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Integrative Spiritual-Economic Model in Community Empowerment Based on Micro Waqf Bank at Fajar Pelita Harapan Islamic Boarding School

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ABSTRACT

Islamic boarding schools are traditional Islamic educational institutions that have an important role in the educational, social and economic development of society in Indonesia. This study aims to analyze the sharia-based community economic empowerment model through the Fataha Micro Waqf Bank (BWM) at the Fajar Pelita Harapan Islamic Boarding School in Maredan Village, Tualang District. The study used a qualitative descriptive approach involving 30 informants consisting of Islamic boarding school administrators, BWM Fataha managers, and the surrounding community as financing program customers. Data were obtained through in-depth interviews, observation, and documentation through the stages of data reduction, data presentation, and conclusion drawing. The results show that the implemented empowerment model is integrative by combining Islamic microfinance, spiritual guidance, business mentoring, and group strengthening through the kumpi system. This program is able to increase access to business capital, strengthen community economic independence, improve Islamic financial literacy, and empower women as micro-entrepreneurs. In addition, the Islamic boarding school plays a role as a center for social capital and community moral development. However, the program still faces obstacles such as low entrepreneurial literacy, limited business innovation, and limited mentoring resources. This research shows that Islamic boarding schools have strategic potential as centers for sustainable sharia-based community economic empowerment. This study shows that the sharia-based community economic empowerment model implemented by the Fataha Micro Waqf Bank (BWM) in the Fajar Pelita Harapan Islamic Boarding School environment uses an integrative approach that combines sharia microfinance, spiritual guidance, business mentoring, and strengthening group solidarity through the kumpi system.

1. Introduction

Islamic boarding schools (pesantren) are traditional Islamic educational institutions that play a vital role in the educational, social, and economic development of Indonesian society (Roqib, 2021). In addition to serving as centers of Islamic religious education, pesantren have also developed into social institutions capable of shaping the character, morals, and independence of the community (Sarwadi & Raihan, 2025). According to data from the Ministry of Religious Affairs of the Republic of Indonesia, the number of pesantren in Indonesia has reached 28,393, with 4,377,601 students spread throughout Indonesia. This data demonstrates that pesantren have significant potential as agents of social and economic change. Over time, pesantren have become more focused on religious education but have also begun to transform into centers of community empowerment (Pohl, 2006). Pesantren's social, cultural, and spiritual closeness to the community enables them to implement various economic empowerment programs based on Sharia values (Ridha et al., 2024). This close relationship gives pesantren strong social legitimacy in fostering community development, particularly among the lower-middle class. Through a spiritual and social approach, pesantren are considered more effective in building economic awareness, business discipline, and community solidarity.

Islamic boarding school-based community economic empowerment is a growing model for Islamic economic development in Indonesia (Rahmah & Hilmy, 2025). Various programs have been implemented by Islamic boarding schools, such as the establishment of sharia cooperatives, entrepreneurship training, micro-enterprise development, productive agriculture, and Sharia-based financing. One form of Islamic boarding school-based community economic empowerment is the Micro Waqf Bank (BWM), established to provide access to financing to low-income communities that have not been reached by formal financial institutions. Micro Waqf Banks are Sharia microfinance institutions operating within Islamic boarding schools (pesantren) with the goal of increasing financial inclusion (Mugiyati et al., 2021). In addition, it also aims to reduce loan shark practices and strengthen the economy of small communities through group-based financing and business mentoring (Phil-Ugochukwu, 2024).

Previous research on Islamic boarding school economic empowerment has generally focused on the role of Islamic boarding schools in developing student entrepreneurship, the management of Islamic boarding school cooperatives, or the effectiveness of Sharia microfinance in general. Several other studies have also discussed the implementation of Micro Waqf Banks in increasing access to financing for low-income communities. However, most research focuses solely on institutional and financing aspects, and has not examined how the community economic empowerment model can be developed integratively through a pesantren-based spiritual, social, and economic approach. Furthermore, previous research tends to view Micro Waqf Banks solely as microfinance institutions, rather than as community empowerment instruments that integrate spiritual development, entrepreneurial character building, group solidarity, and family economic strengthening. In fact, the main characteristics of Islamic boarding school-based Micro Waqf Banks lie in their routine coaching, group responsibility (kumpi) system, social supervision, and religious approach, which distinguish them from conventional microfinance institutions.

