addition, BT also offers various Islamic microfinance services, such as micro takaful, transfer, bill payments, ATM, mobile banking and internet banking.

OUTLINE

1. Introduction

2. Literature Review

3. INTEGRATED ICF & ISF IN IFI

Integrated ICF and ISF in Islamic Bank

Integrated ICF and ISF in Islamic Rural Bank

Integrated ICF and ISF in BMT

4. Conclusion and Recommendation

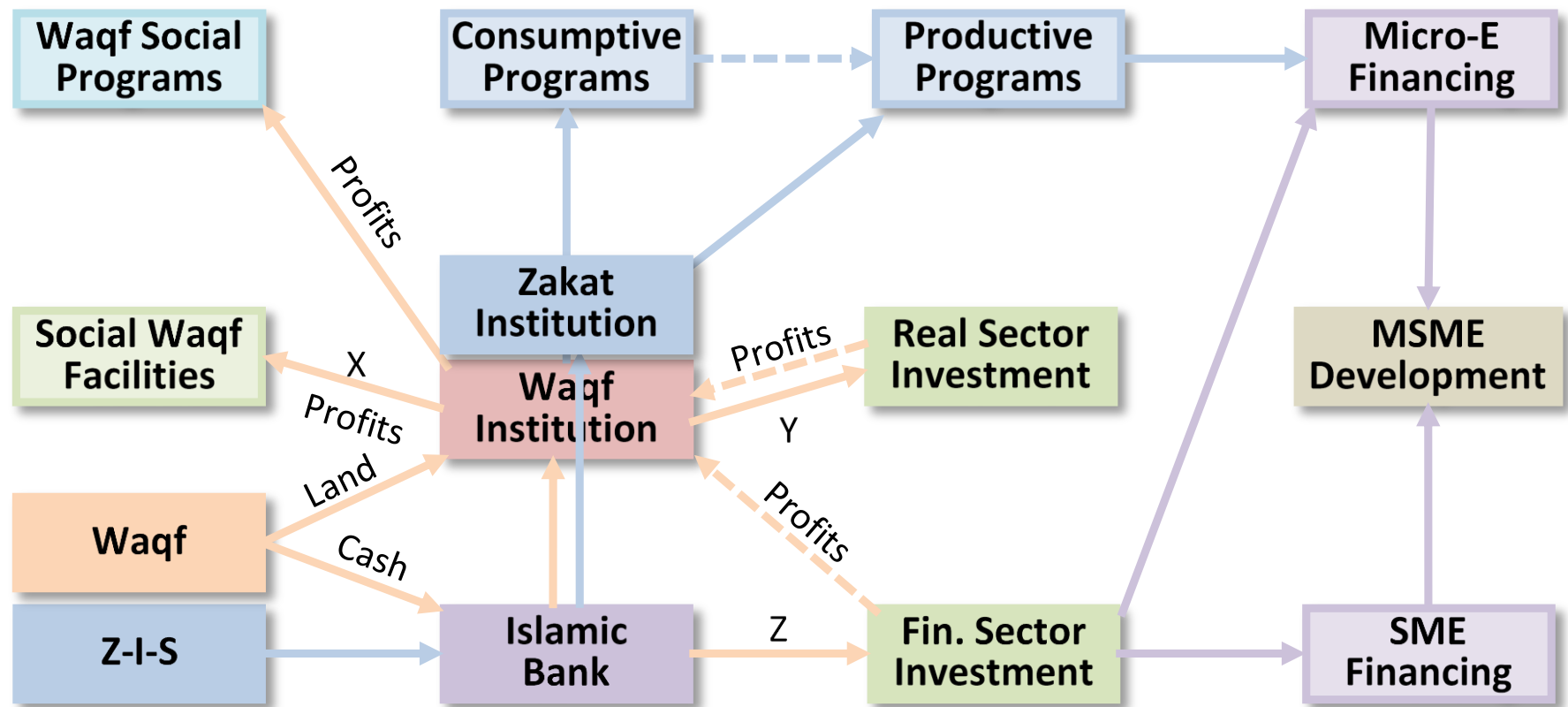
INTEGRATED ICF & ISF IN IFI

Why We Must Prioritized Micro and Small Enterprises?

	Number		GDP	Labor		Export
Micro	57,189,393	98.77%	36.90%	104,624,466	88.90%	1.38%
Small	654,222	1.13%	9.72%	5,570,231	4.73%	2.76%
Medium	52,106	0.09%	13.72%	3,949,385	3.36%	11.54%
Large	5,066	0.01%	39.66%	3,537,162	3.01%	84.32%
MSMEs	57,895,721	99.99%	60.34%	114,144,082	96.99%	15.68%

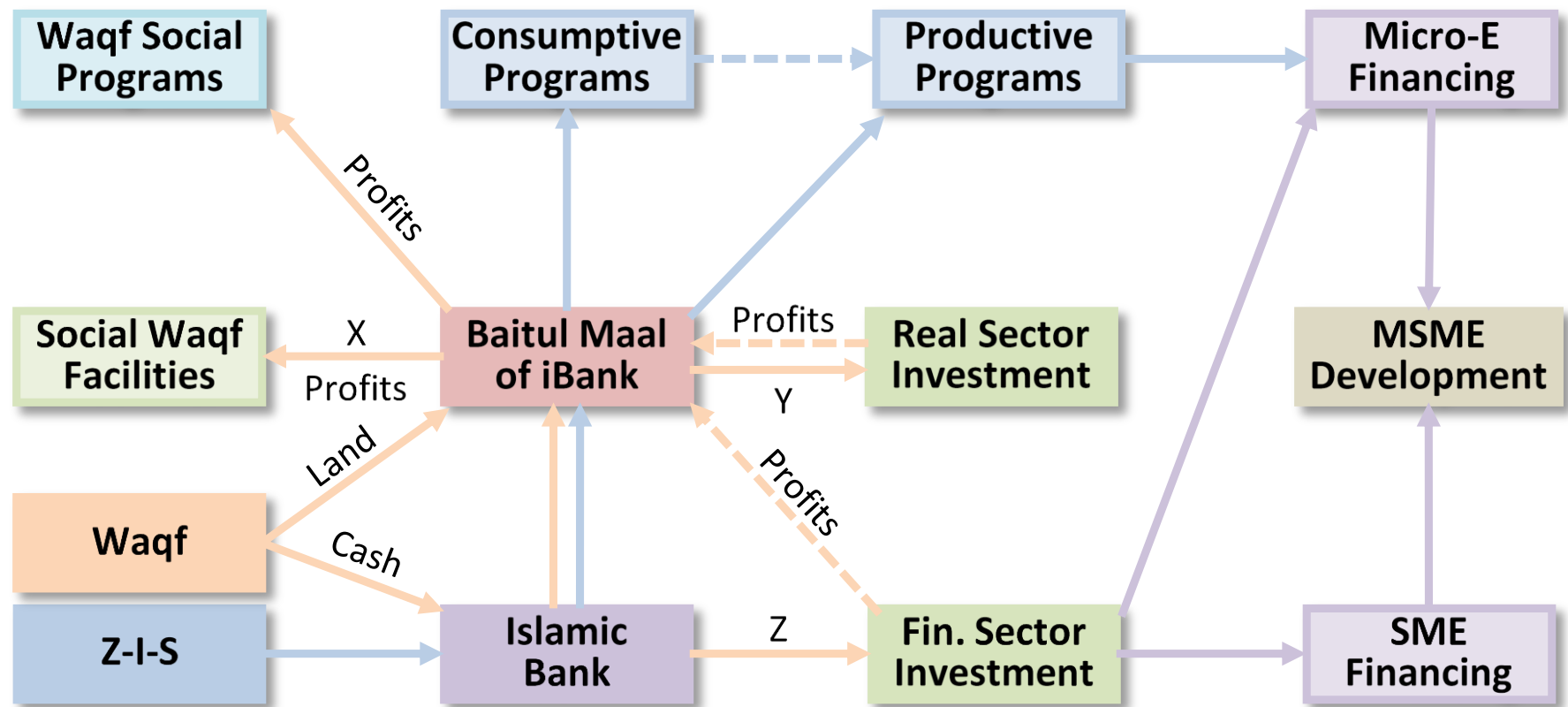
- The biggest part of MSMEs is micro enterprises (MEs), which counted for 98.77% in number of enterprises, 36.90% share of GDP and 88.90% of labor force.
- 30 percent MEs need loan up to Rp50 m, while 70% MEs need loan up to Rp5 m (with very low penetration).
- Micro enterprises (MEs) have always been in difficulties to access loan or financing from the banking industry (conventional as well as Islamic financial institutions) for a number of reasons.

INTEGRATED ICF & ISF IN ISLAMIC BANK



- IB could collaborate with ZI and WI to collect zakat and cash waqf, while waqf of fixed assets would be collected directly by WI. Zakat would be allocated by ZI to consumptive and productive programs, which could be combined with skill training and TA.
- Direct c-waqf would be used to build social waqf facility or productive waqf. Indirect c-waqf could be invested in financial sector by IB, or be invested in the real sector by WI.
- The profits would be used to cover operational costs of SWF and social programs.

INTEGRATED ICF & ISF IN ISLAMIC BANK



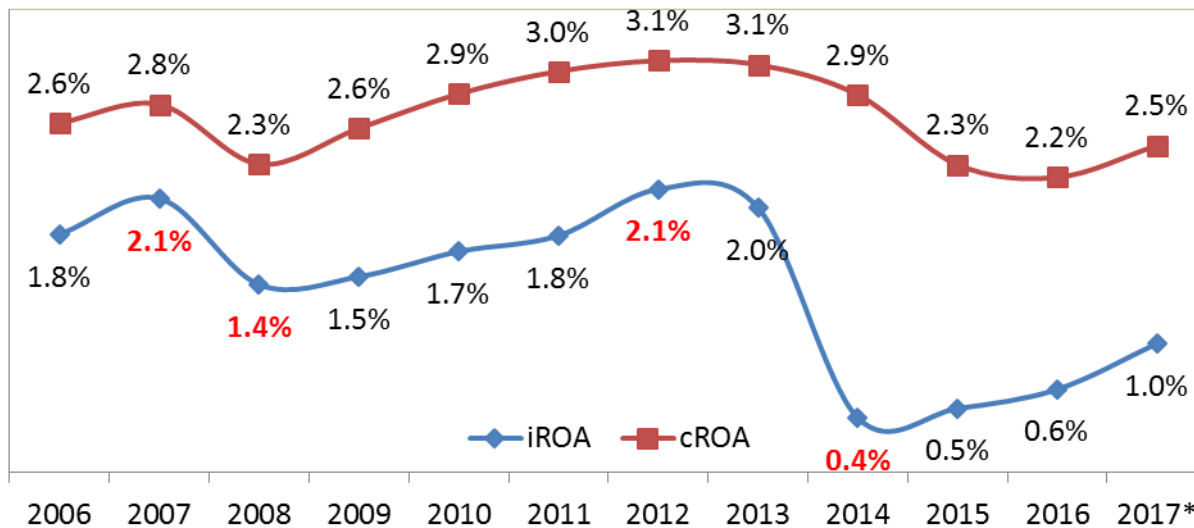
- IB + BM collect zakat and cash waqf, while waqf of fixed assets would be collected directly by BM. Zakat would be allocated by BM to consumptive and productive programs to mustahik, including qardh financing combined with skill training and TA.
- Direct c-waqf would be used to build social waqf facility or productive waqf. Indirect c-waqf could be invested in financial sector by IB, or be invested in the real sector by BM.
- The profits would be used to cover operational costs of SWF and social programs.

