

Analysis of *Qardhul Hassan* Based on Islamic Philanthropy Funds at Bankziska Lazismu East Java

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Abstract

The rampant of bank plecit in Indonesia as the country with the most Muslim population in the world is an irony in itself, because Islam actually has a solution for every problem, including poverty alleviation. In the Islamic economy there are good loan terms, which are a solution to the usury economic system. Sources of funds can be taken from Islamic philanthropic funds managed by zakat institutions. Of the several financial assistance institutions based on socio-religious funds in Indonesia, BankZiska is among those that survive to manage. The purpose of this study is to analyze the implementation of qardhul hassan based on Islamic philanthropy funds at BankZiska. By using descriptive quantitative methods, this study describes the implementation of qardhul hassan using indicators of increasing the collection of philanthropic funds, increasing the distribution of funds to partners, increasing the number of transactions, and increasing the number of partners who are free from loan sharks which is about 65%.

Keywords: qardhul hassan, islamic philanthropy, bankziska

1. Introduction

The number of poor people in Indonesia in 2022 is 26.36 million people or around 9.57% of the total population (Badan Pusat Statistik, 2023). The World Population Review website places Indonesia in the list of the 100 poorest countries in the world (Putra, 2022). The world's poorest countries are classified as low-income economies in the world bank ranking system. In the Purchasing Power Parity (PPP)[†] 2017, the world bank sets the extreme poverty line, that people who earn USD 2.15 or around IDR 32,775 per person per day (assuming an exchange rate of IDR 15,243 per USD). Meanwhile for the lower middle-income class USD 3.65 per person per day and the upper middle-income class USD 6.85.

The existence of so many poor people in Indonesia is the main trigger for the proliferation of "*bank plecit*". *Bank plecit* is a designation for non-bank institutions or individuals who lend money, usually with high interest

[†] Purchasing Power Parities (PPPs) are indicators of price level differences across countries. They indicate how many currency units a particular quantity of goods and services costs in different countries.

and billing is done every day.[‡] The word *plecit* comes from the Javanese language which means being chased, pressured, or it can be said that customers will feel pressured if they cannot pay their debts. Society gives a stereotype to *bank plecit* as "loan shark" because *bank plecit* are considered to be exploiting their customers and taking advantage of the situation from the needs of customers with the high interest given.[§] *Bank plecit* provides loans with interest of around 30 to 50 percent or even more every month. *Bank plecit* enter every region in Indonesia with names that are not always the same. There are also those who call it *bank thithil*, *bank keliling*, or *bank emok*.

Muhammadiyah, an Islamic organization in Indonesia which was formed in 1912, has decided on a Muhammadiyah *fatwa tarjih*^{**} number 08 of 2006 which stipulates that interest is included in the category of usury (*riba*). This is in line with the *fatwas* of world Islamic institutions including the DSN MUI Fatwa No. 1 of 2004 concerning the prohibition of interest (interest/benefits). Consideration of point 4 in the *fatwa tarjih* reads as follows: "that it is necessary to encourage *Persyarikatan* and all Muhammadiyah members and Muslims in general to play an active role in economic development based on sharia principles and free of interest, and which is not only aimed at improving the people's economy and mutual welfare, but also has actually become a vehicle for effective concrete da'wah."

East Java, as the highest province with the highest number of poor people in Indonesia -- about a number 4,236,510 people^{††}, also experiences rampant phenomena *bank plecit*. Lazismu, a national zakat institution established by PP Muhammadiyah in 2002 participated in the establishment of a concern program in the economic field as part of implementation of the *fatwa tarjih* Muhammadiyah which converts to build the economy based on the principle of sharia and leave usury. The program is named BankZiska which stands for *Bantuan Keuangan Berbasis Zakat Infaq Sadaqah & Dana Sosial Keagamaan* (Financial Assistance Based on Zakat Infaq Sadaqah and Religious Social Funds) at 27 September 2022 (Sumanto, Sahidu, & Futaqi).

Previous research stated that BankZiska is a form of innovation from Lazismu in distributing religious social funds in the form of soft loans without interest, without collateral, without fines, without fees, and without confiscations to super micro, micro and small entrepreneurs who are subject to moneylender loans (loan shark) (Faizin, Futaqi, & Nurhidayati, 2021). In subsequent research it was found that the effectiveness of BankZiska has been able to reduce the number of moneylenders who ensnare their partners by 38% and liberate 20% of their partners from loan sharks (Futaqi, Susanti, & Ulya, 2022). In addition, research on BankZiska conducted by Setiawan, et. al (Setiawan, Sholikha, Rahayu, & Fitrianna, 2021) concluded that the existence of BankZiska provides many significant benefits to MSMEs. However, the significance in this study has not been decomposed in detail.

This study continues previous research through the theory of *qardhul hassan*, which is based on Islamic philanthropy funds at BankZiska. This research will answer questions regarding *qardhul hassan* mechanism at BankZiska which includes the growth of funds owned taken from philanthropic funds in the form of *zakat*, *infaq*, and *sadaqah*, the growth of revolving funds that are being distributed among partners, the growth of transactions that have taken place, as well as the percentage of partners who have been free from moneylender debt bondage from 2020 to March 2023.

a. Review Of Literature

Qardhul Hassan

Ath-Thayyar (Marwiyah & Masduki, 2018) stated that *qardh* is etymologically a form of *mashdar* from *qaradha asy-syai'* - *yaqridhulu*, which means he cuts it off. *Al-qardh* is something given by the owner to be paid for. In terminology, it is giving property to people who will use it and return it in exchange at a later date.