This research gap indicates the need for studies specifically addressing the Sharia-based community economic empowerment model implemented by Micro Waqf Banks in Islamic boarding school environments, particularly regarding the integration of group financing, business mentoring, and community spiritual development. Therefore, this research offers a novel approach in analyzing a community economic empowerment model that is not solely financially oriented but also integrates spiritual, social, and economic values within a single Islamic boarding school-based empowerment system. Fajar Pelita Harapan Islamic Boarding School, located in Maredan Village, Tualang District, is one of the Islamic boarding schools implementing the Fataha Micro Waqf Bank program, initiated by Bank Indonesia. This program aims to improve the welfare of the surrounding community through Sharia-compliant microfinance. As of January 2025, Fataha Micro Waqf Bank had 371 cumulative customers, 21 outstanding customers.

Based on initial interviews with the management of Fataha Micro Waqf Bank, several challenges were identified in implementing community economic empowerment, particularly because the majority of customers are women with varying social backgrounds, educational backgrounds, and business capabilities, requiring an adaptive and sustainable mentoring approach.

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This situation indicates that the program's success is determined not only by capital financing, but also by the empowerment model implemented by the Islamic boarding school through spiritual, social, and business group approaches. Based on the description, this study aims to analyze the sharia-based community economic empowerment model implemented by the Fajar Pelita Harapan Islamic Boarding School through the Fataha Micro Waqf Bank, especially in integrating group financing, business mentoring, and spiritual guidance for the community around the Islamic boarding school.

2. Literature Review

Islamic Boarding School-Based Economic Empowerment

Waqf empowerment is the process of managing, developing, and utilizing waqf assets productively, professionally, and sustainably to provide economic, social, educational, and welfare benefits to the community. Waqf empowerment focuses not only on maintaining waqf assets as a means of worship, but also on optimizing their economic value through investment, business development, and various productive activities, the proceeds of which are used to improve the welfare of the community in accordance with sharia principles (Purwaningsih, 2020; Prayuda, 2022). Empowerment shares the same ultimate objective as *maqasid al-shariah*, namely the realization of welfare and well-being (*maslahah*) for persons with disabilities. In the Islamic perspective, empowerment is not only aimed at improving economic conditions but also at enhancing overall quality of life and human dignity. The welfare of persons with disabilities can be analyzed through the five essential dimensions of *maqasid al-shariah* as proposed by Imam Al-Shatibi. These dimensions include the protection of religion (*hifz al-din*), life (*hifz al-nafs*), intellect (*hifz al-aql*), lineage or family continuity (*hifz al-nasl*), and wealth (*hifz al-mal*). Achieving these five objectives contributes to comprehensive and sustainable empowerment for persons with disabilities (Dienillah, 2025).

Community empowerment is essentially a process of increasing the capacity of individuals and groups to achieve social and economic independence (Dushkova & Ivlieva, 2024). From a development perspective, empowerment is understood not only as economic assistance but also as a process of social transformation that encourages communities to have access to resources, skills, and the ability to make independent decisions (Wilson, 1996). According to Kartasasmita, (1995), community economic empowerment is aimed at strengthening the potential and capabilities of communities to escape the cycle of poverty. This view is reinforced by (Hassan et al., 2022), who asserts that empowerment is a continuous process of improving the quality of life of communities through the development of their potential. From an Islamic economic perspective, empowerment has a broader dimension because it is not only oriented towards improving material well-being but also encompasses the values of justice, blessings, and economic equality among the community (Kader, 2021).

