

The Art of Baitul MaalwaTamwil (BMT) as Islamic Microfinance Institution in Eradicating Poverty and the Framework to Analyse its Performance

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Abstract

The nature of microfinance is to provide financial services and assist the poor people to become economically independent. Different with conventional microfinance that offers the financing scheme based on interest (read;riba), Islamic microfinance offers the financing scheme based on shariah principles to enhance the development of microentrepreneurs. The paper aims to present the art of baitulmaalwatamwil (BMT) as Islamic microfinance institution in eradicating poverty and propose a conceptual model on the performance of BMT by analyzing its efficiency. In the last twenty years, the growth of BMTs increase significantly and have contributed positively to the development of socio economic in Indonesia. Recently, it is estimated 4,000 BMTs operated and have enhanced thousand poor people life. The paper believes that Islamic ethics offers by BMTs have attracted and accepted by society. The paper also identifies the appropriate methods to evaluate efficiency of BMTs, such evaluation of Islamic microfinance institution to function effectively to achieve socio economic objective in order to increase its performance. The findings are not only relevant and applicable to Indonesia but also to other muslim countries and would be useful for further empirical research in this area.

Keywords; *Microfinance, Islamic Microfinance, BMT, efficiency*

Introduction

In the last few years, microfinance has become an important component to reduce poverty. Microfinance is defined as the provision of a broad range of financial services such as deposits, loans, payment services, money transfers and insurance to poor and low income households and microenterprises (ADB,2004). Some studies have proven that microfinance is one of effective tools to help the poor get out of poverty(Hasan and Alamgir, 2000;Zaman, 2004; Barr, 2005, Ahmed, 2009). Providing the financial services can assist the poor to establish or expand the microenterprises (MEs) in the informal sectors of the economy and enhance their quality of life or release them from poverty (Widiyanto, 2007).

In Indonesia, as of 2006, there are approximately 49 million of small and medium enterprises (SMEs) active in the country and some of them are muslimmicroentrepreneurs who need financial service which free from interest (read: *riba*). The existence of BMTs as Islamic microfinance institutions (Islamic MFIs) attempt to answer the need of these customers by offering

financial services which based on *shariah* (Islamic principles).Recently, the highest growth of Islamic MFIs in Indonesia is BaitulMaalwaTamwil (BMT) which offer microfinance service based on Islamic principles.

Similarity with microfinance objective, BMT also has two mission in socio and economic objective; alleviate poverty and financial sustainability. To achieve these missions, BMT needs to be efficient on its operational, especially in managing the financial resources and performance. If BMT operates efficiently, they will effective to optimize their functions. Meanwhile, inefficiency should be improved and eliminated to reduce the weaknesses which are obstacles to achieve good performance. According to Widiyanto and Ismail (2007), increasing efficiency enables the MFI to generate profits and this condition will create two benefits, first, the higher profit can be returned to investors that will encourage them to invest in MFI. Second, the higher retained earning will enable MFI to add capital internally, and it can reach more MEs and sustainability can

be achieved.

Measuring the performance of BMTs is important since it will encourage the productivity in order to eliminated the poverty and at the same time secure BMT's position to be sustain in the future. One of performance measurement is efficiency. The BMTs considered efficient if they can optimize the output and minimize the input. It means that efficient BMT might reach more MEs or poor people to reduce the poverty and also keep the sustainability of BMT in the future. Therefore, understanding the nature of Islamic microfinance and analyzing the performance of this institution are needed to optimize BMT's functions in socio and economic objective .

