

ISA REGIONAL GUEST LECTURE

# ISLAMIC MICROFINANCE INSTITUTIONS IN INDONESIA: INTER-RELIGIOUS AND INTER- ETHNIC DIMENSIONS

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The presentation has its focus on faith-based microfinance institutions in Indonesia known as sharia cooperatives or Baitul Mal watTamwil, shortly: BMT. In Indonesia, BMTs face challenges and demands due to a number of regulations, such as state laws and fatwas. In general, BMTs are committed to follow the Islamic transaction laws and economic principles. The fieldwork on which this presentation is based has been conducted in BMTs affiliated with Islamic-based social organizations, such as Nahdlatul Ulama and Muhammadiyah, Indonesia's biggest Islamic organizations. They run Islamic microfinance institutions and Islamic cooperatives across Indonesia that can vary greatly in size and with regard to their membership. Interestingly, in a growing number of cases, BMTs are joined by Indonesians of different ethnic and religious backgrounds. The paper thus attempts to show that BMTs cannot be regarded as mono-religious microfinance institutions anymore. It does so by analyzing the relations between BMT staff and their non-Islamic members as well as by examining the latter's diverse motives and strategies for participating in an Islamic microfinance institution.



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