



Sharia Financial Inclusion Based on Local Cultural Values to Support the Sustainability of Small Traders' Businesses

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Abstract

Sharia financial inclusion has significant urgency in economic and social development, especially in countries with a majority Muslim population. Small traders often face difficulties in obtaining financing to support and sustain the growth of their businesses. This descriptive qualitative research, employing an ethnographic approach, aims to document and explore Sharia financial inclusion initiatives carried out by *Baitul Mal wa Tamwil* Mandiri Mandiri Berkah Sejahtera Sharia (BMT MBS Sharia) in support of the sustainability of small trader businesses. Data collection techniques are through observation, interviews, and documentation. Data analysis involved data reduction, data presentation, and drawing conclusions. The results of the research show: 1) the implementation of financial inclusion carried out by BMT MBS Sharia by providing easy savings transactions with sharia contracts, implementing a pick-up system with a Jagongan communication pattern, giving direct prizes without drawing lots, and adjusting to the trading times of partners who use the Krempyeng market system in Javanese calendar market days, 2) BMT MBS Sharia adopts local cultural values because they are more acceptable and easy to adapt to the conditions of market traders, and 3) the impact of inclusion carried out by BMT MBS Sharia is that as many as 863 small traders from 15 traditional markets are disciplined in saving, no again trapped by loan sharks, and has a priority to get a financing program from BMT MBS Sharia, and can set aside to share. In this way, the existence of BMT MBS Shariah, a micro-Shariah financial institution, can help small traders survive.

Keywords: inclusion, markets, local cultural values, sharia financial, small traders

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Introduction

Local cultural values are a crucial dimension in Islamic financial inclusion, supporting the sustainability of small traders' businesses. Integrating local cultural values with financial practices has expanded financial reach and encouraged inclusivity (Puteri & Roza, 2018). Indonesia's lack of Islamic financial service networks results in low financial inclusion. With the numerous services available today, it is not enough to reach the entire vast territory of this country. As a result, many people have not been reached by Islamic financial services (kneks.go.id, 2019). Organizational culture is essential in improving financial literacy among small businesses in Cameroon (Hikouatcha et al., 2024). The financial inclusion rate in 2023 is still 12 percent (rri.co.id, 2024). The integration of local cultural values and the development of a Sharia financial service network are necessary to increase Sharia financial inclusion, which remains low in Indonesia.

In the development of Islamic economics and finance, Islamic cultural theories require deeper and more systematic exploration to strengthen equitable financial inclusion more effectively. Existing discussions on financial inclusion tend to focus predominantly on technical and institutional dimensions—such as access to financial services, microfinance mechanisms, and the performance of Islamic financial institutions—while providing insufficient attention to the cultural foundations that shape economic behavior. These cultural dimensions are essential for understanding how communities interpret values, beliefs, and financial practices that align with sharia principles. A systematic engagement with Islamic cultural theories provides a more holistic analytical framework for understanding the influence of religious norms, muamalah ethics, and social solidarity as moral and social foundations for inclusive finance. Thus, incorporating a cultural perspective not only reinforces the normative legitimacy of the Islamic financial system but also enhances the development of inclusion models that are grounded in the social and spiritual identity of Muslim communities (Siddique, 2025).

Islamic financial inclusion can support the sustainability of small businesses and market traders. Several previous studies that discussed the relationship between financial inclusion can be mapped. First, the use of applications, digitalization, and technology as innovations to increase sharia inclusion in Islamic boarding schools, Islamic financial institutions, and philanthropy (Fahlefi, 2019; Nurfalalah & Rusydiana, 2019; Sani et al., 2019). Second, Islamic financial inclusion enhances MSME performance in halal tourism, with Islamic banking playing a crucial role in accessing halal financing (Adinugroho et al., 2024; Mujiatun et al., 2023; Rifai, 2017). Third, financial inclusion with a cultural approach impacts the economies of small communities, MSMEs, and wiesmen (Adriani & Wiksuana, 2018; Kusnandar, 2018; Suryaningrum et al., 2023). Among the three study patterns, it is evident that research on Islamic financial inclusion grounded in local cultural values remains limited and warrants further exploration.