The Art of Baitul Maal wa Tamwil (BMT) in Eradicating Poverty

The Nature of Islamic Microfinance

As the effort to bring the Islamic system in economics, many muslim countries try to establish Islamic microfinance institutions (Islamic MFIs) to introduce the microfinance system based on Islamic values. The nature of Islamic microfinance has

been stated by Obaidullah (2008) that Islamic microfinance products, services and its contracts should be free from certaining forbidden elements such *riba* (Interest, oppressive and exploitative) and *gharar* (uncertainty or deceit). *Riba* represents unfairness, as implied by the word of *zulm* (oppression) and exploitation. The word 'exploitation' is opposite of *adl* (i.e. justice). As part of this quest for justice, Islam is against all kinds of exploitation of human by other humans, whatever individuals, groups or institutions. Therefore all things including economics, finance or banking activities that promotes exploitation is a serious fundamental concern which must be ignored.

The teaching of Islam is an important foundation for MEs development. Because, it is expected to maintain the balance of human life, either in economic, social or spiritual side of a human. Islamic finance offers various ethical schemes and instruments that can be advanced and adopted for the purpose of microfinance (Abdul Rahman, 2007). Islamic MFIs do not aim to reduce the poverty in material

aspect only but they also attempt to motivate the microentrepreneurs (poor people) to be thrive by assisting them to adhere with Islamic norms and values. The term of alleviating the poverty in Islamic perspectives entails spiritual aspect is more important than material aspects. An hadits⁴⁰ narrated by Abu Hurairah (as quoted on Mannan, 1988) said that; “*Indeed, the real richness is that of the heart (spiritual) itself*”. It means that a muslim is called poor when he or she is lack of spirituality. On the other word, the real poverty in Islamic perspectives is the spiritual poverty.

The main objectives of microfinance schemes in alleviating poverty and in enabling the poor to empower themselves are in line with the Islamic economic principles of justice. Since the conventional microfinance schemes and its operations are based on interest (*riba*) which are strictly prohibited in Islam, it is a compulsion on every muslim to

refrain themselves from such system in order to be in Allah’s favour.

The BMT’s Concept

Islamic Financial Cooperatives or (BMT) is the dakwah movement through economic activities of the ummah in order to empower the microenterprises (Suharto, 2011). BMT can be considered as one of successful Islamic MFIs in Indonesia because of its high growth might indicate the acceptance of society of this institution. The term BMT represents its mission in socio and economic objective; poverty alleviation and financial sustainability. The concept of Baitulmaal focuses on collecting and distributing the charity fund to the poor (e.g. *zakat, infaq, shodaqoh*). Whilst, Baitut Tamwil operates based on commercial or economic activities such offering the microcredit with *musharakah* concept⁴¹. BMTs also promotes Islamic ethics in serving the poor people.

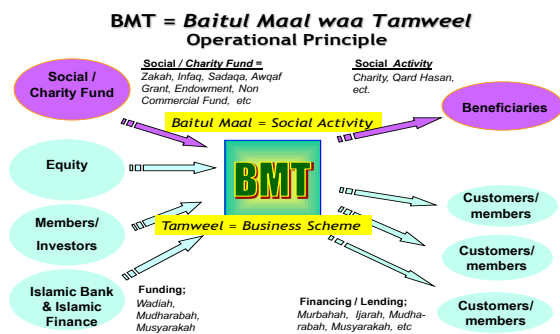
The concept of BMT can be

⁴⁰Hadits is a word or an act by prophet Muhammad (pbuh) as the source and guidance of muslim activities. The revelation given to Prophet Muhammad (pbuh) is based on circumstances that are suitable with the process of Islamic propagation (Solihin, 2008)

⁴¹the *musharakah* concept can be defined as a form of partnership where two or more persons combine their capital, labour or creditworthiness together, to share the profits and enjoying similar rights and liabilities (Hassan, 2010).

seen clearly in the figure as follows;

Figure 1



The BMT's Concept

Source: Suharto (2011)

Figure 1 explains BMT's function as a financial intermediary where the main function of BaitulMaal is performing its role as intermediary between the people whose have surplus funds with those who need the fund (charity funds). Then again, the BaitutTamwil shall manage the deposits for commercial use or place them on productive investments, whilst also assisting the micro-entrepreneurs to be bankable customers. Meanwhile, socially the system required the MFIs to focus in delivering micro credits to low income people. Whereas economically, MFIs have to make profits in order to be sustainable.

