
**AN EXISTENTIAL STUDY ON NOT-FOR-PROFIT MICROFINANCE:
CASE STUDY OF BLESSING REVOLVER MICROFINANCE**

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Abstract

Microfinance has emerged as a tool to alleviate poverty in developing countries, including Indonesia. Some research proved that providing microfinance access to the poor households would drive their economies and give them the opportunity to combat poverty. The implementation of this concept is under a microfinance institution (MFI). Although it is still new, but microfinance innovates fast. One of the recent innovation is the existence of a non-profit microfinance, such as Blessing Revolver MFI. This study aims to explore the mechanisms of Blessing Revolver and its sustainability. This study used qualitative approach with case study analysis, and semi-structured interviews to collect the data. The informants are the MFI's managers and customers. The results showed that Blessing Revolver MFI offers micro-credit with no interest, no collaterals, and no profit shares with easy terms and conditions. Capital resources derived from donations, either from donors or customers. Besides, Blessing Revolver also aims to extend the micro-credit access to the poor, starting from their customers. Sustainability of this institution depends on both their donors and customers, which can be seen through the economic and social capital that has been established. Blessing Revolver MFI successfully demonstrated the high-level of trust, reciprocity, and the existence of both material and non-material values for their customers. If social capital as well as donations continue to run, then the sustainability of this activity can be achieved.

Keywords: micro-entreprises, micro-credit, non-profit, Blessing Revolver, social-capital.

Introduction

Poverty remains one of the main problem in developing countries, including Indonesia. Poverty is a multidimensional problem that originated from the low-living standards (Harningsih, 2016). This issue causes the inability for poor households to fulfill their basic needs such as foods, clothings, houses, health insurance and education. In Indonesia, the data from the Asian Development Bank (ADB) (2019) showed that 9.8% of the total population in Indonesia are still living in the bondage of poverty. Other data from the Indonesia's Central Bureau of Statistics (BPS, 2019) points out that, there are about 25 million of their residents are living below the poverty line in 2018. Further explanations about the number of poor people in Indonesia can be seen in Table 1.1.

Table 1: Number of Poor People in Indonesia in 2007-2018

Territory	Year	Amount (millions)	Year	Amount (millions)
INDONESIA	2007	37.17	2013	28.55
	2008	34.97	2014	28.51
	2009	32.53	2015	27.76
	2010	31.02	2016	26.59
	2011	30.02	2017	25.67
	2012	28.6	2018	25.14

Source: Indonesia's CBS (BPS, 2019), processed

Based on the data in Table 1.1 above, it can be concluded that the number of poor people in Indonesia has decreased from year by year. In 2007 the number of poor population reached 37.17 million, then fell to reach 28.6 million in 2012. This number continued to decline until 2018, where the number of population who are living below the national poverty line reached 25.14 million individuals. This downward trend is inseparable from the contribution from the government as the stakeholders, and the public as the prime mover of national development. Another cause of the decline on the poverty rate in Indonesia is the contributions from micro, small, and medium enterprises (MSMEs).

Since the financial crisis of 1997, MSMEs have pushed the Indonesian economy to create jobs as well as lower the unemployment and poverty rate at a time. (Budi, in Kurniawan and Fauziah, 2014). MSME sector consists of three types of business units which are micro, small, and medium-sized enterprises with each characteristics. The data collected from Indonesian Ministry

of Cooperatives and MSMEs (KUMKM, 2019) shows the numbers of MSMEs units in Indonesia from 2010 to 2017. Details of this data can be seen in Table 1.2 below.

Table 2: Numbers of MSMEs sector in Indonesia in 2010-2017 (in units)

Year	Type of Entreprises			
	Micro	Small	Medium	Total of MSMEs
2010	52,176,771	546.643	41.336	52,764,750
2011	53,504,416	568.397	42.008	54,114,821
2012	54,559,969	602.195	44.280	55,206,444
2013	55,856,176	629.418	48.997	56,534,591
2014	57,189,393	654.222	52.106	57,895,721
2015	58,521,987	681.522	59.263	59,262,772
2016	60,863,578	731.047	56.551	61,651,176
2017	62,106,900	757.090	58.627	62,922,617

Source: Indonesian Ministry of MSME (KUMKM) 2019, processed

Based on the data from Table 1.2 above, the number of MSMEs in Indonesia by 2017 is 62.9 million units, where the micro-entreprises dominate the whole MSME sector. In 2010, the number of micro-entreprises was 52.1 million units, then increased sharply to 55.8 million units in 2013. This improvement continued from year to year, and eventually reached 62.1 million micro-entreprises units in 2017. The increase in MSMEs could reduce the number of poor people in Indonesia, so that the MSMEs' empowerment become one of the strategy to eradicate poverty (Kurniawan and Fauziah, 2014). Given the importance of the function from MSMEs in poverty reduction, it requires special attention to empower this business sector. However, micro-entreprises are still experiencing many obstacles, mainly to gain access to capitals. Micro-entreprises have limitations especially regarding the funds, so they need capital access to support their business continuity. But, the majority of financial institutions reluctant to lend capital to micro-entreprises because they are considered non-bankable, or even considered to have a high-risk lending (Kurniawan and Fauziah, 2014).

Departing from this problem then arises a financial institution that facilitates capital access for micro-entreprises. This financial institution known as Micro-Finance Institution (MFI). This institution was first coined by Prof. Muhammad Yunus through the establishment of the first MFI, named Grameen Bank in Bangladesh since 1983. By 2007, nearly 7 million poor people

from 73,000 villages in Bangladesh got small amount of loans (microloans) from Grameen Bank. 97 percent of the customers are women. Grameen Bank gives collateral-free microloans which is used to pay off debt to moneylenders, housing, schools, and for productive purposes. Grameen Bank charges interest rate and it is depending on the motive of the loan. Additionally, Grameen Bank also offers a savings program, pension funds, and insurance for their customers. Cumulatively, Grameen Bank has provided loans amounting to approximately US \$ 6 billion, with a return rate of 99% (Yunus, 2007).

In Indonesia, the legal basis of the MFIs listed in the Act No. 1 Year 2013 (*UU. No. 1 Tahun 2013*) about Micro Finance Institutions. Under the Act, the MFI is defined as a type of specialized financial services to provide business development services and community development. These services are including micro-credit or other financial services such as the deposits management and consulting services for micro-enterprises or public in general. MFI is a financial institution that seeks to provide credit to poor families and low income who have less access to formal financial institutions (Arsyad, 2008).

MFI proven to reduce poverty (Imai, et. Al, 2010) as well as improving survivability and independence of its customers (Setianingsih, 2016). During this time, the MFI is known to have an emphasis on micro-credit. MFIs are not primarily profit-oriented. MFIs based their activities on both social and community development motive. Their form of services and administratives are also tend to be simple, since most of MFIs' targets are middle and lower economic communities (Baskara, 2013). MFIs' micro-loan mechanism is in small amounts with short-term due date, and low transaction costs (Wai, in Arsyad, 2008). MFIs can also adapt to both the environmental and socioeconomics conditions of their customers (Adams and Fichett, 1992).

There are various types of MFIs which has been known. In Indonesia, MFIs are divided into 3 groups, which are banking institutions' MFIs, cooperatives MFIs (*koperasi*), and non-bank institutions/non-cooperative MFIs (Baskara, 2013). While based on the goal, MFIs can be divided into 2 groups, the profit-oriented MFIs and non-profit-oriented MFIs. Profit-oriented MFIs prioritize their activities to obtain financial stability, while the non-profit MFIs are willing to expand the reach of micro-credit to the poor (Weinberg, 2008). Then based on the formalities, MFIs are divided into 3 types, namely the formal, semi-formal, and informal MFIs. The differences between these three refer to the establishment process, operational process, and monitoring process either carried out by the government or outside the government authorities (Arsyad, 2008).

In the implementation of micro-loan activities, MFIs have certain mechanisms. In general, the majority of the MFIs have transaction costs, though sometimes the amounts are low. Costs such as collateral and administration fees, or interest fees are some of the regular mechanisms inside MFIs. The existence of these mechanisms is to support the financial sustainability of the MFIs themselves (Murdoch, 1999). However, it now appears that there is a new perspective in the mechanisms of MFIs. This perspective emphasizes the non-profit mechanism especially in micro-loan activities. It means that the loans are not charged with any kind of transaction fees. No collaterals, no interest expenses, and no administrative costs. This mechanism is owned by a unique MFI under the name "Blessing Revolver". Blessing Revolver are running their business

in the city of Surakarta, in Central Java province of Indonesia. This research is willing to explore how this MFI works and how will their sustainability be achieved.

RESEARCH METHODS

This research used qualitative approach through the case studies analysis. Case study analysis is a technique to collect data in details and thorough, and has a limited set within the scope of an existing object in the real world (Cresswell, 2015). This analysis was selected because the research object is a particular institution. Besides, the research objectives are to explore the details from the institution, with the support of the holistic datas. The scope of this research is divided into two parts. The first part will be about the descriptions of non-profit Blessing Revolver MFI, and the second part talked about the sustainability assessment of the institution. This research used primary datas, sourced from several informants.

