



## Strategies for Handling Problematic Financing in Micro Business Capital Financing Products at Bank Muamalat Indonesia KCP Ponorogo

Fahrian Fadhilah Fahmi<sup>1</sup>, Muchtim Humaidi<sup>2</sup>

<sup>1</sup> Institut Agama Islam Negeri Ponorogo, Indonesia, [fahrianfadhilahfahmi@gmail.com](mailto:fahrianfadhilahfahmi@gmail.com)

<sup>2</sup> Institut Agama Islam Negeri Ponorogo, Indonesia, [muchtim@iainponorogo.ac.id](mailto:muchtim@iainponorogo.ac.id)

---

### Article Info

---

#### Article history:

Received June 7, 2023

Revised July 1, 2023

Accepted August 27, 2023

Available online September 15, 2023

---

\*Corresponding author email:

[fahrianfadhilahfahmi@gmail.com](mailto:fahrianfadhilahfahmi@gmail.com)

Phone number: 082330799568

---

#### Keywords:

handling strategy, non-performing financing, micro business capital

---

### Abstract

Non-performing financing has an unfavorable impact on Islamic banks. The greater the non-performing financing faced by the bank, the lower the operational health level of the bank. A decrease in the quality of financing and the level of bank health will affect the financial liquidity and solvency of the bank. This study finds out how the strategy of handling problem financing, the obstacles to handling problem financing, and the impact of handling problem financing on micro business capital financing products. In the preparation of this research the author used the field research method, this research uses a qualitative descriptive approach, the data collection technique in this research is by conducting interviews and observations. The results showed that: the strategy of handling problematic financing in micro business capital financing products is that the bank first approaches customers and intensive billing, after that restructuring with rescheduling, reconditioning and finally collateral execution. The obstacles in handling non-performing financing on micro business capital products at Bank Muamalat Indonesia KCP Ponorogo include 2 factors, namely external factors and internal factors, as for external factors caused by customers, namely the rejection of customers, customers avoiding and bad customer characters, from internal factors are minimal human resources, less intense communication, less careful officers in analyzing customer eligibility. While the impact of handling problematic financing on micro business capital products at Bank Muamalat Indonesia KCP Ponorogo is still less effective because there are still customers

---

---

who experience problematic financing, however, the bank continues to strive so that handling problematic financing can have an impact on bank profitability, reduce NPF, improve the bank's SID system, and so that customers avoid bank debt.

---

---

Page: 256-263

---

---

AICIE with CC BY license. Copyright © 2023, the author(s)

---

## INTRODUCTION

One of the financing available at Bank Muamalat Indonesia KCP Ponorogo is micro business capital financing, this financing is intended for customers who need funds for business development, which means that micro business capital financing is a solution to help micro businesses in obtaining capital to develop their business. But in practice, financing does not always run smoothly, in the sense that there is always problematic financing in micro business capital financing which is a challenge for lenders and loan recipients. Non-performing financing in micro business capital financing can be caused by various factors, such as the inability of the loan recipient to repay the loan, changes in market conditions, or lack of supervision and risk control by the lender.

Financing provided by Bank Muamalat KCP Ponorogo to customers goes through a long process, starting from the analysis process, financing contract, to disbursement of financing funds. This is done with the aim of reducing financial risk, but in reality there are still many problems that result in financing. From the data obtained by the author by Mr. Fadhil Wafa on July 05, 2023, that the causes of non-performing financing consist of internal and external factors, internal factors are from the bank, one of which is that the bank is wrong in analyzing the customer's character, then external factors are from the customer, one of the external factors is that the customer's business income decreases, making it difficult for customers to repay their obligations. NPF is very influential on bank health, according to Greuning and Iqbal as quoted by Muchtim Humaidi, NPF is financing that is experiencing congestion in its repayment which occurs due to intentional or unintentional factors, NPF is one of the biggest problems for banks because NPF is the main cause of bank failure.

