

SHARIA BUSINESS MODEL BUMNAGARI WITH BMC MODELS APPROACH (DECREE OF BUMNAGARI MAGEK SAKABEK, AGAM REGENCY)



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Abstrak

This research aims to design a Sharia business model for BUMNagari Magek Sakabek. The type of business conducted by BUMNagari Magek Sakabek involves a savings and loan business unit. The method used is Qualitative Research with data analysis techniques using the Business Model Canvas (BMC Models), which analyzes the nine Canvas elements into the Sharia Business Concept, namely customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. Each BMC element must depict and explain how Sharia principles are applied in business transactions. From the discussion results, each BMC element is analyzed to create a Sharia business model that can be implemented by the savings and loan business unit of BUMNagari Magek Sakabek, one that is sustainable and competitive in the long term, while also providing positive value to the community related to Sharia business. From the research findings, it can be concluded that the business model designed with BMC shows that 8 BMC elements have undergone corrections or changes in applying Sharia principles, which are value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structure. Therefore, the Sharia business model can be implemented in the Savings and Loan Business Unit of BUMNagari Magek Sakabek.

Abstrak

Penelitian ini bertujuan untuk merancang model bisnis syariah pada Badan Usaha Milik Nagari (BUMNag) Magek Sakabek. BUMNag Magek Metode yang digunakan untuk merancang model bisnis syariah pada Unit Bisnis Simpan Pinjam BUMNag Magek Sakabek adalah dengan pendekatan Business Model Canvas (BMC). Business Model Canvas terdiri dari sembilan elemen yaitu customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnership dan costructure. Setiap elemen BMC harus menggambarkan dan menjelaskan bagaimana prinsip syariah diterapkan dalam transaksi bisnis. Dari hasil evaluasi masing-masing elemen BMC dianalisis sehingga tercipta model bisnis syariah yang dapat diimplementasikan unit bisnis simpan pinjam BUMNag Magek Sakabek yang sustainable dan bersaing dalam jangka panjang sekaligus memberikan nilai positif bagi masyarakat terkait bisnis syariah. Dari hasil penelitian dapat disimpulkan bahwa model bisnis yang dirancang dengan BMC menunjukkan terdapat 8 elemen BMC yang mengalami koreksi atau perubahan dalam menerapkan prinsip syariah yaitu value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnership dan costructure. Sehingga model bisnis syariah dapat diimplementasikan pada unit Bisnis Simpan Pinjam BUMNag Magek Sakabek.



BACKGROUND

Indonesia has significant potential for developing the Sharia economy sector, supported by its large Muslim population of 232.5 million people. Indonesia boasts the world's largest Muslim population, accounting for 87.18 percent of the country's total population of 273.5 million. The substantial number of Muslim inhabitants creates a sizable market for Sharia – compliant products and services, serving as a crucial asset in the development of the Islamic economic system in Indonesia. All Sharia economic activities are based on the Quran and Sunnah, and Muslims practice them correctly and comprehensively, expanding the scope of the Sharia economy. (Tertinggal et al., 2023) The Sharia economy can be broadly developed through the financial sector, philanthropy sector, and the real economy. Its main characteristic is its resistance to *riba* (usury), *maysir* (gambling), and *gharar* (uncertainty). According to the Global Islamic Economy Indicator (GIEI) data from 2019/2020, Indonesia ranks third in the Muslim fashion sector, fourth in halal tourism, and fifth in Islamic finance. However, in the halal industry and Islamic finance sectors, Indonesia has not yet been able to play a significant role as a producer. Low financial literacy and financial inclusion in Sharia finance are challenges to growing the Sharia economy. In the field of economics, many local wisdom practices have been carried out by local communities in various regions for decades. Additionally, the increasing awareness among the public about the importance of purchasing and consuming halal and *thayib* (pure) products contributes to the expansion of the potential of the Sharia economy.

