

## THE ROLE OF ISLAMIC MICROFINANCE INSTITUTION IN ADDRESSING THE FINANCING OF MEMBERS AFFECTED BY COVID-19: A CASE IN CARUBAN, INDONESIA

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### ABSTRACT

The purpose of this study is to determine the role of an Islamic Microfinance Institution or BMT Beringharjo Caruban in overcoming the financing of members who were economically affected by Covid-19 and to find out the obstacles and challenges faced during the pandemic. The research method used is descriptive qualitative research. Primary data sources were obtained through interviews with BMT staff. Their members The results of this study indicate that BMT Beringharjo Caruban provides financial relaxation relief to its members. In this case, the affected members paid installments according to their ability each month. Another role is to register all financing members in the government Direct Cash Assistance MSMEs program. However, this study found internal obstacles faced by BMT Beringharjo Caruban during the pandemic, namely the increase in the amount of non-performing financing, the limitation of BMT operating hours at the beginning of the pandemic. The external obstacles faced are that withdrawing and depositing installments in the field does not run optimally due to social distancing and physical distancing policies in several areas where members live. This research finding can be a reference for BMT to prepare long-term strategies in dealing with the impact of Covid-19.

**Keywords:** Impact of Covid-19, Problematic Financing, Islamic Microfinance Institution, BMT

### INTRODUCTION

In December 2019, the global community was shocked by the coronavirus disease 2019 or commonly referred to as Covid-19. According to the World Health Organization (WHO), Coronavirus (Cov) is one of the viruses that attacks and disrupts the respiratory system. WHO categorizes this virus infection as being included in the global pandemic (Widyaningrum, 2020).

WHO stated the global health situation as a state of emergency for public health and international attention to the virus. This virus not only threatens the worldwide death rate but results in a global economic downturn (Nurwati, 2020).

The Covid-19 pandemic triggered significant influences for the community, including the loss of salaries and benefits

during the crisis, reduced even the end of the supply of income for businesses and informal professions, the existence of fines/interest resulting from stalled financing of financial institutions (such as, extra expenses for family members in an emergency, the emergence of interest from new receivables when used as bailouts, to cause job loss (Hadiwardoyo, 2020).

The Organisation for Economic Co-operation and Development (OECD) explains that pandemics pose a significant threat to several countries, as the impact has the potential to lead to a large-scale economic crisis characterized by a cessation of production activity, falling consumption levels, loss of consumer confidence, a falling stock market and leading to uncertainty (Pakpahan, 2020)

The majority of people from the upper-middle and lower-middle classes are affected by the pandemic. For low-income and erratic communities, the situation triggers a significant influence on economic activity. The presence of Islamic financial institutions, one of which BMT is instrumental in helping the lower class community, especially its members, stabilizes the economy. BMT aimed to increase economic business quality, specifically for members' health and specifically for the community.

BMT's existence becomes an alternative for Muslim communities in Indonesia that worry about the economy with usury-based additional supporting findings to optimize micro-medium enterprises' empowerment (Masyithoh, 2016). The existence of this institution brings benefits to people who reject usury and oriented populist economy. BMT is a solution to the creation of sharia financial institutions that can meet the lower middle class's needs (Priyadi & Sutardi, 2018). BMT began to develop as an alternative financial institution for people with low incomes to avoid bad debt trappings (Zulkifli et al., 2018).

BMT Beringharjo Caruban is one of the Sharia Micro Finance Institutions (LKMS) that operates based on profit sharing, moving to develop community-owned micro-enterprises to improve the standard and quality of life and promoting the interests of the poor. BMT is a financial institution that puts forward the concept of Shariah and makes an institution activity built from the concept of maal and tamwil.

The existence of BMT Beringharjo Caruban, on the other hand, as a Non-Bank Financial Services Institution (LJKNB), must participate in complying with the policy issued by the Financial Services Authority (OJK) in the pandemic, namely the Regulation of the Financial Services Authority of the Republic of Indonesia Number 40 /POJK.05/2020 concerning Written Orders for the Handling of Problems

of Non-Bank Financial Services Institutions (LJKNB) to provide financial stimulus policies for the public and financial services sector during the pandemic (Otoritas Jasa Keuangan, 2020).