BMT provides financial services to poor people based on

profit sharing. As Islamic microfinance institutions, BMTs do not only offer the Islamic products but they also offer Islamic ethics in every activities, such using spiritual approach to reduce the number of insolvency customers. Some evidences also proved that BMT was able to increase the house hold income and increase the performance of MEs

significantly. Adnan, et.al (2003) found that the existence of BMTs have served a very low level of society which are neglected by many other formal financial institutions. In addition, BMTs have proven to be survive, even during the economic crisis without hoping and obtaining any assistance from the government as many big banks and other financial institutions did. Moreover, Amalia (2009) and Widiyanto and Ismail (2010) alsohave discovered that BMT's financing were very useful for developing MEs and contribute positively to national economics. In short, the previous studies concluded that the Islamic financing which implemented by BMTs offered easy access for the MEs such as no collateral

requirements, increased the household income, increased the religious activities and created job opportunities.

BMT's Financing and Strategy

The nature of BMT's system is Islamic financial cooperatives where all activities are focused on members' welfares. It indicates the BMT's involvement in increasing the quality of life and supporting self-empowerment among members or society through shariah based financing facilities. Kalkausar (2010) indicated that some of the pre-eminences of BMTs were the implementation of shariah principles in their financing operations which were based on honesty and justice, and the creation of an environment that support strong religious attachment among members. These pre-eminences may reduce the risks which may appear in BMT's activities, such as default in payment. Default in payment could be one of the obstacles in achieving the sustainability of an institution. Nurturing and embracing the strong religious attachments among members in all BMT's activities have created the

loyalty of members to these institutions.

Consistent with Kalkausar (2010), a study by Adnan et.al (2003) argued that most of the customers who joined BMTs believed that it operates in accordance to the Islamic values and principles. Other encouragement was because BMTs were helping the small businesses with financing services which were free from usury (*riba*). The society has accepted BMTs as one of alternative choice for small businesses to enhance the financial access. Both studies indicated that the Islamic values embraced by BMTs which were translated into their products or services have further attracted the customers to be involved in BMTs activities. This has indicated that BMTs have been accepted well by the society.

In addition, the flexible strategy of BMTs in disbursing the loan and providing the financing for micro-entrepreneurs has enabled BMTs to perform better than the Islamic banks. It is caused by easy access of BMTs which operate near to the customers in many rural areas and small villages. Widiyanto and Ismail (2007) argued that in developing human resources and supporting

small business, BMTs were able to identify viable business and potential microentrepreneurs, identifying their business needs and investment opportunities, assisting in preparing business plans and providing business consultancy, mobilizing funds from the public, providing or facilitating access to financial services and marketing channels, disseminating information and providing training. This unique strategy and approach that were offered by BMTs have attracted the poor people to join as members of these institutions, thus, enhanced the number of customers.

In financing, BMTs distribute the fund to micro-entrepreneurs based on shariah principles. Some of Islamic financing types in BMTs are *mudharabah* (trust financing), *musharakah* (partnership), *murabahah* (cost plus margin), *istisna'* (purchase with specification), *bay'alsalam* (purchased with differed delivery), *ijarah* (lease and hire purchase). According to Wahyuni (2008), ninety to ninety five percent of BMT transactions were purchased from transactions, especially *murabahah*, meanwhile, in profit

sharing from transactions, some BMTs have started to adopt *mudharabah* and *musharakah* although the percentage is very small.

Meanwhile to optimize its role, BMTs do pro-active strategy or called as OVC (officer visits customer) directly to micro-entrepreneurs by explaining the concept of BMTs to invite them into BMT's programs. This strategy is one of successful way of BMTs to increase the number of customers, increase the amount of financing and earn income. It is because the micro-entrepreneurs are served with full services and assistance. For instance, in case of payment the loan, the micro-entrepreneurs do not have to go to BMTs to make payment, but BMT's staff will do the collection.