According to Karim (Falikhatun, Assegaft, & Hasim, 2016), *qardh* is a contract to lend money, while *qardhul hassan* is essentially charity, because this contract does not require repayment of the loan. *Qardhul hassan* is a loan agreement from *muqridh* (who gives loan) to a certain *muqtaridh* (who receives loan) which must be returned with the same amount according to the loan. *Muqridh* can ask for collateral to *muqtaridh*. Loan repayments could be made in installments or all at once (Citaningati, Kamaluddin, & Haeba, 2022).

[‡] https://id.wiktionary.org/wiki/bank_plecit, 2012.

[§] DIAN PERTIWI. 2017. *KETERGANTUNGAN MASYARAKAT KAMPUNG GENDINGAN TERHADAP BANK PLECIT: Studi di Kampung Gendingan, Kelurahan Notoprajan, Kecamatan Ngampilan, Yogyakarta*. Skripsi thesis: UIN SUNAN KALIJAGA YOGYAKARTA.

^{**} In Muhammadiyah, *fatwa* is one of Tarjih's products. There are three kinds of Tarjih products, namely (1) Tarjih Rulings, (2) *Fatwas*, and (3) Discourses. The Tarjih decision is an official decision by Muhammadiyah in the field of religion – not the decision of the Tarjih Council – and is formally binding on the organization (Anwar, 2019).

^{††} Annasa Rizki Kamalina (2023, January 22). *10 Provinsi Jumlah Penduduk Miskin Terbanyak di Indonesia, Jatim No 1!* Retrieved March 21, 2023 from Bisnis.com: <https://ekonomi.bisnis.com/read/20230122/9/1620534/10-provinsi-jumlah-penduduk-miskin-terbanyak-di-indonesia-jatim-no-1>.

Qardhul hassan's legal basis is Al-Quran Al-Maidah verse 2 and Al-Baqarah verse 245^{††}. *Qardhul hassan* as one of the transactions in the Islamic economy, of course, has pillars. Pillar is something that must exist in a work/charity of worship at the time of carrying out the charity/worship. The pillars of *qardhul hassan* are as follows (Ashraf, 2013):

1. Who receives loan (*muqtaridh*)

The borrower is someone who borrows some money or property from another person to use temporarily and will return it at an agreed time. In general, the parties involved in the transaction, that is *dain* and *muddain*, are people who are capable of acting on property and doing good, namely adults, acting independently without coercion and having common sense.

2. Who gives loan (*muqridh*)

Someone who gives loans in the form of money or property to be lent to other people who need it.

3. The object of the contract (*fund/qiradh*)

Scholars of the Maliki, Syafi'i and Hambali Schools say that items that are legally lent in *qardhul hassan* are any items that can be traded, that can be measured and weighed for each item such as gold, silver, and food.

4. *Ijab qabul* (*sighah*)

Ijab qabul is a combination of two words, *ijab* and *qabul*. *Ijab* is the beginning of an explanation that comes out of one of the people who has entered into a contract as an illustration of his will in holding a contract, while *qabul* is a word that comes out from the party who is also married, which is said after the consent is made.

Qardhul hassan being a gratuitous loan can help the fellow Muslim brothers who need money. The main objectives of *qardhul hassan* are (Ismail & Possumah, 2010):

- a. Helping the needy fellow people.
- b. Establishing better relationship among the poor and the rich.
- c. Mobilization of wealth in the society.
- d. Performing a good deed that is encouraged and appreciated by Allah and His messenger.
- e. Strengthening the national economy.
- f. Facilitating the poor to create business ventures and new jobs market by using their merits, skills, and expertise.
- g. Establishing a caring society.
- h. Eradicating poverty and unemployment problem.
- i. It can be a da'wah activity by giving *qardhul hassan* to the non-Muslims, who might be attracted the beauty of Islam.
- j. It can remove social and economic discrimination, and
- k. There is a great reward in the Hereafter.

Islamic Philanthropy

Etymologically, the term philanthropy or philanthropy comes from the Greek which is a fraction of the words *philos* and *anthropos*. *Philos* means love, while *anthropos* means human. According to Merriam Webster's dictionary, philanthropy is the practice of giving funds, money and time to help others to live better lives. This meaning is almost the same as the Oxford dictionary which defines it as the practice of helping the poor and needy, especially by giving money. Therefore, philanthropy can be interpreted as the conceptualization of the practice of giving and serving voluntarily and lovingly to help others who need help (Syarifuddin & Sahidin, 2021).

The concept of philanthropy in Islam is manifested in the activities of *zakat*, *infaq*, *shadaqah*, and *waqf*. The importance of this problem was realized by the caliph Abu Bakr during his leadership. He sees that the interest of Islamic philanthropy, that is *zakat*, is one of the pillars of religion that must be implemented. At that time, those who did not pay *zakat* would be fought by him (Madjakusumah & Saripudin, 2020).

Zakat

Zakat is a property that is obligatory for a Muslim or a body owned by a Muslim in accordance with religious provisions to be given to those who are entitled to receive it. Etymologically, *zakat* can be interpreted as growing and blessing. Meanwhile, according to *syar'i* terms, *zakat* means something that is issued on behalf of assets or bodies with a certain mechanism. *Zakat* is obligatory in the second year of *hijrah* after *zakat fitrah* is prescribed. The basis of the prescription is al-Qur'an, *sunnah*, and *ijma'*. Allah

^{††} "...Cooperate with one another in goodness and righteousness, and do not cooperate in sin and transgression..." (Q.S. Al-Ma'idah 5:2).
"Who will lend to Allah a good loan which Allah will multiply many times over? It is Allah 'alone' who decreases and increases 'wealth'. And to Him you will 'all' be returned." (Q.S. Al-Baqarah 2:245).

said “pay *zakat*”^{§§}, “take *zakat*”^{***} and *zakat* as one of the pillars of Islam^{†††}. So firm is the command regarding *zakat*, the Qur'an repeats the command to *zakat* 72 times (*ita' az-zakat*) and combines it with the command to pray (*iqam ash-shalat*) (Madjakusumah & Saripudin, 2020).