Based on the results of the interview, it shows that Bank Muamalat Indonesia KCP Ponorogo in handling problematic financing is already running, but problematic financing still occurs frequently, as evidenced in the statistical data of customers who experience problematic financing from January 2021 to April 2023 starting collectability 2 as follows:

**Table 1.** of Non-Performing Financing Customers On Micro Business Capital Financing Products of Bank Muamalat KCP Ponorogo

Year	Januari 2021	2022	April 2023

Problem financing customers micro business capital	8	10	6
---	---	----	---

Based on the data on problem financing customers in the table above, micro business capital financing from year to year there are still problem financing and the number is increasing. But for the last number that the author obtained there are nine customers who have not been handled to this day. Therefore, it must be immediately considered and handled, because if it is not handled immediately, this condition will certainly have an impact on the smooth operation of the bank and even if it is allowed to affect the bank's health level.

## METHOD

This research is a type of field research (Field Research) which is a research conducted intensively, in detail, and in depth on a particular object by studying it as a case and carried out in actual life.

This research is a method to find specifically and realistically about what is happening at a time in the midst of community life. The type of research that the author uses is field research (Field Research), namely by searching and collecting data directly where the phenomenon or case occurs, namely data related to the handling of problematic financing carried out by the bank.

This research uses qualitative descriptive research. The reason why researchers use qualitative descriptive research is because researchers want to analyze the handling of problematic financing on micro business capital financing products carried out by Bank Muamalat Indonesia KCP Ponorogo, which will then produce descriptive data in the form of written and oral words from related sources. The research was conducted on July 05, 2023.

The data sources of this research are interviews and direct observation of bank employees in charge of implementing micro business capital financing, in this case the branch manager, branch collection, account officer.

## RESULT AND DISCUSSION

### A. Analysis of the Strategy for Handling Problem Financing in Micro Business Capital Products at Bank Muamalat Indonesia, Ponorogo Sub-Branch Office

According to Faturrahman Djamil, there are several ways that banks can save problematic financing, among others: Rescheduling, namely changes in the payment schedule of customer obligations or the time period, Reconditioning, namely changes in part or all of the financing requirements, including changes in payment schedules, installment amounts, time periods and or providing discounts as long as they do not increase the remaining customer obligations to be paid to the bank, Restructuring, namely changes in financing requirements not limited to rescheduling. (Faturrahman Djamil, Settlement of Problem Financing in Sharia Banks, 2014.)

From the data obtained by the author, it can be analyzed that the strategy for handling non-performing financing on micro business capital products carried out by Bank Muamalat Indonesia KCP Ponorogo is in accordance with existing theories, but in addition to restructuring, Bank Muamalat Indonesia KCP Ponorogo applies intensive approach and collection to the customer, the following stages carried out by Bank Muamalat Indonesia KCP Ponorogo are as follows:

#### 1. Customer approach

The strategy for handling problematic financing in micro business capital products at Bank Muamalat Indonesia KCP Ponorogo, as the first step is an approach to customers to find out directly and more deeply about what happened and the conditions experienced by customers so that they are unable to pay their installments. Why this customer approach is needed because it is the initial stage based on financing collectability, a persuasive approach is needed in the form of an approach to customers who experience problematic financing. If the customer experiences problems that hinder the payment of installments and then consults the bank, the bank must accept the consultation from the customer and immediately find solutions and input so that the customer immediately pays off the installments according to the agreed time. Thus, in approaching customers, the bank must actively monitor and find solutions to customers.

Intensive Collection

#### 2. Giving a statement letter

Giving a warning letter is carried out by Bank Muamalat Indonesia KCP Ponorogo when the customer is not cooperative with his obligations. A warning letter is given by the bank to the customer if the bank has made a collection but the customer has no response, the bank will give a warning letter 1 to 3. The first warning letter will be given with a period of 7 days if the customer is late in paying. The second warning letter is given to the customer if the customer is late in paying within 7-14 days, then the third warning letter is given 7 days after the second warning letter. If the customer has no response, the bank is more active in visiting the customer. Warning letters do not apply if the customer is able to pay off his delinquent obligations.