West Sumatra is one of the provinces where Islamic values and culture are deeply ingrained in society. (*Perda No. 2 Tahun 2018.Pdf*, n.d.) The human resources in West Sumatra support the development of the Sharia economy, with 98 percent of the population adhering to Islam. According to the philosophy "Adat Basandi Syarak, Syarak Basandi Kitabullah" (Customs based on Islamic law, Islamic law based on the Quran), the concept of Islamic economics aligns well with the local wisdom recognized by the people of West Sumatra. In West Sumatra, there are BUMNagari organizations. BUMNagari is a legal village organization that aligns with local customs and culture, and its community economic activities manage programs and projects from the central and regional governments aimed at promoting and accommodating all economic activities to improve people's income. West Sumatra is divided into 928 Nagari, but the number of established BUMNagari organizations is 857.

Law No. 6 of 2014 concerning Villages serves as the legal basis for the formation and establishment of BUMNagari organizations. The specific form of BUMNagari may vary from one Nagari to another in West Sumatra. (Sekretaris Negara, 2015) Various forms must be determined according to the characteristics, potential, and local resources of each village or Nagari. In other words, BUMNagari is established to meet the needs and potential of Nagari in efforts to improve the welfare of the community. The types of business entities that BUMNagari can manage for its business activities are also regulated in Article 19 of the Minister of Village Regulation (Permendes) No. 4 of 2015 concerning the Establishment, Management, and Dissolution of BUMDes (Village – Owned Enterprises). (Kemendes, 2021)

Agam Regency aims to build a civilized community life. The realization of "Nagari" with strong religious values is a goal of the Agam Madani initiative. One aspect of Agam Madani is the implementation of Sharia – based economic values. The interconnectedness of the vision of Islamic economics, the goals of Islamic economics, and the Agam Madani program provides opportunities for the development of Sharia economics in Kabupaten Agam. This, in turn, can help improve the literacy and inclusion of Sharia economics by

fostering Sharia –based entrepreneurship within the "Nagari" communities while simultaneously boosting the local economy. The Nagari entrepreneurship, through the establishment of BUMNagari facilitated by both the government and local communities, can contribute to the economic development of the Nagari communities in Kabupaten Agam. There are currently 76 BUMNagari organizations established in various Nagari. In the Kamang Magek sub –district, specifically in Nagari Magek, BUMNagari Magek Sakabek has been established. BUMNagari Magek Sakabek operates a microfinance business, specifically in savings and loans. It was founded on December 17, 2017, with initial capital contributions amounting to Rp 155,000,000 from the Nagari funds and Rp 50,000,000 from the Ministry of Villages. Initial observations conducted through interviews revealed that BUMNagari Magek Sakabek still employs a conventional system. Loan products are returned with interest, which is a fundamental difference between the management of BUMNagari and conventional systems compared to Sharia systems. In essence, there are no transactions in the Islamic system that use 'estimations' or 'interest' as the basis for calculations, which is typically the basis for conventional microfinance business transactions.

The Business Model Canvas (BMC), according to Hong and Fauvel, is one instrument for developing new business models. It can be used to systematically assess, design, and implement current business models or create new ones. The canvas is designed to visualize, assess, explain, and modify business models, thereby maximizing a company's performance. (Hamzah et al., 2019) The Business Model Canvas consists of nine interconnected elements that have been recognized as crucial factors in building a successful business model. Designing a Sharia business model for the savings and loan business unit of BUMNagari Magek Sakabek can be accomplished using the Business Model Canvas approach. Each BMC element should illustrate and explain how Sharia principles are applied in business transactions. (Kartika Pradana Suryatimur et al., 2020) Each element contributes to creating an innovative business model that aligns with Sharia principles and can be developed to establish a sustainable and competitive savings and loan business for BUMNagari Magek Sakabek while also providing positive value to the community in terms of Sharia economics. (Mutiarini et al., 2018)

Based on previous research and the aforementioned phenomena, the objective of this study is to innovate a Sharia –based business model for BUMNagari Magek Sakabek in managing its savings and loan business. The reason for choosing this research topic is the misalignment between the goals of the Agam Madani program promoted by the Agam Regency Government and the economic system used in the management of savings and loan businesses in BUMNagari Magek Sakabek. Thus, the commitment to realizing a more Islamic region has not been fully implemented. Additionally, considering the human capital potential in Kabupaten Agam, particularly in Nagari Magek, and the desire of the Nagari Magek community to engage in halal transactions for blessings, further supports this research. This research is also rooted in the Quranic verse from Surah Al – Baqarah, verse 276, which means: "Allah destroys interest and gives increase for charities. And Allah does not like every sinning disbeliever."

