

Analysis of Vicious Circle of Poverty, the Social Role of Micro Waqf Bank, and Permissiveness of Street Vendors in Rural Indonesia

Rahmat Dahlan¹, Aselina Endang Trihastuti², Raden Ali Pangestu³, Ita Sitasari⁴, Muhamad Fauzi⁵, Emmy Hamidiyah Syaiin⁶

¹Universitas Muhammadiyah Prof. Dr HAMKA, Indonesia

²STAIMI Jakarta, Indonesia

³Universitas Djuanda Bogor, Indonesia

^{4,6}STEBANK Islam Mr Sjafruddin Prawiranegara, Jakarta, Indonesia

⁵Universiti Islam Antarbangsa Sultan Abdul Halim Mu'adzam Shah, Kedah, Malaysia

Email: rahmat@yahoo.com, aetrihastuti@gmail.com, ali.pangestu@unida.ac.id, itasitasari@gmail.com, ojixzy1979@gmail.com, emmyhamidiyah@gmail.com

ABSTRACT

Purpose: This study examines the social function of micro waqf banks and the permissive attitude of street vendors in breaking the cycle of poverty in rural areas.

Design/Methodology: The study employs a qualitative method with a descriptive approach, using a purposive sample of 100 consumers from Bitu Amanah Ummat Micro Waqf Bank in Garut Regency, West Java. Data were collected through interviews with two consumer group leaders, observations, and literature reviews. The collected data were then analysed using source triangulation.

Findings: The findings reveal eight dimensions of the vicious cycle of poverty, identified through interview and field observations. The social role of micro-waqf institutions helps street vendors develop a more optimistic outlook on poverty. The data indicate that education (64%) is the most frequently mentioned concern, followed by social participation (76%), culture (59%), employment (52%), marital relationships (48%), health (35%), justice (21%), and housing (19%). The primary challenge faced by micro waqf bank customers in breaking the poverty cycle includes inadequate capital, low productivity, insufficient income, weak demand, and lack of investment.

Practical implications: The study highlights the necessity of multi-faceted approach to poverty alleviation, with education as a key intervention. Addressing poverty effectively requires an integrated strategy that combines education, employment, social support, and policy reform to foster sustainable change.

Originality/Value: : The study integrates aspects of education, health, justice, employment, culture, housing, partnerships, and social participation as fundamental elements in breaking the vicious cycle of poverty among micro waqf bank customers.

Keywords: Micro Waqf Bank, Vicious Cycle of Poverty, Social Exclusion, Permissive, Rural Development

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A. INTRODUCTION

Waqf refers to the ownership of assets for charitable purposes (Nasution, 2021). Indonesia has utilized waqf as an Islamic economic mechanism to enhance economic growth in various Islamic nations. The purpose of waqf is to optimize the socio-economic benefits of waqf assets for community welfare and sustainability for future generations (Ministry of Religious Affairs, 2024). With professional waqf management in accordance with Sharia principles, waqf assets can be productively used in education, healthcare, and economic empowerment.

The Indonesian government has developed Micro Waqf Banks (MWB) as a waqf-based financial instrument to provide capital access for small communities. MWB offers financing programs, mentoring, and empowerment to help communities escape poverty.

However, challenges in implementing MWB include suboptimal policies, low waqf literacy, inclusivity issues, moral hazard, and lack of innovation in waqf management (Rozalinda, 2014; Hasanah et al., 2021; Maarif & Matin, 2019; Rashid, 2018).

The Indonesian Waqf Board (BWI), as a regulator, plays a role in developing policies to enhance stakeholder contributions within the waqf ecosystem (Syibly, 2024). A spiritual values-based approach can improve waqf literacy and community participation in MWB. Factors such as Islamic financial inclusivity, economic empowerment, and institutional roles are key to the effectiveness of MWB programs in addressing poverty (Fauzi et al., 2022).

