

The Continuance Strategy of Micro Credit Agency in Developing a Small Trader in Riau Province - Indonesia

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Abstract

If BaitulMalwat-Tamwil has a strength strategy, why it is not done by other Baitul Mal-Tamwil, even though the strategy and operating system are different in each region, but it does not become an obstacle to practice a strength strategy, it can reduce the difficulties of small entrepreneurs in running his business. If this problem is not resolved, then the result is Baitul Mal wat-Tamwil cannot serve low-income people and the problem of small traders who need capital cannot be resolved, because Baitul Mal wat-Tamwil does not have the capacity to carry out its role as a Micro Credit Institution. To see that it can be practiced by Baitul Mal Wat-Tamwil in other regions, the researchers are interested in learning and understanding the power of business strategy. To achieve this goal, the researcher, through this research, seeks to identify and understand what strategies affect the continuity of Baitul Mal Wat-Tamwil. Riau Province was chosen as the research area because in this province Baitul Mal Wat-Tamwil has many problems according to the Central Statistics Agency of Riau (CPS Riau, 2013). The method used in this research is qualitative method. Qualitative research methods are best used (Cannon, 1998). Therefore, qualitative methods that focus on meaning or meaning in factual contexts can meet the data to understand this question. Case studies, which are one of the methods in qualitative research, are able to set limits in terms of scope, time, respondents, place, and also allow in-depth research. The conclusion of this study is that there are three strategies implemented by Baitul Mal Wat-Tamwil in carrying out its operations. The three strategies are capital access skills, distribution of third party funds and the ability to resolve problem loans.

Keywords: Micro Credit Agencies, Small Traders

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I. Statement of Problems

Baitul Mal Wat-Tamwil is one of the most successful Micro Credit Institutions in the lower middle class, small businesses and low income people. The agency also involves the middle and upper classes. This is often used by small communities who need capital to run a business, where it acts as a business partner with a revenue sharing system. Baitul Mal Wat-Tamwil has the power to collect public funds and channels them in the form of financing or micro credit, so that their existence can solve the problems of low-income people, especially for small businesses that need capital. In addition, it also has special features compared to other Micro Credit Institutions, one of which is the ease of providing financing. Many people take advantage of the existence of Baitul Mal wat-Tamwil as an alternative to get capital loans. Given this situation, a better security network is needed so that the existence of Baitul Mal wat-Tamwil develops.

Although some parts of Baitul mal wat-Tamwil in Riau Province, they have a strong strategy and have shown success in solving some of the problems of poverty and small business capital. However, a statement from the chairman of the BMT association in Riau Province stated that there were still some weaknesses in several Baitul Mal wat-Tamwil, especially in the Riau region, among others, 1) management weaknesses, the management function was an important factor in running the BMT business. Many BMT businesses are started by people with no management experience, 2) the control system is not functioning. It was not applied at the beginning of the BMT business, 3) inadequate capital was also a factor in the failure of the BMT business in Riau until the manager experienced major problems and as a result BMT failed to maintain its efforts.

Therefore, this issue is very important and needs to be done in more depth. The following is data on the number of Baitul Mal wat-Tamwil and the problematic Micro Credit Agency in Riau Province. Table 1.1 below: Schedule 1.1 Overview of Micro Credit Agents with problems

No	Agency Category	Total	On Problem
1	Credit cooperation	1,071	179
2	Village Granary	1,294	123
3	Village Social Institutions	400	73
4	Small People's Business	1,160	14

	Credit		
5	Syariah cooperation	3,043	104
6	Rural Credit Institutions	776	23
7	Rural Credit Agency	2,272	92
8	Baitul Mal wat-Tamwil	84	51
9	Credit Cooperation	10100	659

Source: Riau Regional BPS Data for 2014

If Baitul Mal wat-Tamwil has a strength strategy, why it is not done by other Baitul Mal wat-Tamwil, even though the strategy and operating system are different in each region, but it does not become a challenge and obstacle to practice the strength strategy, this can reduce trouble. small entrepreneurs in running their business.