In this study, the author formulates the research problem as follows: "How can a Sharia –based business model be designed for the savings and loan business unit of BUMNagari Magek Sakabek using the Business Model Canvas approach?" The researcher's objective is to use the Business Model Canvas approach to create a new business model that transforms the conventional system into a Sharia –compliant system. Each element of the Business Model Canvas will be analyzed and adjusted to align with the formulation of a new Sharia business strategy.

METHODOLOGY

This research is conducted using a case study technique for qualitative descriptive research. (Kuntjojo et al., 2009) The research is located in the Agam Regency, Kamang Magek sub – district, Nagari Magek. The research object is BUMNagari Magek Sakabek with its savings and loan business unit that is established and actively operating in the Agam Regency. The research utilizes qualitative data, specifically non – numeric data such as interviews, report notes, and analyzed books. These data sources are used to construct the analysis itself. (Putri, 2017) Both primary and secondary data are used to gather information for this research, including interviews or surveys with the management and members of BUMNagari, BUMNagari consumers, officials from Nagari Magek, the Nagari Magek community, and expert advisors for BUMNagari. Secondary data is collected directly from the research subjects, including previous publications and financial records of BUMNagari Magek Sakabek.

The main informant in this study is the Chairperson/Director of BUMNagari, with additional informants being the Secretary and Treasurer of BUMNagari. Supporting informants include the Head of the Village/Nagari, customers of BUMNagari Magek Sakabek, and Village Development Experts. The research will employ two data collection strategies: (Prof. Dr. Suryana, 2012) Field Research and Library Research. The information data processing steps are as follows: (1) Data collection on the Business Model Canvas, (2) Analysis of Business Model Canvas data, (3) Drawing conclusions and providing recommendations regarding the strategies used in designing the Business Model Canvas with Sharia – compliant business principles.

RESULTS AND DISCUSSION

BUMNagari Magek Sakabek is a business unit that is legally recognized by the regulations jointly owned by the Nagari Magek government and the community, with the majority of shares held by the Nagari government. Through capital involvement, the community can play a role in BUMNagari ownership. BUMNagari Magek Sakabek was established in 2017 through the results of a nagari deliberation, with the consideration for the formation of BUMNagari in accordance with Permendes No. 4 of 2015 being the potential for the nagari's economic activities and natural resources, allowing BUMNagari Magek Sakabek to open business units that align with the nagari's potential for management. In 2017, the nagari government allocated funds for the establishment of BUMNagari amounting to Rp155,000,000, and the allocation of funds for BUMNagari Magek Sakabek from the Ministry of Villages in 2018 amounted to Rp50,000,000. Thus, the total allocation of funds and initial capital participation in BUMNagari Magek Sakabek was Rp205,000,000. (Standar et al., 2015)

To ensure that these funds could be productive and accountable, the initial management of the BUMNagari Magek Sakabek unit allocated these funds for savings and loan activities. The capital participation in this BUMNagari was allocated gradually. Funds from the Nagari and the Ministry of Villages were allocated to the management of BUMNagari Magek Sakabek, and from there, it was further allocated to the management of the savings and loan business unit, amounting to Rp121,000,000. This fund became the initial capital for the establishment of the savings and loan business unit of BUMNagari Magek Sakabek. The disbursement of funds by the management of BUMNagari Magek Sakabek to the savings and loan business unit was carried out in three stages: the first stage in December 2017 amounting to Rp35,000,000, the second stage in May 2018 amounting to Rp40,000,000, and the third stage in May 2019 amounting to Rp45,000,000. Below is the data on the amount disbursed and the members of the savings and loan business unit of BUMNagari Magek Sakabek.

