



## Implementation of the Use People's Business Credit Finance in Bank Syariah Indonesia

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### Abstract

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People's business credit financing aims to assist capital in increasing business growth. But in reality, KUR financing is used by customers for personal gain by utilizing the KUR program for consumptive financing instead of productive financing so that KUR which should be able to move the business sector in MSMEs is used for consumptive financing which does not generate economic benefits. The purpose of this study is to analyze the application of people's business credit financing, analyze the motives used in financing people's business loans for consumptive matters and analyze the application of the feasibility and compliance of people's business credit financing in Indonesian Islamic banks KC Solo Slamet Riyadi 2. The method used in this study using a qualitative research approach. through observation and results of interviews with informants and documentation. The results of the study show that the majority of customers apply for KUR financing but with the aim of purchasing consumptive goods such as purchasing personal vehicles by customers using KUR financing. KUR financing uses 5C Character, Capacity, Capital, Condition and Collateral. As for the application of compliance, namely that it must fulfill 3 things, namely the character of the customer, the business conditions run by the customer and also the collateral that is used as collateral.

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## INTRODUCTION

The development of the Islamic banking industry in Indonesia has progressed quite well because the majority of Indonesia's population is Muslim. In 2021 an Islamic bank will be formed from the combined results of three Islamic banks belonging to state-owned banks, namely bank rakyat Indonesia syariah, Bank Mandiri Syariah and Bank Nasional Indonesia Syariah to become Sharia Bank of Indonesia (Mughtar, 2023). Besides the relatively good progress of Islamic banks in Indonesia, there are opportunities and challenges from sharia banking related to human resources, regulations and governance as well as socialization and promotion to be known by the wider community. (Aldiansyah, 2023).

The Islamic banking industry is experiencing quite good development so that in 2021 an Indonesian Islamic bank will be born from the combined results of three Islamic banks. Islamic banks also have challenges and opportunities regarding human resources, governance systems and promotion in society. Islamic banking in their activities have a function, namely as a fundraising by collecting funds from the public in the form of deposits, demand deposits, savings, deposits/other securities (Pandia, 2012). In addition, Islamic banks also channel funds obtained in the form of financing provided to the public or parties to support planned investments either carried out by themselves or by institutions through a contract scheme agreed upon by both parties, namely the bank and the customer (Rianto Al Arif, 2012). In addition, there are service products that function to provide banking services to customers, including *sharf* (forex buying and selling) and *wadi'ah* (deposit) (A. Karim, 2004).

Islamic banks in their activities are divided into two, namely collecting public funds in the form of savings, current accounts and deposits and channeling them into financing for people who need them for business activities or investment individually or organizationally with an agreed contract. There are also service products provided to customers in the form of *sharf* (forex buying and selling) and *wadi'ah* (deposit).

In terms of distribution of Islamic bank financing, it offers to the public in the form of people's business credit, namely financing with working capital or investment to debtors who are individuals or to business groups that are productive but do not have collateral or that the collateral used is insufficient. The purpose of KUR is to increase and expand access to financing, assist and encourage economic growth in the MSME sector. The business sectors that can be provided with financing include the agricultural, fisheries, trade, manufacturing and service sectors (Mongkito, 2021).

People's business credit is financing in the form of working capital assistance or investment from financial or banking institutions to the public who need financing to run a business or for business development, both individuals and productive business groups with the aim of helping capital to increase business growth.

In channeling people's business financing to the public by sharia bank of Indonesia branch office Solo Slamet Riyadi 2 divides it into three terms, namely super micro, micro and small

people business credit while the differences are related to people business credit financing based on interviews with micro staff and marketing for super micro KUR financing a maximum of 10 million rupiah to customers, while for micro financing it is carried out in the range of 10 million to 100 million while for small KUR, namely financing above 100 million to 500 million. KUR at sharia bank of Indonesia branch office Solo Slamet Riyadi 2 can be used as working capital financing or investment financing using *murabahah*, *wakalah*, *ijarah* and *musyarakah mutanaqisah* contracts (Micro Staff And. Marketing, 2022).

In its development, the distribution of financing products at the sharia bank of Indonesia branch office Solo Slamet Riyadi 2 has increased from the number of customers applying for people's business credit financing every year with an average number of customers submitting according to the bank as many as more than four customers each month (Micro Staff And Marketing 2023).

Seeing the purpose of the people business credit program which is used to finance working capital and investment in the business sector which is expected to grow the economy in society but in reality people business credit financing is used by customers who apply for people business credit financing for personal gain by utilizing the KUR program for consumptive financing not productive financing so that the KUR should be able to move the business sector in MSMEs used for consumptive financing that does not produce economic benefits. The reason for using people's business credit financing for consumptive purposes is that the financing submitted to Islamic banks can be used not only for productive purposes but can also be used for personal gain (Micro Staff And. Marketing 2023). So, with this research people's business credit products at sharia bank of Indonesia branch office Solo Slamet Riyadi 2 can be channeled wisely and precisely to the productive sector and the bank is also selective in disbursing people's business credit financing in accordance with the objectives of people's business loans to customers, namely to develop businesses that owned. And also, this research can provide understanding to the public regarding the financing of people's business loans aimed at developing businesses not being used for consumptive interests.