This study examines the integration of Islamic finance with local cultural values as practiced by BMT MBS Sharia for small traders in traditional markets. In line with this, the study focuses on three key aspects. First is the implementation of Islamic financial inclusion within BMT MBS Sharia. Second, it examines how BMT MBS Sharia emphasizes the application of local cultural values in implementing Islamic financial inclusion. Third, it evaluates the impact of implementing Islamic financial inclusion based on local cultural values on the business sustainability of small traders affiliated with BMT MBS Sharia. The choice of BMT MBS Sharia as the research site is grounded in strategic relevance and a strong empirical connection to the study of Islamic financial inclusion. As one of the most prominent Islamic microfinance institutions in the Madiun Residency, operating through 12 branches across Madiun and Magetan, BMT MBS Sharia demonstrates robust institutional capacity in managing sharia-compliant financing and fund mobilization. Its active engagement with grassroots communities also makes it a representative locus for observing the practical application of Islamic financial principles at the local level. Thus, this location provides an appropriate and comprehensive setting for examining institutional dynamics, service innovations, and the effectiveness of sharia-based financial inclusion initiatives in the region.

This research argues that applying local cultural values in the implementation of financial inclusion has supported the sustainability of small traders' businesses. BMT MBS Sharia's most significant impact in implementing local cultural values related to

Islamic financial inclusion is the increase in membership, especially among small traders in the Madiun-Magetan markets (KK interview, 2024). Indeed, the study needs to be extended to examine additional impacts on the sustainability of small traders' businesses, including the effects of financial literacy and understanding, trust in BMT and the support of the merchant community the suitability of BMT's products and services with local customs and traditions, the solidarity and togetherness of the merchant community in supporting sharia institutions, the impact of community respect for leaders, the impact of welfare and the role of women traders, the impact of sustainability and risks and so on (Marfai, 2019). This impact study highlights a transformative issue, demonstrating that incorporating local cultural values into Islamic financial inclusion contributes to economic development in unbanked societies, particularly in communities and small traders in Madiun-Magetan.

Previous research on Islamic financial inclusion has shown significant benefits in various contexts. Several studies have discussed how Islamic financial inclusion can support the sustainability of small businesses and market traders, as well as improve the performance of MSMEs in the halal tourism sector by highlighting the critical role of Islamic banking in accessing halal financing. Another study examines the role of technology and applications in enhancing Islamic financial inclusion in Islamic boarding schools, Islamic financial institutions, and philanthropy. In addition, financial inclusion with a cultural approach has been proven to have a positive impact on the economies of small communities, MSMEs, and women.

Digitalization has the potential to impact the increase of the literacy index and Islamic financial inclusion because, in the era of open public information, most people now have easy access to the internet. In addition, the number of smartphone users in Indonesia continues to increase each year (Nurfalah & Rusydiana, 2019). Fintech can improve financial services and expand their reach. Although it has not been widely applied in Islamic philanthropy, fintech-based programs offer the potential to increase fundraising and alleviate poverty (Fahlefi, 2019). The ADIBA MSME application helps make Islamic financial services more accessible and better understood by MSMEs, thereby increasing financial inclusion (Sani et al., 2019). Using applications, digitalization, and technology as innovations can also enhance Sharia financial inclusion

in Islamic boarding schools, Islamic financial institutions, and philanthropic organizations.

Bank *Pembiayaan Rakyat Sharia* (BPRS) has successfully implemented financial inclusion by providing MSMEs with access to financial services and distributing financing. BPRS also maintains healthy financial ratios to ensure stability and trust in the Islamic financial ecosystem (Rifai, 2017). Islamic banks can innovate by offering specialized financing products for tourism industry players and by hosting engaging events to shift the public's perception toward the greater inclusivity of Islamic banks (Adinugroho et al., 2024). Developing the halal tourism ecosystem in Indonesia requires comprehensive support from commercial actors. MSMEs in this ecosystem can grow and innovate with support from Islamic banking and Islamic BPR; therefore, a more accommodating approach from Islamic banking is needed to provide broader, more flexible access to halal-compliant financing (Mujiatun et al., 2023). Islamic financial inclusion enhances MSME performance in halal tourism, with Islamic banking playing a crucial role in facilitating access to halal financing.

