



Exploration of Determinant Factors of Murabahah Microfinance Interest at BPRS Haji Miskin Pandai Sikek, West Sumatra

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Abstract

This study aims to analyze the factors influencing public interest in the murabahah microfinance product at BPRS Haji Miskin Pandai Sikek. Murabahah microfinance is one of the flagship products offering shariah-compliant financing solutions for micro-entrepreneurs in the West Sumatra region. The research employs a qualitative approach using in-depth interviews. The findings indicate that economic, social, and religious factors play significant roles in shaping the community's decision to access murabahah microfinance. Economic factors, such as the need for business capital and the speed of fund disbursement, are key reasons for choosing this product. Social factors, including religious influence and social networks, also contribute to the community's interest in this product. Furthermore, BPRS Haji Miskin actively enhances financial literacy through educational initiatives and community-based promotions, which effectively build trust and understanding about shariah principles and the benefits of murabahah products. This research contributes significantly to understanding the role of Islamic financial institutions in empowering local economies, particularly among micro-entrepreneurs in rural areas.

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Introduction

Sharia-Based Microfinance, Specifically Murabahah, has Become One of the Main Instruments in Supporting Community Economic Empowerment (Abdul Rahman et al., 2015; Ahmed & Ammar, 2015; Begum et al., 2019; Haneef et al., 2015; University of Lahore, Pakistan, 24 West Jinnah Avenue, Lahore, Pakistan & Shabbir, 2021; Zitouni & Ben Jedidia, 2022), especially in rural areas like Pandai Sikek, West Sumatra. This Murabahah microfinance is designed to provide fair financial access for micro-entrepreneurs, particularly those without collateral or access to conventional financial institutions (Al-Amin, 2023; "Analisis Pemberian Pembiayaan Mikro Di Bank Syariah," 2019; Hawariyuni & Hj. Kassim, 2019; Maulidizen, 2018; Puneri et al., 2019). However, despite the significant potential of microfinance, the public's interest in this product remains limited. Data from the Bank Perkreditan Rakyat Syariah (BPRS) Haji Miskin Pandai Sikek shows that



although many people require financing, the number of customers using Murabahah microfinance products is still relatively low. This indicates the presence of certain factors influencing the community's decision to access sharia-based microfinance. Therefore, it is important to explore the factors that influence the public's interest in Murabahah microfinance in this area, from economic, social, and religious perspectives. Given this situation, in-depth research on the determining factors behind the public's interest in using Murabahah microfinance products at BPRS Haji Miskin Pandai Sikek is needed.

Several studies related to sharia-based microfinance in Indonesia have been conducted, but most have focused on analyzing the adoption rate of financing products without exploring the specific factors that influence public interest, particularly in rural areas. Most studies tend to view microfinance products from the perspective of accessibility and affordability, without considering the psychological, social, and cultural factors that affect customers' decisions. Some studies, such as those conducted by Hidayat et al. (2021), have focused more on technical factors and financial institution infrastructure, while research by Asy'ari (2020) discusses the public's perception of Murabahah products in general. However, there has been no in-depth study on the specific factors that influence the interest of people in rural areas like Pandai Sikek in using Murabahah microfinance at BPRS Haji Miskin.

This study aims to explore the factors influencing public interest in Murabahah microfinance at BPRS Haji Miskin Pandai Sikek. The factors that may influence this interest include various aspects, ranging from knowledge and understanding of the Murabahah product, trust in sharia financial institutions, to social and cultural factors that prevail in the community. To this end, three main research questions can be formulated as follows: First, what factors influence the public's interest in accessing Murabahah microfinance at BPRS Haji Miskin? Second, what is the role of BPRS Haji Miskin in increasing public interest in Murabahah products through community-based education and promotion? Answering these three questions will provide deeper insights into optimizing the Murabahah microfinance program in the area and offer policy recommendations to increase public interest in this product.

This study argues that public interest in Murabahah microfinance is not only influenced by economic factors such as income levels and financial needs, but also by social and cultural factors related to understanding and trust in sharia-based financing products. In the context of Pandai Sikek, where the majority of the population is Muslim, religious factors and understanding of the principles of Murabahah play a crucial role in their decision to access this financing. In addition, social factors such as education level, social networks, and the role of family in decision-making are also significant in influencing their

interest. A study by Sulaiman et al. (2021) shows that a low level of understanding of Murabahah products can be a barrier to adopting sharia-based microfinance. Therefore, to increase public interest, BPRS Haji Miskin needs to focus on better education regarding the advantages and halal nature of Murabahah products, as well as community-based approaches to strengthen trust and participation in the sharia microfinance program.