To enhance the spiritual side of BMT's customers, the BMT's staff will conduct Islamic training on Islamic principles to every member. The customers will be taught to understand the Islamic values in business, to understand the concept of Islamic contracts or implement Islamic values in daily activities. Usually, the training is held every week to a group of customers at the mosque, a customer house, or at the market.

Therefore, the supervision of BMT's staff in assisting the members in business and Islamic classes are BMT business strategy. This strategy is used by BMTs to develop the performance of micro-entrepreneurs economically and spiritually.

Moreover, to keep the loyalty and trustworthiness of customers, BMTs keep a close relationship to ex-recipients who had been finishing the contract of Islamic microfinancing. The BMT's staff visits them regularly and offers new financing to customers who have good track record. This strategy always succeed in keeping old customers engaged to BMTs and helps to increase the number of new customers through promotion by old customers.

Therefore, Islamic microfinance principles that offered by BMTs with moral, ethical, social solidarity and prudential principles attributes in every transactions could be considered as one of the better alternatives than the conventional one. It also might be contribute more beneficial to the poor and microenterpreneurs, even without any charging interest.

However, eventhough BMTs concept and role are well accepted by society and the growth of its number increased significantly, most BMTs faced common problems that need to be solved. A study by Rodoni (2008) found that most BMTs were lacking in human resources and had limited link to develop the business. Widiyanto and Ismail (2010) also indicated that the effectiveness of BMTs in financing was relatively low and it might be caused of poor management. Meanwhile, Kholis (2009) and Amalia (2009) analyzed that most of BMTs lack supervision and development assistance. Based on the previous studies, it can be summarized that BMTs need assistance to develop its role, solve human resource problems, and increase its performance to achieve its objective in alleviating poverty and maintaining financial sustainability.

In short, the problem that faced by BMTs might be happen in other Islamic microfinance institution. Therefore, analysing its performance is important to enhance the Islamic MFI's functions.

Analysing the Performance of Islamic microfinance institutions

Measuring The Microfinance Institution Performance

The growth in importance of performance assessment in profit or non-profit organizations has been linked with a concern to the economic policy maker such as shareholders, stakeholders, board members or customers. Performance measurement is intended to produce objective, relevant information on program or organizational performance that can be used to strengthen management and inform decision making, achieve results and improve overall performance and increase accountability (Poister, 2003). In the other words, performance measurement leads the human resources in an organizations to focus on organization's goals and focus their efforts to continuously improve performance.

The emerging issues that cropped out when the performance of MFIs are measured are: what factors are influencing the efficiency, how can MFIs be sustained and how to measure the social impact (poverty reduction)

of MFIs . Brau and Woller (2004) mentioned dual missions of MFIs stated to generate enough revenue to cover their operating and financing costs and also to focus on poverty alleviation. Nghiem, et.al (2006) also argued that a successful microfinance operations must meet both poverty reduction and financial sustainability requirements. These two objectives require input minimization (using the least resources for a given level of output) and output maximization (providing the most services for given inputs). An organization is considered efficient when there is a set of optimal outputs, given the inputs; or the optimal inputs, given the outputs. These condition is called efficient frontier.

Measuring efficiency is one of success indicators to measure the performance of an organization, whether it is public and non-public sectors or profit and non-profit organization. Economic efficiency is described as how well a system is presenting in terms of producing the maximum desired output from given inputs. In other words, by choosing a certain volume and structure of inputs and outputs to maximise profit or minimise cost

are called economic efficiency. Farrel (1957) proposed two components to measure economic efficiency, namely technical efficiency (TE) which reflects the ability of firm to obtain maximum output from a given set of input,

and allocative efficiency (AE) which represents the ability of firm to use the inputs in optimal scale. The theory of efficiency can be summarized by describing the concept in the figure as follows.

