

## Micro Waqf Banks as an Alternative Financing Micro Business in Indonesia

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**Abstract :** For rural communities and micro-entrepreneurs, access to formal financial institutions is very difficult. So, borrowing to moneylenders is the most possible way to fulfill their needs. But actually it does not solve their problems, precisely their problems are increasing because they have to pay at very high-interest rates. For this reason, microfinance institution is very important as a solution for rural communities and micro-entrepreneurs who need loans to fulfill their needs. This paper aims to describe the role of micro waqf banks in Indonesia as an alternative funding for rural communities and micro-entrepreneurs. This research is descriptive using a qualitative approach. The interview technique was also carried out with key informants who understood sharia microfinance institutions. The results of the study revealed that the micro waqf bank is Islamic microfinance institutions which targeted the micro business sector by channeling small financing with a maximum financing of Rp1 million. The funding of this micro waqf bank comes from donors who donate funds through the Amil Zakat institution. The margins imposed on borrowers are as high as 3 percent per year, with payment schemes in installments every week, so it is made easier for borrower. In addition, financing is followed by training and mentoring so that borrower is able to utilize the loan for productive business activities. In the end, it is hoped that this micro waqf bank can become an incubator for micro businesses in Indonesia.

**Keywords :** micro business, micro waqf banks, micro-entrepreneurs, Amil Zakat institution

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