

## Islamic Banking Financing Problems In Financing Small And Medium Business In Muamalat Bank Pekanbaru

Joni Hendra<sup>1</sup>  
Saparuddin Siregar<sup>2</sup>  
Isnaini Harahap<sup>3</sup>  
M. Ridwan<sup>4</sup>

<sup>1</sup>Lecturer At STAIN Bengkalis, Indonesia, Student Of Doctoral At University Islam Sumatra Utara, Indonesia (E-mail : [joni\\_hendra77@yahoo.co.id](mailto:joni_hendra77@yahoo.co.id))

<sup>2</sup>Lecturer At Universitas Islam Negeri Sumatera Utara, Indonesia (E-mail : [saparuddin@uinsu.ac.id](mailto:saparuddin@uinsu.ac.id))

<sup>3</sup>Lecturer At Universitas Islam Negeri Sumatera Utara, Indonesia (E-mail : [isnaini.harahap@uinsu.ac.id](mailto:isnaini.harahap@uinsu.ac.id))

<sup>4</sup>Lecturer At Universitas Islam Negeri Sumatera Utara, Indonesia (E-mail : [mridwanku@uinsu.ac.id](mailto:mridwanku@uinsu.ac.id))

---

**Abstract** - This study aims to look at the financing problems and solutions by Islamic Banks to umkm. This research uses qualitative methods and empirical data that can be accessed through OJK or Muamalat bank. Data collection techniques with questionnaire instruments, interviews and direct observation. The object of the research is the perpetrators of umkm in pekanbaru, Riau who are financing customers of Muamalat pekanbaru

**Keyword.:** Financing problem, Financing small and medium bussiness

---

### Introduction

Islam makes economic philosophy related to God's commands and prohibitions. The sharia financial and banking system is part of the overall Islamic economic concept in order to instill Islamic values and ethics into the economic sphere.<sup>3</sup> Sharia financial / banking institutions play a role in supporting the economic development of the Indonesian nation, both in collecting public funds and in channeling them to those in need. Bank Islam or better known as the Islamic bank is a system of banking that was developed based on *sharia* (law ) of Islam .

Efforts to establish this system are based on the prohibition in Islam to collect or borrow with interest or what is called usury as well as a prohibition on investment for businesses that are categorized as haram (for example: businesses related to the production of illicit food / drinks, un-Islamic media businesses etc.), where this cannot be guaranteed by conventional banking systems. The slow movement of Islamic bank development is caused by the dualism between the ulama and economists who are busy in their respective fields.<sup>4</sup> Scholars only associate matters of faith, worship, worship, and jinayah. Knowledge of natural and business transactions is very

---

1

2

<sup>3</sup> Hamid Arifin, 2008, *Membumikan ekonomi Syariah di Indonesia (Perspektif Sosioyuridis)*, Jakarta, Paramuda hal 237

<sup>4</sup> Remy, Sutan Sjahdeini, 1999, *Perbankan Islam dan Kedudukannya Dalam Tata Hukum Perbankan Indonesia*, Jakarta: Pustaka utama Grafiti. Hal.2

minimal. While economists, experts in the fields of fiscal, monetary, and other financial problems, but minimal study of sharia.

PT Bank Muamalat Indonesia Tbk will focus on improving the quality of financing problems or *Non-Performing Financing* (NPF) this year. As of September 2017, the gross NPF of Muamalat was recorded at 4.54 percent, while the net NPF was 3.07 percent. Director of Bank Muamalat, Achmad Kusna Permana<sup>5</sup> said, this year Muamalat will make improvements to several things, especially the improvement of the NPF. The NPF improvement strategy is carried out through three new approaches. Among other things, the addition in terms of human resources (HR), legal approach, and additional approach. The first step is to improve NPF by tidying up the basic process first, then replacing the team, organization and adding HR again. Because, he considered the number of HR handling NPF was not enough. The addition of HR will be taken from the relocation of HR in other fields.

After the NPF improvement, Muamalat hopes that the process with the new shareholders will also be completed soon. After going through these stages of improvement, Muamalat will only focus on boosting growth. Muamalat will enter segments that are considered healthy for the company. Permana rate, the previous improvement process was hampered by capital that had not yet entered the company. He is optimistic, this time the capital will really enter.

Based on October 2017 Sharia Banking Statistics (SPS) data published by the Financial Services Authority (OJK), the gross NPF of the sharia banking industry was recorded at 4.91 percent or Rp9.14 trillion of total sharia banking financing of Rp186.12 trillion. While the NPF net recorded 2.78 percent or Rp 5.16 trillion of total financing.

One of the sharia banks that focus on the Small and Medium Enterprises (SME) sector at present is Bank Muamalat Indonesia. Since its establishment in 1999 BM I has provided a portion of financing in the SME productive industry sector. According to Dien Lukita, Head of the Strategic Relations Section of the Small, Micro, and BMI Financing Division, the share is 70% for SMEs and 30% for corporations.