### 3. Restructuring process

The restructuring process by Bank Muamalat Indonesia KCP Ponorogo is intended for customers experiencing a decrease in income and still have a good intention to settle their obligations to the bank and the customer is still able to survive by continuing to run their business, so the bank will make efforts to help customers by solving the problems faced by these customers. Then the characteristics of customers who are eligible for restructuring are customers whose businesses are still running but have decreased and are still cooperative and have the ability to pay. According to Faturrahman Djamil, Restructuring is an effort to minimize potential losses caused by non-performing financing, banks can restructure financing to customers who have decreased payment ability, and still have good business prospects and fulfill their obligations after restructuring. Therefore, the restructuring process carried out by Bank Muamalat Indonesia KCP Ponorogo to handle non-performing financing is in accordance with Faturrahman Djamil's theory.

### 4. Execution of collateral

Before carrying out the collateral execution process, the bank and the customer first deliberate together, whether the collateral is required to be sold or find another way to pay off, when it must be sold, there are 2 options for sale by the bank or from the customer himself, then if there is a remainder from the sale, it will be returned to the customer.

According to Faturrahman Djamil, that collateral seizure is carried out if the efforts made by Islamic banks do not produce results starting from the rescheduling, reconditioning, restructuring, and mediation processes. This collateral seizure is the last resort taken by the bank if the financing cannot be saved. Therefore, the collateral seizure carried out by Bank Muamalat KCP Ponorogo to resolve problematic financing is in accordance with Faturrahman Djamil's theory.

## **B. Analysis of the Obstacles to Handling Problem Financing in Micro Business Capital Products at Bank Muamalat Indonesia Ponorogo Sub-branch Office**

At Bank Muamalat Indonesia KCP Ponorogo, there are 2 factors that cause obstacles in handling problematic financing, namely external factors and internal factors:

### 1. External factors

External obstacles from handling non-performing financing are obstacles arising from customers in the form of rejection, customers avoiding and also the character of bad customers even though they have been analyzed from the beginning. As for customers who make refusals to the bank, they still give irrational reasons and tend to argue. Then the customer avoids, for example leaving the house or going out of town. Then the last one is the character of the customer who is far from the beginning of being given

financing, which he said would be orderly in paying installments but in fact this is not the case.

## 2. Internal factors

The internal obstacles faced by banks in handling problematic financing are the minimum HR factor, at Bank Muamalat Indonesia KCP Ponorogo for employees who concentrate on micro business capital financing, only one person at the same time doubles as collecting installments and must take care of many customers, then from the communication factor that is less intense and tends to be hasty and not convey the contents of the explanation to the customer. Furthermore, the officers are less thorough in analyzing the customer's eligibility, before doing ACC to the customer, the bank should check the customer's condition again.

The obstacles in handling problematic financing experienced by Bank Muamalat Indonesia KCP Ponorogo are in accordance with Fathurrahman Djamil, Ismail, and Bagya Agung, saying that the obstacles from the Bank's internal parties are the analysis carried out by the bank is not correct, there is limited knowledge of bank officials on the type of customer business, inadequate quantity, quality, and integration of human resources. From external factors is from the customer lies in the aspect of management or character, bad faith, namely: fleeing after withdrawing financing, falsifying business, and being uncooperative.

### **C. Analysis of the Impact of Handling Problematic Financing on Micro Business Capital Products at Bank Muamalat Indonesia, Ponorogo Sub-Branch**

The impact or change of handling problematic financing on micro business capital financing products has not been fully effective, because it is indicated by customers who have survived problematic financing even though it is still not fully effective because there are still problematic financing customers every year, even so the Bank continues to strive for optimal handling of problematic financing to increase bank profitability, reduce NPF, improve the bank's SID system, improve operationalization, improve financial reports and reduce operational expenses because the more problematic financing, the greater the operational burden, then so that customers avoid bank debt.

