Financing Customer Default Risk Control System at BMT Amanah Ummah Surabaya

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Abstract

An Islamic financial institution such as BMT Amanah Ummah hopes for soundness in financing its customers, but the running of financing activities certainly emphasizes that technical rules must be implemented so that default problems will occur so that risk control is the main thing for BMT analysts. The purpose of this study is to determine the BMT risk control system in the occurrence of the risk of default on financing customers. While this research is a type of field research which then uses qualitative research as its approach. In order to get credible results, the researchers carried out data collection techniques, data analysis to the validity of the data. The results of his research are that an BMT Amanah Ummah analyst puts forward the precautionary principle as initial control because it is the main basic part that must be considered besides also having to review based on the character of the customer.

Keywords: Risk Control, Financing, BMT

INTRODUCTION

Baitul Maal Wa Tamwil, commonly known as BMT, is a type of non-bank Islamic financial institution where its existence is a solution for people who expect the distribution of their financing. This is sometimes interpreted as a benefit to the ummah in the distribution of financing to improve the economy of the surrounding community. However, as an institution that acts as a financial intermediary, of course, it must have control over the application of the precautionary principle.

The precautionary principle in question is how BMT Amanah Ummah is able to provide a control in avoiding a financing that will be indicated as problematic so this is where the importance of the precautionary principle is.

Financing is one type of Islamic bank business activity. What is meant by financing is the provision of funds or equivalent claims in the form of:
1. Profit sharing transactions in the form of mudharabah and musyarakah
2. Lease transactions in the form of ijarah or lease purchase in the form of ijarah Muntamlik bittamlik
3. Purchase transactions in the form of murabahah, salam and istisna’ receivables
4. Lending and borrowing transactions in the form of qard receivables
5. Services leasing transactions in the form of ijarah for multi-service transactions

From the above understanding regarding the financing mentioned above, it can be concluded that:

1. In accordance with its function, in financing transactions, Islamic banks act as providers of funds
2. Every customer receiving facilities (debtors) who have received financing from any type of Islamic bank, after a certain period of time is obliged to return the financing to the Islamic Sharia bank along with compensation or profit sharing.

As for risk control, it is explained that an effective Internal Control System requires the Bank to continuously identify and assess risks that may affect target achievement. Risk assessment must also be carried out by internal auditors so that the audit scope is broader and more comprehensive. This assessment must be able to identify the types of risks faced by the Bank, determine risk limits, and risk control techniques.

The risk assessment methodology should serve as a benchmark for creating a risk profile in the form of data documentation, which can be updated periodically. Risk assessment also includes an assessment of measurable (quantitative) and non-measurable (qualitative) risks as well as controllable and uncontrollable risks, taking into account costs and benefits. Furthermore, the Bank must decide whether to take this risk or not by reducing certain business activities.

The assessment must cover all risks faced, both individually and as a whole (aggregate), which include credit risk, market risk, liquidity risk, operational risk, legal risk, reputation risk, strategic risk and compliance risk. Internal control needs to be reviewed appropriately in the event that there are risks that have not been controlled, both risks that have previously existed and risks that have just emerged. Implementation of the review, among others, by continuously evaluating the effects of any changes in the environment and conditions as well as the impact of achieving targets or the effectiveness of internal control in the operations and organization of the Bank.

Meanwhile, according to the informant, this study explained that the assessment of a financing in BMT Amanah Ummah is implemented with 5 C in which there are prospective customers, meaning that the activity of this feasibility survey is a meeting point between acc and not because after all it will pose a risk when running without looking at 5 C elements in the financing process.

Piter (2017) states that in controlling risks in the fruit trading business at UD.Metro Buah, namely risk management is a process to identify risks early and try to avoid or minimize the impact of risks that occur. In a business, a business owner must be able to manage the risks that arise properly in order to continue to increase the profitability of the business being run. However, in minimizing the risks that
arise, business owners must remain within the corridors of Islam by not deviating from the applicable principles of Islamic business ethics, such as the principles of balance and responsibility.