If this problem is not resolved, then the result is Baitul Mal wat-Tamwil cannot serve low-income people and the problem of small traders who need capital cannot be solved, because Baitul Mal wat-Tamwil does not have the capacity to carry out its role as a Micro Credit Institution. To see that it can be practiced by Baitul Mal wat-Tamwil in other regions, the researchers are interested in learning and understanding the power of business strategy. For this purpose, the researcher, through this research, seeks to identify and understand the factors that influence the business success of Baitul Mal Wat-Tamwil. This research will focus on its strengths and weaknesses. Riau Province Riau was chosen as the research area because the Baitul Mal wat-Tamwil province has many problems according to the Riau Dareah Central Statistics Agency (CPS Riau, 2013).

2. Research Objectives

Identify and understand the sustainability strategy of Baitul Mal Wat-Tamwil as a Micro Credit agency in the study area in Riau Province - Indonesia.

II. Theory Of Study

The performance of credit agents can be seen from both sides of the achievement target and in terms of agent sustainability. ZainulArifin. (2012) suggested that there are four indicators that can be used to evaluate the performance of micro credit institutions: 1) stability and customer business performance, 2) construction income and family assets, 3) customer dependence on loan sharks and 4) institutional sustainability.

High-performing micro credit agencies are institutions with a growing number of customers with increased loan values, more accessible services, greater asset values, savings in higher customer values, and high level loan payments (Diodawati, 2014). Factors that determine the performance and survival of microcredit institutions have been identified from several studies. Studies at the Grameen Bank in Bangladesh show that consist four concepts related to sustainability and institutional performance, financial viability, economic viability, institutional viability, and customer viability (Khandker, 1995).

A study conducted by Arifin (2012) on five models of microfinance institutions in Indonesia in 1996 concluded that incentives for carefully designed customers and staff were a key element of institutional success. World Bank research findings on 200 microcredit institutions from 2010 until 2011 found that the variables influencing institutional success were conducive macroeconomic conditions, institutionalized institutional development, funding mobilization and cost control (Ledgerwood, 1999). Mar Towijoyo's research (2012) on two models of microcredit institutions in Indonesia in 2011 concluded that the sustainability of Micro Credit Institutions depends on the amount of operating costs and income, where both factors determine the level of profit. Mar Towijoyo (2012) argues that income, operating costs, installment rates, loan interest rates and efficiency levels are variables that affect the performance and sustainability of business institutions.

The Grameen Bank Concept in Micro Credit Financing

The Grameen Bank concept was born in an effort to reduce poverty through cooperation with the poor by increasing capital and using a system of "controlled circulation" in the use of capital for its members. Grameen Bank is a rural micro credit institution that has proven successful in reducing poverty in Bangladesh starting from the village of Jobra (Sembiring and Muhsin, 2016).

In a simple way, Grameen Bank customers initially numbered 98 percent of the poor. Grameen Bank provides capital to help the poor carry out economic activities so that they can generate income. This has been carried out through a dedicated and exclusive distribution system to ensure the active participation of the poor to replace collateral needs with the concept of collective responsibility (Egger, 1986; Ghai, 1984). Grameen Bank has 7.5 million borrowers with 97 percent being women with a high loan rate of 98 percent (Grameen Bank, 2008). The micro credit model has now been recognized as the most successful development model in the 1980s, 1990s, and 21st century (Grameen Dialogue, 1990; Gibbons, 1990; Hulmes, 1990; Remenyi, 1991; MCS 1996). This model has been widely replicated in Asia, Africa, South America, North America, Russia, Australia and Norway (St. RezaulKarim, and Mitsue, 1998; Ganesh Thapa, 2008; KanikaTaneja, 2009). Sembiring and Muhsin (2016) state that Muhammad Yunus is the leader of Bangladesh's social entrepreneur who founded the