The poverty rate in Indonesia stands at 9.03% with a rural poverty gap of 7.29%. Garut Regency is among the top ten poorest regions in West Java with a poverty rate of 9.68% with poverty inequality in rural areas reaching 7.46% (BPS, 2024; BPS Jawa Barat, 2024; BPS Kabupaten Garut, 2024). This phenomenon often facilitates the establishment of a pernicious cycle of poverty, wherein deprivation is transmitted throughout generations. This results from inadequacies in land assets, material capital, social capital, and life skills, which are not managed effectively (Pajriah & Suryana, 2018; Setyawati et al., 2021; Jayaningtyas & Bintoro, 2023). Since 2017, it has been established that micro waqf banks facilitate access to business funding for some individuals without requiring collateral or opportunities within regular banking institutions. Consequently, the micro waqf bank model method being used appears advantageous for consumers and their families. The factors include ultramicro enterprises, entrepreneurial motivation, income below the poverty threshold, effective social functions, and readiness to engage in micro waqf bank initiatives (Fauzi et al., 2023).

A permissive attitude refers to a view on life that enables an individual to engage in any behaviour (Nurlizawati et al., 2024). Permissive attitudes contribute to a cycle of social exclusion, defined as the discrimination or exclusion of specific persons or communities within a social system (Silver, 2012). The detrimental cycle of poverty, together with the geographical disparity between urban and rural poverty, will create new areas that may intensify and deepen poverty levels (Utomo, 2023). Micro waqf banks break this cycle by acting as an inclusive financial instrument to address financial exclusion by offering waqf-based financing to the community, thus enabling the “productive poor” to access interest-free loans and business mentoring, fostering self-reliance and entrepreneurship. (Amirah et al., 2024).

This study examines the social function of Micro Waqf Bank in breaking the cycle of poverty and social exclusion among street vendors in Garut Regency. It explores the challenges faced by Micro Waqf Bank customers in obtaining business financing and its impact on education, culture, employment, health, justice, and housing. This research aims to expand understanding of Micro Waqf Bank's social contribution to economic empowerment for impoverished communities.

B. LITERATURE REVIEW

1. The Concept of Waqf

The term “waqf” (plural; *awqaf*), linguistically means to prevent or detain, but in the Islamic context, it signifies confinement or dedication of an asset. According to Alabij (2004), Waqf is holding property that can be utilized for its benefits without reducing, damaging, or depleting its substance, so that it can be used continuously for public welfare. Major financial

obligations in Islam include zakat, while waqf is a voluntary charitable contribution that provides lasting benefits to society..

The conception of waqf, sourced from the Qur'an is explained in Al-Baqarah verse 261:

مَثَلُ الَّذِينَ يُنْفِقُونَ أَمْوَالَهُمْ فِي سَبِيلِ اللَّهِ كَمَثَلِ حَبَّةٍ أَنْبَتَتْ سَبْعَ سَنَابِلَ فِي كُلِّ سُنبُلَةٍ مِائَةُ حَبَّةٍ وَاللَّهُ يُضَعِفُ لِمَنْ يَشَاءُ وَاللَّهُ وَاسِعٌ عَلِيمٌ ﴿٢٦١﴾

"The parable (alimony expended) by those who spend their wealth in the way of Allah is similar to a seed that grows seven grains; in each grain, there are a hundred seeds. Indeed, Allah multiplies the reward for those who want, and Allah is the Most Abundant and the Most Knowing" (QS. Al-Baqarah (2):261).

Similarly, Al-Imran :92 explains:

لَنْ تَنَالُوا الْبِرَّ حَتَّى تُنْفِقُوا مِمَّا تُحِبُّونَ وَمَا تُنْفِقُوا مِنْ شَيْءٍ فَإِنَّ اللَّهَ بِهِ عَلِيمٌ ﴿٩٢﴾

"You will never reach perfect virtue until you spend some of your beloved possessions. And whatever you provide, Allah knows it" (QS. Al-Imran (3):92).

