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Risk Anticipation of the *Mudharabah* Financing (Case Study in the CIMB Niaga Syariah Bank at Mataram Branch)

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ABSTRACT

This study analyzes the risk anticipation on the mudharabah funding in Nusa Tenggara banks, namely CIMB Niaga Syariah. Unlike the other sharia banks, this bank does not apply mudharabah financing in their services. This analysis uses data collection methods and data analysis techniques using descriptive qualitative research with interview respondents. The respondents were the director of the CIMB Niaga Syariah bank and the direct financing division.

Based on the result obtained from interviews and documentation, it shows that the reasons and considerations of the bank not to apply risk anticipation and mudharabah financing are as follows: side streaming, intentional negligence/mistake, and concealment of profits, the funds to be distributed by the bank in the form of mudharabah financing fund from third parties or funds from depositors.

Keywords: *Mudharabah, CIMB Niaga Syariah, Risk*

INTRODUCTION

Islamic Banks are also known as sharia banks. They are the banks that operate without relying on interest. Sharia Banks or interest-free banks are financial/banking institutions whose operations and products are developed based on the Qur'an and the Hadith of the Prophet. Sharia Banks were established as an alternative solution to the problem of conflict between bank interest and usury. Therefore, Indonesian Muslims who want to avoid usury have been answered with the establishment of Sharia Banks.

Sharia Bank is a financial institution that functions as an intermediary organization between people who have excess funds and lack funds. Sharia banks must follow Islamic principles in performing their activities. As an intermediary institution, they collect funds from the public in the form of deposits. Then they distribute the money to the people who need them. The money is distributed in the form of financing facilities to improve their standard of living or welfare.

Some of the financial institutions that function as intermediary institutions are Sharia Banks, Sharia Insurance, Sharia Money Markets, Sharia Capital

Markets, Baitul mal wa tamwil. In terms of funds distribution, Sharia bank distributes funds in the form of financing. The financing of Islamic financial institutions often includes the mudharabah financing system. Mudharabah is used to facilitate the people's economy because it is considered to suppress inflation due to the absence of interest provisions that must be paid to the bank. Moreover, it can also change the direction of the Muslims in every trade and finance transaction to be in line with Islamic sharia teachings.

Mudharabah finance is an indirect form of rejection of the interest system applied by the conventional bank to seek profits. Therefore the prohibition of interest reviewed from Islam in Al - Qur'an is considered as usury, which is considered as something haram in Al - Qur'an because the act does not lighten the burden of the person being helped or customer. Instead, it is an act that can be used to take others' wealth and property.

Mudharabah contract is a contract between two parties. One party acts as the capital owner (shahibul mal) and entrusts a certain amount of capital to be managed by a second party or the manager (mudharib), intending to make a profit. The mudharabah contract will generate business profits and possible business losses. This business profit is divided according to the agreement stated in the contract in the profit-sharing ratio. Meanwhile, the loss is borne by the shahibul mal as long as the negligence of the mudharib does not cause it. If it is due to fraud or negligence of mudharib, he must be responsible for the loss.

The fundamental principle of the mudharabah agreement is pure trust. Hence in the framework of funds management by mudharib, shahibul maal (capital providers) cannot intervene in any form. They can only supervise to avoid the use of funds outside of the agreed plan and anticipate the occurrence of carelessness or fraud that can be done by mudharib. From the information above, it can be concluded that mudharabah financing is the primary vehicle for Islamic financial institutions to mobilize large amounts of public funds and to provide facilities, including financing facilities for entrepreneurs.

However, from the observation result of the researcher in the field related to the mudharabah financing in sharia bank is that the attention of the costumers, as well as the bank regarding this matter, is still low. In one of the banks, specifically in CIMB Niaga Syariah in Mataram, Nusa Tenggara Barat, that does not apply mudharabah financing at all. In a brief interview with the financing sector, he said that this was because the risk of mudharabah financing is too high. Hence, the bank does not implement the mudharabah financing contract as a product on offer. So this research is continued to look at the risk management side that is needed and carried out by the CIMB Niaga Syariah, which makes them decide not to implement mudharabah exceptional financing management.

LITERATURE REVIEW

Theoretical Review

Mudharabah contract is a form of partnership agreement based on the principle of profit and loss sharing. One partner is called shahibul maal or *rabbul maal* (provider of funds); they provide a certain amount of capital and acts as a passive partner. Meanwhile, the other partner is called mudharib, who can run their business in trade, industry, and services to profit.