Table 1 : Data on the Number of Members and Loan Disbursements for 2018 – 2022
 BUMNagari Magek Sakabek

Years	Number of Members	Total Disbursement
2018	9	RP 35.000.000
2019	50	Rp 243.000.000
2020	86	Rp 642.000.000
2021	108	Rp 1.106.000.000
2022	111	Rp 1.175.500.000

Source: Financial Report of the Savings and Loans BUMNagari Magek Sakabek (2022)

Here is the analysis of the components of the Business Model Canvas for the Savings and Loan Unit of BUMNagari Magek Sakabek from the perspective of Islamic business (Sunaryono, 2020):

- Customer Segments:** BUMNagari Magek Sakabek's Savings and Loan Unit has expanded its customer segmentation from initially targeting home industry players to the entire Nagari community. This aligns with the principles of Islamic business that emphasize fairness and equality in providing access to products and services.
- Value Propositions:** The value proposition offered by this unit includes easy loan procedures, collateral-free loans, low-interest rates, and a user-friendly installment system. This aligns with the principles of Islamic business that promote transparency, fairness, and clear understanding of products and services.
- Channels:** The use of direct channels through door-to-door marketing and explanations to potential customers at the office is an effective way to reach the community. This aligns with the principles of Islamic business that avoid practices incompatible with Islamic values.
- Customer Relationship:** Personal and indirect relationships with customers through word of mouth (informal recommendations) are good practices in the context of Islamic business. It allows for sharing experiences and recommendations among customers.
- Revenue Streams:** Revenue streams received in the form of interest on loans align with the principles of Islamic business that allow for profit-sharing or fair fixed returns.
- Key Resources:** BUMNagari Magek Sakabek's Savings and Loan Unit has physical, intellectual, human, and financial resources that support its operations. It is important to maintain these resources in accordance with the principles of Islamic business.
- Key Activities:** Key activities, including the lending and collection processes, should be conducted with integrity and honesty in accordance with the principles of Islamic business.
- Key Partnerships:** Partnerships with member customers and the Nagari government are essential to strengthen the capital structure and support. Partnership with the Wali Nagari as an advisor also contributes to fair leadership.

In this overall analysis, the Savings and Loan Unit of BUMNagari Magek Sakabek has elements that align with the principles of Islamic business, including fairness, transparency, and honesty. It is important to continue to maintain and strengthen these practices in day-to-day operations to ensure compliance with Islamic business values.

After formulating strategies for BUMNagari Magek Sakabek to transition into a Sharia – based business, several adjustments have been made to its business model, as described in the Business Model Canvas (BMC) elements. These adjustments are based on strategies designed to implement Sharia – based business concepts:

1. **Customer Segments:** The customer segmentation strategy has been adjusted to accommodate various age groups and types of businesses that can be served by the Savings and Loan Unit. Initially, the unit targeted home industry players, but it has expanded its reach to include the entire Nagari community, provided they have businesses. This change aligns with Islamic business principles, ensuring equal access to financial services for the entire community.
2. **Value Propositions:** Value propositions have been adjusted to include product and service innovations that meet the diverse needs of the community, including financing for various purposes. Sharia – compliant financing products such as murabahah, musyarakah, and wadiah have been introduced. This aligns with Islamic principles by offering transparent and fair financial solutions.
3. **Channels:** The communication channels have been enhanced to include WhatsApp Groups (WAGs) to facilitate interaction and information sharing among unit members. Social media is also being utilized for advertising and outreach to the Nagari community.
4. **Customer Relationship :** Customer relationships have been strengthened through regular interactions, including WAGs, Islamic study groups (majelis taklim), entrepreneurship training, and feedback mechanisms. These efforts aim to improve customer understanding of Islamic values in financial transactions.
5. **Revenue Stream:** The revenue stream has expanded to include income from profit – sharing (mudharabah) and fees (ujroh) in addition to interest on loans. This diversification aligns with Sharia principles by allowing for fair and transparent profit – sharing.
6. **Key Resources:** Key resources include financial assets, human resources, and physical facilities. Additional resources, such as a Sharia Supervisory Board, are needed to ensure Sharia compliance.
7. **Key Activities:** Key activities now involve the development of Sharia – compliant financial products and services. Product development includes murabahah, musyarakah, wadiah, and profit – sharing (mudharabah) accounts. These activities align with Islamic principles by providing Halal financial solutions.
8. **Key Partnerships:** Partnerships have expanded to include cooperation with other Islamic financial institutions, such as Islamic banks or Sharia – compliant cooperatives (BPRS). This collaboration ensures safe depositing of members' funds in compliance with Sharia principles.
9. **Cost Structure:** The cost structure now includes costs related to profit – sharing arrangements, operational expenses, and any fees associated with Sharia compliance and certification from regulatory bodies.