"Since its establishment we have indeed focused on providing potential SME sector financing. Total financing in this sector as of December 2011 amounted to US \$ 36, 6 trillion," said Dien. "Bank Muamalat Indonesia's market share is 37%. As a portrait, as of December 2011, BMI assets amounted to Rp 48, 59 T with total financing disbursed of Rp 36.6 T, with profits or profits of Rp 549 Billion "

## Literature Review

Pembiayaan used to define the funding committed by financial institutions such as Islamic banks to customers. Whereas Financing broadly means *financing* or expenditure, which is funding spent to support planned investments, whether done alone or done by others.<sup>6</sup> According to M. Syafi'i Antonio explained that financing is one of the main tasks of banks, namely the provision of funding facilities to meet the needs of parties who are *deficit units*.<sup>7</sup>

According to Law No. 21 of 2008 article 1 point 25 concerning Banking states. *Financing based on sharia principles is the provision of money or equivalent bills in the form of a. profit-sharing transactions in the form of mudhorobah and musharaka, b. lease transactions in the form of ijarah or lease purchases in the form of ijarah muntahiya bittamlik,*

---

<sup>5</sup><https://www.republika.co.id/berita/ekonomi/syariah-ekonomi/18/01/03/p1z3xf383-2018-muamalat-fokus-perbaiki-pembiayaan-bermasalah>

<sup>6</sup> Muhammad, 2005, *Manajemen Bank Syariah Edisi Revisi*, (Yogyakarta: UPP AMP YKPN). hal 304

<sup>7</sup> Permataadmadja, Karnaen dan Safe'i Antonio, 1997, *Apa Dan Bagaimana Bank Islam*, Yogyakarta: Dana Bakti Wakat, hal. 15

*c. transactions in the form of murabahah, salam and istisna accounts, d, borrowing and borrowing transactions in the form of receivables qardh, e. lease transactions in the form of ijarah for multi-service transactions based on an agreement or agreement between the bank and another party that requires the financed party to return the money or claim after a certain period of time with compensation or profit sharing.*"<sup>8</sup>

Type products / services shari'a bank financing can essentially be grouped according to bebeda aspects:<sup>9</sup>

1. Funding according to the purpose and nature of its use
  - a) Consumer Financing
  - b) Working Capital Financing (PMK)
  - c) Investment financing
2. Financing according to time period
  - a) Short term financing
  - b) Medium term financing
  - c) Funding period length
3. Financing on the Lease Principle (Ijarah)
4. Funding with Service Principles
  - a) Qard Financing
  - b) Al-Wakalah (*deputyship*)
  - c) Al-Kafalah (bank guarantee)
  - d) Ar-Rahn (*mortgage*)

Thus the Islamic bank h flow mem e nuhi criteria set by Bank Indonesia, in determining the criteria for recipients of financing Islamic banking use of the principle known as the 5 C + 1 S, namely: *Character, Capacity, Capital, Collateral, Conditions, Sharia*

Apart from the principle aspects of 5P + 1S above, in the assessment of financing and credit applications, it is also necessary to pay attention to aspects assessment with the 5P Principle, namely: *Party, Purpose, Payment, Profitability, Protection* <sup>10</sup>.

Financing problems is a disbursement of funds committed by financial institutions such as Islamic banks in the implementation of payments financing by the customer that happens things like financing is not smoothly, the financing of which the debtor does not meet the requirements that were promised, and these costs are not on schedule installments . So that these things have a negative impact on both parties (debtors and creditors).

Problem financing is one of the risks in implementing financing. Adiwarman A. Karim explained that financing risk is the risk caused by the presence of counterparties in fulfilling their obligations. In Islamic banks, financing risks include risks related to products and risks related to corporate financing.<sup>11</sup>

Financing problems is one definite risk dihadapi by each bank because the risk is often also called credit risk. Robert Tampubolon explained that credit risk is an exposure that arises as a result of the failure of the counterparty (counterparty) to fulfill its obligations. On one side of this risk can be sourced from a variety of bank functional activities such as lending, treasury and investment activities, and trade financing service activities, which are recorded in bank books. On the other hand this risk arises because of the poor performance of one or more

---

<sup>8</sup> Undang-Undang Perbankan Syari'ah no 21 tahun 2008

<sup>9</sup> Syafi'i, Muhammad Antonio, 2001, *Bank Syariah Dari Teori Ke Praktek* , Jakarta: Gema Insani Press: Hal. 160

<sup>10</sup> Firdaus, Rahmat dan Maya Ariayanti, 2008, *Manajemen Perkreditan bank Umum: Teori, Masalah Kebijakan Dan Aplikasinya*, Bandung: Alfabeta,. Hal. 88

<sup>11</sup> Karim, Adiwarman, 2010, *Bank Islam Analisis Fiqih dan Keuangan*, Jakarta: Raja Grafindo Persada, . Hal 260

debtors. Poor debtor's performance can be in the form of the inability or unwillingness of the debtor to fulfill part or all of the credit agreements that have been agreed upon previously. In this case, the bank's attention is not only the financial condition and market value of the credit guarantee, including collateral, but also the character of the debtor.<sup>12</sup>

## Method

In carrying out this study, researchers conducted research at an Islamic bank in Pekanbaru precisely at Bank Muamalat Indonesia, Pekanbaru Branch having the address Sudirman Pekanbaru, the author used a descriptive qualitative research methodology.<sup>13</sup> The qualitative approach was chosen on the basis of the consideration that what will be investigated involves the description of the program, and also this study intends to understand the phenomena about what is experienced by the research subject such as behavior, perception, motivation or action. Data analysis was carried out through 3 stages, namely:

- a) Data Reduction
- b) Data Display (data presentation)
- c) Conclusion Drawing / Verification

## Result

Bank Muamalat Indonesia is the first bank to use sharia principles in its operations. Until now there have been many branches of Bank Muamalat Indonesia spread throughout Indonesia, one of which is Bank Muamalat Indonesia Pekanbaru Branch which is the object of research at this time. Bank Muamalat Indonesia Pekanbaru Branch, is one of the sharia banks which in the distribution of small business empowerment financing smooth rate of return of financing is quite high 0.4% risk of returning small businesses to Muamalat Bank, however, Bank Muamalat Indonesia Pekanbaru Branch is also at risk by trying to reduce the level of financing, in this case certainly the risk of financing problems.