Financial inclusion drives MSME development and overall economic growth, but has yet to produce substantial short-term improvements in community welfare or reductions in poverty rates (Adriani & Wiksuana, 2018). Comprehensive financial inclusion in Indonesia can have a significant impact on MSME entrepreneurs, particularly women entrepreneurs. This is expected to expand their access to financial services, thereby supporting the growth and sustainability of their businesses (Kusnandar, 2018). Financial inclusion through policy reforms, digital financial services, financial literacy programs, and public-private partnerships can promote inclusive and sustainable economic development in developing countries. This approach expands access to financial services for all levels of society, supporting more equitable economic growth (Suryaningrum et al., 2023). Financial inclusion that incorporates a cultural approach positively influences the economy of small communities, MSMEs, and women.

The impact of digitalization on Islamic financial literacy often fails to consider the variations in internet accessibility across regions (Nurfalah & Rusydiana, 2019). Fahlefi (2019) emphasizes the potential of fintech in Islamic philanthropy, although empirical evidence remains limited. Sani et al. (2019) identify the benefits of the ADIBA

MSME application but provide insufficient analysis of the barriers to its adoption. Rifai (2017) demonstrates the success of BPRS in promoting financial inclusion, yet the study lacks more recent data reflecting developments since 2017. Adinugroho et al. (2024) propose product innovations for Islamic banks in the tourism industry, although their analysis does not adequately incorporate key social dimensions (Mujiatun et al., 2023). A sufficient examination of structural access barriers does not support their emphasis on the importance of an accommodative approach in halal financing. Adriani and Wiksuana (2018) note the short-term impact of financial inclusion but do not address its long-term socioeconomic implications. Kusnandar (2018) highlights the significance of financial inclusion for women entrepreneurs yet does not analyze gender-specific challenges in accessing financial services. Suryaningrum et al. (2023) discuss the role of culturally based financial inclusion; however, their findings may have limited generalizability due to the localized research context.

Based on the studies mentioned above, this study identifies differences. It offers new insights, with a deeper focus on Islamic financial inclusion grounded in local cultural values to support the business sustainability of small traders, particularly those operating in traditional markets. This study examines how the implementation and application of local cultural values can enhance Islamic financial inclusion in Islamic microfinance institutions. In addition, this study will analyze the real impact of Islamic financial inclusion on the business sustainability of small traders who are members of the institution. By blending local cultural approaches with Islamic finance principles, it is hoped that more effective models can be developed to improve financial access, strengthen local community economies, and provide sustainable solutions for small traders to overcome their financial challenges. This research is expected to make a significant theoretical and practical contribution and to encourage the development of more holistic, culturally rooted financial inclusion policies.

Method

The object of this research is BMT MBS Sharia. Based on the data collected, BMT has successfully empowered market residents in Madiun and Magetan through an inclusion pattern that aligns with local cultural values. Researchers feel that this approach is very thick and deeply integrated into its members' daily lives. By incorporating local

cultural values into its operations, BMT Mandiri Berkah Sejahtera can build a closer, more relevant relationship with the communities it serves, thereby creating a significant positive impact on local economic empowerment.

This research employs a qualitative, phenomenological approach. This approach focuses on how individuals interpret and give meaning to their experiences. In phenomenological research, consciousness is regarded as a phenomenon that can be accessed and understood through in-depth reflection and detailed descriptions of individual experiences (Husserl & Moran, 2012). The phenomenological approach was chosen because it allows researchers to understand how individuals interpret and give meaning to their experiences. Phenomenology focuses on detailed descriptions and deep reflection on subjective experiences, which are highly relevant to uncovering the meaning and perceptions of market participants regarding the inclusive performance of BMT MBS Sharia. Thus, this approach provides a richer, more comprehensive insight into the phenomenon under study than other methods (Sarosa, 2021).