The informant is a party who knows the details about the research object. The informants are consisted of 2 Blessing Revolver managers; Mr. Raden Muhammad Adnan Sagery and Mrs. Laely Nur Khikmah. Also from 4 customers; Mr. Supardi, Mrs. Dewi, Mrs. Sumiyati and Mrs. Ari Martini. Datas from the informants were collected through semi-structured interviews. The researcher set up a group of questions related to the MFI. The questions were about the profile, motives, mechanisms, and so forth. The results of the data will be reduced and grouped to see the patterns that emerged, and associated them with the existing theories. This is the step-by-step procedures in the case study analysis (Dantes, 2012).

RESULTS AND DISCUSSIONS

Blessing Revolver and their micro-credit activities have existed since March 25th 2015, in Solo city, Central Java province, Indonesia. There are at least 2 important figures behind this institution. Raden Muhammad Adnan Sagery as the owner also the pioneer of this activity, and Laely Nur Khikmah as the general manager. Sagery works as in a private Rural Banks (BPR), while Laely is a lecturer and an author. Blessing Revolver has an emphasis on the provision of micro-credit with not-for-profit mechanism. It's as submitted by Sagery in the following statement:

"Kita fokusnya kan ke kredit mikro. Jadi ya ngasih pinjaman kecil gitu, maksimal Rp. 1.000.000 lah, tapi utamanya buat kegiatan produktif. Ya misal buat pedagang, atau ibu rumah tangga yang punya sambilan, macem-macem."

"Our focus is in micro-credit. We give small loans with maximum amounts of Rp. 1,000,000, and primarily for productive purposes. For instance we give these to small merchants, or housewives with side-jobs, there are many (customers). "

Sagery's statement was reinforced by the general manager, Laely Nur Khikmah with her following statement:

“Blessing itu ya kredit mikro buat kegiatan produktif, yang tanpa bunga, tanpa bagi hasil, dan tanpa jaminan. Angsurannya juga tergantung nasabah, jadi nasabah nggak ada beban tanggungan kalau pinjam di sini.”

"Blessing's micro-credit is for productive activities. Without any charge for interest, profit share, or collaterals. Also, the installments depends on the customers. So the customers do not have any burdens to borrow money from here."

Through these two explanations, we can conclude that Blessing Revolver held a micro-credit for productive purposes, especially for micro-enterprises. The maximum amount of this micro-credit is Rp. 1,000,000. Besides, they also have the mechanism that charges zero interest rates, also without collaterals and profit shares. Blessing Revolver charges nothing for their customers who borrow the money, and only ask for the installments.

The background of this micro-credit activity came from the desire to share with others, but hindered by the form of the aid itself. This was stated by Sagery in the following statement:

“...Mau kasih manfaat buat orang lain, tapi kalau pakai makanan nanti takut basi. Makanan kan nggak tahan lama. Akhirnya ya dipilih uang aja lah, yang tahan lama dan manfaatnya lebih berguna. Ya dari situ sih awalnya.”

".... We want to give benefits for others. If we give foods, we are afraid it will be stale. Foods are not that durable. So, we decided to give money, since it is durable and more useful. That was how this activity built from."

Sagery was also the person who proposed for the not-for-profit mechanism inside the micro-credit, and chose the name of this activity as “Blessing Revolver”. It is as presented in his following statement:

"....Aku mikirin, kira-kira nama apa yang pas buat kredit mikro yang ngasih pinjaman tapi nggak ada bunga, nggak ada jaminan, dan nggak ada bagi hasil. Cuma mau membantu sama nyari berkah aja. Awalnya sih mau dipilih nama "zakat bergilir", tapi ternyata yang kaya gini itu bukan zakat. Ya akhirnya aku pilih nama "berkah bergilir" aja, berkah di sini bentuknya ya pinjaman tadi yang digilir gantian. Ya biar keren aja namanya diganti ke bahasa Inggris jadi Blessing Revolver."

"... I was thinking about the right name for a micro-credit that gives loans but without interest, collaterals, or profit shares. Just want to help others. Initially, we wanted to use the name "rotating-zakat", but turns out it is different from the concept of zakat. So, I choose an alternate name and came up with "rotating-blessing". We meant these loans as the blessings, and we rotated these loans (from one customer to another). And to make it sounds cool, finally we translated it to english. So, it is Blessing Revolver."

Blessing Revolver carries a not-for-profit mechanism inside the micro-credit, so their capital will be a major issue. The funds for this not-for-profit micro-credit are coming from donors who also want to share with others. Until now, there are as many as 15 donors who are funding Blessing Revolver's activities. Majority of them are people who are in the same working environment as Laely and Sagery. This is consistent with the explanation from Sagery as the following:

"Kalau modal, aku sama temen-temen itu tiap bulan nyisihin gaji kita di BPR. Yo ada yang kasih 2,5% lah, ada yang lebih juga. Yang jelas kita usahakan tiap bulan ada uang masuk buat tambahan modal. Tapi kalau nggak mau nyumbang juga nggak apa-apa. Bukan pemaksaan kok. Tapi ya Alhamdulillah bisa lancar terus."

"For the capital, me and my friends cut our salaries every month. Some donate 2.5%, or even more. At least we tried to let the money comes in for additional capital every month. And it is okay if someone does not want to donate. It is not an obligation. But, thank God, we can run smoothly."

Sagery's statement above explained that the donors are giving Blessing Revolver some donations in a particular period. This donation was given without any form of coercion or obligation, and with the amount based on their own choices. The donation then referred as a "blessing" by Sagery, which will be given in turns to those who need. This is the reason that formed the name of Blessing Revolver. Once the funds are collected, the next problem is to

distribute these funds in the form of micro-credits to customers. There are some terms and conditions to borrow the money. Regarding lending procedures, Laely convey the following statement:

“...Kalo mereka mau pinjam ya syaratnya cuma fotokopi KTP sama KK, terus bilang mau pinjam berapa. Nanti mereka isi formulir gitu, ya isinya akad perjanjian pinjaman. Pinjamannya berapa, angsurannya berapa, dan di tanda tangani pakai materai. Nanti kalau pas ngangsur mereka pas nggak ada duit, yo nggakpapa, ditunda dulu sampai minggu depannya. Gitu sampai selesai. Kalau sudah selesai, nanti boleh pinjam lagi.”

".... If they want to borrow the money, they only need to copy both the personal identity card (KTP) and family card (KK), and tell how much money they want to borrow. Then they can fill the form about the loan agreements. How much they borrow the money, how many the installmentss are, and then they sign the form with stamp. If they find difficulties to pay the installments on time, we will not charge them and let them to pay on the next time. That goes on until they finished the installmentss, and if they do they can borrow the money again."

The requirements to obtain the micro-credit from Blessing Revolver are by providing a copy of the identity card (KTP) and family card (KK), and fill in the form of loan agreements. These requirements are quite easy, and this micro-credit also does not charge any administration fees. Once the customer completes the terms and conditions, customers can obtain a loan that they have asked for. Customers will start to pay for the installmentss that has been agreed earlier. During the installments payments, customers will be given offers to join the donations. These donations are not coercive and depends on the ability of each customers. When customers managed to repay the loan, they can have the opportunity to borrow the money under the same terms and conditions. Blessing Revolver offers easy capital access for productive micro-entreprises, since it is the main attraction to acquire customers. Blessing Revolver has had 65 customers until November 2019. However, this easy access for capital is not the only value that is expected by the manager of Blessing Revolver. It is as described by Sagery in the following statement:

“...Blessing sebenarnya juga mencoba menanamkan nilai-nilai lain. Misalnya kepercayaan, tanggung jawab, keikhlasan, mau berbagi, sama kemandirian. Nasabah yang pinjam di sini ya diharapkan bersyukur sama apa yang sudah diterima. Jadi pelan-pelan mereka bakalan percaya sama kita, bakal tanggung jawab sama pinjamannya, bakalan tau makna keikhlasan, terus mau berbagi sama yang lain, dan akhirnya mereka bisa mandiri.”

".... Blessing is also trying to teach other values. For example, trust, responsibility, sincerity, sharing, and independence. Customers who borrow money here are expected to be grateful at what has been received. So, slowly they are going to believe in us, will be responsible with the loan, will learn the meaning of sincerity, will share to each other, and eventually, they can be independent. "

Through the statement above, Sagery explained that Blessing Revolver has other values than the credit itself. He hoped that these activities may also deliver non-material values such as honesty, responsibility, sincerity, and independence. Later on, Laely as the general manager tend to agree with Sagery's explanation. Laely felt that these expected values from customers began to appear and can be observed. It is as she explained the following:

"Ya menurutku nasabah di sini sudah mulai bisa menerima nilai-nilai yang diharapkan dari Blessing. Walaupun mereka nggak sadar. Contohnya aja ya, selama ini nasabah yang gagal kredit sudah jauh berkurang. Nggak kayak waktu awal dulu, banyak yang lari. Sekarang juga banyak yang mau nyumbang sukarela buat modal. Ada juga nasabah yang hampir tiap hari itu ngirimin makanan lah, minuman lah, macem-macem pokoknya."

"Yes, I think our customers here started to receive the expected values from Blessing. Although they did not realize. For instance, the number of failed customers are reduced. Unlike at the beginning of our activity, many of them run away. Now, many are willing to donate for the capital. There are also customers who deliver some foods, beverages, or other things."

The statement above shows that there is a reciprocal relationship between Blessing Revolver and their customers. The customers feel responsible and began to have awareness to share with others. Not only in the form of donations, but also in the form of foods or beverages for the Blessing Revolver managers. The customers felt grateful for the trust and micro-credit that has been given. It is as recognized by miss Sumiyati, one of the customer in the following statement:

"Saya ngasih makanan buat mbak Laely ya karena saya kasihan sama dia mas. Mbak Laely sudah baik sama saya, jadi ya gantian saya yang balas. Cuma sedikit kok mas cuma kasih jajanan thok. Ndak seberapa. Tapi saya itu seneng mbak Laely ndak pernah nolak."

