



**PROCEDURE FOR PROVIDING KUR IB FINANCING AND THE STRATEGY
FOR PREVENTING PROBLEM FINANCING AT BANK SINARMAS
SYARIAH KCS SURABAYA**

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Abstract

Financing is a fund distribution activity carried out by banks to customers. This study aims to determine the procedures and systems implemented by Bank Sinarmas Syariah KCS Surabaya in providing KUR IB financing as well as the supervision process carried out as an effort to prevent problematic financing. This study used a descriptive qualitative method. The data used is in the form of primary data from interviews with informant selection using purposive sampling techniques and several supporting documents as secondary data. This research shows that Bank Sinarmas Syariah KCS Surabaya implements a strategy in the form of accurate financing analysis by applying 5C aspects and conducting supervision as a form of risk mitigation. Bank Sinarmas Syariah KCS Surabaya is considered very healthy with an NPF of 0%.

Keywords: Financing, KUR IB, Supervision



INTRODUCTION

Economic development in Indonesia has increased very rapidly, this can be seen from the increasing number of both conventional and sharia financial institutions in Indonesia. Financial institutions are bodies or institutions whose activities are to withdraw funds from the public and then channel them back to the community. Indonesia implements a dual banking system, namely Islamic Banks and Conventional Banks operating in Indonesia. Similar to Conventional Banks, Islamic Banks also function as intermediary institutions. The function of an intermediary institution is to collect funds from the community and channel it back to the community in the form of financing. Financing is funding issued to support planned investments (Muhammad, 2005).

PT Bank Sinarmas Tbk. was established on August 18th, 1989 under the name PT Bank Shinta Indonesia then changed on September 15th, 1989, under the name PT Bank Sinarmas Tbk. In 2009, PT Bank Sinarmas obtained a permit to establish a Sharia Business Unit and obtained approval from the OJK to conduct Trustee business activities. The Sharia Business Unit provides financing facilities for MSMEs through Sharia People's Business Credit (KUR). The distribution of KUR IB is Bank Sinarmas Syariah's commitment to encourage MSME empowerment, help create jobs, and strengthen the economic sector in Indonesia. Based on Table 1. above, it can be concluded that Bank Sinarmas Syariah is experiencing development, seen from asset growth and financing distribution.



Table 1
Performance of Sinarmas Syariah Bank

Indicators	Dec-2021	Mar-2022	Sep-2022
Asset	1,673,285	1,152,730	1,714,340
Financing	5,709,492	5,503,705	5,340,146
Non-Performing Financing Gross (%)	0.22 %	0.21 %	0.28 %
Non-Performing Financing Net (%)	0.01 %	0.04 %	0.09 %

Source: Bank Sinarmas Financial Report, 2022 (processed)

Based on Table 1. above, it can be concluded that Bank Sinarmas Syariah is experiencing developments which can be seen from the growth of assets and distribution of financing. Financing disbursed by banks will certainly face the risk of problematic financing or non-performing financing, which will hinder the continuity of banking operations. Financing risks can come from both parties, either from the bank or the customer. Financing that is in the category of substandard, doubtful, and loss is classified as a Non-Performing Loan (NPL) / Non-Performing Financing (NPF) category. NPF and NPL are the ratios of non-performing financing to total financing. The more customers who are categorized as non-performing financing, it can reduce the soundness of the bank will affect the security of public funds contained in the bank so that in the end, it will reduce the level of public trust in the bank concerned (Chapra, 2000). While facing these risks, mitigation is needed in the form of an appropriate strategy in the implementation of financing starting from the procedure for providing financing, the supervisory process, handling problematic financing, and the resulting impact. Therefore, it is very interesting to conduct research on the procedures for providing KUR IB financing and strategies for preventing problem financing at Bank Sinarmas Syariah.

**LITERATURE REVIEW****Development of Bank Sinarmas Syariah**

Banks play a very important role in economic activity in an effort to achieve development goals in terms of fiscal and monetary policies carried out by the government (Andriani and Susanto, 2019). Islamic bank is a bank that operates in accordance with Sharia principles by referring to the Al-Qur'an and Hadith with all its efforts including depositing customer funds and channeling them back by the bank in the form of financing business activities such as profit sharing (*mudharabah*) and cooperation (*musyarakah*), as well as the principles of buying and selling (*murabahah*) and leasing (*ijarah*).

