



Development of Islamic Financial System Based on Islamic Economic Principles: Case Study of BMT Hayam Wuruk Yogyakarta

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ABSTRACT

This research aims to explore the implementation of shariah-based financial systems based on Islamic economic principles at BMT Hayam Wuruk Yogyakarta. This research was conducted for one management period using a qualitative method approach. The main focus of this research is to explain how BMT Hayam Wuruk carries out its operational activities based on Islamic economic principles and how this affects the development of its shariah-based financial system. The results of this research show that BMT Hayam Wuruk has implemented shariah principles in its operational activities fund management carried out transparently, accountably, and easily accessible to members using of a profit-sharing system. Funds are managed for activities that are in accordance with Islamic shariah principles through various fields within BMT Hayam Wuruk. The development of islamic financial systems at BMT Hayam Wuruk also uses innovative shariah financial products, such as Mudharabah Savings, Shariah Deposits, and Shariah Financing. This is reflected in the Balance Sheet Report in the RAT (Annual Members Meeting) of BMT Hayam Wuruk Yogyakarta, which shows a commitment to applying and developing Islamic principles in managing its financial system. This is evident from the increase in core capital by 8.35% and reserve funds and risk reserves by 8.20% from the previous year.

Keywords: *principle; shariah; finance; bmt; islam*

A. INTRODUCTION

Islam has developed a unique economic system that is different from the previous system. The economic system is based on Sharia law as a guideline for Muslims in their daily lives [N Azmi,2020]

The presence of Islamic economics has provided new hope, especially for Muslims, with the formation of a sharia-based economic system that is different from capitalist and socialist economies. The global crisis that occurred in European countries is evidence of the failure of the capitalist economic system that is running. (Roficoh, 2018) Likewise, with the socialist economic system, its emergence is considered to bring hope from the failure of the capitalist

economic system. However, in reality, the socialist economic system has failed and declined. An economy that upholds the welfare and equality of human and labor rights should be able to create a quality of human life. However, in reality, it is concentrated in the hands of high-ranking officials who are still less able to manage human resources. So that society loses the opportunity to develop its creativity and potential (Anggraeni et al., 2022)

The socio-economic life of Muslim communities in particular has been greatly affected by violations by abandoning the values of Islamic teachings in practice. This shows that there is still much that needs to be improved in integrating Islamic values in everyday life. (Helmy Syamsuri, Abdul Wahab, 2024) In fact, Islam has a sharia goal known as *Asy-syari'ah maqasid* to achieve the goals of human welfare, better human prosperity, and social and economic progress. An economic system based on the Qur'an not only focuses on the material aspects of resource management and wealth distribution, but also pays great attention to the spiritual and moral dimensions. So that the economic system that is created is able to balance individual interests and social interests harmoniously. Thus, the application of Islamic principles in economics aims to help build a more just and prosperous society.

Therefore, by integrating Islamic principles into contemporary economic practices, it will not only create a fairer economic system but also one that is sustainable and in line with the objectives of the *maqasid sharia* in maintaining the welfare of humanity in a holistic and integrative manner.

Baitul Mal wa Tamwil (BMT) is an Islamic economic initiative that aims to solve the problem of economic stagnation. BMT plays a role in improving the economy of the middle and lower classes by offering a transparent method for adding capital to micro, small, and medium enterprises (MSMEs). The goal is to prevent low-income people from borrowing money from irresponsible sources, such as predatory loans that charge high interest rates that are burdensome (Sakum et al., 2021).

In terms of fundraising and distribution, BMT is different from other banks by adhering to Sharia principles in its operations as a microfinance institution (Journal, 2022). BMT collects community funds and distributes them to those in need by offering benefits such as fast community services and adaptability while maintaining high risk and safety standards. BMT processes and criteria are designed to be as simple as possible and easily accessible to the lower middle class.