"I give food for miss Laely because I felt sorry for her. Miss Laely has been so good to me, so I want to turn the favor back. It is just a little bit of snacks, it is not much. But I am happy that miss Laely never refuse. "

It is also expressed by miss Dewi, another customer in Blessing Revolver. She explained regarding the voluntary donations for this micro-credit with her statement below:

"Tiap ngangsur itu 50,000 tiap minggu. Kadang ya saya juga kasih tambahan buat sumbangan mas. Kadang 5.000, kadang 2.000, ya kata mbak Laely seikhlasnya saja. Lagian yo ndak mesti, kadang tak kasih kadang juga ndak tak kasih."

"We pay for 50.000 Rupiahs every week for the installments. Sometimes I also give extra money for donation. Sometimes its 5.000, sometimes 2.000. Well, as miss Laely said that the amount depends on our abilities. Anyways I do not always give the donations, sometimes I do and sometimes I do not."

Statements from Mrs. Sumiyati and Mrs. Dewi above show that the mutual relationship has been created between the manager and the customers of Blessing Revolver. Customers give good feedbacks because they feel that the not-for-profit micro-credit has been beneficial for them. Mrs. Sumiyati found this micro-credit scheme as a very helpful loan for her businesses. It's like what she said in the following statement:

"Wah, saya malah terbantu banget sama pinjemannya mbak Laely mas. Saya sampai bilang banyak terimakasih sama mbak Laely, sering saya reportkan. Saya itu cuma bisa kasih nasi aja buat mbak Laely."

"Woah, I felt like this loan from miss Laely has assisted me very much, sir. I had to say many thanks to miss Laely, that sometimes I become a troublesome for her. I could only give some meals to miss Laely."

Aside from Mrs. Sumiyati, Mrs. Dewi has a similar opinion. She felt assisted because of the ease in this not-for-profit micro-credit. Mrs. Dewi described in her statement as the following:

"Iya mas ini mbantu banget. Apalagi kan ini ndak pakai bunga to mas, ndak ada jaminan juga. Jadi kalau pas pasar rame, saya nutup mas. Terus saya ambil lagi tak buat kulakan lagi. Jelas manfaatnya mas."

"Yes sir this loan is very helpful. Especially since it did not charge us with any interest rates, sir. No collateral charges as well. So when our market is crowded, I can pay for the whole installmentss. And then I will ask for another loan to buy wholesale products. So the benefits are obvious, sir."

There are also other customers such as Mr. Supardi and Mrs. Ari Martini, who explained about the benefits from Blessing Revolver's micro-credit to their businesses. Mr. Supardi stated that this kind of loan is very helpful for his business, which is selling beverages in front of a public school. The following statement from the Mr. Supardi tells more about it:

"Jujur ya mas, saya itu merasa terbantu banget bisa dapat pinjaman kayak gini. Tanpa bunga, tanpa jaminan, tanpa beban. Sebagai nasabah, ya saya harus rajin ngangsur. Tanggung jawab sama pinjaman saya. Wong ya nanti kalau sudah lunas kan bisa pinjam lagi. Jadi kita sangat diuntungkan."

"Honestly sir, I felt that this kind of loan has helped me so much. No interest rates, no collateral, no burdens. As a customer, I must be diligent to pay the installmentss. I need to be responsible with my loans. Since later on, when it is paid off, I can borrow the loans again. So we are greatly benefited."

While for Mrs. Ari Martini, she also explained about the usefulness of Blessing Revolver's micro-credit. This is evident through the following statement that she said:

"Kalau saya ndak pinjam sama mbak Laely, saya bingung mau pinjam sama siapa lagi buat usaha saya. Anak saya yang SMK soalnya ndak dapet dana BOS, jadinya susah. Untungnya saya ditawarkan pinjaman ini sama mbak Laely, terus ya akhirnya saya pinjam. Lumayan mas buat tambah-tambah."

"If I did not borrow the loan from miss Laely, I would be confused how will I borrow the money for my own business. My daughter is a high-school student but she did not get the aid, so it is tough for us. Luckily, I got offers for this loan from miss Laely, then I borrow it. It is good for us, sir."

These responses have concluded that customers felt the benefits from this Blessing Revolver's micro-credit. Easy terms and conditions, as well as the easy process of installments payments proved that this micro-credit is trying to help the capital needs of micro-enterprises. Blessing Revolver proved that innovation and sacrifice for others can be the keys to the success of micro-business sector. This not-for-profit micro-credit can also reduce unemployment rates and reduce poverty if implemented on a massive scale.

However, Blessing Revolver still have some obstacles. The main obstacle is the legality of this micro-credit activity. Blessing Revolver is yet to have any formal permission to stand alone as a microfinance institution (MFI). Moreover, there are also some other technical problems. Sagery stated that these constraints are the risks that Blessing Revolver must accept due to their not-for-profit micro-credit activities. He explained more in the following statement:

"Nah kadang ada calon nasabah yang bilangnya pinjam uang untuk kulakan, tapi terus malah dipakai buat bayar listrik lah, bayar sekolah lah. Ya sebenarnya nggak bisa disalahin sih, cuma kan kita pengennya pinjam ya sesuai motifnya. Mungkin ya kekurangan SDM juga ya. Soalnya kan kegiatan ini nggak ada untungnya sama sekali buat pengelola, jadinya susah buat cari orang-orang yang mau membantu mencari nasabah baru."

"Well, sometimes there are customers who told us that they want to borrow money to buy the wholesale. But later on they would use it to pay for electricity, or school payments instead. Well, we could not blame them, but we wanted the loans to be used for the earlier motive. Maybe because we are lack of human resources too. Since this activity is not profitable for the institution, so it would be difficult to find people who want to help to find new customers."

Blessing Revolver with their not-for-profit micro-credit activities have demonstrated a new mechanism in microfinance for the micro-enterprises. There are two groups of microfinance, namely the for-profit microfinance and not-for-profit microfinance. Differences were found on their goal differences, where for-profit microfinance aims to sustain its micro-credit activities

based on their financial power. While the not-for-profit microfinance aims to expand the micro-credit access to poor people (Morduch, 1999 and Weinberg, 2008). Through this theory we may conclude that the activities of Blessing Revolver characterized as a part of a not-for-profit microfinance. It is based on the charity-based capital sources and not-for-profit mechanisms that have been implemented within.

Not-for-profit microfinance does not give priority to profit maximization in its activities, so their sustainability is often questionable. This is because their capital requirements are dependent on donors, so these donations are risky since they can be stopped at any time. Besides, the loans are also in a very high risk if there is no mechanism to ensnare the customers. Therefore, a microfinance institution (MFI) would be better if it could ensure their financial sustainability through the accumulation of economic capital (Morduch, 1999). Blessing Revolver, in this case, does have a pattern similar to the not-for-profit microfinance model, but uses a different approach to determine the sustainability of the institution.

Blessing Revolver's financial sustainability depends on donors and the customers who come to donate. It is based on the need to meet capital requirements. However, financial sustainability through economic capital is not the only sustainability approach in the case of Blessing Revolver. There are other forms of capital than the economic capital, such as human capital, natural capital, and social capital (Bourdieu in Field, 2010). Social capital is one type of capital that can explain how social world works. This is the kind of capital that can be used as an approach to see how the sustainability of micro-credit activities in Blessing Revolver goes.

Social capital is a set of informal values and norms that held a community, where members collaborate on common goals (Fukuyama, 2002). In the context of Blessing Revolver, the manager and the customers have the same goal, which are to alleviate poverty and to empower the micro-entreprises. The customer wants to alleviate poverty in their households, while Blessing Revolver wants to eradicate poverty of all their members. Social capital itself has several parameters, such as trust, reciprocity, social networks, and values (Hasbullah, 2006).

Trust

Trust is a source of strength inside a community or social group. If a social group have low level of trust or even loss of trust, then the group will find difficulties to handle problems inside the group (Putnam, in Hasbullah, 2006). Meanwhile, Blessing Revolver has given high level of trust to their customers. The form of trust they gave are in the form of these loans without interest and collateral. Since they do not charge anything to their customers, then the only reason

they gave the loans is in terms of trust. This is consistent with the following statements from Sagery:

“Blessing ngasih pinjaman kan ya cuma modal percaya aja. Blessing percaya kalo para nasabah bakal memmanfaatkannya sesuai kebutuhan, dan bakal dibalikin kalo kebutuhannya terpenuhi.”

”

“Blessing give the loans only based on trust. We trust the customers will use the loans as needed, and they will pay the loans back after they have fulfilled their needs.”

Aside from the manager, their customers also felt the trust inside Blessing Revolver activities. The customers feel that they are the party with the most benefit from this not-for-profit micro-credits. One of them was Mrs. Dewi, who stated the following statement:

“Alhamdulillah mas, setelah pinjam sama mbak Laely, 4 bulan ini saya bisa nambah penghasilan. Biasanya dagangan cuma bisa nyetock sedikit. Sekarang bisa nambah. Kebetulan pas harga jualnya juga tinggi. Lumayan buat makan sama kulakan.”