INTEGRATED ICF & ISF IN ISLAMIC BANK

ASSETS	LIABILITIES
Cash	<i>Wadiah</i> Demand Deposits
Islamic Bank Deposits	<i>Wadiah/Mudharabah</i> Saving Deposits
Receivables (<i>Murabahah, Qardh, etc.</i>)	<i>Mudharabah</i> Investment Deposits
Financing (<i>Mudharabah, Musharakah, etc.</i>)	Other Liabilities
Services (<i>Fee Based Services</i>)	
Inventories	Reserves
Fixed Assets	Equity

- Before integrating Islamic social finance, IB has inherent weaknesses due to the application of **FRBS**, **pooling of fund** and **liability driven**, so that IB is exposed to prolonged **bubble**, **mismatch** and **liquidity risk**, which make **IB will always be in the state of instability**. The Liabilities of IB are full of short-term and small amount of so many deposits, while the Assets of IB are full of long-term and large of few financings.
- IB suffered from GFC in 2013-2014, where FDR increased to 110%, ROA and ROE dropped drastically (from 2.0% to 0.4% and from 17.2% to 4.2%, respectively), while NPF and OCOI increased drastically (from 2.6% to 4.3% and from 0.78 to 0.97, respectively).

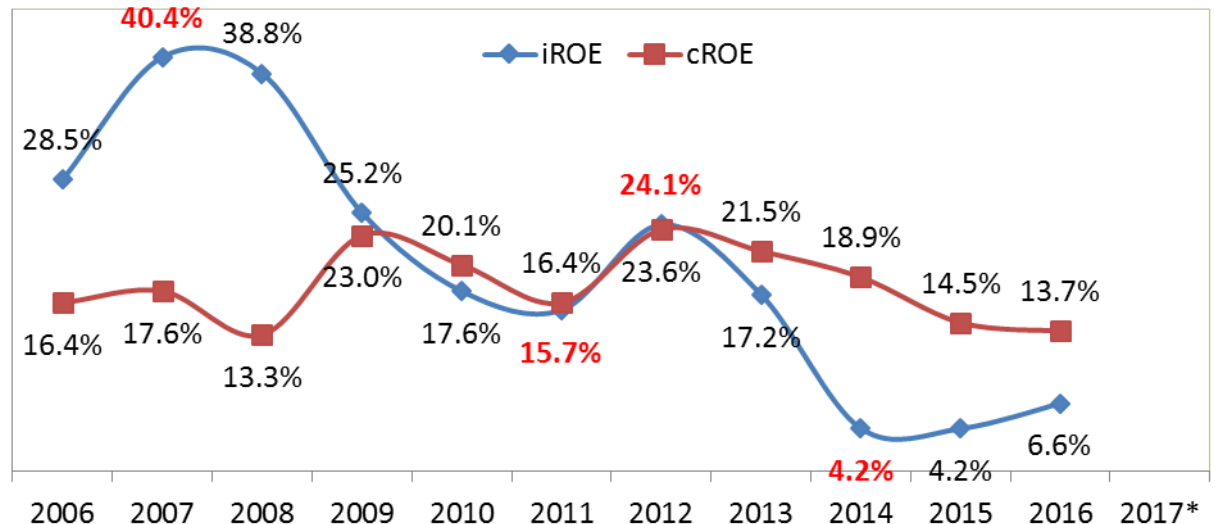
INTEGRATED ICF & ISF IN ISLAMIC BANK



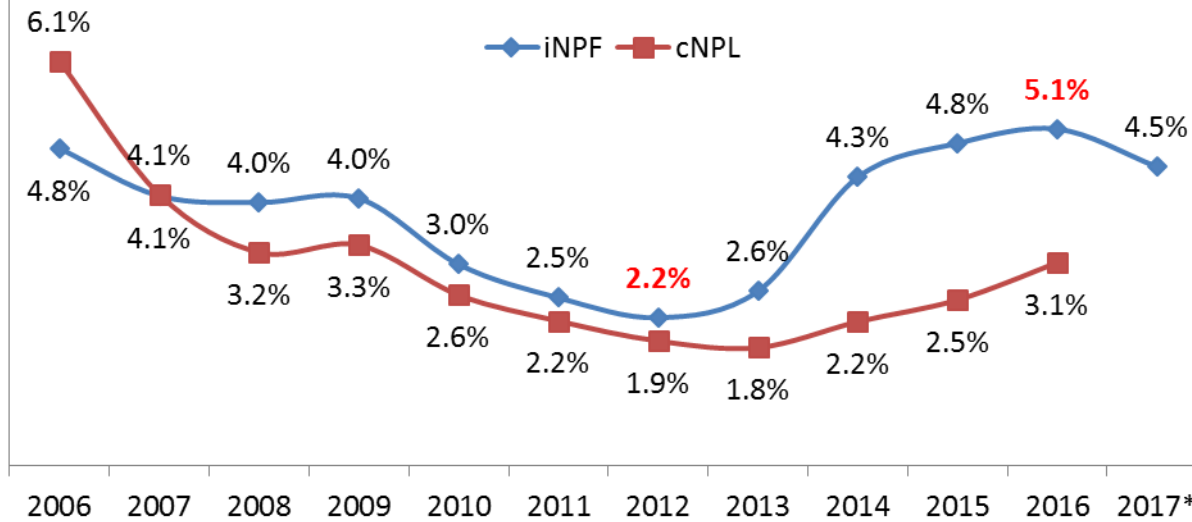
- ❖ iROA dropped from 2.1% in 2007 to 1.4% in 2008 and dropped drastically from 2.01% in 2013 to 0.4% in 2014.
- ❖ iROA has always been lower than cROA.

❖ iROE dropped drastically from 40.4% in 2007 to 15.7% in 2011 and dropped drastically again from 24.1% in 2012 to 4.2% in 2014.

❖ iROE has always been lower than cROE since 2013.

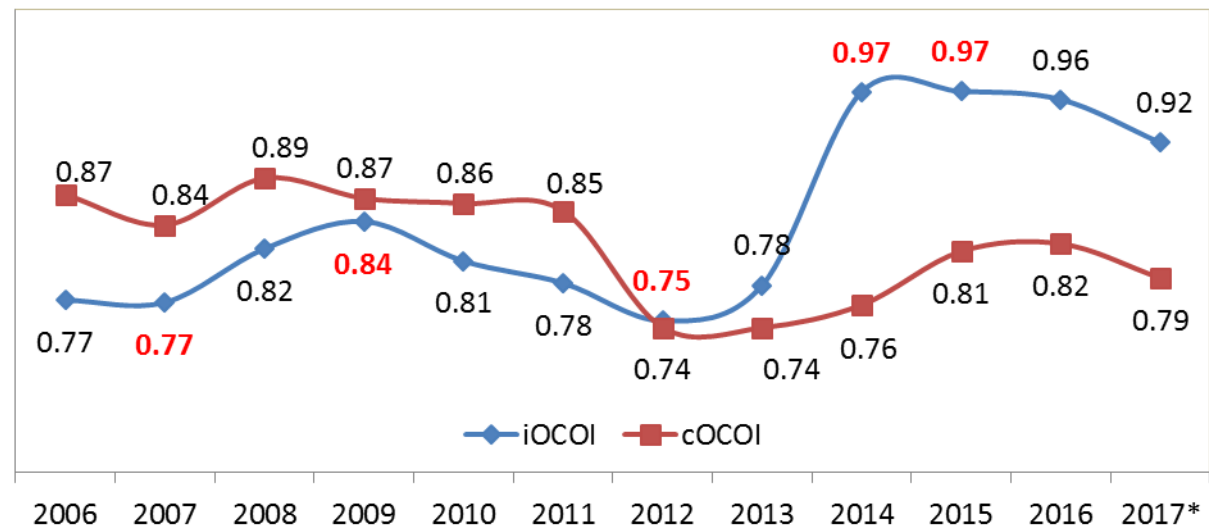


INTEGRATED ICF & ISF IN ISLAMIC BANK



- ❖ iNPF increased drastically from 2.2% in 2012 to 5.1% in 2016
- ❖ iNPF has always been higher than cNPL since 2008.

- ❖ iOCOI increased from 0.77 in 2007 to 0.84 in 2009 and increased drastically from 0.75 in 2012 to 0.97 in 2014-2015.
- ❖ iOCOI has been higher than cOCOI since 2013.

