FACTORS CAUSING PROBLEMS IN MURABAHAH FINANCING IN SHARIA COMMERCIAL BANKS

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ABSTRACT

Problematic murabahah financing is the risk of congestion in financing distribution. In addition to paying attention to the eligibility of customers, the distribution of financing must also pay attention to sharia principles and the principle of prudence. This writing aims to find out how the factors that cause problematic murabahah financing in Islamic commercial banks and want to find out how to resolve problematic murabahah financing in Islamic commercial banks. This research uses the library study method, this is done because the library sources are obtained from journals, research reports, accredited articles and other sources. The approach in this study uses descriptive qualitative. in the distribution of sharia commercial bank financing, it is in accordance with what is carried out by sharia banks in general by using the precautionary principle. Factors causing problematic murabahah financing in Islamic commercial banks are risks that are beyond the bank's control, customers misusing funds and customer business skills that are less than optimal. In murabahah financing, the problems are caused by two factors, namely internal and external factors. Problematic murabahah financing at Islamic commercial banks is still in the healthy category. The method of solving troubled murabahah financing in Islamic commercial banks means gradual correspondence and financing restructuring. In the troubled murabahah financing settlement method at Islamic commercial banks, if the customer's installments cannot be resolved by means of restructuring, then the guarantee application is carried out using a voluntary system.

Keywords: : Sharia Commercial Banks, Murabahah Financing, Problems

INTRODUCTION

Indonesian Islamic commercial banks were first formed as a response to financial groups and Islamic banking practitioners who were trying to adjust to pressure from various parties who wanted money transfer services to be carried out in accordance with the values and moral basis of Islamic law. Islamic banks are operationally out of sync with conventional banks. Islamic banks do not earn or collect interest from customers, but receive or take a profit sharing system according to the contract (Ismail, 2011). Especially regarding the prohibition of usury, maisir (speculation) and gharar (obvious), (Andi Soemitra, 2009). Islamic banks also always comply with established laws and regulations, which in their business activities are based on sharia principles, economic democracy and the principle of prudence.

Sharia commercial banks serve as a forum for financial intermediary institutions that collect money from the people in the form of savings and distribute it to the people as credit or other financial services in accordance with Islamic sharia principles. There are several sharia financing products to direct funds to customers, one of which is murabahah financing. Banks based on sharia principles are sharia commercial banks. In addition to collecting money from the public, sharia commercial banks channel money to the general public by financing mudharabah contracts, musyarakah contracts, murabahah contracts and other contracts in accordance with Islamic sharia principles. Islamic commercial banks have two commonly used financial contracts, namely musyarakah and murabahah contracts. However, more customers apply for murabahah financing using a buying and selling system compared to financing using a musyarakah profit sharing system.

Therefore the level of risk in buying and selling murabahah is lower, because in this financing the contract (nisbah) is carried out initially with a predetermined margin level between the bank and the customer. Customers who are irresponsible or breach the agreed contract usually have financial problems, which can include bankruptcy, uncertainty, poor quality, special attention, and timely payments, (RAYANTI ARMAN, 2021). Financial problems can be caused by several factors, namely internal and external. Internal factors include bank management that is less efficient, does not follow the principle of prudence in financing financial assets to customers. customers so they can spend on bankruptcy and troubled financing. While external factors come from external parties (customers), where customers do not fulfill their obligations due to insufficient capacity (management capacity), customers are also unable to solve problems due to natural disasters. One way to save troubled financing, especially murabahah financing, is to use restructuring, in which banks try to help customers fulfill their obligations to minimize potential losses.

Restructuring occurs through several restructurings, namely changes in the payment schedule or the period of customer obligations, for example reducing the principal amount for a longer period, then renewing, namely. part of the financial need, or full modernization without increasing the remaining capital. regarding customer obligations that must be paid to the bank, and regarding their fulfillment, namely the sale of guarantees in a voluntary system. One of the factors causing problematic murabahah financing at Islamic commercial banks is customer insincerity, where customers are unable to pay their debts on time after bank financing arrangements. This achievement is not comparable with the monthly installment payments according to the contract. Details of NPF of Islamic Commercial Banks are as follows: (Pembiayaan Bermasalah Bank Umum Syariah Terus Meningkat, n.d.)