Along with the times, BMT is now a Sharia financial institution needed by the wider community to help with business capital. Baitul Mal wa Tamwil (BMT) Hayam Wuruk Yogyakarta is one form of implementation of sharia economics in Microfinance Institutions (LKM). After going through a long journey in the struggle to build a Sharia financial system, BMT Hayam Wuruk has made a significant contribution to society. Some people, especially small, micro, and medium entrepreneurs, have utilized BMT Hayam Wuruk's financial services, especially in meeting their business capital needs. All within the framework of Islamic economic development based on justice, equality, and welfare.

The importance of BMT for the Indonesian economy, especially the economy of Muslims, makes it very necessary to analyze the principles of Islamic economics applied to BMT Hayam Wuruk Yogyakarta to provide an overview of the successes and challenges in developing the Islamic financial system.

B. LITERATUR REVIEW

1. Islamic economic theory is based on Islamic teachings

The Islamic economic system has been practiced by the Prophet Muhammad SAW since the 7th century, when the Messenger of Allah made transactions without usury, gharar, and qimar. Ikhtikar. (Roficoh, 2018). Sharia economic theory provides an important framework for understanding the economic principles contained in the Qur'an and laws on Islamic financial institutions. Concepts such as the prohibition of usury, risk and profit sharing (musyarakah and mudharabah), and the prohibition of speculative transactions (gharar) form the basis for regulating practices in Islamic financial institutions. In contrast, Islamic financial institutions use the concept of profit sharing (profit sharing). With an understanding of these theories, we can see how the principles of Islamic economics are implemented in banking practices that are by sharia.

According to Mohammad Haikal (2024), the prohibition of usury, or interest in the Islamic financial system, is not only seen from a religious perspective (sin and reward) but also a broader economic perspective. Usury is a symbol of economic instability. Usury can create social injustice and injustice in the distribution of wealth. The presence of Islamic economics provides limitations on the practice of usury, which aims to create a more inclusive, fair, and sustainable financial system. A deep understanding of the prohibition of usury is key to maintaining compliance with the principles of Islamic economics. By understanding the prohibition of usury, financing practices can be guaranteed to be in accordance with Islamic values, thereby creating a fair, transparent and sustainable economic system.

In Islamic economics, profit must be based on balanced risk and return, where all parties involved in a transaction—both service providers and users—must share in the risks and benefits proportionally. This contrasts with the conventional system that relies primarily on interest payments. Information about risks, potential profits, and obligations must be clearly disclosed to all parties involved.

According to Satrio Novianto (2024), in his research on the implementation of Sharia economic principles, the primary goal of the Islamic economy is to achieve *falah*, or success and well-being in both this world and the hereafter, through means that comply with Islamic principles. Several Sharia principles have been applied in Islamic Financial Institutions, such as (Citra Permatasari, 2022):

- a. **Transparency in Information:** Islamic financial institutions offer detailed and clear information regarding financing offers. Risk factors, potential profits, and profit-sharing ratios agreed upon at the outset are explained in a clear and transparent manner.

- b. Freedom Principle: The principle of freedom in Islamic economics grants clients the freedom to choose goods and services that best meet their needs. This is reflected in the availability of a variety of products such as savings, financing, and investments that customers can choose based on their preferences and financial conditions. Clients are free to accept or reject the terms and conditions of Sharia contracts.
- c. Responsibility Principle: Islamic banks are responsible for managing clients' funds carefully and in accordance with Sharia provisions. Likewise, financial reporting must be conducted regularly and transparently to customers and other relevant parties.
- d. Cooperation Principle: This principle emphasizes the importance of mutual assistance between banks and clients. It is realized through partnership-based financing models such as musharakah and mudharabah, in which both banks and clients share profits and risks.
- e. Prohibition of Riba: The prohibition of riba is the core of Islamic economics, forbidding profit through interest. This principle is implemented through interest-free financing schemes such as murabahah, ijarah, and istisna, which are free of interest. Moreover, transparency regarding profit margins ensures that the profit earned by Islamic banks comes from pre-agreed margins or fees, not interest.
- f. Halal Business Principle: Islamic banks only finance businesses that are halal (permissible) and consistent with Islamic values, avoiding businesses related to alcohol, gambling, and other prohibited activities. These practices are supervised by the Sharia Supervisory Board to ensure compliance with Islamic law.