Grameen Bank and pioneered the concept of microfinance and microfinance. This loan is given to poor entrepreneurs who do not qualify for traditional bank loans. The climax of Grameen Bank's extraordinary success was when Muhammad Yunus was awarded the Nobel Peace Prize in 2006 "for their efforts through microcredit to create economic and social development from the bottom up". Muhammad Yunus is the inventor of ideas and products to solve social problems. Muhammad Yunus was inspired in Bangladesh's famine in 1974 to provide small loans to a group of 42 families as initial funding so that they could make goods for sale, without the high interest burden under predatory loans. Thus Yunus believes that loans to a larger population can stimulate business and reduce rural poverty in Bangladesh (Rezaulkarim and Mitsue, 1998). In 1976, Yunus developed the principles of Grameen Bank from his research and experience. He began to develop micro as a research project in collaboration with the Rural Economic Project at the University of Bangladesh, Chittagong to test his method of providing credit and banking services to the rural poor (Grameen Dialogue, 1990). KanikaTaneja (2009) states that the purpose of Grameen Bank is to promote financial freedom among the poor. Yunus encourages all borrowers to become savers, so that their local capital can be converted into loans to others. Since 1995, Grameen has financed 90 percent of its loans with interest and income deposited, as well as balancing the interests of borrowers, depositors and new shareholders. Grameen turned the savings made in the village into loans for the poor. The Baitul Mal wat-Tamwil micro-credit scheme is the first replica of Grameen Bank.

Sustainability Factors of Micro Credit Agencies.

To ensure business continuity, micro credit agents can cover all costs. This capability enables the smooth operation of credit agents and financial services for the poor. Ahmed (2012) argues that one factor in business continuity is the ability to access capital. Whereas Cahill (1996) shows that strengthening capital is also important to improve services. Furthermore, the success of Micro Credit Institutions is also influenced by the ability of managers to broker customer credit with others, such as charity (Ahmed, 2012) and sharing funds with third parties (Amin Aziz, 2014), looking for new ways to help small business owners who no. can access capital from banks. The Micro Credit Institution is one of the lending institutions of this program, which can accelerate the mediation function of banks by lending credentials sponsored by Bank Indonesia to facilitate cooperation between commercial banks and Micro Credit Institutions. According to Situmorang (2012) states that the measure that can be used by the government for the Micro Credit Agency is to control open subsidized credit which will cause bad credit. Whereas Muchdarsyah (2001) states that the ability to settle problem loans is a factor in business continuity. Mohamad (2013) argues that the role of government is very important in setting interest rates at very low levels to enable Micro Credit Institutions to continue, furthermore, according to Prasetyo (2013), it is noted that infrastructure providers or facility providers also play an important role in sustainability the economy. micro credit, meaning that micro credit service providers can succeed. Reed (2012) argues that the government (government) plays a key role in changing the policy environment and promoting the development of microcredit services and protecting the savings of the poor. According to Priarnani (2013) the government can support the provision of micro credit services to small traders and complement the business environment and improve market access and facilities. While Raviel (2013) mentions that there are a number of special circumstances that allow government credit and additional funds to be given to Micro Credit Institutions. In addition Arsyad (2013) states that the survival of a company depends on two main activities, namely financing and the ability to attract public deposits. Both will be the company's capital for sustainability. But any activity in managing unprofessional funds will be problematic and the company may be passive or inactive.

III. Methodology

The method used in this research is qualitative method. Qualitative research methods are best used (Cannon, 1998). Therefore, qualitative methods that focus on meaning or meaning in the actual context can meet the need to understand this question. Case studies, which are one of the methods in qualitative research, are able to set limits in terms of scope, time, respondents, place, and also allow research to be carried out in depth and in depth. A qualitative study was chosen to ensure that researchers can understand concepts and can see problems from various angles, especially from the point of view of the phenomenon itself. as a qualitative study it is more likely to understand and explain phenomena (Merriam, 1998) in MohdFuad (2006). Several methods will be needed to collect and analyze data to evaluate in depth the phenomena to be studied.