The concept of empowerment in Islam emphasizes the importance of fair economic distribution, strengthening social brotherhood, and improving community welfare based on sharia values (Ali et al., 2024). Therefore, Islamic institutions such as Islamic boarding schools (pesantren) hold a strategic position as agents of community empowerment. Islamic boarding schools are no longer viewed solely as traditional religious educational institutions, but have also evolved into socio-economic institutions with strong social capital within the community (Riska, 2018). The social capital of Islamic boarding schools is reflected in the high level of community trust in their religious leaders (kyai), strong social networks between students and the community, and a culture of collectivism that supports collective economic activities (Wahono et al., 2023). This social trust is a key strength of Islamic boarding schools in implementing community economic empowerment programs.

Several previous studies have shown that Islamic boarding schools make a significant contribution to community economic empowerment. Muttaqin (2016) research found that the economic empowerment model in Islamic boarding schools is implemented through the involvement of students in productive business activities and practice-based agribusiness training. This research demonstrates that Islamic boarding schools are capable of establishing business laboratories as a medium for economic learning for students. However, this research still focuses on the internal empowerment of students and does not examine the relationship between Islamic boarding schools and Islamic microfinance institutions in supporting broader community empowerment. Fathoni and Rohim (2019) explain that Islamic boarding schools have sufficient resources to empower the surrounding community economically through various social and economic activities. In another study, Fathoni and Rohim (2019) also found that Islamic boarding schools (pesantren) developed partnerships with the community, government, and the private sector through the establishment of business entities and financial institutions. However, this study focused more on the institutional aspects of partnerships and did not fully explore the effectiveness of the Islamic microfinance model in increasing community economic independence.

Research by Irawan *et al.*, (2022) showed that Islamic boarding schools developed business units in the form of Limited Liability Companies (PT), Limited Liability Companies (CV), and Islamic cooperatives, the proceeds of which were used to support the school's operations and assist underprivileged students. These findings demonstrate that Islamic boarding schools have developed into productive economic institutions. However, this research was limited to the development of Islamic boarding school businesses and did not connect them to the concept of economic empowerment based on Islamic financial inclusion. Meanwhile, Basit (2009) found that empowerment of communities surrounding Islamic boarding schools was carried out through social activities such as free medical treatment, distribution of basic necessities, and disaster relief. However, this study showed that the empowerment programs implemented did not address the aspect of strengthening the productive economy through entrepreneurship training or access to financing for community businesses. Tambengi (2025) research emphasizes that Islamic boarding schools (pesantren) implement two approaches to community empowerment: increasing community capacity independently and developing an economy based on social participation. This research demonstrates the importance of community involvement in local economic development. However, the study does not yet explain how support from Islamic financial institutions can strengthen this empowerment process.

Research conducted by Setiawan et al., (2026) entitled *"Developing a Strategic Model for the Pesantren Entrepreneurship Ecosystem: Integrating SWOT and the Analytic Network Process (ANP),"* states that the study contributes by proposing a strategic model that can serve as a practical guideline for Islamic boarding schools (pesantren) in developing their entrepreneurial ecosystems. The implementation of this integrated strategy is expected to promote sustainable entrepreneurship and strengthen economic self-reliance within pesantren communities. Furthermore, Firdaus (2022) found that an Islamic boarding school-based empowerment program successfully established Islamic boarding school cooperatives and increased the community's Islamic financial literacy. This research demonstrates that Islamic financial institutions have significant potential to support community economic empowerment. However, the research focus is still limited to Islamic boarding school cooperatives and does not yet examine the role of Micro Waqf Banks as an inclusive financial instrument based on Islamic boarding schools.

3. Methodology

Research Site and Data Sources

This research was conducted at the Fajar Pelita Harapan Islamic Boarding School, located in Maredan Village, Tualang District. The research location was selected based on the presence of the Fataha Micro Waqf Bank (BWM), which operates within the Islamic boarding school and actively implements Sharia-based community economic empowerment programs. Furthermore, this Islamic

