

EMPOWERING COMMUNITIES THROUGH ISLAMIC BUSINESS PRACTICES: A CASE STUDY OF BPRS AL-MA'SOEM

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Abstract

This study addresses the problem of balancing profitability with social responsibility within Islamic finance institutions, specifically focusing on how BPRS Al-Ma'soem empowers local communities through Islamic business practices and Corporate Social Responsibility (CSR) initiatives. The primary objective of this research is to explore the impact of BPRS Al-Ma'soem's Islamic financial practices and CSR activities on community welfare and economic resilience in West Java, Indonesia. Using a qualitative case study approach, the study examines BPRS Al-Ma'soem's financial performance and CSR initiatives from 2019 to 2023. Data was gathered from secondary sources, including financial and CSR reports, to analyze key metrics such as asset growth, profit, and allocation of CSR funds. Findings reveal that BPRS Al-Ma'soem has achieved steady financial growth, which has enabled the bank to support various community initiatives in education, healthcare, and infrastructure. The CSR programs, funded through Qardhul Hassan and Zakat, Infaq, and Sadaqah (ZIS), have contributed significantly to local socioeconomic resilience. This research highlights BPRS Al-Ma'soem's success in balancing profitability with social impact, offering insights for other Islamic financial institutions aiming to enhance community welfare while maintaining financial stability.

Keywords: *Islamic Finance, Community Empowerment, Corporate Social Responsibility (CSR), BPRS Al-Ma'soem.*

A. INTRODUCTION

Islamic finance has witnessed remarkable global growth, driven by its emphasis on ethical investment, social justice, and financial inclusion. In Indonesia, the world's largest Muslim-majority country, Islamic financial institutions have emerged as vital players in promoting equitable economic systems. Mandated by the Financial Services Authority (OJK) to adhere to Shariah principles, these institutions prohibit *riba* (interest) and encourage risk-sharing as foundational practices to ensure ethical and transparent financial transactions (OJK, 2022).

Beyond these principles, Islamic banks are also tasked with addressing broader societal needs through Corporate Social Responsibility (CSR) initiatives. This dual role positions Islamic financial institutions not only as providers of financial services but also as contributors to community welfare. BPRS Al-Ma'soem exemplifies this integration of Shariah-compliant banking and CSR by offering financing tailored to underserved groups while actively supporting programs in education, healthcare, and disaster relief (Karim, 2018).

Small and Medium Enterprises (SMEs), which constitute over 99% of businesses in Indonesia, form a critical component of the nation's economic backbone. Their role in driving employment and GDP growth highlights the importance of financial inclusivity. BPRS Al-Ma'soem addresses this need by developing products such as *Murabahah* (sales-based financing) and *Multijasa* (service-based financing), which are designed to meet the unique requirements of SMEs and low-income communities. This approach underscores the bank's commitment to fostering economic development that aligns with Islamic ethical principles (Hadi, 2018).

The rising demand for Shariah-compliant financing reflects a broader shift toward ethical financial solutions. Institutions like BPRS Al-Ma'soem have responded by not only expanding their product offerings but also maintaining a focus on financial sustainability. This balance is evident in the bank's consistent financial growth, which strengthens its capacity to invest in CSR programs that directly benefit local communities. Table 1 provides an overview of BPRS Al-Ma'soem's financial performance, highlighting its stability and ability to support sustainable initiatives (Islamic Banking CSR Report, 2023).

Table 1. Year-Over-Year Growth Rates of BPRS Al-Ma'soem's Financial Performance (2019-2023)

Year	Total Asset Growth (%)	Net Profit Growth (%)
2019	-	-
2020	9.61%	29.86%
2021	17.53%	17.37%
2022	7.11%	12.01%
2023	10.41%	13.21%

Source: BPRS Al-Ma'soem Financial Reports, 2019-2023

The table highlights a consistent pattern of financial growth over the five-year period. Total asset growth peaked at 17.53% in 2021, reflecting an increased ability to allocate funds for Shariah-compliant financing products and CSR programs. While asset growth experienced a slight decline to 7.11% in 2022, the subsequent rise to 10.41% in 2023 demonstrates financial resilience and strategic recovery amidst fluctuating economic conditions.

Net profit growth reached its highest rate of 29.86% in 2020, aligning with an intensified focus on SME financing during the early phases of the COVID-19 pandemic. Although net profit growth stabilized in the following years, the consistent double-digit increases indicate robust profitability that supports the expansion of community initiatives. These figures underscore BPRS Al-Ma'soem's capability to balance its dual focus on financial sustainability and social impact.