“Thank God, sir. After I borrowed the money from miss Laely, I managed to gain more income for these 4 months. Usually I can only bought some product stocks, but now I can buy more. The selling prices are also higher, eventually it is good enough for us to buy some foods and for the wholesale needs.”

The existence of trust inside Blessing Revolver activities eventually build the mutual trust between the manager and the customers. Both recognize that there is a goal that must be solved together, namely poverty. This goal will only be achieved if there is a high level of trust between individuals and groups, or between one and another (Fukuyama, 2002).

Reciprocity

Reciprocity means a reciprocal relationship between individuals; individual and a group; or among groups; which usually occurs because of a certain interest (Hasbullah, 2006). Blessing

Revolver established business relationships with their customers through not-for-profit micro-credits, then the customers are obliged to pay the installments of these loans. Blessing Revolver expect nothing more than the installments in return. Sociology called this kind of behavior as pro-social behavior, or altruism. Blessing Revolver is trying to implement this form of altruism, as submitted by Sagery in the following statement:

"Yang namanya membantu ya harus ikhlas. Nggak ada namanya membantu tapi mengharap imbalan. Blessing berkomitmen untuk membantu masyarakat miskin. Blessing nggak mengambil untung sepeser pun. Nggak ada bunga, jaminan, bagi hasil, ataupun operasional. Kegiatannya murni karena keikhlasan. Nggak ada imbalan apapun. Kalau lunas alhamdulillah, kalau gagal ya kita ikhlaskan."

"If we want to help, we need to be sincere. There is no such thing as helping but hoping for something in return. Blessing committed to help the poor. We do not take advantages, not even a dime. We don't charge for interest rates, no collaterals, profit shares, or any operational fees. Our activities are purely based on sincerity, without any kinds of rewards. If they manage to pay the whole installments, then thank God. If they don't, then we leave them be."

On the other hand, the customers give responses to this altruistic behavior. The customers claimed to feel sorry for the managers of Blessing Revolver, once they realized that there is no operational cost they need to pay while they borrow the money. Mrs. Sumiyati then stated as follows:

"Tya mas. Saya tuh kasihan mas sama mbak Laely. Kasih pinjaman orang tapi kan tanpa bunga, jadinya ndak dapat apa-apa. Saya kasihan, tapi ya saya juga merasa terbantu sama pinjamannya mbak Laely. Ya akhirnya saya kasih mbak Laely jajanan tiap hari. Kadang nasi, kadang lauk. Yang penting bisa ngasih walaupun sedikit."

"Yes, sir. I actually feel sorry for miss Laely. She lended us the money without interest rates, so she did not gain anything from it. I feel sorry for her, yet I feel assisted for this loan from her. So I choose to give her some snacks almost every day. Sometimes its rice, sometimes its other meals. At least I can give something even if it is not much."

When asked to confirm whether this mutual relationship occur, Laely revealed inside the following statement:

"Ya aku sering dikasih makanan sama nasabahku. Sering dapet nasi lah, bandeng presto lah, tahu bacem lah, pepes, banyak deh pokoknya. Hampir setiap hari aku itu dikasih makanan sama ibu Sumiyati sama mbak Asih (nasabah lainnya). Ya Alhamdulillah, akunya juga merasa cukup."

"Yes I got some food deliveries from my customers pretty often. Sometime I got rice, or fried fish, tofuf, steamed fish, and many more. Almost every day I got food deliveries from miss Sumiyati and miss Asih (another customer). Thank God it is enough for me."

The statement above proves that reciprocal relationship that slowly emerges from the micro-credit activities inside Blessing Revolver. There is an awareness within the customers to give paybacks by sharing some foods to the manager. While for the managers, they are starting to develop personal relationships with their customers.

Social Networks

Membership inside a network and a set of shared values are the core of the social capital concept (Field, 2010). A social group with the same goal and a good network management will build a strong social capital inside, and to make the range of social networks wide (Hasbullah, 2006). In context of Blessing Revolver, these social networks are formed but not yet to be present. It can be due to the lack of publicity about the micro-credit activity. But that does not mean that Blessing Revolver does not have any social network. As of November 2019, Blessing Revolver has reached to 65 customers and 7 regular donors. A total of 72 people are inside the social network of Blessing Revolver activities. However, the expansion of this network is not yet able to provide benefits for the people within. It is as what Laely submitted in the following statement:

"Tapi ya harus diakui walaupun nasabahnya tambah terus, tapi Blessing belum bisa menyamakan persepsi gitu. Masih ada perbedaan tujuan antara nasabah sama pengelola, jadinya ya keuangan mikronya belum bisa maksimal."

"But it should be recognized that even if there are customers add on, but we still could not equalize the perceptions. There are still different orientation in terms of goals between the managers and the customers, so the microfinance can not be maximized yet."

The statement above shows that the social network is still considered as a homework for Blessing Revolver. Especially since the role of social network is important to poverty alleviation, so its formation will be essential inside their micro-credit activity.

Values

Values that are formed in a group will control the behavior of the group, accompanied by some social sanctions (Hasbullah, 2006). Inside Blessing Revolver micro-credit activities, values are divided into two groups. There are both the material values and non-material values. Material values are certainly the value that generated through the micro-credit, and it has a nominal value of Rp. 1.000.000, -. Thus, customers can directly gain the benefits from this material value. Also, there are some non-material values. These non-material values has been described by Sagery in the previous statement, which reads:

"....Blessing sebenarnya juga mencoba menanamkan nilai-nilai lain. Misalnya kepercayaan, tanggung jawab, keikhlasan, mau berbagi, sama kemandirian. Nasabah yang pinjam di sini ya diharapkan bersyukur sama apa yang sudah diterima.

Jadi pelan-pelan mereka bakalan percaya sama kita, bakal tanggung jawab sama pinjamannya, bakalan tau makna keikhlasan, terus mau berbagi sama yang lain, dan akhirnya mereka bisa mandiri."

".... Blessing is also trying to teach other values. For example, trust, responsibility, sincerity, sharing, and independence. Customers who borrow money here are expected to be grateful at what has been received. So, slowly they are going to believe in us, will be responsible with the loan, will learn the meaning of sincerity, will share to each other, and eventually, they can be independent. "

The description above indicates that this activity also aims to deliver social values that are beneficial to both the customers and the manager. Through several previous statements, we can see that the value of the trust; responsibility; and the willingness to share has been given by

Blessing Revolver to customers through this not-for-profit micro-credit. Hopefully the customers will be able to implement these values. It can be concluded that the values which are expected by Blessing Revolver are gradually delivered.

Blessing Revolver uses the concept of not-for-profit microfinance. Therefore, a non-economic approach through social capital is considered to assess the sustainability of this activity. Overall, the social capital in Blessing Revolver micro-credit has demonstrated its existence. Although there are some parameters that still have not been fulfilled yet, but the social capital inside has been formed quite well for less than 5 years. Blessing Revolver has a good level of trust and a strong mutual relationship between the customers and the managers. Even though the social network has not been established. Moreover, the values inside the activity are started to be delivered to the customers, both the material and non-material ones.

For Blessing Revolver, these social capital parameters are considered as very beneficial for the sustainability of their activities. Especially for managers who have worked voluntarily for nothing in return. Their sincerity provided benefits for others, which later on build an awareness to help each other. This reciprocal relationship runs continuously, where the managers provide micro-credit loans, and the customers give some grants as payback to provide voluntary contributions to increase the capital. The customers also share some foods or other stuff as a thank you to the manager. The strong social capital will create strong relationships between actors within the organization. When this force has been formed and run continuously, then it is possible to expect a common goal will be achieved.

Apart from the social capital, Blessing Revolver's sustainability can also be achieved in terms of the economic capital. Criticism about financial sustainability can be answered by the existence of voluntary donations. As previously mentioned, Blessing Revolver offers both of their donors and customers to give voluntary donations in any amounts to increase the capital. So that more people can get benefits from this not-for-profit micro-credit. If these donations can run continuously, then the amount of capital for this micro-credit activities will likely to be increased. Or in other words, the actual economic sustainability can be met through the customers themselves.

CONCLUSION

Blessing Revolver with their not-for-profit micro-credit appeared as an innovation in microfinance scheme. Blessing Revolver provide micro-credits that are free from the interest rates, collateral, and profit shares. There are also other advantages such as the easy terms and conditions, as well as the installment payments that follow the client's ability. Their background to share with others is a strong motive to raise the awareness against poverty. Nevertheless, this

activity still has some challenges, particularly about the lack of legality of the activity; lack of adequate human resources; risky financial sources; and the difficulty in sorting customers.

Sustainability of this activity, both the financial and outreach sustainability can be seen from Blessing Revolver capital sources and their activities. Capital comes from donations from donors and some customers. Although the amounts are small, but with the numbers of customers and donors continue to grow, it is possible that the capital needs can be fulfilled. On the other hand, there is an alternative perspective to look at the sustainability of the activity through the existence of social capital parameters. These parameters are the level of confidence (trust), values, and reciprocity inside Blessing Revolver activity. These 3 parameters have shown indications that both formed a strong bonding social capital between the manager and the customers of Blessing Revolver. Therefore, the sustainability of this not-for-profit micro-credit depends on the overall stakeholders. Both the good customers, donors, and the managers. If the relationship between stakeholders can be done well, then the sustainability of this not-for-profit micro-credit can also run continuously.