BMT Beringharjo Caruban must play an active role in realizing this policy to maintain financial system stability during the Covid-19 pandemic. In connection with the Covid-19 pandemic that brings significant economic influence to the community. On the other hand, BMT also has a significant role and obligation to stabilize its members' economy affected by the Covid-19 pandemic.

This study aims to determine the role of the BMT Beringharjo Caruban Branch in addressing the financing of members affected by COVID-19. This study also revealed the obstacles and challenges of the BMT Beringharjo Caruban Branch in addressing the financing of members affected by COVID-19. This research is expected to be used as a basis for evaluation to optimize the role given by Baitul Maal wat Tamwil in addressing the financing of members affected by Covid-19 (Hardani et al., 2020).

## LITERATURE REVIEW

### Previous Studies

Sriyana & Raya (2013) discussed members' perceptions about BMT's role in increasing its members' income to overcome poverty in several variables: business financing activities, education to members, business coaching, and utilization of baitul maal, and motivation to work. The study results can be concluded that BMT can reduce the poverty level with its capital field.

Prastiawati et al. (2016) discussed aspects of BMT's financing role with three variables: BMT financing, business development, and welfare improvement. This research uses a quantitative research method by making traders in bantul traditional market who get financing become respondents. Overall, the results showed that

BMT has a positive impact on the development of members' businesses, but coaching has not been optimal.

Prasetyo et al. (2018) discussed the effectiveness of sharia microfinance distribution and the impact on poverty alleviation of MSMEs in Purworejo. This study uses quantitative and qualitative methods. The results of this study can be known that micro-institution financing has a positive impact on the performance of micro-businesses due to the increase in operating profit

Amin (2019) showed that BMT had conducted productive economic financing efforts for its members. This study found some obstacles faced by BMT UB Amanah Syariah, namely the limited amount of financing capital owned, resulting in some financing can not be realized. Socialization conducted with the community does not run maximally.

A. Z. Amin, (2019) discussed BMT's contribution to improving its members' welfare. This research uses a qualitative method. It can be concluded that the results of this study explain the existence of BMT able to improve the welfare of members by collecting ZIS funds from the community, which is then channeled to the right to receive.

Previous studies have discussed the vital role of BMT in making an economic impact on its members. However, there is still very little research that discusses how BMT's role in handling its members' problematic financing during the Covid-19 outbreak.

The difference between BMT and other financial institutions lies in BMT's loans in the form of business capital to encourage entrepreneurs to be more developed, and BMT does not serve consumptive loans (Zulhazmi & Auwalin, 2020).

BMT has various functions to maximize its objectives in the community, optimize its members' human resources,

organize and mobilize funds, employment opportunities, and maintain and optimize the quality of business and financing of members (Qadariyah & Permata, 2017)(Qadariyah & Permata, 2017). Other BMT functions are allocating non-profit financing and activities such as social diversity institutions (Qadariyah & Permata, 2017).

### **Islamic Microfinance Institution and Financing Model**

BMT in providing oriented financing so that people's income becomes optimally developed. All sectors of the economy, including agriculture, household industry, trade, and services, are financing targets. BMT is a social and business LKNB to restore the people's economy, then the funds that have been received from members must be returned to members in the form of financing. As for the various types of financing provided by BMT, the financing leads to two types of contracts, namely syirkah and buying and selling (Hidayatulloh, 2015).

Financing is the provision of funds or bills that are equated with it in the form of profit-sharing transactions in the form of mudharabah and musyarakah (Fageh, 2020), rental transactions in the form of ijarah or buy in the form of IMBT contracts, trade transactions in the form of murabahah receivables (Yakub & Firdaus, 2020; Yenti et al., 2019), salam, and istishna', receivables transactions in qardh and qardh hasan (Umar Assegaf, 2016), rental transactions in the form of ijarah for multi-agency transactions (Jannah, 2013).

BMT members are people who have been registered as BMT members through the governing body and involved in savings or financing activities involved in BMT business activities either from savings or financing activities (Iska & Nengsih, 2016).

After Covid-19, there is a change in Sharia financial institutions' financing policy also regulated by OJK Regulation No.