IV. Discussion

The conclusion of the data analysis is to answer this research question. From the research analysis there are several factors associated with the operation of Baitul Mal Wat-Tamwil in Riau Regency. This discussion addresses the objectives of the study: The purpose of this study is to identify and understand the survival strategy of Baitul Mal Wat-Tamwil in the study area in Riau Province. This research found that several factors that influence the continuity of the business of Baitul Mal watTamwil are:

a. Capital access skills

Capital access skills are one factor that can encourage or maintain Baitul Mal wat-Tamwil operations and also involve other skills, such as the ability to develop fundraising strategies. This is in line with the statement of SarifahRohaya (2013) that a successful business often involves skills other than business functions. This is a skill to use funds in a satisfying way and is an important part of a growing business. Therefore, skills in accessing capital and using funds are a factor in the smooth operation of the Baitul Mal Wat-Tamwil business operations and the aim is to minimize or reduce poverty and open up access to change. Its role must focus on the final decision on capital and to provide a place for the use of Baitul Mal wat-Tamwil capital to develop the business. The findings of this study indicate that Baitul Mal Wat-Tamwil in Riau Region viewed from the aspect of capital has no problem, it is already strong enough, they have several strategies in accessing public funds, including:

First, fundraising for charity, infaq and charity (ZIS). The aim is to provide credit to small traders with financing products QardhulHasan. Fundraising is a potential that can be utilized by Baitul Mal Wat-Tamwil in Riau Province to strengthen capital and maintain its business. This is in line with Pinbuk's research (2013) which shows that funding institutions are currently developing strength, by raising zakat funds from the rich and working in partnership with charities. This zakat fund is a source of capital for Baitul Mal wat-Tamwil in Riau Province. This is in line with the statement of Amin Aziz (2014) stating that the assets of Mal Wal-Tamwil have developed and the source of income comes from collecting zakat. Charity funds collected by Baitul Mal Wat-Tamwil are provided for financing or credit, provided in the form of working capital, such as supporting small business capital. And social assistance, such as the needs of the poor, education etc. Second, Baitul Mal wat-Tamwil has a strategy to attract public savings in the form of savings products. The ability of Baitul Mal Wat-Tamwil to collect funds from the community can be calculated, because the majority of customers are small entrepreneurs with limited capital. This means that the majority of people who save money in Baitul MalwatTamwil are not accounted for by banking institutions.

In addition to the Baitul Mal wat-Tamwil managers who tried to get people to invest, the money was entirely handed over to the Baitul Mal wat-Tamwil to manage, a very limited amount of money when viewed from each customer, proved to create something useful, meaning that when managed efficiently and effectively. In turn, many people in the community are interested in investing in Baitul mal wat-Tamwil. The effect is that in some cases, Baitul Mal wat-Tamwil can be managed well, and can add to existing assets.

In terms of quantity, the amount of funds managed by the three Baitul Mal wat-Tamwil in Riau Province, is much smaller than conventional banks, but Baitul Mal wat-Tamwil can make a significant contribution to the development of the national economy. This means that Baitul Mal wat-Tamwil has a very strong role in supporting the economic development of the community, especially small traders and encouraging people to save as a source of capital.

Finding funding from these sources is relatively easy compared to most other sources, because to find financing from public savings is the smallest source of money as long as it can provide "Partnerships" and other attractive facilities, to make money through savings is very easy. But looking for capital from this savings is a little more expensive than personal capital. To get capital from the wider community, Baitul Mal Wat-Tamwil can offer various types of deposits. Communities can make choices based on their interests (Totok Budi, 2013).

Meanwhile, Kasmir (2013) states that the allocation of funds for the purpose of earning income will be made if funds collected from the community are managed using specific strategies that are efficient and in line with the planned program. The success of Baitul Mal Wat-Tamwil in collecting public funds is influenced by the following things: 1) Public trust in Baitul Mal Wat-Tamwil is still diminished, due to various factors that affect the community and thus affects the image of Baitul Mal Wat-Tamwil. such as services, financial conditions, news media about Baitul Mal wat-Tamwil, and others.