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AN EXISTENTIAL STUDY ON NOT-FOR-PROFIT MICROFINANCE: CASE STUDY OF BLESSING REVOLVER MICROFINANCE

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Abstract

Microfinance has emerged as a tool to alleviate poverty in developing countries, including Indonesia. Some research proved that providing microfinance access to the poor households would drive their economies and give them the opportunity to combat poverty. The implementation of this concept is under a microfinance institution (MFI). Although it is still new, but microfinance innovates fast. One of the recent innovation is the existence of a non-profit microfinance, such as Blessing Revolver MFI. This study aims to explore the mechanisms of Blessing Revolver and its sustainability. This study used qualitative approach with case study analysis, and semi-structured interviews to collect the data. The informants are the MFI's managers and customers. The results showed that Blessing Revolver MFI offers micro-credit with no interest, no collaterals, and no profit shares with easy terms and conditions. Capital resources derived from donations, either from donors or customers. Besides, Blessing Revolver also aims to extend the micro-credit access to the poor, starting from their customers. Sustainability of this institution depends on both their donors and customers, which can be seen through the economic and social capital that has been established. Blessing Revolver MFI successfully demonstrated the high-level of trust, reciprocity, and the existence of both material and non-material values for their customers. If social capital as well as donations continue to run, then the sustainability of this activity can be achieved.

Keywords: micro-entreprises, micro-credit, non-profit, Blessing Revolver, social-capital.

Introduction

Poverty remains one of the main problem in developing countries, including Indonesia. Poverty is a multidimensional problem that originated from the low-living standards (Harningsih, 2016). This issue causes the inability for poor households to fulfill their basic needs such as foods, clothings, houses, health insurance and education. In Indonesia, the data from the Asian Development Bank (ADB) (2019) shows that 9.8% of the total population in Indonesia are still living in the bondage of poverty. Other data from the Indonesia's Central Bureau of Statistics (BPS, 2019) points out that, there are about 25 million of their residents are living below the poverty line in 2018. Further explanations about the number of poor people in Indonesia can be seen in Table 1.1.

Table 1: Number of Poor People in Indonesia in 2007-2018

Territory	Year	Amount (millions)	Year	Amount (millions)
INDONESIA	2007	37.17	2013	28.55
	2008	34.97	2014	28.51
	2009	32.53	2015	27.76
	2010	31.02	2016	26.59
	2011	30.02	2017	25.67
	2012	28.6	2018	25.14

Source: Indonesia's CBS (BPS, 2019), processed

Based on the data in Table 1.1 above, it can be concluded that the number of poor people in Indonesia has decreased from year by year. In 2007 the number of poor population reached 37.17 million, then fell to reach 28.6 million in 2012. This number continued to decline until 2018, where the number of population who are living below the national poverty line reached 25.14 million individuals. This downward trend is inseparable from the contribution from the government as the stakeholders, and the public as the prime mover of national development. Another cause of the decline on the poverty rate in Indonesia is the contributions from micro, small, and medium enterprises (MSMEs).

Since the financial crisis of 1997, MSMEs have pushed the Indonesian economy to create jobs as well as lower the unemployment and poverty rate at a time. (Budi, in Kurniawan and Fauziah, 2014). MSME sector consists of three types of business units which are micro, small, and medium-sized enterprises with each characteristics. The data collected from Indonesian Ministry

of Cooperatives and MSMEs (KUMKM, 2019) shows the numbers of MSMEs units in Indonesia from 2010 to 2017. Details of this data can be seen in Table 1.2 below.

Table 2: Numbers of MSMEs sector in Indonesia in 2010-2017 (in units)

Year	Type of Entreprises			
	Micro	Small	Medium	Total of MSMEs
2010	52,176,771	546.643	41.336	52,764,750
2011	53,504,416	568.397	42.008	54,114,821
2012	54,559,969	602.195	44.280	55,206,444
2013	55,856,176	629.418	48.997	56,534,591
2014	57,189,393	654.222	52.106	57,895,721
2015	58,521,987	681.522	59.263	59,262,772
2016	60,863,578	731.047	56.551	61,651,176
2017	62,106,900	757.090	58.627	62,922,617

Source: Indonesian Ministry of MSME (KUMKM) 2019, processed

Based on the data from Table 1.2 above, the number of MSMEs in Indonesia by 2017 is 62.9 million units, where the micro-entreprises dominate the whole MSME sector. In 2010, the number of micro-entreprises was 52.1 million units, then increased sharply to 55.8 million units in 2013. This improvement continued from year to year, and eventually reached 62.1 million micro-entreprises units in 2017. The increase in MSMEs could reduce the number of poor people in Indonesia, so that the MSMEs' empowerment become one of the strategy to eradicate poverty (Kurniawan and Fauziah, 2014). Given the importance of the function from MSMEs in poverty reduction, it requires special attention to empower this business sector. However, micro-entreprises are still experiencing many obstacles, mainly to gain access to capitals. Micro-entreprises have limitations especially regarding the funds, so they need capital access to support their business continuity. But, the majority of financial institutions reluctant to lend capital to micro-entreprises because they are considered non-bankable, or even considered to have a high-risk lending (Kurniawan and Fauziah, 2014).

Departing from this problem then arises a financial institution that facilitates capital access for micro-entreprises. This financial institution known as Micro-Finance Institution (MFI). This institution was first coined by Prof. Muhammad Yunus through the establishment of the first MFI, named Grameen Bank in Bangladesh since 1983. By 2007, nearly 7 million poor people

from 73,000 villages in Bangladesh got small amount of loans (microloans) from Grameen Bank. 97 percent of the customers are women. Grameen Bank gives collateral-free microloans which is used to pay off debt to moneylenders, housing, schools, and for productive purposes. Grameen Bank charges interest rate and it is depending on the motive of the loan. Additionally, Grameen Bank also offers a savings program, pension funds, and insurance for their customers. Cumulatively, Grameen Bank has provided loans amounting to approximately US \$ 6 billion, with a return rate of 99% (Yunus, 2007).

In Indonesia, the legal basis of the MFIs listed in the Act No. 1 Year 2013 (*UU. No. 1 Tahun 2013*) about Micro Finance Institutions. Under the Act, the MFI is defined as a type of specialized financial services to provide business development services and community development. These services are including micro-credit or other financial services such as the deposits management and consulting services for micro-enterprises or public in general. MFI is a financial institution that seeks to provide credit to poor families and low income who have less access to formal financial institutions (Arsyad, 2008).

MFI proven to reduce poverty (Imai, et. Al, 2010) as well as improving survivability and independence of its customers (Setianingsih, 2016). During this time, the MFI is known to have an emphasis on micro-credit. MFIs are not primarily profit-oriented. MFIs based their activities on both social and community development motive. Their form of services and administratives are also tend to be simple, since most of MFIs' targets are middle and lower economic communities (Baskara, 2013). MFIs' micro-loan mechanism is in small amounts with short-term due date, and low transaction costs (Wai, in Arsyad, 2008). MFIs can also adapt to both the environmental and socioeconomics conditions of their customers (Adams and Fichett, 1992).

There are various types of MFIs which has been known. In Indonesia, MFIs are divided into 3 groups, which are banking institutions' MFIs, cooperatives MFIs (*koperasi*), and non-bank 17 titutions/non-cooperative MFIs (Baskara, 2013). While based on the goal, MFIs can be divided into 2 groups, the profit-oriented MFIs and non-profit-oriented MFIs. Profit-oriented MFIs prioritize their activities to obtain financial stability, while the non-profit MFIs are willing to expand the reach of micro-credit to the poor (Weinberg, 2008). Then based on the formalities, MFIs are divided into 3 types, namely the formal, semi-formal, and informal MFIs. The differences between these three refer to the establishment process, operational process, and monitoring process either carried out by the government or outside the government authorities (Arsyad, 2008).

In the implementation of micro-loan activities, MFIs have certain mechanisms. In general, the majority of the MFIs have transaction costs, though sometimes the amounts are low. Costs such as collateral and administration fees, or interest fees are some of the regular mechanisms inside MFIs. The existence of these mechanisms is to support the financial sustainability of the MFIs themselves (Murdoch, 1999). However, it now appears that there is a new perspective in the mechanisms of MFIs. This perspective emphasizes the non-profit mechanism especially in micro-loan activities. It means that the loans are not charged with any kind of transaction fees. No collaterals, no interest expenses, and no administrative costs. This mechanism is owned by a unique MFI under the name "Blessing Revolver". Blessing Revolver are running their business

in the city of Surakarta, in Central Java province of Indonesia. This research is willing to explore how this MFI works and how will their sustainability be achieved.

RESEARCH METHODS

This research used qualitative approach through the case studies analysis. Case study analysis is a technique to collect data in details and thorough, and has a limited set within the scope of an existing object in the real world (Cresswell, 2015). This analysis was selected because the research object is a particular institution. Besides, the research objectives are to explore the details from the institution, with the support of the holistic datas. The scope of this research is divided into two parts. The first part will be about the descriptions of non-profit Blessing Revolver MFI, and the second part talked about the sustainability assessment of the institution. This research used primary datas, sourced from several informants.

The informant is a party who knows the details about the research object. The informants are consisted of 2 Blessing Revolver managers; Mr. Raden Muhammad Adnan Sagery and Mrs. Laely Nur Khikmah. Also from 4 customers; Mr. Supardi, Mrs. Dewi, Mrs. Sumiyati and Mrs. Ari Martini. Datas from the informants were collected through semi-structured interviews. The researcher set up a group of questions related to the MFI. The questions were about the profile, motives, mechanisms, and so forth. The results of the data will be reduced and grouped to see the patterns that emerged, and associated them with the existing theories. This is the step-by-step procedures in the case study analysis (Dantes, 2012).

