

The Using of *Murabahah*, *Mudharabah* and *Musyarakah* Agreements in Sharia Micro Financing for Micro Small, Medium Enterprises (MSMEs): A Case Study of PT. Bumi Artha Sampang Sharia People's Financing Bank, Cilacap

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ABSTRACT

Liquidity is a major issue for MSMEs when it comes to growing their businesses. This is due to a lack of knowledge about MSMEs' access to accessible funding. In fact, numerous institutions, including the Islamic People's Financing Bank, are willing to route their capital to MSMEs (BPRS). BPRS offers a variety of appealing financing options. One is a finance product based on the *Murabahah*, *Mudharabah*, and *Musyarakah* contract systems. These contracts can essentially be arranged as a win-win situation between BPRS and MSMEs as consumers. The goal of this study was to find out why and how PT. Bumi Artha Sampang Sharia People's Financing Bank in Cilacap uses *Murabahah*, *Mudharabah*, and *Musyarakah* contracts in sharia microfinance transactions for MSMEs. This study employs a case study methodology and employs a qualitative research method. Data from BPRS Bumi Artha Sampang were obtained in the form of interviews, observations, documentation, and document data, which were processed using data reduction, data presentation, and conclusion drawing techniques, before testing the validity of the data in this study using triangulation methods, triangulation techniques, and triangulation source. The findings show that *Murabahah* contracts are chosen based on capital expenditure transactions, MSMEs with no experience in bookkeeping, and long tenors, whereas *Mudharabah* and *Musyarakah* contracts are chosen based on MSME customers with bookkeeping experience, project-based contracts, and short tenors. In terms of financial gain, the *Murabaha* contract is more profitable for the bank, but the *Mudharabah* and *Musyarakah* contracts benefit both the bank and the customer.

Keywords: *MSMEs, Murabahah Agreement, Mudharabah and Musyarakah*

1. Introduction

Even though the Government since 2007 has issued a Credit Program for the People (KUR), but in reality not all MSMEs are free from capital problems. This is due to the limited KUR program, so that not all MSMEs can access it. Whereas KUR is a program designed to help

MSMEs access capital easily and cheaply¹. For those who have not been covered by the program, the alternative is to apply for financing to a Sharia People's Financing Bank (BPRS). The reason is that financing services at BPRS are relatively more accessible to un-bankable MSMEs and do not use a burdensome interest system.

BPRS has attractive financing products compared to conventional banks, namely financing based on cooperation with *Musyarakah* and *Mudharabah* contracts. The financing product with this cooperation scheme will bring the Bank and their respective customers as joint venture partners². As partners, the two legal subjects have the same position. As a partner, the customer is allowed to bid or negotiate the contents of the contract offered by the bank before it is signed. The standard (standard) contracts from the bank are drafts and bids³. A signed contract is a contract that has been mutually agreed upon. Each party has rights and obligations. Profits and losses from projects or businesses financed by the Bank will be shared if using a *Musyarakah* contract⁴. If using the *Mudharabah* Contract, the entirety is borne by the bank unless the loss is caused by the negligence of the customer⁵. For this reason, if a MSME has a project or business that must be financed as long as it is prospective and professionally managed, it can apply for financing to a BPRS.

In addition to these two products, there are also other products that are often chosen by customers and banks, namely *Murabahah* receivable financing products. This *Murabahah* receivable financing product is based on buying and selling where the bank acts as the seller and the customer as the buyer⁶. In this type of financing, the customer knows and agrees to the amount of profit taken by the bank from the start. Based on the description above, researchers are interested in studying the use of *Murabahah*, *Mudharabah* and *Musyarakah* contracts in MSME financing with a case study at PT. BPRS Bumi Artha Sampang. The location selection is based on consideration of the number of MSME customers at the bank, its close location and easy permits.