Riva'i and Fauzi (2015) state that in controlling trading risk, there are several steps in avoiding risk, controlling losses, segregating risks, combining, transferring and bearing the risk yourself. It was concluded that there are several methods of controlling risk, including controlling losses, segregating and transferring risk. Third, the Islamic Economics review of the risk control analysis, some are in accordance with commerce in Islam because traders act honestly but there are things that are not in accordance with their application.

Pariyanti (2017) states that risk control is a tool for entrepreneurs in the decision-making process decision to reduce or avoid the risks it faces. Control The risks implemented by the XYZ Chips Business must be effective so that the company's goals can be achieved. The hope is that this XYZ Chips Business can run its business efficiently achieving high profits and guaranteed business continuity to control risk, entrepreneurs need to pay attention to the time spent using the product. If a product has expired, the seller should provide a discount one week before the product expires.

Atasoge (2018) The risks faced by this dried fish trading business are rainy weather causing damaged dried fish, excess goods, lack of buyers and price competition. The strategies used by traders are selling at low prices when the fish is damaged or the goods are in excess, increasing sales promotions when there are few buyers and increasing the quality of goods when there is price competition. The view according to Islamic Economics is that traders must say honestly that the goods they sell are of good quality without any mixture with bad quality goods, traders must also be honest in promoting them.

Based on the explanation above from several research results, it can be concluded that risk control is generally applicable which must be preventive in its business activities so that risks can be avoided with the precautionary principle.

According to Sinhaa in his book risk management explains that at least in order to grow and develop a financial institution there are three main targets that must be achieved by banks which consist of increasing income, increasing share value and increasing the value of capital ratios, these three collide with each other because it is impossible to achieve them all at once. Simultaneously there is the optimization of the three objectives. Therefore this study aims to determine the Analysis of Risk Management Practices for Defaulting on Financing Customers at BMT Amanah Ummah Surabaya.

METHODS

The research with the title of controlling the risk of default on financing customers at BMT Amanah Ummah Surabaya is a study with a qualitative approach, meaning that the data collected is not in the form of numbers, but the data is based on interview scripts, notes, fields, memos, personal documents and other official documents.

This type of research uses a descriptive method with a qualitative approach. The descriptive
method is a method of examining the status of a group of people, an object, a condition, a system of thought, or a class of events in the present. The purpose of descriptive research is to make a systematic, factual and accurate description, picture or painting of the facts, characteristics and relationships between the phenomena being investigated.

The next stage is data sources, in this study using 2 types of data sources namely primary and secondary. Primary is a type of data obtained directly through interviews, then secondary is defined as a type of supporting data such as research documents.

The next stage is in the form of data collection techniques, namely techniques or methods that can be used by researchers to collect data. Data collection techniques in this study were carried out in the following way:

1. Observation
   
   *non-participant* observation techniques, namely, data collection methods used to collect research data through observation where the researcher is not involved in the activity of the object being observed, so the researcher only observes what the subject under study does.

   The use of observation for researchers because it is used as another source of evidence for this case study.

2. Interview
   
   Interviews are a means of proving information or information previously obtained. The interview technique used in this study used in-depth research, namely the process of obtaining information for research purposes by way of question and answer while face to face with informants.

   Researchers used the method of directed interviews (guided free). Targeted interviews are interviews that are carried out freely, but are inseparable from the main issues that will be asked of the respondent and have been prepared by the interviewer.

3. Documentation
   
   The documentation method is a research data collection technique regarding matters in the form of notes, transcripts, books, newspapers, magazines that produce other important records related to the problem under study, so that researchers obtain complete, legitimate data and not based on estimates.

   Data analysis is the process of systematically searching for and compiling data obtained from interviews, field notes, and documentation, by organizing the data into categories, describing them into units, synthesizing them, compiling them into patterns, choosing which ones are important and what will be studied and draw conclusions so that they are easily understood by themselves and others. The analysis consists of three streams of activities that occur simultaneously, namely: data reduction, data presentation, drawing conclusions or verification. Regarding the three lines in more detail are as follows:
1. Data reduction

Data reduction is defined as a selection process, focusing attention on simplifying, abstracting, and transforming raw data that emerges from written records in the field. Data reduction continues throughout the qualitative research-oriented project. This data reduction or transformation continues after field research, until a complete final report is compiled.