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boarding school is considered directly connected to the socio-economic activities of the surrounding community, making it relevant to the research focus. This research employed a descriptive qualitative approach utilizing two data sources: primary and secondary data. Primary data were obtained directly through in-depth interviews and field observations with informants involved in economic empowerment activities within the Islamic boarding school and the Fataha Micro Waqf Bank. Meanwhile, secondary data were obtained through supporting documents such as activity reports, institutional profiles, administrative archives, books, journals, official websites, brochures, and other documents relevant to the research. The 30 informants in this study were selected using a snowball sampling technique. This technique was used because the researchers needed informants who truly understood the Islamic boarding school's economic empowerment activities and the operations of the Micro Waqf Bank. Initial informants helped researchers identify other informants deemed to have information relevant to the research focus. The informants consisted of:

1. Administrators of the Fajar Pelita Harapan Islamic Boarding School;
2. Administrators and managers of the Fataha Micro Waqf Bank, including the chairman and managers;
3. Community members around the Islamic boarding school who are customers or recipients of economic empowerment programs;
4. Students or alumni involved in the Islamic boarding school's productive business activities.

The selection of informants in this study was based on several specific criteria to ensure the relevance and accuracy of the data obtained. *First*, informants were required to have direct involvement in the economic empowerment programs implemented by the Islamic boarding school or the operations of the Micro Waqf Bank. *Second*, they needed to possess a comprehensive understanding of the processes, mechanisms, and objectives of community empowerment activities. *Third*, informants had to demonstrate a willingness to share information openly, honestly, and in depth. *Finally*, they were expected to have relevant experience and knowledge related to the research focus, enabling them to provide meaningful insights and valuable perspectives. With the involvement of these various groups of informants, this study is expected to obtain more comprehensive data regarding the role of Islamic boarding schools and the Micro Waqf Bank in community economic empowerment.

Data Collection Techniques

Data collection techniques in this study were conducted through three methods: in-depth interviews, observation, and documentation.

1. In-depth Interviews

Interviews were conducted in a semi-structured manner using interview guidelines developed based on the research focus. Interviews were conducted directly with informants to gather information regarding forms of economic empowerment, community mentoring patterns, the role of the Micro Waqf Bank, and the program's impact on the community surrounding the Islamic boarding school. The interviews were conducted in stages throughout the fieldwork and recorded to facilitate data analysis.

2. Field Observations

Observations were conducted by directly observing economic empowerment activities within the Islamic boarding school environment and the operations of Fataha Micro Waqf Bank. Researchers observed financing activities, community business mentoring, interactions between administrators and the community, and productive economic activities developing around the Islamic boarding school.

3. Documentation

Documentation techniques were used to collect various supporting documents, such as institution profiles, activity reports, customer data, activity photos, brochures, administration forms, banners, and other documents related to the research. Documentation was used to strengthen the data obtained from interviews and observations.

Data Analysis Techniques

Data analysis in this study was conducted in stages, from the beginning of the data collection process until the research was completed. This research uses the Miles and Huberman interactive analysis model, which consists of data reduction, data presentation, and conclusion drawing. The data analysis process in this study followed the interactive model of qualitative data analysis, which consisted of three main stages: data reduction, data presentation, and conclusion drawing. These stages were conducted continuously throughout the research process to ensure that the findings accurately reflected the realities observed in the field.

Data Reduction

Data reduction was carried out by selecting, focusing, simplifying, and organizing the raw data obtained from interviews, observations, and documentation. The purpose of this stage was to identify information that was relevant to the research objectives while eliminating data that did not directly contribute to the study. Researchers carefully reviewed interview transcripts, field notes, institutional documents, and observational records to identify key themes and patterns. Coding techniques were employed to classify data into several categories related to the research focus, such as economic empowerment, the role of Islamic boarding schools, social capital, community participation, and the function of Micro Waqf Banks. Through this process, large volumes of qualitative data were systematically condensed into meaningful units of information that could be analyzed more effectively.

Data Presentation

After the data had been reduced and organized, the next stage involved presenting the data in a structured and understandable form. Data presentation was conducted through narrative descriptions, thematic matrices, tables, and charts. This stage enabled researchers to examine relationships among categories and identify emerging patterns within the data. The information was arranged according to the main themes that emerged during fieldwork, allowing for a comprehensive understanding of how the empowerment programs were implemented and how they influenced the surrounding community. Presenting the data in an organized manner also facilitated comparison between different informants' perspectives and experiences.