## **METHOD**

The type of research used is field research. Field research is a research activity that aims to obtain data and information with research objects in the field (Sopiah, n.d.). Where researchers go into the field to obtain data from research conducted. Furthermore, the approach used in this study uses a qualitative research approach. Qualitative research is a data collection where a writer becomes the main research instrument (Eko Sugiarto, 2005).

For data sources in this study are primary data and secondary data. Primary data sources are data sources that directly provide data to data collectors (Sugiyono, 2017). In this case, the source of research data is through observation and interview results. Meanwhile, secondary data is a source that does not directly provide data to data collectors (Sugiyono, 2019). In this case

secondary data, namely documents originating from internal shariah bank of Indonesia branch office Solo Slamet Riyadi 2. Data collection techniques are carried out through observation, interviews with Islamic bank employees in charge of financing people's business loans, and documentation of the research object being carried out.

## RESULT AND DISCUSSION

The results of research at the sharia bank of Indonesia in branch office Solo Slamet Riyadi can be seen that people's business credit financing is a financing program from the government through banking institutions to help the community as business actors used in starting or developing business. The purpose of financing people's business credit is as working capital used to improve and develop businesses carried out by customers besides that the purpose of people's business credit from the results of interviews with informants is as an investment that is used to support and support the business run by customers.

Furthermore, the researcher suggests that from the results of research related to the steps that must be passed by people who apply for people's business credit financing at sharia bank of Indonesia in branch office Solo Slamet Riyadi 2.

1. Prospective customers come to bank offices with administrative documents in applying for people's business credit financing at Islamic banks.
2. Banks carry out checks to find out the history of banking activities carried out by customers through BI checking if the results are good then the next process will be carried out.
3. To ensure that these customers really need financing, the bank conducts field surveys to see the business conditions and financial conditions of prospective customers which can be considered in providing people's business credit financing.
4. After ensuring that all the requirements and the results of the field survey from the prospective customer meet the requirements, the bank issues a letter of approval in principle for financing to the customer and the prospective customer must confirm no later than 14 working days.
5. Customers who apply for financing to Islamic banks must submit collateral as collateral in accordance with the financing ceiling made and the bank will examine the collateral from the customer through a bank partner notary.
6. After this stage, the customer and his partner and the bank sign a financing contract.
7. If all stages have been carried out, the disbursement for financing people's business loans can be carried out by banks and customers can get people's business credit financing.

Furthermore, related to the financing contract used in financing people's business loans at the sharia bank of Indonesia in branch office Solo Slamet Riyadi 2, namely by using a *murabahah* contract where the bank buys goods in accordance with the list of financing plans needed by customers who become the purchase price besides that the bank also asking for profit

from the purchase price of an item requested by the customer so that when the bank sells the item at the purchase price plus the bank's profit to the customer, the bank then asks the customer to return the purchase of people's business credit financing through installments with a maximum period of 60 months or 5 years. In the *wakalah* contract in financing people's business credit at the sharia bank of Indonesia in branch office Solo Slamet Riyadi 2, namely the bank represents people's business credit financing in purchasing goods for customers to buy goods according to customer needs.

The use of people's business credit financing to business actors is not entirely used to improve and develop their business but the people's business credit financing is actually used to purchase consumptive goods where from the results of research conducted by researchers at the sharia bank of Indonesia in branch office Solo Slamet Riyadi 2.

Sharia bank of Indonesia branch office Solo Slamet Riyadi 2 it was found that most there are customers who come to the office of an Islamic bank expressing their wish to apply for KUR financing but with the aim of purchasing consumer goods such as purchasing personal vehicles by customers using KUR financing so that this is contrary to the objective of a productive sector financing program through the people's business credit program which is expected to be able to increase business growth in the scale of micro, small and medium enterprises (MSMEs).

The results of research conducted related to the motive for using people's business credit financing for consumptive matters at sharia bank of Indonesia branch office Solo Slamet Riyadi 2, namely customers coming to apply for people's business credit financing to Islamic banks which are used for their business interests but when asked for clarification by Islamic banks What is KUR financing used for? The customer says that to purchase goods in the form of a personal vehicle which is a consumptive item, the reason stated by the Islamic bank is that the purchase of a private vehicle can be used for personal gain for the customer and can also be used to support the business being run by the customer.