11/PJOK. O3/2020 on National Economic Stimulus as a Countercyclical Policy on the Impact of Coronavirus Disease Spread. LKS policy in contributing to customers affected by the Covid-19 pandemic is the relaxation of financing facilities by delaying payments and the existence of margin waivers (profit sharing) in the period and terms per customer conditions based on the provisions of OJK (Albanjari & Kurniawan, 2020). This provision is due to the community's economic condition threatened by the pandemic, especially for businesses. Therefore, through the OJK, the government provides a policy of leniency for Sharia financial institutions so that the public can stabilize the economy again.

### **The Impact of Pandemic Covid-19 on Economy**

The spread of coronavirus causes all aspects of uncertainty. The declining economy of the community is felt from various levels of upper and lower-middle society. The Covid-19 pandemic carries a significant risk of global economic downturn, especially in Indonesia in 2020, due to falling commodity prices and financial market shocks. In 2020, global inflation rose to 3% due to tight food supply and currency depreciation that is predicted to coincide with a partial fall in non-subsidized fuel prices and allowances for electricity and food (Fageh, 2020).

For the past five years, China has been Indonesia's trading partner. This partnership influenced Indonesia's economy when the economy in China was crippled. The government's policies to reduce viruses' spread are social distancing and closing companies' production activities. It causes public consumption to be limited due to the decrease in public income and even loss of income sources, while the community's needs continue to grow. The government issued an alternative to ease the burden on the community by providing electricity subsidies and providing cash assistance

every month during the pandemic (Aisyah et al., 2020).

Since the pandemic, many companies have closed or closed their operations, resulting in employment termination (layoffs). Layoffs cause people to become unemployed. The unemployment rate is expected to increase from 5.2% to 5.3% because of the pandemic impact. This unemployment prediction now reaches 7.7% on a moderate scale and 10.3% on a heavy scale. This phenomenon is undoubtedly a problem of the government restoring economic stability amid the pandemic and society's burden in stabilizing incomes and even new jobs (Fahri et al., 2020).

Economic conditions continue to deteriorate due to the pandemic. This situation certainly disrupts various aspects such as supply, demand, and supply chain. Therefore, the crisis caused by the pandemic will be experienced thoroughly by various groups of people. Meanwhile, every layer of society has different resilience in its economy, so that people with daily wages are certainly the most affected (Iskandar et al., 2020).

In the face of the impact of the pandemic, there are three risks that LKMS will face, especially BMT, namely the increase in problematic financing due to decreased income due to the community not being able to work typically, the potential moral hazard in the community not to pay financing installments while the concerned are still able to pay, the decrease in Islamic Microfinance Institution ability to generate financing income due to delays in payments from members and restructuring of financing (Solihin, 2020).

The three forms of financing restructuring, among others: rescheduling, restructuring, and reconditioning. Rescheduling is a change related to the payment schedule, which reduces the installments' value and extends the installment time. Restructuring is a change of part or all of financing provisions such as

reducing margins and profit-sharing. Reconditioning is a change of part or whole relating to the period, which does not concern the maximum financing balance.

The lower middle class needs financing or assistance free from the interest system because it causes the community economy to be depressed. The presence of LKMS has a significant role in addressing the economy of the lower society in the middle of the pandemic (Hafizah, 2020).

### RESEARCH METHOD

This research uses qualitative approaches that obtain data sources through various data collection techniques that are diverse (triangulation) and continuously and continuously (Hardani et al. 2020). This research data collection technique uses in-depth interview methods to obtain detailed information (Ahyar et al., 2020). Analysis of this research data by preparing each category, the description's intent, and looking for relevance between descriptions (Herdiyansah, 2012). Steps to analyze data include data reduction, data presentation, and conclusion making.

This research's object is BMT Beringharjo, one of the LKMS that provides a role in the form of relaxation of financing for its members during the Covid pandemic. This relaxation of financing is given the condition of the majority of members who have businesses. Of course, the members are affected in terms of the economy due to declining income.

This study interviewed ten respondents consisting of 3 BERINGHARJO BMT staff and seven financing members affected by Covid-19. This selection aims to obtain information from BMT Beringharjo Caruban and affected members about any obstacles experienced during the Covid-19 pandemic. The following is a list of respondents from BMT Beringharjo Caruban who provide information about members' roles.