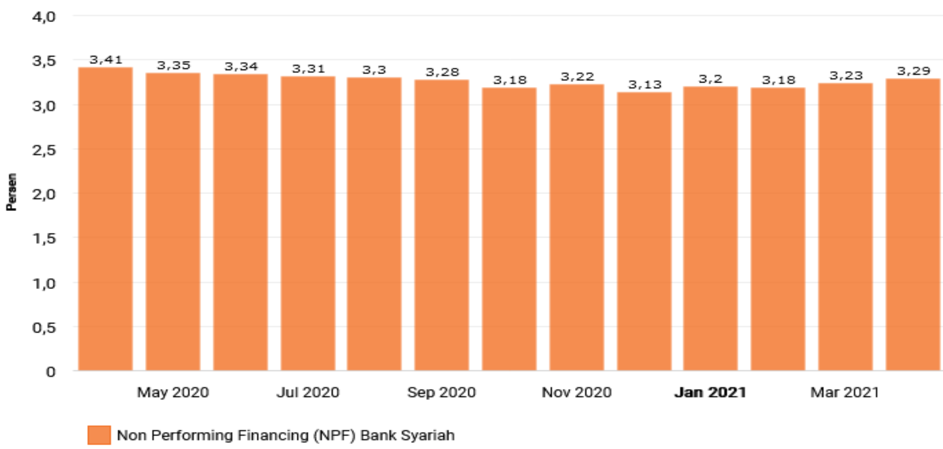

Figure.1

According to a report by the Financial Services Agency (OJK), non-performing financing for Islamic commercial banks continues to increase. This is reflected in the Non Performing Finance (NPF) of Islamic banks of 3.18% in February 2021 which managed to decrease from the previous month which was 32%. but financing is not regulated by banks next month common Sharia has increased to 3.23%. The upward trend continues to 3.29% in April

2021. The NPL data for ordinary banks is as follows: (Kredit Bermasalah Perbankan Turun Pada 2022 Level Terendah Sejak Pandemi 1, n.d.)

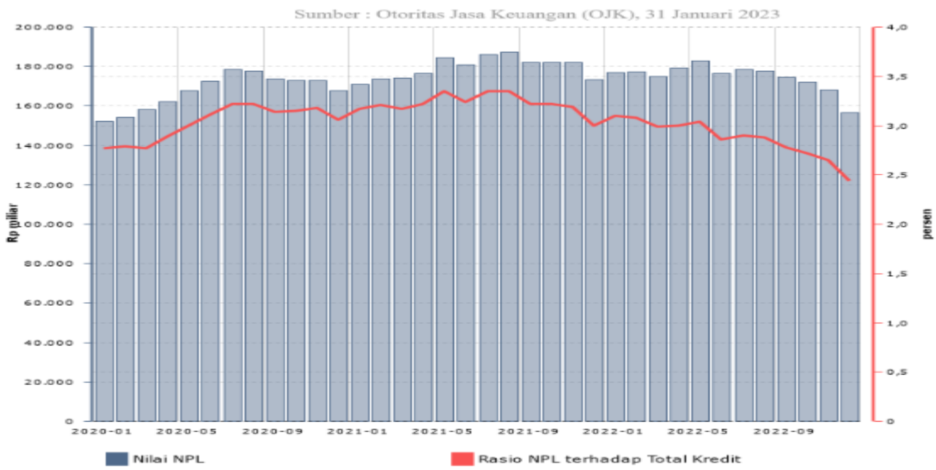

Figure.2

In December 2022, bank lending increased 11.35% compared to the previous year. Thus, based on OJK data as of December 2021, the value of bank credit at the end of 2022 will reach around IDR 6.42 quadrillion. In December 2022, the ratio of non-performing loans was 22.44% of total credit withdrawals. The value of non-performing loans is IDR 156.7 trillion. Both in terms of value and ratio, bank non-performing loans at the end of 2022 are at their lowest level since the start of the Covid-19 pandemic, as shown in the chart. The value of non-performing loans in the Indonesian banking system reached a highest level of IDR 187.38 trillion in August 2021, with a loan-to-value ratio of 3.35 percent. Growth in non-performing loans in August 2021 was affected by social restrictions related to the pandemic which disrupted the business world, including micro, small and medium enterprises.