This study clearly distinguishes between primary and secondary data. Primary data consist of original information collected directly by the researchers through interviews or other direct methods. In this study, primary data were collected through structured interviews with BMT MBS Sharia managers and market traders who are members of the institution. Additionally, direct observations and documentation of inclusion activities in the market were carried out to strengthen the validity of the findings. Meanwhile, secondary data are drawn from company records and other relevant sources (Sugiyono, 2018). These secondary data were obtained from various sources, including financial statements, the BMT MBS Sharia website, and other appropriate supporting documents. This combination of primary and secondary data offers a comprehensive picture of the performance of Islamic financial inclusion in BMT MBS Sharia.

This qualitative research employs data collection methods that include interviews, observations, and documentation. Interviews are structured and conducted via video and telephone. Interviews were conducted with one member of the Sharia supervisory board, one member of the board of directors, two branch office managers, and ten market traders who are members of BMT MBS Sharia. Observation is conducted by examining the

dynamics of local culture in the market and the daily activities of BMT MBS Sharia, including communication interactions, approaches, proximity, services, and transactions. Documentation was obtained from financial statements, the BMT MBS Sharia website, and transaction records.

The collected data were analyzed using the Miles and Huberman analysis model, which consists of three main stages: data reduction, data display, and conclusion drawing/verification. Data reduction was undertaken by grouping data relevant to the research topic, namely the implementation of Islamic financial inclusion, the role of local cultural values as a key factor influencing the success of Islamic financial inclusion, as well as the impact of culturally grounded Islamic financial inclusion on the business sustainability of small traders affiliated with BMT MBS Sharia. The data is presented in tables and images, making it easier to read and understand. Finally, conclusions were drawn from the data.

Findings

Implementation of Sharia Financial Inclusion BMT Mandiri Berkah Sejahtera

Islamic financial inclusion is an effort to ensure that every individual, regardless of their economic or social background, has access to and can utilize financial products and services that adhere to Islamic Sharia principles. The implementation of Islamic financial inclusion based on local cultural values, as implemented by BMT MBS Sharia can be seen in the image below:

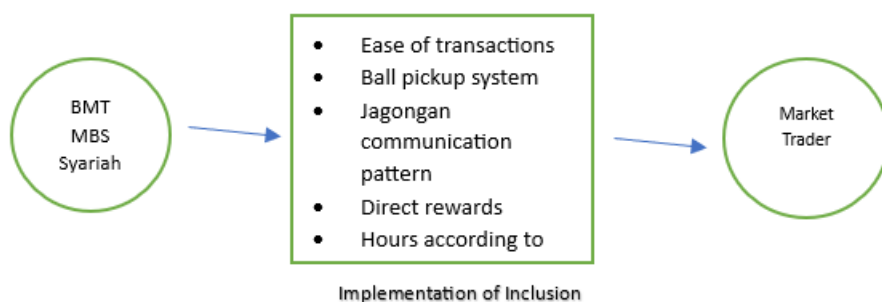


Figure 1. Implementation of Sharia Financial Inclusion by BMT MBBS

Figure 1 above shows the implementation of Islamic financial inclusion initiated by BMT Sharia. There are five implementation patterns, including 1) providing ease of