A higher level of public trust in the management of Baitul Mal wat-Tamwil, can give a good description to Baitul Mal wat-Tamwil on how to collect funds from the community efficiently and plan the use of their funds, 2) increase financial resources and income with involvement in investment alternatives with balanced risk levels, 3) savings fund risk. Baitul Mal Wat-Tamwil recognizes that public funds can be withdrawn as agreed in the agreement and that the community is increasingly ready to place their funds in Baitul Mal Wat-Tamwil and 4) the services provided by Baitul Mal Wat-Tamwil to depositors.

Good service will make savers feel valued, cared for and respected. This is a positive outlook for the community to continue financial transactions with Baitul Mal wat-Tamwil.

b. Sharing Third Party Funding Financing

One source of Baitul Mal wat-Tamwil based on research conducted in three Baitul Mal wat-Tamwil in Riau District is sharing third party funds, such as providing social assistance to the poor, which comes from government (government) social funds.

The two Baitul Mal wat-Tamwil in this study gained the trust of the government to manage social funds (government) in the form of working capital assistance to the poor. Credit or financing products provided are "QardhulHasan" products, social capital assistance. This discovery was further strengthened by the opinions of Ismawan, Bambang and SetyoBudiantoro (2015) who stated that the government could work together with microfinance institutions, such as Baitul Mal wat-Tamwil locally. Local governments are also expected to support the provision of loan facilities to facilitate financing of microfinance institutions to the real sector. This opinion is in line with the opinions expressed by Syukur, Mat, Sumaryanto and Sumedi (1998). He said the government's role was as a provider, not as a provider of direct financial services. The government plays an important role in creating an environment that supports and promotes the development of financial services and also protects the savings of the poor. Zaenal (2014) mentions that there are several factors in the failure of Baitul Mal Wat-Tamwil: 1) the government's role in improving Baitul Mal professionalswat- Tamwil is still lacking. The government does not yet have a clear basis for the development of Baitul Mal wat-Tammwil which is based on regional economic drivers. Therefore, support from the local government (government) is needed to launch Micro Credit Agency activities. Another strategy to strengthen Baitul Mal wat-Tamwil capital in Riau Province is to collaborate or share financing with Islamic banks. The findings from the third study of Baitul Mal wat-Tamwil in Riau show that Baitul Mal wat-Tamwil acts as a financing mediator between customers and banks. Sharing these third party funds, according to Van der Meulen (2013) in Supriyadi (2010), states that there is a scheme, namely the Baitul Mal wat-Tamwil scheme as a mediator between the customer and the bank. Under this scheme, there is a bank collaboration with Baitul Mal Wat-Tamwil that facilitates the use of banking services for customers.

This partnership can benefit the community. Because the good relationship between Baitul mal wat-Tamwil and Islamic banks is significant, both parties have an interest. This is in line with the agency theory introduced by Freeman (1989) to provide a definition of shareholders who are stakeholders in the company that can influence or be influenced by the activities of the company, stakeholders, among others, employees, government, suppliers, capital markets and others. Islamic banks still have difficulty in reducing transaction costs, there is no way for Islamic banks to develop small traders, except in cooperation with Baitul Mal wat-Tamwil, as stated by Kasmir (2013) is establishing cooperation with non-bank Islamic financial institutions, such as Watch Tamwil Free Movies. The thing to remember is that the target is customers who need Baitul Mal Wat-Tamwil credit. The role of Baitul Mal Wat-Tamwil has enormous potential in distributing aid to the community. so that villagers can feel the benefits of Baitul Mal wat-Tamwil credit.