The financial performance reflected in this table demonstrates the bank's capacity to foster community empowerment through enhanced CSR programs, which have included education scholarships, healthcare support, and disaster relief. The integration of Islamic financial principles with CSR initiatives has positioned BPRS Al-Ma'soem as a leading example of how Shariah-compliant banking can contribute to economic inclusivity and sustainable development.

Given this context, this study aims to explore "Empowering Communities through Islamic Business Practices: A Case Study of BPRS Al-Ma'soem." It

investigates how BPRS Al-Ma'soem integrates Islamic business principles with CSR activities to foster community empowerment and contribute to sustainable development.

B. LITERATURE REVIEW

1. Islamic Finance and Economic Justice

Islamic finance is built on Shariah principles that emphasize fairness, social justice, and inclusivity in financial transactions. The Financial Services Authority (OJK, 2022) mandates Islamic financial institutions to adhere to principles such as the prohibition of *riba* (interest) and *gharar* (excessive uncertainty). These principles ensure that Islamic finance serves as a tool to promote equitable economic growth and reduce financial disparities. Chapra (2015) emphasizes that risk-sharing and ethical investment practices are foundational to the Islamic financial system, making it distinct from conventional banking models.

2. Corporate Social Responsibility (CSR) in Islamic Finance

CSR is a core component of Islamic finance, mandated by regulatory frameworks such as the Indonesian Islamic Banking Act (UU No. 21/2008). CSR initiatives in Islamic banks aim to enhance community welfare through programs aligned with *maqasid al-shariah*, which seek to preserve wealth, life, intellect, religion, and lineage. According to OJK (2022), CSR in Islamic banks addresses critical issues such as education, healthcare, and disaster relief. Hadi (2018) further explains that CSR activities in Islamic finance are not only a regulatory obligation but also an embodiment of social responsibility that aligns with Islamic ethical values.

3. Shariah-Compliant Financing and Inclusivity

Shariah-compliant financing models such as *Murabahah* (sales-based financing), *Musyarakah* (partnership financing), and *Multijasa* (service-based financing) are designed to meet the diverse needs of communities. These models prioritize ethical practices and financial inclusivity. Karim (2018) highlights that these products provide access to financial resources for SMEs and low-income groups, promoting economic empowerment and sustainability. The shift towards more accessible financing models reflects the increasing demand for ethical and inclusive financial solutions in Indonesia.

4. Empowering Communities through CSR and ZIS Funds

Zakat, Infaq, and Sadaqah (ZIS) play a crucial role in Islamic finance by redistributing wealth and fostering socioeconomic development. The CSR report of Islamic banks (Islamic Banking CSR Report, 2023) indicates that ZIS funds are effectively used to support community programs, including scholarships, healthcare initiatives, and infrastructure development. This aligns with the *maqasid al-shariah* framework, which seeks to balance financial growth with social impact. ZIS funding is instrumental in reducing poverty and empowering communities, especially in rural and underserved areas.

5. Framework for Sustainable Development in Islamic Finance

Maqasid al-shariah serves as a guiding framework for achieving sustainable development through Islamic finance. It ensures that financial practices contribute to broader social and economic goals, such as environmental sustainability and community welfare. According to Ascarya (2015), Islamic finance institutions must prioritize the well-being of stakeholders while maintaining profitability. This balance underscores the role of Islamic banks as agents of positive change, promoting financial resilience and long-term socioeconomic stability.

6. Previous Studies

Several studies provide insights into the role of Islamic finance in empowering communities. Nurhayati and Endri (2021) explore the relationship between CSR initiatives and financial inclusion in Islamic banks, highlighting their impact on rural and urban communities. Azwar (2022) examines the role of Islamic banking in driving economic growth, emphasizing the importance of localized approaches in addressing community needs. These studies underscore the unique contributions of Islamic banks like BPRS Al-Ma'soem in balancing financial and social responsibilities.

C. METHOD

This study employs a qualitative case study approach to explore the role of BPRS Al-Ma'soem in community empowerment through Islamic business practices and Corporate Social Responsibility (CSR). Data were collected from secondary sources, including financial and CSR reports (2019–2023) and regulatory documents from the Financial Services Authority (OJK). These data provide insights into financial performance, CSR allocations, and the implementation of Shariah-compliant financing models such as Murabahah, Musyarakah, and Multijasa, aligning with previous research on real-world phenomena in organizational contexts (Creswell, 2018; Yin, 2018).