RESULTS AND DISCUSSIONS

Blessing Revolver and their micro-credit activities have existed since March 25th 2015, in Solo city, Central Java province, Indonesia. There are at least 2 important figures behind this institution. Raden Muhammad Adnan Sagery as the owner also the pioneer of this activity, and Laely Nur Khikmah as the general manager. Sagery works as in a private Rural Banks (BPR), while Laely is a lecturer and an author. Blessing Revolver has an emphasis on the provision of micro-credit with not-for-profit mechanism. It's as submitted by Sagery in the following statement:

"Kita fokusnya kan ke kredit mikro. Jadi ya ngasih pinjaman kecil gitu, maksimal Rp. 1.000.000 lah, tapi utamanya buat kegiatan produktif. Ya misal buat pedagang, atau ibu rumah tangga yang punya sambilan, macem-macem."

"Our focus is in micro-credit. We give small loans with maximum amounts of Rp. 1,000,000, and primarily for productive purposes. For instance we give these to small merchants, or housewives with side-jobs, there are many (customers). "

Sagery's statement was reinforced by the general manager, Laely Nur Khikmah with her following statement:

"Blessing itu ya kredit mikro buat kegiatan produktif, yang tanpa bunga, tanpa bagi hasil, dan tanpa jaminan. Angsurannya juga tergantung nasabah, jadi nasabah nggak ada beban tanggungan kalau pinjam di sini."

"Blessing's micro-credit is for productive activities. Without any charge for interest, profit share, or collaterals. Also, the installments depends on the customers. So the customers do not have any burdens to borrow money from here."

Through these two explanations, we can conclude that Blessing Revolver held a micro-credit for productive purposes, especially for micro-enterprises. The maximum amount of this micro-credit is Rp. 1,000,000. Besides, they also have the mechanism that charges zero interest rates, also without collaterals and profit shares. Blessing Revolver charges nothing for their customers who borrow the money, and only ask for the installments.

The background of this micro-credit activity came from the desire to share with others, but hindered by the form of the aid itself. This was stated by Sagery in the following statement:

"....Mau kasih manfaat buat orang lain, tapi kalau pakai makanan nanti takut basi. Makanan kan nggak tahan lama. Akhirnya ya dipilih uang aja lah, yang tahan lama dan manfaatnya lebih berguna. Ya dari situ sih awalnya."

".... We want to give benefits for others. If we give foods, we are afraid it will be stale. Foods are not that durable. So, we decided to give money, since it is durable and more useful. That was how this activity built from."

Sagery was also the person who proposed for the not-for-profit mechanism inside the micro-credit, and chose the name of this activity as "Blessing Revolver". It is as presented in his following statement:

"....Aku mikirin, kira-kira nama apa yang pas buat kredit mikro yang ngasih pinjaman tapi nggak ada bunga, nggak ada jaminan, dan nggak ada bagi hasil. Cuma mau membantu sama nyari berkah aja. Awalnya sih mau dipilih nama "zakat bergilir", tapi ternyata yang kaya gini itu bukan zakat. Ya akhirnya aku pilih nama "berkah bergilir" aja, berkah di sini bentuknya ya pinjaman tadi yang digilir gantian. Ya biar keren aja namanya diganti ke bahasa Inggris jadi Blessing Revolver."

".... I was thinking about the right name for a micro-credit that gives loans but without interest, collaterals, or profit shares. Just want to help others. Initially, we wanted to use the name "rotating-zakat", but turns out it is different from the concept of zakat. So, I choose an alternate name and came up with "rotating-blessing". We meant these loans as the blessings, and we rotated these loans (from one customer to another). And to make it sounds cool, finally we translated it to english. So, it is Blessing Revolver."

Blessing Revolver carries a not-for-profit mechanism inside the micro-credit, so their capital will be a major issue. The funds for this not-for-profit micro-credit are coming from donors who also want to share with others. Until now, there are as many as 15 donors who are funding Blessing Revolver's activities. Majority of them are people who are in the same working environment as Laely and Sagery. This is consistent with the explanation from Sagery as the following:

"Kalau modal, aku sama temen-temen itu tiap bulan nyisihin gaji kita di BPR. Yo ada yang kasih 2,5% lah, ada yang lebih juga. Yang jelas kita usahakan tiap bulan ada uang masuk buat tambahan modal. Tapi kalau nggak mau nyumbang juga nggak apa-apa. Bukan pemaksaan kok. Tapi ya Alhamdulillah bisa lancar terus."

"For the capital, me and my friends cut our salaries every month. Some donate 2.5%, or even more. At least we tried to let the money comes in for additional capital every month. And it is okay if someone does not want to donate. It is not an obligation. But, thank God, we can run smoothly."

Sagery's statement above explained that the donors are giving Blessing Revolver some donations in a particular period. This donation was given without any form of coercion or obligation, and with the amount based on their own choices. The donation then referred as a "blessing" by Sagery, which will be given in turns to those who need. This is the reason that formed the name of Blessing Revolver. Once the funds are collected, the next problem is to

distribute these funds in the form of micro-credits to customers. There are some terms and conditions to borrow the money. Regarding lending procedures, Laely convey the following statement:

"...Kalo mereka mau pinjam ya syaratnya cuma fotokopi KTP sama KK, terus bilang mau pinjam berapa. Nanti mereka isi formulir gitu, ya isinya akad perjanjian pinjaman. Pinjamannya berapa, angsurannya berapa, dan di tanda tangani pakai materai. Nanti kalau pas ngangsur mereka pas nggak ada duit, yo nggakpapa, ditunda dulu sampai minggu depannya. Gitu sampai selesai. Kalau sudah selesai, nanti boleh pinjam lagi."

".... If they want to borrow the money, they only need to copy both the personal identity card (KTP) and family card (KK), and tell how much money they want to borrow. Then they can fill the form about the loan agreements. How much they borrow the money, how many the installmentss are, and then they sign the form with stamp. If they find difficulties to pay the installments on time, we will not charge them and let them to pay on the next time. That goes on until they finished the installmentss, and if they do they can borrow the money again."

The requirements to obtain the micro-credit from Blessing Revolver are by providing a copy of the identity card (KTP) and family card (KK), and fill in the form of loan agreements. These requirements are quite easy, and this micro-credit also does not charge any administration fees. Once the customer completes the terms and conditions, customers can obtain a loan that they have asked for. Customers will start to pay for the installmentss that has been agreed earlier. During the installments payments, customers will be given offers to join the donations. These donations are not coercive and depends on the ability of each customers. When customers managed to repay the loan, they can have the opportunity to borrow the money under the same terms and conditions. Blessing Revolver offers easy capital access for productive micro-enterprises, since it is the main attraction to acquire customers. Blessing Revolver has had 65 customers until November 2019. However, this easy access for capital is not the only value that is expected by the manager of Blessing Revolver. It is as described by Sagery in the following statement:

"...Blessing sebenarnya juga mencoba menanamkan nilai-nilai lain. Misalnya kepercayaan, tanggung jawab, keikhlasan, mau berbagi, sama kemandirian. Nasabah yang pinjam di sini ya diharapkan bersyukur sama apa yang sudah diterima. Jadi pelan-pelan mereka bakalan percaya sama kita, bakal tanggung jawab sama pinjamannya, bakalan tau makna keikhlasan, terus mau berbagi sama yang lain, dan akhirnya mereka bisa mandiri."

"... Blessing is also trying to teach other values. For example, trust, responsibility, sincerity, sharing, and independence. Customers who borrow money here are expected to be grateful at what has been received. So, slowly they are going to believe in us, will be responsible with the loan, will learn the meaning of sincerity, will share to each other, and eventually, they can be independent. "

Through the statement above, Sagery explained that Blessing Revolver has other values than the credit itself. He hoped that these activities may also deliver non-material values such as honesty, responsibility, sincerity, and independence. Later on, Laely as the general manager tend to agree with Sagery's explanation. Laely felt that these expected values from customers began to appear and can be observed. It is as she explained the following:

"Ya menurutku nasabah di sini sudah mulai bisa menerima nilai-nilai yang diharapkan dari Blessing. Walaupun mereka nggak sadar. Contohnya aja ya, selama ini nasabah yang gagal kredit sudah jauh berkurang. Nggak kayak waktu awal dulu, banyak yang lari. Sekarang juga banyak yang mau nyumbang sukarela buat modal. Ada juga nasabah yang hampir tiap hari itu ngirimin makanan lah, minuman lah, macem-macem pokoknya."

"Yes, I think our customers here started to receive the expected values from Blessing. Although they did not realize. For instance, the number of failed customers are reduced. Unlike at the beginning of our activity, many of them run away. Now, many are willing to donate for the capital. There are also customers who deliver some foods, beverages, or other things."

The statement above shows that there is a reciprocal relationship between Blessing Revolver and their customers. The customers feel responsible and began to have awareness to share with others. Not only in the form of donations, but also in the form of foods or beverages for the Blessing Revolver managers. The customers felt grateful for the trust and micro-credit that has been given. It is as recognized by miss Sumiyati, one of the customer in the following statement:

"Saya ngasih makanan buat mbak Laely ya karena saya kasihan sama dia mas. Mbak Laely sudah baik sama saya, jadi ya gantian saya yang balas. Cuma sedikit kok mas cuma kasih jajanan thok. Ndak seberapa. Tapi saya itu seneng mbak Laely ndak pernah nolak."