Table 1. BMT Beringharjo Respondent Data Caruban Branch

No	Name	Position
1.	Tri D	Branch Manager
2.	Ika P	Financing Administration
3.	Hendri	<i>Account Officer</i>

In table 1 is a list of respondents from BMT Beringharjo Caruban Branch, the list consists of Tri Djayanto, SE as Branch Manager, Ika Purwaningsih, S. Akt as *Accounting*, Hendri Widianoro as *Account Officer*. The three respondents are the main speakers of the author to obtain valid and detailed information.

The author conducts interviews with seven members of the financing, after which the author meets BMT members at his residence and in the member's business and conducts interviews. Then, the author conveys the purpose and purpose of the interview to respondents of the affected members. Here is a list of member respondents who received relaxation of financing from BMT Beringharjo Caruban Branch, which can be seen in Table 3, as follows:

Table 2. Data Respondents BMT Beringharjo Caruban Branch affected by Covid-19

No	Name	Job	Type Financing	Help	Length of Acquisition (Since March 2020)
1.	Sp	Ornamental Plant Traders	Musyarakah	<i>resched<uling< i=""></uling<></i>	± 7 months
2.	S	Clothing Merchants	Musyarakah	<i>resched<uling< i=""></uling<></i>	± 7 months
3.	M	Clothing Merchants	Musyarakah	<i>resched<uling< i=""></uling<></i>	± 7 months
4.	Ss	Clothing Merchants	Musyarakah	<i>resched<uling< i=""></uling<></i>	± 7 months
5.	R	Traditional Food Vendors	IMBT	<i>resched<uling< i=""></uling<></i>	± 7 months
6.	Ys	Traveling Merchants	Musyarakah	<i>resched<uling< i=""></uling<></i>	± 7 months
7.	Dm	Bird Feed Merchant	Musyarakah	<i>resched<uling< i=""></uling<></i>	± 7 months

Table 2 lists respondents, namely members of the BMT Beringharjo Caruban Branch affected by Covid-19. Some of them are SP working as an ornamental plant trader, S as a clothing trader, M as a clothing trader, SS as a clothing trader, R as a traditional food trader, YS as a traveling merchant who switched jobs as a plant pot maker, DM as a bird feed merchant. The list of members was chosen and advised by BMT Beringharjo Caruban because it meets the criteria of being classified as a member affected by the pandemic

## FINDINGS AND DISCUSSION

### The Role of BMT Beringharjo Caruban Branch in Addressing the Financing of Members Affected by Covid-19

Financial institutions' financing plays a vital role in businesses and economic development as an economic stability tool. Financial institutions in a pandemic also face financing risks. One of them is the increase in problematic financing because people's work is no longer running normally. To minimize the level of problematic financing and stabilize the community's economy

again, BMT Beringharjo Caruban Branch provides relaxation of financing for its members.

According to Tri Djayanto as Branch Manager of BMT, Beringharjo Caruban explained, BMT Beringharjo to the financing of affected members is to understand members and provide convenience in installment obligations. The provision of relaxation of financing is in order not to increase the burden borne by members.

Businesses or traders are one of the sectors of the economy most affected by the pandemic. Traders in the market after the pandemic are limited in operation to minimize the increasing spread of coronavirus. This limitation resulted in a decrease in people's income from before the pandemic. Per the interview results with Mr. Tri Djayanto, not all member financing is affected by the economy, depending on the field of business ownership. In the Caruban region, several business sectors are not economically affected, including the agricultural sector and staples traders. People need the sector before and after the

pandemic to meet their daily needs. However, some areas are affected, namely buying and selling and renting services that in the middle of the pandemic operations do not run usually even stopped.

Respondents S, M, and SS, who worked as clothing traders in Pasar Mejayan Baru, experienced a decrease in revenue due to social distancing policy. Based on respondents S said that market conditions in the middle of the pandemic deserted buyers, and at the beginning of the pandemic, a policy should only sell until 12.00 WIB causing respondents' income to decrease. Market operational restrictions are due to the Madiun district government's efforts to reduce the virus's spread. Respondents M also experienced that before the pandemic, the net profit obtained was around Rp.100,000 per day, but the net profit obtained after the pandemic dropped to Rp.15,000 per day. This dropping income is because the level of consumption of people to buy clothes decreases.