The effectiveness of Sharia law implementation in Islamic financial institutions can be evaluated from various aspects, including financial performance, customer trust, and operational stability.

2. Islamic Financial System Theory

According to Rahmah Rafifah (2025) (Keuangan et al., 2025), according to his research, Islamic finance based on the teachings of the Quran and Hadith has a unique role in improving people's welfare. Supporting various government initiatives to overcome poverty and income inequality is one of the roles and responsibilities of the OJK, which includes increasing financial inclusion so that all individuals can use financial services easily, safely, and affordably.

According to Abdullah Najib (2024) (Azzamani, 2024), A financial system that adheres to the principles of Sharia as stated in the Quran and Sunnah is called Sharia Finance. Allah has established this economic system, and the Prophet and his followers have implemented it and become an example for the people. To store funds or finance business activities or other activities carried out based on Sharia law, banks and other parties can make contracts based on Sharia

principles. These principles include profit sharing (mudharabah), capital participation (musyarakah), buying and selling goods to gain profit (murabahah), and financing capital goods using pure lease (without option) or with option of transfer of ownership (ijarah wa iqtina).

Ensuring that all services and goods strictly comply with Sharia law is an essential part of building an Islamic financial system. This requires thorough examination of prohibited activities. Every transaction and financial instrument contains gharar, meaning uncertainty, and maysir, meaning gambling. The Sharia Supervisory Board (SSB) is tasked with supervising and advising Islamic financial organizations to ensure they comply with Sharia law. Efforts have also been made to educate the public and train practitioners in Sharia law, create relevant norms and laws, and improve public literacy and education to facilitate the understanding and application of Sharia principles in financial matters. This is done to ensure that the Islamic financial industry remains honest and in line with Sharia law.

Challenges and strategies in developing the Islamic financial system include:

- a. Improving the quality and quantity of human resources (HR)
- b. Creating products and services that are more in line with the needs of the economy and society
- c. Socialization and education, as well as dissemination of economic ideas to the community more intensively and massively
- d. Convincing stakeholders further that Islamic finance is good for business and Muslims
- e. A legal framework that is comprehensively able to handle Islamic financial problems

Strategies that can be carried out by Islamic financial institutions so that they can develop according to Islamic principles include:

- a. Strategy to create a new image of Indonesian Islamic banking that is accepted by all levels of society.
 - b. Strategy in developing market segments. Islamic financial institutions are required to be able to carry out integrated, professional, and Islamic-based promotional and marketing activities
1. Strategy to improve the quality of human resources. The success of developing Islamic financial institutions is highly dependent on the quality of management, knowledge, and skills of managers at the micro level. Therefore, it is important to improve the quality and skills of managers through training that can provide understanding and knowledge that will have an impact on improving the quality of service.
 2. Strategy to improve internal efficiency by making more complete Islamic transactions (by utilizing advances in information technology) to increase the flexibility of implementing Islamic financial services for the community.

3. Strategy in developing products to increase competitiveness. The products and services produced must be able to compete with products offered by conventional financial institutions. Therefore, an effective and innovative product development strategy is very important to improve the quality and excellence of products that are certainly by Islamic principles.

3. Development of Financial Institutions (Baitul Maal wa Tamwil)

According to Muslim Tanjung (2018) in his research, he explained that the role of BMT is more focused on financing micro-economic circles. This is because BMT has the following objectives:

- a. Helping to improve and develop the potential of the community in poverty alleviation programs
- b. Making an active contribution to efforts to empower and improve the welfare of the community
- c. Creating sources of financing and providing capital for members with sharia principles
- d. Mentioning a frugal attitude and encouraging activities to save
- e. Developing productive businesses and at the same time providing guidance and consultation for members in their business fields.
- f. Increasing awareness and insight of the community about the Islamic economic system and pattern
- g. Helping weak entrepreneurs to get loan capital
- h. Becoming an alternative financial institution that can support the acceleration of national economic growth.

BMT is an alternative for micro businesses other than banking and cooperatives to overcome capital constraints. It is a choice especially for the Muslim community because its activities are based on Sharia principles. In addition, from a social perspective, BMT also plays a role in improving the welfare of the poor because it manages zakat, ink, and sedekah funds and distributes them to those who are entitled to receive them.