Then, in 2022, when the spread of Covid-19 subsides, the government will start relaxing restrictions on citizens' activities, so that entrepreneurs can go home and the country's economy will gradually recover. Regarding the beginning of the event during the pandemic, the national economy experienced a very severe decline, falling by 2.07% in 2020. The domestic economy then grew by 3.7% in 2021 and continued to strengthen until its growth reached 5.31% in 2022 Therefore, the author here tries to raise this topic. The author explains the words of the problem one by one:

1. What factors can cause problems with Murabahah Financing at Islamic Commercial Banks?
2. What are the efforts of Islamic Commercial Banks in solving Problematic Murabahah Financing?

RESEARCH METHOD

In this work the library research method is used, because literature sources are obtained from journals, research reports, accredited articles in publications and other sources. This study uses a descriptive qualitative approach. In this study, the authors try to provide an overview of the factors that cause conflict in murabaha financing in Islamic commercial banks and efforts to solve the problem.

RESULTS AND DISCUSSION

1. Problem Factors in Murabahah Financing at Islamic Commercial Banks

Distress financing, particularly in murabaha financing, means risk in providing financing options. Each bank partner analyzes every financing carefully, problematic financing or late payments may occur. This is due to exclusive factors from both the bank and the customer (Ismail, 2010). Factors causing the emergence of financial instrument problems are as follows:

1) Internal factors

Factors causing problematic financing come from Islamic commercial banks for various reasons, namely:

a. Inadequate inspection

This causes bank inaccuracies in analyzing financing caused by changes in the customer's character in current financing. Changes in the nature of these customers greatly affect ongoing financing because it can lead to problematic or irregular financing that has the potential to harm Islamic commercial banks.

b. Risk out of control

This is because banks cannot predict future risks, because the risks associated with murabahah financing are indeed very high. Risks that are beyond the control of both customers and Islamic commercial banks cannot be predicted when they will materialize. The risk of an accident is similar to a robbery, exceeding the failure of both parties, resulting in a decrease in customer turnover or income and affecting payment or solvency, and then financial problems or losses.

2) External Factors

The causes of problematic financing come from the customers themselves as follows: (Havidhin et al., n.d.)

a. The client's intentional element

Elements carried out by the client (lateral streaming), where the client expects to repay the financing offered to Islamic commercial banks, but the client cannot, because the customer misuses the funds provided by the bank (lateral streaming) and causes arrears.. payments, for example the money is used for pay debts and not company capital submitted at the time of applying for bank financing.

b. The element of unintentional acts by the client

In this case, the client has inadequate business skills, where the client wants to return the financing provided by the Islamic commercial bank, but the client cannot fulfill its obligations. This can be caused by various factors such as reduced customer commitment to their business activities which results in business stoppages and reduced and unstable customer income, causing delays in paying their obligations. In murabahah financing for sharia commercial banks, the principle of caution is in accordance with Islamic sharia principles, for example the application of the 3 C principles (character, capacity, collateral), but elements that cause problematic or irregular financing still occur. (Ummi Kalsum dan Rahmi, 2017).

2. Efforts of Islamic Commercial Banks to overcome Problematic Murabahah Financing

Murabahah financing at Islamic commercial banks is financing for clients who need supplies or goods for production, consumption or business activities (Sebagai Salah, n.d.). overcoming problematic murabahah financing used by Islamic commercial banks means having to write to customers and carry out financing restructuring, namely as follows:

1) Warning to Customers

a. Stage I warning

At this stage, by default the customer provides information about late partial payments so that the bank can find a solution to the problem. If a warning letter has been issued, but the customer has not paid off the payment, the bank will issue a warning letter II.