Table 3. Role of BMT Beringharjo for Members Affected by Covid-19

No.	Types of Help	Description
1.	Provide relaxation of financing to members affected by Covid-19.	1. Relaxation of financing is provided in the form of installment waivers for members every month. 2. Only about 10% of members get a relaxation of financing from the total members. 3. Since March 2020, members pay instalments according to the income earned.
2.	Registering all	1. All financing members are enrolled

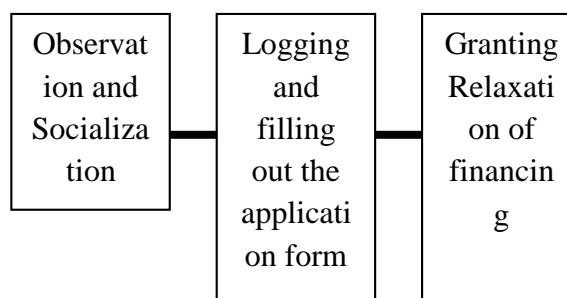
financing members in the BLT UMKM government program	in the BLT UMKM program. 2. Members who qualify in the BLT UMKM program will receive a grant of Rp. 2,400,000 from the government.
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Source: Processed Data (BMT Beringharjo Staff, Interview 11-12 November 2020)

### Granting relaxation of financing to affected members

The instability of the member economy has an impact on the non-distribution in financing installment payments. BMT's role is to participate in efforts to stabilize members' economy by providing relaxation of financing. Hedri Widianoro explained that members who received financing relaxation during the pandemic, only about 10% of the total financing members. Not all financing members get a relaxation of financing. BMT Beringharjo Caruban made observations in advance to map members who are affected by COVID-19 to avoid members who are afraid to take advantage of the momentum of Covid-19 to get relaxation of financing when in terms of the economy can afford to pay full installments.

### Financing Relaxation Mechanism Scheme



First, to know members' economic condition can be known through an account officer (AO). BMT through AO conducts socialization with members who are not fluent in financing and provide motivation to financing members that pandemic conditions can be bypassed. The communication aims to ensure the condition of members is affected by COVID-19.

Second, BMT Beringharjo Caruban conducts data collection of financing members whose economies are affected and deserve a relaxation. The criteria of members who get relaxation are members who are in financing less smoothly or jammed. Then members who deserve relaxation financing fill out the relaxation application form. According to Ika Purwaningsih as BMT accounting staff Beringharjo Caruban, the application form for relaxation of financing refers to members' ability to pay financing installments during the pandemic period.

Third, members who fall under the criteria of affected members and have filled out a relaxation application form will be granted a waiver in financing following the member's ability to pay, the existence of rescheduling to extend the financing period until the member's economy returns to normal. BMT Beringharjo also plays a role in providing business assistance for members during the pandemic, online through WhatsApp and face-to-face. When interviewed by Hendri Widiatoro, this financing allowance would run until the member economy returns to normal. Suppose the member has been able to pay installments according to his obligations. In that case, BMT will try to advise the financing member to pay following the previously agreed agreement.

In its operation, BMT makes operational standards by the government's policies related to the pandemic. In connection with the policy through Presidential Decree No. 11 of 2020 determination of public health emergency

Corona Virus Disease 2019 (COVID-19) on social distancing and physical distancing provisions (Albanjari & Kurniawan, 2020).

BMT Beringharjo, in its operations during the Covid-19 pandemic, implemented several systems. First, online transactions. To reduce face-to-face activities with members, BMT has an online transaction service KOCEQU. Members can make transactions, both deposits and installment payments, through transfer to the BMT account. Second, transactions conducted directly at BMT Beringharjo caruban office, BMT has prepared health protocols per government policy. Third, the ball pick-up transaction is carried out according to the conditions while complying with social distancing policy.