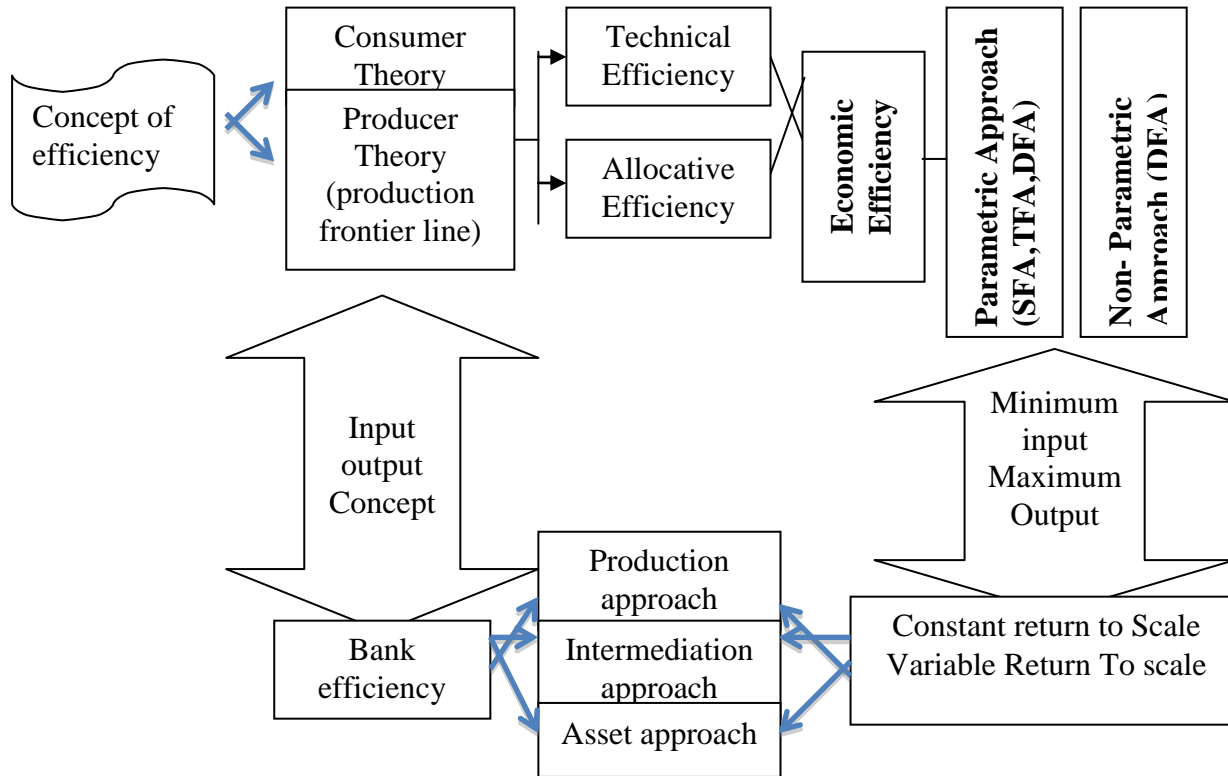
Figure 2 Theory Of Efficiency (Ascarya and Yumanita, 2009)

The formula of measuring the efficiency as follows;

$$\text{Efficiency} = \frac{\text{weighted sum of outputs}}{\text{weighted sum of inputs}}$$

Theory

Measurement Tools of measurement



On the other words Efficiency of a firm means its success in producing as large as possible outputs from a given set of inputs (Farrel, 1957).

Figure 2 summarizes that concept of efficiency started from consumer and producer theory, then, it develops to measure economic efficiency. The efficiency can be measured by using parametric and non-parametric. Popovic and Martic (2005) argued that Data Envelopment Analysis (DEA) is a leading method for performance evaluation. This method can be analysed based on production, intermediation and asset approach. By using DEA, the best performers of MFIs could be identified by plotting them on the efficient frontier, especially if the MFIs has efficiently used the inputs to create outputs. DEA method allows the plotting of efficiency rating of organizations in relation to one another to create the efficiency frontier, or set of best performers.