4. Maqasid Sharia

According to Muhammad Zaki et al. (Zaki, 2015) They explained the application of maqasid sharia in the Islamic financial system in their study. The researcher quoted Abdul Wahab Khalaf in his writing that through semantic studies, maqasid can be used to understand the formulation of the Qur'an and Hadith to determine the law in cases whose legal provisions are not clearly explained in the Qur'an or Hadith. The development of Islamic financial institutions based on Sharia law prioritizes the protection of five main interests, namely religion, reason, soul, descendants, and property. This aims to achieve the principles of justice, equality, and social welfare in the activities of collecting, financing, and managing funds based on Islamic law. The

order of maqasid sharia in Islamic financial institutions is the key to answering dynamic problems that arise by prioritizing the welfare, social welfare, and fulfillment of basic human needs.

According to Muzayyidatul Habibah in his research (Habibah, 2020), he explained that the term maqasid sharia was popularized by Imam Syatibi. He formulated the concept of maqasid with a logical, systematic, and comprehensive concept, so Imam Syatibi was nicknamed the father of maqasid sharia. Where Imam Syatibi divided maqasid into three, namely:

a. Dharurriyat (Essential Needs)

Dharurriyat needs are the level of needs that must exist or are called primary needs. In Hurriyat needs, if they are not met, they will threaten human safety. 3 things are included in this category, namely

1. Protection of religion (*al-dien*)

Protecting rationality means encouraging education, innovation, and scientific development, which are important pillars of the economy. In the context of Sharia, this can be achieved through Sharia-based financial education and raising public awareness of the concept of Sharia economics.

2. Protection of the soul (*al-nafs*)

Fostering the soul in Islamic law can be interpreted as creating physical and spiritual health. Islamic economics plays a vital role in improving people's living standards, ensuring financial security, and providing basic services such as medical care and education. Thus, Islamic microfinance aims to empower vulnerable communities, reduce poverty, and improve the well-being of individuals and families.

3. Protection of reason (*al-aql*)

Protecting rationality in the context of Islamic economics means encouraging education, innovation, and scientific development, which are important pillars of the economy. This is done through Sharia-based financial education, which aims to raise public awareness of economic concepts that are consistent with Islamic values. With adequate knowledge of Islamic finance, people can make smarter and more responsible economic decisions. Thus, a prosperous and just society is created.

4. Protection of honor and lineage (*an-nasl*)

Protecting future generations in the Islamic economic system aims to maintain family stability by providing a sense of security for the next generation. With a stable financial framework, including products such as waqf and long-term investments, and practices such as zakat and hiba, the Islamic economic system can achieve intergenerational well-being.

5. Protection of wealth (*al-maal*).

Preserving assets in the Islamic economy means ensuring the security and sustainability of society's assets. In the Islamic economy, financial instruments such as sukuk, Islamic savings, and halal investments are designed to manage assets efficiently and in accordance with the Shariah law. This principle encourages economic growth through investments that avoid excessive speculation and unnecessary risks. As a result, assets can be used for activities that benefit society as a whole. Achieving just and equitable well-being

Overall, these five principles of Islamic law guide economic activities not only to achieve material well-being, but also to achieve spiritual well-being by focusing on aspects such as justice, sustainability, and community welfare. The application of these principles in Islamic economics ensures that the financial sector is not only a means of economic growth but also plays a role in forming a just, prosperous, and sustainable society in accordance with the main objectives of Islamic law. Therefore, Islamic economics and its principles can be part of the solution to global challenges such as climate change, economic inequality, and resource scarcity (Fattah, 2024).

b. Hajiyyat.

Hajiyyat needs are secondary needs, which if not met do not threaten safety, but will cause difficulties in daily life.

c. Tahsiniyyat

This aspect includes additional needs to beautify and improve life, Tahsiniyyat includes the values of politeness that are not absolutely necessary, but their application in daily life makes life more harmonious and civilized.