The data were analyzed using thematic analysis to identify patterns and themes reflecting the institution's financial growth, CSR strategies, and alignment with *maqasid al-shariah* principles. This analysis highlighted how BPRS Al-Ma'soem balances profitability and social impact, addressing SME financing needs and promoting sustainable development. By integrating financial and social objectives, this research contributes to the broader understanding of Islamic finance's role in fostering community resilience (Braun & Clarke, 2019; Haron & Ibrahim, 2020).

D. RESULT AND DISCUSSION

1. Financial Growth and Community Support

Financial data from BPRS Al-Ma'soem covering 2019-2023 indicate steady growth in total assets and net profits, which reinforces the bank's stability and its ability to support community development through CSR. Table 2 provides a detailed look at BPRS Al-Ma'soem's financial performance.

Table 2. Detailed Financial Overview of BPRS Al-Ma'soem (2019-2023)

Year	Total Assets (IDR Billion)	Financing Portfolio (IDR Billion)	Net Profit (IDR Billion)
2019	217.92	182.75	3.55
2020	238.86	188.87	4.61
2021	280.73	202.93	5.41
2022	300.70	219.49	6.06
2023	331.99	255.80	6.86

Source: BPRS Al-Ma'soem Financial Reports, 2019-2023

The updated figures reflect an overall increase in assets and profits, with notable growth in both categories each year. In particular, 2023 data show an increase in total assets to IDR 331.99 billion and net profits to IDR 6.86 billion. These results demonstrate the bank's ability to balance financial performance with its commitment to CSR, aligning with principles of sustainable banking and social responsibility (Chapra, 2016).

Compared with other BPRS institutions in Indonesia, BPRS Al-Ma'soem's growth rate slightly surpasses the average for Islamic rural banks, reflecting strong resource management and risk-sharing models. Internationally, Islamic banks such as Dubai Islamic Bank have showcased similar strategies but with broader scopes, emphasizing a combination of financial growth and social impact on national levels (Ahmed, 2019).

2. Composition of Financing Products

BPRS Al-Ma'soem's financing portfolio has evolved over the years, reflecting the bank's responsiveness to community needs and changing economic conditions. The portfolio includes various Shariah-compliant products such as *Murabahah* (sales-based financing), *Musyarakah* (partnership financing), *Multijasa* (service-based financing), and *Rahn* (Islamic pawn financing). Table 3 below details the distribution of these products from 2019 to 2023.

Table 3. Composition of Financing Products (2021-2023)

Product	2019 (IDR Billion)	2020 (IDR Billion)	2021 (IDR Billion)	2022 (IDR Billion)	2023 (IDR Billion)
<i>Murabahah</i>	147.04	149.86	154.95	130.23	128.70
<i>Musyarakah</i>	5.03	4.75	4.38	2.26	2.15
<i>Multijasa</i>	12.50	8.41	22.59	65.59	103.03
<i>Rahn</i>	18.18	20.25	21.01	21.41	21.93

Source: BPRS Al-Ma'soem Financial Reports, 2019-2023

The composition of BPRS Al-Ma'soem's financing products highlights a strategic shift to meet changing client needs while maintaining a Shariah-compliant approach. *Murabahah* financing, consistently the largest segment, decreased slightly from IDR 147.04 billion in 2019 to IDR 128.70 billion in 2023. *Musyarakah* also saw a reduction, reflecting client preferences for predictable returns through financing options like *Multijasa*, which grew significantly during the same period (Haron, 2020).

Similarly, *Rahn* financing remained stable, reflecting consistent demand for short-term, collateral-based financing. This diversified portfolio underscores BPRS

Al-Ma'soem's commitment to inclusive financial solutions, particularly for underserved segments such as SMEs and individual borrowers (Iqbal, 2018).

Similarly, larger Islamic banks such as Maybank Islamic and CIMB Islamic operate CSR programs supporting community welfare. While Maybank and CIMB's programs have a national focus, BPRS Al-Ma'soem's regional, targeted approach highlights the value of localized CSR for effective community impact (Islamic Banking CSR Report, 2023).