These adjustments demonstrate BUMNagari Magek Sakabek's commitment to aligning its business model with Sharia principles and providing ethical and fair financial services to the Nagari community.

Definition of BUMNagari

BUMNagari stands for "Badan Usaha Milik Nagari," and it is a term used specifically in West Sumatra, Indonesia. It is equivalent to the term "BUMDes" or "Badan Usaha Milik Desa" in Bahasa Indonesia. BUMNagari is a village – owned enterprise established by the Village Government, where the ownership of capital and management rights are held by the Village Government and the village community, in accordance with Regulation Number 39 of 2010 on BUMDes (Village – Owned Enterprises) issued by the Ministry of Home Affairs.(Pemerintah Republik Indonesia 2021)In this context, BUMNagari is essentially a village business organization, and its operations are managed by the Village Government and the village community to address the needs and potentials of the village in order to improve the local economy and community welfare.(Permendes No 3 2021) One of the primary reasons for the establishment of BUMNagari is to strengthen rural economies. (Pemerintah Republik Indonesia 2021)BUMNagari is initiated and involves the participation of the community in its planning and establishment. It also serves as a platform for the entire village community to participate, thereby avoiding or minimizing the domination of business models in rural areas by a few individuals. It is an effort to increase local revenue.

The legal basis for the establishment of BUMNagari includes:

1. Provisions of Law Number 6 of 2014 concerning Villages.(Sekretaris Negara 2015)
2. Regulation of the Minister of Village, Development of Disadvantaged Regions, and Transmigration No. 4 of 2015 concerning the Establishment, Management, and Dissolution of BUMDes. ("Peraturan Menteri Desa (Permendes), Pembangunan Daerah Tertinggal Dan Transmigrasi Republik Indonesia No. 4 Tahun 2015 Tentang Pendirian, Pengurusan Dan Pengelolaan, Dan Pembubaran Badan Usaha Milik Desa," n.d.)

The objectives of establishing BUMNagari are as follows:(Jafar 2015)

1. To promote economic growth in the village.
2. To increase local revenue sources.
3. To provide public services for the community's well – being.
4. To pioneer entrepreneurial activities in the village.
5. To enhance the participation of rural communities in managing additional sources of halal income.
6. To boost the entrepreneurial spirit in the village.
7. To create opportunities and market networks to meet the basic needs of the residents.

Sharia business, or "Bisnis Syariah," refers to businesses that operate in accordance with Islamic principles. It encompasses various economic activities that adhere to Islamic law (Sharia) and follow the guidance of Allah SWT. Sharia businesses aim to provide products and services while ensuring they are compliant with Islamic ethics and morals. The core principle of Sharia business is to avoid activities that are considered haram (forbidden) in Islam, such as usury (riba) and unethical business practices.(Dauri and Andreas 2019)

The objectives of Sharia businesses include:

1. Achieving material and non – material profit targets.
2. Sustained growth over time.
3. Long – term sustainability.
4. Seeking the pleasure and blessing (ridha) of Allah SWT.

Sharia businesses can engage in various types of trade, including "naqdan" (spot) and "sulit" (credit) transactions. Financial assets like money and securities are used as trading media, and both types of assets can be exchanged.In summary, BUMNagari represents a village – owned enterprise in West Sumatra, while Sharia business (Bisnis Syariah) adheres

to Islamic principles and ethical guidelines in its economic activities, aiming to achieve both material and non-material profit targets, sustained growth, long-term sustainability, and the blessing of Allah SWT (Djuaini 2008).