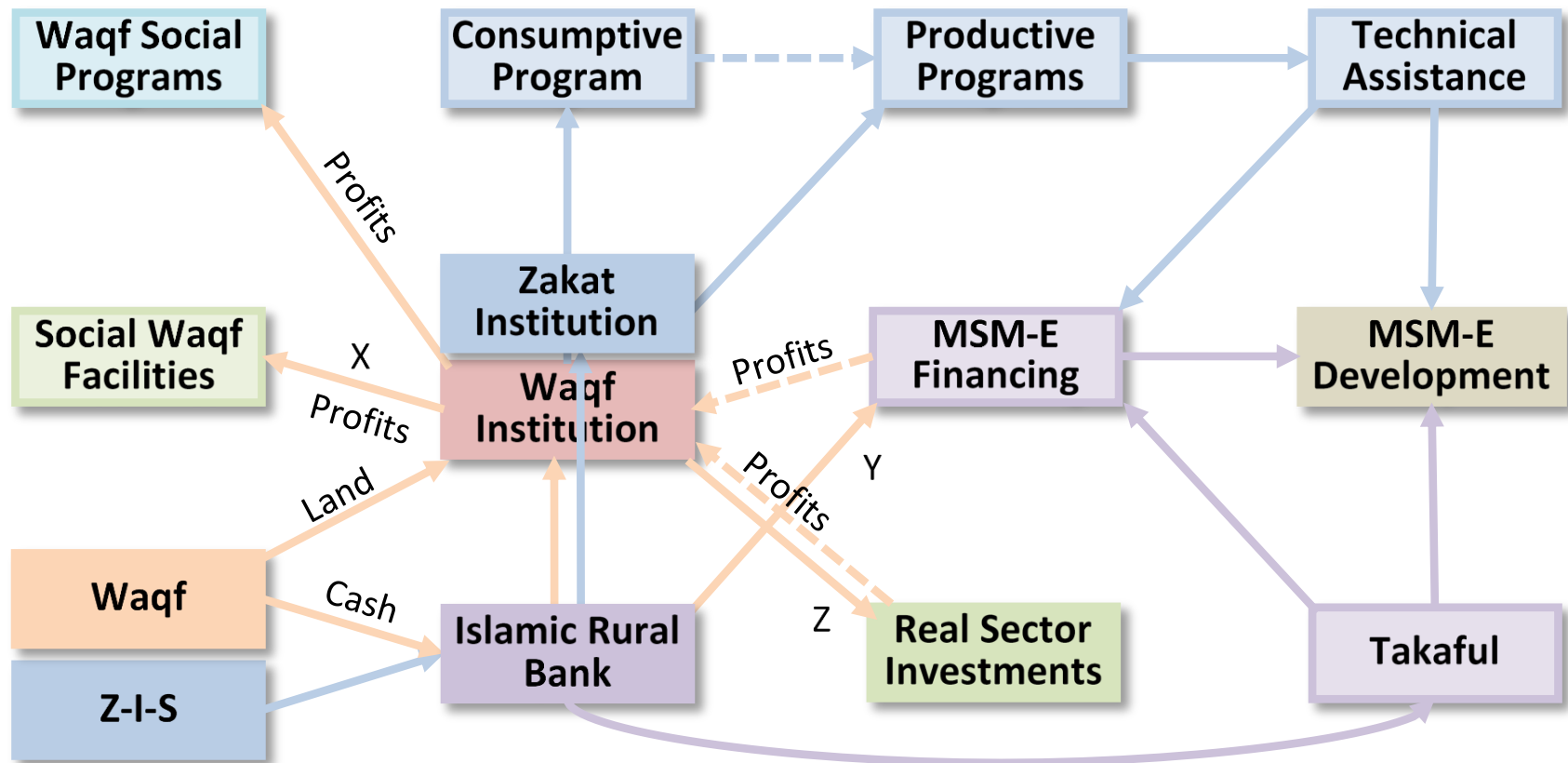


INTEGRATED ICF & ISF IN ISLAMIC BANK

ASSETS	LIABILITIES
Cash	<i>Wadiah</i> Demand Deposits
Islamic Bank deposits	<i>Wadiah/Mudharabah</i> Saving Deposits
Receivables (<i>Murabahah, Qardh, etc.</i>)	Zakat Saving Deposits
Financing (<i>Mudharabah, Musharakah, etc.</i>)	<i>Mudharabah</i> Investment Deposits
Services (<i>Fee Based Services</i>)	Waqf Long-Term Investment Deposits
Long-Term Investments	Waqf Equity
Inventories	Reserves
Fixed Assets	Equity

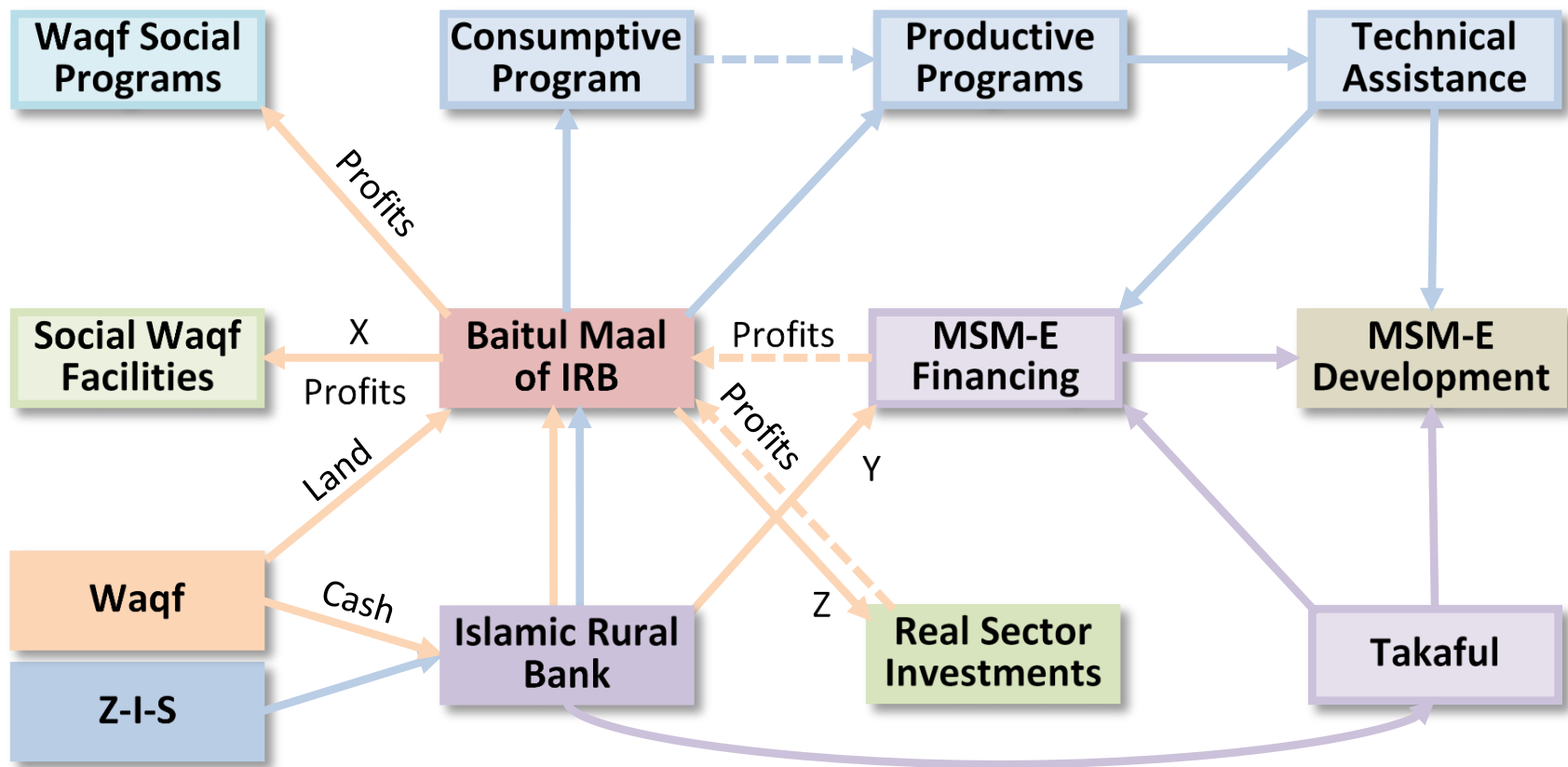
- After integrating Islamic social finance, especially zakat and waqf, Islamic bank would accumulate long-term funds from **Waqf Long-Term Investment Deposits**, which would decrease its dependency from Other Liabilities and short-term deposits, so that it would decrease the bubble, the mismatch, and lower liquidity risk continuously. Moreover, accumulated **Waqf Equity** would strengthen the equity of Islamic bank, reduce cost of funds, and improve the ability of Islamic bank to expand. Moreover, IB has started to shift the paradigm from *Pool of Fund* to *Mixed of Fund*.

INTEGRATED ICF & ISF IN I-RURAL BANK



- IRB could collaborate with ZI and WI to collect zakat and cash waqf, while waqf of fixed assets would be collected directly by WI. Zakat would be allocated by ZI to consumptive and productive programs to mustahik, combine with skill training and TA.
- Direct c-waqf would be used to build social waqf facility or productive waqf. Indirect c-waqf could be extended to MSME financing IRB, or be invested in the real sector by WI.
- The profits would be used to cover operational costs of SWF and social programs.

INTEGRATED ICF & ISF IN I-RURAL BANK



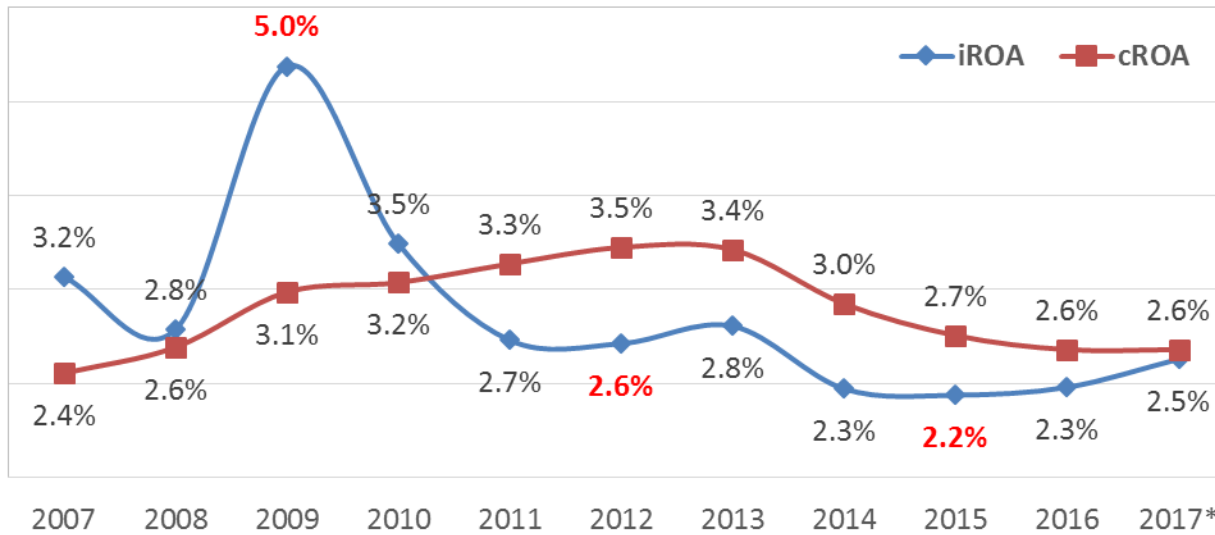
- IRB + BM collect zakat and cash waqf, while waqf of fixed assets would be collected directly by BM. Zakat would be allocated by BM to consumptive and productive programs to mustahik, including qardh financing combined with skill training and TA.
- Direct c-waqf would be used to build social waqf facility or productive waqf. Indirect c-waqf could be extended to MSME financing, or be invested in the real sector by BM.
- The profits would be used to cover operational costs of SWF and social programs.

INTEGRATED ICF & ISF IN I-RURAL BANK

ASSETS	LIABILITIES
Cash	<i>Wadiah/Mudharabah</i> Saving Deposits
Islamic Bank Deposits	<i>Mudharabah</i> Investment Deposits
Receivables (<i>Murabahah, Qardh, etc.</i>)	Islamic Bank Financing
Financing (<i>Mudharabah, Musharakah, etc.</i>)	Other Liabilities
	Reserves
Fixed Assets	Equity

- Before integrating Islamic social finance, IRB also has inherent weaknesses due to the application of **FRBS**, **pooling of fund** and **liability driven**, as well as liquidity risk in times of Ramadhan and new school year.
- IRB also has structural problem in funding, where FDR \approx 120%. IRB always depends on expensive **Islamic Bank Financing** and **Other Liabilities**, so that IRB in Indonesia generally maintains a high capital adequacy ratio (CAR) of 25% (Mongid, 2015: p.61).
- IRB suffered from GFC, where FDR increased to 124% in 2014, ROA and ROE dropped in 2013-2015 (from 2.6% to 2.2% and from 21.2% to 14.7%, respectively), while NPF and OCOI increased (from 6.1% in 2012 to 10.8% in 2017 and from 0.65 in 2009 to 0.88 in 2014, respectively).