saving transactions with Sharia contracts, simply by filling out the application form for opening a savings account, submitting a copy of the Identity Card (KTP), and making a minimum initial deposit of IDR 10,000.00, with a subsequent minimum deposit of IDR 5,000.00. This amount is, of course, relatively small for small traders. The administration fee for opening an account is Rp 2,500.00, and the administration fee for account closure is Rp 10,000.00, in addition to a required initial deposit. BMT MBS Sharia also offers free monthly administration fees and services, 2) the implementation of a pick-up system, allowing customers to save without having to come to the branch office, as officers visit customers directly to collect deposits; 3) the use of the *jagongan* communication pattern—similar to a granddaughter speaking with her grandmother—where officers ask about customers’ well-being and listen to their concerns, creating a relationship that extends beyond formal financial interactions; 4) a direct gift program for partners, in which every account opening of Rp 10,000.00 receives laundry soap, Rp 50,000.00 receives cooking oil, and Rp 100,000.00 receives a T-shirt; and 5) adjusting services to partners’ trading schedules, particularly the *Krempeyeng* market system and Javanese market-day cycles. (KK interview, 2024)

Local Cultural Values as an Important Factor in the Successful Implementation of Sharia Financial Inclusion

One of the keys to the success of implementing Islamic financial inclusion in Madiun and Magetan, as undertaken by BMT MBS Sharia, lies in the utilization of local cultural values. The implementation of financial inclusion that is sensitive to local values is known to influence the level of community participation, increasing trust in Islamic financial institutions, the potential for business sustainability, and strengthening communal bonds (social cohesion) as written in the following Table 2:

Table 2. Local Cultural Values as a Success Factor for Sharia Inclusion

It	Interview Quotes	Informant	Code
1	<i>"The community easily accepts cultures such as friendly, gift-giving, and politeness because, following human values in the BMT program, it is</i>	Pan, 2024	Local cultural values are close to the community

	<i>easy to accept because the employees are grapyak, semanak."</i>		(familiar), increasing trust.
2	<i>"She is polite, kind, cheap, and has a smile. If she explains, it is easy to understand, and we know each other because it comes every morning, so we believe in saving and borrowing."</i>	Suh, 2024	
3	<i>"Members are usually models who go viral; for example, you participate in the Panggung market, and I am in Jiwan. I also joined the Western one."</i>	Sul, 2024	Increase participation
4	<i>"Look at how you can get a loan. The conditions are easy, may also parani, so I'm yo it."</i>	Sut, 2024	
5	<i>"Upload-ungguh, gemati, semanak, awehan, podo rosne wong ra nhave, usually yes, such an attitude will be emulated by children and grandchildren, Mbak."</i>	Sum Wr, 2024	Sustainability potential
6	<i>"The profession as a market trader, whether in a shop, stall or a pleser, is usually continued later by his son if he is no longer strong or dies."</i>	Gem, 2024	
7	<i>"If we help each other here, ma'am. Some leave, the goods are taken over, if someone buys it, they are served, the money is given to the nitipin seller."</i>	Afw, 2024	Local values strengthen communal bonds (social cohesion)
8	<i>"We are the manager; for example, when we come, the mbah is still quiet. Sometimes we buy it, and sometimes if it's noon or kelarisen, it's even given to us."</i>	Anonymous, 2024	

Local cultures and values, such as *unggah-ungguh*, giving gifts, *jagongan*, *ndolani*, and *anti-riba*, serve as significant social capital for Islamic financial inclusion at BMT MBS Sharia, helping us design products and services that follow Sharia principles and local culture, and contributing to a sustainable and equitable economy.

It is undeniable that local culture and values continue to guide community behavior and are passed down from generation to generation. Based on observations and interviews conducted by the BMT MBS Sharia manager, existing customs and practices

such as unggah, giving gifts, jagongan, ndolani, and cultural disapproval of riba can be leveraged as social capital to advance the institution's goals of Islamic financial inclusion. These cultural elements play a significant role in the Islamic financial inclusion process implemented by BMT MBS Sharia. This provides the foundation for designing financial products and services that adhere to Sharia principles and align with local cultural values. Through this approach, BMT MBS Sharia is able to make a stronger contribution to building a sustainable and equitable economy, as well as to strengthening the community's social ties and cultural identity.