The problem of providing or channeling financing in the empowerment of small businesses sometimes experiences obstacles in practice in the field with the aim being to achieve a healthy and good quality bank financing so that it meets the expected agreement in providing such financing. The quality of bank financing is essentially based on the possibility of risk according to the bank to the conditions and compliance of financing customers in meeting their obligations to pay profit sharing, pay in installments, and pay off their financing to the bank. The classification of the quality of financing to customers is as follows:<sup>14</sup>

Funding is classified as smooth, if it meets the following criteria:

- a) Payment of principal / or interest installments on time.
- b) Having an active account mutation.
- c) Part of financing guaranteed by cash collateral

## 2. Special attention

Financing which is classified as financing under special attention if it meets the following criteria:

---

<sup>12</sup> Robert Tampubolon, 2004, *Risk Management: Pendekatan Kualitatif untuk Bank Komersial*, Jakarta: PT Efek Media Komputindo, Hal 24

<sup>13</sup> Kuncoro, Mudrajat, 2009, *Metode Riset Untuk Bisnis Dan Ekonomi*, Jakarta: Erlangga, hal. 12

<sup>14</sup> Arifin, Zainal, 2002, *Dasar dasar Manajemen Bank Syariah*, Jakarta: Alfabet. Hal 218

- a) There are arrears on principal and / or interest installments that have not exceeded 90 days.
- b) Sometimes overdrafts occur.
- c) Account movements are relatively active.
- d) Rarely violations of the contract are promised.
- e) Supported by new loans.

### 3 . Substandard

Financing which is classified as substandard financing if it meets the following criteria:

- a) There are arrears on principal and / or interest installments that have exceeded 90 days.
- b) Overdraft often occurs.
- c) Account frequency is relatively low.
- d) There was a violation of the contract that was promised more than 90 days.
- e) There are indications of financial problems faced by the debtor.
- f) Weak loan documentation.

### 4. Doubtful

Financing which is classified as doubtful financing if it meets the following criteria:

- a) There are arrears in principal installment and / or interest that have exceeded 180 days.
- b) A permanent overdraft occurs.
- c) Defaults occur more than 180 days.
- d) Interest capitalization occurs.
- e) Weak legal documentation both for financing agreements and binding guarantees.

### 5. Loss (Loss)

Funding is classified as non-performing financing if it meets the following criteria:

- a) There are arrears on principal and / or interest installments that have exceeded 270 days.
- b) Operational losses are covered by new loans.
- c) In terms of law and market conditions, guarantees cannot be disbursed at fair value.

According to Law No. 20 of 2008 concerning micro small and medium enterprises in article 1 paragraph 11, financing is the provision of funds by the Government, Regional Governments, Business World, and the community through banks, cooperatives, and non-bank financial institutions, to develop and strengthen business capital Micro, Small and Medium.

Whereas in Article 1 paragraphs 1, 2 and 3, namely Micro Business is productive business owned by individuals and / or individual business entities that meet the criteria for Micro Business as stipulated in this Law.<sup>15</sup> Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or non-branch companies that are owned, controlled, or become either directly or indirectly part of Medium Enterprises or Large Enterprises that are meet the Small Business criteria as referred to in this Act. Medium Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or branch companies that are owned, controlled, or become a part either directly or indirectly with a Small Business or Large Business with a net worth or annual sales proceeds as regulated in this Law.

---

<sup>15</sup> UU 20 Tahun 2008 tentang Usaha Mikro, Kecil, Dan Menengah

M. Tohar defines a small company as follows Small business is a small-scale community economic activity, and fulfills the net worth or the results of annual sales and ownership as stipulated in the law.<sup>16</sup>

While Ahmed Riahi Balkaoui<sup>17</sup> defines a small company as follows: A small company whose operations are relatively small, usually with a total income of less than \$ 5 million. The company is generally (a). managed by the owner himself, (b) has several other owners, if any, (c) all owners are actively involved in carrying out the affairs of the company except maybe certain family members, (d) the transfer of ownership rights is rare, and (e) has simple capital structure .

According to Ina Primiana<sup>18</sup> defines small businesses as follows:

1. The development of four main economic activities (*core business*) which became the driving force of development, namely agribusiness, manufacturing industry, human resources (HR), and marine business.

Mainstay development, in order to accelerate economic recovery through regional or regional approaches, namely by selecting regions or regions to accommodate priority programs and developing sectors and potentials. And p Enhancing empowerment efforts masyarakat t.

### **The Dynamics of Bank Muamalah Indonesia Financing Pekan Baru Branch** Feasibility and Initial Process of Financing

The process of providing Islamic bank financing to its customers is very concerned with aspects of administrative techniques. The aspects that are considered or as a basis for financing considerations are:

#### 1. Application for Financing

In the application letter contains the type of financing requested by the customer, for how long, how many limits / ceiling requested, as well as where the source of repayment of financing comes from. This letter is also attached with several supporting documents, among others: the identity of the applicant, the legality (the deed of establishment / change, letter ministerial decree, the licenses), proof of ownership of collateral (if necessary).

#### 2. Evaluation Process

In evaluating an application, Islamic banks still adhere to the principle of prudence and other aspects, so it is expected to obtain the results of a careful and accurate analysis.

##### a. Based on a complete application letter

In other words , requests that are not supported by complete data and documents cannot be processed. Usually the fast / slow processing of a financing application, mainly determined at this stage.If forced it can result in losses for the bank and the customer concerned.