Futhermore, in a hadith from Abu Hurairah RA, the Prophet said: *"If a human being dies, the reward of his deeds will be cut off except for three things, namely alms of jariyah (waqf), useful knowledge and righteous children who pray for their parents."*, (HR, Muslim: Shahih No.1631) (Fuad, 2012).

The definition of waqf based on Law No.41/2004 concerning waqf explains that the legal action of a person who will endow (*wakif*) to separate part of his property to be utilized forever or for a certain period of time in accordance with his interests for the purposes of worship and / or public welfare according to sharia, including for the purposes of public worship, social, and / or public welfare according to sharia in perpetuity (UU 41, 2004). The essence of waqf is a benevolent activity that serves as a fundamental characteristic in both specific and general societal contexts (Ministry of Religion, 2007).

The idea of waqf is defined as a purpose executed from waqif to *nazir*, including both persons and institutions, accompanied by assets that may be administered for the benefit of a broader community in both the short and long term.

2. The Social Role of Micro Waqf Banks

Micro Waqf Banks (MWBs) enhance financial inclusion by providing interest-free loans to underserved communities, particularly around Islamic boarding schools. These institutions promote micro-entrepreneurship, reduce economic disparities, and optimize waqf for sustainable community development. They integrate *Maqasid Syariah* principles, ensuring financial support aligns with religious, intellectual, and social welfare goals (Apriliawan et al., 2021). MWBs also safeguard client confidentiality and uphold Sharia-based financial transactions (Attamimi et al., 2019).

As non-deposit-taking institutions, MWBs focus on financial empowerment rather than traditional banking services. They receive funding from philanthropic sources and national zakat institutions (LAZNAS) (Fauzi et al., 2024). Their mentorship programs include business training, financial literacy, and religious guidance, preventing reliance on predatory lenders and fostering economic self-sufficiency (OJK, 2024). Targeting the productive poor, MWBs act as incubators, enabling access to formal financial institutions and sustainable entrepreneurship.

3. The Vicious Circle of Poverty and Micro Waqf Bank

Poverty in Indonesia, defined as the inability to meet basic needs (BPS, 2023), is influenced by structural limitations such as low capital, investment, and productivity (Nurkse, 1961). Bauer (1965) argues that poverty persists due to inefficient policies and institutional weaknesses rather than inevitable economic constraints. MWBs offer a solution by providing interest-free microfinance, fostering entrepreneurship, and reducing dependence on exploitative lenders. However, their success requires governance, education, and skill development to ensure productive use of financial resources.

4. The Social Exclusion Cycle of Micro Waqf Bank

Social exclusion results from systemic factors like poverty, limited education, and economic marginalization (Pedreño, 2008). It brings us closer to the reality of these women so that we can determine the extent to which the theory is real, and if so, to what extent it is presented and how to combat it.

In Indonesia, poverty is often structural and passed down from one generation to the next due to limited access to education, health, and economic opportunities. Indicators of the social exclusion cycle applicable to individuals or families with poverty isolation:

Table 1. Indicators of Social Exclusion

Education	:	How easy is access to education obtained with current social conditions?
Health	:	The level of ease of access to health services quickly with current social conditions
Culture	:	Cultural support in overcoming current social conditions
Work	:	Ease of getting a job with current social conditions
Couple Relationship	:	Harmony of the couple's relationship with current social conditions
Justice	:	A sense of justice gained with the current social conditions
Social Participation	:	The role of socialisation in people with current social conditions
Housing	:	Ease of access to housing with current conditions

Source: (Pedreño, 2008; García & Sánchez, 2017)

Micro waqf banks (MWBs) play a vital role in breaking the cycle of social exclusion often experienced by the poor and financially underserved. Social exclusion in the economic context Refers to limited access to financial resources, involvement in productive economic activities, and isolation from social networks that support economic growth. MWBs, as waqf-based financial institutions, provide access to capital for micro-enterprises without interest, which not only improves the economic welfare of beneficiaries but also strengthens social inclusion through empowering communities. With MWBs, individuals who were previously

trapped in the cycle of poverty due to limited access to capital and markets can increase their economic capacity, thereby reducing their natural social and economic marginalization. Thus, MWBs serve as a strategic instrument in breaking the chain of social exclusion and encouraging inclusive economic development based on the values of justice and social solidarity.