Baitul Mal Wat-Tamwil can overcome the difficulties of small and micro traders who need cheap credit and loan facilities. At present, Baitul Mal watTamwil has played a major role in providing financial services to small traders that have not been considered by other Sharia banks. In this role, Baitul Mal wat-Tamwil can be utilized by Islamic banks as a driving force in efforts to provide financial assistance in areas that have never been reached by anyone. Both in the form of technical assistance, financing through contact programs, providing payment systems, and also functioning as a final lender. Director of Baitul Mal WatTamwil, Amin Aziz (2014) said that cooperation with Islamic banks is an effort to improve services and indirectly help BMT customers. In addition, Baitul Mal wat-Tamwil helps customers need greater capital through partnerships with Islamic banks.

d. Funding Capability

The ability of Baitul Mal Wat-Tamwil to manage funds is extraordinary. The financing ratio proves that the accumulation of money from the public and customers can be allocated for financing, and is often inadequate. Therefore, baitul mal watTammwil requires additional funding from other sources, such as Islamic banking. This is supported by Maurer (2013) who explains that Islamic banks have collaborated with Baitul Mal Wat-Tamwil to provide financing to small traders who need capital, even though the capital provided is small, but Islamic banks continue to focus on their development. This research source shows that besides the financing ratio, the customer savings ratio is almost one hundred percent where the lending community is the person who invests their money in Baitul Mal wat-Tamwil. Furthermore, Jerusalem also oversees Tamwil capital from support schemes, such as those from the government (government), related to social security programs. Baitul Mal WatTamwil is a social agency that aims to finance the economic development of the poor. One of the main objectives of Baitul Mal Wat-Tamwil is to help increase business capital for the poor in the planned area of operation. Look at aspects of fundraising and design a structure so that services can continue, where such assistance is needed to maintain and sustain the survival and growth of the relevant Baitul Mal Wat-Tamwil institution and also improve the welfare of the poor. From the beginning, Baitul mal wat-Tamwil was able to provide assistance to small entrepreneurs, as well as the needs of the poor but not so important and urgent needs, such as medical needs, to pay for children's education. This credit requirement is not provided by the bank, either because of the customer's ability, or because the income calculation is not proportional to the bank's costs and risks. According to Amin Aziz (2014), he states that this is not just a way or effort to build a company, but

is the success of a lifetime experience. There are activities that benefit customers from their financial planning experience, so that the financing process is carried out correctly and they are mutually beneficial. The Baitul Mal Wat-Tamwil manager also learned how to manage cash flow, following the traditions of the local community. Kasmir (2014) states that efforts to maintain the journey of Baitul Mal Wat-Tamwil based on sharia principles are strongly influenced by the quality of fund management. Fund management is intended to manage the allocation of funds collected in financing activities in accordance with the plan for the best performance. Baitul Mal Wat-Tamwil is flexible in the distribution of funds that are not needed in accordance with procedures established by the Bank.

Therefore, the flow of funds can be achieved by small traders who are not considered by the bank. This facility still considers the strength and credibility of the credit provided by the Jerusalem watch, because many small traders are eligible for credit but cannot be supported by banks, because they cannot comply with bank regulations, such as possible credit guarantees, business licenses and other requirements need to be fulfilled. Therefore, Baitul Mal Wat-Tamwil is very much in the process of extorting money so that they can obtain bank credit, and no longer lend capital to "high moneylenders". Baitul Mal Wat-Tamwil can be a bridge between banks and customers who need capital and provide comfort to customer. According to Totok Budisantoso (2013), it is explained that the financial management of Baitul Mal Wat-Tamwil is a step towards developing a strategy to implement, control and evaluate activities to obtain, use and manage funds in the context of Baitul Mal Wat-Tamwil's operational activities. Baitul Mal Wat-Tamwil's activities are to: a) assess customer needs for business capital, b) record sources of funding, c) develop Baitul Mal Wat-Tamwil sources, d) allocate various types of funding sources, e) determine the types of use of funds, f) The Jerusalem Temple oversees management funds, g) develops the Jerusalem watch watch data and financial report system, h) analyzes the results of the Jerusalem watch financial management, i) plans based on experience and j) controls inflows and cash. Kashmir (2013) states that Jerusalem Wat-Tamwil in managing funds must be in accordance with the principles of financial management; including 1) leads to customer interests. The financial management of Baitul Mal Wat-Tamwil must be directed so that maximum results can be enjoyed by customers of Baitul Mal Wat-Tamwil because the main goal is to increase the income and welfare of customers and their families. This does not mean that Jerusalem watches can only get maximum profit, but at the same time trying to expand business opportunities for customers, 2) trying to always be able to make payments.