##### b. The assessment process, this process can be done through several stages of Islamic bank offices .

The initial process of providing financing facilities to prospective customers is the application submission stage, where prospective customers submit applications for obtaining financing facilities by completing the Financing Application Application Form, by attaching:

- 1) Copy of husband / wife's ID card
- 2) Copy of Family Card
- 3) Photocopy of Marriage Certificate
- 4) Photocopy of NPWP (If the Principal is More Debt and IDR 50 million
- 5) Photocopy of Electric / Telephone Bill Account

---

<sup>16</sup> M. Tohar, 2001, *Membuka Usaha Kecil*, Yogyakarta: Penerbit Kanisius. hal. 1

<sup>17</sup> Riahi, Ahmed Balkaoui, 2000, *Teori Akuntansi, Edisi Pertama*, Jakarta: Penerbit Salemba Empat.hal, 35

<sup>18</sup> Ina Primiana, 2009, *Menggerakkan Sektor Riil UKM & Industri*, Bandung: Penerbit Alfabeta, hal. 11

- 6) Copy of PBB / PAM Account
- 7) Job certificate / salary slip, if the prospective customer is working
- 8) Copy of Current / Savings Account
- 9) Photocopy of SIUP / TDP / Practice License (Professional )

### **Receipt of Guarantee**

Guarantees that are guaranteed by customers to Islamic banks can be done *pinalty* or confiscation. The issue of confiscation or execution of collateral in Islamic banks is highly dependent on management policy. There are those who carry out executions, but there are also those who do not execute guarantees of customers who experience financing problems. Most Islamic banks put more effort *inrescheduling*, *reconditioning*, and refinancing in al-Qardul hasan and guarantees must remain as collateral requirements.

### **Identification Process, Measurement of Financing Risk Management**

#### **1. Identification of Financing Risks**

- a) The Bank must identify the financing risks inherent in all of its products and activities. The identification of financing risks is the result of a study of the characteristics of financing risks inherent in certain functional activities, such as financing (provision of funds), treasury and investment, and trade finance.
- b) For financing activities and trade financing services, the financing risk assessment must pay attention to the debtor's financial condition, and in particular the ability to pay on time, and the collateral or collateral provided. To risk deb i tour, the assessment should include analysis of the environment of the debtor, the characteristics of business partners, the quality of the shareholders and managers, the condition of the latest financial statements, and cash flow projections, the quality of business plans, and other documents that can be used to support a thorough analysis of the condition and creditor credibility.
- c) For treasury and investment activities, the financing risk assessment must pay attention to counterparties, ratings, characteristics, instruments, types of transactions carried out and market liquidity as well as other factors that can affect financing risk.

#### **2. Measurement of Financing Risk<sup>19</sup>**

- a. B ank must have written procedures to perform risk measurement that allows for:
  - 1) Centralized exposure to on balance sheets and off balance sheets that contain financing risks from each debtor or per group of debtors and / or certain counterparties refers to the single obligor concept.
  - 2) Evaluation of different categories of financing risk categories using a combination of qualitative and quantitative aspects of the data and selection of certain criteria.
  - 3) Distribution of information on risk measurement results in full for monitoring purposes by the relevant work units.
- b. The financing risk measurement system should consider:
  - 1) Characteristics of each type of financing risk transaction, debtor / counterparty financial condition and requirements in the financing agreement such as the time period and interest level.
  - 2) The financing period (maturity profile) is related to potential changes that occur in the market.
  - 3) Collateral / collateral and / or warranty aspects.
  - 4) The potential for default (default), based on the results of the conventional approach assessment and the assessment approach using the internal risk rating process.

---

<sup>19</sup> Ikbal, Zamir dan Abbas Mirakhor, 2088, *Pengantar Keuangan Islam*, Jakarta: Kenana Prenada Media. 285-304

- 5) The ability of the Bank to absorb potential failures (default).
- c. For Banks are using risk measurement techniques using Internal risk rating should approach using data validation on a regular basis.
- d. The parameters used in measuring financing risk include:
- 1) Nonperforming Loans (NPL).
  - 2) Concentration of financing based on the borrower and the economic sector.
  - 3) Adequacy of collateral.
  - 4) Financing growth.
  - 5) Nonperforming treasury and investment portfolio (non-financing).
  - 6) The composition of treasury and investment portfolio (between the Bank, the letter securities and investments).
  - 7) Adequacy of treasury and investment transaction reserves.
  - 8) Default trade finance transactions.
  - 9) Concentration on the provision of trade finance facilities.

### **Factors Causing the Problem of Bank Muamalah Indonesia Financing Pekanbaru Branch**

Many factors cause financing problems in Islamic banks. At Bank Muamalat Indonesia Pekanbaru Branch, the factors causing this problematic financing are due to the character of the customer, the ratio of capital (capital) to debt (leverage), the ability of customers to return funds and the amount of collateral. And also not all debtors / borrowers (customers) have good faith when applying for funding or when the financing provided is ongoing. This bad intention is indeed difficult to be known and analyzed by the bank, because it involves moral or moral issues from the debtor.<sup>20</sup>The debtor may, when applying for financing, cover up the company's financial depravity and only expect fresh funds from the bank, or the debtor provides false financial data or various other actions. therefore the emphasis on character or character is one of the most important considerations in deciding financing. Banks as financiers must believe that prospective borrowers of funds must behave well, in the sense of having to hold fast to their promises, always try and be willing to pay off their debts in accordance with the specified time.