Mudharabah financing is a form of profit-sharing contract. The capital owner (shahibul maal) provides their capital (100%) to the entrepreneur, the mudharib, to carry out productive activities on the condition that the profit generated will be divided according to a predetermined agreement contract. In the event of a loss, it is borne by the owner of the capital as long as the negligence of the business manager does not cause it. Meanwhile, losses arising from the negligence of the manager will be the responsibility of the manager himself. The owner of the capital does not interfere in the management of the business but has the right to supervise. The types of *mudharabah* financing are:(Veithzal Rivai dan Andria Permata Veithzal:2008)

1. *Mudharabah muthaqah*

   The capital owner (*shahibul mal*) gives the manager (mudharib) complete freedom to determine the business and management pattern that he considers good and profitable as long as it does not contradict Sharia provisions.
2. *Mudharabah muqayyadah*

   The capital owner gives certain limitations to the business manager by determining the type of business that must be managed, the period of management, the business location, etc.

The factors that must exist or the pillars of *mudharabah* contract are:(Adiwarman Karim:2011)

1. The actors (capital owners and business operators)

   In a *mudharabah* contract, there must be at least two actors. The first actor acts as the owner of the capital (*shahibul mal). Meanwhile,* the second party acts as business executor (mudharib or'amil). Without these two actors, then the *mudharabah* contract cannot be established.
2. The object of *mudharabah* (capital and business/job)

   The owner of the capital submits his capital as an object of *mudharabah*, while the business implementer submits his work or business as an object of *mudharabah*. The capital given can be in the form of money or goods detailed in their money's worth. Meanwhile, work or business submitted can be in skills, selling skills, management skills, and others. Without these two objects, then the *mudharabah* contract cannot be established.
3. The agreement of both parties *(ijab-kabul)*

Both parties must voluntarily agree to bind themselves in the *mudharabah* contract. The fund owner agrees with his role to contribute funds, while the entrepreneur also agrees with his role to contribute work.

4. Profit Ratio (Nisbah)

   This ratio reflects the rewards that are entitled to be received by both parties bound in *mudharabah*. Mudharib gets rewarded for their work, while shahibul al-mal gets rewarded for their capital participation. This profit ratio will prevent disputes between the two parties regarding the distribution of profits.

As a cooperation gathering of two different parties in terms of capital and expertise, this *mudharabah* cooperation requires some agreement on rules and authority. The things that must be agreed upon include: (Veithzal Rivai & Andria Permata Veithzal:2008)

a. Management. When the mudharib is ready and provides a workforce for the *mudharabah* cooperation, they begin to manage the capital of the *shahibul mal*. Managing the business requires creativity and specific skills that are sometimes only known by the mudharib. Therefore, related to the management, it is the authority of the mudharib in planning, designing, organizing, and managing a business that is a determining factor.
b. Duration. One thing that must be agreed upon between *shahibul mal* and mudharib is the length of time the business takes. This is important because not all the capital given to the mudharib is dead funds that the owner does not need. Moreover, timing is a way to encourage mudharib to act more effectively and in a planned manner.
c. Guarantee (dhaman). One thing that is also important in realizing a mutual agreement is the rule regarding guarantees or dependents. Dependents become essential when the *shahibul mal* is worried about the emergence of fraud from mudharib.

Based on the regulation of Bank Indonesia Number:7/46/PBI/2005.Chapter II article 6, *mudharabah* financing requirements are at least as follows:(Muhamad:2016)

a. The bank acts as *shahibul mal*, which provides total financing, and the customer acts as mudharib, who manages funds in business activities.
b. The financing period, refund, and profit-sharing are determined based on the agreement between the bank and the customer.
c. The bank does not interfere in managing the customer's business. However, the bank has the right to supervise and develop the customer's business.
d. Financing is given in the form of cash and goods.
e. When the financing is provided in cash, the amount of the cash must be stated.
f. If the financing is provided in the form of goods, they must be valued based on the acquisition price or fair market price
g. Profit-sharing from fund management is stated in the form of an agreed ratio.