Zakat is divided into two types: (1) *Zakat fitrah* which is *zakat* issued by a Muslim from part of his wealth to people who need it to purify his soul and patch the deficiencies found in his fast such as dirty words and useless actions.^{‡‡‡} (2) *Zakat mal* which is *zakat* assets issued when it has reached its *nisab*. Consisting of *zakat* on livestock, agricultural products, gold and silver, mining products, hidden goods (*rikaz*), commerce, and professions.

According to the Syafii school of thought, there are eight groups of people who are entitled to receive *zakat*^{§§§}: First, *Fakir* - people who do not have assets and business to meet their needs. Second, Poor - people who have property or business but are unable to meet their needs, and their lives are lacking. Third, *Amil* - everyone who works to administer *zakat*, while he does not get any wages apart from that *zakat*. Fourth, *Mu'allaf* - with four types of criteria: people who have just converted to Islam and are still weak in faith, influential Muslims in their community, people who reject the crimes of people who are anti-*zakat*, infidels who have hope to convert to Islam. Fifth, Freeing Slaves - a slave who was promised freedom after redeeming himself. The servant was given *zakat* just to redeem himself. Sixth, people who are in debt - people who are in debt because of reconciling two people who are in dispute, people who are in debt for their own interests for *mubah* and not immoral needs, people who are in debt to guarantee other people's debts. Seventh, *Ibnu sabil* - people who fight in the way of Allah to uphold their religion, are given *zakat* for their living needs during their struggle. Eight, Travelers - people who travel long distances and are not in immorality experience tribulations on their way.

Infaq and Sadaqah

The word *infraq* with its various forms of derivation appears 71 times and the word alms appears 24 times which shows the meaning and activity of Islamic philanthropy (Madjakusumah & Saripudin, 2020). Linguistically, the word *infraq* means spending and also means giving out something (wealth) for the benefit of something. Meanwhile, according to *Shari'a* terminology, *infraq* means spending a portion of one's wealth for a good that Allah has commanded. The word *sadaqah* come from the Arabic word *shadaqa*, which means true. According to *sharia* terminology, the meaning of *sadaqah* is the same as the meaning of *infraq*, including laws and provisions. The emphasis on *infraq* is related to material things, while *sadaqah* has a broader meaning regarding non-material matters (Saripudin, 2016).

There are two obligations imposed on every believer towards the poor. First, feed and care for him if he can. Second, encourage other people to support the poor if they are among those who live mediocely, otherwise they are classified as religious liars^{****}. The basis for the recommendation to spend *infraq* is found in two other verses of the Al-Quran^{††††}. Meanwhile, the form of *sadaqah* is not limited to only material things, but in charity includes things that are non-material, namely giving advice, carrying out *amar ma'ruf nahyi munkar*, reconciling conflicting parties, reading *tasbih*, *tahmid*, and *tahli*^{††††}

Among the benefits of *zakat*, especially in the realization of justice and economic growth, are poverty alleviation, redistribution of wealth, promotion of economic justice, and discouraging beggary (Malik, 2016). *Zakat* as a treasure worship has a transcendental and horizontal dual meaning, besides having the value of worship to Allah it is also worth building a social order. *Zakat* is very meaningful in life and has many lessons and benefits in utilizing the value of people's assets, both related to people who give *zakat* (*muzakki*), recipients (*mustahik*), and the general public.

Yusuf Qaradawi said that *zakat* has a very important and significant role in overcoming various socio-economic problems such as unemployment, poverty, crisis burden and debts, poor economy, treasures and hoarding of treasures (Jauhari, 2011). Currently philanthropic institutions have several programs for channeling *zakat*, *infraq*, and *sadaqah* funds, one of which is an economic program or what is called productive distribution (Hayati & Soemitra, 2022).

§§ “Establish prayer, pay alms-tax, and bow down with those who bow down.” (Q.S. Al Baqarah 2:43)

*** “Take from their wealth ‘O Prophet’ charity to purify and bless them, and pray for them—surely your prayer is a source of comfort for them. And Allah is All-Hearing, All-Knowing.” (Q.S. At-Tawbah 9:103)

††† The superstructure of al-Islam is raised on five (pillars), including payment of *zakat* (Sahih Muslim 16c, Book 1, Hadith 21).

‡‡‡ Hadith narrated by Abu Dawud, Ibn Majah, and Al Hakim from Ibn Abbas.

§§§ Q.S. At-Tawbah 9:60.

**** Q.S. Al-Ma'un 107:1-3

†††† “Who believe in the unseen, establish prayer, and donate from what We have provided for them” (Q.S. Al-Baqarah 2:3), and “The example of those who spend their wealth in the cause of Allah is that of a grain that sprouts into seven ears, each bearing one hundred grains. And Allah multiplies ‘the reward even more’ to whoever He wills. For Allah is All-Bountiful, All-Knowing”. (Q.S. Al-Baqarah 2:261).