INTEGRATED ICF & ISF IN I-RURAL BANK

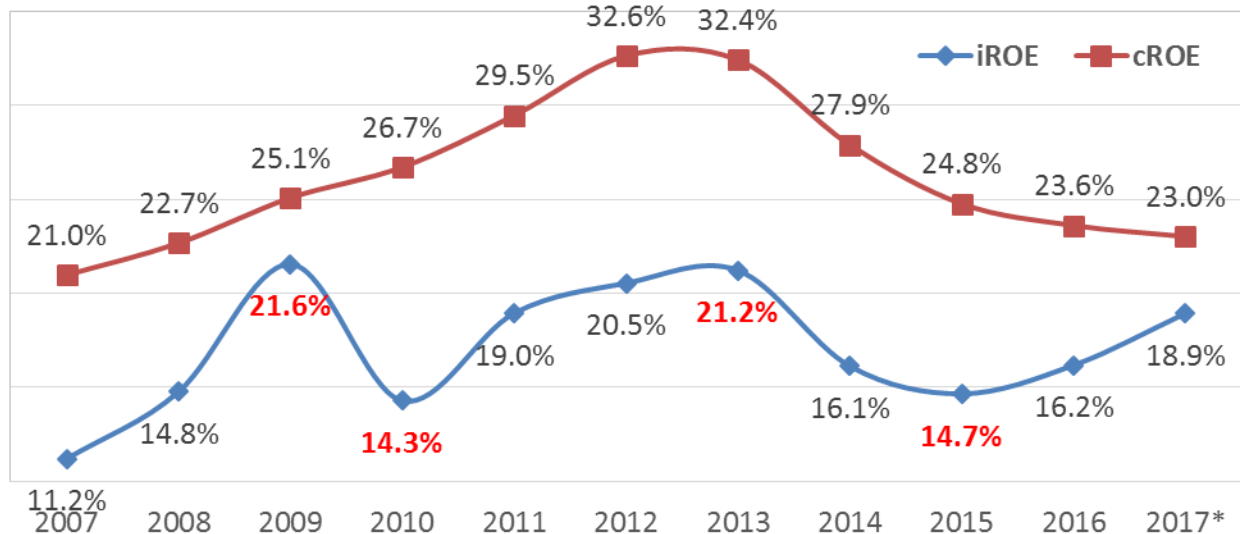


❖ iROA dropped from 5.0% in 2009 to 2.6% in 2012 and dropped further to 2.2% in 2015.

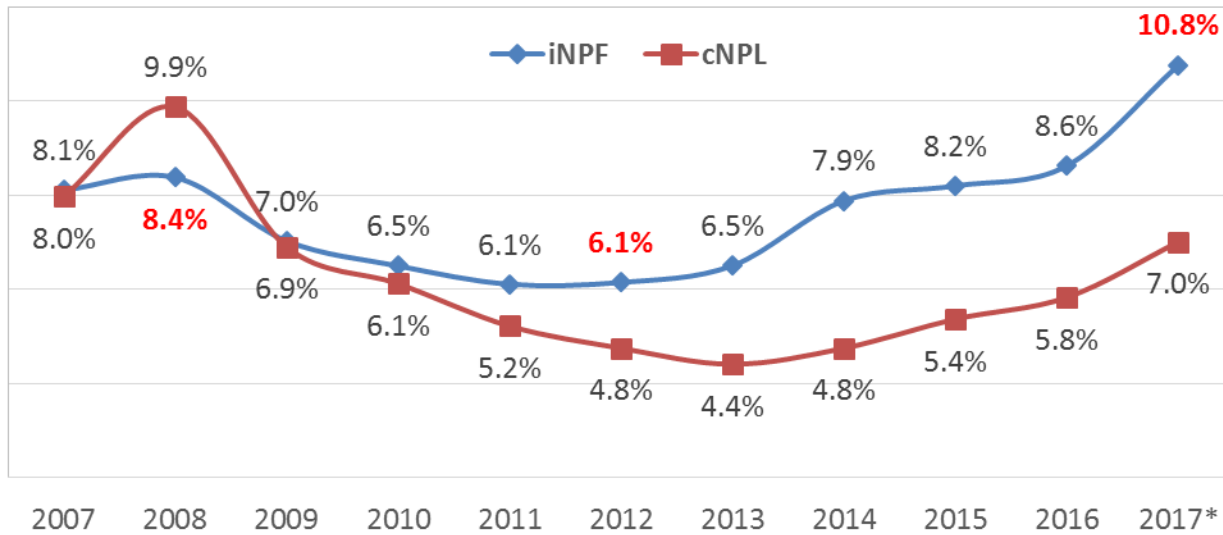
❖ iROA has been lower than cROA since 2011, but it has been converging in the past three years.

❖ iROE dropped from 21.6% in 2009 to 14.3% in 2010 and dropped from 21.2% in 2013 to 14.7% in 2015.

❖ iROE has always been lower than cROE, but it has been converging in the past three years.

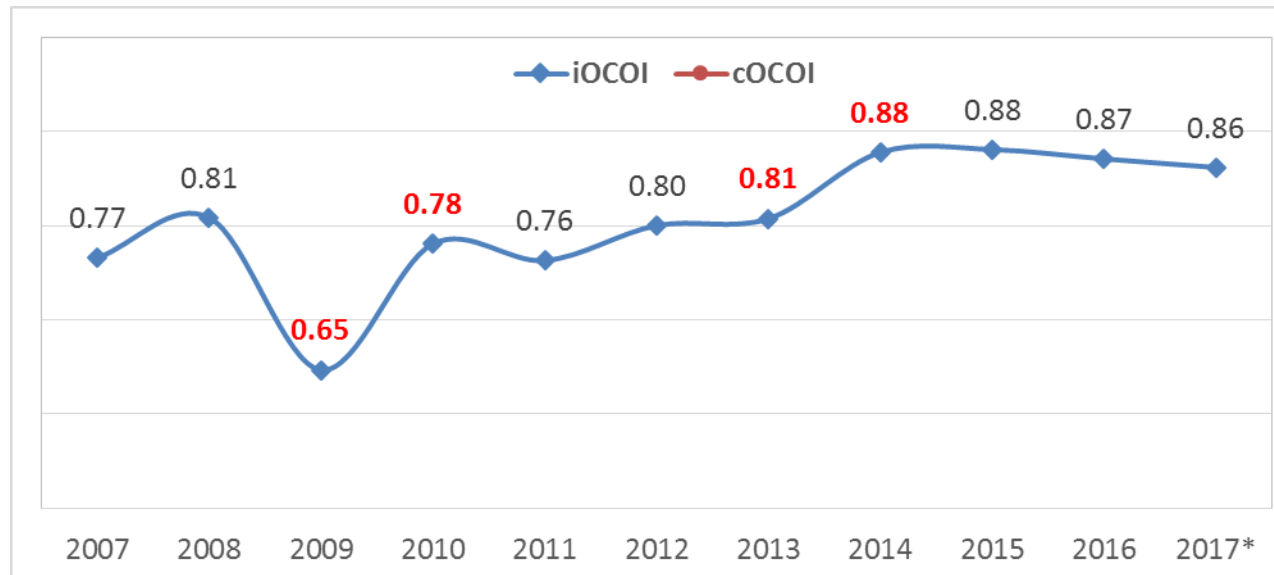


INTEGRATED ICF & ISF IN I-RURAL BANK



- ❖ iNPF increased from 6.1% in 2012 to 10.8% by August 2017.
- ❖ iNPF has always been higher than cNPL since 2009.

- ❖ iOCOI increased from 0.65 in 2009 to 0.78 in 2010 and increased further to 0.88 in 2014-2015.

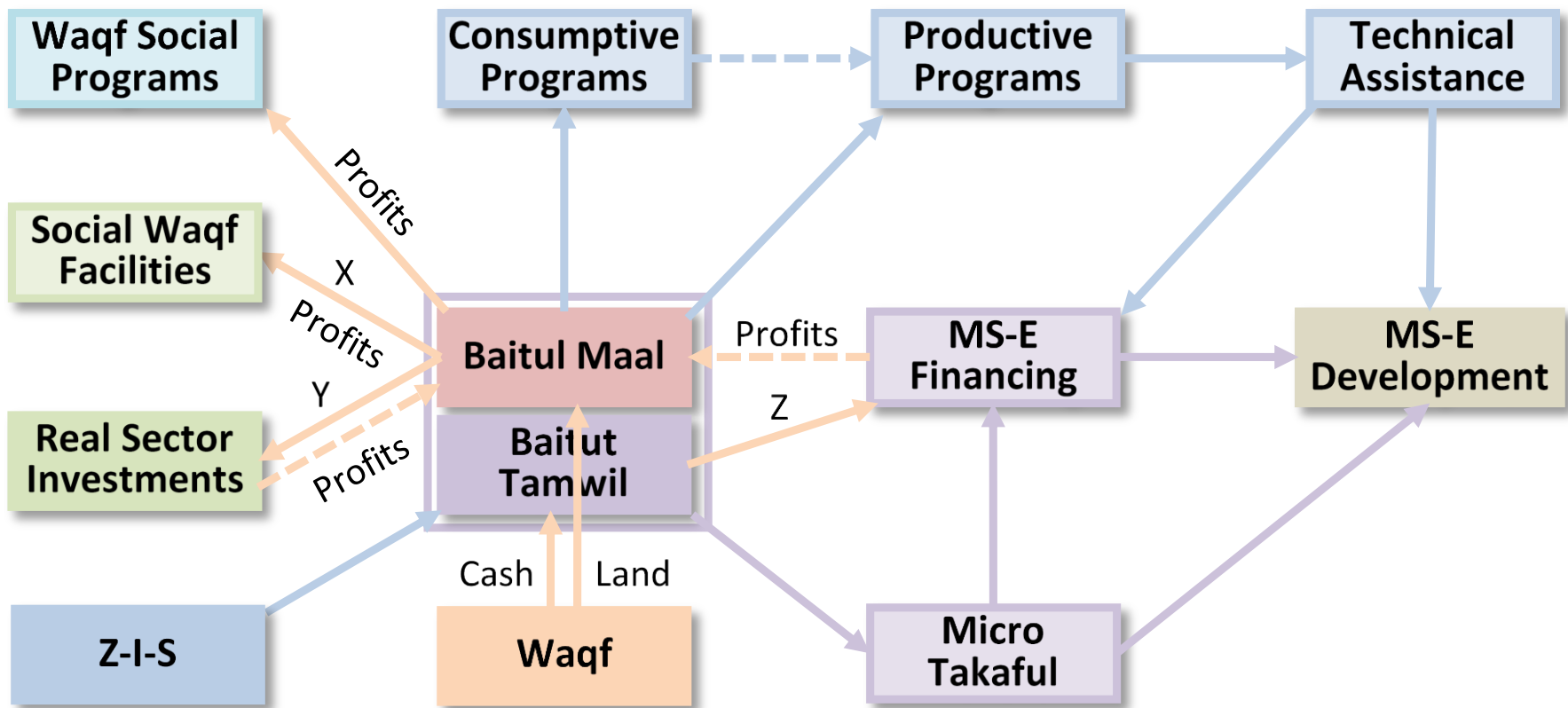


INTEGRATED ICF & ISF IN I-RURAL BANK

ASSETS	LIABILITIES
Cash	<i>Wadiah/Mudharabah</i> Saving Deposits
Islamic Bank Deposits	Zakat Saving Deposits
Receivables (<i>Murabahah, Qardh, etc.</i>)	<i>Mudharabah</i> Investment Deposits
Financing (<i>Mudharabah, Musharakah, etc.</i>)	Waqf Long-Term Investment Deposits
Long-Term Investments	Waqf Equity
	Reserves
Fixed Assets	Equity

- After integrating Islamic social finance, especially zakat and waqf, IRB would accumulate long-term funds from **Waqf Long-Term Investment Deposits**, which would **decrease its dependency from Islamic Bank Financing and Other Liabilities**, so that it would decrease, the bubble, the mismatch, and lower liquidity risk continuously. Moreover, accumulated **Waqf Equity** would **strengthen the equity of IRB, reduce cost of funds, and improve the ability of IRB to expand**. Moreover, IRB has started to shift the paradigm from *Pool of Fund* to *Mixed of Fund*.
- Seasonal problems of liquidity would also decrease.