2. Literature Review

2.1 Micro, Small, and Medium Enterprises (UMKM)

Meanwhile in Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises, the law is more detailed and clear in providing boundaries for the understanding of MSMEs. According to Law no. 20 of 2008 Micro Business, Micro Business is a productive business that is owned by individuals or business entities that have a net worth of not more than Rp 50,000,000,- (fifty million rupiah) excluding land and buildings and having annual sales of not more than Rp 300,000,000, - (three hundred million rupiah). Small business is a productive-economic business that has assets of no more than Rp 50,000,000, - up to a maximum of Rp. 500,000,000,- and annual sales of Rp 300,000,000, - up to a maximum of Rp 2,500,000,000.- (two billion five

¹ <https://kur.ekon.go.id/maksud-dan-tujuan>

² Muhammad Syafi'I Antonio, Bank Syariah Dari Teori Ke Praktek; 2001 Hal

³ OJK, Standar Produk Perbankan Syariah Murabahah; 2016: hal.

⁴ Muhammad Syafi'I Antonio; 2001 Hal 93-94

⁵ Muhammad Syafi'I Antonio; 2001 Hal 93-94

⁶ Abdul Ghofur Anshori, Penerapan Prinsip Syariah Dalam Lembaga Keuangan Lembaga Pembiayaan Dan Perusahaan Pembiayaan; 2008 hal 21

hundred million rupiah) which is independent and not a subsidiary of a branch company owned or affiliated with medium and large businesses. Medium Enterprises are productive businesses that stand-alone owned by individuals or business entities that are not subsidiaries or branches of companies that are owned or affiliated with Small and Large Businesses with assets ranging from Rp 500,000,000 to Rp 10,000,000,000.- and annual sales start from Rp 2,500,000,000, - up to Rp 50,000,000,000,-.

2.2 Sharia People's Financing Bank (BPRS)

Bank is a business entity which collects public funds in the form of savings and distributes them to the public in the form of credit or in other forms in order to improve the standard of living of people. From the point of view of its function, banks are divided into two types, namely Commercial Banks and Rural Banks (BPR)⁷. Commercial Bank is a bank that in carrying out business activities is either conventionally or based on sharia principles and in its activities provide payment traffic services such as clearing activities, collections, issuance of demand deposits, and so on. Meanwhile, BPR is a bank which in its activities does not provide such as payment traffic services, it just collects funds and distributes them to the public through credit or financing⁸. A BPRS is a bank similar to a BPR which carries out business activities based on sharia principles.

BPRS has the following business activities, they are: collecting funds from the public in the form of deposits or deposits, providing financing and placing funds in the form of Bank Indonesia Certificates, time deposits, certificates of deposit and placements in other banks, all of which must be based on sharia principles. The principle of profit sharing is a general characteristic and basic foundation for the overall operation of Islamic banks, including BPRS⁹. This principle is applied to both saving customers and customers who apply for financing¹⁰. With saving customers, the bank acts as *Mudharib* (fund manager) and customers as *Shahibul Maal* (fund owner). Meanwhile, customers who apply for financing have the opposite position, the bank as *Shahibul Maal* and the customer as *Mudharib*.

2.3 BPRS Financing Products

BPRS as Islamic banks, views money solely as a medium of exchange, not as a commodity¹¹. By adhering to this principle, the BPRS in distributing its funds will always link it to the real transactions based on sharia principles. The following will explain the financing transactions carried out by the BPRS. First, financing based on a sale and purchase agreement. In this transaction, the customer requires an item and then applies for financing to the BPRS. Technically, the bank will seek the goods in question from the supplier and then sell it to the customer along with the profit margin agreed by both parties. The bank will notify the purchase price of the goods and notify the selling price which has been added to the profit margin. This type of financing is divided into three, namely *Murabaha Financing*, *Salam Financing* and *Istishna Financing*. *Murabahah Financing* is a sale and purchase financing where the purchased goods are already available, while *Salam and Istishna Financing* are financing where the object

