

DECOMPOSITION OF BOCR “ARISAN MAJELIS TA’LIM” AS SUPPORT PROGRAM FOR MICRO SYARIAH FINANCIAL INSTITUTION, CASE STUDY OF BOGOR CITY

Fiqih Afriadi

University of Pamulang
Fiqih4fri4di@gmail.com

Abstract

The purpose of this research is to uncover the uniqueness of Benefit, Opportunity, Cost and Risk (BOCR) from arisan majelis ta’lim in supporting the sustainability of Sharia Micro Financial Institution (SMFI). Benefit and Opportunity need to be known as the positive side of the arisan majelis ta’lim in SMFI, while the Cost and Risk needs to be known to see the negative side. To reveal the uniqueness of BOCR methodology is done by using the methodology of ANP BOCR problem decomposition. Decomposition of the problem is done by surveying to arisan majelis ta’lim in Bogor city and also indepth interview to practitioners of arisan majelis ta’lim and SMFI practitioners. The result of the research shows several Benefits that can be obtained include; increase the number of members, high social capital honesty and integrity typical of “wong cilik”, and low cost. For Opportunity that can be obtained that is; savings fund opportunities, poor empowerment opportunities, microfinance opportunities, and opportunities for increased financing returns. The various costs that must be in the responsibility is; operational costs, empowerment costs, product development costs, and socialization and education costs. While some risks that need to be the attention that is; credit risk, sharia compliance risk, operational risk, and social risk.

Keywords: Arisan Majelis Ta’lim, Micro Finance

1. INTRODUCTION

The current economic condition in Indonesia is still dominated by Micro, Small and Medium Enterprises (MSMEs). In 2012, the Ministry of Cooperatives and SMEs noted that 99.99% of business units in Indonesia are still in UMKM scale (98.79% is micro

business unit). Furthermore, the UMKM sector has managed to absorb 97.16% of the workforce, while large industries only absorb 2.84% of the workforce. In addition, the MSME sector in 2011 contributed 57.60% of Gross Domestic Product (GDP). The development of MSME data can be seen in the following table:

Table 1.1 Data of MSME Development, Year 2011-2013

| No | Indicator | 2011 | 2012 | 2013 |
|----|--------------------|--------|--------|--------|
| 1 | Business Unit | 99,99% | 99,99% | 99,99% |
| 2 | Labor force | 97,24% | 97,16% | 96,99% |
| 3 | GDP (constan 2010) | 57,60% | 57,48% | 57,56% |

Source: Ministry of Koperasi dan UKM

On the other hand, the portion of credit financing disbursed by banks to the sector of UMKM is still considered inadequate. Therefore, the presence of Financial Institutions (FI) that can provide funds or capital for MSME is very important. The Financial Institution is a Micro Finance Institution (MFI / SMFI). Considering the important role of MFIs, especially SMFI, SMFI sustainability are very needs to get more attention.

SMFI 's sustainability is influenced by various creativity / innovations from SMFI in meeting the needs of community. SMFI sustainability is also influenced by SMFI social closeness with communities and individuals in the community. In addition, SMFI must keep running efficiently and productively so it can meet all the costs required. These obviousness become things to be noticed by the stakeholders of SMFI.

One of the shortcuts to fulfill these three things is to make a product with an approach to the community, one of which is with the approach to the community *arisan majelis ta'lim*. The community of *arisan majelis ta'lim* has at least some of the basic elements needed to sustain

2. LITERATURE REVIEW

According to UU No. 1 of 2013 on Micro Finance Institutions (MFIs), Micro Finance Institutions are:

“Specialized financial institutions that established to provide community empowerment, either through loans or financing in micro-scale enterprises to members and communities, savings management, or the provision of business development consulting services that are not only profit oriented.”

Whereas Islamic microfinance institutions are micro-finance institutions that work according to the concept of sharia with the principle of profit lost

SMFI sustainability. First, *arisan majelis ta'lim* has potential members to become customers. Secondly, *arisan majelis ta'lim* and SMFI have the same spirit in Islam. Thirdly, *arisan majelis ta'lim* has potential fund.

However, some of the key elements need to be seen further and deeper. Because in addition to potential and profit, there will also be costs and risks. It is therefore important to know what their potentials and benefits are and what their costs and risks are. Are the benefits and potentials greater? Or even the costs and risks are greater ?. Also note the priority levels of benefits, opportunities, costs and risks, so the stake holders can decide which will be prioritized. This study aims to answer the three formulation of the problem.

This research has some boundary problems. They are objects, location and the model. object of this research is woman *arisan majelis ta'lim* . The second, research objects are located in the city of Bogor. Thirdly, the model of SMFI use the comparison of three models (grameen model, cooperative model and micro banking model).

sharing as the main method. (Rusydia and firmansyah, 2018)

One of The first LKMS in Indonesia was Baitul Tamwil Salman, Bandung. In Jakarta also established a similar institution in the form of cooperatives, namely Cooperative Ridho Gusti. (Antonio, 2001; 25). In 1995 the Association of Indonesian Muslim Intellectuals (ICMI), Majelis Ulama Indonesia (MUI) and PT Bank Muamalat Indonesia (BMI) initiated the founding of the Small Business Incubation Center (Yayasan Pinbuk), an institution that builds Baitul maalwat tamwil (BMT), LKMS, Sharia cooperatives and micro small enterprises (Tanjung, 2007).

