

**PRUDENTIAL PRINCIPLES IN BA'I BITSAMAN AJIL FINANCING AND IT PROBLEM MITIGATION IN BAITUL MAAL WATTAMWIL**

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**Abstract:**

The goal of this study is to find an overview of the implementation of prudential principles to the financing of Ba'i Bitsaman Ajil and to understand BMT Dana Ukhuwah's barriers and solutions, a case study with descriptive data analysis using a qualitative approach is the type of research used in this study. Collection of data by collecting data at BMT Dana Ukhuwah through interviews, observations and documentation. The results of this study may show that the application of the prudential principles to the financing of Ba'i Bitsaman Ajil at BMT Dana Ukhuwah involves aspects of the maximum funding limit and the 5C and 1S principles in the BMT Dana Ukhuwah financing guidelines. Even though only 3C (character, capacity, collateral) were used in practice. BMT Dana Ukhuwah has Nomort introduced a penalty scheme in order to improve problematic financing as one of the triggers. Increases in Bai Bitsaman Ajil support, in particular. It is expected that the utility of this study will carry the benefits of scientific progress and actual data on sharia economics related to the application of prudential principles to the problem of funding Ba'i Bitsaman Ajil, and this study can be a guide for other researchers.

**Keywords:**

Principle of prudence, Ba'i Bitsaman Ajil, Problematic financing



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**INTRODUCTION**

The growth of the Sharia Finance industry in Indonesia is facing considerable progress, with the issuance of Article 1(3) of Law No. 10 of 1998 on the replacement of Law No. 7 of 1992 on banking, which contains regulations that allow almost all conventional banks to establish sharia service systems in their branches (dual Banking system). Coupled with Bank Indonesia Regulation (PBI) No 11/3/PBI/2009 on Sharia Commercial Banks, which contains procedures and provisions for the establishment of branch offices, this increases the number of Syari'ah Bank service offices.

The government's policy has a positive effect on the establishment by banks or non-banks of numerous sharia finance institutions. Shari'ah Financial institutions are Sharia Commercial Banks, while non-Bank Financial institutions include Baitul Maal wa Tamwil, Shari'ah Insurance, Sharia Pawnshops and others. (Widiyanto. Abdul Ghafar & Kartiko Wibowo, 2016:9)

Micro-small and medium-sized businesses (MSMEs), because Bank Syari'ah has products in line with its respective goals, are still not reachable at present, since most of the banks are aimed at large-scale enterprises, whereas MSMEs have very little access to Syari'ah banks, this is making it hard for micro-enterprises to get finance from their own countries. Bank Syari'ah is considered to have a fairly long, complex and much too burdensome loan process for small, micro-enterprises so that the bank's financing capital cannot be borrowed from micro-enterprises and small traders.

Many small traders want to get their capital funds quickly and practically, so they are on the wrong track by choosing to have access to loan sharks that are simple and easy to buy and disburse. However, the interest rates are very high, which could harm small traders who cannot meet the bank's lending procedures. The phenomenon concerns micro companies in the Small Business Incubation Center (PINBUK) below. In line with micro-companies' state and Sharia values, PINBUK carries out a search evaluation for the financial system. Finally, Baitul Maal wa Tamwil (written BMT below), now a BMT, is established and developed by PINBUK which has spread across nearly all parts of Indonesia. The presence of BMT with PINBUK will contribute to the creation of multiple MSMEs.

BMT is a Sharia financial body, not a cooperative bank, to be integrated into cooperative law. Article 1(2) of Decree No.91/Kep/M.KUKM/IX/2004 of the Minister of Cooperatives and small and medium-sized enterprises Concerning guidance on Sharia Financial Services Cooperative business activities. The Shari'ah Financial Services Co-operative (later written KJKS) is a cooperative, which works in accordance with its

yield pattern (Syari'ah), with borrowing, investment and deposits. BMT's Baitul Tamwil's two roles (Baitul Maal and property development) (houses of property). (Andri Soemitra, 2009:451). BMT is exceptional because BMT is keen to handle philanthropy funds as infaq shadakah and wakaf, such as zakat funds, etc. (Nurjamil & Nurhayati, 2020)

