

The Effectiveness of the Restructuring Mechanism of Bank Muamalat on *Murabahah* Financing Products during Pandemic Covid 19

(Library Research of Economic Growth Study)

Nur Dinah Fauziah¹, Yudha Satria², Hirini Andayani³

Institut Pesantren KH. Abdul Chalim Mojokerto

dina.fau@gmail.com ys.satriayudha@gmail.com hiriniandayani281@gmail.com

Artikel disubmit: 31 Desember 2023, artikel direvisi: 24 Desember 2023, artikel diterima: 14 November 2023

Abstract

The Covid-19 pandemic has caused many industries desperate due to the limitations of existing activities, including the financial services industry. Since the Covid-19 pandemic arrived in Indonesia, at least this has largely affected Indonesia's national economy. Covid-19 pandemic has certainly not only disrupted economic activity in Indonesia but in almost all countries in the world. Limited activity during this pandemic has paralyzed economic activity globally and nationally. Banks as the forefront that have the power to stabilize and maintaining financial stability must work hard to overcome the impacts that have occurred due to Covid-19 pandemic. The Restructuring mechanism is one of the products launched to overcome Non Performing Credit from customers due to the impact of the Covid-19 pandemic. This study is an analysis study using secondary data. This study describes the effectiveness of the implementation of Restructuring during the Covid-19 pandemic. The results of this study will be useful as a reference for making future policies regarding regulatory in handling such phenomena that may occur as a pre-cautious mechanism.

Keyword: Restructuring, Non-Performing Finance, Covid-19 Pandemic

1. INTRODUCTION

According to *the Act No. 10 in the year of 1998* states that financing on Sharia principles- based is the provision of money or equivalent claims based on an agreement between the bank and another party which requires the financed party to return the money or claim after a certain period of time in exchange for or profit sharing. (1998)

Bank Muamalat Indonesia or abbreviated as BMI is the first Islamic bank that complies with Bank Indonesia (BI) regulations. Like banks in general, BMI operates its business to earn a profit, which is of course under the guidance and protection of Bank Indonesia, whose operations are carried out in sharia, and also have principles that must be adhered to, such as the prohibition of using the interest system. (Faishol, 2007)

Financing is a bank function that is useful for running using funds. So it can be said that this financing is the most important function in the bank. The level of income of each type of financing

also has variations, however it all also depends on the financing principles it uses and also on the business sector being financed. (Amalia, 2016)

The Covid-19 pandemic has spread to almost all countries in the world, including Indonesia. Global economic uncertainty due to the outbreak of the Covid-19 pandemic has had a massive impact on the strength of the national economy. The office sector in urban areas (rural areas) has shutdown following the direction of the health protocol from the government and simultaneously affecting the economic power of the region or rural area (urban / sub-urban area). Banks as financial institutions are an entity that has an important role in maintaining the stability of national financial flows. One of the banking products capable of providing a stimulus to the downturn in the national economy during the Covid-19 pandemic is the Restructuring mechanism.

Financial institutions under the protection and supervision of the Financial Services Authority (OJK) have so far issued a restructuring mechanism and strive to maintain national financial stability through various forms of credit relief in the form of; lowering interest rates, extending the term, reducing the principal allowance, reducing interest arrears, adding credit / financing facilities, and converting credit. The efforts made by this financial entity are expected to be able to help the national economy from a downturn due to the Covid-19 pandemic.

The impact of the increase in the ratio of Non-Performing Finance during the *Covid-19* pandemic was also experienced by Bank Muamalat. Bank Muamalat has problems in financing. Bank Muamalat's customers have experienced a decline in their economy. Most of the financing problems are found in customers who have income from their own businesses. Therefore, Bank Muamalat provides a way for problematic financing to be resolved so that affected customers are also provided with convenience in the financing process, while Islamic banks can also continue to carry out financing.

It is said that financing will be problematic if the customer does not responsible toward his responsibility. In the case of Non-Performing Finance in Islamic banks, it is described in Article 8 paragraph 1 of *the Act Number 10 of 1998* concerning about Banking, namely that Banks are required to have confidence based on in-depth analysis of the ability of prospective debtors to apply for financing to pay off debts given in accordance with mutually agreed agreements, so that operationally the handling of non-performing credit / financing rescue can be pursued in several ways, namely rescheduling, reconditioning, and restructuring. (Amalia C. , 2013)

Based on the background of those problems, this study will discuss the effectiveness of Restructuring that occurred due to the *Covid-19* pandemic on *Murabahah* financing products.

2. METHODOLOGY

This research applies qualitative research methods due to finding problems and analyzing descriptively. Retrieval of data in this study using secondary data in the form of data analysis of financial reports and journals and other scientific works.

