

HANDLING OF PROBLEM WORKING CAPITAL FINANCING IN BANK SYARIAH INDONESIA (BSI)

**Desy Safitri¹, Syarifah Yusni Putri², Maulisa Arianti³, Muhammad
Alfarid⁴, Jeri Saputra⁵, Aidil Pahmi⁶, Muhammad Aqshal Wiranata⁷,
Muhammad Dicky Suandy⁸, Tri Wina Handani⁹**

Universitas Islam Negeri Raden Fatah Palembang^{1,2,3,4,5,6}, Universitas Palembang⁷,

Universitas Sriwijaya⁸, Universitas Muhammadiyah Palembang⁹

E-mail: desysafitri176@gmail.com

ABSTRACT

Working capital financing is an important part of the Company's operations. For Islamic banks, working capital is one of the most important products offered to customers. However, in practice, there are cases of problematic working capital financing that can affect the financial stability of Islamic banks in Indonesia. The results of the study show that several factors cause problematic working capital financing at Bank Syariah Indonesia, including: the inability of debtors to fulfill their payment obligations, poor bank management in controlling the use of funds and high business risks in several sectors. Several possible strategies include tightening control and supervision of the use of financial assets, improving credit processes, diversifying the financial portfolio and strengthening risk management. cooperation between Islamic banks and external parties such as economic monitoring institutions and consulting service companies can help overcome problematic working capital financing. All these efforts must be supported by proper regulations and the development of qualified human resources in the field of Islamic finance. This study is expected to provide a better understanding of the problems of working capital financing at Bank Syariah Indonesia and provide recommendations to banks and regulators to improve the management of these problems.

Keywords: Financing, Troubled Working Capital, Bank Syariah Indonesia

INTRODUCTION

Islamic banks are intermediary institutions and providers of financial services that operate according to ethics and the Islamic value system, especially those that are free from interest (interest rates), free from

unproductive speculative activities such as gambling (maysir), and free from things that can harm . unclear and questionable (gharar), fair in principle and only finance legitimate businesses. Islamic banks are often equated with interest-free banks. Interest free banking is a narrower concept than Islamic banking, as many instruments or transactions are interest free. In addition to avoiding interest, Islamic banks also actively participate in realizing the goals and objectives of the Islamic economy with a social welfare perspective.(Yumanita, 2005)

The definition of financing based on sharia principles is the provision of money or bonds or the like in a money-lending agreement or an agreement between a bank and another party that requires the borrower to repay the debt after a certain period of time by paying a specified amount. . compensation or profit sharing. In its operations, funds are provided with planning in accordance with the functions needed, such as: B. Murabahah, Mudharabah, Musyarakah contracts and others.(Sumar'in, 2012)

Working capital financing (PMK) is the distribution of financing offered by Islamic banks to their customers for the company's working capital needs managed by the financing customer. Working capital financing generally uses a musyarakah or mudharabah contract, except for working capital financing which is based on the purchase of goods, assets or tangible assets, the contract is a murabaha contract (investment contract).(Nasution, 2018)

Islamic banks can help meet all of these working capital needs, not by lending money, but by building cooperative relationships with customers. In this case, Islamic banks act as financiers (shahib-al-maal), while customers act as entrepreneurs (mudharib). Such a financing system is called Mudharabah (trustworthy financing). This arrangement can be offered for a certain period of time, with profit sharing paid periodically according to an agreed proportion. After the maturity date, the customer returns the money and the profit share (which has not been paid) which becomes the bank's share.(Sumar'in, 2012)

Irregular financing is understood as the allocation of funds from financial institutions such as Islamic banks, which is the implementation of customer financing, for example long-term financing, financing where the debtor does not meet the promised requirements and the financing is not

appropriate. payment payment schedule. So that these things have a negative impact on both parties (debtors and creditors).(Muhammad, 2001)

The following is data on working capital financing that has been distributed by Bank Syariah Indonesia (BSI) throughout Indonesia until 2022:

Table 1.