From the explanation above, the researcher feels it is important to examine the principles of Islamic Economics applied to BMT Hayam Wuruk Yogyakarta. So that this study can provide a comprehensive picture of the understanding of the implementation of Islamic economic principles in Islamic microfinance institutions and classify the advantages and disadvantages of their application. In addition, this study provides input for the improvement and development of BMT Hayam Wuruk in increasing public awareness of the importance of Sharia-based finance and can also be a reference for other financial institutions in improving the quality of services and the application of Islamic economic principles.

C. RESEARCH METHODS

This research is a survey research (field research), precisely an exploratory survey using a qualitative approach. Qualitative research is a research method used to uncover problems in the work life of BMT Hayam Wuruk so that it can be used as a policy to be implemented for the common welfare.

The location of the research is a place where researchers get information about something

being studied, the location of this research is in the city of Yogyakarta, precisely at BMT Hayam Wuruk which is located next to Lempuyangan market.

The methods used in this study are the literature analysis method and case study. In this study, two data sources were used, namely: primary data and secondary data. The primary data obtained is empirical data obtained through observations and in-depth interviews with managers (especially managers and marketing) of BMT Hayam Wuruk Yogyakarta directly with different interview times. Secondary data comes from financial reports and other relevant official documents from the archives at BMT Hayam Wuruk Yogyakarta.

The collected data was then analyzed to identify how Islamic economic principles are applied to BMT Hayam Wuruk Yogyakarta using qualitative methods which were then processed using deductive thinking patterns and comparative analysis.

D. RESULTS AND DISCUSSION

1. Principles of Islamic Economics Applied to BMT Hayam Wuruk Yogyakarta

BMT (Baitul Maal wa Tamwil) is a microfinance institution that collects funds from the community and distributes them back to the community in need with Sharia principles.

BMT Hayam Wuruk Yogyakarta was established on November 29, 2006, with establishment number 10/BH/KPTS/III/2008, located at Jalan Hayam Wuruk no. 45 Yogyakarta. As of 2024, the number of BMT Hayam Wuruk members is 921 people, with details of 387 men and 575 women. BMT members are spread across various areas such as Lempuyangan Market, Gedong Kiwo Market, Wiguna Jogja Market, and the Tukangan and Bausasran Sub-district communities. In increasing its benefits, BMT continues to strive to develop its membership. In 2025, BMT is making efforts to increase its competitiveness and number of members by expanding its reach to areas outside the city of Yogyakarta, namely the Gunung Kidul Regency area. This has been a challenge for BMT Hayam Wuruk since its establishment, daring to expand its territory. One of the reasons for this decision is the increasingly tight competition with other Financial Institutions. For example, in Lempuyangan Market, which is located next to the main office of BMT Hayam Wuruk, not 100% of the sellers and buyers in the market are BMT Hayam Wuruk customers. In addition to expanding its reach, several things that BMT Hayam Wuruk has done to increase its customers are holding training for customers and traders. With the hope that from this training, traders will care about the Sharia system and entrust their funds to BMT Hayam Wuruk. The training held includes training on starting a business based on Sharia economic principles and training on Sharia products and services.

The organizational structure of BMT Hayam Wuruk consists of a supervisory board, administrators, and managers. The Supervisory Board consists of the Sharia Supervisory Board and the Management Supervisory Board. Meanwhile, the management consists of Chairs I and II, the secretary, the general treasurer, and members. Apart from that, the management structure consists of managers, accounting, cashiers and marketing. The total number of BMT Hayam Wuruk Yogyakarta employees reaches 12 people.

In an effort to improve the quality of human resources and services, BMT Hayam Wuruk is committed to maintaining integrity and conformity with Sharia principles in carrying out its obligations to serve the community. This is reflected in the work plan/program designed to ensure that all activities carried out are in accordance with Sharia principles. So that it can increase public trust and satisfaction in addition to maintaining integrity and conformity with Islamic law in the Islamic finance industry. Furthermore, the work program that has been prepared is continued with various trainings that support the performance of the management and administrators, especially such as Sharia financial compliance training, Sharia business ethics training, and Sharia accounting training that have been carried out in 2024.