Data reduction is part of the analysis. Data reduction is a form of analysis that sharpens, classifies, directs, discards unnecessary, and organizes data in such a way that final conclusions can be drawn and verified. With data reduction researchers do not need to interpret it as quantification.

2. Data Presentation

A presentation as a set of structured information that gives the possibility of drawing conclusions and taking action. They believe that better representations are a major part of a valid qualitative analysis. Various types of matrices, graphs, networks and charts are all designed to combine organized information in a coherent and easily accessible form.

In this way an analyzer can see what is going on, and determine whether to draw the correct conclusion or to proceed with the analysis in the advice suggested by the presentation as something that might be useful.

3. Verification or Conclusion

Drawing conclusions is only part of one activity of the complete configuration. The conclusions were also verified during the research. Drawing conclusions according to Miles & Huberman is only part of an activity from the complete configuration. The conclusions were also verified during the research.

The data validity test here uses a data triangulation technique, which is a technique for checking the validity of data that utilizes something else. This is done to obtain valid and accountable data. Triangulation is an attempt to check the correctness of the data so that it is divided into 3 namely technical triangulation, data sources and time. What is used in this study is triangulation of data sources by looking for various data sources that are still related to one another.

RESULTS AND DISCUSSION

The results of the study with the title controlling the risk of default on financing customers at BMT Amanah Ummah Surabaya focus on one discussion, namely on the analysis of risk control practices. To get accurate results, the researchers involved three informants consisting of BMT Amanah Ummah administrators, BMT Amanah Ummah Secretaries, and BMT Amanah Ummah employees.

With regard to controlling the risk of default, the first customer was explained by the head of the management of the BMT Amanah Ummah Surabaya cooperative that risk control is part of risk management, meaning that Islamic financial institutions such as BMT Amanah Ummah are able to implement several stages to avoid default on financing customers.

Secretary of BMT Suliyantro also explained that the biggest role in the process of controlling
the risk of default lies in the customer financing process, meaning that there are several stages before the analyst gives ACC to his financing customers. As for BMT Amanah Ummah itself, risk control begins with customer screening, this is usually more about digging up information about customers through several social media used by customers. Next is prioritizing the principle of prudence because financing is the cornerstone of the development of an LKS, and the last is paying attention to the 5C which was carried out during a survey by a financing analyst.

In line with the explanation above delivered by BMT Amanah Ummah employees, the stages in controlling the risk of default on financing customers start from digging up information on social media of prospective customers or commonly known in BMT, namely social media screening, then there is also the precautionary principle as initial capital, then there is an application of the assessment of prospective financing customers using 5 C (Character, capacity, capital, collateral and condition) and the last one is holding a notary in each application with a large nominal.

Based on the results of the above research in the form of interviews with administrators and BMT Amanah Ummah Surabaya, it can be concluded that risk control at BMT Amanah Ummah is a preventive measure for BMT in the customer financing process to avoid default on financing customers.

With the results of the research above, it becomes a novelty which is a reference in risk control theory which was explained by Fatkun Nizar Izami in his research that the implementation of risk control is a tool for entrepreneurs in the decision-making process to avoid the risks they face in the future. From this shows that a scientific development of risk control.

**CONCLUSION**

Based on the results of the research above, it can be concluded that it is related to controlling the risk of default on financing customers at BMT Amanah Ummah Surabaya, namely: 1. As a form of control, BMT Amanah Ummah Surabaya conducts screening of prospective customers, 2. As a form of control, BMT Amanah Ummah Surabaya always pays attention to the precautionary principle, 3. As a form of control, BMT Amanah Ummah Surabaya is guided by the 5 C's in the process of assessing the eligibility of prospective financing customers, 4. As a form of control, BMT Amanah Ummah Surabaya cooperates with a notary for the legality of transactions in the eyes of the law.

**REFERENCES**