Conclusion Drawing and Verification

The final stage consisted of drawing conclusions and verifying the findings. Conclusions were developed based on recurring patterns, relationships, and themes identified during the analysis process. Initially, these conclusions were tentative and subject to revision as new evidence emerged. To ensure the credibility and validity of the findings, researchers continuously verified the conclusions through cross-checking data from multiple sources, comparing interview results with observational findings and documentation, and conducting member checking when necessary. This process helped ensure that the conclusions accurately represented the realities of economic empowerment practices implemented through Islamic boarding schools and Micro Waqf Banks.

4. Results And Discussion

This research was conducted at the Fajar Pelita Harapan Islamic Boarding School in Maredan Village, Tualang District, and involved 30 informants, including boarding school administrators, managers of the Fataha Micro Waqf Bank (BWM), and local community members who are customers of the Sharia microfinance program. Data were obtained through in-depth interviews, participant observation, and documentation. Data were then analyzed using the Miles and Huberman interactive analysis model, comprising data reduction, data presentation, and conclusion drawing.

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Sharia-Based Economic Empowerment Model

The results of this study indicate that the economic empowerment model implemented by BWM Fataha represents an integrative and sustainable empowerment approach that is deeply rooted in Islamic boarding school institutions. This model combines several important dimensions, including Islamic microfinance services, spiritual and religious development, business assistance, entrepreneurial training, and the strengthening of social solidarity among community members. Through this comprehensive approach, beneficiaries receive not only financial support but also guidance and motivation to improve their economic and social well-being.

Unlike conventional microfinance institutions that generally focus on providing capital and financial services, the BWM Fataha empowerment model integrates economic, social, and spiritual aspects in a unified framework. Islamic boarding schools play a central role as agents of change by fostering ethical business behavior, strengthening religious values, and encouraging community participation in economic activities. These findings highlight that Islamic boarding schools are not merely centers of religious education but also strategic institutions for community-based economic development, poverty alleviation, and sustainable social empowerment within local communities.

The empowerment program has several key characteristics. First, there is an integration of spiritual and economic aspects through weekly halaqah (Islamic gatherings) or kumpi (Islamic gatherings). In these activities, clients receive Islamic guidance, strengthening business ethics, discipline, and economic motivation based on Sharia values. This finding supports research by (Fathoni & Rohim, 2019), which states that Islamic boarding schools (pesantren) have social and moral power in building community empowerment based on Islamic values. Second, microfinance is provided without collateral through simple procedures and targets micro-enterprise groups, particularly women. This approach demonstrates efforts to increase Sharia financial inclusion for community groups that previously had difficulty accessing formal financial institutions. This finding aligns with the concept of financial inclusion in Islamic economics, which emphasizes equitable economic access and reducing social inequality.

Third, the implementation of a group system (kumpi) with the principle of joint responsibility. This system not only functions as a financing monitoring mechanism but also builds social capital in the form of solidarity, trust, and shared responsibility among group members. This finding reinforces the social capital theory, which states that social relationships and community trust are crucial factors in the success of community-based economic empowerment. Fourth, the provision of business mentoring and regular monitoring demonstrates that the empowerment program does not stop at providing capital but also includes ongoing development. This approach differs from (Basit, 2009) research, which showed that Islamic boarding school empowerment is still predominantly social-charitable and has not yet intensively addressed the strengthening of productive community businesses.

Impact of Economic Empowerment

Economic empowerment has a significant impact on improving individual and community welfare. It increases income levels, expands employment opportunities, and enhances access to education, healthcare, and financial services. Economic empowerment also strengthens entrepreneurial capacity, encourages self-reliance, and reduces poverty and social inequality. In community-based programs, such as those implemented through Islamic microfinance institutions or pesantren-based empowerment initiatives, economic empowerment can improve business sustainability, strengthen social capital, and foster inclusive economic growth.