The Impact of the Implementation of Sharia Financial Inclusion Based on Local Cultural Values on the Business Sustainability of Small Traders Members of BMT MBS Sharia

The implementation of Islamic financial inclusion, grounded in local cultural values, demonstrates a positive impact on the sustainability of small traders' businesses. These impacts include enhancing community participation, strengthening economic distribution, improving financial literacy, promoting empowerment, and fostering a savings culture within Islamic financial institutions. Detailed information about the participation level of the community/small traders is presented in the following table:

Table 2. Number of BMT MBSS Market Trader Members 2024

Branch	Market Name	Member
Barat (Magetan)	Sumberejo Market	55
	Karas Market	73
	Barat Market	50
	Pojok Market	150
	Winong Market	35
	Tinap Market	65
Sawah Deso (Madiun)	Kincang Market	120
	Bukur Market	45
	Tanjung Market	27
	Sukolilo Market	31
	Winongo Market	35
	Patihan Market	67

Karasan Market	45
Kinanadang Market	47
Bulu Market	18
Total	863

Source: BMT MBS Sharia Member Data, 2024

Table 2 illustrates the participation of small traders in the BMT MBS Sharia program. These figures show significantly higher participation compared to the period before the BMT program was implemented. Before the BMT program, small traders relied on market loan sharks for savings and loans. Using loan shark services was a high-risk endeavor due to the exorbitant interest rates and aggressive billing methods, which could result in significant financial and emotional stress. With financing from BMT MBS Sharia, small traders can be freed from debt and switch to Sharia-compliant financing.

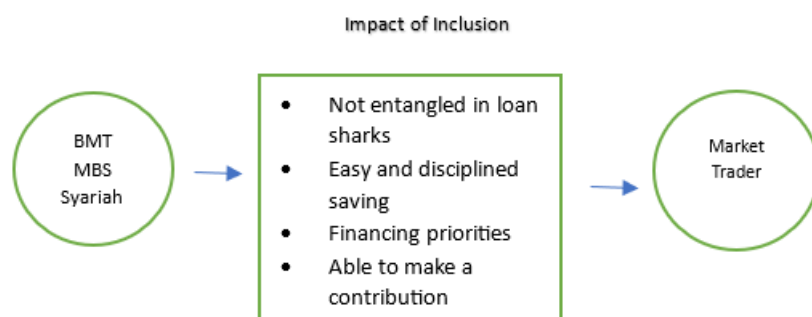


Figure 2. The Impact of Sharia Financial Inclusion by BMT MBBS

Implementing Islamic financial inclusion through BMT MBS has resulted in fundamental positive changes among the market trader community. They are no longer trapped in the financially burdensome cycle of loan sharks but have become more skilled and disciplined in saving. Additionally, they receive priority in economic empowerment through easier access to financing that adheres to Sharia principles. Furthermore, the program also encourages more planned and sustainable *infaq* practices, strengthening social bonds and improving the community's overall welfare. Thus, BMT MBS Sharia not only acts as a financial service provider but also as a strategic partner that contributes to building an inclusive and sustainable economy at the local level.

Table 3. Total Financing of BMT MBS Market Traders

Year	2022	2023	2024
Barat Branch	187	203	225
	million	million	million
Sawah Deso Branch	35	74.5	53.5
	million	million	million

Source: BMT MBSS Financial Report 2024

Since entering the market in 2022, BMT MBS has disbursed financing consecutively in 2022, 2023, and 2024, amounting to 187 million, 35 million, 203 million, 74.5 million, and 225 million, respectively. The total number of market traders served across six markets is 428. The impact of Islamic financial inclusion, carried out by BMT MBS Sharia for small traders in the market, is that they are no longer entangled in loan sharks, are more easily and disciplined in saving, receive empowerment priorities, and can generate income (BMT MBS Sharia, 2024; Interview KK, 2024).

Since 2022, BMT MBS Sharia has been actively advancing financial inclusion across six markets, with a primary focus on providing fair, Sharia-compliant access to small traders. In this period, BMT MBS distributed financing consecutively: 187 million in 2022, 203 million in 2023, and increased to 225 million in 2024. The total number of merchant members served reached 428, demonstrating the program's significant impact on the local economy.