b. Stage II warning

In warning II, the bank gives a warning to the client to be responsible for all of his obligations, namely. to make payments, if the customer does not comply with the warning, the bank will follow up by immediately settling all financial balances. If the payment obligation has been paid, then this second warning letter is declared invalid and will be used as the basis for the bank's action if one day the customer returns the payment.

c. Stage III warning

The bank sent a letter of warning to customers warned with a letter of warning II, but no action was taken. A customer is classified as a "bad customer" if no action is taken to fulfill its obligations, ie. to pay installments. this notification is given to the customer directly or in the area of residence, office or area that becomes a business. The purpose of the letter is to analyze problems such as obstacles faced by customers and then evaluate steps to try to delay customer repayments. If Islamic commercial banks do this but are unsuccessful, the bank advises the customer to finalize financial arrangements.

2) Financing Restructuring

Efforts made by Islamic commercial banks to overcome or deal with unorganized financing, especially murabaha financing, are restructuring. This is done as part of the bank's efforts to help customers fulfill their contractual obligations. Re-orders can only be made if there is a possibility of paying the customer's payment. When restructuring Murabahah financing, banks must know the industry, business conditions and analyze customer disputes to identify actual disputes with customers. Efforts have been made to overcome problematic murabahah financing in Islamic commercial banks with the following restructuring methods: (SAID RAFLI RIDHA, 2022)

a. Rescheduling

Rescheduling means changing the customer's schedule or payment term. The bank extends the remaining obligations of the responsible customer to the bank without changing the payment term. In this case, the amount of the client's share is smaller, due to the reduced yield of the previous share, but the payment period will be longer when the payment date is extended, the customer gets help and can pay his payment to the bank. based on solvency, in case of a longer term, the customer has a longer time to pay the payment.

b. Return requirements

The performance requirements of Islamic commercial banks are part of the bank's efforts to maintain murabaha financing by making changes to one or all of the conditions, not just by changing the payment terms or the murabahah financing period, without adding to the bank's capital balance. customer payment obligations to the bank. Customers who are honest and open (transparent) in their business dealings are in a recession or financial difficulty and are expected to continue to do well, can be rehabilitated. Some of the changes that had to be made during the renovation, such as: changes in payment schedules, changes in the amount of payment for sharia commercial banks.

c. Implementation

The deposit process is carried out voluntarily, without legal procedures for Islamic commercial banks. The application of collateral is a last resort if murabahah financing problems occur that cannot be resolved through restructuring. The initial purpose of the guarantee is to protect customers who experience loss of income or business profits due to causing the customer to become bankrupt, then the guarantee can be sold to pay or return it. remaining financing (debt). In this case, Islamic commercial banks hand over obligations to clients whether to choose to sell them themselves or hand them over to the bank. In the implementation of guarantees carried out by Islamic commercial banks, a voluntary system is used for customers and banks selling guarantees, namely the difference between the basic guarantee fee and the sales fee received by the client. Based on the results of the study, it shows that the strategy adopted by Islamic commercial banks is a form of non-performing financing arrangements when the client has not been able to pay off debt or has an accident. from customers. The efforts of Islamic commercial banks to overcome problematic murabahah financing include correspondence with customers and financing restructuring. The first warning letter I is written in stages, but if the customer has not paid off the payment, the second warning letter is issued after the third warning letter. While the restructuring financing carried out by Islamic commercial banks is restructuring, reorganization and fines (collateral sale).

CONCLUSION

The difficulty factor for Islamic commercial banks is caused by settlements that are not optimal, the risks are not borne by the bank, customers misuse money (side streaming) and the customer's fighting power is not optimal. Murabaha financing causes problems due to several factors, namely internal (bank) and external (customer) factors. So far, sharia commercial banks' murabahah financing is still in the good category, but only a small portion of problematic murabahah financing is in the bad category. Efforts to overcome problematic murabahah financing in Islamic commercial banks are customer correspondence, financing restructuring (rescheduling and reconditioning) and guarantees. If the customer's settlement cannot be completed through the restructuring process, additional enforcement is implemented using a voluntary system to help the customer recover the remaining financing (debt).

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