Table 1. BWM Fataha Financing and Customer Data as of January 2025

No	Indicator	Total
1	Cumulative customers	371
2	Outstanding customers	21

3	Cumulative financing	371,000,000
4	Outstanding financing	19,700,000
5	Number of groups (kumpi)	76

Source: BWM Fataha Internal Data, 2025.

Based on Table 1, the cumulative number of customers reached 371, indicating that the BWM Fataha program has achieved a relatively broad outreach in empowering communities located around the Islamic boarding school. This figure reflects the strong demand for access to Sharia-compliant microfinance services, particularly among micro and small entrepreneurs who often face significant barriers in obtaining financing from conventional financial institutions. Many of these individuals lack sufficient collateral, formal business records, or credit histories, making access to formal banking services difficult. Therefore, the presence of BWM Fataha serves as an important alternative financial institution that supports financial inclusion among economically vulnerable groups.

Meanwhile, the number of outstanding customers was recorded at 21, indicating that the majority of customers have successfully completed their financing cycles. This condition demonstrates a relatively high repayment rate and highlights the effectiveness of the mentoring and supervision mechanisms implemented by BWM Fataha. The group-based financing system encourages members to support one another, creating a sense of collective responsibility that helps minimize default risks. In addition, regular meetings and continuous guidance contribute to strengthening financial discipline and improving the entrepreneurial capacity of customers.

The cumulative financing value of IDR 371,000,000 illustrates BWM Fataha's contribution to expanding access to business capital for micro-entrepreneurs. Although the financing amount is relatively modest compared to commercial banking institutions, it is highly significant for small-scale businesses that require limited capital to initiate or sustain productive activities. The financing enables beneficiaries to purchase raw materials, increase inventory, acquire basic equipment, and improve business operations. However, the relatively small financing size also indicates that the program remains focused on basic economic empowerment and has not yet substantially supported the expansion of businesses into medium-scale enterprises.

Furthermore, the existence of 76 groups (kumpi) demonstrates that the group-based empowerment approach is a central strategy in ensuring program sustainability. These groups function not only as financing monitoring mechanisms but also as platforms for mutual learning, cooperation, and social support. Through regular interactions, members share business experiences, exchange knowledge, and strengthen social networks that contribute to their economic resilience.

Field findings further reveal several positive impacts of the empowerment program. First, increased access to micro-business capital has enabled community members to establish and develop various small enterprises, including food stalls, culinary businesses, small retail shops, home-based production activities, and other income-generating ventures. As a result, many beneficiaries have experienced increased business productivity, improved household income, and enhanced economic self-reliance, contributing to broader community welfare and sustainable local economic development.

Program Implementation Constraints

Although the program has demonstrated positive impacts, this study identified several obstacles in its implementation. ***First***, differences in customer education levels and managerial skills result in suboptimal business management. This demonstrates that access to capital alone is insufficient without adequate human resource capacity. ***Second***, low levels of financial literacy and community entrepreneurship remain major obstacles to business development. This finding aligns with research on financial inclusion, which shows that the success of microfinance is significantly influenced by the community's ability to manage business and finances. ***Third***, limited business

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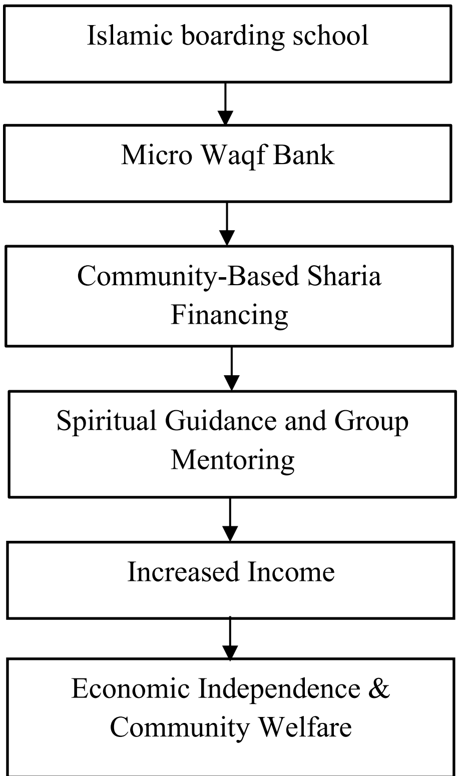
innovation and market access hinder community businesses from developing competitively. Most large businesses remain traditional and have not yet utilized digital technology in product marketing. ***Fourth***, the limited number of mentors means that the monitoring and training processes are not optimal. This demonstrates that the empowerment program requires the support of capable human resources.