Discussion

BMT MBS Sharia has successfully implemented Islamic financial inclusion for market traders with various strategies, including providing ease of saving transactions with sharia contracts, implementing a pick-up system, using communication patterns *Jagongan*, providing direct gifts to *Si Gangsar* partners, as well as adjusting services to trading hours in the Krempyeng market system and Javanese calendar market days. Local culture and values, such as *unggah-ungguh*, giving gifts, *jagongan*, *ndolani*, and the rejection of *riba*, provide a strong foundation for the application of Sharia principles and strengthen BMT MBS's contribution to building a sustainable and just economy. With

187 million in 2022, 203 million in 2023, and 225 million in 2024, BMT MBS has successfully served 428 market traders. The positive impact of this inclusion program is evident in reduced dependence on loan sharks, increased savings discipline, economic empowerment, and improved financial planning (BMT MBS Sharia, 2024; Interview KK, 2024).

Based on the findings presented, BMT MBS Sharia has successfully implemented effective Islamic financial inclusion strategies for market traders. They provide transactional convenience through Sharia contracts, implement a pick-up system, use the '*jagongan*' communication pattern, offer direct gifts to Si Gangsar partners, and adjust services to the trading time at the Krempyeng market according to the Javanese calendar. These strategies demonstrate BMT MBS's strong commitment to meeting traders' financial needs with a relevant and culturally appropriate approach (Rakhman & Wijayana, 2024)(Amalia, 2016). Observations and interviews conducted by the BMT MBS Sharia manager indicated that local culture and values, such as *unggah-ungguh*, giving gifts, *jagongan*, *ndolani*, and rejection of *riba*, play a highly significant role in supporting Islamic financial inclusion (Sa'diah, 2020). These values are not only forms of social capital that facilitates the goals of Islamic financial inclusion, but also serve as the basis for designing financial products and services that comply with Sharia principles and respect and strengthen local cultural values. By adopting this approach, BMT MBS Sharia aims to foster a sustainable and equitable economy, while also enhancing the community's social ties and cultural identities. This demonstrates that Islamic financial inclusion is not only about expanding access to financial services that adhere to Sharia principles, but also about integrating local values into broader efforts toward inclusive and sustainable economic development.

Factors such as motivation, perception of Sharia principles, direct promotion, product knowledge, and service quality influence customers' decisions to save at Islamic financial institutions. Personal needs, compliance with Sharia principles, and accessibility of facilities and promotions also play an essential role in customer preferences for Islamic banks. BMT MBS Sharia offers direct prizes, including laundry soap, cooking oil, and t-shirts, for opening a savings account with a minimum nominal amount. This approach attracts the interest of small traders in traditional markets by providing immediate benefits

and motivation to save (Azizah, 2019), thereby aligning with Islamic economic principles that prioritize justice and direct benefits for society (Alnaim et al., 2023). The Krempyeng market is a traditional market in Indonesia, famous for its bustling activity only on market days in the Javanese calendar: Paing, Pon, Wage, Kliwon, and Legi. This market offers easy access to shopping, affordable prices, a wide range of products, and employment opportunities for small traders (Janah, 2023). However, the negative impacts include chaos, traffic congestion, and garbage problems around the market (Soegijono, 2022). Financial inclusion enables small traders to access savings and financing through microfinance institutions, such as BMT or Sharia savings and loan cooperatives (Baet, 2016). With a savings account, they can save safely and gain a clearer understanding of the financial benefits for better management (Kusuma et al., 2022). BMT MBS Sharia helps small traders in the Krempyeng market overcome emergency needs without borrowing from loan sharks (Rozalinda, 2013). They offer interest-free and usury-free financing, which is easier and safer than other options (Wijaya, 2017).