h. The Bank bears the entire risk of business losses being financed unless the customer commits fraud, neglects, or violates the agreement, resulting in business losses.
i. The agreed profit sharing ratio cannot be changed throughout the investment period, except based on the parties' agreement, and is not retroactive.
j. The profit-sharing ratio can be determined in stages (tiering) in the various amount based on the initial agreement (akad).
k. The profit-sharing can be performed by using the method of profit and loss sharing or revenue sharing.
l. The profit-sharing based on the revenue of *mudharib* is in line with the report of mudharib.
m. If the customer includes capital in business activities financed by the Bank, the following provisions are applied:
    a. The customer acts as a business partner and mudharib.
    b. For the profits or revenue obtained from the financed business activities, the customer shares the profits from their capital position. The remaining profits are divided according to the agreement between the Bank and the customer.
n. Refunds are performed by the end of the contract period for financing period up to one year or in installments based on the customer's cash inflow.
o. Bank can ask for a guarantee or collateral to anticipate risks if the customer cannot fulfill the obligations contained in the contract due to negligence and or fraud.

Mudharabah in banking technical are:(Veithzal Rivai dan Andria Permata Veithzal:2008)

1. Definition (in the context of financing)
    a) The business profit is divided based on the ratio agreement, and at the end of the cooperation period, the customer must return all the business capital to the financial institution.
    b) If there is a loss, the responsibility is in the hand of the financial institution, unless it is caused by customer negligence. To prevent any possible losses, financial institutions must understand the business risk characteristics and cooperate with customers to overcome various troubles.
2. Application (in the context of financing)
    a) Working capital financing; capital for companies engaged in industry, trade, and services.
    b) Investment financing; for the procurement of capital goods, fixed assets, etc.
    c) Specific investment financing; banks act and position themselves as arrangers that gather the interests of capital owners, such as foundations and non-bank financial institutions, with entrepreneurs in need.
3. The practice of *mudharabah* financing

The fund's placement can be performed in tracing contract financing or syirkah, and profit-sharing cooperation. If the agreement is in the form of trading (buying-selling) financing, then the bank will receive a profit margin. The division is not as complicated. However, if the financing is related to the syirkah contract (Masyarakat and *mudharabah*), then the financing requires a sufficient calculation.

In *mudharabah* financing (profit sharing), several things need to be considered by both parties, namely :(1) agreed profit sharing ratio; (2) the actual level of business profits earned. Therefore, as the funds' owner, the bank will calculate the ratio to be used as an income-sharing agreement.

Empirical Studies

Journal (Rita Yuliana: 2019) Trunojoyo University Madura, entitled *Muhasabah Bank Syariah Dalam Penerapan Prinsip Bagi Hasil, shows that* Sharia Banks in Indonesia have a vital role in achieving the goals related to public welfare. However, there are deviations in the practice of Sharia Banks. The deviation includes the indications of neglect of the profit-sharing principle in their operations. The lack can be seen in the implementation of profit-sharing-based products, namely mudaraba and musharaka. However, these deviations do not make Sharia Banks shunned or abandoned altogether. Instead, these facts become the reference point for conducting muhasabah (introspection) for Sharia Banks to return to khittah (path of struggle). Islamic/Sharia banks must be reminded that profit-sharing is essential and should not be ignored because this principle is fundamental to the operation. It is necessary to synergize with various parties to support Sharia banks in implementing profit sharing. Each party gives essential contributions, and both are bound and supported by sharia bank.

Journal (Erni Susana and Annisa prasetyanti: 2011) D-III Program in Finance and Banking, Universitas Merdeka Malang, entitled *Pelaksanaan dan sistem bagi hasil pembiayaan Al-mudharabah pada bank syariah* said that *Mudharabah* financing is provided for all economic sectors that can obtain benefits and prohibits distribution for businesses that contain non-halal elements. *Mudharabah* financing is provided for types of agriculture, trade, construction, and other business services. PT.Bank Muamalat Indonesia Tbk.In Malang branch conducted a financing analysis that is correct and follows the financing analysis guidelines based on sharia principles, namely conducting an in-depth analysis of the customer's intention and ability to return the financing as previously agreed.

(Zaenal Arifin: 2007) Diponegoro University, Semarang, in 2007, with the title *Realisasi Akad Mudharabah Dalam Rangka Penyaluran Dana Dengan Prinsip Bagi Hasil Di Bank Muamalat Indonesia Cabang Semarang*. Problems faced by Bank Muamalat Indonesia Semarang Branch in realizing the *mudharabah* contract can be in the form of activities or information. The problem of activity happens when the quality of mudharib/customer can only provide or 93 return the capital with a rate of return outside the specified limits (usually smaller than that requested by shohibul maal/bank). The effort of Bank Muamalat Indonesia in Semarang Branch to prevent or minimize the emergence of the problem is by monitoring the revenue and monitoring the project. Meanwhile, the information problem occurred when the mudharib/customers performed a deviant reaction to *the mudharabah contract* agreed upon. The effort of Bank Muamalat Indonesia in Semarang Branch to prevent or minimize the emergence of the problem was performed by doing screening to the potential customers that want to be funded of their project, create a complete contract which means The contract includes the period, the ratio of profit-sharing, and guarantee.