An MFI would be efficient if, after choosing the right mix of inputs and outputs, it uses the resources efficiently. Therefore, an efficient MFI is an MFI which can maximize the outputs and minimize the inputs on its operational activities. It is also incumbent upon the MFI to consistently maintain an efficient operation to ensure its sustainability, otherwise the MFI will not survive. Therefore, this study stated that both financial sustainability and poverty reduction are important.

There are number of researchs done in measuring the efficiency of microfinance institutions (MFIs) over the world. Most of them were using Data Envelopment Analysis (DEA) method to measure the efficiency and covered a sample period of two to five years. Among others are Qoyyum and Ahmad (2006), Sedzro and Keita (2009), Nghiem et.al (2006) and Nieto et.al (2007). Efficiency of microfinance could be measured by selecting the appropriate variables in input and output which is required by DEA methods. Some previous studies that using DEA method, mostly used production and intermediation approach which is

similar with approach that used by banks. According to Nghiem et.al (2006), production approach considers financial institutions as a production unit, using standard inputs to make transactions and to process financial documents. Meanwhile, in the intermediation approach considers financial institutions as intermediating between savers and borrowers.

DEA method as one of measuring the efficiency is selected to measure the performance of Islamic MFIs, especially to measure the efficiency of BMTs. This method is chosen for this study due to its useful features when it applied such each decision making unit (DMU)⁴² is assigned a single efficiency score, hence allowing ranking amongst the DMUs in the sample, it highlights the areas of improvement for each single DMU, and there is possibility of making inferences on the DMU's general profile.

DEA Model identifies reference points (relatively efficient DMUs) that define the efficient frontier and evaluate the inefficiencies. The purpose of DEA is to construct a non-parametric envelopment frontier over the data

points such that all observed points lie on or below the production frontier (Coelli, 1996). The formula of DEA method is as follows;

Efficiency of DMU;

p
 $\sum_{k=1}^p \mu_k y_{k0}$ DMU = decision making unit

$k=1$ m = different inputs

m p = different outputs

$\sum_{i=1}^m v_i x_{i0}$ n = number of DMU evaluated

$i=1$ x_{ij} = number of input I consumed by DMU j

y_{ij} = number of output k produced by DMU j

In DEA, The most efficient firm (with the score of 1) doesn't necessarily generate maximum output level but it does indicate that it has tendency of generating best practice outputs among the rest of firms in the given sample

The Benefits and Challenges the Application of DEA to BMTs

Measuring efficiency in Islamic MFIs especially BMTs has created some questions that should be investigate more, such how we assess BMTs as Islamic MFIs are efficient in contributing its role in economic and social, etc. In fact, from around 4,000

⁴²DMU on this study is BMTs

BMTs operated in the country, most of them have collapsed and caught fail due to inefficient and ineffective management. Therefore, efficiency measurement could help BMTs to analyse its performance and also find the obstacles that might be effect to the improvement of its management. Compare to other methods, DEA methods are most suitable method that can be applied for measuring the efficiency of BMTs.

DEA method is selected as the tools to analyse the efficiency of BMTs . DEA uses as an alternative unit benchmarking tool to shows the effectiveness of this methods in selecting efficient unit and indicating inefficient in other unit. Thus, applying this method to BMTs could help this institutions to analyse its performance, identify the obstacles and improve inefficient and ineffectiveness of each BMTs.

Moreover, there are some differences between Islamic MFIs and conventional MFIs. The hard differences between them are the basic of operations where MFIs operates based on interest system, on the other hand, Islamic MFs operates based on profit sharing system which should be in line

with *shariah* compliant. Therefore, the variable of interest incomes in MFIs should be replaced to variable which appropriate for Islamic MFIs due to the differences on their basic operations. Thus, on the next section, the study proposes the suitable evaluation to measure the efficiency of BMT which is useful for further empirical research in the area of Islamic microfinance.