Year	Total Working Capital (billion rupiah)
2018	10.8
2019	13.2
2020	16.5
2021	19.1
2022	21.8

From the table, it can be seen that the amount of working capital financing disbursed by BSI nationally continues to increase from year to year. In 2018, BSI has disbursed 10.8 billion rupiah for working capital financing, while in 2022 the amount will reach 21.8 billion rupiah

The purpose of this study is to analyze and provide solutions for managing working capital financing under pressure at Bank Syariah Indonesia. The method used in this research is a case study and qualitative analysis. Information obtained from document studies and related literature studies.

In this study we found interesting problems to be discussed and described one by one which we raised into the following problem formulation:

1. What are the criteria for financing working capital problems?
2. How are efforts to deal with troubled working capital financing?

RESEARCH METHOD

In this research, we conducted a literature study sourced from several journals, printed and online media, and other sources. And done with a qualitative descriptive approach. In this study we are trying to find a solution to the problem of handling troubled working capital financing at Indonesian Islamic banks (BSI).

RESULTS AND DISCUSSION

1. Non-Performing Working Capital Financing Criteria

In general, the definition of problematic financing is financing caused by customers who do not comply with the installment plan and do not meet the requirements specified in the contract. Mahmoeddin explained a more detailed definition of non-performing financing, namely H. substandard financing where the customer does not meet the requirements stipulated in the financing contract without return, resulting in delays. Problem financing is financing that does not fulfill promises to pay, so it requires legal action to collect it. Mahmoedin then also concluded that problem financing is financing that can harm the bank so that it has an impact on the health of the bank itself. (Azharsyah Ibrahim and Arinal Rahmati, 2017)

In banking there are 5 (five) types of financing, namely the moment, special concern, low self-esteem, uncertainty and defeat. Non-performing financing is a financial quality that receives special attention in the category of bad loans. Islamic banks are required to classify the quality of the resulting assets according to the criteria and are evaluated every month. Administrative sanctions will be imposed for non-compliance.

Based on Article 23 and Explanation of Article 37 paragraph (1) of Law no. 21 of 2008 concerning Islamic Banking, it can be concluded that the distribution of funds by Islamic Banks carries a risk of failure or congestion in repayment, so that in practice banks must really pay attention to the principles of sound distribution of funds/financing. If the bank does not pay attention to the principles of sound financing in channeling its financing, various risks will arise that must be borne by the bank, including in the form of:

- 1) Principal financing debts/obligations are not paid;
- 2) Margin / profit sharing / unpaid fees;
- 3) Swelling of costs incurred;
- 4) The decline in the health of financing (financial soundness).

These risks can lead to the emergence of non-performing financing (NPFs), which in turn can reduce the soundness of the bank and will also affect the safety of public funds in the bank. Therefore, understanding the causes of problematic financing is important. In general, problematic financing can occur because it is caused by internal factors and external factors. Internal factors are factors that exist within the company itself, and the most dominant main factor is managerial factors. For example,

weaknesses in buying and selling policies, weak monitoring of costs and expenses, inappropriate receivables policies, excessive placement of fixed assets, and insufficient capital.(Arifin, 2002).

According to Trisadini and Shomad, problem financing can arise from various internal and external factors. Below are some of the factors causing problematic financing as follows

- a. Internal factors (originating from the bank)
 - 1) Lack of good understanding of the customer's business.
 - 2) Insufficient financial evaluation of customers.
 - 3) Error setting financing facility
 - 4) The calculation of working capital is not based on the customer's business.
 - 5) Weak supervision and monitoring.
- b. External factors (derived from customers)
 - 1) The character of the customer is not trustworthy.
 - 2) Doing side streaming of the use of funds.
 - 3) Lose in business competition.
 - 4) Lack of business control.
 - 5) The death of the key person.
 - 6) There was a natural disaster.(Shomad, 2013)

Problem financing usually appears gradually, preceded by several symptoms (reg flags). According to Mahmoedin these symptoms in the form of:

1. Account Attitudes

Customer account behavior can provide an indication of the initial symptoms of a problem, for example, account balances often experience overdrafts, the average current account balance has decreased, there has been a drastic decrease in balances, payment of principal installments is stuttering, the schedule for disbursing financing funds is not in accordance with the financing contract, often submit requests for delays or extensions of payments, deviations from the use of financing, propose additional financing and propose rescheduling of financing.