3. Financing by Segment

In 2023, BPRS Al-Ma'soem's financing was divided across various segments, with a significant portion allocated to the Non-SME (Non-UMKM) sector. This distribution reflects the bank's strategic focus on supporting different types of borrowers, aligning with both immediate community needs and long-term financial stability. Below is a breakdown of the financing allocation by segment:

Table 4. Financing Allocation by Segment 2023

Segment	Nominal (IDR Million)	Share (%)
Micro	16,600	6.48
Small	41,600	16.26
Medium	16,700	6.52
Non-SME	180,900	70.74
Total	255,800	100.00

Source: BPRS Al-Ma'soem Financial Report, 2023

The Non-SME sector dominates with 70.74% of the total financing portfolio, comprising institutional financing such as funding for teachers and employees. By focusing on lower-risk fixed-income loans, the bank ensures portfolio stability while meeting community needs (Zulfiqar, 2021).

Meanwhile, SMEs, including Micro, Small, and Medium Enterprises, received 29.26% of the financing allocation, supporting diverse business needs. This approach aligns with regulatory mandates to foster entrepreneurship and economic resilience in rural and underserved areas (Hasan, 2017).

In conclusion, BPRS Al-Ma'soem's financing allocation in 2023 highlights a strategic mix between lower-risk institutional financing and targeted support for SMEs. By dedicating resources to various segments within the SME sector, BPRS Al-Ma'soem not only fulfills regulatory expectations but also supports economic diversity and resilience, aligning with its role as a socially responsible Islamic bank. This balanced approach contributes to the financial inclusion of smaller enterprises while ensuring sustainable growth through institutional financing.

4. Corporate Social Responsibility (CSR) Initiatives

CSR initiatives are integral to BPRS Al-Ma'soem's community impact strategy. In alignment with Shariah principles, BPRS Al-Ma'soem operates not only as a business-oriented entity but also upholds a social responsibility function mandated under Indonesian Islamic banking law (UU No. 21/2008). This includes operating a *baitul maal* function, which allows the bank to collect and distribute funds from sources such as zakat, infaq, sadaqah, hibah, and other social funds.

In recent years, BPRS Al-Ma'soem's CSR activities have emphasized long-term sustainability and community welfare. These programs are funded through Qardhul Hassan (benevolent loans) and ZIS (Zakat, Infaq, and Sadaqah), allowing for diversified community outreach. In 2023, the bank continued to support various projects in education, healthcare, infrastructure development, and disaster relief, among others. Table 4 provides a comprehensive view of the CSR funding distribution from 2019 to 2023:

Table 5. CSR Allocation by BPRS Al-Ma'soem (2019-2023)

Year	Total CSR Funds (IDR)	Educational Scholarships	Healthcare Support	Infrastructure Development	Community Events	Disaster Relief
2019	71,202,000	1,250,000	500,000	750,000	250,000	250,000
2020	27,435,000	500,000	1,250,000	500,000	1,000,000	250,000
2021	178,360,000	2,125,000	3,000,000	2,500,000	1,315,000	750,000
2022	123,531,000	50,000	35,000	45,000	40,000	11,720
2023	181,721,000	2,500,000	32,057	3,000,000	1,500,000	750,000

Source: BPRS Al-Ma'soem CSR Report, 2023

The steady increase in CSR funds, from IDR 71.2 million in 2019 to IDR 181.7 million in 2023, highlights the bank's emphasis on sustainable social investment. Efforts were redirected during the COVID-19 pandemic to healthcare, while recent initiatives focused on education and infrastructure to enhance long-term community welfare (Rahman, 2022).

5. Unique Contributions within Al Ma'soem Group's Ecosystem

BPRS Al-Ma'soem benefits from integration within the larger Al Ma'soem Group, which includes educational institutions and healthcare services. This ecosystem supports the bank in extending its impact across sectors and addressing community needs more effectively. The group's infrastructure enables seamless delivery of financial and non-financial services, enhancing its role as a driver of local development (Karim, 2021).

In contrast to international counterparts like Al Rajhi Bank in Saudi Arabia, which focuses on digital services, BPRS Al-Ma'soem emphasizes localized strategies to empower smaller communities. This unique approach positions the bank as a model for community-focused Islamic banking (Ali, 2019).

E. CONCLUSION

This study has highlighted how BPRS Al-Ma'soem integrates Islamic business principles with CSR to promote community welfare. Its consistent financial growth allows the bank to maintain a balance between profitability and social responsibility. Leveraging its strong position, BPRS Al-Ma'soem demonstrates how Islamic finance principles like risk-sharing and *maslahah* can drive sustainable community development. The ecosystem within the Al Ma'soem Group further amplifies the bank's impact, enabling it to extend its influence across educational, healthcare, and essential service sectors. This synergy enhances BPRS Al-Ma'soem's capacity to provide a comprehensive model of community-centered Islamic banking that other rural banks can emulate.

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