Research Methodology

The research method used in this study is a qualitative approach with in-depth interview techniques and literature review. Interviews were conducted with 12 respondents, consisting of 10 customers of BPRS Haji Miskin who use Murabahah microfinance products and 2 employees of BPRS, to obtain a comprehensive perspective on the factors influencing the public's interest in accessing this financing. The interview process took place from January to March 2024. The data obtained from the interviews were analyzed thematically, identifying common patterns related to economic, social, and religious factors affecting customers' decisions. Additionally, this study is supported by theoretical reviews on consumer behavior, the Theory of Planned Behavior, and concepts in Islamic economics, which are used to analyze and provide a deeper understanding of the phenomena occurring. This study aims to provide better insights into how BPRS Haji Miskin can be more effective in increasing public interest in sharia-based Murabahah financing products.

Overview of BPRS Haji Miskin and its Financing Services

The public's interest in Murabahah microfinance products at BPRS Haji Miskin is strongly influenced by several factors, including economic, social, and religious aspects. One of the main factors driving the community to choose sharia-based financing is adherence to sharia principles. For a predominantly Muslim population, the halal nature and conformity of transactions with religious teachings are of utmost importance. Many customers feel more comfortable and confident using sharia financing services because they avoid transactions involving interest (*riba*), which is prohibited in Islam. For example, a merchant in Pandai Sikek stated that he prefers BPRS Haji Miskin because this institution offers products that are free from interest and in accordance with sharia principles. In addition, the ease of access and fund disbursement is also an important factor encouraging the community to access microfinance at BPRS. Customers who need quick capital to expand their businesses tend to choose financing products that offer rapid and easy fund disbursement, which BPRS Haji Miskin provides. In this case, BPRS Haji Miskin has an advantage with faster

and simpler procedures compared to conventional banks, which typically require longer processing times for fund disbursement.

Apart from economic and religious factors, social and cultural factors also play a significant role in the community's decision to use Murabahah microfinance products. In a community strongly rooted in the values of mutual cooperation, such as in Pandai Sikek, group financing programs become an attractive option. Group financing not only provides the benefit of access to capital but also strengthens social networks among group members, where they can help and support each other in managing businesses. This program also adds value by offering savings facilities, allowing customers to save within the group, which strengthens the bond and solidarity among members. Furthermore, the community-based approach implemented by BPRS Haji Miskin in the form of financial training and education helps the community understand the benefits of sharia financing and how to manage finances better. With a community-based and educational approach, BPRS Haji Miskin has successfully built public trust in sharia products and strengthened their participation in economic activities that align with their religious and social principles.

Determinants of Interest in Murabahah Microfinance at BPRS Haji Miskin Pandai Sikek, West Sumatra

The community's interest in the Murabahah microfinance products offered by BPRS Haji Miskin Pandai Sikek is influenced by a number of interconnected economic and social factors. One of the most dominant economic factors is the urgent need for business capital, particularly among micro-entrepreneurs such as small traders and home-based businesses. One respondent, SI, stated, "I choose this product because it's easier, without the complicated collateral requirements like in conventional banks. My capital is quickly disbursed and can be immediately used for my business" (Interview, January 2024). The fast and easy disbursement process is a key attraction, as it allows customers to meet their business operational needs without waiting too long, a condition that is often crucial for micro-entrepreneurs who frequently face urgent capital requirements.

In addition to economic factors, social and religious factors also play a significant role in the decision to access Murabahah microfinance. The majority of the population in Pandai Sikek is Muslim, and they are very careful to ensure that their business operations align with sharia principles. As WN explained, "I choose BPRS Haji Miskin because they use sharia principles, free from riba (interest). This is very important to me, because I want my business to run in accordance with religious teachings" (Interview, March 2024). This interest-free financing product is the primary choice for those who want to ensure that their financial transactions remain halal. Therefore, the decision to choose BPRS Haji

Miskin is driven not only by financial needs but also by the alignment of the product with religious beliefs, which are a priority in their lives.

Another social factor influencing the decision to use this product is the influence of social networks and family. For example, SS stated, "I found out about this financing because my friends in the business group also use it. We share information and experiences" (Interview, January 2024). The decision to choose Murabahah microfinance at BPRS Haji Miskin is often influenced by recommendations from family members or close friends who have already used the product. This reflects how, in a community with strong familial and communal values, information spread within social networks significantly impacts individual financial decisions. Moreover, the trust that has been built among family members and friends becomes an important factor that strengthens the decision to use this product.