INTEGRATED ICF & ISF IN BMT



- BT of BMT collects zakat and cash waqf, while waqf of fixed assets would be collected directly by BM of BMT. Zakat would be allocated by BM to consumptive and productive programs to mustahik, including qardh financing combined with skill training and TA.
- Direct c-waqf would be used to build social waqf facility or productive waqf. Indirect c-waqf could be extended to MSE financing, or be invested in the real sector by BM.
- The profits would be used to cover operational costs of SWF and social programs.

INTEGRATED ICF & ISF IN BMT

ASSETS	LIABILITIES
Cash	<i>Wadiah/Mudharabah</i> Saving Deposits
Islamic Bank Deposits	<i>Mudharabah</i> Investment Deposits
Receivables (<i>Murabahah, Qardh, etc.</i>)	Islamic Bank Financing
Financing (<i>Mudharabah, Musharakah, etc.</i>)	
Fixed Assets	Equity

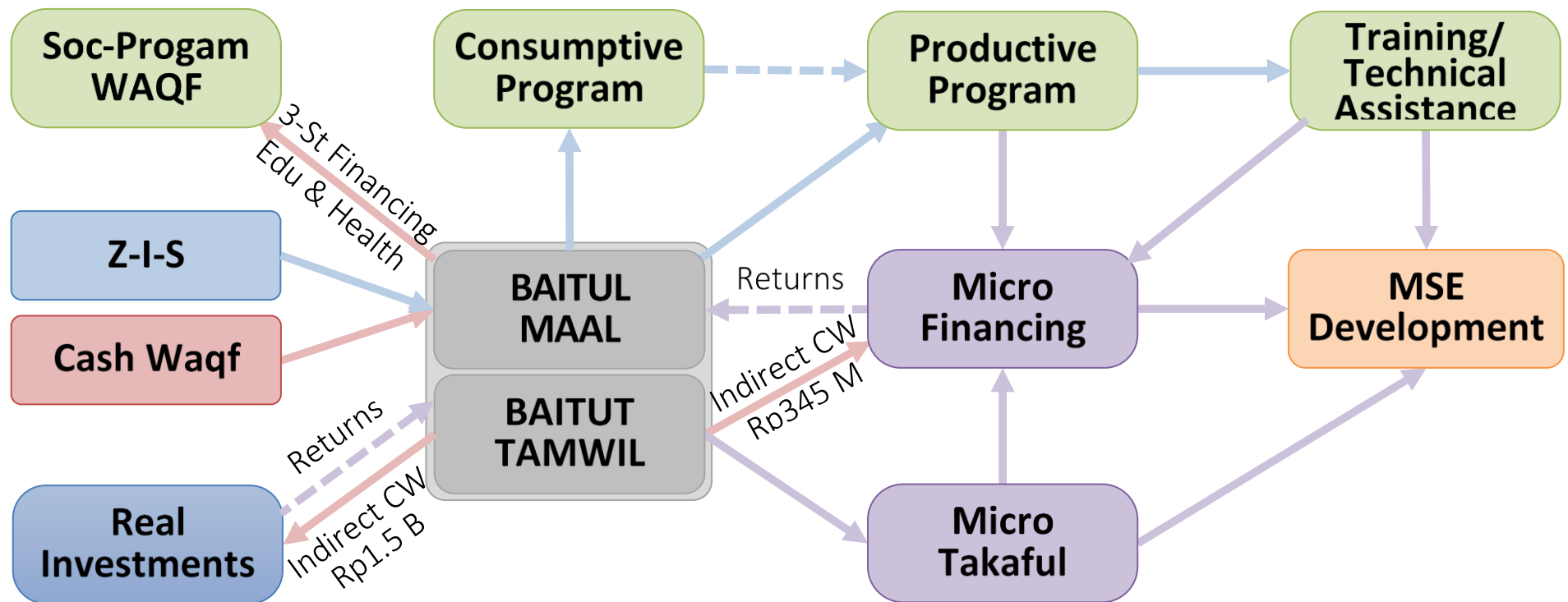
- Before integrating Islamic social finance, BMT also has inherent weaknesses due to the application of **FRBS**, **pooling of fund** and **liability driven**, as well as **liquidity risk** in times of Ramadhan and new school year. BMT also does not have Lender of Last Resort.
- BMT also has structural problem in **funding** and **Equity**. BMT always depends on expensive **Islamic Bank Financing**, so that it increases the cost of financing.
- Other BMT deficiencies include, high operational costs, lack of human resource, lack of management, lack of IT.

INTEGRATED ICF & ISF IN BMT

ASSETS	LIABILITIES
Cash	<i>Wadiah/Mudharabah</i> Saving Deposits
Islamic Bank Deposits	Zakat Saving Deposits
Receivables (<i>Murabahah, Qardh, etc.</i>)	<i>Mudharabah</i> Investment Deposits
Financing (<i>Mudharabah, Musharakah, etc.</i>)	Waqf Long-Term Investment Deposits
Long-Term Investment	Waqf Equity
Fixed Assets	Equity

- After integrating Islamic social finance, especially zakat and waqf, BMT would accumulate long-term funds from **Waqf Long-Term Investment Deposits**, which would **decrease its dependency from Islamic Bank Financing**, so that it would decrease the bubble, the mismatch, and lower liquidity risk continuously. Moreover, accumulated **Waqf Equity** would **strengthen the equity of BMT, reduce cost of funds, and improve the ability of BMT to expand**. Moreover, BMT has started to shift the paradigm from *Pool of Fund* to *Mixed of Fund*.
- Seasonal problems of liquidity would also decrease.

Example 1a: BMT L-Risma



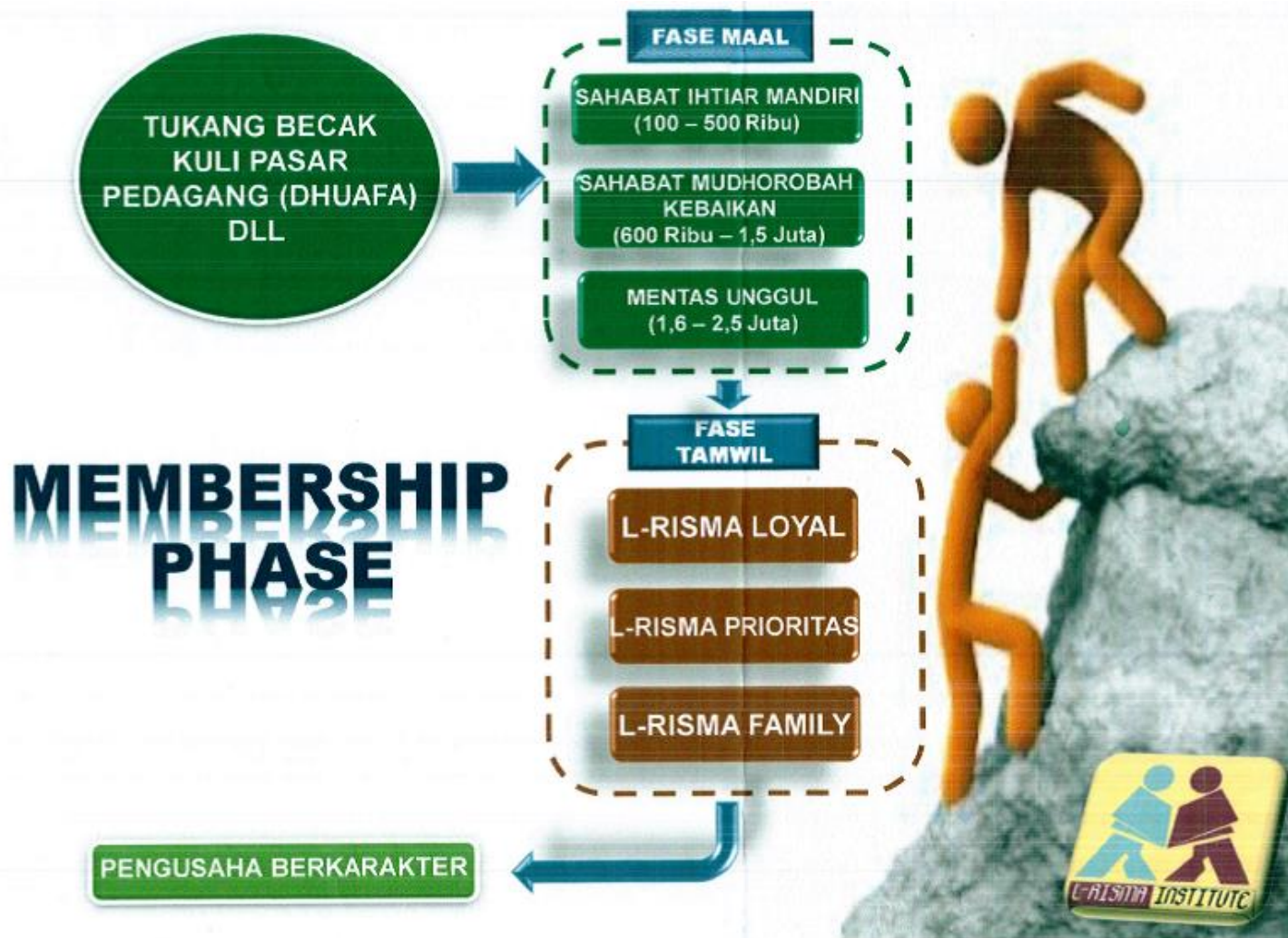
- BMT L-RISMA located in Metro - Lampung, established by “**L**ingkar **R**emaja **I**slam **M**asjid” in 2009, intended to combat usurious transaction and loan sharks. L-RISMA has total assets of Rp100 billion (in Sept 2016), 21 branches and 16,000 members.
- BM of L-RISMA as Nazhir collects and receives cash waqf from Wakif. The funds collected are deposited in BT of L-RISMA , to be used to extend micro-financing and to be invested in the real sector, such as cassava and rubber plantations.