Therefore, when the prospective borrower is personally yang fine character, then the likelihood of failure in repayment of the financing or financing problems possible in the industry gkinan not occur, and vice versa if the prospective borrower is a private character is not good or bad, then the possibility for the return of finance are likely going to happen. Then aspects of wealth (equity) which owned by the prospective borrower or the company and its ratio of debt (leverage) also affects the occurrence of financing problems. in theory Saunders and Allen explained that aspects of capital as a contribution of wealth (equity) by the owner of the company and its ratio to hutang (leverage). This is seen as a good predictor of bankruptcy probability. A high degree of leverage is seen as having a high probability. If the level of debt experienced by prospective borrowers or company owners is high, then the level of bankruptcy experienced will also be high so that the rate of return on financing will be high and vice versa.

In addition, the provision of guarantees also contributed to the occurrence of problem financing. Firdaus and Ariyanti<sup>21</sup> provides a collateral explanation as collateral or collateral, that is the debtor's or 3rd party's property which is bound as collateral if the debtor is unable to settle his debt in accordance with the credit agreement. In other words, the provision of collateral

---

<sup>20</sup> Wawancara dengan Rahmad Faizal, Senior Legal Unit Support Pembiayaan PT. Bank Muamalat Indonesia Tbk. Cabang Pekanbaru

<sup>21</sup> Rahmat Firdaus dan Maya Ariyanti, 2008, *Manajemen Perkreditan Bank Umum: Teori, Masalah Kebijakan Dan Aplikasinya*, Bandung: Alfabeta, Hal. 88

carried out by the bank to the debtor or prospective borrower is intended to guard against the possibility of a problematic financing and then perform the function of providing guarantees, namely as a function of prudence / precaution as well as determining the amount of credit to be given how to determine the amount of guarantee.

These factors play a role as predictors in triggering the occurrence of problem financing. for this reason it is necessary to have an analysis of these factors, how significant a significant influence on the level of problem financing that occurs at Bank Muamalat Indonesia Pekanbaru Branch . So from this analysis, it can be seen that a significant amount of influence of these factors are then used as material for a better evaluation of future will come.

#### 1. Internal customer factors

- a. *Weaknesses in customer character* . The customer does not want to or is not in good faith, the customer disappears
- b. *Customer carelessness. Misuse of financing, the Company is managed by an unprofessional family*
- c. *Weakness in customer ability. Unable to repay financing due to disruption to business smoothness, lack of management ability, outdated production techniques, inadequate marketing ability, limited or inadequate knowledge, limited or inadequate experience, limited or inadequate information*
- d. *Disasters experienced by customers. Disaster fraud, Accident accident, Disaster crime, Domestic disaster, Disease disaster, Death accident*
- e. *Weaknesses in Customer Management . Labor strikes, Disputes between management , Low efficiency, Less competitive services, etc.*

#### 2. External factors

- a. *Negative economic situation . Economic globalization which has a negative impact, Changes in currency rates*
- b. *An adverse domestic political situation. Replacement of certain officials, adverse natural situations, negative natural factors, etc.*

#### 3. Business Failure Factors

- a. *Relationship aspects . Losing relationships, relations deteriorating with customers, relations deteriorating with workers }*
- b. *Juridical aspects . Environmental damage, The use of foreign workers*
- c. *Management Aspects . The difficulty of human resources, perselisihan across the board, yet professional, etc.*
- d. *Marketing aspects . Loss of facilities, Sluggish demand, Influence of seasons or fashions, Domestic inflation, Foreign market barriers, Changes in exchange rates, Foreign competition*
- e. *Technical aspects of production . Missing technology, Incorrect location, Incomplete engine, etc.*
- f. *Financial aspects . Increase in raw material prices, Late payment from customers, Business volume (debt burden), Irregular bookkeeping;*
- g. *Socio-economic aspects . The purchasing power of the people is decreasing. Changes in road routes make the location not strategic. }*

#### 4. Management inability factors

- a. *Inadequate recording (inadequate record)*
- b. *Inadequate costing information*
- c. *Failure to control costs (failure to budget expenses)*
- d. *Lack of supervision (no internal control)*
- e. *Failed to make a sale (faulty purchasing)*

- f. *Excessive investment*
- g. *Lack of technical expertise (technical incompetence)*
- h. *Disputes between administrators*

### **Resolution Strategy on Financing Problems at BankMuamalat Indonesia Pekanbaru Branch**

In the case of bad financing the bank needs to save, so that it will not cause losses. The rescue is carried out whether by providing relief in the form of a period of time or installments, especially for financing affected by disaster or confiscation of financing that is deliberately negligent to pay. With regard to financing which is experiencing congestion, salvage should be carried out so that the bank does not experience losses. In general, the strategies carried out as an effort to settle problem financing can be grouped into 2 (two), namely:<sup>22</sup>