5. Permissive Attitude of Micro Waqf Bank Customer

Permissive attitude allows individuals broad freedom with minimal restrictions, often linked to psychological and social behaviors (Rizka & Bacotang, 2019). Then, in a social context, it is understood as habitually or characteristically accepting or tolerating something, as social behaviour or the use of language, which may not be approved or prohibited by others (Anderson, 1994).

The categorization of permissive attitudes is measured by several responses, namely optimistic, mediocre, and pessimistic. In terms of positive attitudes, neutral and negative attitudes (Nurlizawati et al., 2024). Optimism drives engagement, while neutrality indicates passivity, and apathy reflects disengagement. Understanding these attitudes helps in designing better financial literacy and empowerment programs.

Waqf and MWBs play a critical role in poverty alleviation and reducing social exclusion. As philanthropic and economic instruments, they provide access to financial resources, foster entrepreneurship, and promote long-term economic resilience in underserved communities.

C. METHOD

This research employs a qualitative methodology, which, as per Creswell and Creswell (2018), encompasses information regarding the primary phenomena investigated, research participants, and research location. The purpose of this study is to investigate and understand the significance of social exclusion in micro waqf bank customers as street vendors to overcome their poverty. This approach allows researchers to understand the social context, subjective experiences, and the complexity of interactions that occur in natural situations. With methods such as in-depth interviews, participant observation, and document analysis, qualitative descriptive research provides a holistic picture and rich details, so that it can produce findings that are more reflective and relevant to social reality (Harahap, 2020). Flexibility in data collection and analysis is also an advantage, allowing research to develop dynamically according to findings in the field.

The interpretation of the approach employing descriptives involves the development of a comprehension of or an explanation of the significance of an event that a person or group experiences (Creswell, 2014). This research was conducted at the Bitu Micro Waqf Bank, where Ummah is located in Sawah Lega Village, Ngamplangsari Village, Cilawu District, and Garut Regency is the only micro waqf bank that was established. Determination of the sample with the established criteria or purposive sampling, namely micro waqf bank customers with street vendor businesses totalling 100 people with 2 informants as Kumpi leaders. The primary data sources were interviews and observations, while secondary data were sourced from literature research and documentation.

Data analysis with a qualitative descriptive approach aims to understand phenomena based on the interpretation of meaning from non-numerical data, such as interviews, observations, and documents. In this method, data is categorized, organized, and analyzed to identify patterns, themes, and conceptual relationships that emerge in the context of the study. Source triangulation, which encompasses collection, reduction, presentation, and conclusion, is implemented in data analysis (Miles et al., 2005).

Source triangulation can identify similarities and differences in findings and allow verification of the credibility of the data collected, whether from interviews, observations, or written documents, so as not only to strengthen research arguments but also to increase transparency and accuracy in data analysis (Raco, 2018). In the interim, qualitative description is implemented in the analysis methodology.

D. RESULT AND DISCUSSION

1. The Social Role of Micro Waqf Banks in Vicious Circle of Poverty

The poverty theory proposed by Nurkse (1961) and Bauer (1965) on the vicious circle of poverty states that poverty is structural and recurrent due to limited access to capital, education, and better economic opportunities. In the context of Micro Waqf Bank (BWM) in Indonesia, the role of this financial institution is crucial in breaking the chain of poverty by providing access to financing without collateral for the lower classes. Micro Waqf Bank customers often experience firsthand how previous economic limitations hinder them from developing their businesses or improving their welfare. Before becoming customers, they were accustomed to facing capital constraints, limited business networks, and income instability that reinforced the vicious circle of poverty. However, after gaining access to financing and assistance from BWM, they can compare these conditions with new challenges, such as how to manage finances more wisely and increase business productivity. Thus, the role of Micro Waqf Bank is not only to provide capital but also to empower the poor through financial inclusion and increased business capacity, thus enabling them to escape the trap of structural poverty.