Example 1a: BMT L-Risma

ASSETS	LIABILITIES
Cash	Wadiah Deposits
Bank Deposits	Investment Deposits
Receivables (<i>Murabahah, Qardh, etc.</i>)	Waqf Short-term Investment Deposits
Financing (<i>Mudharabah, Musharakah, etc.</i>)	Bank Financing
Long-term Investment	Waqf Equity
Fixed Assets	Capital

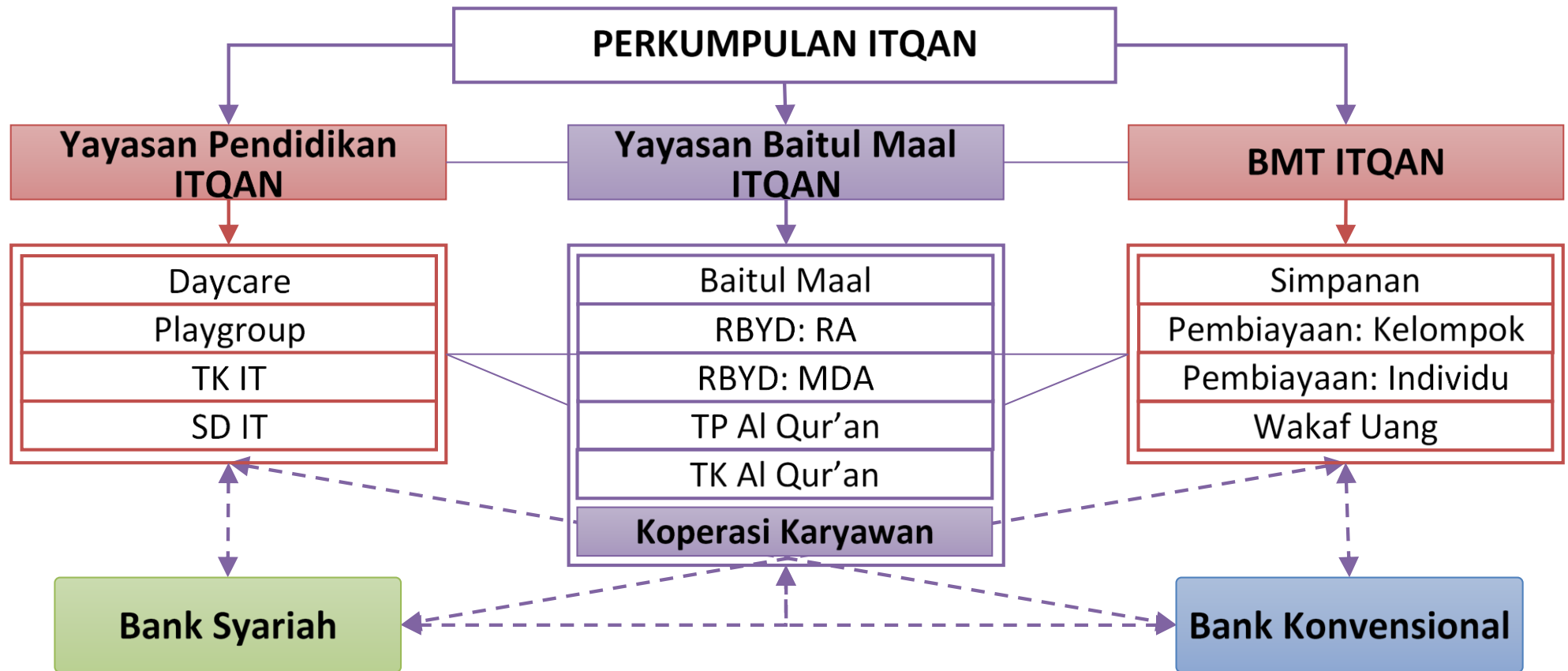
- Total cash waqf collected Rp28 million (in 2014), Rp277 million (in 2015) and Rp345 million (in Sep 2016), while restricted project-based cash waqf amounted to Rp1.5 billion to be invested in cassava (**Si Abad Keong**) and rubber plantation (**Si Abad Kekar**).
- Cash waqf is placed in Waqf Short-term Investment Deposits (3, 6 and 12-month) and Waqf Equity, where monthly and yearly return will be used to finance social programs.
- Baitul Maal of L-RISMA has several featured social programs, including 3-stage financing (Maal phase financing to three 15-member groups: 1) **Sahabat Ikhtiar Mandiri** Rp100-500 thousand; 2) **Sahabat Mudharabah Kebaikan** Rp600-1500 thousand; and 3) **Mentas Unggul** Rp1.6-2.5 million), consumptive program, productive program, health program and education program.
- Baitut Tamwil of L-RISMA also has 3-type financing, namely: 1) **L-Risma Loyal**; 2) **L-Risma Prioritas**; and 3) **L-Risma Family**, averaging Rp10-40 million and max Rp50 million.

Example 1a: BMT L-Risma



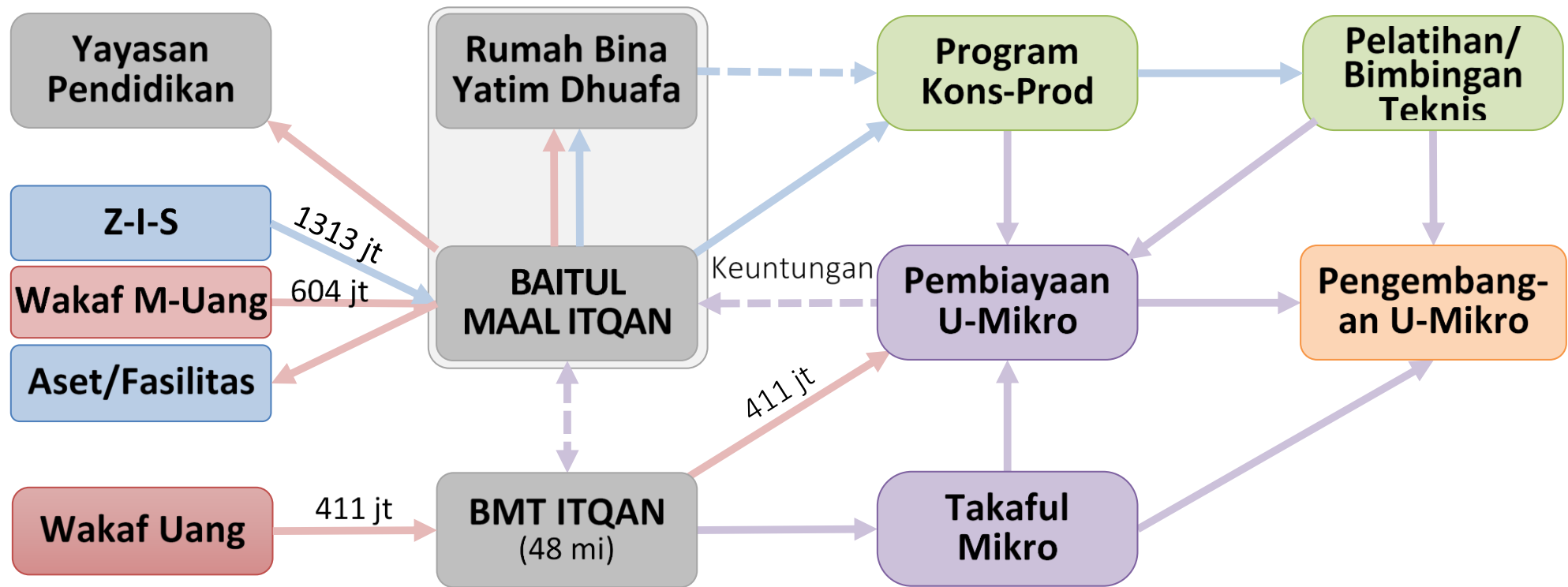
- Among 45 members of Majelis Keluarga Utama, 5 members have graduated from Maal phase to Tamwil phase in 2 years.

Example 1b: Perkumpulan ItQan



- **Perkumpulan ItQan berawal dari berdirinya BMT ItQan tahun 2007 di Bandung, yang berusaha menerapkan nilai2 Islam di sektor ekonomi, sosial, pendidikan dan kesehatan, yang saat ini telah berkembang menjadi berbagai kegiatan komersial dan sosial dalam tiga wadah utama yaitu Yayasan Pendidikan, Yayasan Baitul Maal ItQan dan BMT ItQan.**

Example 1b: Perkumpulan ItQan



- Total aset BMT Rp48 billion (Agustus 2017), 7 cabang dan 17,500 anggota, yang menerapkan model Grameen Syariah. BMT sebagai Nazhir mengumpulkan wakaf uang yang digunakan untuk penyaluran pembiayaan mikro (rata2 Rp2 Jt, maks Rp10 Jt) kepada anggota (GLJR).
- BMT ItQan telah menghimpun wakaf uang Rp411 Jt, yang digunakan untuk memberikan pembiayaan usaha mikro anggotanya.
- Sementara itu, Baitul Maal ItQan telah menerima ZIS Rp1.313 milyar setahun dan mengumpulkan wakaf melalui uang Rp604 Jt untuk pembelian/pembangunan aset.

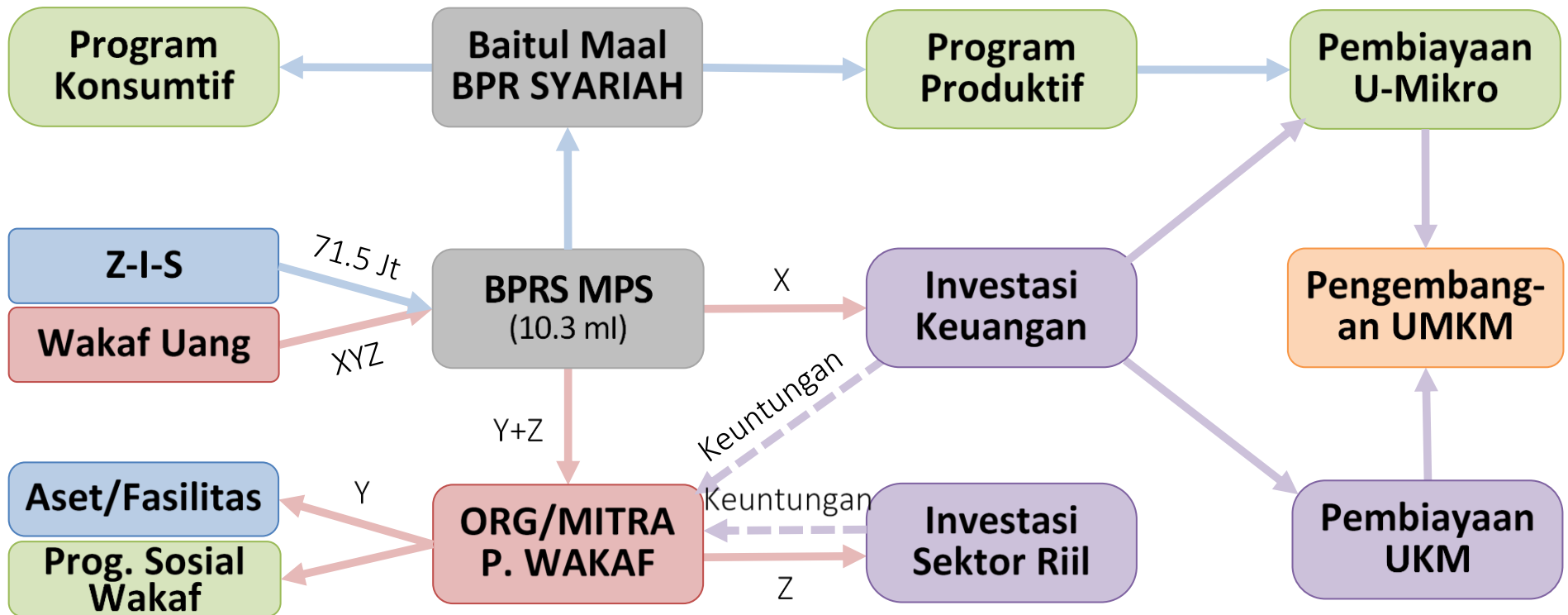
Example 1b: Perkumpulan ItQan

- Total wakaf uang terkumpul Rp51 juta(2014), Rp110 juta (2015) dan Rp260 (Sep 2016), dengan tag line “**Amal Abadi Pahala Lestari**”.
- Dana wakaf ditempatkan sebagai modal wakaf, dimana pendapatan bulanannya digunakan untuk membiayai program2 sosial dari Yayasan Baitul Maal.