The principles of Sharia business

The principles of Sharia business refer to ethical and legal guidelines derived from Islamic teachings for conducting business activities. These principles focus on ethical aspects, justice, blessings, and compliance with Islamic law (Sharia). Here are some Sharia business principles that underlie business operations in accordance with Islamic teachings (Djuaini 2008)

a. No Unjust Elements in Islamic Business:

There should be no elements of oppression or dictatorship in Islamic business. Elements like usury (riba) in business operations, such as commercial transactions, are not allowed in Islam. Usury is most commonly found in the financial industry. In Islam, usury is considered a form of consumer injustice. In Islam, oppression is one of the things that make people angry and is prohibited. Oppression can also be a factor that causes significant harm to someone (bankruptcy). In the Quran, the prohibition of injustice is emphasized in Surah Al-Baqarah, verse 279, which means: *"But if you repent not, then beware of war (against you) from Allah and His Messenger. And if you turn in repentance, then you shall have your capital sums. Deal not unjustly (by asking more than your capital sums), and you shall not be dealt with unjustly (by receiving less than your capital sums)."*(Departemen 2014)

b. Sale of Halal Goods:

In the context of Sharia-compliant businesses, it's important to remember that "halal" pertains to Islamic law. Shipping alcohol, narcotics, impure foods, or prohibited products is not permissible in Sharia-compliant companies. The important concepts of halal (permissible) and haram (forbidden) in relation to transactions in situations involving should be viewed and evaluated using two criteria: halal and haram. **As stated in the Quran, in Surah Al-Ma'idah, verse 90**, which means: *"O you who have believed, indeed, intoxicants, gambling, [sacrificing on] stone altars [to other than Allah], and divining arrows are but defilement from the work of Satan, so avoid it that you may be successful"*(Departemen 2014).

The differences between Shariah-compliant and non-Shariah-compliant businesses are significant.

Shariah-compliant businesses are governed by Islamic law, which dictates what is halal (permissible) and haram (forbidden), as well as how assets are acquired and used. In contrast, non-Islamic businesses, due to their secular nature, do not take into account the concepts of halal and haram in their planning, implementation, and efforts to achieve commercial goals. The foundation of non-Islamic business character is rooted in secularism, which undermines spiritual values and the adherence of business practitioners to norms based on transcendent principles (halal and haram). Even if ethical norms exist in non-Islamic businesses, they have no connection to sin or reward.

Based on their characteristics, Shariah-compliant businesses can thrive within an Islamic system and environment. In the current non-Islamic atmosphere, it is challenging to avoid actions prohibited by religion, whether knowingly or unknowingly, and whether intentionally or unintentionally, as a result of the disorientation experienced by Islamic business practitioners. Conversely, in an Islamic system and environment, non-Shariah-compliant businesses would not be able to thrive unless they transform their practices to

align with Islamic ideals. In an Islamic setting, non – Shariah – compliant businesses will undoubtedly face regulations prohibiting all actions contrary to Islamic law. Immoral businesses such as bars, nightclubs, massage parlors, usurious banking, prostitution, gambling, and the like would not prosper in an Islamic society. Consequently, it is evident that the growth or decline of economic activities of this nature is determined by the system and the surrounding environment.

The practice of savings and loans in the context of Islamic economics is referred to as "qardh" in Islamic jurisprudence. Qardh is a contract in which one person borrows money from another with the intention of returning it with the same value. It is considered a form of benevolent lending based on faith and goodwill. In Islamic finance, qardh is characterized by the lender providing a loan without expecting any additional benefit or profit in return. (Standar et al. 2015)

In the case of savings and loans in a cooperative (Koperasi Simpan Pinjam), the savings component involves members depositing a certain amount of money with the cooperative, and this deposit is considered a form of qardh. Members entrust their money to the cooperative, and the cooperative holds it in trust, with the understanding that it will be returned to the members when they request it. On the other hand, the loan component of the cooperative involves the cooperative lending money to its members under specific terms and conditions. This loan is also structured as a qardh, meaning that the cooperative lends the money to its members without charging interest or expecting any additional gain. The members are responsible for repaying the loan within a specified timeframe and may be required to pay a fee for the services provided by the cooperative. (Hamzah, Priharjanto, and Purwanti 2019) In Islamic finance, such cooperative arrangements are often categorized as "tabarru" contracts, which are social or benevolent contracts. These contracts emphasize mutual assistance and cooperation among members without the involvement of interest or usury, aligning with the principles of economic fairness and social welfare in Islamic economics.