⁷ Dadang Husen Sobana, *Hukum Perbankan di Indoensia*, 2016: 51

⁸ Dadang Husen Sobana, 2016: 51-52

⁹ Muhammad Syafi'I Antonio; 2001: 137

¹⁰ Muhammad Syafi'I Antonio; 2001: 137-138

¹¹ Abdul Manan, *Hukum Ekonomi Syariah Dalam Perspektif Kewenangan Peradilan Agama*; 2012: 213

of the sale and purchase is still in the order. The practice that is often transacted by BPRS is *Murabahah Financing*. This type of financing is usually used for the purchase of consumptive goods or used to purchase goods in the working capital category. This type of financing is preferred because of its simple form, easy administration, fixed selling price, so it is very profitable for the bank¹².

Second, financing based on a lease agreement. In terms of objectivity, this contract can be divided into two types, they are: first, benefit *ijarah*, this *ijarah* is intended for useful objects; Second, *ijarah* which is work, in this *ijarah* the purpose is to hire someone's labor or expertise to do the work¹³. In the *ijarah* contract, it is determined that the tenant must pay *ujroh* to the renter at the time of the completion of the lease. Likewise, the person who orders someone to do the work is obliged to pay it after the work is over. In this type of financing there is another variation, namely a lease with a purchase option at the end of the lease period known as *Ijarah Muntahya Bit Tamlik* (IMBT). Even though this type of financing exists, it is rarely carried out by BPRS.

Third, cooperation-based financing and profit sharing. This type of financing is intended for customers who are in need of capital either partially or wholly for productive business. This type of financing is divided into two, namely the *Mudharabah contract* and the *Musyarakah contract*¹⁴. Financing with a *Mudharabah* agreement places the bank as the investor (*shahibul maal*) and the customer as the business manager (*mudharib*). In profit sharing, the determination of profit sharing can be done using the profit sharing method or the net revenue sharing method¹⁵. Meanwhile, the financing using the *Musyarakah contract* is financing intended to the finance certain business projects and each party as a partner¹⁶. Both of them deposit their capital and both have business management obligations. Banks can authorize business management to customers and the bank only as a passive partner. The profit sharing ratio must be determined from the start. Profit and loss must be shared as long as the loss is not due to customer negligence¹⁷.

Fourth, financing based on lending and borrowing agreements. This financing is intended for customers who have urgent needs with a short period of time. The bank will provide a loan of money and the customer will use the money according to the original purpose of meeting the urgent need and repaying the loan in accordance with the time period. Banks cannot withdraw profits. Banks may only collect the real administrative fees. However, customers are also allowed if the time to return the loan provides additional but not an obligation. This type of financing is divided into two, namely *qardh* and *qardh al-hasan* contracts.

3. Research Methodology

This study used a qualitative research method with a case study approach. The purpose of this study is to reveal the reasons behind the selection of financing contracts carried out by MSMEs

¹² Abu Azam Al Hadi, *Fikih Muamalah Kontemporer*; 2017: 66-67

¹³ Abu Azam Al Hadi; 2017: 84-89

¹⁴ Nur Wahid, *Hukum Perikatan Islam Di Indonesia, Kajian Teori dan Penerapannya*; 2020: 177-190

¹⁵ OJK, *Standar Produk Mudharabah* hal 93

¹⁶ Abdul Ghofur Ansori; 2008: 22

¹⁷ OJK, *Standar Produk Musyarakah*, hal 102-105

at BPRS Bumi Artha Sampang. The selection of research sites at BPRS Bumi Artha Sampang with the consideration that almost all of its customers are classified as MSMEs, the location is very close, research permits are easy, access to data is very easy because they are familiar with the sources, especially internally at BPRS Bumi Artha Sampang. The data were obtained in the form of interviews, observations, documentation, and document data from BPRS Bumi Artha Sampang with data processing techniques through data reduction, data presentation, and conclusion drawing, then test the validity of the data in this study were using triangulation methods, triangulation techniques and triangulation source.

