Notice of the Final Oral Examination
for the Degree of Master of Arts

of

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BCom (Memorial University of Newfoundland, 2007)

“House of Gold: The Politics of Faith, Accessibility and Diplomacy in Navigating Islamic Microfinance (Baitul Maal wat Tamwil) in Surakarta, Indonesia”

Department of Pacific and Asian Studies

Monday, April 18, 2016
1:00 P.M.
Halpern Centre for Graduate Students
Room 108 and 112

Supervisory Committee:
Dr. Christopher Morgan, Department of Pacific and Asian Studies, University of Victoria (Supervisor)
Dr. Michael Bodden, Department of Agriculture, UVic (Member)

External Examiner:
Dr. Martin Bunton, Department of History, University of Victoria

Chair of Oral Examination:
Dr. Esther Sangster-Gormley, School of Nursing, UVic

Dr. David Capson, Dean, Faculty of Graduate Studies
**Abstract**

This research investigates how Islam is informing capitalism in Indonesia through an analysis of the *Baitul Maal wat Tamwil* (BMT) model of Islamic microfinance and how it operates as a local variant of the global phenomenon of microfinance. Using an ethnographic case study of BMT Solo, in Colomadu, Surakarta, Indonesia, this thesis examines the relationship value between Indonesia’s historical religious tensions and the influence of this form and practice of Islamic microfinance in Indonesia. This is a qualitative study for which original data was collected through field work conducted from August to November 2013. Qualitative methods and narratives were employed to ensure that the voices and stories of the participants, as they see the issues from their perspective, are heard. Field observations, event analysis and data from 14 semi-structured interviews reveal that: while global conventional microfinance aims to eradicate poverty by providing the poor with access to credit, BMT Solo does not issue loans to the poor but rather works to combat poverty through the *baitul maal* function. As the data demonstrate, the way in which BMT Solo administers their *baitul maal* function results in the exclusion of the poor non-Muslim community in Colomadu reinforcing already delicate religious tensions between Muslims and non-Muslims in Indonesia. The data also elucidate the three main reasons for which founders, managers, staff and customers became involved with BMT Solo. One pattern that can be identified from the analysis, is that generally, with a few exceptions, founders and managers were motivated by reasons of faith while staff primarily by reasons of accessibility and customers by both reasons of accessibility and diplomacy. Diplomatic reasoning refers to community diplomacy and the elements of social pressure and conformity which are often associated with maintaining peaceful and harmonious relations. The reasons of diplomacy bring new insights into how the few non-Muslim BMT Solo customers are using Islamic microfinance to diplomatically co-exist in a majority Muslim community and to manage delicate religious tensions to mitigate potential difficulties.

Key words: Microfinance, *Baitul Maal wat Tamwil*, BMT, Islamic microfinance, rotating credit association, *arisan*, *gotong royong*, *rukun*, Colomadu, Surakarta, Indonesia, field work, ethnography, Islamic banking and finance, IBF, Islam, and religious tensions.