Based on the author's analysis, if the bank is clean from handling problematic financing, then first, the bank's financial stability will improve and profits will increase, second, the NPF value decreases because NPF is one of the instruments for assessing the performance of an Islamic bank which is an interpretation of the assessment of productive assets, especially in the assessment of problematic financing. Third, improving the bank's SID because SID can see the rating given to a person for their loan performance at financial institutions. Credit history is initially given in the BI Checking process, which is a tracing process seen in Bank Indonesia's Debtor Information System (SID). So if a customer has a bad loan report card, such as bad credit or unpaid bills, it can make the customer fail to obtain funds, if the bank's SID is good, the bank's operational performance will be clean. Fourth, operationalization is smooth because the financial statements improve and reduce operational expenses because the more problematic financing,

the greater the operational expenses. Fifth, for customers, if the handling of financing is successful, it can prevent customers from bank debt.

Thus, the impact of handling problematic financing on micro business capital financing products is positive and in accordance with Irwan's theory, which says that Impact is a change that occurs as a result of an activity, these activities can be scientific, both chemical, physical, and biological.

## **CONCLUSION**

Based on the presentation in the discussion of the results of research conducted by the author regarding "Urgency of Halal Food in Muslim Minority Areas (Studies in the Karangasem Bali Community)", it can be concluded that the answers to the main issues focused on the formulation of the problem, including the following:

1. Based on the results of the discussion carried out, the authors can draw conclusions in this study as follows, first, the strategy for handling problematic financing in micro business capital products at Bank Muamalat Indonesia KCP Ponorogo is that the bank first approaches customers and intensive billing, after that restructuring with rescheduling, reconditioning and finally collateral execution.
2. The obstacles in handling non-performing financing on micro business capital products at Bank Muamalat Indonesia KCP Ponorogo include two factors, namely external factors and internal factors, as for external factors caused by customers, namely the rejection of customers, customers avoiding and bad customer characters then from internal factors are minimal human resources, less intense communication, less careful officers in analyzing customer eligibility.
3. The impact of handling problematic financing on micro business capital financing products is still less effective because there are still customers who experience problematic financing, however, the bank continues to strive so that handling problematic financing can have an impact on bank profitability, reduce NPF, improve the bank's SID system, and so that customers avoid bank debt.

## **REFERENCES**

Muhamad, Islamic Bank Financing Management (Yogyakarta: UPP STIM YKPN, 2002).

Mardalis, Research Methods A Proposal Approach, (Jakarta: Bumi Aksara, 2010)...

Ismail, Banking Management: From Theory to Application (Jakarta: Kencana Prenada Media Group, 2010), 125 Muhammad, Islamic Bank Management, (Yogyakarta: UPP AMP YKPN, 2002), 315.

Ibid.

Gatot Supramono, Banking and Credit Problems: A Juridical Review (Jakarta: Djambatan, 1996), 131.

Fitra Rizal, Muchtim Humaidi, "Analysis of the Health Level of Islamic Banks in Indonesia 2015-2020" *Etihad: Journal of Islamic Banking and Finance* Vol. 1, No. 1, (2021), 14.

Faturrahman Djamil, *Settlement of Problem Financing in Sharia Banks* (Jakarta: Sinar Grafika, 2012).

Faturrahman Djamil, *Settlement of Problem Financing in Sharia Banks* (Jakarta: Sinar Grafika, 2012), 72-73.

Faturrahman Djamil, *Settlement of Problem Financing in Sharia Banks* (Jakarta: Sinar Grafika, 2012).

Fadhil Wafa, interview, April 05, 2023

Fadhil Wafa, Interview, April 05, 2023

Adiwarman A. Karim, *Islamic Bank Fiqh and Financial Analysis* (Jakarta: Raja Grafindo Persada, 2006), 204