1. Stay Strategy, namely the strategy when the Bank still wants to maintain business relations with customers in the context of long-term time.
  - a. *Intensive billing*
  - b. *Rescheduling*.
    - a) Extending the financing period, in this case the small business is given relief in terms of the financing period, for example an extension of the financing period from 6 months to one year so that the small entrepreneur has a longer time to return it.
    - b) Extend the installment period. Extending installments is almost the same as the financing period. In this case the term of the financing installment is extended, for example from 36 times to 48 times and this of course the number of installments also becomes smaller in line with the addition of the number of installments
  - c. *Reconditioning*. By changing various existing requirements such as:
    - a) Postponement of margin payments until a certain time. In the case of postponement of margin payments until a certain time, it means that only margins can be postponed, while the principal of the loan must be paid as usual.
    - b) Decreased margins. Margin reduction is intended to further ease the burden on customers. For example if the margin per year previously charged 20% was reduced to 18%. This depends on the consideration concerned. Margin decline will affect the amount of installments that are getting smaller, so that it is expected to help ease small entrepreneurs / customers.
    - c) Margin exemption. In margin exemptions given to small business customers on the consideration that the customer will be able to pay for the financing again. However, customers still have the obligation to pay the principal until the loan is paid off.
  - d. *Restructuring*.
    - a) By increasing the amount of financing
    - b) By increasing equity
2. Phase out Strategy, which is a strategy when in principle the Bank does not want to continue the business relationship with the customer again in the context of a long time, unless there are other factors that strongly support the possibility of improving the customer's condition. Strategies that are generally carried out, can be broadly grouped into 2 (two) types of approaches, namely: *Soft Approach and Hard Approach* . If the Soft

---

<sup>22</sup> Muhammad, 2005, *Manajemen Pembiayaan Bank Syariah*, Yogyakarta, AMP YKPN,. Hal. 169

Approach method cannot resolve the problematic financing, then the Hard Approach method will be adopted which involves legal channels, which can be in the form of:

- a. BASYARNAS (National Sharia Arbitration Board), the settlement is carried out through a condition after an agreement is not reached through deliberation.
- b. The court, either: (Execution Mortgage (HT) on collateral, execution of collateral bound under fiduciary registered Registration Office Fiduciary (KPF), Doing lawsuit against other assets belonging to customers either located within or outside the country, Criminal reporting to customers, etc.
- c. Involving the police.

This last alternative (hard approach) is done if:

- a. The customer cannot be contacted.
- b. Customer runs away.
- c. The customer does not have the good faith to settle his obligations while the customer actually has the ability to do so. The customer is not willing to give up the collateral

In problematics empowerment of small business financing at Bank Muamalat Indonesia Branch Pekanbaru has never happened at the level of *the hard approach* means it is still nababah small businesses are still able to cope with and and still able to restore p embiayaan borrowed right by the bank M uamalat Branch Pekanbaru because the banks muamalat still trying to provide assistance or ways that can be understood by small entrepreneurs so that they can help psychologically on the small entrepreneurs. Conversely, many small entrepreneurs add, renew or extend financing because the first financing of small entrepreneurs has been paid off so that it is possible to add or renew existing contracts on the financing and can add to their rapidly growing business.

### **Problems Resolution Finaning Islamic Banking**

Every person or customer who borrows money at Bank Muamalat Indonesia in the repayment process sometimes experiences problems but does not necessarily give a penalty or confiscation directly to the customer in contrast to a customer borrowing money with a conventional bank. Perceptions that are always haunting and provide anxiety are a psychological impact on customers. This slowly becomes a reflection for Islamic banks to make the best solution so that customers are not burdened. This can be done in a polite manner with the karmic system taught and regulated in the Sharia banking law.

In this case, it is a tough task for banks to provide services specifically for small business financing in the following ways :

#### **1. Reconstruction of Community Character Understanding**

As an initial step, we have to do is optimize build character of understanding society in application banking sharia in the internal environment. Give direction for a sense of responsibility to be able to return the funds carried with the mechanisms allowed in Islamic banking laws. This is important so that when we conduct outreach from the office environment we will produce optimal understanding. Thus, we will see that community understanding shows a significant correlation.

There is some strength points we should do in optimizing the economic understanding of sharia in the community, among others: - We must be committed and in running the sharia and other provisions related to the activities of sharia, namely :

- Build friendship (network) with the wider community who do not yet have access to Islamic institutions (Islamic banks) and continue to work to improve friendship with

customers as robbul maal and with customers as mudarib, including hospitality with Islamic financial institutions (BUS, BPRS, BMT and cooperatives sharia.

- Conducting activities in congregation in the form of mutually reinforcing and maintaining the good name of the institution (the concept of ta'awun) through associations and or associations of Islamic financial institutions. Or through a linkage program that has been discussed by various groups, although it is still not optimal.
- Inviting the general public to be directly involved in the socialization through seminars, exhibitions and sharia expo activities and or direct activities that can touch the business activities of sharia-oriented communities.
- Strengthening financing with musharaka and mudaraba patterns. That is, the community is made a subject in the development of sharia-based businesses. It starts with a work plan, process, and financial reporting. All of them must provide sharia values which must be carried out consistently.
- Improving the quality of akhlaqul karimah in sharia banking individuals, and prioritizing banking services with the exemplary nuances of Rasul Muhammad SAW.

To realize the points above is not easy. Commitment is needed, especially from Islamic banking actors or persons. Because the current practice of Islamic banking has not entirely touched the real sector so that it can still be expanded both products and types of services. Therefore, the consolidation and strengthening of understanding in the internal environment is a must that cannot be negotiable.

If the consolidation and internal understanding are optimal, in developing and socializing Islamic economics in the field, there will no longer be any significant obstacles. All information submitted from the bank Muamalat of Indonesia has given the sense that the same society. The public no longer feels vague about making transactions with Islamic banks. In developing the socialization of Islamic banking, we need to put forward the characteristics possessed by the Prophet Muhammad, among others: siddiq, amanah, fahonah, tabligh and istiqamah. These qualities have led to the Prophet's success in running his business. That is, human resources (Islamic banking) must have the character developed by the Messenger of Allah, so that people are more confident in running their business. Limited human resources that have a good character, not only affect the risks of bank operations, but also the risk of reputation or the overall image of Islamic banking.

