

Strengthening the Role of the Local Wisdom *Tungku Tigo Sajarangan* as a Basis for the Development of Sharia Microfinance Institutions (Study at Sharia Microfinance Institutions in West Sumatra)

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ABSTRACT: West Sumatra is famous for its ethnic local religious wisdom as *basandi syarak, syarak basandi kitabullah*. In addition, *Tungku Tigo Sajarangan* has legitimacy as a collective leadership, consisting of *Ninik Mamak*, *Ulama*, and *Cadiak Pandai*. Assumptively, the local wisdom that is so religious and culturally ethnic Minangkabau community who commit to customary leaders, will help the development of a more conducive sharia economy. However, there is a strong indicator that shows that Microfinance Institutions Syariah in West Sumatra has not developed as well as thought. This phenomenon, apparently, caused *Tungku Tigo Sajarangan* has not played optimally. Strengthening the role of *Tungku Tigo Sajarangan* optimally can be used as capital and model of sharia economic development in West Sumatra and will contribute positively to the economic development of the Indonesian nation.

Keywords: *Tungku Tigo Sajarangan*, Sharia Microfinance Institutions

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I. PREFACE

The Minangkabau community, as summed up by some researchers, is well known for the spirit of mutual cooperation, entrepreneurial instinct, persistent, and religious culture [1] because it has a strong ideological foundation, integrated with the teachings of Islam through the philosophy *adat basandi syarak, syarak basandi kitabullah* (ABS-SBK) (customary laws are based on religious laws, the religious laws are based on customary laws)[2].

In the field of leadership, the Minangkabau community also has the local wisdom of *Tungku Tigo Sajarangan*. *Tungku Tigo Sajarangan* is a unity of the leadership of *Ninik Mamak* (traditional leaders), *Alim Ulama* (Religion), and *Cadiak Pandai* (government). The local wisdom of *Tungku Tigo Sajarangan* can be seen in terms of function in shaping the pattern and behavior its people[3].

Assumptively, the norm of *Adat basandi Syarak, Syarak Basandi kitabullah* and the local wisdom of *Tungku Tigo Sajarangan* is the supporting element of sharia economic development in West Sumatra, in terms of Sharia Microfinance Institutions. However, the reality shows that sharia microfinance institutions as not been able to free the community from the *ribawi* economics transactions carried out by moneylenders in the towns, traditional markets, settlements, and housing residents in West Sumatra. The question is, why does this happen? What is the role of *Tungku Tigo Sajarangan*?

II. THEORITICAL BASIS

1. *Tungku Tigo Sajarangan*

Tungku Tigo Sajarangan in Minangkabau ethnic is the local wisdom, as one unity of leadership of *Ninik Mamak* or *Penghulu* (traditional leaders), *ulama* (religious leaders) and *Cadiak Pandai* (intellectual, government) [4].

a. *Ninik Mamak*

Ninik Mamak or *Penghulu* is traditional leaders in Minangkabau, as holders of *sako datuak* (the title of *penghulu*) from generation to generation according to matrilineal society. *Ninik Mamak* is the leader and the patron of his people or his nephew according to custom[5].

b. Ulama

Ulama in Islamic terminology, are the people who are knowledgeable[6]. In the Minangkabau society, ulama are also called *buya*, *ustad*, and teachers. Socially, ulama in Minangkabau is praised by the name of *suluh bendang* (lighters that illuminate their environment). This nickname reinforces the role of ulama in Minangkabau society that is indispensable. Ulama also has a role to affirm the fatwa *syarak* to the entire community and the government, concerning the halal and haram issues done by community, [7] including in the economic field [8] and guiding them to leave the forbidden.

The Minang ethical leadership model that incorporates the ulama into the leader element is an adaptation to the philosophy of *adat basandi syarak, syarak basandi kitabullah*. This *ilahiah* description colored the terminology and symbolization in an integrated cultural entity. At least a form of leadership called *Tungku Tigo Sajarangan* (traditional leaders, ulama, and government) [9].

c. Cadiak Pandai

Cadiak Pandai in the leadership concept of *Tungku Tigo Sajarangan* is formally knowledgeable and has the ability to use a mind in overcoming complicated circumstances[10]. The term of *Cadiak Pandai* in Minangkabau society, according to Arifin, et.al, is an intellectual term in Indonesia etymology. The intellectual ability is referred to concerns various things. Thus, when associated with the leadership, *Cadiak Pandai* can mean good manageability in managing resources optimally and proportionally[11]. Based on this understanding, *Cadiak Pandai* is the government. Since the government is a part of the *Cadiak Pandai* who is entrusted, *didahulukan selangkah, ditinggikan seranting* or take a step forward, elevated a twig[13].