Discussion

Empowerment Model Analysis

The economic empowerment model implemented by BWM Fataha reflects an Islamic boarding school-based institutional approach that integrates spiritual, social, and economic dimensions in a comprehensive and sustainable manner. This model goes beyond the conventional function of microfinance institutions, which generally focus on the provision of capital, by incorporating religious guidance, character development, business mentoring, and social empowerment into the empowerment process. Through this approach, beneficiaries are encouraged not only to improve their business performance and household income but also to strengthen their understanding of Islamic values, ethical business practices, and social responsibility. As a result, empowerment is viewed holistically, where success is measured not solely by financial gains but also by the development of individuals who are independent, trustworthy, disciplined, and committed to contributing positively to society.

From a theoretical perspective, the BWM Fataha empowerment model illustrates the transformation of community members from passive recipients of assistance into active and productive participants in the development process. Beneficiaries are provided with access to financing while simultaneously engaging in continuous coaching programs, group-based learning activities, entrepreneurship training, and business assistance. The collective approach adopted by BWM Fataha promotes social cohesion, mutual trust, shared responsibility, and cooperation among members. These interactions create a supportive environment that enhances both individual and collective economic resilience. Consequently, the model contributes to sustainable community economic independence based on Sharia principles while reinforcing the strategic role of Islamic boarding schools as centers of community development and economic empowerment.



Source: Researcher Analysis Results, 2026.

Figure 1. BWM Fataha Empowerment Model

Description:
1. Islamic boarding schools function as centers for moral and social development in the community.
2. Micro Waqf Banks serve as Islamic microfinance institutions.
3. Kumpi groups serve as a medium for mentoring and strengthening social solidarity.
4. The community gains access to capital, business development, and spiritual empowerment.
5. Program outputs include increased welfare, economic independence, and Islamic financial inclusion.

This model demonstrates that the success of Islamic boarding school-based economic empowerment is not solely determined by access to capital, but is also influenced by social capital, the moral legitimacy of the Islamic boarding school, and the intensity of community support.

Islamic Economic Perspective

From an Islamic economic perspective, the BWM Fataha empowerment model reflects the primary goals of community economic empowerment: reducing poverty, improving welfare, expanding economic access, and empowering marginalized groups, particularly women.

The integration of spiritual guidance is a key differentiator compared to conventional microfinance models. Spiritual guidance serves to foster business ethics, discipline, and social responsibility in the community in carrying out economic activities.

The findings indicate that the empowerment model implemented by the Micro Waqf Bank has contributed positively to improving the economic conditions of beneficiaries. However, the empowerment process remains at a basic level, focusing primarily on providing financing and simple business assistance. The results suggest that a more transformative approach is required to create sustainable economic independence and long-term community welfare. Such development can be achieved by strengthening entrepreneurship training programs to enhance business skills and innovation, adopting digital marketing strategies to expand market reach, developing broader market networks and business partnerships, improving the competence and capacity of mentors in guiding entrepreneurs, and fostering stronger collaboration with government institutions and private sector organizations. These efforts are expected to accelerate business growth, increase competitiveness, and strengthen the overall impact of community economic empowerment initiatives.

Research Implications

Theoretical Implications

The findings of this research provide important theoretical implications for the development of Islamic economics and community empowerment studies. First, the study strengthens the concept of religious institution-based empowerment by demonstrating how Islamic values can be effectively integrated into economic development initiatives. Second, it confirms that Islamic boarding schools (pesantren) play a strategic role not only as educational institutions but also as agents of local economic development through the utilization of social capital, community trust, and collective participation. Furthermore, this research enriches the existing literature by highlighting the

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integration of spirituality, Islamic financial inclusion, and Islamic microfinance as key elements in fostering sustainable and inclusive community empowerment.