AKTIVA	PASIVA
Kas	Simpanan Tabungan <i>Wadiah</i>
Simpanan Bank	Simpanan Investasi <i>Mudharabah</i>
Piutang (<i>Murabahah, Qardh, dll.</i>)	Pinjaman Bank Syariah
Pembiayaan (<i>Mudharabah, Musharakah, dll.</i>)	
	Modal Wakaf
Aktiva Tetap	Modal

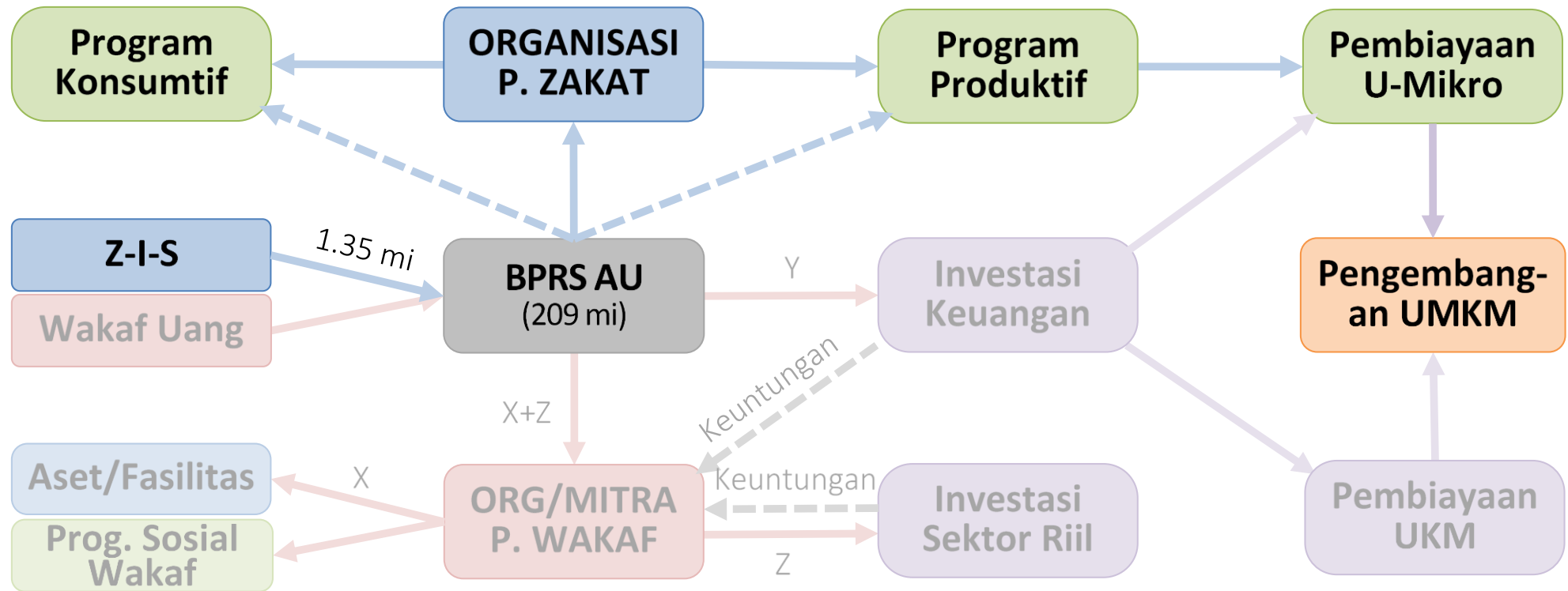
- Baitul Maal ItQan mempunyai berbagai program2 sosial unggulan, seperti Santunan Bantuan Bencana, Pendidikan (TP Al-Qur'an, TK Al-Qur'an, Majelis Taklim, dll.), Pembangunan Masjid, Sembako Murah, Layanan Kesehatan Gratis, Layanan Ambulans Gratis, dll.
- Baitul Maal ItQan juga mempunyai program produktif Mitra Usaha Produktif (MUP) yang memberikan pembiayaan Qardh.
- Rumah Bina Yatim Dhuafa (RBYD) memiliki sekolah dan madrasah untuk yatim dan dhuafa.

Example 2a: BPRS Mentari Pasaman Saiyo



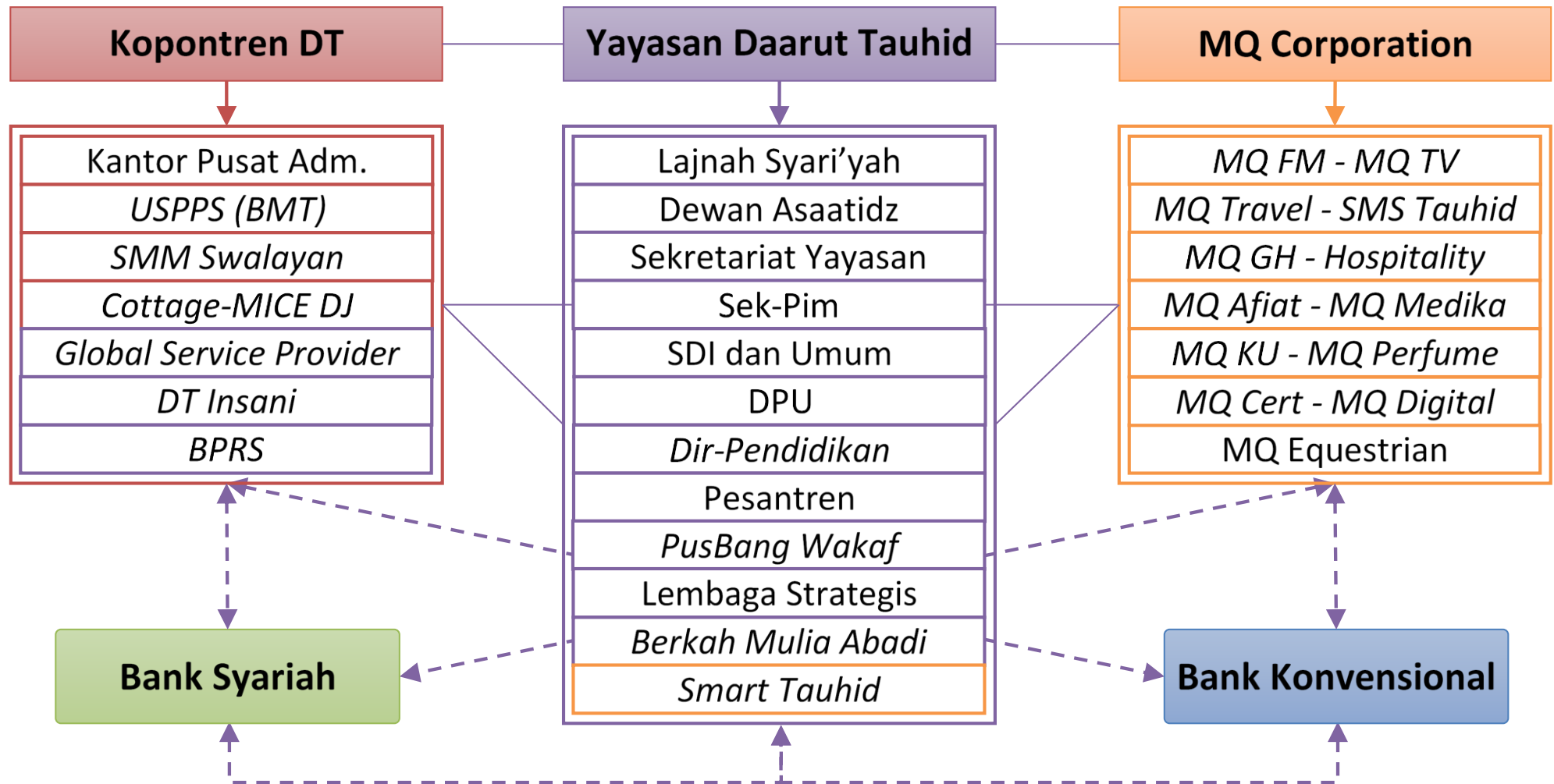
- BPRS MPS dapat juga dioptimalkan untuk menghimpun dan mengelola wakaf uang yang selama ini belum digali. Wakaf uang akan memperkuat keuangan BPRS, mengurangi *mismatch*, menurunkan risiko likuiditas, menurunkan *cost of fund* dan memperkuat modal, sekaligus mengembangkan usaha mikro dan kecil (UMKM).

Example 2b: BPRS Amanah Ummah



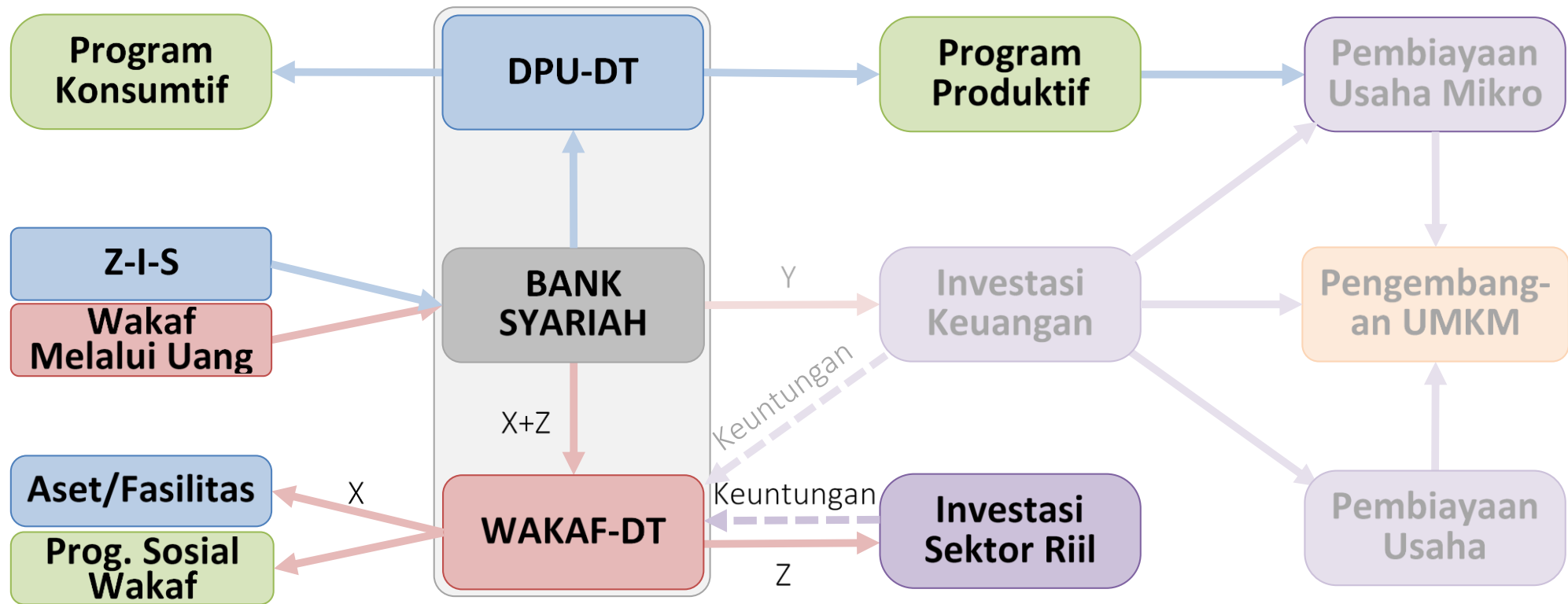
- BPRS Amanah Ummah berdiri Juli 1992 di Leuwiliyang Bogor, setelah Bank Muamalat Indonesia berdiri Mei 1992, diprakarsai oleh KH Soleh Iskandar (Alm).
- Dengan asset Rp209 Milyar, BPRS AU dapat mengumpulkan Zakat Rp1.35 Milyar setahun (namun belum menghimpun wakaf) yang disalurkan ke berbagai program sosial untuk masyarakat disekitarnya, sehingga BPRS AU benar2 menjadi bank komunitas yang dirasakan manfaatnya oleh masyarakat.