We need to realize, in the process of socializing and providing and solving financing problems we are providing imaging of Islamic banks. Because of that there needs to be a common perception in conducting socialization. We can use the business concept developed by Abdullah Gymnastiar,<sup>23</sup> which has been reprocessed as follows:

*First*, good intentions. That is, every activity we will do must begin with good intentions and make the activities we do worth worship. *Second*, building image. In socialization we must maintain the image and prioritize quality, both in terms of services and human resource development. The better the image of a company, the easier it will be to develop a company. *Third*, building and improving the quality of noble morals from all SDI staff in all aspects through increasing knowledge, increasing new insights and increasing experience in accordance with what has been exemplified by the Prophet Muhammad. *Fourth*, build hospitality. That is, every time we do socialization, it must be used as a media to build networks. *Fifth*, always avoid things that can be detrimental to other parties (consumers) and we always give positive thinking in every relationship with anyone while being careful so that nothing happens in the future. *Sixth*, in conducting socialization, we must be able to provide

---

<sup>23</sup> Penulis kutip dari ceramahnya dalam acara halal bi halal Masyarakat Ekonomi Syariah Pekanbaru dengan Ormas Islam di Gedung Bank Riau pada 14 Agustus 2013

information that has more beneficial value to others, both benefits that can be felt directly or indirectly.

The concept developed in sharia has given an undeniable advantage and has also been guaranteed by Allah SWT as the Most Planner. But it is very ironic when Islamic banks are developed, it turns out Muslims themselves are still half-hearted in support, including Islamic mass organizations. This has caused the growth and development of Islamic banks including their understanding to be slow.

Many Muslims are not aware that the economic crisis that has hit several countries is the result of a conventional economic system. Instead, they always boast of conventional economic and banking systems. Now is the time for us to conduct socialization on Islamic banking, in particular and the Islamic economy in general, in congregation, including the involvement of the ulema. Thus, underdevelopment and the lack of understanding of society will be the sharia system can top i and comprehensive.

## **2. Program Socialization**

The forms of sharia banking socialization are very diverse and broad, such as through printed or electronic mass media , bulletins, magazines, books, educational institutions, and so on. Various kinds of socialization in the form of community education through dialogue and lectures directly to the people. Prof.Dr.MAMannan<sup>24</sup> has reminded the importance of public education efforts about the advantages of the sharia system and the bad impact of the ribawi system. Sharia banking product socialization needs to be carried out to the public in a comprehensive manner and approach. That ideally Islamic banking socialization is carried out as much as possible in a year. Socialization can be carried out in various places such as mosques, to the clerics / ulama as teachers of Islamic economics who will deliver Islamic economic propaganda. To train the clerics and scholars and to the majlis ta'lim mothers spread throughout Riau .

The socialization must also be carried out to all entire tertiary institutions, not only to the economics and sharia faculties but also to the entire academic community, the rector's bureau and so on. Similarly to the whole school Madrasah Aliyah, Tsanawiyah, MAN, and SMU. Like wise, government officials in each sub-district, city district , employees in government agencies, DPRD, ministry agencies at the provincial and district level. Not to mention the KBIH group (the Hajj Guidance Group). In fact, it is not impossible for socialization to elementary and kindergarten schools, so that Islamic banks are better known from the start. Advertisements on television, radio are needed, but the socialization has given birth to a floating market, not deep and significantly educating Muslims who hear it.

Socialization to the people is not merely a normative (emotional) religious approach and because of the sharia label, but more than that, a material that is scientific, rational and objective. So, a rational education and intelligence movement on Islamic banking is needed, not just relying on adherence (loyalty) to sharia. Sharia loyal communities are limited to at most 10-15%. The community must be educated, that saving in Islamic banks, not only because it is labeled sharia, but more than that, this system will certainly bring mercy and justice to the economy of the community, country and the world, of course also individually beneficial. In education, the community is truly educated, the public is invited to not think narrowly, but rationally, objectively, thinking in the long term.

Due to limited scientific information, there are still many people who equate Islamic banks and conventional banks in a micro and narrow way. Society (public) there are still many who do not understand how the interest system, has a very terrible impact on the deterioration of the world economy and nation-states. Therefore the sharia system must be built in stages,

---

<sup>24</sup> M.A Mannan, 1997, *Teori Dan Praktek Ekonomi Islam*, Yogyakarta: Dana Bahkti Primayasa,. Hal.164

programmed and measured with realistic targets. If the community still considers Islamic banks the same as conventional banks, it means that the public does not yet understand sharia monetary science, and Islamic macroeconomics about interest, the impact of interest on inflation, productivity, unemployment, nor do they understand the principles, philosophy, concepts and operations of banks shari'ah.

The use of a rational approach, which is an approach that combines rational, moral and spiritual approaches. A rational approach is to include satisfying services, competitive profit sharing levels and margins, easy access and facilities. The moral approach is a rational explanation of the impact of the ribawi system on the economy of the country, nation and society in the aggregate, even the world economy. So morally, regardless of religion, everyone will be called to leave the usury system. The spiritual approach is an emotional approach to religion because of the sharia system and label. This approach is suitable for those who adhere to religion, or a community that is loyal to the application of sharia. Efforts to build a loyal spiritual market still need to be done, so that the share continues to increase. The more vigorous the socialization of building the spiritual market, the more growing and increasing the assets of Islamic banks.