†††† “Spend in the cause of Allah and do not let your own hands throw you into destruction ‘by withholding’. And do good, for Allah certainly loves the good-doers”. (Q.S. Al-Baqarah 2:195).

2. Research Methods

The method used in this research is descriptive research with a quantitative approach that aims to reveal something as it is. Arikunto (Salmaa, 2023) said that descriptive research is research that is intended to investigate a condition, situation or other event, then the results will be presented in the form of a research report. Thus, quantitative descriptive method is quantitative research in the form of a numerical description (statistics). The point is that this research relates to the elaboration of statistical figures.

The variables in this study are *qardhul hassan* based on Islamic philanthropy and the subject is BankZiska LAZISMU East Java. The results of this study are in the form of numbers and percentages of research indicators: (1) *Qardhul hassan* mechanism at BankZiska; (2) Sources of Islamic philanthropic funds at BankZiska; (3) Distribution of funds to BankZiska partners; and (4) The impact of financing on the business of BankZiska partners as measured by the percentage that has been free from interest-bearing loans from moneylenders and the success stories of BankZiska partners.

The research was conducted on internal data owned by BankZiska from the time it was founded until March 2023. The data collection technique used in this study was to process data regarding the *qardhul hassan* consisting of increasing funding sources, distributing funds, transactions, and the success rate of independent partners from loan sharks.

3. Results and Discussion

Starting from concerns about the rampant interest system that is suffocating small communities, LAZISMU is called upon to provide a solution to this problem. The phenomenon of *bank thithil*, *bank pleciti*, *bank crot*, loan sharks or illegal moneylenders with very high interest rates is troubling the public. The people's low financial literacy, vulnerable economic conditions and also the ease of providing loans and the absence of social financial institutions to help them, make these loan sharks sell well in society.

LAZIS Muhammadiyah, East Java Region designed a program to free the small and medium enterprises (SMEs) community from usury/loan sharks. This program is realized in the form of loan assistance with no additional, no interest, no administration fees, no deductions and no guarantees, no fines and no penalties for ultra-micro, micro, small entrepreneurs, small farmers and small breeders. The *riba* relief program for the community is hereinafter referred to as *zakat*, *infaq*, *sadaqah* and other religious social funds, which is abbreviated as "BANKZISKA".

Company Overview

Vision: Become a pioneer of progressive economic development

Mission: Freeing society from *ribawi* transactions; Providing benevolent financing for ultra-micro, micro, small entrepreneurs and small farmers; Conducting education, training and assistance to entrepreneurs so that they are empowered; and Mobilizing the community to support the growth and development of a progressive economy.

Objective: Building an empowered and productive society based on *Shari'a*; Grounding Islamic economic literacy that focuses on socio-preneurs; Getting closer to Allah; Creating a *baldatun thayyibatun wa rabbun ghafur* (a good country with the Most Forgiving *Rabb* (God)) society.

Concept

Not a bank as referred to in Law No. 10 of 1998 concerning Banking and Law no. 21 of 2008 concerning Islamic Banking; Which is an MSME Empowerment Movement through the provision of loans without interest, without administration fees, without fines, without penalty fees and without the need for collateral; The loan contract is a promise from the borrower to Allah in which the management as a witness in the contract; Follows the rules that are carried out in banking with some adjustments; It is a *tasharuf* (utilization) of *zakat*, *infaq* and *sadaqah* funds from LAZISMU.

BankZiska has a financing channel with the following activities:

Table 1. Financing Channel at BankZiska (BANKZISKA , 2023)

Stages	Activities
1	Borrowers in groups (3-10) and must know each other apply for a loan to BANKZISKA by filling out the form provided.
2	Attach recommendations from religious/community leaders, mosque <i>takmir</i> , or ustad.
3	The assessment process was carried out by BANKZISKA officers.
4	Sign a refund agreement contract approved by the husband/wife or child/parent.

5	Disbursement of financing.
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The organizational structure of BankZiska at the central level (East Java) is led by the Main Director, Director of Finance and Director of Operations. Meanwhile, each region consists of a Financing Committee, Manager, Operations Division and Administration & Finance Division. In addition, BankZiska is assisted by volunteers who assist BankZiska's partners. The existence of volunteers is unique in BankZiska. Volunteers gather five to ten bankziska partners, some even up to dozens of partners to be assisted in their relationship with bankziska. The term partner is a word used by BankZiska to refer to their customers. These partners consist of small farmers, small traders, small breeders, small traders according to the criteria of BankZiska (Sumanto, Sahidu, & Futaqi).

The existence of the BankZiska office is always attached to the existence of LAZISMU. This is proof that LAZISMU and BankZiska are inseparable parts. BankZiska's funding sources come from *zakat*, *infaq*, *sadaqah* and social religious funds collected by LAZISMU. The *zakat*, *infaq*, and *sadaqah* is then assigned to BankZiska as a managed fund for MSME empowerment. The intended empowerment is through a *qardhul hassan* mechanism called Virtue Loan (Indonesian: Pinjaman Kebajikan) (Faizal, 2023).

Apart from coming from LAZISMU, funding sources also come from cooperation between Lazismu and other parties who are willing to run the BankZiska program. Currently, the collaboration program being established is with BMT Hasanah in Ponorogo. The existence of BankZiska LAZISMU in Ponorogo is a collaboration between LAZISMU East Java and BMT Hasanah Ponorogo. BankZiska Ponorogo is the main pilot project of the MSME empowerment program by LAZISMU East Java (Sulistio, 2023).