The work plan prepared during each period will be monitored and evaluated regularly. This is done to ensure that the implementation of the work plan runs according to what has been mutually agreed upon. In addition, as a form of responsibility, obligation, and duty of the BMT Hayam Wuruk management, they make an accountability report that is ratified at the annual member meeting (RAT). The accountability report prepared aims to:

- a. Assess the achievements of the management and performance of the BMT Hayam Wuruk KPPS
- b. Know the financial position in the form of assets, liabilities, and net worth of the BMT Hayam Wuruk KPPS
- c. As a consideration for determining the resources, works, and services provided by the BMT Hayam Wuruk KPPS.

The BMT Hayam Wuruk work plan is divided into 6 sub-fields. Namely the organizational field, education field, capital field, business field, maal field, and welfare field. The work plan prepared in the 6 sub-fields aims to ensure that all activities and activities carried out by the management and administrators of BMT Hayam Wuruk are in accordance with Islamic principles to achieve goals that are blessed by Allah SWT.

The work plan for each field is as follows:

a. Organizational Field

In the Organizational Field, BMT Hayam Wuruk is committed to:

- 1) Holding monthly meetings of administrators, supervisors, and managers every 3 months
- 2) Holding annual work meetings and RAPB
- 3) Complete office facilities and infrastructure
- 4) Perfecting BMT personnel regulations and special regulations

b. Education Sector

In the field of Education, BMT Hayam Wuruk has program plans such as:

- 1) Improving the ability of administrators, supervisors, and managers to conduct seminars and training
- 2) Increasing member awareness in sharia cooperatives
- 3) Providing motivation for administrators, supervisors, and managers by participating in entrepreneurial motivation training and comparative studies
- 4) Holding religious studies, counseling, and training activities for members

c. Capital Sector

In the Capital Sector, BMT Hayam Wuruk has a program plan such as:

- 1) Striving to increase total assets by an average of 7% per year with details:
- 2) Increasing own capital by an average of 7% per year
- 3) Increasing the amount of income by 5% per year
- 4) Increasing the amount of SHU by 5%
- 5) Striving to increase the growth of savings from members by an average of 7% per year
- 6) Continuously increasing member savings
- 7) Motivating members to always increase savings
- 8) Holding promotional activities and giving gifts to members

d. Business Sector

In the business sector, BMT Hayam Wuruk strives to:

- 1) Monitor the development of member financing
- 2) Increase the volume of financing by adding new members
- 3) Efficiently resolve problematic financing
- 4) Facilitate the purchase of goods needed by members

e. Maal Sector

- 1) Accommodating zakat funds, both male and infaq, and alms from members in particular and the community in general.
- 2) Taking zakat funds of 2.5% of the income of the institution, administrators, supervisors, and employees every month
- 3) Using ZIS funds and utilizing them for community empowerment, including: providing educational scholarships, qurban, assistance for the elderly, mass circumcisions, and other social activities

f. Welfare Sector

In the welfare sector, BMT Hayam Wuruk strives to:

- 1) Improve member welfare
- 2) Provide bonuses to members who pay their installments regularly and on time
- 3) Provide holiday allowances to administrators, supervisors, and managers
- 4) Improve the welfare of administrators, supervisors, managers, and members
- 5) Provide compensation to administrators, supervisors, managers, or their families who are sick or have died
- 6) Facilitate managers in employment insurance
- 7) Provide bonuses to managers who excel or perform well

In an effort to ensure that the program plan runs as expected, BMT Hayam Wuruk carries out comprehensive, systematic, structured, and sustainable supervision. Supervision carried out by BMT Hayam Wuruk includes several aspects, including:

- a. Periodic internal audits carried out systematically and on schedule, including weekly, monthly, quarterly, and annual audits.
- b. Monitor and assess the health ratio of KPPS BMT Hayam Wuruk by analyzing financial reports, conducting work evaluations, and comparing them with the established financial health standards.
- c. Provide direction and motivation to managers on Islamic performance by holding regular training, workshops, lectures, and religious studies
- d. Monitor work programs according to the work program plan and annual revenue and expense budget plan.