Related to the factors that become the motive for using people's business credit financing at sharia bank of Indonesia branch office KC Solo Slamet Riyadi 2, the bank revealed that the factors that became the reason for customers using KUR financing from this point of view, namely in terms of the price offered, people's business credit financing products were cheaper than with other financing products with margins equivalent to 0.72 percent per month or 6 percent per year, this margin is lower than other financing margins so that customers who apply for financing from people's business loans do not experience any objections when paying installments as stipulated. The next factor is the ease with which to obtain community business credit financing, customers only need to attach their identity and spouse, bring business certificates and collateral used as collateral in accordance with the financing made. Furthermore, other factors are being efficient and thrifty because customers who apply for people's business credit financing are for consumptive purposes, that is, they can be used for personal interests or for business interests which can save expenses from customers. As well as goods resulting from the financing of

people's business loans can be an investment for the long term because they can be used personally or as a support in launching the business they run.

### **Implementation of Eligibility and Compliance in KUR Financing**

The bank's steps in analyzing the feasibility of financing these prospective customers are by using the 5C principles, namely character, capacity, capital, condition and collateral.

#### 1. Character

The results of research conducted at the sharia bank of Indonesia branch office Solo Slamet Riyadi 2 are related to the analysis of the character of customers who apply for people business credit financing, namely by going through BI Checking to see the banking history of customers and also through the national black list to see if the customer has a problem. relating to banking.

#### 2. Capacity

The results of research conducted at the sharia bank of Indonesia branch office Solo Slamet Riyadi 2 are related to the analysis of the capacity of the prospective customer and the business he is running. customers applying for people's business credit financing the bank conducts a survey to the prospective customer's location to see a description of the business being run by the prospective customer which can be used as a basis for making decisions regarding approval in providing people's business credit financing to prospective customers who apply for such financing.

#### 3. Capital

Research conducted at the sharia bank of Indonesia branch office Solo Slamet Riyadi 2 in the application of feasibility in terms of capital or capital, namely the bank conducts a field survey to find out the income and turnover obtained from the results of the business carried out by the customer besides that the bank also looks at the profit and loss from the business carried out by customers.

#### 4. Condition

The application of eligibility in terms of conditions, the provision of financing is made to customers who have a business that has been running for 6 months as evidenced by a business statement and also regarding the place used for business whether rented or owned.

#### 5. Collateral

Government regulations for financing people's business loans above 100 million rupiah are required to include collateral to become collateral for the financing, whereas according to government regulations for financing below 100 million rupiah do not use collateral as collateral if the bank asks for guarantees from customers who apply for KUR financing below 100 million rupiah, then Banks receive sanctions from the government in the form of fines.

The results of research conducted at sharia bank of Indonesia related to the implementation of compliance with people's business credit financing related to the application of people's business credit financing must fulfill 3 things, namely the character of the customer, the business conditions carried out by the customer and also the collateral that serves as collateral besides this there are conditions - conditions that must be met, namely customers who are entitled to get people's business credit financing, namely an entrepreneur or business actor cannot finance people's business credit given to a civil servant employee, BUMN employee or private employee so that KUR financing is really intended for business actors or actors In the next business, customers who apply for people business credit financing may not have similar financing at other banks.

## CONCLUSION

People's business credit financing is a financing program from the government through banking institutions to help the community as business actors used in starting or developing businesses. The purpose of financing people's business credit is as working capital used to improve and develop businesses carried out by customers. Furthermore, related to the financing contract used in financing people's business credit at the sharia bank of Indonesia branch office Solo Slamet Riyadi 2, namely by using *murabahah* and *wakalah* contracts. The use of people's business credit financing to business actors is not entirely used to improve and develop their business but the people's business credit financing is actually used to purchase consumptive goods so that this is contrary to the objective of the existence of a productive sector financing program through the people's business credit program.

The motive for using people's business credit financing for consumptive matters at sharia bank of Indonesia branch office Solo Slamet Riyadi 2 is that customers come to apply for people's business credit financing to Islamic banks which are used for their business interests but are used to purchase goods in the form of private vehicles which are a consumptive factor which is the motive for using people's business credit financing at sharia bank of Indonesia branch office Solo Slamet Riyadi 2, the bank revealed that the factor that became the reason for customers using financing from this was that in terms of the price offered, people's business credit financing products were cheaper than other financing products. another, the next factor is the convenience in which to get people's business credit financing, customers only need to attach their identity and spouse, bring business certificates and collateral used as collateral in accordance with the financing made. Furthermore, other factors are being efficient and economical because customers who apply for credit financing people's business for consumptive purposes, that is, it can be used for personal gain or for business interests which can save expenses from customers.

In analyzing the feasibility of financing these prospective customers, the Bank uses the 5C principles, namely character, capacity, capital, condition and collateral. related to the implementation of compliance with people's business credit financing related to the application

of people's business credit financing must fulfill 3 things, namely the character of the customer, the business conditions run by the customer and also the collateral that serves as collateral besides this there are conditions that must be met namely customers who entitled to get people's business credit financing, namely an entrepreneur or business actor and customers who apply for KUR financing may not have similar financing at other banks.

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