BankZiska in other areas grows organically from the local LAZISMU. Magetan, Mojokerto, Pasuruan, Probolinggo, Jember, and Malang were established on the initiative of local customs and without cooperation with other parties. After getting the Decree of Establishment from East Java LAZISMU. This BankZiska stands alone with the only support from LAZISMU. This resulted in a source of funding for bank operations and the entire capital of the BankZiska had to be self-financed. Limited funding from LAZISMU caused the expansion of BankZiska's development to not be as large as the existing BankZiska in Ponorogo.

The *qardhul hassan* financing mechanism at BankZiska is called a benevolent loan contract. This loan is realized in a principal loan that is returned principal with the principle of a monthly installment system. However, there are also BankZiska partners who make weekly installments, and this is a mutual agreement, which one is easier and lighter to choose. The average installment value is 100 thousand rupiah per month. Installed five times for the initial loan with a total of 500 thousand rupiah. Furthermore, tiered loans increased by 700 thousand, one million, and finally two million rupiah. In several cases, BankZiska financed more than two million rupiahs to save its partners who had been badly entangled in moneylender loans.

In principle, BankZiska loans use a joint responsibility group system consisting of 5-10 people. Each group will have a BankZiska volunteer accompanying them. These volunteers are community leaders or people who care about them. Volunteers assist from submission to installments and repayment. Not only related to loans, volunteers also assist with matters related to religious worship of BankZiska partners.

The mechanism of joint responsibility has the consequence of mutual responsibility between members of each group. In addition, members are responsible for other members who do not pay off their loans. The value of virtue in this loan appears, among others, in the clause that if the borrower is sick which does not allow him to return to work, or the borrower dies, then the borrower is not obliged to return the loan (Nunung, Mekanisme Tanggung Renteng pada BankZiska, 2023).

The contract in this BankZiska loan starts with submitting a Financing Application Letter (Indonesian: Surat Permohonan Pembiayaan, SPP). SPP is an assessment tool used by BankZiska to analyze the characteristics and economic conditions of prospective BankZiska partners. The SPP contains a thorough analysis of prospective BankZiska partners who will make loans. Among them: identity, what business they do, how much they earn, and whether they have dependents elsewhere and what the value is. Furthermore, the completed SPP is signed by prospective BankZiska partners and volunteers and attached with a business photo and identity card.

Seeing the process carried out and also the contract mechanism carried out by BankZiska, it is clear how BankZiska is financially friendly towards MSMEs. Loans without any additions are accompanied by the concept of insurance without premiums, where when the borrower is sick and can no longer work or the partner who dies is free from debt. This shows partiality to micro and small businesses. In addition, the partners are not only accompanied by economic matters but also religious and religious values, which shows that BankZiska does not only focus on worldly issues. BankZiska directs its partners to be spiritually prosperous by obediently worshipping Allah.

3.1. The Growth of Islamic Philanthropy Funds at BankZiska

BankZiska is not a bank as understood in the law. However, it is a *tasharuf* (distribution) program from Islamic philanthropy consisting of *zakat*, *infaq* and *sadaqah* Lazismu East Java funds. BankZiska does not collect funds from the public directly. BankZiska program was implemented in two models. The first model is collaboration with Islamic financial institutions. The second model is without collaboration, namely growing from your Lazismu network in the district or from your Lazismu Service Office (Kantor Layanan Lazismu/KLL).

BankZiska does not collect funds independently, but distributes *zakat*, *infaq*, *sadaqah* funds originating from *muzakki* and *munfiq* of Lazismu. In other forms of cooperation, BankZiska also collaborates in funding by taking *zakat*, *infaq* and *sadaqah* funds from Islamic financial institutions. In other words, BankZiska is a form of productive distribution.

Established for the first time in Ponorogo Regency, East Java on 27 September 2020 with an initial number of 12 partners and a total financing of Rp. 4,200,000 (four million and two hundred thousand rupiah). BankZiska's development until February 2023 has financed 1729 financing rounds with a total financing of more than 1 billion. Funding owned by Bank Ziska increased by nearly 1 billion rupiah in a period of approximately three years.

The drastic increase occurred in the funding used by BankZiska was influenced by the large interest of partners to cooperate with BankZiska. If calculated as a percentage, the increase in the amount of *zakat*, *infaq*, and *sadaqah* funds used by BankZiska exceeds the target in general, far exceeding 100%. From those that only use millions of funds to more than one billion rupiah.

3.2. Distribution Growth of Revolving Funds at BankZiska

Revolving funds at BankZiska is measured from lending and outstanding funds. Lending funds is the total funds lent to partners. While outstanding funds are funds that are currently in installments from partners. The following is a graph of the increase in BankZiska lending funds and outstanding funds from 2020 to 2023.