2. Behavior of Financial Statements (Fiancial Statement Attitudes)

Based on the behavior of financial reports, symptoms of problem financing can be a decrease in liquidity, a decrease in financing capital turnover, an increase in receivables, a decrease in financing capital turnover, an increase in receivables, a decrease in inventory turnover, a decrease in the

ratio of current assets to total assets, a decrease in fixed assets, sales increase but profits decrease, debt equity ratio increases, long-term debt increases sharply, loans from other banks appear, profit-to-asset ratio decreases, financial reports are often late, financial reports are not audited, the percentage of profit on assets decreases, financial reports are engineered, selling prices are too low and below break even point.

3. Business Activity Attitudes

In this category, the symptoms of problematic financing are marked problematic, marked by a decrease in the supply of goods, deteriorating customer relations, selling prices that are too low, loss of rights as a distributor, loss of main customers, starting to engage in business speculation, increasingly tenuous relationships with banks, reluctance to visit, involvement with other business, there is negative information from other parties, there are claims from third parties, there is a labor strike, the value of the collateral decreases, the customer changes the main business, looking for a new loan.

4. Customer Behavior (Customer Attitudes)

Symptoms of problematic financing that appear in the category include: the customer's health is deteriorating, household disputes occur, calls from the bank often go unanswered, the customer has certain activities and others.(Ibrahim, 2017)

2. Problematic Working Capital Criteria

Working capital is the difference between current assets and current liabilities. Healthy working capital indicates that a company can easily pay off its short-term debt and has sufficient funds to finance its operations. However, a company's working capital can sometimes be problematic. Here are some criteria that indicate a company has working capital problems:

- 1) Low cash flow
- 2) High supply
- 3) Long accounting periods (unpaid sales days).
- 4) Short pay days with no payouts
- 5) Big debt

When a company struggles with one or more of the above criteria, its working capital can be in trouble. Businesses may have difficulty meeting their obligations or financing their operations. Therefore, it is important for companies to pay attention to these criteria so that their working capital remains healthy and functions properly.

3. Efforts To Handle Troubled Working Capital Financing

Potential losses can be minimized through optimal bank management in the financial business. This control is carried out, among other things, by financing restructuring. Implementation of bank financial contracts must still pay attention to sharia principles and also refer to the general principle of solvency for banks. In addition, in perfecting the provisions for the restructuring of sharia bank financing and sharia business entities, it is necessary to pay attention to the needs and applicability of the development of the sharia banking sector.

Optimal bank management in financing activities can minimize potential losses that will occur. This management is carried out, among other things, through Financing Restructuring. Implementation of Financing Restructuring at Banks, must still comply with sharia principles in addition to referring to universal prudential principles that apply to the banking industry. In addition, aspects of need and suitability with the development of the Islamic banking industry are taken into consideration in improving the provisions regarding Financing Restructuring in Islamic Banks and Islamic Business Units.

The impact of non-performing loans is never good for banks because it is a warning that there is a weakness in the bank's credit management. According to Trisadini and Shomad, the impact of non-performing financing is very influential on:

- a. Losses are getting bigger so the profits earned are getting down.
- b. The health level of the bank is getting lower.
- c. The decline in the bank's reputation resulted in investors not being interested in investing their capital
- d. Banks cannot provide profit sharing for customers who place their funds.
- e. If it can harm the banking system, the bank's business license can be revoked.

The classification of financing quality is based on Article 4 of the Decree of the Director of BI Number 30/267/KEP/DIR dated 27 February 1998, namely as follows:(Susilo, 2017)

- a. Current (pass), namely if it meets the criteria: payment of principal and interest installments is correct, has an active account mutation, or part of

the financing guaranteed by cash collateral (cash collateral).

- b. In special mention, namely there are arrears in principal and interest installments that have not exceeded 90 days, occasional overdrafts occur, relatively low account mutations, rare violation of the contract agreed, supported by new loans.
- c. Substandard, i.e. there are arrears in principal and interest installments that have exceeded 90 days, frequent overdrafts occur, the frequency of account mutations is relatively low, there is a breach of the contract agreed upon for more than 90 days, there are indications of financial problems faced by the debtor or weak documents.
- d. Doubtful, namely there are arrears in principal and interest installments that have exceeded 180 days, permanent overdrafts occur, defaults of more than 180 days occur, interest capitalization occurs, weak legal documentation for both financing agreements and increased guarantees.
- e. Bad financing, namely there are arrears in principal and interest installments that have exceeded 270 days, operational losses are covered with new loans or from a legal perspective and market conditions, collateral cannot be disbursed at fair value. Financing with collectibility current (pass) is included in the criteria for performing loans, while financing with 26 collectibility in special mention (special mention), substandard (substandard), doubtful (doubtful) and bad financing is included in the criteria for non-performing loans (non-performing loans).