Multiple interrelated factors, including motivation, product perception, Sharia knowledge, service quality, compliance with Sharia principles, and the influence of direct promotion and mass media, shape customers' decisions to save in Islamic financial institutions. Among these factors, sharia knowledge plays a particularly significant role, as a deeper understanding of Islamic economic principles strengthens customers' confidence in the legitimacy and religious appropriateness of the products offered. This reinforces not only their willingness to participate but also the alignment of their financial behavior with the values upheld by Islamic finance (Fitriani, 2019). The friendliness of the collector when taking savings is a key factor motivating traders to save (Hambali, 2016). The door-to-door collection service facilitates transactions without requiring direct contact with BMT MBS Sharia.

Direct rewards are an effective promotional strategy for increasing interest in saving and maintaining customer loyalty (Muizuddin, 2022). Financial institutions can foster long-term relationships with loyal customers by offering attractive incentives, thereby creating a mutually beneficial cycle in savings activities (Warita, 2011). The Krempyeng market is a traditional market that typically operates in the mornings and becomes crowded primarily on Javanese market days. Situated along roadways, it

provides easy access for shoppers, affordable prices, a diverse selection of products, and supports the local economy. Financial inclusion offers small traders access to savings and financing through micro-institutions, enabling them to save and manage their finances more effectively through complementary financial education (Pomeroy et al., 2020). BMT provides an alternative to loan sharks with fair and sustainable access to Islamic finance. Financial inclusion provides small traders with access to microloans for business capital or urgent needs, featuring a straightforward application process and rapid approval (Alidar, 2023).

The data presented illustrates the significant efforts of BMT MBS Sharia in implementing effective financial inclusion for traditional market traders. Through strategies such as ease of transactions with Sharia-compliant contracts, a pickup system, and communication that prioritizes local values like *jagongan* and giving gifts, as well as adapting services to Javanese trading hours and market days, BMT MBS has succeeded in building strong relationships with local communities. The positive impact is evident in the increase in the number of members and in the total financing disbursed year over year. Local, culture-based approaches and Sharia not only support a sustainable and equitable economy but also strengthen social ties within the community. These innovations provide equitable financial access and improve people's financial understanding and discipline, creating a supportive environment for inclusive economic growth.

Based on the findings from the implementation of financial inclusion by BMT MBS Sharia for traditional market traders, the recommended policy measures include increasing financial education, developing products and services that better align with the needs of small traders, expanding accessibility through pick-up infrastructure and appropriate technology, strengthening partnerships with local governments and related institutions, and conducting periodic monitoring and evaluation to ensure the effectiveness of the program. This approach aims to enhance BMT MBS Sharia's contribution to building a sustainable and equitable economy and to improve the financial well-being of the small trader community in traditional markets.

Conclusion

The implementation of Islamic financial inclusion by BMT Mandiri Berkah Sejahtera through products, services, and techniques that are adjusted to Sharia principles,

and the application of local cultural values has succeeded in increasing the relevance and acceptance in the community, strengthening trust and participation of members, and having a significant positive impact on the sustainability of small traders' businesses. The research also contributes to the development of culture-based financial inclusion theory and practice, suggesting that the combination can serve as an effective model for application in other contexts.

This research contributes new knowledge to Sharia economics on Sharia financial inclusion and local cultural values, significantly advancing the development of both theory and practice. Its social impact has the potential to provide valuable input for public policy, improving the condition of society and specific communities. The findings of this study can also stimulate innovation and the development of new products and services in BMT and other Islamic financial institutions. A multidisciplinary approach that combines aspects of Islamic finance and local cultural values offers a holistic and relevant perspective for implementing similar programs in diverse contexts.

The study's shortcomings include limitations in the data from BMT Mandiri Berkah Sejahtera, which may not apply to other BMTs, and the qualitative approach, which is susceptible to subjective bias. The focus on a single BMT also does not reflect the variation in conditions across other areas. Local cultural impact assessments can face challenges to objectivity, and research may be limited by time and resource constraints. The limited number of respondents, comprising only BMT members, may limit the breadth of representation, and dynamic economic conditions and financial policies could affect the long-term relevance of the findings. Identification of these shortcomings is essential for transparency and the basis of further research.

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