Based on the concept that has been described, functionally, *Tungku Tigo Sajarangan* has three roles. First, take care of, maintain, supervise, and direct the community (his people). This role is attached to the leader of the *Ninik Mamak* group. Second, the role of guidance in the field of religion, guiding the community in order to keep in a line of *syarak* or Islamic's teachings. This role is attached to the leader of Ulama. Third, formulate the rules and the conditions of life in the society. This role is attached to the leader of *Cadiak Pandai*. However, it may be that all criteria (all elements of *Tungku Tigo Sajarangan*) are embedded in a person and play their third role.

2. Sharia Microfinance Institutions

Sharia microfinance institutions is one of the Micro Financial Institutions (MFI) or more popularly called microfinance. According to Joana Ledgerwood, as quoted by Amalia, the MFI is "a provider of financial services for small and micro entrepreneurs and serves as a development tool for rural communities"[4]. According to Tahari, MFI is the institutions that provide financial services for micro and low income, formal, semi-formal, and informal people[15]. Thus, the meaning of Sharia Microfinance Institutions is the Sharia Financial Services is well known as Baitul Mal Wat (BMT). *Bait al-mall* is a place to collect, save a property, and develop social funds[6]. On the other hand, *baitul tamwil* is a business institution that tends to profit. From this understanding, it can be concluded that the existence of BMT is the business organization that has a social role. The existence of the BMT at least should have the following functions[17]. (1) To make the society keep away from economic practices that are contrary to the principles of sharia; (2) to actively socialize with the community of urgency of sharia economy, for example, training. (3) Conducting coaching and provision of small business funding. (4) Releasing dependence of loan sharks. (5) Maintaining the economic justice of society with equal distribution.

3. The prospect of Sharia Microfinance Institutions in Sharia Economic Development

Muslims with Islamic ideology try to apply the values of sharia in all aspects of life, also in the economic aspects. The most important thing in sharia economic building is related to the goal that is the implementations of the values of justice through various economic instruments. Thus, the presence of Sharia Financial Institutions, in the rest of the world including in Indonesia, is inseparable from ideological reasons.

Besides ideological reasons, it is equally important to present here economic reasons. Indonesia has a Muslim majority population. However, in terms of welfare proportional to the number of poor people. Based on Oxfam's research report, British nonprofit organization, poverty in Indonesia has penetrated the emergency threshold. Indonesia's economic growth is often proud, for example for the year 2016 reached 5.02 percent and higher than the previous year (4.88 percent), but it was not proportional to the improvement in the poverty rates. The report of Oxfam also shows that in the last two decades inequality in Indonesia has increased more rapidly than other countries in Southeast Asia. The report states that the richest collective wealth of the four richest

people in Indonesia recorded at the US \$ 25 billion (equivalent to Rp. 335 trillion), and it is greater than the combined wealth of the 100 million poorest people in Indonesia. In fact, according to this study, interest from the wealth of the four richest people in Indonesia in a day is more than a thousand times the total expenditure of the poorest people for basic needs in the full year. When calculated the amount of money earned each year from the wealth of the richest enough to eradicate the extreme poverty in Indonesia[18].

The population of the poor category in Indonesia is dominated by Muslims and mostly in the sector of Micro-Enterprise. Among the problems that hamper micro enterprise development, it is the unavailability of capital. Mildawati and Amriah Buang (2014) research indicate that the main problem of female traders in Baso of Limapuluh Kota Regency is the lack of capital. A total of 59.3 (54) of the 91 traders who responded to this study responded to the lack of capital as the constraints they face in developing their business, in addition to other obstacles, such as government support in the form of procurement of trade places [19].

According to Pandjialam, it is hard to get the capital for managers of Micro, Small, and Medium Enterprises (MSME) in Indonesia because is still controlled by the conventional economic system. In principle and fact, continued Pandjialam, the users of MSME difficult to grow as long as they are in the conventional economic system because it naturally does not have adequate capital. Meanwhile, the large economic capital is controlled by conglomerates. Theoretically, still according to Pandjialam, the spirit of the conventional economic system is the mastery of capital by certain economic groups of actors which in turn provides an opportunity to seek life for the others as workers and labors[20].