The BMT itself therefore has the function to prevent people from doing business which is not Islamic. The importance of the Islamic economic system is actively being socialized within the group. Provide small business advice and funding. Active in its role as an institution of microfinance. Removing the Community's reliance on loan sharks, as lending sharks are thought to provide the community with money easily and rapidly which leads to community reliance on the loan shark. (Nurul Huda, 2010:364)

According to the BMT, they have been responsible for improving the economy and for supporting them. According to the BMT, it is likely that they will continue to be responsible for the 19 years and 21 years that have gone through the sharia principles BMT is the main producer of *Mudharabah*, *Musyarakah*, *Murabahah*, *Salam*, *Istishna* and *Ijarah* as well as the world's latent producers. The use of BMTs is unreasonable. This would lead to the loss of BMTs. It is a matter of encouraging the use of the technology and the use of the technology. This mechanism is based on the assumption that BMTs are considered to have been tangled up with the fact that they do not have to use BMTs. This is because of a lack of information about the BMT's performance in the future. (Deni K Yusuf, 2004:141) Under Article 8 (1) of Law No. 10 of 1998, the financing of the Sharia Law is carried out on the basis of analysis and prudence, so that participants are entitled to pay off their commitments under the agreement in order to prevent a risk of issue financing (Najah, 2017). The funding given to members is therefore inseparable from the risk of problem funding that will eventually affect BMT's results. (Kasmir, 2008:91) This is a big factor in how the problem is being handled, how we can interpret the problem (Nurjamil, 2019), how the research is done as a matter of course and whether we can expect to do so in a long way.

## **METHOD**

According to (Sugiyono, 2012) claimed that a method of study is a scientific method of collecting knowledge for certain purposes. Study is a systematic attempt, according to the approach, to follow such procedures. The aim of the research using an appropriate method provides knowledge and answers to the problems identified. This is a case study with descriptive data analysis using a qualitative approach is the type of research used in this study. Collection of data by collecting data at BMT Dana Ukhuwah through interviews, observations and documentation.

## **RESULTS AND DISCUSSION**

The three literally words of *Ba'i Bitsaman* (after BBA) are: *Ba'i Tsaman* and *Ajil*. '*Ba'i*' means exchange, '*Tsaman*' means price and '*Ajil*' means non-cash. This is a company of money charged or stopped later. The price later means "*Tsamanajil*" (Febbytia, 2019). BBA is therefore a form of deferred payment buying and selling. In other words, the goods are first handed over to members and then payments are made progressively or dically over a given duration.

The agreement of *Ba'i Bitsaman Ajil* Financing can be applied only if the following pillar exists (Anshari, 2007):

- a. Some parties are sellers and buyers, and each party shall comply with the lawful specifications without any intimidation, misconduct or fraud, and will willingly execute the agreement.
- b. The requirements specify whether the goods exist, not the illegal goods, and are property of all parties concerned with the deal, between the goods handed over by the seller and goods purchased by the buyer;
- c. The sign of an accord in which items and prices have been negotiated, which contains no beneficial provisions must be clearly specified *Sighat (ijab and qabul)*.

### Implementation of Prudential Principles in *Ba'i Bitsaman Ajil* Financing

In theory, all BMT financing must be funded before funding can be disbursed, in order to prevent problematic funding which can eventually cause BMT harm. The theory of the prudence applied, inter alia, by BMT while funding *Ba'i Bitsaman Ajil* see also (Sjofjan, 2015):

#### Aspect of Character (Character Assessment) Character

Character or behavior of forward members aimed at understanding the good faith in values, behavior and other personal characteristics of prospective members. In the aspect of BMT, the comportment and disposition of potential Members is very important to consider, since they perform their obligations smoothly or not depending on the character of prospective members. If the prospecting member has good character, however, the financing is still possible in his current working conditions, if he/she seeks in compliance with the maturity or even before the maturity, on the contrary, if the prospective member has no good character. Such characteristic styles studied by the marketing staff include: contact, attitudes, personality, linguistic style and gestures. The character of the potential BMT marketing workers can be evaluated in the survey:

- a. When using Second Opinion or searching for the information given by potential members of the BMT party, such as looking for information from neighbors, the information provided by prospective members is not truthful. It is done because of the lack of integrity.