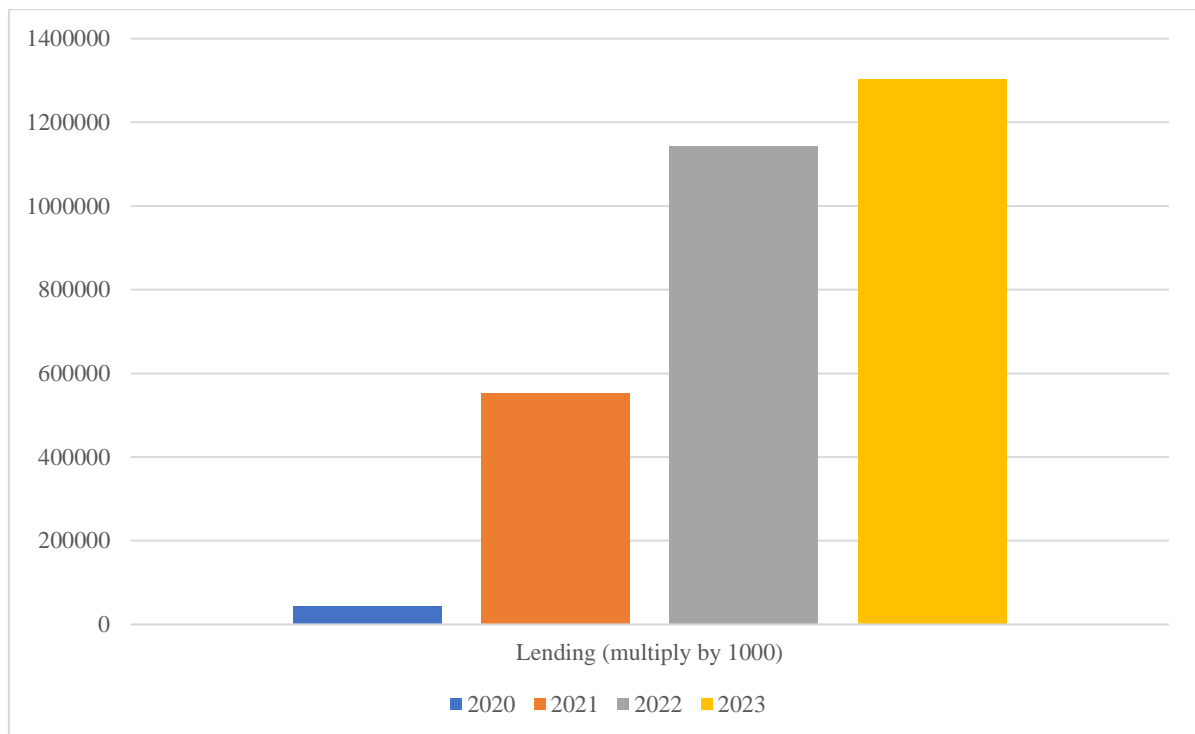


Figure 1. Growth of Lending Funds at BankZiska (BANKZISKA , 2023)

Table 2. Growth of Lending Funds at BankZiska (BANKZISKA , 2023)

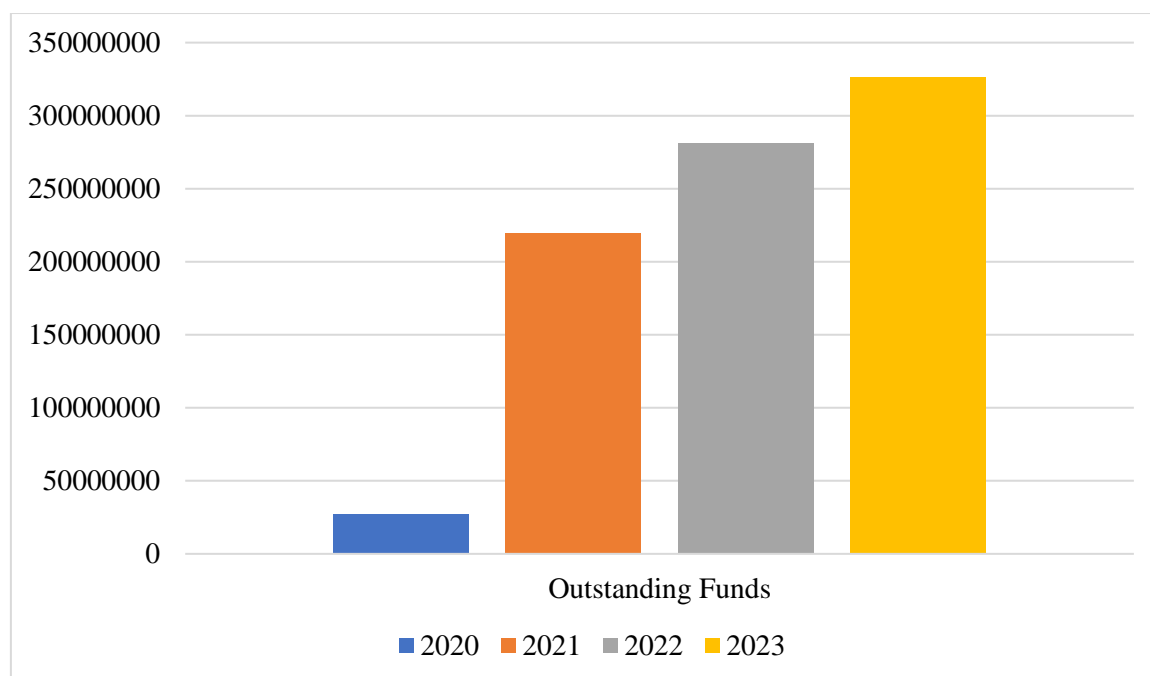
Year	Lending Funds (Rupiah)	Growth Percentage (%)
2020	43,600,000	-
2021	552,950,000	1.168,23
2022	1,143,973,000	106.88
2023	1,303,573,000	13.95

BankZiska was established in September 2020. At the end of 2020 BankZiska's lending was worth Rp. 43,600,000.00. This means that this year BankZiska has disbursed 43.6 million loan funds to the MSME community. This data is divided into 261 financing (loans). So that the average financing this year is Rp. 161,049.81 (Rp. 43,600,000.00:261). A very small number for a business loan.