In fact, MSME is very important for the economic development of the country. According to Amalia's research, MSME is a business actor in large numbers and even majority in the structure of business in the country[21].

On the other hand, the problem of poverty and the limited capital of Small Medium Enterprises (SME) indicates the need for alternative financial institutions and it is expected to facilitate access to capital. Microfinance Sharia Institutions, in this case, Sharia Cooperatives are popular with the name of BMT is a financial institution that has prospects and potential to grow. Moreover, sharia finance institutions such as Banking, until 2016 still not able to penetrate the ideal market share. In fact, according to research by Marpaung (2015), the achievement of sharia is a less realistic attitude, as long as Indonesia only implement the policy of dual banking system. The view appears based on the results of his research that found the fact that is interest in terms of the relationship between customers and banks[22]. In addition, from the aspect of morality, dual banking systems also received a lot of criticism from some Muslim scholars because of mutual benefit between the funds sourced from the Sharia Microfinance Institutions with forbidden funds because it is in one institution[23].

III. RESEARCH METHODS

This research is qualitative that seeks to uncover and optimize the role of Tungku Tigo Sajarangan in developing sharia economy through Sharia Microfinance Institutions. The technique of data collecting done by observation, depth interview, and documentation by using purposive sampling and snowball sampling.

The Role Of Tungku Tigo Sajarangan In The Development Of Sharia Microfinance Institutions In West Sumatra

One of the obstacles that hampered the development of Sharia Microfinance Institutions in Indonesia, generally, and especially in West Sumatra is the factor of sharia norms that are less socialized. A number of micro business actors claim to always be in contact with *julo-julo* service providers (loan sharks) when they need funds to run their business. Among the reasons they point out is the easy lending process. Meanwhile, the excess repayment of loans (sometimes reach 40%) and it was not realized by the informant that it is forbidden (haram or usury). In fact, according to some service informants *julo-julo* precisely the God helper, because they do not have access to the bank [24]. More ironically, there are spouses of her husband preacher (ustad), while his wife is a provider of *julo-julo* funds. Field data also revealed, not a few scholars with an educational background of Islamic Religious High School graduates but do not understand the permissible and the forbidden (usury) [25].

The findings above show, firstly, LKMS has not been able to provide capital solutions for the surrounding micro business actors, which is hampered by the system to get loans from banks should be saved by LKMS. Second, local wisdom Tungku Tigo Sajaranga, especially from the element of Ulama, both institutional and personal has not played an optimal role in socializing fatwa prohibited interest on the loan. Based on data on several mosques, many preachers are educational background S2 and S3, there is even a level of Professor [26]. However, there has never been an ustad or preacher conveying the theme of sharia economy [27].

The Concept Of Development Sharia Microfinance Institutions Based “Tungku Tigo Sajarangan”

Based on the findings that have been described in the previous discussion, the important thing of concern in this research is the lack of understanding and public awareness of the provisions of sharia, related to the interest on the loan. Some strategic steps that can be done ulama, in this case, Majelis Ulama Indonesia, among others:

a) Socialization

1) Consolidation with Da'i and Mubaligh

Based on the findings of this research, the ustad, da'i, and mubaligh, have not performed the function as scholars in terms of socialization of sharia economic values. Because, as Jalil said, generally da'i and mubaligh not understand the impact of bank interest that is very terrible for the economy of the country and the world. That is, there has not been much serious training followed by scholars about the impact of interest in empirical and scientific facts based on modern economic theory [28]. Consequently, over the years millions of podiums have witnessed that the da'i and mubaligh did not elaborate on one important theme in the sharia economic system. Thus, understandable why Muslims, especially in West Sumatra, many who do not understand the prohibition of interest on loans practiced by the loan sharks.

In this connection, concrete efforts are needed so that ulama, ustad, da'i, and mubaligh understand that the legal loan interest is haram. For example, discussions, seminars, or workshops on loan interest.

2) Empowerment the Da'i and Mubaligh

If the first point can be done well, then the next effort is to empower the da'i and mubaligh. Even Jalil argues for the importance of the formation of Economic Da'i [29]. This program will be very effective because da'i and mubaligh have thousands of worshipers. If they already have a comprehensive knowledge of sharia economics, including the role of Sharia Microfinance Institutions, their fatwas are no longer in the view of sharia financial institutions, but they are steadily and scientifically valid for loan interest.