- b. The past experience of prospective BMT members or other financial institutions with respect to pay-off funding implicitly represents the potential member's character in the past. For instance, if the prospective member has a good background of insuring funding, then it may be understood that the future member's status is good, but if the prospective member does not have a good financing history, it could be known that the future member's status is not good.
- c. Personal interviews with prospective members to know the character of the potential member who is going to apply for funding directly from the interview. The aim of applying the character aspect is to understand future members' good faith and obligation in the return of funding. BMT analyzes the company's corporate financial statements, interviews to prospective members on key profits, extra income, borrowing from other financial institutions, intent of the use of the loans and analyzes the viability of the financing members. An analysis of capital is an analysis linking the potential member to a number of funds deposited for funding an object, which takes into account a future member's financial application. the time frame for the future member.

The potential participants in the running of a company own this skill evaluation. On the basis of research results from scientists, marketing personnel or account managers (often referred to as AOs) will assess the willingness of prospective members to pay, including:

1. If you look at the company run by prospective members, you know how much you will pay potential members
2. Another income other than the main business held by prospective members is to ensure that the efforts of prospective members do not suffer irregularities, thereby having an effect on potential members' ability to pay.
3. Family card (KK) to see how many potential participants of their families have dependents. The more dependents in the family the less likely to provide for future members, the more the need for their families impedes them. It also affects the capacity to pay prospective members.

By considering aspects 5C of BMT, it is appropriate to apply the principle of caution and to carry out careful evaluations of the character, capacity, resources, collateral and prospects of prospective borrowers, pursuant to Article 23 paragraph 2 of Law No. 21 of 2008 on Sharia Banking, Sharia Banks and/or The Law shall. Besides the 5C component of the BMT, the basic aspects of Shariah are also analysed: The enforcement of the Sharia Rules in the BMT since the contract was enforced by the members in keeping with the Shari'ah. The value or the sharia principles meaning that members have to be explicit on selling or buying products which are halal, which do not breach the Sharia rule compare with (Ahmad & Yaacob, 2012). The BMT would fund only firms, such as not including elements of *Maysir* (gambling), *Gharar* (obscurity) and *Riba*, which are not contrary to the Sharia theory (exaggeration). In its operations on the basis of Sharia values, economic democracy and prudential principles, Sharia Banking has been approved by Article 2 of Law No 21 of 2008 on Sharia Banking. The study of the prudence principle in finance is intended to minimize the risk of problem financing. Following review of the concept of prudence, the BMT will enable prospective members who will seek funding to be responsible for the execution of their obligations according to the defined maturity of the clause. However, in incorporating the six feasibility analysis funding criteria, BMT prioritizes the feasibility, collateral and capability dimensions of character analysis. When the study phase by BMT is deemed satisfactory, it is accepted for financing from all three aspects of the analysis. In addition, BMT conducts the Prudential Principle by setting the maximum funding cap (after which BMPP is written) on the basis of analysis by researchers, so as to minimum risk of financing, which is at a minimum IDR 1,000,000 and a maximum IDR 25,000,000 in the financing application. This is done by BMT. Through analysis of potential (capability) and collateral (collateral) for prospective members, BMT calculates the sum of BMPP.

When BMT applies this prudence principle, *Ba'i Bitsaman Ajil* also has barriers to funding; a variety of factors hinder the application of the prudence principle to *Ba'i Bitsaman Ajil* financing:

1. A lack of integrity of prospective members with what is encountered such as address or area where the prospective member gives an address not matching the address indicated in the Identity Card (KTP) and sometimes the prosecutor is deceptive with the business location that runs with what is given when submitting the application. is not app Inflexibility of prospective members
2. The BMT itself lacks human capital (the HR written below). The number of people involved is the lack restricted BMT workers make monitoring and alerting BMT Bitsaman Ajil funding members challenging.
3. Failure to understand workers how to apply the prudence principle to funding.
4. Members that already have an organization that runs and earns often ignore or forget the duties to be fulfilled by BMT are diligent. Members voluntarily don't pay financing to BMT, so members are unable to take advantage of their responsibilities.
5. Besides the deliberate aspect, personal issues also exist, such as: Decreased revenue of member firms, Disasters that could affect members of the company, The address of the BMT group does not comply with the Identification Card, which may make a survey at the place of the future member difficult for the BMT to perform, Future participants are not in compliance with reality in their corporate practices.