4. Results

4.1 Overview of PT. BPRS Bumi Artha Sampang

PT. BPRS Bumi Artha Sampang was founded in Cilacap by H. Kholifan and Hj. Sulastri on September 6, 2006 before Naimah, SH, MH Notary in Cilacap. The Deed of Establishment was approved by the Ministry of Law and Human Rights of the Republic of Indonesia with Number W9-00204HT.01.01-TH.2006 on December 12, 2006. This bank received a principle license from Bank Indonesia with Number 8/16/DPBS/PWT issued on dated August 14, 2006 and obtained an operating license from Bank Indonesia by Decree of the Governor of Bank Indonesia Number 9/24/KEP-GBI/2007 dated June 12, 2007. This bank first operated on July 5, 2007. At the beginning of the establishment of the bank's Authorized Capital of Rp 4,000,000,000, - (four billion rupiah), and in 2008 the Authorized Capital was increased to Rp 6,000,000,000,(six billion rupiah). While the Paid-up Capital at the beginning of the establishment of Rp 1,000,000,000, - (one billion rupiah) and further added until now Paid-in Capital has been recorded at Rp 2.900,000,000,(two billion nine hundred million rupiah). In order to comply with the provisions of Article 13 paragraph (3) of the Financial Services Authority Regulation No. 66/POJK.03/2016 which requires each BPRS to have a minimum core capital of Rp 6,000,000,000,- (six billion rupiah) on December 31, 2020 BPRS Bumi Artha Sampang has made a capital reserve/retained profit of Rp 3,172,482,000, - (three billion one hundred seventy two million four hundred eighty two thousand rupiah). So that until now the Core Capital of BPRS Bumi Artha Sampang is Rp 6,072,482,000, - (six billion seventy two million four hundred eighty two thousand rupiah). BPRS Bumi Artha Sampang has 1 (one) Head Office in Sampang Cilacap, 3 (three) Branch Offices located in Purwokerto, Kebumen and Sidareja and 2 (two) Cash Offices located in Cilacap and Cimanggu. The management and employees total 52 people with details of 2 (two) directors and 2 (two) commissioners excluding 2 (two) Sharia Supervisory Boards. From this description, it is clear that BPRS Bumi Artha Sampang is a small bank, so it is suitable for serving individual customers and MSMEs.

4.2 Distribution of Financing PT. BPRS Bumi Artha Sampang to MSMEs with Murabahah, Mudharabah and Musyarakah Agreements for the 2017-2021 Period

As banks in general, BPRS Bumi Artha Sampang has the main activity of intermediation, namely collecting funds from the public and distributing them to parties who need them. In raising funds from the community, BPRS Bumi Artha Sampang has *wadiah* savings products, *mudharabah* savings and *mudharabah* deposits. In addition, there are also savings and interbank deposits. At the same time, BPRS Bumi Artha Sampang also channeled its funds to the public through financing. In accordance with the products owned by BPRS Bumi Artha Sampang, financing is channeled to individuals and MSMEs in the form of *Murabahah* Receivable Financing,

Mudharabah Financing, *Musyarakah* Financing, Multiservice Financing and Qordh. However, this paper only focuses on discussing the use of *Murabahah* Receivable Financing Contracts, *Mudharabah* Financing and *Musyarakah*. It because these three types of financing are often used by banks in financing transactions, especially with MSMEs. Based on the BPRS Bumi Artha Sampang Business Plan from 2017 to 2021, it appears that the Projection of *Murabahah* Receivable Financing is always larger than the planned distribution of *Mudharabah* and *Musyarakah* Financing as can be seen in table 1, and all of them are distributed to MSMEs.

Table 1. Plan for Distribution of *Murabahah*, *Mudharabah* and *Musyarakah* Receivables for Bumi Artha Sampang BPRS Per December from 2017 to 2021.