"I give food for miss Laely because I felt sorry for her. Miss Laely has been so good to me, so I want to turn the favor back. It is just a little bit of snacks, it is not much. But I am happy that miss Laely never refuse. "

It is also expressed by miss Dewi, another customer in Blessing Revolver. She explained regarding the voluntary donations for this micro-credit with her statement below:

"Tiap ngangsur itu 50,000 tiap minggu. Kadang ya saya juga kasih tambahan buat sumbangan mas. Kadang 5.000, kadang 2.000, ya kata mbak Laely seikhlasnya saja. Lagian yo ndak mesti, kadang tak kasih kadang juga ndak tak kasih."

"We pay for 50.000 Rupiahs every week for the installments. Sometimes I also give extra money for donation. Sometimes its 5.000, sometimes 2.000. Well, as miss Laely said that the amount depends on our abilities. Anyways I do not always give the donations, sometimes I do and sometimes I do not."

Statements from Mrs. Sumiyati and Mrs. Dewi above show that the mutual relationship has been created between the manager and the customers of Blessing Revolver. Customers give good feedbacks because they feel that the not-for-profit micro-credit has been beneficial for them. Mrs. Sumiyati found this micro-credit scheme as a very helpful loan for her businesses. It's like what she said in the following statement:

"Wah, saya malah terbantu banget sama pinjemannya mbak Laely mas. Saya sampai bilang banyak terimakasih sama mbak Laely, sering saya repotkan. Saya itu cuma bisa kasih nasi aja buat mbak Laely."

"Woah, I felt like this loan from miss Laely has assisted me very much, sir. I had to say many thanks to miss Laely, that sometimes I become a troublesome for her. I could only give some meals to miss Laely."

Aside from Mrs. Sumiyati, Mrs. Dewi has a similar opinion. She felt assisted because of the ease in this not-for-profit micro-credit. Mrs. Dewi described in her statement as the following:

"Iya mas ini mbantu banget. Apalagi kan ini ndak pakai bunga to mas, ndak ada jaminan juga. Jadi kalau pas pasar rame, saya nutup mas. Terus saya ambil lagi tak buat kulakan lagi. Jelas manfaatnya mas."

"Yes sir this loan is very helpful. Especially since it did not charge us with any interest rates, sir. No collateral charges as well. So when our market is crowded, I can pay for the whole installmentss. And then I will ask for another loan to buy wholesale products. So the benefits are obvious, sir."

There are also other customers such as Mr. Supardi and Mrs. Ari Martini, who explained about the benefits from Blessing Revolver's micro-credit to their businesses. Mr. Supardi stated that this kind of loan is very helpful for his business, which is selling beverages in front of a public school. The following statement from the Mr. Supardi tells more about it:

"Jujur ya mas, saya itu merasa terbantu banget bisa dapat pinjaman kayak gini. Tanpa bunga, tanpa jaminan, tanpa beban. Sebagai nasabah, ya saya harus rajin nangsur. Tanggung jawab sama pinjaman saya. Wong ya nanti kalau sudah lunas kan bisa pinjam lagi. Jadi kita sangat diuntungkan."

"Honestly sir, I felt that this kind of loan has helped me so much. No interest rates, no collateral, no burdens. As a customer, I must be diligent to pay the installmentss. I need to be responsible with my loans. Since later on, when it is paid off, I can borrow the loans again. So we are greatly benefited."

While for Mrs. Ari Martini, she also explained about the usefulness of Blessing Revolver's micro-credit. This is evident through the following statement that she said:

"Kalau saya ndak pinjam sama mbak Laely, saya bingung mau pinjam sama siapa lagi buat usaha saya. Anak saya yang SMK soalnya ndak dapet dana BOS, jadinya susah. Untungnya saya ditawarkan pinjaman ini sama mbak Laely, terus ya akhirnya saya pinjam. Lumayan mas buat tambah-tambah."

"If I did not borrow the loan from miss Laely, I would be confused how will I borrow the money for my own business. My daughter is a high-school student but she did not get the aid, so it is tough for us. Luckily, I got offers for this loan from miss Laely, then I borrow it. It is good for us, sir."

These responses have concluded that customers felt the benefits from this Blessing Revolver's micro-credit. Easy terms and conditions, as well as the easy process of installments payments proved that this micro-credit is trying to help the capital needs of micro-enterprises. Blessing Revolver proved that innovation and sacrifice for others can be the keys to the success of micro-business sector. This not-for-profit micro-credit can also reduce unemployment rates and reduce poverty if implemented on a massive scale.

However, Blessing Revolver still have some obstacles. The main obstacle is the legality of this micro-credit activity. Blessing Revolver is yet to have any formal permission to stand alone as a microfinance institution (MFI). Moreover, there are also some other technical problems. Sagery stated that these constraints are the risks that Blessing Revolver must accept due to their not-for-profit micro-credit activities. He explained more in the following statement:

"Nah kadang ada calon nasabah yang bilangnya pinjam uang untuk kulakan, tapi terus malah dipakai buat bayar listrik lah, bayar sekolah lah. Ya sebenarnya nggak bisa disalahin sih, cuma kan kita pengennya pinjam ya sesuai motifnya. Mungkin ya kekurangan SDM juga ya. Soalnya kan kegiatan ini nggak ada untungnya sama sekali buat pengelola, jadinya susah buat cari orang-orang yang mau membantu mencari nasabah baru."

"Well, sometimes there are customers who told us that they want to borrow money to buy the wholesale. But later on they would use it to pay for electricity, or school payments instead. Well, we could not blame them, but we wanted the loans to be used for the earlier motive. Maybe because we are lack of human resources too. Since this activity is not profitable for the institution, so it would be difficult to find people who want to help to find new customers."

Blessing Revolver with their not-for-profit micro-credit activities have demonstrated a new mechanism in microfinance for the micro-enterprises. There are two groups of microfinance, namely the for-profit microfinance and not-for-profit microfinance. Differences were found on their goal differences, where for-profit microfinance aims to sustain its micro-credit activities

based on their financial power. While the not-for-profit microfinance aims to expand the micro-credit access to poor people (Morduch, 1999 and Weinberg, 2008). Through this theory we may conclude that the activities of Blessing Revolver characterized as a part of a not-for-profit microfinance. It is based on the charity-based capital sources and not-for-profit mechanisms that have been implemented within.

Not-for-profit microfinance does not give priority to profit maximization in its activities, so their sustainability is often questionable. This is because their capital requirements are dependent on donors, so these donations are risky since they can be stopped at any time. Besides, the loans are also in a very high risk if there is no mechanism to ensnare the customers. Therefore, a microfinance institution (MFI) would be better if it could ensure their financial sustainability through the accumulation of economic capital (Morduch, 1999). Blessing Revolver, in this case, does have a pattern similar to the not-for-profit microfinance model, but uses a different approach to determine the sustainability of the institution.

Blessing Revolver's financial sustainability depends on donors and the customers who come to donate. It is based on the need to meet capital requirements. However, financial sustainability through economic capital is not the only sustainability approach in the case of Blessing Revolver. There are other forms of capital than the economic capital, such as human capital, natural capital, and social capital (Bourdieu in Field, 2010). Social capital is one type of capital that can explain how social world works. This is the kind of capital that can be used as an approach to see how the sustainability of micro-credit activities in Blessing Revolver goes.

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Social capital is a set of informal values and norms that held a community, where members collaborate on common goals (Fukuyama, 2002). In the context of Blessing Revolver, the manager and the customers have the same goal, which are to alleviate poverty and to empower the micro-enterprises. The customer wants to alleviate poverty in their households, while Blessing Revolver wants to eradicate poverty of all their members. Social capital itself has several parameters, such as trust, reciprocity, social networks, and values (Hasbullah, 2006).

Trust

Trust is a source of strength inside a community or social group. If a social group have low level of trust or even loss of trust, then the group will find difficulties to handle problems inside the group (Putnam, in Hasbullah, 2006). Meanwhile, Blessing Revolver has given high level of trust to their customers. The form of trust they gave are in the form of these loans without interest and collateral. Since they do not charge anything to their customers, then the only reason

they gave the loans is in terms of trust. This is consistent with the following statements from Sagery:

“Blessing ngasih pinjaman kan ya cuma modal percaya aja. Blessing percaya kalo para nasabah bakal memanfaatkannya sesuai kebutuhan, dan bakal dibalikin kalo kebutuhannya terpenuhi.”

"

“Blessing give the loans only based on trust. We trust the customers will use the loans as needed, and they will pay the loans back after they have fulfilled their needs.”

Aside from the manager, their customers also felt the trust inside Blessing Revolver activities. The customers feel that they are the party with the most benefit from this not-for-profit micro-credits. One of them was Mrs. Dewi, who stated the following statement:

“Alhamdulillah mas, setelah pinjam sama mbak Laely, 4 bulan ini saya bisa nambah penghasilan. Biasanya dagangan cuma bisa nyetock sedikit. Sekarang bisa nambah. Kebetulan pas harga jualnya juga tinggi. Lumayan buat makan sama kulakan.”

“Thank God, sir. After I borrowed the money from miss Laely, I managed to gain more income for these 4 months. Usually I can only bought some product stocks, but now I can buy more. The selling prices are also higher, eventually it is good enough for us to buy some foods and for the wholesale needs.”