This analysis can be further explained through relevant theories in economic and social behavior studies. The Working Capital Requirement Theory (Brigham & Ehrhardt, 2016) explains that micro-entrepreneurs need financing that not only meets their financial needs but is also easy to access, quick, and free of complicated procedures. The fast disbursement feature of the Murabahah microfinance product at BPRS Haji Miskin meets this requirement, enabling micro-entrepreneurs to immediately use the funds for their business operations. On the other hand, the Consumer Behavior Theory (Engel, Blackwell, & Miniard, 2011) states that consumer decisions are influenced not only by functional aspects but also by the social and religious values they adhere to. In this case, the halal nature of the transactions offered by BPRS Haji Miskin, which align with sharia principles, is a crucial factor for the people of Pandai Sikek when selecting their financing products. Finally, the Social Capital Theory (Coleman, 1990) explains how social networks play a role in the dissemination of information and the building of trust in a product. Recommendations from family and friends who have already used the product reinforce the public's trust and influence their decision to access this Murabahah microfinance.

Strategies of BPRS Haji Miskin Pandai Sikek to Increase Community Interest in Murabahah Microfinance

BPRS Haji Miskin Pandai Sikek plays a crucial role in increasing community interest in Murabahah microfinance products through two main approaches: financial education and community-based promotion. The first approach, financial education, focuses on improving the community's understanding of Murabahah products and the underlying sharia principles. BPRS Haji Miskin actively organizes seminars, training sessions, and discussions involving community members to explain how the Murabahah product works and its

benefits for micro-entrepreneurs. By providing knowledge on how this product is free from *riba* (interest) and offers a more transparent sales-based financing, the community can understand that it aligns better with their religious values compared to conventional interest-based loans. As SY (Mr. Syamsul Yasin), one of the customers who benefited from the education provided by BPRS, stated: “The education provided by BPRS helped me understand how this Murabahah financing can support my business. I now know that it is more beneficial and in line with my religious teachings” (Interview, January 2024). This type of education is not only important for improving financial literacy but also for building trust in sharia-based financing products.

In addition to financial education, BPRS Haji Miskin also implements an effective community-based promotion approach to increase interest in Murabahah products. This approach leverages already established social relationships within the community, making it easier to reach the public and build trust. Through group meetings or discussion forums held at strategic locations, BPRS can introduce the Murabahah product directly to the community, especially to those who might not be familiar with the product beforehand. The advantage of this approach is the creation of more personal interactions and strengthening relationships with customers, which ultimately boosts loyalty and interest in the offered products. SS, an active customer in a business group, stated: “We often have group meetings with BPRS to discuss their products. Many have already benefited, and we share information with each other. This makes me more confident to join” (Interview, January 2024). In this context, the community not only serves as a place to introduce products but also as a platform for sharing experiences and supporting fellow micro-entrepreneurs.

This community-based approach is also supported by the Social Capital Theory developed by Coleman (1990), which posits that social networks play a significant role in economic decision-making, especially in communities that share mutual trust. In this case, community-based promotion has a larger impact because information about the benefits of the Murabahah product is spread through already established social channels. Testimonials from customers who have experienced the benefits of the product, as well as their success stories, become powerful tools in convincing others to access the product. This is also in line with the Theory of Planned Behavior (Ajzen, 1991), which suggests that individual behavior is influenced by intentions driven by attitudes toward the behavior, social norms, and perceived behavioral control. In the case of BPRS Haji Miskin, the strong social norms within the community and the positive experiences shared by fellow group members increase the intention of the community to use the Murabahah product. Therefore, through educational and community-based promotional approaches, BPRS Haji Miskin not only

introduces sharia-compliant products to the public but also builds lasting trust and loyalty.

Conclusion

This study shows that community interest in Murabahah microfinance at BPRS Haji Miskin Pandai Sikek is influenced by various interconnected economic and social factors. From an economic perspective, urgent business capital needs, ease of fund disbursement, and additional facilities such as savings and group programs are the main factors affecting customer decisions. BPRS Haji Miskin has successfully met these needs by offering financing that is easier and faster compared to conventional financial institutions. This advantage is highly valued by micro-entrepreneurs who need financial support to grow their businesses. From a social perspective, religious factors play an important role in choosing a sharia-compliant financial institution. The community in Pandai Sikek, which is predominantly Muslim, prefers Murabahah products because they align with sharia principles, which are free from *riba* (interest). Additionally, social networks and cultural factors also influence the community's financial decisions. Trust in the BPRS Haji Miskin product is further strengthened through social interactions within the local community and recommendations from family members or friends. BPRS Haji Miskin's role in increasing public interest is also evident through its community-based education and promotion approach. Through various seminars, training sessions, and discussion forums, BPRS has successfully increased the community's financial literacy, particularly related to the sharia principles in microfinance. This approach not only enhances understanding of the Murabahah product but also strengthens the social relationship between BPRS and the community, which ultimately helps to expand the adoption of this product among micro-entrepreneurs.

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