### 3. Quality Development of Bank Muamalat Human Resources

The development of the quality of Human Resources carried out at Bank Mamalat in order to play an optimal role, Bank Muamalat placed three domains of SDI development summarized in *The Celestial Management*. First, placing the company as a place of worship that is implemented in ZIKR (*Zero Base*, Faith, Consistent, and *Result oriented*). Second, the company as a place to gather and share welfare in the form of sharing PIKR (*Power, Information, Knowledge and Reward*). Third, the company as a battleground to advance the economy of the people, in the form of the MIICR community (Militant, Intellectual, Competitive, and Regenerative).

Based on the three domains above, for the Muamalat Bank crew, the work results are not only measured by *tangible* achievements. Because, "The real result we hope is the afterlife benefit,"<sup>25</sup>

Tool applies seven fluency standards which must be mastered by the entire crew. The seven fluencies are *general concept* fluency on sharia banking, data fluency and strategies which include *corporate goals, values*, history, organizational structure to financial statements. Next is information and technology fluency that requires a minimum of NS Office computer mastery, and internet mastery, foreign language fluency with an average *toefl score* of 500, fluency of system concepts and procedures, fluency of muamalat *spirit* concepts, and communication and presentation fluency.

The seven basic competency development programs are implemented for all crews from leaders to executors. Certification and evaluation of the implementation of the concept are carried out by independent parties such as experts in the field of sharia economics, the National Sharia Board and related institutions. The next program, in the form of development and training, Muamalat Bank divides into two types. The first is special training to galvanize prospective leaders in a forum called MODP (*Muamalat Officer Development Program*), which is conducted with a knockout system. Second is the program for officers which is usually carried out as a follow-up to the results of the *assessment*. In the initial stages, the program

---

<sup>25</sup> Riawan Amin Mantan Direktur Bank Muamalat Indoensia yang sekarang menjabat director of International Islamic Banking yang berpusat di Bahrain dikutip dari Majalah Human Capital No. 18 | September 2005 dan sekarang beliau menjadi salah satu Komisaris pada OJK (Otoritas Jasa Keuangan tahun 2013).

includes *performance management, problem solving decision making* , HR management, training management and *leadership* .

## Conclusion

To overcome the problems arising from financing at Bank Muamalat Indonesia to customers - customers need to pay attention to aspects of administrative techniques. Many factors cause financing problems in Islamic banks. At Bank Muamalat Indonesia Pekanbaru Branch, the factors causing this problematic financing are due to the character of the customer, the ratio of capital (capital) to debt (leverage), the ability of customers to return funds and the amount of collateral. The character and ability of customers is very much a benchmark in disbursing and paying off financing so that it requires sharp analytical thinking in providing financing to customers. With the repayment process Muamalat provide rules when customers have not been able to pay by way of m emperpanjang repayment period, substantially change the existing requirements, and to increase the capital or increase the amount of financing. Strategies that are generally carried out, can be broadly grouped into 2 (two) types of approaches, namely: *Soft Approach and Hard Approach* . If the Soft Approach method cannot resolve the problematic financing, then the Hard Approach method will be taken involving legal channels, but in Muamalat's bank only 0.4% of the financing problem is in a bad state and it can be resolved properly.

## References

- Arifin, Zainal, 2002, *Dasar dasar Manajemen Bank Syariah*, Jakarta: Alvabet.
- Firdaus, Rahmat dan Maya Ariyanti, 2008, *Manajemen Perkreditan bank Umum: Teori, Masalah Kebijakan Dan Aplikasinya*, Bandung: Alfabeta.
- Hamid Arifin, 2008, *Membumikan ekonomi Syariah di Indonesia (Perspektif Sosioyuridis)*, Jakarta, Paramuda
- Karim, Adiwarmanto, 2010, *Bank Islam Analisis Fiqih dan Keuangan*, Jakarta: Raja Grafindo Persada
- Kuncoro, Mudrajat, 2009, *Metode Riset Untuk Bisnis Dan Ekonomi*, Jakarta: Erlangga
- Muhammad, 2005, *Manajemen Bank Syariah Edisi Revisi*, (Yogyakarta: UPP AMP YKPN)
- M.A Mannan, 1997, *Teori Dan Praktek Ekonomi Islam*, Yogyakarta: Dana Bahkti Primayasa
- M. Tohar, 2001, *Membuka Usaha Kecil*, Yogyakarta: Penerbit Kanisius. hal. 1
- Permataadmadja, Karnaen dan Safe'i Antonio, 1997, *Apa Dan Bagaimana Bank Islam*, Yogyakarta: Dana Bakti Wakat.
- Primiana, Ina, 2009, *Menggerakkan Sektor Riil UKM & Industri*, Bandung: Penerbit Alfabeta
- Remy, Sutan Sjahdeini, 1999, *Perbankan Islam dan Kedudukannya Dalam Tata Hukum Perbankan Indonesia*, Jakarta: Pustaka utama Grafiti. Hal.2
- Riahi, Ahmed Balkaoui, 2000, *Teori Akuntansi, Edisi Pertama*, Jakarta: Penerbit Salemba Empat.
- Robert Tampubolon, 2004, *Risk Management: Pendekatan Kualitatif untuk Bank Komersial*, Jakarta: PT Efek Media Komputindo
- Syafi'i, Muhammad Antonio, 2001, *Bank Syariah Dari Teori Ke Praktek* , Jakarta: Gema Insani Press
- Undang-Undang No 21 tahun 2008 tentang Perbankan Syari'ah
- Undang Udang 20 Tahun 2008 tentang Usaha Mikro, Kecil, Dan Menengah
- Wawancara dengan Rahmad Faizal, Senior Legal Unit Support Pembiayaan PT. Bank Muamalat Indonesia Tbk. Cabang Pekanbaru.