Measuring the performance of BMT as Islamic Microfinance Institution

As an Islamic microfinance institution (IMFI), the way a BMT operates is more or less similar with a bank. However, the functions of BMTs are more focused as financial intermediaries. It can be seen from the dual system of BMTs, where in social mission they distribute the charity funds, from the person who have to have not. On the other hand, in economic mission, BMTs distribute the financing for the microentrepreneurs or the poor (as borrowers) from the depositors' funds. It is also consistent with Hamim et.al (2008) and Zamil and Abdul Rahman (2008) argued that intermediation approach was

suitable for evaluating Islamic banking activities or an Islamic financial institution as a whole. Intermediation approach implies the importance of intermediary activities. Moreover, the Islamic financial system is based on participation in enterprise or equity where the business participants may end up with profit or loss.

Therefore, this study adopts the intermediation approach where three inputs and three outputs will be analyzed. The inputs and

outputs are required to measure BMT's efficiency by using DEA method. Some studies used the same number of inputs and outputs such as Avkiran (1999), Yudistira (2003), Azmi et.al (2006) and Sedzro and Keita (2009). In the case of BMTs, the inputs and outputs should represent the function of BMTs to achieve financial sustainability and poverty reduction. Hence, the inputs and outputs that proposed by this study are as follows:

Table 1
The Inputs and Outputs of The Study

INPUTS	OUTPUTS
Number of staffs; represents the number of staff that supports BMT operations.	Disbursement of loans; represents the BMT's activities by delivering the financing to MEs or poor people
Fixed assets; represents the support of assets to BMT's operations	Number of Borrowers; represents the achievement of BMTs in reaching the number of MEs or poor people to reduce the poverty.
Total Deposits; represents total funds that have been collected from customers and depositors	Total profit sharing; represent the achievement of BMTs to financial sustainability

Based on table 1, inputs and outputs to measure BMT's performance represent its objective. Number of staffs and number of borrowers are defined by the total numbers of people who work and access to BMT's financial services. Fixed assets (less any depreciation) and total profit sharing are used to measure the capital and the achievement of BMTs in earning the profit. Moreover, total deposits and loans disbursed are measured by time deposits, savings deposits and other borrowed funds. Except the total number of staff and borrowers, the variables are measured in millions of Rupiah (Rp).

Based on the theory and past studies discussed earlier, the study proposed a framework for measuring the efficiency and factors influencing in BMT. Closer examination of the various factors is important because BMT control significant financial resources. The study attempts to identify the BMT's factors as influencing factors on efficiency. The factors that will be used as BMT's factors are as follows;

BMT's Size

Previous studies found the relationship between MFI's size and efficiency. Qoyyum and Ahmad (2006) found that MFIs was significantly positively related to the measure of efficiency. In case of banks, Zamil and Abdul Rahman (2007) found that the larger bank size was positively associated with efficiency measure. Moreover, Omar et.al (2006) suggested that size does matter in improving Islamic bank efficiency.

BMT's Profitability

In case of profitability, the study assumes that BMTs become more efficient as a result of enhancing its profitability. A study by Widiyanto and Ismail (2007) argued that the profitability was significantly positive related to the measure of efficiency. BMTs become more efficient if they can enhance profitability by optimizing the performance of management and reduce operating expenses. Meanwhile, a study by Nieto, et.al (2008) analyzed that non of MFIs in some countries have relationship between efficiency and profitability.

Age of BMTs

The age of BMTs can be indicated by good performance and efficiency of BMTs. It indicates that the longer experienced BMTs will influence the high efficiency of BMTs. It is expected that the more experienced BMTs are able to enhance their profit, hence, affect their financial sustainability. A study by Nghiem et.al (2006) suggested that the sign of the number of years in operation variable does not tend to support the notion that there is synergy between efficiency and maturity. Consistent with Nghiem et.al (2008), a study by Nieto et.al (2008) also found that the age of MFIs was has no significant relationship with efficiency result. Meanwhile, Qayyum and Ahmad (2006) argued that the age of MFIs were positively related with all efficiency measures. In case of BMTs, it is expected that the longer experienced BMTs will affect its efficiency due to its maturity and efforts to increase the BMTs performance as a whole.