Practical Implications

The findings of this study suggest several practical implications for strengthening and expanding community economic empowerment programs through Islamic boarding schools (pesantren). First, the empowerment model implemented by BWM Fataha has proven effective and can be replicated in other pesantren, provided that it is adapted to the socio-economic characteristics, cultural context, and needs of local communities. Second, increasing the capacity of business mentors is essential to ensure more effective guidance, monitoring, and business development assistance for beneficiaries. In addition, improving entrepreneurial literacy among community members is necessary to enhance their business management skills, innovation capacity, and financial awareness. Third, the digitalization of business activities, including online marketing, digital payment systems, and e-commerce utilization, should become a strategic priority to improve competitiveness and expand market reach. Finally, stronger collaboration among pesantren, government institutions, Islamic financial institutions, and private-sector stakeholders is crucial to ensuring program sustainability, increasing resource availability, and maximizing the long-term impact of community economic empowerment initiatives.

5. Conclusion

This study demonstrates that the Sharia-based community economic empowerment model implemented by the Fataha Micro Waqf Bank (BWM) within the Fajar Pelita Harapan Islamic Boarding School (PPB) utilizes an integrative approach that combines Sharia microfinance, spiritual development, business mentoring, and strengthening group solidarity through the kumpi system. This model is not only oriented toward providing business capital but also fosters moral values, discipline, and social responsibility in the community through economic activities. The existence of the pesantren as a center for empowerment provides social and religious legitimacy, strengthening the success of the community empowerment program.

Theoretically, this study contributes to the development of the concept of Islamic economic empowerment by demonstrating that Islamic boarding schools can function as agents of economic development based on social capital and Sharia values. This research also strengthens the study of the integration between Islamic microfinance, community empowerment, and religious-based economic development. Furthermore, the research findings demonstrate that a spiritual and social approach to economic empowerment can create participatory relationships and increase community independence in a sustainable manner.

Practically, this research demonstrates that the BWM Fataha empowerment model is able to increase access to financing for community micro-enterprises, particularly for women, and helps improve business capacity and awareness of Sharia-based financial management. The group system (kumpi) has proven effective in building social solidarity, payment discipline, and collective responsibility among members. Therefore, this model has the potential to be replicated in other Islamic boarding schools (pesantren) with adjustments to the local social and economic conditions.

However, this research has several limitations. First, the study was conducted at only one Islamic boarding school and one Micro Waqf Bank, so the results cannot be broadly generalized. Second, this study is still descriptive and qualitative in nature, so it does not quantitatively measure the level of improvement in community welfare or the program's statistical effectiveness. Third, the limited timeframe for the study prevented in-depth observations of the long-term impact of the empowerment program.

Based on these limitations, further research is recommended to conduct comparative studies across several Micro Waqf Banks in various Islamic boarding schools to obtain a more comprehensive empowerment model. Future research could also use a mixed methods or quantitative approach to more measurably measure the program's impact on increasing income, welfare, and community financial inclusion. Furthermore, studies on the digitalization of micro-enterprises, strengthening market networks, and innovation in Islamic financing are also important to support the development of a more transformative and sustainable model for Islamic boarding school economic empowerment.

Author contribution statement

Mohd Winario contributed significantly to the research conceptualization, field data collection, data analysis, manuscript preparation, and final editing of the article. Zubaidah Assyifa played a role in data verification and validation to ensure the accuracy and consistency of the research findings. Merry Meilany provided academic supervision and methodological guidance throughout the research. Nilam Erman contributed to the overall review of the manuscript and provided critical input and revisions to improve the scientific quality of the article. Rahmawati was involved in the manuscript preparation and editing process. Henry Martin Adrianysah contributed to the translation of the manuscript and conducted a final review to ensure quality and publication suitability.

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