The legal basis for savings and loans (simpan pinjam)

In Islamic finance can be derived from various sources, including the Quran, the Hadith (sayings and actions of the Prophet Muhammad), and the consensus of Islamic scholars (Ijma').

1. **The Quran: In Surah Al-Maidah (5:2)**, it is stated: *"Help one another in acts of piety and righteousness. And do not assist each other in acts of sinfulness and transgression." This verse emphasizes cooperation and mutual assistance in acts of goodness and righteousness, while discouraging any form of cooperation in sinful or harmful activities.* This principle can be extended to the practice of lending and borrowing, which is permissible as long as it serves a righteous purpose and does not involve usurious or sinful transactions.
2. **Hadith of the Prophet:** The Hadith of the Prophet Muhammad provides further guidance on ethical financial transactions. For example, there is a Hadith in Sahih al-Bukhari related to blood money, dog sales, slave-girl prostitution, tattooing, accepting or paying interest (riba), and making images or drawings. This Hadith underscores the importance of engaging in ethical and lawful economic activities.
3. **Ijma' (Consensus of Scholars):** Islamic scholars have reached a consensus (Ijma') that

qardh (lending or borrowing) is permissible in Islam. This consensus is based on the understanding that humans are interdependent and may need financial assistance from others. The practice of lending money to those in need is seen as a way of fostering brotherhood and helping those who require support. As long as the lending is done without charging interest or engaging in usurious practices, it is considered permissible.

These sources collectively provide a strong foundation for the practice of savings and loans in Islamic finance, emphasizing ethical and lawful financial transactions that promote cooperation, goodwill, and social welfare within the framework of Islamic principles.

The definition of a business model

The definition of a business model according to Gill, is that it embodies the logic underlying the operations of a business organization. It helps in understanding and predicting a company's management methods, sales methods, product and service provisioning methods, as well as value addition methods. In determining how a company creates and delivers value to customers and how it turns revenue into profit, it represents the definition of a business model, as stated by McQuillan and Scott.

Business Model Canvas in Islamic Business

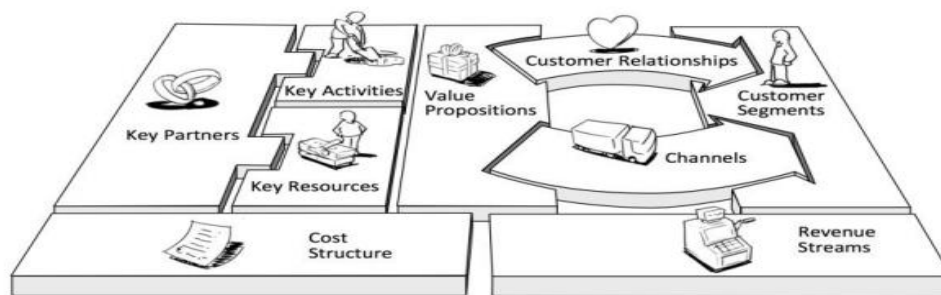


Image of 9 BMC Models
Sources : Alexander Osterwalder dan Yves Pigneur , 2013

The Business Model Canvas (BMC Model) is a framework widely used for mapping and optimizing business performance. It can also be used to re-map existing companies for improved performance. The business model that describes an organization's ability to create and deliver value is referred to as the Business Model Canvas, according to Osterwalder and Pigneur, as cited in Wisnus Sakti Dewobroto. From another perspective, a business framework consisting of 9 areas or segments of a company's activities defined on a single canvas is called a Business Model Canvas. Customer segments, value propositions, channels, customer relationships, revenue streams, key resources, key activities, key partnerships, and cost structures all fall within the nine areas of the Business Model Canvas. Osterwalder's Business Model Canvas is designed to help businesspeople gain a more accurate understanding of how their business is run. By using this tool, businesspeople can have an overall view while maintaining a complete and detailed understanding of key elements useful in answering business questions. By evaluating each key element, processes or strategies that are less effective can be easily analyzed, and new steps can be taken to achieve business goals. (Mukrimaa et al. 2020)