However, in the development of LKMS also faced several problems that

caused unhealthy of several LKMS. Some of the points that are suspected as the cause of unhealthy LKMS include bad management, poor managerial, unprofessional human resources, obtaining capital difficulties and uncertainty of regulatory supervision model. These obstacles ultimately lead to the inability of LKMS to attract public trust.

collaboration with the *arisan majelis ta'lim* are very necessary for the means of approach and socialization to the community, with the result that ultimately the trust of the community will be obtained. However, similar research is still very difficult to find, it may even be said that this research is one of the first research that discusses the benefit, opportunity cost and risk (BOCR) analysis of *arisan majelis ta'lim* as supporting LKMS financing products.

3. RESEARCH METHOD

This study is a qualitative analysis research that seeks to capture a value or vision represented by practitioners of SMFI and *arisan majelis ta'lim* about

In order to complete this research, there are several steps that must be taken (Ascarya, 2009):

1. Conducting a study literature and in-depth interviews on issues reviewed to experts and practitioners who understand and master the problem comprehensively;
2. Decomposition to identify, analyze and structure the complexity of the problem into the ANP network
3. Prepare / make a pair-wise comparison based on the ANP network that has been created;
4. Conducting second interview in the form of filling questionnaires to experts and practitioners;
5. Synthesize and process data (survey results in the form of

benefit, opportunity, cost and risk as a supporting of SMFI products. Therefore, the appropriate methodology for this research is with ANP BOCR.

Surveys, interviews and literature studies are sources of data for preparing ANP model framework. The ANP framework can be completed after data and information of preferences / responses / opinions are represented by the experts / practitioners of Islamic economics about the issues.

To obtain the preference data, researcher used questionnaire / direct interview to the experts and practitioners. It's used to obtain the necessary data for qualitative analysis. So, the type of data used in this study is the primary data.

Compared with the AHP methodology, ANP has many advantages, such as more objective, more accurate predictions, and more stable and robust results. ANP is more general than AHP used in multi-criteria decision analysis. The AHP structure is a decision problem in the form of a hierarchical level, while ANP uses a network approach without having to set the level as in the hierarchy used in AHP. (Saaty, 2005: 8)

questionnaires) using ANP software superdecisions; and analyze results and propose strategy recommendations.

The survey was conducted to 44 *arisan majelis ta'lim* scattered in the city of Bogor. Sampling method conducted in this survey is sampling area (area sampling). This method is done by dividing in regional segments containing the number of research units from all the research areas contained in the map (singarimbun and effendi, 1991, p 168). Researchers divide the region according to the existing kelurahan in each sub-district in the city of Bogor.

Criteria that become the guidelines of the respondents who can be surveyed are:

1. It is a *majelis ta'lim*

2. There are regular meetings
3. There is an *arisan*
4. Members of the *arisan* are women
5. Located in the Bogor City

Criteria points a through c are typical conditions of the *arisan majelis ta'lim*. While criterion points d and e are the limits made to focus the research, so the discussion becomes not too wide. The main consideration for choosing a city bogor is due to limited time, personnel and cost. In addition, Muslims are the majority of religions in the city of Bogor and Islamic da'wah in the city of Bogor is also relatively more advanced.

4. RESULT AND DISCUSSION

The results of the study show the various benefits, opportunities, costs and risks (BOCR) of the *arisan majelis ta'lim*. Here are the results of the study presented in accordance with the BOCR.

4.1 Benefits

4.1.1. Low Cost benefit

The first factor that makes the low cost is fixed gathering place. 60% of the surveyed *arisan* have a fixed gathering place. With the gathering of many people in the same place would be an advantage for SMFI field officers. SMFI officers do not have to spending a lot of time and energy to meet all members. Obviously this is very cost saving because the more time that can be utilized and in the end minimize the required field officers.

The second factor that makes the low cost is the meeting period of the *arisan majelis ta'lim*. 46% of *arisan majelis ta'lim* are held weekly, 36% monthly and 9% are held twice in a month. On the other word as less frequent meetings, as fewer field officers are needed and this also result as less the

required field officer as cheaper the costs incurred by SMFI.

4.1.2. Benefit of High social capital

The second benefit of the *arisan majelis ta'lim* is the high social capital. Social capital can be an important benefit for LKMS, this is because most middle-low society have no collateral as their material capital. So social capital can be an effective and reliable alternative collateral.

The high social capital in the *arisan majelis ta'lim* can be seen from 50% of the age of arisan are more than 6 years old and even 39% are more than 10 years old. The longevity of the *arisan majelis ta'lim* reflects how familiar each other has been with each other. Members of the arisan who are come trough after a long period of time are already tested for mutual trust in their community. The high social capital can also be seen from the most dominant reason of the members following the gathering of *arisan majelis ta'lim* that is for socialization and gathering.