3. RESULT AND DISCUSSION

3.1. Result

Problematic financing in general is financing caused by customers who do not comply with the installment schedule and do not meet the requirements set out in the contract. (Ibrahim & Rahmati, 2017)

Non-performing loans are loans where the debtor does not meet the conditions previously agreed upon, for example requirements regarding interest payments, taking loan principal, binding collateral and so on. (Mahmoeddin, 2002)

Non-performing loans or non-performing loans (including NPF) are the risks inherent in every loan provision by banks. This risk is in the form of a situation where credit cannot be returned on time. (Z, 2002)

Bad credit is problematic financing faced by customers for certain reasons, for example a pandemic, layoffs on a large scale so that a mechanism is needed to overcome bad credit, and restructuring is one of the mechanisms that offers solutions to bad credit.

Definition and Legal Basis of Restructuring

The legal basis for financing restructuring is contained in Bank Indonesia Regulation Number 13/9 / PBI / 2011 dated 8 February 2011 concerning amendments to Bank Indonesia Regulation No. 10/18 / PBI / 2008 concerning Restructuring of Financing for Sharia Banks and Sharia Business Units. Where in article 1 paragraph 7 states that Financing Restructuring is an effort made by the Bank in order to assist customers in completing their obligations through: Rescheduling, Reconditioning, Restructuring. (BI, 2011)

Criteria for Customers Receiving Restructuring of Financing

Restructuring is carried out for financing customers who meet the following criteria:

- 1) Having difficulty paying financing obligations.
- 2) Having good faith and cooperative.
- 3) Has a good business prospect and is projected to be able to meet obligations after restructuring of financing. Islamic banks must be careful, careful in restructuring financing so that it can run smoothly. Financing that will be restructured must be analyzed based on the business prospects of the financing customer and the ability to pay according to cash flow projections. The decision on

financing restructuring must be made or obtain the approval of a higher official from the official who decides to grant the restructuring. The process of analysis and implementation of financing restructuring is fully and orderly administered and documented (Andrianto & Firmansyah, 2019)

Solving Problematic Financing in Islam

In carrying out problematic financing solutions, Islam provides guidelines in Q.S Al-Baqarah: 280, "if they get narrow, then they should be given concessions". This paragraph explains that when someone who has receivables and is unable to pay, he should provide facilities in the form of relief or grace period in paying his debt. Then continued the word of Allah SWT "giving (part or all of the debt) is better for you" (Al-Baqarah: 280). The verse explains that people who have been given facilities in paying their debts but are still in trouble and are unable to pay their debts, then the way to give resilience is to free their debts (*the law is sunnah*). Based on these guidelines the Muslim community is recommended to provide facilities or a grace period for someone who has debt and is in trouble. (Fauzan, 2005)

Non-Performance Finance (NPF) Settlement

The handling of problematic financing in Islamic banking is almost the same as that of conventional banking. We can read this in PBI No. 10/18 / PBI / 2008 concerning Restructuring of Financing for Sharia Commercial Banks and Sharia Business Units. The difference lies in the limitation that restructuring must be carried out in accordance with sharia principles.

Financing restructuring is an effort made by a bank in order to assist customers in completing their obligations, including among others:

- a. Rescheduling, which is a change in the payment schedule for customer obligations or the time period. An action taken by extending the due date of payment so that the debtor gets relief in the problem of the duration of credit payment.
- b. Reconditioning, which is a change in part or all of the financing requirements without adding to the remaining principal obligations of the customer that must be paid to the bank, including; changes in payment schedules, amount of installments, period and / or giving a discount as long as it does not add to the remaining obligations of the customer that must be paid to the bank, change the ratio and the project for the results.
- c. Restructuring, namely changes in financing terms not limited to rescheduling and reconditioning, including additional funds for bank financing facilities, conversion of financing contracts, conversion of financing to medium-term sharia securities, and conversion of financing to temporary equity participation in customer companies. (Umam, 2016)

Then in article 5 PBI No. 13/09 / PBI / 2011 set general guidelines regarding the implementation of financing restructuring, which are as follows:

- a. Financing restructuring can only be carried out for customers who meet the criteria, such as customers experiencing a decline in payment ability and customers who have good business prospects and are able to meet their obligations after restructuring.
- b. Restructuring for consumptive financing can only be carried out by customers who meet the criteria, such as customers who experience a decline in payment ability and clear sources of payment from customers and fulfill obligations after restructuring.
- c. Financing restructuring must be supported by adequate analysis and evidence and well documented (Umam, 2016, p. 222)

In Bank Indonesia Circular Letter No. 10/34 / DPbs, 22 October 2008 concerning: Restructuring of financing for Sharia Commercial Banks and Sharia Business Units is regulated more technically, namely that:

- a. The financing to be restructured is analyzed based on the customer's business prospects and / or the ability to pay according to cash flow projections for productive business financing customers, and the ability to pay according to cash flow projections for non-productive financing customers.
- b. Financing to related parties to be restructured is analyzed by an independent financial consultant who has a business license and a good reputation.
- c. Analysis conducted by BUS or UUS and independent financial consultants on restructured financing and each stage in the implementation of financing restructuring is completely and clearly documented.
- d. Financing restructuring is stated in the addendum to the financing agreement or entering into a new financing contract following the characteristics of each form of financing (Umam, 2016, p. 223)
- e. The information as referred to in a, b, c, and d is also applied in the case of a second and third financing restructuring. (Umam, 2016, p. 224)

Meanwhile, Bank Indonesia Regulation No.13 / 9 / PBI / 2011 concerning amendments to Indonesian bank regulations number 10/18 / PBI / 2008 concerning restructuring of financing for Islamic banks and Islamic business units, in article 6 reads:

- a. Restructuring for financing with current quality or with special mention can only be done 1 (once).
- b. (2) The limitation on restructuring of financing as referred to in paragraph (1), does not apply to restructuring in the form of reconditioning in the event of a change in the ratio or a change in projection for the results of mudharabah or musyarakah financing (Indonesia)

Murabahah financing products

Murabahah financing products at Bank Muamalat are contained in the iB Muamalat Financing product. This financing is financing to fulfill consumer goods such as ownership of personal needs within a predetermined period of time.

3.2. Discussion

From Bank Muamalat's 2020 financial report data for the third quarter (July - September 2020), it states 4.95%. The NPF (Non Performing Finance) ratio of a bank is categorized as healthy if it is in a maximum condition of 5 percent. In the third quarter of 2019, the figure was 4.64%.

In the second quarter of the 2020 Bank Muamalat financial report (April - June 2020), it states 4.97%. In 2019 the second quarter, the figure was 4.53%.

In the first quarter of the 2020 Bank Muamalat financial report (January - March 2020), it states 4.98%. In 2019 first quarter 3.35%.

4. CONCLUSION

During the pandemic, Bank Muamalat implemented a restructuring mechanism for customers who experienced bad credit due to the *Covid-19* pandemic. Based on Bank Muamalat Indonesia's quarterly data, it was noted that the net NPF during the *Covid-19* pandemic in Indonesia showed effectiveness with NPF 4.95 / 2020 Quarter III percent and is still below the maximum risk threshold. So that the restructuring mechanism is very useful in addressing the financial industry and providing relief that is still managed by Bank Muamalat Indonesia.

5. REFERENCES

- 1998, R. I. *Perubahan Undang-Undang No. 7 Tahun 1992 tentang Perbankan. Pasal 1.*
- Amalia, C. (2013). Analisis Yuridis Penyelesaian Pembiayaan Bermasalah Pada Bank Syariah (Studi Pada PT. Bank Muamalat Indonesia, Tbk di Kota Medan). *Jurnal USU* , 2.
- Amalia, N. (2016). Struktur Pembiayaan Dan Pengaruhnya Terhadap Profitabilitas Bank Muamalat Indonesia Dan Bank Syariah Mandiri. *Jurnal Ilmu dan Riset Akuntansi* , 2.
- Andrianto, & Firmansyah, A. (2019). *Manajemen Bank Syariah (Implementasi Teori Dan Praktek)*. Surabaya: CV Qiara Media.
- BI. (2011, February 08). *Peraturan Bank Indonesia Nomor 13/9/PBI/2011 Tanggal 8 Februari 2011 Tentang Perubahan atas Peraturan Bank Indonesia No. 10/18/PBI/2008 tentang Restrukturisasi Pembiayaan bagi Bank Syariah dan Unit Usaha Syariah*. Retrieved February 18, 2021, from BPK RI: <https://peraturan.bpk.go.id/Home/details/137471/peraturan-bi-no-139pbi2011>
- Faishol, A. (2007). Analisis Kinerja Keuangan Bank Pada PT Bank Muamalat Indonesia Tbk. *Jurnal Bisnis & Manajemen* , 129.
- Fauzan, S. S. (2005). *Ringkasan Fikih Lengkap (Jilid I - II)*. Jakarta: Darul Falah.
- Ibrahim, A., & Rahmati, A. (2017). Analisis Solutif Penyelesaian Pembiayaan Bermasalah di Bank Syariah: Kajian Pada Produk *Murabahah* di Bank Muamalat Indonesia Banda Aceh. *Iqtishadia* , 76.
- Indonesia, R. *UU No. 13/9/PBI/2011 Perubahan atas UU No. 10/18/2008 tentang Restrukturisasi Pasal 6.*
- Mahmoeddin. (2002). *Melacak Krdit Bermasalah*. Jakarta: Pustaka Sinar Harapan.
- Umam, K. (2016). *Perbankan Syariah: Dasar-Dasar dan Dinamika Perkembangannya di Indonesia* . Jakarta: PT Raja Grafindo Persada.
- Z, A. P. (2002). *Panduan Bantuan Hukum Di Indonesia*. Jakarta: 23.