The parameters of the vicious circle of poverty in micro waqf bank customers where they feel and see themselves, then compare with the challenges before becoming micro waqf bank customers. The impressions and opinions above illustrate that micro waqf banks offer an alternative that is expected by some small traders, where the interest and need to join as a micro waqf bank customer is oriented towards capital, empowerment and getting money to remain productive independently. With the micro waqf bank program that she participated in, the volume of business and income increased gradually so that she felt that she and her family were moving away from previous poverty. For this reason, the customer's answer develops based on the opinion or statement of choice of the micro waqf bank with priorities such as lack of capital, low productivity, low income, low demand, and low investment.

Based on an interview with a customer of a Micro Waqf bank, namely Nurhafiani, a traditional cake merchant as the Chairman of Kumpi Mawar, stated that before joining the Micro Waqf Bank, she could only sell from morning to noon due to limited capital. This restriction prevented her from selling at schools, and at times, she was unable to trade at all. However, when she had capital, she actively sought orders to generate profits, which helped cover losses from the previous month (Nurhafiani et al., 2022).

This is following the opinion of Muhammedi et al., (2024) that becoming a customer of a micro waqf bank is directed to increase business productivity to increase the profits managed, which has implications for reducing the poverty level. How productivity describes a person's strength to get out of the poverty environment. From this, the link between motivation and the environment will be formed (Kusuma Wijaya & Gumelar, 2021).

Micro waqf banks play a significant role in increasing the productivity of micro-businesses and helping traders escape poverty through productive waqf-based financing mechanisms. By providing access to interest-free capital, MWBs enable small traders to increase production capacity, expand market reach, and adopt innovations in their businesses. In addition, mentoring and training provided by MWBs help improve entrepreneurial skills, managerial efficiency, and business competitiveness. Thus, MWBs are not only an alternative source of financing, but also an instrument for sustainable economic empowerment, encouraging inclusive economic growth, and reducing social disparities and poverty in society. The condition of the customer is an important part of explaining that the vicious circle of poverty does not implicitly emit the position of the vicious circle of poverty but reduces the level of poverty (Nur, 2023).

Micro Waqf Banks play a crucial role in breaking the vicious circle of poverty by providing Sharia-based financial access for poor communities that are not covered by formal financial institutions. Unlike conventional financial interventions that are only temporary or reduce the impact of poverty, MWBs offer interest-free microfinance supported by sustainable productive waqf funds so that beneficiaries can develop small businesses independently without being burdened with high-interest debt. In addition, MWBs build an ecosystem that includes mentoring, financial literacy, and business coaching, which systematically increases the economic capacity and independence of beneficiaries. Thus, MWBs do not just reduce poverty, but break the hereditary cycle of poverty by creating fair and sustainable economic opportunities.

Then Dahlia, a customer of a micro waqf bank, the chairman of Kumpi Krisan, is also a green bean porridge ice trader, explained that she learned about the micro waqf bank as a source of business capital. Previously, she sold the market without having a stall due to a lack of funds for rent, forcing her to move around to sell. If sales were slow and she could not repay her capital, she had to temporarily close her business and try selling again the next day. Without capital, she was unable to sell unless she tried again in the afternoon until her products were sold out (Dahlia, 2024).