RESEARCH METHOD

Source of Data

The data used in this study are qualitative data obtained from primary and secondary data. Primary data is the data obtained from direct observations in the field, while secondary data is processed data taken as support for research from sources that can be trusted and are scientifically justified, namely by conducting library research and searching through the internet.

Data Collection Technique

The data collection can be performed in various resources and methods:

a. Field study obtains the data and information about the problem researched; the researchers visited the place where data can be obtained directly.
b. Interviews. Used as a data collection technique related to the matter that requires a certain answer.
c. Documentation Collecting the data based on the reports obtained from CIMB Niaga Syariah in Mataram Branch in NTB as the location of the study.

RESULT AND DISCUSSION

The results of this study, after an interview with the financing division (Handoyo Suebali: 2020), explained that the *mudharabah* financing contract at Sharia Banks in NTB, especially in the Mataram area, were still low compared to other financing products. Meanwhile, Islamic commercial banks, such as in CIMB Niaga Sharia Bank, do not apply *mudharabah* financing contracts. Even though Sharia Banks' symbols are profit sharing, it can be seen in the *mudharabah* and Masyarakat contracts. *Mudharabah* contract is different from Murabaha financing contract. This contract received a good response from the public because the contract is included in the sale and purchase agreement. This is due to the problems that Sharia Banks may face if this *mudharabah* financing contract is implemented, such as:

a) The funds that the bank will give in the form of *mudharabah* financing is the third party funds or funds from the depositor community as a whole;

b) Since the product is based on profit sharing, it relies on customer performance in managing the funds invested by Sharia Banks as the basis for Sharia Bank's income.
c) Moreover, since the profit/loss from the customer's business is the fundamental of profit-sharing, there is the potential for the customer to be less honest in reporting the performance.
d) The bank is also responsible for the risk of profit-sharing-based financing in the form of side streaming, which is when the customers use the funds in a way that is not stated in the contract.
e) Another risk is the possibility of negligence and willful error.

These risks make it difficult for CIMB Niaga Syariah bank to release its funds invested in a *mudharabah* profit-sharing-based contract.

The formulation of *mudharabah* as the basic principle of operation of Sharia Banks is undoubtedly not without purpose and through careful consideration. Generally, the fundamental of sharia *mudharabah* is more dominant to be used to do business. So, *the mudharabah* contract emphasizes a real business carried out using capital from one of the parties. Furthermore, the business becomes the core of the profit that will be shared.

Just like on the financing side, *mudharabah* is applied to financing working capital and particular investments.(Muhammad Syafii Antonio:2001) Sharia banking data in Indonesia shows that the implementation of *mudharabah* contracts is more dominant in funding products than financing products.

Savings and deposits at several Sharia Bank has applied this contract, among them are Mandiri Syariah Bank, BNI Syariah, Muamalat Bank, BRI Syariah, CIMB Niaga Syariah Bank, and Mega Syariah Bank. This is due to the high risk that may occur in *the mudharabah* contract. These risks include side streaming, intentional negligence/mistakes, and concealment of profits.

On several occasion, CIMB Niaga Syariah has also proven its existence in the field of sharia financing in addition to *mudharabah* financing, including:

a. Home ownership financing (PKR IB) CIMB Niaga Syariah with a sale and purchase contract (Murabahah) for a maximum of 20 years and free of fines if the repayment is accelerated before the due date;
b. Car ownership financing (PKM) using a murabahah contract with a maximum installment of 5 years with the Installment scheme (fixed installments)

CONCLUSION

Based on the results of the analysis and discussion above, it can be concluded that the implementation of the mudharabah financing contract at sharia banks, especially CIMB Niaga Syariah in Mataram has not been considered and implemented due to the high- risks that might occur, such as side streaming. It is because Sharia Bank uses customer funds from the public to distribute the funds.

These risks made CIMB sharia bank unable to provide the mudharabah service. These can be a significant consideration for the sharia financial institution to find the right solution by improving the monitoring system. Both in the internal and external bank, by following the applied standard so that the public widely knows the existence of sharia banks.

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