PT. Bank Sinarmas Tbk. officially launched Sharia services in the form of Bank Sinarmas Sharia Business Unit. The development of the Sharia Business Unit by Bank Sinarmas is based on the increasing need for customers for Sharia banking services. This Sharia Business Unit serves and fulfills the public's need for quality Sharia financial services. In 2008, the total assets of Sharia banking reached Rp. 49.5 trillion, an increase of 35.6% compared to the previous year, which was only Rp. 36.5 trillion. Sharia Third Party Funds grow by an average of 33.97% per year and conventional banks only reach 16.16%. The annual average sharia financing is 37.03% above the growth of conventional banks which only reached 23.08%. In fact, in early 2009 the total assets of Islamic banking were IDR 51.81 trillion.

Bank Sinarmas Syariah Surabaya Sharia Branch Office is located at Jl. Argopuro No. 53-A, Sawahan, Kec. Sawahan, City of Surabaya. This office serves customers for Sinarmas bank products such as savings funds, deposits, and bank Sinarmas current accounts. In addition, Bank Sinarmas also has

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advantages in online services through the Sinarmas internet banking product, also known as ibank Sinarmas, and mobile banking, also known as Sinarmas mbanking. Other products offered are the convenience of applying for credit cards and financing at Sinarmas Bank.

Financing

Financing is funding provided to support investment. Financing can also be interpreted as funding provided by financial institutions to customers (Muhammad, 2011). Based on the nature of its use, financing is divided into two: Productive financing, which is financing that aims to support business expansion, to meet production, investment, and trading needs. Consumptive financing is financing aimed at meeting consumptive needs.

Systems and procedures for providing financing carried out by banks have a function to make it easier to assess the eligibility of a customer (Kasmir, 2013). The procedure for providing financing has an important role in overcoming financing problems faced by banks, in this procedure, there are stages in selecting prospective customers to be given financing (Mughtar, 2015). In general, the model used to analyze financing risk is 5C. 5C analysis also requires subjective and professional judgment. Elements of 5C analysis are as follows.

- a. **Character.** This characteristic is used to assess the personal background of the prospective debtor, things included in the character assessment criteria are integrity and honesty.
- b. **Capital.** This assessment factor is used to analyze the ability of prospective debtors to run their daily business. Banks are required to



- analyze the financial position as a whole so that the bank can know the ability of prospective debtors to support the proposed financing.
- c. **Capacity.** This assessment factor is used to analyze the ability of prospective debtors to manage their business. This assessment factor is about business and managerial expertise so that the bank is sure that the financing provided will be used properly and as needed.
 - d. **Condition.** This assessment factor is a prerequisite in the financing agreement relating to the rights and obligations of the prospective debtor. This condition can be seen from the results of the agreement value and potential losses that will be borne by both parties.
 - e. **Collaterals.** This assessment factor is to assess tangible assets provided by prospective debtors which can be used as a reference for the value or amount of financing.

The decision-making strategy in a company has an important role in determining the direction and goals to be achieved by the company. Decision-making plays an important role in asset management and risk management that must be faced by banks. Problem-solving and assessment systematically and objectively based on the goals set have an impact on the profits and losses that will be generated (Drummond, 2005). Decision-making must be able to identify the problems faced and find ways to overcome these problems (Kotler & Keller, 2009).

The high level of problem financing is caused by two factors, namely internal and external. Internal factors come from the bank itself, such as the lack of control functions, the lack of strictness in billing to problem financing



customers, and the inability of employees on duty to read problematic financing. While external factors arise due to bad debtors who deliberately do not complete their dependents. So we need a strategy for managing risk both in internal and external factors. Risk management is very crucial for financial institutions because it will later have an impact on organizational performance and stability.

RESEARCH METHOD

This study used a qualitative descriptive technique with a descriptive case study approach. The method with a qualitative approach is a research method that seeks to understand more deeply about a phenomenon about something related to the research subject which is reflected in the behavior of perceptions, motivations and actions (Moleong & Lexy J. 2009). This study applies a case study research strategy that refers to a book written (Yin, 2004) entitled case study research design and Methods 5 Edition explaining that a case study is an appropriate strategy if the main statement of research relates to how and why. The focus of research using the case study method lies in present-day phenomena contained in real-life contexts.

The type of case study used in this study is a descriptive case study which is not intended to test a particular hypothesis but only describes a phenomenon as it is (Arikunto, 2003). The phenomenon referred to is the application of systems and procedures for providing KUR IB financing and strategies to prevent problem financing at Bank Sinarmas Syariah KCS Surabaya.