### **Registering all financing members in the BLT UMKM government program**

According to Hendri Widiatoro as Account Officer (AO), BMT Beringharjo Caruban Branch also plays a role and tries to register all members of its financing to participate in the Direct Cash Assistance Program (BLT) of MSMEs or Presidential Assistance (Banpres). However, not all financing members get the assistance program. The BLT UMKM program is an effort by the government to help businesses during the pandemic (Ramadhan, 2020). Some respondents passed the BLT UMKM program registration, namely S, M, and R. The results of interviews with respondents who had received assistance from the program felt helped because they were not aware of the program beforehand. The assistance of this program is beneficial for MSME businesses to increase capital and business development.

During the Covid-19 pandemic, BMT Beringharjo Caruban, through its capital field, provided assistance or compensation to underprivileged people in the form of foodstuffs worth Rp.200,000 for 25 people. The target of this assistance is not for



financing members but rather given to underprivileged communities.

From some of the above explanations, it can be known that the relaxation of financing and concern of BMT to participate in registering members in the MSME BLT program. The role given by BMT Beringharjo is to financing members who are economically affected is constructive for members to try to stabilize their economy again because the affected members pay enough installments by their abilities during the pandemic.

### Obstacles and Challenges in Addressing the Financing of Members Affected by Covid-19

Pandemics have a significant impact on all community activities. Changes in environmental factors due to outbreaks change various systems that have been planned. This impact is due to minimize the risks faced by the outbreak. LKMS, one of the BMT, experienced various internal and external factors, resulting in plans and targets can not be achieved optimally because of these obstacles (Solihin, 2020)

Table 4. Obstacles BMT Beringharjo Caruban and Members in the Middle of a Pandemic

	BMT (Islamic Microfinance Institution)	Members
Internal	The increasing amount of member financing is not smooth or stalled.	Revenues are dwindling, but the distribution is growing.
	At the beginning of the pandemic, there were operational restrictions in the office (the office is only open 2-3 times a week).	No other job or business. The decrease in the amount of business production carried out.
External	The withdrawal of instalments and deposits of members becomes limited due to the <i>social distancing</i> policy.	Market operations are limited to 12.00 WIB, while businesses outside the market are limited to 21.00 WIB due to <i>social distancing</i> policy.

From the research results obtained and table 4 above, the BMT and members experienced some operational obstacles in the middle of the pandemic. It shows that not only financing members are affected, but BMT parties in their operations are also affected.

The interview results with Ika Purwaningsih said that the increasing amount of member financing that is not smooth is natural. Before the pandemic of stalled financing can occur, jams also occur with the outbreak of increased financing. To overcome this, BMT will continue to approach financing members less smoothly by understanding that all society levels feel the economic impact.

BMT Beringharjo Caruban had experienced restrictions on office operating hours at the beginning of the spread of the virus in Indonesia. Ika Purwaningsih said that office operating hours become disrupted at the beginning of the pandemic. Operating hours can only be carried out 2 to 3 times a week. This action hinders the activities of withdrawal and deposit financing transactions. BMT Beringharjo Caruban makes various efforts to minimize these obstacles by maximizing online-based transactions through the KOCEQU application.

Hedri Widiatoro said that another obstacle faced is the existence of social distancing policies issued by the government, resulting in when the ball pick-

up activities in withdrawing and depositing members' deposits do not run properly. Some villages where members live do not allow visits from outside communities. It is quite hampering operations, especially in the withdrawal of member installments. BMT's efforts with this obstacle are to visit the village office to communicate with the village head to conduct transaction activities. The activities have to follow health protocols and seek and maximize financing members to make transactions by transfer through BMT Beringharjo's KOCEQU application to minimize face-to-face activities with members.

On the other hand, barriers are also experienced by financing members due to this outbreak. The impact faced by R respondents as traditional food vendors (market hawker producers), the number of market snacks produced decreased drastically. The level of demand for distributors decreased because the market was not as crowded before the pandemic. This condition resulted in declining revenues.

The interview results with YS said that the financing allowance was beneficial because it had lost its job as a traveling trader "Tahu Crispy." YS opened a mobile merchant business from school to school, but due to the pandemic, its efforts stopped utterly. With the assistance of business from BMT Beringharjo Caruban, currently, YS is moving to develop its new business of making handmade plant pots. Efforts to make potted plants are one of the alternatives YS to earn additional income.

SP also says it said that the financing waiver provided by BMT is quite helpful. SP took financing in BMT to develop its business, but at the beginning of the pandemic, ornamental plant business experienced a decrease in buyers. Thus, SP is not maximal in financing instalments in the middle of the pandemic.