The results of observations and interviews can be concluded that in general the work plan and budget plan for income and expenses of the BMT Hayam Wuruk KPPS can be implemented well. Although there are some work plans that have not been implemented. The success of the program plan can be seen from the increase in the amount of principal savings, mandatory savings, founders' savings, capital reserves, risk reserves for SHU/Current compensation profit and loss, and ZIS. Administrative income also increased. This is the impact of improving the quality of service and member trust, effective marketing strategies, good financial management, and improving the ability and competence of managers and appropriate policies that are oriented towards customer interests.

In the BMT Hayam Wuruk's liability balance sheet sourced from the BMT's financial report, there was an increase in several items. This is evidence of the success of the work program run by BMT Hayam Wuruk Yogyakarta. The BMT Hayam Wuruk financial balance sheet report shows that Islamic economic principles have been successfully applied in its Sharia-based financial management system. The report shows that the main source of funds comes from savings with maharajah contracts and term deposits with contracts, both of which are profit-

sharing investment instruments that are in accordance with Sharia principles because they do not contain usury elements that are prohibited in Islam. The increase in savings with maharajah contracts and term deposits with wadiah contracts is also evidence that sharia principles such as justice, transparency, and security have built public trust in BMT Hayam Wuruk. This effort is supported by the BMT's work program in the field of education which focuses on developing human resources through structured and sustainable training. This is shown by the following BMT Hayam Wuruk KPPS liability balance sheet:

Table 1: BMT Hayam Wuruk KPPS Passive Balance Sheet 2024
(Source: BMT Hayam Wuruk Financial Report 2024)

PASSIVA	2023 (Rp)	2024 (Rp)	% Change
Total Mudharabah savings	Rp2.325.976.613,73	Rp2.545.124.432,05	9,42%
Total Time Deposits	Rp530.200.000,0	Rp338.200.000,00	56,79%
ZIS	Rp5.950.767,72	Rp6.732.375,72	13,13%

In addition, the increase in core capital by 8.35% and the increase in reserve funds and risk reserves by 8.20% are real evidence of the implementation of the principle of prudence and protection against financial risks carried out by BMT Hayam Wuruk. This shows that BMT Hayam Wuruk has demonstrated its commitment to ensuring financial stability and managing assets wisely and responsibly. In addition, it also proves that the BMT Hayam Wuruk capital work program has carried out its duties seriously and responsibly. This is reflected in the following BMT Hayam Wuruk KPPS capital balance sheet:

Table 2. Capital Balance of KPPS BMT Hayam Wuruk in 2024
(Source: BMT Hayam Wuruk Financial Report 2024)

CAPITAL	2023	2024	% Change
Principal Deposits	Rp46.050.000,00	Rp48.150.000,00	4,56%
Mandatory Deposits	Rp276.960.000,00	Rp304.155.000,00	9,81%
Founders Deposits	Rp10.000.000,00	Rp9.900.000,00	-1%
Capital Reserves	Rp90.657.726,42	Rp98.097.273,00	8,20%
Risk Reserves	Rp45.328.863,20	Rp49.048.636,64	8,20%
SHU/Current Profit and Loss	Rp41.330.816,00	Rp43.569.380,00	5,24%
Total core capital	Rp510.327.405,62	Rp552.920.290	8,35%

The main income derived from financing profit sharing at BMT Hayam Wuruk is in accordance with Islamic economic principles that emphasize justice and cooperation. Likewise, SHU (remaining business results) is also distributed fairly and transparently. The distribution of reserve income, manager and administrator bonuses, and social and education funds is carried out in accordance with Sharia principles. Social and education funds are allocated in accordance with the principles of zakat, infaq, and sedekah for the benefit of the community. This is stated in the BMT Hayam Wuruk business and maal work program. This is proof that BMT Hayam Wuruk has implemented Islamic economic principles consistently and sustainably and has a strong determination to improve community welfare through fair and transparent distribution of social and education funds. As shown in the following Income and SHU Distribution balance sheet table:

Table 3. Income Balance of KPPS BMT Hayam Wuruk in 2024
(Source: BMT Hayam Wuruk Financial Report 2024)