RESULTS AND DISCUSSION



Financing is funding issued by banks to support planned investments. The system and procedure for providing financing at Bank Sinarmas Syariah KCS Surabaya include a series of sequences that are determined to channel financing in an appropriate manner according to needs and requirements. Bank Sinarmas Syariah is a private bank that receives subsidies from the government for KUR funds. Usually, only banks under the auspices of the government or state banks receive subsidized KUR funds. Bank Sinarmas Syariah KCS Surabaya is considered healthy and has good performance so it is trusted to distribute KUR. The Sharia KUR at Bank Sinarmas Syariah KCS Surabaya has only been running for a few months, namely since August 2022.

The KUR program is aimed at turning the wheels of the economy, especially in the MSME sector with an interest rate of 6% per year. This was realized by Bank Sinarmas Syariah KCS Surabaya, which implemented KUR products with a minimum submission of Rp. 200,000,000 to Rp. 500,000,000 with the application of *murabahah* and *wakalah* agreements. KUR products at Bank Sinarmas Syariah KCS Surabaya are divided into two, namely investment and working capital. Investment funds are used to support and expand the business being run, and working capital is used to increase the number of goods on the business premises.

Submission of KUR at Bank Sinarmas Syariah in general can be submitted by having a business running for at least six months, having a Business Certificate, may not have a loan at a bank or other agency, the applicant has a minimum age requirement of 21 years and if the applicant is married, then the submission is legalized even though the age requirement is not yet 21 years old. The collateral must be prepared in the form of a Certificate

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of Ownership (SHM) with a maximum distance of 50 km from the building and the office and a maximum distance of 25 km from the customer's address to the office. Conditions that are given apart from the guarantee must pass the SLIK (Financial Information Service System) / BI check, and pass the SIKP (Program Credit Information System). This can be the basis for passing or not in applying for KUR.

At Bank Sinarmas Syariah KCS Surabaya in monitoring the course of KUR, a visit was made after disbursement, which aims to monitor whether the customer is using the funds in accordance with what was proposed. Visits to customers who apply for KUR for working capital are D+7 after the funds are disbursed and for customers who apply for KUR for investment, visits will be made one month after the funds are received by the customer. Bank Sinarmas Syariah KCS Surabaya also makes reminder calls to D-3 customers due for payment.

Financing risk arises when the financing is disbursed. Therefore there are several causes of problematic financing, including coming from the customer himself, namely during the interview process. Another cause is coming from the bank, namely officers who are less observant in digging up information on customers. These two things are the origin of the emergence of problematic financing. If there is no good communication, it is certain that problematic financing will occur.

During the six months that KUR has been running at Bank Sinarmas Syariah KCS Surabaya, there have been no customers who have experienced bad financing, and based on the financial report of Bank Sinarmas Syariah KCS Surabaya, 0% means that this bank is considered very healthy. This is also



influenced by the monitoring process which is carried out very strictly. Bank Sinarmas Syariah can maintain the health of its bank with continuous monitoring from the head office to regional offices and branches through Zoom meetings. Apart from that, Bank Sinarmas also applies the principle of prudence in disbursing financing.

Bank Sinarmas Syariah applies the rules if there is a violation committed by a customer in repayment of financing, the bank will mediate by giving warning letters one, two, and three. If in the mediation there is no solution, the bank will conduct an auction for the collateral that has been submitted by the customer at the time of the initial submission requirements. However, Bank Sinarmas provides convenience for auctions by means of which the bank grants power of attorney to Bank Sinarmas customers in the sale of collateral or auctions by the customer himself with the condition that he may not change the form of the collateral. This is agreed between the bank and the customer. However, in essence, the bank itself does not want an auction because there is no profitable profit from the auction mechanism because the price of the collateral will definitely fall.

CONCLUSION

The results of this study indicate that Bank Sinarmas Syariah KCS Surabaya implements the stages that must be met in the financing distribution process. Prospective debtors who apply for financing will be asked to complete all the requirements then the bank will carry out a checking process at the BI Checking regarding the track record of the prospective debtor which will then be conducted survey to see the business being run and a survey will be carried



out on collateral items. After the survey process has been carried out, the next stage is the assessment stage by applying the 5C aspects (Character, Capital, Capacity, Condition, and Collateral). Bank Sinarmas Syariah KCS Surabaya monitors from the financing realization process to the payment reminder.

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