No	Financing	2017	2018	2019	2020	2021
1	<i>Murabahah</i>	18.084.362	20.520.552	23.175.086	20.595.755	23.175.086
2	<i>Mudharabah</i>	2.752.278	3.718.984	1.374.520	4.201.009	1.374.520
3	<i>Musyarakah</i>	1.380.000	2.297.861	2.932.859	2.691.740	2.932.859

Judging from its realization, it appears that *Murabahah* Receivable Financing ranks first, followed by *Mudharabah* Financing as projected as shown in table 2.

Table 2. Realization of Funding for *Murabahah*, *Mudharabah* and *Musyarakah* Receivables from 2017 to 2021.

No	Financing	2017	2018	2019	2020	2021
1	<i>Murabahah</i>	17.677.440	19.490.956	18.921.549	22.172.944	-
2	<i>Mudharabah</i>	4.827.000	10.055.000	6.740.000	8.605.276	-
3	<i>Musyarakah</i>	1.566.667	2.230.000	4.090.000	735.000	-

From these data, it shows that *Murabahah* Receivable Financing Products are still the mainstay product for the new Bumi Artha Sampang BPRS following *Mudharabah* Financing and *Musyarakah* Financing. The same trend is also shown by other BPRS as shown in the Sharia Banking Statistics Publication-July 2021 released by OJK. According to the report, as of July 2021, *Murabahah* Receivables amounted to 277,264 million accounts, *Mudharabah* financing was 3,376 million accounts, and *Musyarakah* financing was 10,292 million accounts. Based on the purpose of financing, according to information from the board of directors, financing for the purpose of working capital is 70%, investment is 25%, and for consumption is 5%. Judging from the audited financial reports, *Murabahah* Receivables Financing Margin Income contributed the largest revenue to the revenue sharing from *Mudharabah* and *Musyarakah* Financing for BPRS as shown in Table 3. This large contribution is very reasonable considering that the largest outstanding financing also comes from *Murabahah* Receivable Financing.

Table 3. BPRS Bumi Artha Sampang income which obtained from *Murabahah* Receivable Financing, *Mudharabah* Financing and *Musyarakah* Financing.

No	Financing	in 2017	in 2018	in 2019	in 2020
1	<i>Murabahah</i>	3.833.904	4.139.197	4.357.637	4.894.970
2	<i>Mudharabah</i>	911.000	1.843.725	1.477.492	1.238.185
3	<i>Musyarakah</i>	250.000	288.115	482.403	224.701

Meanwhile, the ratio of non-performing financing (NPF) at BPRS Bumi Artha Sampang is fairly high, the figure is always above 5%. As shown in table 4, the NPF every December 31 from 2017 to 2020 is very high. As for the year 2021 until September 30, the NPF figure is 7.7%.

Table 4. NPF BPRS Bumi Artha Sampang.

Year	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Sep 2021
NPF	8,79%	6,64%	12,10%	9,91%	7,70%

5. Discussion

The results of the study show that the portion of *Murabahah* Receivable Financing at BPRS Bumi Artha Sampang is larger than *Mudharabah* and *Musyarakah* Financing. Other BPRS also showed the same trend. Theoretically, Islamic banks should channel more financing with a cooperation scheme with profit sharing because this is a characteristic of Islamic banks. In reality, it is not so. BPRS Bumi Artha Sampang, like other Islamic banks, mostly distributes funds in the form of *Murabahah* Receivable Financing.