REVENUE	2023	2024	% Change
Finance income	Rp285.525.450,00	Rp266.060.750,00	7,31%
Administrative income	Rp13.239.800,00	Rp17.954.800,00	35,61%
Total income	Rp298.765.250,00	Rp284.015.550,00	5,20%

Table 4 : SHU Calculation
(Source: BMT Hayam Wuruk Financial Report 2024)

Perhitungan SHU	2024
SHU Calculation	Rp8.713.876,20
Reserve Fund	Rp4.356.938,00
Risk Fund	Rp4.356.938,00
Management Bonus	Rp2.178.469,80
Social Fund	Rp1.089.234,00
Education Fund	Rp1.089.234,00

Operational and labor costs were adjusted with a budget reduction of 7.29%. This adjustment is a reasonable step in an organization that is dynamic and responsive to change. However, non-operational costs increased by more than 50%, which is something that needs to be considered so that it does not become a financial burden in the future, said Mrs. Siti Aisyah, one of the

managers of BMT Hayam Wuruk who was interviewed by the researcher. Therefore, BMT Hayam Wuruk under the supervision sector needs to conduct inspections, monitor, and provide more in-depth evaluation direction to identify the causes of the increase in costs in develop strategies to manage them more effectively. This is in accordance with the balance sheet of costs at BMT Hayam Wuruk Yogyakarta below.

Table 5: Balance Sheet of Costs of BMT Hayam Wuruk Yogyakarta
(Source: BMT Hayam Wuruk Financial Report 2024)

EXPENSES	2023	2024	% Change
Basil Simp Mudharabah	Rp62.592.184	Rp58.253.864	7,45%
Basil Simp term	Rp15.600.267	Rp16.403.274	5,41%
Office administration costs	Rp2.047.500	Rp2.475.000	20,89%
General costs	Rp10.194.700	Rp10.536.000	3,35%
Labor costs	Rp123.157.901	Rp115.088.144	7,00%
Depreciation costs	Rp4.195.000	Rp3.910.000	7,29%
Non-operational costs	Rp13.165.000	Rp20.750.000	57,65%

The financial balance sheet presented by BMT Hayam Wuruk is presented clearly, honestly, transparently and accountably including the percentage of changes from the previous year. The financial structure reflects the balance between business profits and social responsibility. This is in accordance with honesty in Islamic sharia principles. So that it can provide benefits for stakeholders in obtaining information as a consideration in making decisions as a whole.

E. CONCLUSION

Based on the description of field data and discussion, this study can conclude that the information in the financial balance sheet report presented is able to provide benefits for users of financial reports to identify capital, income, SHU and costs that are indicated as not being in accordance with Sharia principles.

The comprehensive financial balance report of BMT Hayam Wuruk can be concluded that it has carried out its activities with Islamic economic principles in developing its Sharia financial system. This can be seen from the contracts used in financing and profit sharing as well as the management of ZIS funds in the comparative balance sheet report presented by BMT Hayam Wuruk. This is proof that the work program in each field is carried out with Islamic economic principles honestly, fairly, transparently, effectively, and efficiently. However, there is one field, namely the supervision field in the non-operational cost post which has increased by 57.65%. The trigger for the increase in non-operational costs is the cost of promotion and

intensive training for employees and customers as well as traders in the area around BMT. Where BMT Hayam Wuruk is expanding its reach outside the city of Yogyakarta. In addition, the cost of training for employees, customers, and BMT traders has also increased because in the previous year, there was not much training held due to the post-pandemic period. Training to improve employee capabilities is a challenge for BMT in fully implementing Sharia principles. On the other hand, this has caused non-operational costs to increase significantly. With the existence of these financial reports, the authorized parties will obtain information regarding the notes that need to be considered so that they do not become a financial burden in the following period.

The application of Islamic principles in Sharia-based financial management has succeeded in making BMT Hayam Wuruk a role model for a trusted, transparent, and integrity-based Islamic Financial Institution. In general, BMT Hayam Wuruk has succeeded in implementing Islamic principles such as justice, transparency, and compliance with Islamic law in its financial management, so that it can be an example for other financial institutions.

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