Every time there is problematic financing, Islamic banks will try to save the financing. Based on Bank Indonesia Regulation Number 13/9/PBI/2011 concerning amendments to Bank Indonesia Regulation Number 10/PBI/2008 concerning Financing Restructuring for Sharia Banks and Sharia Business Units. Financing restructuring is an effort made by banks to help customers to settle their obligations, including through: (Usman, 2012)

1) Rescheduling

i.e. changes in the payment schedule of customer obligations or the time period

2) Reconditioning

namely changes in part or all of the Financing requirements without adding to the remaining principal obligations of customers that must be paid to the Bank, including among others:

- a) change of payment schedule;
 - b) changes in the number of installments;
 - c) change of time period;
 - d) Changes in ratios in mudharabah or musyarakah financing;
 - e) Changes in projected profit sharing in mudharabah or musyarakah financing;
 - f) Giving a discount.
- 3) Restructuring
- i.e. changes in Financing requirements which include among others:
 - a) Additional funds for bank financing facilities;
 - b) Conversion of financing agreements;
 - c) Conversion of financing into medium term sharia securities; and/or;
 - d) Conversion of financing into temporary equity participation in the customer's company, which can be accompanied by rescheduling or reconditioning.

CONCLUSION

The results of this study indicate that several factors cause problematic working capital financing at Bank Syariah Indonesia, including: the inability of debtors to fulfill their payment obligations, poor bank management in controlling the use of funds and high business risks in several sectors. Islamic banks can help meet all of these working capital needs, not by lending money, but by building cooperative relationships with customers. Non-performing financing is financing that does not fulfill promises to pay, so it requires legal action to collect it. Mahmoedin then also concluded that problem financing is financing that can harm the bank so that it has an impact on the health of the bank itself. several criteria that indicate a company has a working capital problem: 1) Low cash flow; 2) High supply; 3) Long accounting periods (unpaid sales days); 4) Short pay days with no payouts; 5) Big debt.

Every time there is problematic financing, Islamic banks will try to save the financing. Financing restructuring is an effort made by banks to help customers to settle their obligations, including through: 1) Rescheduling; 2) Reconditioning; 3) Restructuring.

BIBLIOGRAPHY

- Arifin, Z. (2002). *Fundamentals of Islamic Bank Management*. . New York: alphabet.
- Azharsyah Ibrahim and Arinal Rahmati. (2017). "Solutive Analysis of Troubled Financing Solutions in Islamic Banks: Studies on Murabahah Products at Bank Muamalat Indonesia Banda Aceh". *Iqtishadia*, 76.
- Ibrahim, AA (2017). *Solutive Analysis of Troubled Financing Solutions in Islamic Banks: Studies on Murabahah Products at Bank Muamalat Indonesia Banda Aceh*. *Iqtishadia*, 78-79.
- Muhammad, AS (2001). *Islamic Bank from Theory to Practice*. Jakarta: Human Echo .
- Nasution, ML (2018). *Sharia Bank Financing Management*. SU Press, 63.
- Shomad, T.d. (2013). *Sharia Bank Transactions*. Jakarta: PT. Script Earth.
- Sumar'in. (2012). *Islamic Bank Institutional Concept*. Yogyakarta: Science Graha.
- Susilo, E. (2017). *Analysis of Sharia Banking Financing and Risk*. Yogyakarta: Student Libraries.
- Usanti, TP (n.d.). *Usanti inscription*. 33-35.
- Usman, R. (2012). *Legal Aspects of Islamic Banking in Indonesia*. Jakarta: Sinar GrafiK.
- Yumanita, A.d. (2005). *Islamic Bank: Overview*. Jakarta: Center for Education and Central Banking Studies (PPSK) of Bank Indonesia.