This fact begs the question. Based on an interview with the Board of Directors of BPRS Bumi Artha Sampang, there are several reasons why the Bank distributes more funds in the form of *Murabahah* Receivable Financing than *Mudharabah* or *Musyarakah* Financing. First, the transaction is easier. Administration is easy. Because in the *Murabahah* Receivable Financing Contract, the selling price has been determined. So that the Bank's receivables to customers have been fixed. The bank has calculated the selling price. The margin is calculated based on the rate of return generally accepted in the financial market by considering the expected cost of funds, risk premium, and profit rate. In addition, the tax costs and the tenor are also calculated; Second, the Customer does not need to make a monthly report to determine the profit sharing; Third, the Cash Flow is not disturbed, because the installments made by the customer are principal and margin; Fourth, the Bank has no difficulty controlling, because the bank's obligation is only to monitor and remind customers of their installments. In contrast to financing with the concept of cooperation with profit sharing, the bank as a partner must be actively involved in managing its business even though it can also be a passive participant; Fifth, the human resources are not

sufficient to control the business that is run with its customers if the financing scheme has a larger portion of the cooperation.

From the customer's perspective, Profit-sharing Cooperation-Based Financing with *Mudharabah* and *Musyarakah* Contracts is complicated because the bookkeeping must be orderly and must prepare monthly reports to determine the profit sharing. Because in the *Mudharabah* and *Musyarakah* Financing Contracts what is determined is the profit-sharing ratio, while the real profit-sharing is based on the real calculation of the business being carried out. In addition, for Micro Businesses, the proposed financing is usually for working capital purposes, so that the payback is relatively long, so the right choice is to use the *Murabahah* Agreement. Customers also do not like it when the bank is too far involved in its business. From this explanation, it can be understood why banks and customers tend to use *Murabahah* contracts. In fact, if customers want to bother making a business report every month, they can get financing that is equally profitable. The risk is divided in two as long as the customer does not make a mistake in managing the business.

In addition, customers of BPRS or Islamic banks in general have not been able to distinguish between conventional credit and Islamic financing. Customers do not want to know and only focus on the money. Only a few customers understand. This is a common challenge for Islamic Banking personnel to educate their customers. With the lack of customer knowledge about the ins and outs of Islamic banks having an impact on their perceptions of Islamic banks themselves. According to him, Islamic banks are no different from conventional banks, namely attracting interest and even higher calculations. This allegation is not true. Because in the *Murabahah* Receivable Financing Contract, it is clear that the concept is buying and selling. Indeed, at first glance, buying and selling with usury is almost the same. But it's not really the same. Allah has said in the Qur'an Surah Al-Baqarah verse 275 which means: "...And Allah has permitted buying and selling and forbids usury..." In a sale and purchase contract, as long as it meets the conditions and is in harmony, and there is pleasure of each party, the sale and purchase is valid.

Thus, the customer actually knows and agrees from the beginning the selling value of the Islamic Bank. So it is not appropriate when they turn against Islamic banks when there is a traffic jam with various accusations. Judging from the determination of the selling price which is determined in advance, it will bring benefits to BPRS Bumi Artha Sampang because from the beginning the Bank has had a fixed bill. The bank will not depend on the profit and loss of the business run by the customer. It is different if the customer chooses Financing Based on the Cooperation Principle, the profit sharing to be shared is determined by the real results of his business. The amount of profit sharing depends on the profit and loss of the business being managed. Thus, BPRS Bumi Artha Sampang cannot determine the size of the income unless it is only based on the profit-sharing ratio.

For *Mudharabah* and *Musyarakah* Financing based on existing data, it is always submitted by MSME customers who get a project. Because the project has a short period of at most 6 months, so it does not interfere with the Bank's cash flow. They can already project or predict the results to be obtained. They are also used to bookkeeping, so it is not a problem when every month they have to make a progress report on the work or efforts made to the bank to determine the profit sharing based on the agreed profit sharing ratio.

6. Conclusion

From the discussion above, it can be concluded that the reason why banks and customers tend to choose *Murabahah* contracts rather than using *Mudharabah* or *Musyarakah* contracts is because of the simplicity of the contract, ease of administration, fixed bills, maintained cash flow and no need to make progress reports to determine the amount of profit sharing. The choice of using the *Murabahah* Agreement is very beneficial for BPRS Bumi Artha Sampang because the bank's claim rights and the amount of bank receivables have been determined at the beginning of the contract.

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