The opinion above outlines the importance of capital being a priority for hawkers, especially those who produce food products or the like. This condition invites consequences by maximising the business capital obtained until it is sold in its entirety so that it can make a profit for tomorrow and be used as business capital again. This phenomenon is to the opinion of Kholis and Harmoyo (2023) said that micro waqf banks are mostly small banks that need capital to finance their business to optimise their daily sales results. If this is not achieved, the risk of capital for the next day will not be able. Maarif and Matin (2019) the use of waqf through micro waqf banks presents a model that is urgently needed for small traders; this is that their business does not go bankrupt or does not work so that it can reduce income and there is no demand for the products they sell.

Both opinions indicate that the social role of micro waqf banks is to provide support in their business, at least to maintain the productivity of their business and keep their position from falling into no income or even falling into poverty. In the opinion of Kurniasari and Oktavilia (2023) Indirectly, the social role of micro waqf banks provides opportunities for financing and business assistance aspects so that they are directed and do not reach bankruptcy. Moreover, Ahmad (2015) and Safitri and Sukmana (2019) indirectly, with the existence of a social role, financial institutions automatically overcome the poverty gap and effectively reduce poverty. Moreover, the contribution of the micro waqf bank Bitu Amanah Ummah has only been formed since 2022, so it still needs time and strategies to increase the income and welfare of its customers. In the long term, the use of waqf can increase, and the contribution of waqf banks significantly improves the welfare of its customers; it is undeniable that it will shorten the poverty gap between rural and urban areas.

2. The Social Role of Micro Waqf Banks on Exclusionary Social Permissive Attitudes

The social role of micro waqf banks of hawkers shows an optimistic attitude towards poverty conditions in the dominance of education, health, justice, cultural work, housing, couple relationships, and social participation shown by the respondents' permissive attitude towards the current conditions as shown in the following table:

Table 1. Permissive Attitude of Respondents' Social Exclusion

The Social Exclusion Cycle	Percentage (%)			Total (%)
	Optimistic	Usual	Apathy	
Education	64	24	12	100
Health	35	40	25	100
Justice	21	43	36	100
Work	52	43	5	100
Culture	59	29	12	100
Housing	19	53	28	100
Couple Relationship	48	35	17	100
Social Participation	76	18	6	100

Source: Primary Data Processed

Based on the data above, the optimistic attitude of Micro Waqf Bank customers in the current poverty conditions that they are facing is shown by dominance in education as per the opinion of Udiutomo (2012) although income is uncertain, education for small business customers is a commitment. Meanwhile, jobs or business opportunities are supported by opinions Arinta et al., (2020) emphasised that with the existence of a micro waqf bank, job opportunities or business opportunities because they receive financing, mentoring and empowerment programs so that they are directed to be more productive.

Then, as a business companion, the micro waqf bank forms a more balanced business culture between worldly needs and *ukhrowi* through kumpi activities every week; this is revealed (Sulistiani et al., 2019). Maintaining and establishing a harmonious family is also very important for them because the peace of the family will support the spirit of business as agreed (Putri & Marasabessy, 2023). In addition, social participation is the motivation for them to carry out activities at micro waqf banks by forming groups consisting of 8-10 people so social participation is built because of the joint responsibility system of each group (Nurhafiani et al., 2022).

Micro Waqf Bank (BWM) has a significant social role in overcoming the permissive attitude towards social exclusivity in Indonesia, especially among the lower economic community. BWM operates with a business model based on philanthropy and financial inclusion, which aims to empower marginalized groups through access to capital without collateral and business assistance. Through a financing scheme that is not based on interest and based on social values, BWM erodes social barriers that often limit poor groups from fair economic access. By providing access to capital to communities that have been marginalized, BWM plays a role in building a more inclusive social structure and reducing the gap between upper and lower economic groups. The permissive attitude towards social exclusivity that tends to separate poor economic groups from economic resources can be reduced through a community-based economic empowerment scheme implemented by BWM.