The existence of trust inside Blessing Revolver activities eventually build the mutual trust between the manager and the customers. Both recognize that there is a goal that must be solved together, namely poverty. This goal will only be achieved if there is a high level of trust between individuals and groups, or between one and another (Fukuyama, 2002).

Reciprocity

Reciprocity means a reciprocal relationship between individuals; individual and a group; or among groups; which usually occurs because of a certain interest (Hasbullah, 2006). Blessing

Revolver established business relationships with their customers through not-for-profit micro-credits, then the customers are obliged to pay the installments of these loans. Blessing Revolver expect nothing more than the installments in return. Sociology called this kind of behavior as pro-social behavior, or altruism. Blessing Revolver is trying to implement this form of altruism, as submitted by Sagery in the following statement:

"Yang namanya membantu ya harus ikhlas. Nggak ada namanya membantu tapi mengharap imbalan. Blessing berkomitmen untuk membantu masyarakat miskin. Blessing nggak mengambil untung sepeser pun. Nggak ada bunga, jaminan, bagi hasil, ataupun operasional. Keegiatannya murni karena keikhlasan. Nggak ada imbalan apapun. Kalau lunas alhamdulillah, kalau gagal ya kita ikhlaskan."

"If we want to help, we need to be sincere. There is no such thing as helping but hoping for something in return. Blessing committed to help the poor. We do not take advantages, not even a dime. We don't charge for interest rates, no collaterals, profit shares, or any operational fees. Our activities are purely based on sincerity, without any kinds of rewards. If they manage to pay the whole installments, then thank God. If they don't, then we leave them be."

On the other hand, the customers give responses to this altruistic behavior. The customers claimed to feel sorry for the managers of Blessing Revolver, once they realized that there is no operational cost they need to pay while they borrow the money. Mrs. Sumiyati then stated as follows:

"Iya mas. Saya tuh kasihan mas sama mbak Laely. Kasih pinjaman orang tapi kan tanpa bunga, jadinya ndak dapat apa-apa. Saya kasihan, tapi ya saya juga merasa terbantu sama pinjamannya mbak Laely. Ya akhirnya saya kasih mbak Laely jajanan tiap hari. Kadang nasi, kadang lauk. Yang penting bisa ngasih walaupun sedikit."

"Yes, sir. I actually feel sorry for miss Laely. She lended us the money without interest rates, so she did not gain anything from it. I feel sorry for her, yet I feel assisted for this loan from her. So I choose to give her some snacks almost every day. Sometimes its rice, sometimes its other meals. At least I can give something even if it is not much."

When asked to confirm whether this mutual relationship occur, Laely revealed inside the following statement:

"Ya aku sering dikasih makanan sama nasabahku. Sering dapet nasi lah, bandeng presto lah, tahu bacem lah, pepes, banyak deh pokoknya. Hampir setiap hari aku itu dikasih makanan sama ibu Sumiyati sama mbak Asih (nasabah lainnya). Ya Alhamdulillah, akunya juga merasa cukup."

"Yes I got some food deliveries from my customers pretty often. Sometime I got rice, or fried fish, tofuf, steamed fish, and many more. Almost every day I got food deliveries from miss Sumiyati and miss Asih (another customer). Thank God it is enough for me."

The statement above proves that reciprocal relationship that slowly emerges from the micro-credit activities inside Blessing Revolver. There is an awareness within the customers to give paybacks by sharing some foods to the manager. While for the managers, they are starting to develop personal relationships with their customers.

Social Networks

Membership inside a network and a set of shared values are the core of the social capital concept (Field, 2010). A social group with the same goal and a good network management will build a strong social capital inside, and to make the range of social networks wide (Hasbullah, 2006). In context of Blessing Revolver, these social networks are formed but not yet to be present. It can be due to the lack of publicity about the micro-credit activity. But that does not mean that Blessing Revolver does not have any social network. As of November 2019, Blessing Revolver has reached to 65 customers and 7 regular donors. A total of 72 people are inside the social network of Blessing Revolver activities. However, the expansion of this network is not yet able to provide benefits for the people within. It is as what Laely submitted in the following statement:

"Tapi ya harus diakui walaupun nasabahnya tambah terus, tapi Blessing belum bisa menyamakan persepsi gitu. Masih ada perbedaan tujuan antara nasabah sama pengelola, jadinya ya keuangan mikronya belum bisa maksimal."

"But it should be recognized that even if there are customers add on, but we still could not equalize the perceptions. There are still different orientation in terms of goals between the managers and the customers, so the microfinance can not be maximized yet."

The statement above shows that the social network is still considered as a homework for Blessing Revolver. Especially since the role of social network is important to poverty alleviation, so its formation will be essential inside their micro-credit activity.

Values

Values that are formed in a group will control the behavior of the group, accompanied by some social sanctions (Hasbullah, 2006). Inside Blessing Revolver micro-credit activities, values are divided into two groups. There are both the material values and non-material values. Material values are certainly the value that generated through the micro-credit, and it has a nominal value of Rp. 1.000.000, -. Thus, customers can directly gain the benefits from this material value. Also, there are some non-material values. These non-material values has been described by Sagery in the previous statement, which reads:

"...Blessing sebenarnya juga mencoba menanamkan nilai-nilai lain. Misalnya kepercayaan, tanggung jawab, keikhlasan, mau berbagi, sama kemandirian. Nasabah yang pinjam di sini ya diharapkan bersyukur sama apa yang sudah diterima.

Jadi pelan-pelan mereka bakalan percaya sama kita, bakal tanggung jawab sama pinjamannya, bakalan tau makna keikhlasan, terus mau berbagi sama yang lain, dan akhirnya mereka bisa mandiri."

".... Blessing is also trying to teach other values. For example, trust, responsibility, sincerity, sharing, and independence. Customers who borrow money here are expected to be grateful at what has been received. So, slowly they are going to believe in us, will be responsible with the loan, will learn the meaning of sincerity, will share to each other, and eventually, they can be independent. "

The description above indicates that this activity also aims to deliver social values that are beneficial to both the customers and the manager. Through several previous statements, we can see that the value of the trust; responsibility; and the willingness to share has been given by

Blessing Revolver to customers through this not-for-profit micro-credit. Hopefully the customers will be able to implement these values. It can be concluded that the values which are expected by Blessing Revolver are gradually delivered.

Blessing Revolver uses the concept of not-for-profit microfinance. Therefore, a non-economic approach through social capital is considered to assess the sustainability of this activity. Overall, the social capital in Blessing Revolver micro-credit has demonstrated its existence. Although there are some parameters that still have not been fulfilled yet, but the social capital inside has been formed quite well for less than 5 years. Blessing Revolver has a good level of trust and a strong mutual relationship between the customers and the managers. Even though the social network has not been established. Moreover, the values inside the activity are started to be delivered to the customers, both the material and non-material ones.

For Blessing Revolver, these social capital parameters are considered as very beneficial for the sustainability of their activities. Especially for managers who have worked voluntarily for nothing in return. Their sincerity provided benefits for others, which later on build an awareness to help each other. This reciprocal relationship runs continuously, where the managers provide micro-credit loans, and the customers give some grants as payback to provide voluntary contributions to increase the capital. The customers also share some foods or other stuff as a thank you to the manager. The strong social capital will create strong relationships between actors within the organization. When this force has been formed and run continuously, then it is possible to expect a common goal will be achieved.

Apart from the social capital, Blessing Revolver's sustainability can also be achieved in terms of the economic capital. Criticism about financial sustainability can be answered by the existence of voluntary donations. As previously mentioned, Blessing Revolver offers both of their donors and customers to give voluntary donations in any amounts to increase the capital. So that more people can get benefits from this not-for-profit micro-credit. If these donations can run continuously, then the amount of capital for this micro-credit activities will likely to be increased. Or in other words, the actual economic sustainability can be met through the customers themselves.

CONCLUSION

Blessing Revolver with their not-for-profit micro-credit appeared as an innovation in microfinance scheme. Blessing Revolver provide micro-credits that are free from the interest rates, collateral, and profit shares. There are also other advantages such as the easy terms and conditions, as well as the installment payments that follow the client's ability. Their background to share with others is a strong motive to raise the awareness against poverty. Nevertheless, this

activity still has some challenges, particularly about the lack of legality of the activity; lack of adequate human resources; risky financial sources; and the difficulty in sorting customers.

Sustainability of this activity, both the financial and outreach sustainability can be seen from Blessing Revolver capital sources and their activities. Capital comes from donations from donors and some customers. Although the amounts are small, but with the numbers of customers and donors continue to grow, it is possible that the capital needs can be fulfilled. On the other hand, there is an alternative perspective to look at the sustainability of the activity through the existence of social capital parameters. These parameters are the level of confidence (trust), values, and reciprocity inside Blessing Revolver activity. These 3 parameters have shown indications that both formed a strong bonding social capital between the manager and the customers of Blessing Revolver. Therefore, the sustainability of this not-for-profit micro-credit depends on the overall stakeholders. Both the good customers, donors, and the managers. If the relationship between stakeholders can be done well, then the sustainability of this not-for-profit micro-credit can also run continuously.

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Author Profile



Ali Zainal Abidin received the B.E. degrees in Development Economics from Sebelas Maret University in 2017. Since 2017, he worked as a research assistant in the Faculty of Economics and Business at Sebelas Maret University alongside Doctor Dwi Prasetyani. He focused

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