Furthermore, at the end of 2021 the total accumulation of BankZiska lending will be Rp. 552,950,000.00 with an accumulated total financing of 892. The accumulated financing increased by 631 (892 – 261). Meanwhile, the increase in financing in 2021 is Rp. 509,350,000.00. (Rp. 552,950,000.00 - Rp. 43,600,000.00). The average financing per partner in 2021 is Rp. 807,210.78 (Rp. 509,350,000.00: 631). Financing per partner this year increased by Rp. 646,160.97 (Rp. 807,210.78 - Rp. 161,049.81)

In 2022 the total accumulated BankZiska lending is Rp. 1,143,973,000.00. This total lending increased from the previous year of Rp. 591,023,000.00 (Rp. 1,143,973,000.00 - Rp. 552,950,000.00). While the total financing is 1,638. This value increased by 746 (1,638 – 892) from the previous year. The average BankZiska loan this year is Rp. 792,256.03 (Rp. 591,023,000.00: 746). Financing in 2022 will decrease from the previous year of -Rp. 14,954.74 (Rp. 792,256.03 - Rp. 807,210.78). This situation resulted from the large number of financing partners which were not matched by a significant increase in funding.

Data up to March 2023 shows total BankZiska lending of Rp. 1,303,573,000.00. This shows an increase in lending from the previous year of Rp. 159,600,000.00 (Rp. 1,303,573,000.00 - Rp. 1,143,973,000.00). Meanwhile, the accumulated number of financing partners as of March 2023 is 1,807. This shows the range from January to March 2023, an increase from the previous year of 169 (1,807 - 1,638) financing. The average financing this year is Rp. 721,401.77 (Rp. 1,303,573,000.00: 1,807). This value decreased by Rp. 70,854.26 (Rp. 721,401.77 - Rp. 792,256.03). This decrease is more than the decrease in financing from 2022 compared to 2021. This situation occurs because the number of partners continues to grow, problematic financing or a small amount of funding.



Since then, the growth of BankZiska's lending funds and outstanding funds has experienced an extraordinary increase, even when it was only in its second year. Likewise, when entering the third and fourth years, the distribution of BankZiska funds to partners continued to increase to more than 1.3 billion rupiah. It is predicted

that in the future these funds will continue to increase in line with developments that are considered beneficial to the community, especially managers of micro and super micro businesses.

3.3. The Growth of Transactions at BankZiska

BankZiska has conducted 1807 financing rounds with 585 active partners. Since the beginning BankZiska was founded in Ponorogo. As of March 2023, there are already seven regions, namely Ponorogo as the office center, branches in Magetan, Mojokerto, Bangil, Probolinggo, Malang, and Jember. In just three years, the number of offices has increased by six.

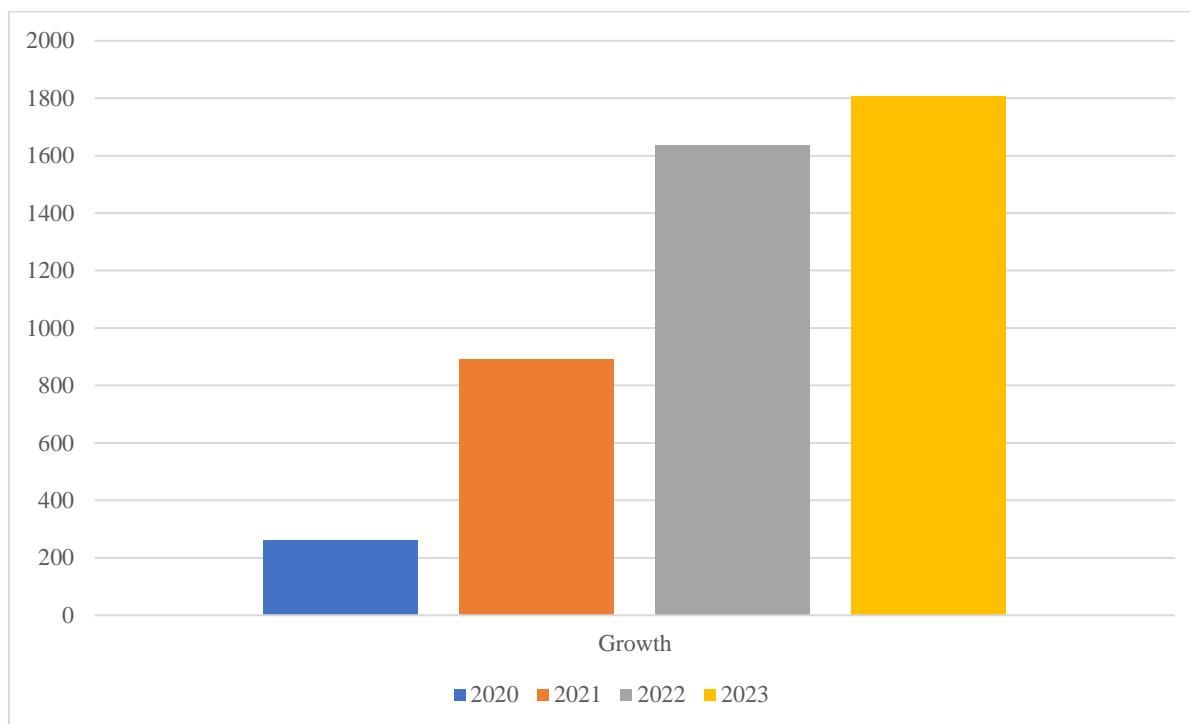


Figure 2. Growth of Transaction at BankZiska (BANKZISKA , 2023)

Table 3. Growth Percentage of Transaction at BankZiska (BANKZISKA , 2023)

Year	Transactions	Growth Percentage (%)
2020	261	-
2021	892	241.76
2022	1.638	83.63
2023	1.807	10.32

The increase in transactions at BankZiska is an indication of the successful implementation of *qardhul hassan*. Because with the increasing number of financial loan transactions, it means that the trust from the public, especially managers of micro and super micro businesses, has increased for the BankZiska institution. On the other hand, it can be concluded that there are more and more opportunities for BankZiska to implement *qardhul hassan* amidst the *ribawi* economy.