Non-performing Loans

Previous studies showed the relationship between non-performing loans to efficiency. Non-performing loans (NPLs) represent the number of default in financing. A study by Isik and Hassan (2003) found a strong negative relationship between NPLs and efficiency scores. Bad management was suspected as the main problem to high operating cost of managing problem loans. It indicates that the higher the NPLs the greater influence it has to lower the efficiency. In case of BMT, NPLs represents the default of payment by borrowers. Therefore, it is expected that the relationship between NPLs and efficiency is negative.

Figure 3

Theoretical Model

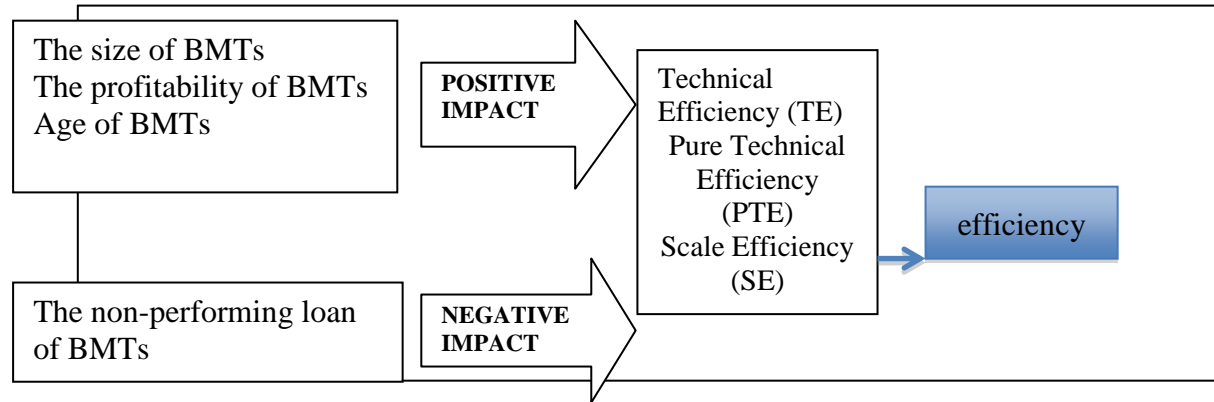


Figure 3 explains the relationship between BMT's factor that might influence the result of efficiency. BMT's size represents the total asset of BMT. The year of BMT's operation is called the age of BMT. While profitability and non-performing loan (NPL) represent the profit that earned by BMTs and ratio of total loan. Except NPL, all factors are assumed positively influence the efficiency of BMTs as Islamic microfinance institution.

The primary objective of microfinance is poverty alleviation. Different with conventional microfinance which operates based on interest (*riba*), the role of BMT as Islamic microfinance institution attempts to reduce the number of poverty by offering the Islamic approach on its activities. In fact, BMT's role has accepted well by society together with its achievement to earn the profit.

The study indicates that spiritual approach with moral and Islamic ethics are one of BMT's power to reduce the obstacles that might faced in financial service activities. Furthermore, spiritual approach also could effectively motivate the poor people to be thrive.

To achieve the objective, an MFI should be efficient. It is needed to sustain in the long term of financing activities. Including BMT as Islamic MFI, this institution should be efficient and effective especially on its operation. The measurement of BMT's performance is needed to enhance its role in the future. The study

suggests efficiency measurement by using DEA method to analyze the

performance of BMT. Efficiency measurement will help BMT to indicate the diseases in BMT's body and also improve inefficient condition. The variables select to represent the nature of BMT, such total profit sharing indicates the profit that has earned and shared to BMTs and customers. Thus, if BMTs efficient, they can achive more microentrepeneurs, reduce the poverty and gain profit in order to be sustain in the future.

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