Business Model Canvas in Islamic Business the increasing awareness of Islamic finance in society has resulted in a growing interest in Sharia-compliant products. Among the most prominent are products related to financial institutions. As a commercial

strategy, ethics and trading etiquette must be used. According to Sheikh Sayyid Nada and Hadith of the Prophet Muhammad, the trading etiquette of a Muslim is as follows: (1) Do not trade in forbidden (haram) products or goods. (2) Do not engage in prohibited trading systems. The Prophet said, "Do not sell something you do not possess" (Ahmad, Abu Daud, Nasa'i). (3) Set a reasonable profit that is not excessively high. (4) Avoid making oaths in trade. The Prophet said, "Do not swear frequently while trading, for such a practice may make your merchandise more appealing but will eliminate its blessings" (Muslim). (5) Do not lie during transactions. Selling damaged goods without informing the buyer is an example of dishonesty. The Prophet said, "He who cheats is not of us" (Muslim). Using the Business Model Canvas technique to create a business model helps individuals to have a clear view of their business strategy. However, the elements of each Business Model Canvas component should align with the goal of conducting transactions based on Islamic principles. (Hamzah, Priharjanto, and Purwanti 2019; Hidayah et al. 2020; Kartika Pradana Suryatimur, Siti Afidatul Khotijah, and Panji Kusuma Prasetyanto 2020; Mutiarni, Zuhroh, and Utomo 2018; Risal, Wulandari, and Jaurino 2020; Studi et al. 2022; Tini and Yuliaslina 2021; Titioka et al. 2020; Tuhuteru et al. 2021; Wardana, Fitrianna, and Suhartanto 2022; Widiyono et al. 2021; Zulaika, Hendrayati, and Oktavia 2023)

CONCLUSION

Based on the analysis and elaboration conducted, several conclusions can be drawn regarding the Shariah business strategy that can be applied by BUMNagari Magek Sakabek in its savings and loan unit. There are eight BMC elements that need to be adjusted to the Shariah business strategy:

1. **Value Propositions:** The savings and loan unit of BUMNagari Magek Sakabek needs to innovate in developing products and services. This involves classifying Shariah – compliant financing and savings products according to their purposes. This adjustment will ensure that the products and services offered adhere to Shariah principles.
2. **Channels:** To promote its Shariah – compliant products, BUMNagari Magek Sakabek's savings and loan unit must utilize technology and social media to reach a broader market. This will enable the unit to expand its reach and raise awareness among the public about Shariah – compliant products.
3. **Customer Relationship:** BUMNagari Magek Sakabek's savings and loan unit can build stronger relationships with member customers through entrepreneurship training and the organization of regular activities, such as religious studies at the mosque. This will increase public interest in Shariah – compliant products.
4. **Revenue Stream:** With Shariah – compliant product innovation, BUMNagari Magek Sakabek's savings and loan unit can increase its revenue. This may include income from financing margins, profit – sharing, and ujroh, all of which adhere to Shariah principles.
5. **Key Resources:** Oversight by the Shariah Supervisory Board is crucial in managing BUMNagari Magek Sakabek's savings and loan unit with a Shariah business concept. Competent human resources and in – depth understanding of Islamic economic principles are also key to success.
6. **Key Activities:** In running a Shariah business, it is essential to pay attention to the products being offered. Shariah – compliant product innovation allows BUMNagari Magek Sakabek's savings and loan unit to offer Shariah – compliant financing and savings products with clear contracts in accordance with Shariah principles.
7. **Key Partnership:** BUMNagari Magek Sakabek's savings and loan unit needs to establish partnerships with other Shariah financial institutions to securely manage the

collected funds. Additionally, cooperation with Shariah –based academic institutions can help strengthen understanding of Shariah –based entrepreneurship and finance.

8. **Cost Structure:** The cost structure includes profit –sharing for customers in mudarabah contracts, as well as other operational costs required to run the Shariah –compliant savings and loan unit.

Adjustments to these elements will enable BUMNagari Magek Sakabek to effectively adopt the Shariah business concept, deliver products and services that align with Shariah principles, and support sustainable business growth while adhering to Islamic rules and values. Consequently, BUMNagari Magek Sakabek can make a positive economic and social contribution to the Nagari Magek community

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