For West Sumatera, this idea is quite promising, with the number of houses of worship (mosques) reaching 17,224 [30]. Every mosque especially those in the city routinely performs activities that bring many people, namely the Friday prayer and recitation. For recitation called wirid, the cycle varies depending on the local socio-cultural and economic conditions, there are daily, weekly, monthly, and even there is a mosque that conducts recitation every prayer (except Isya). Suppose every ustad conveys the themes of sharia economy for one period, then millions of pilgrims will get information about sharia economics, for example, the prohibition of using a loan with the interest system.

3) Empowerment of Mosque Management

As a person who *didahulukan selangkah dan ditinggikan seranting* (take precedence one step elevated one twig, a mosque administrator can:

- (a) Incorporating the theme of sharia economy into its work program, for example by holding a special recitation and bringing the background of sharia economy.
- (b) Encouraging pilgrims to participate in raising the nearest LKMS, and if possible establishing a BMT as a business charity for mosques and worshipers.
- (c) Save the mosque's cash or invest it to the nearest BMT. If this cooperation can be realized, with the number of mosques as much as 17,244 West Sumatera, the assumption will greatly help the lack of funds experienced by BMT. For example, on average one mosque invests Rp. 5 million only, it will accumulate funds Rp. 86.120.000.000,00.

b) Identification

In the worldview of Islam, adherence to sharia is regarded as a precondition for the fulfillment of economic and financial transactions within the confines of Islamic beliefs at the level of individuals, institutions, governments, and society. However, in fact, here is found ambivalence attitude of Muslims. For example, the State Islamic University (UIN) Imam Bonjol, academically participates in fighting for sharia economy through the Faculty of Economics and Islamic Business. However, Islamic institutions located in Ranah Minang are still using conventional bank services (Bank Nagari) based on usury.

In addition, there is a perception of the public that the Sharia Financial Institution is no different from other financial institutions, such as Adira Finance, Fedral International Finance. As a result, there is complacency (reluctance to change).

For this case, there are two possible ways. First, build commitment. All components and exponents of *Tungku Tigo Sajarangan* work synergistically one word and one vote says the loan interest is unlawful. No more Alim Ulama (ustad, da'i, and mubaligh), Ninik Mamak, Cadiak Pandai, who went out into a conventional financial institution, except very forced (emergency). Logically, it will be definitely affecting the development of Sharia Microfinance Institutions.

Second, the labeling of halal and haram products. All products offered to the public must be clearly certified which is halal (permissible) and which is haram (forbidden). If this second point can be realized, then

the feedback will be very significant to the development of sharia economy with its variants. It can be estimated that conventional financial institutions, such as banks and cooperatives, will morpheme into sharia financial institutions.

c) Internalization

Internalization is a continuation of the identification process. Internalization is the most important part of one's understanding of a certain norm because it is at this point that belief is proved. In the context of easing the sharia economy, internalization becomes the most decisive bases. Of course, to arrive at the realm of internalization, everyone has different processes and causes. Therefore, efforts must continue to be made through the limitless process of socialization and identification.

IV. CONCLUSION

1. Among the factors that slow the development of Tungku Tigo Sajarangan because there are still many Muslims who do not yet know the prohibition of interest on the loan. In addition, the perception of some Muslims who consider Sharia Financial Institutions identical with Conventional Financial Institutions. This happens because the local wisdom Tungku Tigo Sajarangan, especially from elements of ulama, has not performed its function optimally in disseminating MUI fatwa concerning bank interest.
2. Accelerating the development of Sharia Microfinance Institutions in West Sumatra can be done by strengthening the role of local wisdom Tungku Tigo Sajarangan, through socialization and consolidation and with various parties, the identification with the labeling and halal certification of all financial services products, and internalization through limitless educational people.

V. RECOMMENDATION

It is necessary to socialize efforts in sharia economic values or ideologization process of the local government which involves the ulama through three approaches. First, the application of Islamic value in economic and business activities, such as practicing the principles of cooperation between businessmen and sharia economic institutions. Second, public education through effective and sustainable Islamic economic campaigns; and third, the development of syariah economic education curriculum at all levels of education, including primary and secondary education.

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