Baitul Mal Wat-Tamwil always keeps cash or assets to ensure that the assets can meet any payment obligations, such as fees, financing customer donations, third party loan installments, withdrawing customer savings, and others. Thus, Baitul Mal Wat-Tamwil can maintain the trust of customers and stakeholders.

The strength of Baitul Mal Wat-Tamwil's business is influenced by the ability of managers to manage finances and provide income to low-income people, especially small businesses that need capital. The use of funds is also for the purpose of operational expenditure which allows the development of Baitul Mal Wat-Tamwil, if the use of funds does not meet operating requirements or incorrect distribution, then the credit problem. Therefore, the allocation of funds must be focused on improving customer welfare, 3) Resolving Bad Credit. Efforts in solving non-performing loans are the strength of Baitul Mal Wat-Tamwil and greatly affect the smooth running of its business. This research source shows that the cause of credit problems is due to internal factors of the customer.

Another problem is refinancing credit to ease the burden on customers in the process of repaying credit, such as adding their capital with social funds (zakat), and then the credit balance is converted into new credit capital. For customers who have difficulty making payments that really do not have the ability, then Baitul Mal Wat-Tamwil pays customers with zakat funds. Baitul Mal Wat-Tamwil has made customers who are unable to become 'charity alms'. The findings of this study are in line with the opinion expressed by Amin Aziz (2014) that he notes that Jerusalem is a Micro Credit Institution whose activities manage social funds collected from the community and given to the poor which are distributed in the form of capital, Qardhul Hasan financing products. Qardhul Hasan financing is a charity loan where if someone lends a certain amount of money, the borrower returns the loan according to the agreement. Qardhul Hasan credit or financing is given to those who need loans, especially those that are social in nature. Bad credit always occurs, can disrupt and cause poor performance in Baitul Mal Wat-Tamwil. Apart from the various expectations made by Baitul Mal Wat-Tamwil, problem loans remain. One form of hope according to Adinugroho (2012) is that Baitul Mal Wat-Tamwil regulates in accordance with standard operating procedures (SOP) then is regulated monthly and entered through monitoring installment books. Through this installment book, Baitul Mal Wat-Tamwil can estimate financing included in the category of problem loans or not.

In addition, monitoring by installment payment book can be used to anticipate the avoidance of problem loans. Settlement of problem loans from Ridwan (2014) states that it must be done in an amicable manner, which means that problem loans for customers who intend to fulfill their obligations are therefore better than alternative solutions through legal channels. Some solutions that need to be applied are: 1) providing financial assistance, relief only to borrowers to ease the burden, 2) selling collateral under the hand, collateral

selling under the hand made so that the debtor is given the opportunity to offer or sell the collateral itself. According to Amin Aziz (2014) in dealing with problem loans must have a solution strategy, a source of credit problems due to the nature of the customer, the following can be done: a) conducting home and debtor business visits. If you need to do this every day until there is a certainty of the debtor to pay the obligation, b) convince the customer that it is intended to help get information about the debtor and his business. This means that the ability to handle problem loans is one of the strengths of Baitul Mal Wat-Tamwil to carry out business operations in a sustainable manner. Based on the description above, it can be ascertained that Baitul Mal Wat-Tamwil in Riau Regency has several factors that can affect business continuity including skills in accessing capital, distribution of third party funds, ability to attract public deposits, ability to manage funds, and settle credit bad. This means that the first objective of this research has been achieved.

V. Conclusion

The findings of this study indicate that there are three strategies implemented by Baitul Mal Wat-Tamwil in carrying out its operations. The three strategies are capital access skills, distribution of third party funds and the ability to resolve problem solving credits. Then this study also found that Baitul Mal-Tamwil financing was more focused on small communities and harmonious official cooperation. All of the above study findings contribute to: The survival of Baitul Mal Wat-Tamwil in Riau Province-Indonesia.

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