The interview results with DM said that the birds feed business in Mejayan Bird

Market also decreased buyers. DM said the difficulty in capital turnover because the income earned is not like before the pandemic. The obstacles faced in developing products such as buying crickets reached Rp.500.000 in one purchase. However, due to the pandemic visitors, the Mejayan Bird Market was not as crowded before the outbreak and impacted abnormal income. Therefore, BMT's concern by providing relaxation of financing according to the ability is quite helpful during the pandemic.

Some of the above exposure results show that both experienced obstacles in facing the pandemic between BMT and members. BMT parties with obstacles faced also prepare various efforts to minimize the impact of the pandemic. Respondents from members felt helped by the relaxation of financing policy provided by BMT Beringharjo Caruban.

#### **Discussion of Roles and Obstacles in Addressing Financing of Members Affected by Covid-19**

BMT can alleviate poverty by increasing income through BMT performance in trying to develop its members' business. In the concept of "The Triangle of Microfinance," there are three indicators of MFI, among others, the sustainability of financing, reach, and impact (Prasetyo et al., 2018). The relevance of this with the research results that the author has done is that BMT Beringharjo Caruban participated in efforts to prosper its members during the pandemic to finance sustainability. It provided relaxation of financing to its members to not add to members' burden in the face of outbreaks. So that member financing continues to run, and its operations do not hamper BMT. As for other things that BMT strives for by registering all financing members in the BLT UMKM or Banpres program provided by the government. This program is beneficial for financing members, although

not all financing members qualify in the program.

Nevertheless, from the research results in terms of financing products, qardhul hasan BMT Beringharjo Caruban, in its operations, has not been running to the maximum. The provision of qardhul hasan financing during the pandemic supports members' economic recovery because qardhul hasan financing does not benefit members (Hafizah, 2020).

Qardhul Hasan's financing model is appropriate to help members in need, especially during pandemics. In financing, no additional payments are applied, the source of funds comes from social funds, and qardhul hasan financing creates solidarity with others. (Dkk, 2011) The total financing qardhul hasan in BMT Beringharjo Caruban is seven people out of the total 526 financing members from the interview results. Therefore BMT needs to maximize the program qardhul hasan in the Covid-19 pandemic.

The obstacles faced by respondents who have MSMEs are reduced income obtained from before the pandemic. The decrease in sales turnover resulted in BMT members not paying the maximum financing instalments as previously agreed. This situation is due to a change in consumers' purchasing patterns, switching to choosing online shopping options to minimize the virus's risk.

Things that need to be done to reduce the risk of decreasing sales turnover in the middle of the pandemic, BMT members, whose majority have MSMEs, should maximize the use of the internet to promote products to make the net wider. Digital marketing can be accessed through social media such as Instagram, Facebook, shopee, and others (Hardilawati, 2020). To maximize the use of digital marketing is required assistance from BMT so that members get education related to it and community income can be stable again so

that in terms of member financing can be carried out optimally.

## CONCLUSION

The role of BMT Beringharjo Caruban in addressing the financing of members affected by Covid-19 is that BMT provides relief in the form of relaxation of financing to BMT members starting from March 2020. Installment financing in the middle of the pandemic is paid according to the ability of members. Mechanisms in providing relaxation of financing include socialization and observation, data collection and filling out relaxation application forms, and BMT provides relaxation of financing. Another role is to register all financing members in the BLT UMKM or Banpres program, although all financing members are registered but not entirely qualified. Internal obstacles faced by BMT Beringharjo Caruban include the increasing amount of member financing that is not smooth in the financing. BMT operating hours at the beginning of the pandemic only lasts 2-3 times a week. External obstacles are constraints when the activities of withdrawal and deposit of installments and deposits in the field because of the social distancing policy in members' residence. The obstacles faced by financing members during the pandemic are declining revenues, decreased production numbers, lack of other businesses/jobs, and the existence of social distancing policies that impede operating hours in members' businesses. This research provides recommendations for Islamic microfinance institutions managers to be able to conduct business assistance and product development for financing members as well as improve the function of technology and digital marketing for target MSMEs

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