The researchers find that there are two factors, namely internal factors and external factors, which are the obstacles faced by BMT. *Ba'i finance member Bitsaman Ajil* has triggered internal factors caused by BMT and external factors. Internal obstacles are lack of BMT services or the absence of staff, and employees are unable to comprehend the Prudence Concept of financing. The external factors are at the same time

induced by *Ba'i Bitsaman Ajil*, the aspect of deliberation and inadvertence. This is consistent with Ismail's assertion (2011).

*Ba'i Bitsaman Ajil Funding Dispute Settlement* is an issue

The completion of the issue funding of BMT's *Ba'i Bitsaman Ajil* consists of several steps, including:

1. This is done until maturity (1 week) to remind members of the completion of the loan.
2. Timing Reset BMT reschedules, with a re-examination which can lead to multiple interviews with members concerning payment capability. If members are difficult for payment of their obligations. In order to prevent problem funding, BMT does the following, namely by:

- a. Extend the financing period

For example, if the financial duration is extended from six months to one year, the member will receive exemptions so that they will have a lengthy amount of time with which to return it.

- b. Extend the installment time

Extending installments is almost the same as the financing period. In this case the financing period, for example from 56 times to 70 times and this of course the installment amount becomes smaller along with the increase in the number of installments. This is in accordance with the word of Allah SWT in the letter al-Baqarah (2) : 280

وَأِنْ كَانَ ذُو عُسْرٍ فَنظِرَةٌ إِلَىٰ مَيْسَرَةٍ وَأَنْ تَصَدَّقُوا خَيْرٌ لَّكُمْ إِنْ كُنْتُمْ تَعْلَمُونَ (البقرة/2: 280)

Signs:

"And if (the debtor) is in trouble, then give him respite until he finds light. And if you give it free, it is better for you, if you know." (Al-Baqarah/2:280)

*Ba'i Bitsaman Ajil Dispute Clearance* is a problem in BMT by conducting discussions with members and if the discussions don't provide a clear spot for both, BMT can proceed through the Sharia Arbitration Board to settle the dispute. As reported on *Murabahah* in the Fatwa DSN-MUI:

1. Customers willing to pay off their debts are not entitled to wait
2. If the consumer knowingly delays payment or a party fails to comply with his duties, the payment shall be made by the Sharia Arbitration Board after no deliberative agreement has been reached.

## CONCLUSION

Implementation, by priority, of the element (character), collateral and capacity (ability), of the prudent principles on BMT funding (character, resources, capacity, collateral and sharian principle), since the assessment of the income obtained is based on the character component (character). It also introduces a BMPP to reduce the possibility of issue financing in the BMT. In addition it introduces a BMPP. The presence of dominance and, in terms of supervision performed by BMT, not a limit is demonstrated by a growth in the problem of funding, in particular, in 2019, by *Ba'i Bitsaman Ajil* funding, due to the absence of sufficient human resources and eventually restricting the implementation of a supervision programme.

Two factors, internally and externally, are the difficulties faced by BMT in applying the concept of prudence to the provision of funding, such as the shortage of staff and the inconceived use of the principle of prudence, internal and external factors, which are errors on the part of BMT. Settlement of *Ba'i Bitsaman Ajil* funding dispute involves problems, BMT uses several stages, including repressing its members by three warning letters, one and two letters warning and asking members to arrive at BMT in seven days, and the third warning letter is issued after processing if the BMT request is not received by the Members. But if the deliberations are ambiguous, BMT will proceed to the Sharia Arbitration Board.

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