Furthermore, the micro waqf business model promoted by BWM can be a long-term solution to poverty alleviation in Indonesia because it combines the principles of Islamic economic justice with community-based empowerment mechanisms. In the long term, BWM not only provides financial access but also improves financial literacy and economic independence of poor communities through business development and skills training programs. This allows communities that previously relied on social assistance to transform into economically productive individuals, thereby creating jobs and improving the welfare of their communities (Amirah et al., 2024). Thus, BWM not only addresses poverty from an economic perspective but also encourages structural changes in the mindset of the community towards the importance of social inclusion and economic independence.

Micro Waqf Banks (BWM) have a significant social role in overcoming permissive attitudes towards social exclusivity in Indonesia, especially through increasing access to education and community social participation. By providing Sharia-based financial services to economically disadvantaged groups, BWM helps improve financial literacy and understanding of the concept of an inclusive economy. This literacy contributes to changing the mindset of the community, especially in understanding the importance of equal access to economic resources (Khairani et al., 2023). In addition, mentoring programs carried out by BWM, such as entrepreneurship training and micro-business management, provide skills that strengthen individual economic independence. Thus, education facilitated by BWM not only improves the economic welfare of beneficiaries but also erodes the exclusive mentality rooted in economic and social inequality.

In addition to education, social participation facilitated by Micro Waqf Banks also plays an important role in reducing permissive attitudes towards social exclusivity. Through a group-based financing scheme, BWM encourages social interaction and cooperation among beneficiary communities, who come from various social and economic backgrounds. This approach not only creates social solidarity but also reduces stigma against certain groups of people who are often marginalized. Active participation in community-based economic activities strengthens more inclusive social networks, thereby reducing the tendency of people to accept or justify social exclusivity (Abiba & Suprayitno, 2023). Thus, the existence of Micro Waqf Banks not only has an impact on the economic aspect but also creates a more open and inclusive social space for all levels of society.

This reminds us that most of the customers are small traders who still need capital for their business activities, so the cycle of social exclusion is still oriented to the business being

run and its social conditions. For this reason, health, justice, and housing in their current condition are not yet his priorities. This highlights the fact that the majority of customers are small traders who continue to require capital to sustain their business activities. As a result, the cycle of social exclusion remains closely tied to their business operations and prevailing social conditions. Consequently, aspects such as health, justice, and housing, given their current state, are not yet their primary concerns.

E. CONCLUSION

The majority of Muslim countries, especially Indonesia, are still experiencing the threat of a destructive cycle of poverty by requiring the implementation of an innovative policy approach using waqf as a solution. The approach to the poverty cycle theory revealed by Nurkse (1961) and Bauer (1965) can be bridged with the social function of micro waqf banks to reduce poverty levels as social agents, utilizing the religious potential of Islamic boarding schools and financing and business management. Micro waqf banks have succeeded in directing their customers as street vendors from the vicious cycle of poverty through eight dimensions of the pernicious cycle of poverty, which is rooted in the social cycle of exclusion in the dominance of education (64%), social participation (76%), culture (59%), employment (52%), and couple relationships (48%). In the long term, the role of micro waqf banks has an impact on reducing poverty through strengthening education, social participation, health, justice, employment, culture, housing, and husband and wife relationships. The social role of micro waqf institutions of hawkers demonstrates an optimistic attitude towards impoverished conditions. Before becoming a customer of a micro waqf bank, individuals must overcome the challenge of the poverty cycle, which includes a lack of capital, low productivity, low income, low demand, and low investment. The research implies that the study highlights the need for a multi-pronged approach to poverty alleviation, with a strong emphasis on education as a key intervention point. Effectively addressing poverty requires an integrated strategy that combines education, employment, social support, and policy reform to create sustainable change. The research suggests that the more promising the social function of micro waqf institutions, the more optimistic hawkers are regarding poverty indicators and positive social cycles, and the more fragile the vicious cycle of poverty in rural areas. Additional research is required to investigate the quantitative assessment of vicious circle indicators of misconduct and the quantification of social exclusion.

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