Example 3: Daarut Tauhid



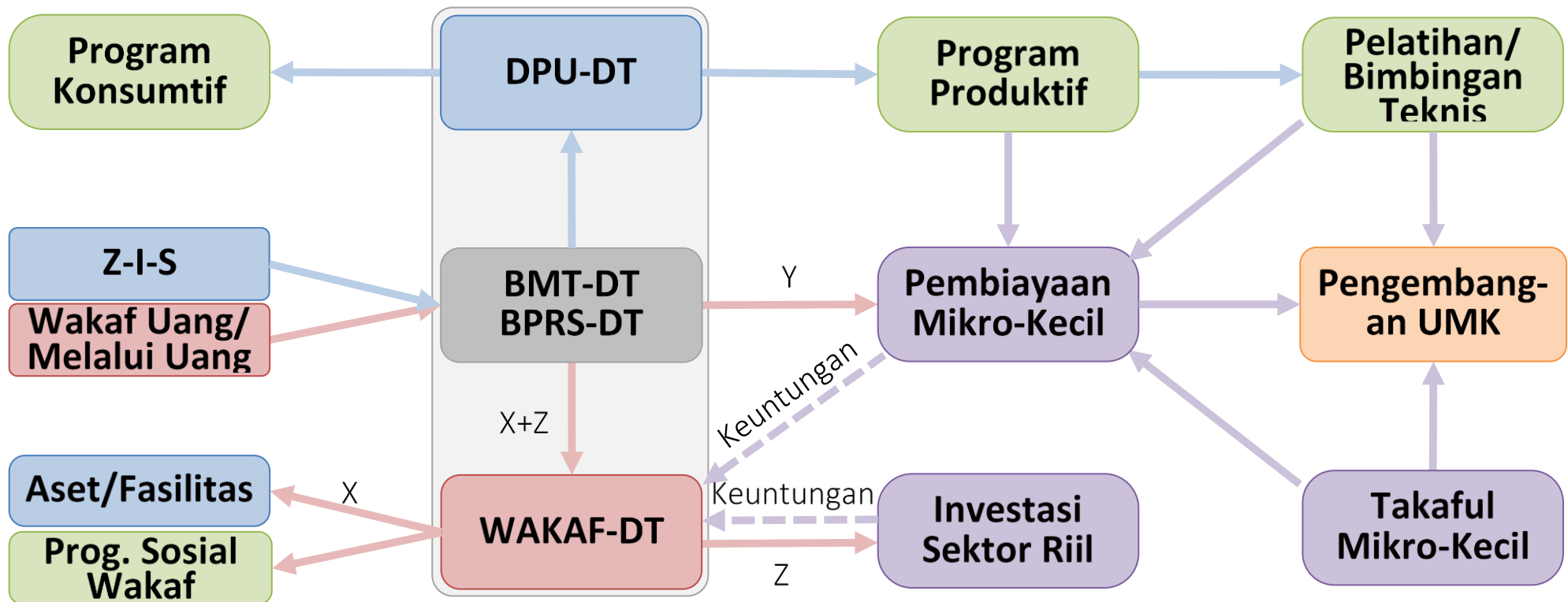
- Daarut Tuhid berawal dari pengajian yang kemudian menjadi pesantren, dimana Yayasan DT sebagai pengelola berdiri sejak tahun 1990 di Bandung yang bergerak di bidang pendidikan, dakwah dan sosial bercorak kewirausahaan, berkonsep Manajemen Qolbu (MQ).

Example 3: Daarut Tauhid



- Saat ini penghimpunan ZIS-Waf dilakukan langsung atau melalui bank Syariah (dan bank konvensional). Dana ZIS (Rp82.8 Milyar pada 2016) oleh DPU-DT disalurkan dalam berbagai program konsumtif dan produktif.
- Wakaf melalui uang (belum menghimpun wakaf uang) yang telah menjadi aset wakaf (Rp240 Milyar pada Juli 2017) menghasilkan Rp4.6 Milyar pada 2016 oleh Wakaf-DT digunakan untuk berbagai program sosial dan re-investasi.

Example 3: Daarut Tauhid



- BMT-DT dan BPRS-DT dapat juga dioptimalkan untuk menghimpun dan mengelola wakaf uang yang selama ini belum digali. Wakaf uang akan memperkuat BMT dan BPRS, mengurangi *mismatch*, menurunkan risiko likuiditas, menurunkan *cost of fund* dan memperkuat modal, sekaligus mengembangkan usaha mikro dan kecil (UMK).

OUTLINE

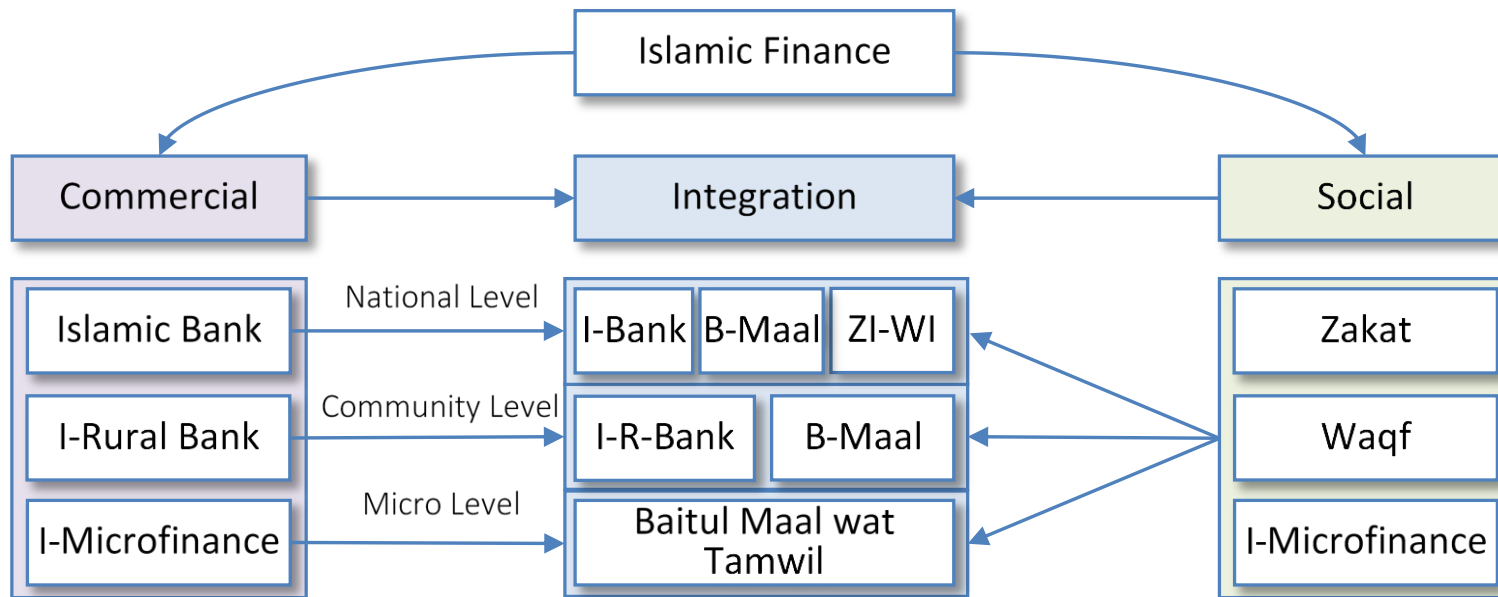
1. Introduction
2. Literature Review
3. Integrated ICF and ISF in IFI

4. CONCLUSION-RECOMMENDATION

Conclusion

Recommendation

CONCLUSION



- Sistem keuangan Syariah akan memperoleh manfaat dari integrasi keuangan komersial dan sosial Islam secara optimal ketika semua atau sebagian besar LKS dan LKMS/BMT menerapkan model integrasi. Di tingkat nasional, bank Syariah menerapkan model yang mendirikan Baitul Maal sebagai Amil dan Nazhir (termasuk wakaf uang), serta bank Syariah masih dapat bertindak sebagai LKS dan LKS-PWU dari OPZ dan OPW. Di tingkat komunitas, BPRS menerapkan model yang juga mendirikan Baitul Maal sebagai Amil dan Nazhir (termasuk wakaf uang) di komunitasnya.
- Di tingkat mikro, LKMS/BMT menerapkan model dimana BMT terdaftar sebagai MPZ/OPZ dan Nazhir, termasuk wakaf uang. Dalam kondisi ini, LKS dan LKMS/BMT akan menjadi kuat, stabil dan tahan terhadap goncangan krisis, sehingga berkontribusi terhadap SSK, pertumbuhan ekonomi, distribusi kekayaan, pengentasan kemiskinan, inklusi sosial dan inklusi keuangan.

CONCLUSION

- Integrated Islamic commercial and social finance (IICSF) in IFI (Islamic bank, Islamic rural bank and BMT) can improve the optimization of zakat and waqf (including infaq and other social funds) in achieving micro and macro objectives.
- Micro objectives include, help mustahik to get out of poverty, improve social services to the poor, improve MSE, reduce cost of financing for customers of IFI, reduce bubble, mismatch, liquidity risk of IFI, strengthen equity, soundness and resilience of IFI, sustain the growth of IFI, as well as improve benefits for general mauquf 'alaih.
- Macro objectives include, sustainable economic growth, equitable distribution of income and wealth, reduce inequality, improve the life quality of the community, improve the resilience and the stability of Islamic financial system.
- BMT and IRB will benefit the most from the implementation of IICSF, since even small amount of zakat and waqf collected would be beneficial to them to be independent in funding and strong in equity.
- In a country implementing dual financial system, IICSF in IFI can promote sustainable economic growth, reduce inequality and strengthen the resilience of the dual financial system.

RECOMMENDATION

- IFI (Islamic bank, Islamic rural bank and BMT) should be provided with easiness in implementing Integrated Islamic commercial and social finance (IICSF), including in collecting zakat and waqf before IB and IRB able to establish Baitul Maal, in obtaining licence as Amil, Nadzir, and LKS-PWU (Islamic Financial Institution-Recipient of Cash Waqf), in establishing Baitul Maal, etc.
- To improve the lack of zakat and waqf literacy of the muslim community, government should take the leading role in education, communication and socialization of zakat and waqf through various channel of communications.
- Topics of zakat and waqf should be delivered in Friday khutbah regularly, since muslims usually go to the same mosque for Friday prayer.
- Muslim community should be given incentive to pay zakat and waqf. For example, zakat could be use as tax deduction.



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Wallahu a'lam

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BANK INDONESIA