What's interesting about the loan mechanism at BankZiska is that it is jointly and severally a group consisting of five people with loans starting from IDR 500,000. The consequence of this system of joint responsibility is mutual responsibility. The advantage is that there is no interest, and if one of the members falls ill or even dies, they are released from payment obligations.

Looking at the figures above, it shows that interest from BankZiska has increased very sharply from year to year. The number of partners continues to grow with the total loan value continuing to increase. However, in terms of the average financing per partner, fluctuations can be seen up and down. Mainly in 2021, 2022 and until March 2023. The average financing is still at Rp. 700,000.00 rupiahs. Of course, this should become the concern of BankZiska management in implementing a strategy to overcome the average lending rate which has not increased. Several things that need to be done by BankZiska include adding funding, not adding partners, evaluating the age of installments and evaluating financing that may have problems.

3.4. The impact of Financing on the Business of BankZiska Partners

In order to measure the effect of BankZiska's financing on partners' economic activities, it uses indicators that the number of loan sharks associated with BankZiska partners is decreasing, and the number of BankZiska partners who are free from moneylenders is increasing. Based on the results of research using data for January 2022, it was recorded that the number of loan sharks involved with BankZiska partners decreased by 117 loan sharks, down to 186 from 303 loan sharks. Meanwhile, BankZiska's partners who have been freed are 28 BankZiska Partners from 140 BankZiska's partners.

With the small value of the financing carried out by BankZiska, it turned out that it was able to get rid of its partners from the bondage of moneylenders. Of the 1,807 rounds of financing conducted, BankZiska has been able to reduce the number of loan sharks infecting its partners by 65% (Nunung, Jumlah Mitra BankZiska yang Lepas dari Rentenir, 2023). This value indicates that the impact of BankZiska financing is very beneficial for its partners. For example, the story told by the meatball seller Tumiran. Previously he had 12 daily loan sharks after being loaned several times by BankZiska and assisted, now he is free from the bondage of daily loan sharks. Starting from a loan of Rp. 300,000.00 up to Rp. 2,650,000.00 loans periodically. In the end, his debt at *bank plecit* was settled. Currently he is free and can enjoy the results of the daily turnover of meatballs with an average income of Rp. 600,000.00 per day (Tumiran, 2023).

Measuring the level of effectiveness of BankZiska in releasing loan sharks, it is 20%. Meanwhile, BankZiska's effectiveness in reducing the number of loan sharks was 38.6% in 2022. BankZiska's achievements in reducing or freeing micro businesses from loan sharks show that BankZiska is well received by micro and small businesses. Then in 2023 the average achievement of alleviation from moneylenders will reach 65%.

4. Conclusion

Qardhul hassan is a concept in Islamic economics which is a solution for the economic problems of small people who are in debt. In its implementation, *qardhul hassan* can use Islamic philanthropic funds. what is meant by Islamic philanthropic funds consists of at least *zakat*, *infaq*, and *sadaqah* funds. This study discusses the implementation of *qardhul hassan* in BankZiska, a non-bank financial institution under the auspices of LAZISMU East Java, a zakat management institution founded by the Muhammadiyah mass organization.

In order to analyze the application of *qardhul hassan* at BankZiska, certain indicators are needed. Indicators that can be used are the components of funds, the amount of absorption of distributed funds, the number of transactions that occur, then how effective this financial assistance activity is in the partner's economy as measured by calculating the percentage of partners who have successfully separated from moneylenders. Data on the growth of funds taken from philanthropic funds in the form of *zakat*, *infaq*, and *sadaqah* as a tool to measure the extent to which the development of Islamic philanthropic funds owned by BankZiska in customer financing activities. From the data managed, it can be concluded that the funds owned by BankZiska until its fourth year have increased many times since its inception in 2020.

Regarding data on the growth of revolving funds that are being distributed among partners, it is shown through data on lending and outstanding funds which display an increasing percentage from year to year. Especially when in the second year, it's up over 100%. Indicates that the *qardhul hassan* loan assistance program from BankZiska is running as expected. Next is the growth of transactions that have taken place. Data shows that the number of transactions that occur increases from year to year. The number of these transactions does not only represent one transaction for one partner, but it can be interpreted that one partner has a record of several transactions. The last is the percentage of partners who have been free from moneylender debt bondage from 2020 to March 2023 as an indicator in measuring the impact of implementing *qardhul hassan* at BankZiska. From the data recorded up to March 2023, 65% of the partners who have succeeded in being free from moneylenders have succeeded. This acquisition increased compared to the previous year, which was only 38.6%.

From the results of the *qardhul hassan* analysis which is based on Islamic philanthropic funds in the form of *zakat*, *infaq*, *sadaqah* and other social religious funds, it is concluded that the existence of BankZiska as a non-bank financial institution which has a main program of providing financial loan assistance to its customers has a significant impact on increasing the welfare of its customers. The results of this research at BankZiska can serve as a reference for subsequent research either to further explore developments in the next period, or to be implemented in other financial institutions that have the same mission in Indonesia. Being part of the role of Islamic social finance is very beneficial in Muslim countries.

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