4.1.3. Benefit of Honesty and Integrity of "Wong Cilik"

Guaranteed integrity of members can be seen from a number of 49% of respondents who have joined arisan more than five years. This are certainly proves the integrity of the members of the *arisan majelis ta'lim*, because the members of the *arisan majelis ta'lim* who remain after a long period of time are tested for mutual trust in their community. Then supported by survey results which also shows 86% arisan majelis ta'lim has been done more than two periods (36% has been done two periods, 21% has been done three periods and 29% has been done more than three periods) which can be seen in the graph below.

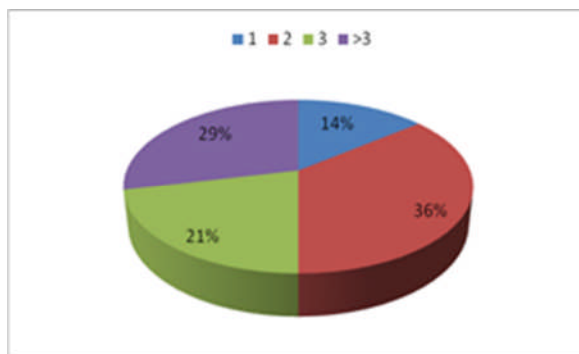


Figure 1: The Number of arisan periods

Honesty and integrity can also be seen from only 16% of members who express an objection in paying social contributions, but on the other hand 49% only follow a *arisan majelis ta'lim*, this means 33% of members have been able to manage their personal financial condition .

Of course, by holding a arisan majelis ta'lim will add SMFI customers. This is because *arisan majelis ta'lim* has a lot of members, some arisan groups have more than 200 members. The addition of SMFI customers can be estimated by looking at the graph of the following members of the *arisan majelis ta'li*

Increase Number of Members benefit

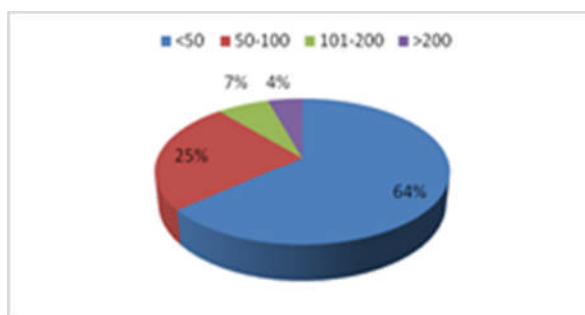


Figure 2: Number of arisan members

4.2 Opportunities

4.2.1 Empowerment of the Poor opportunity

Empowerment opportunity can be seen from the 32% of the total arisan groups with the amount of collected fund

not reach a million rupiah, as can be seen in the following graph.

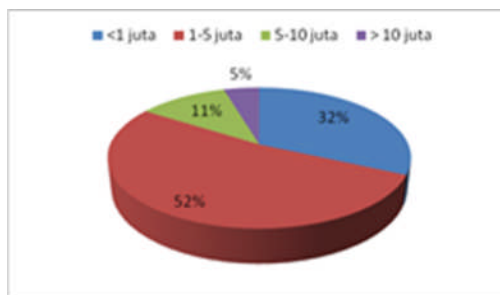


Figure 3: Amount of collected fund Every Shuffle Arisan

This is also supported by data showing that there are 16% of *arisan majelis ta'lim* groups whose deposit amount per member is less than Rp 10,000. Other data that support that there are 56% of respondents who have never associated with financial institution. All these data indicate that SMFI has big opportunity to hire the members of arisan become their customers.

4.2.2 Savings Fund Opportunity

Potential savings funds can be seen from 51% of respondents registered in

some groups. Of the 51% of the total who follow another groups, 79% follow more than one group, 56% follow more than two groups, and 51% follow more than three groups. So the majority who follow more than one arisan are potential customers for SMFI. This is also supported by the motivation data of respondents. the data shows that 43 % Reasons/ motivations following arisan are to save their money as can seen in graph below.

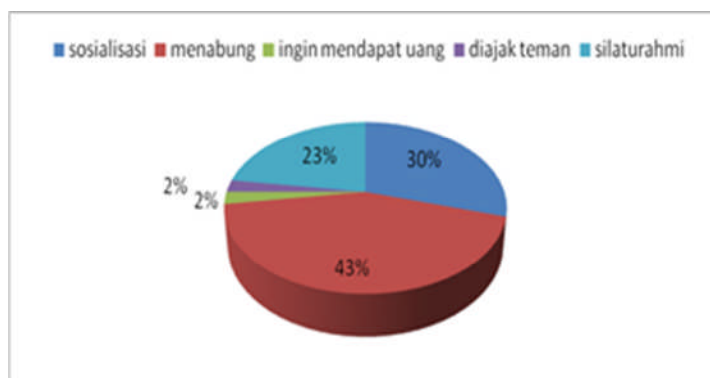


Figure 4: Reasons / Motivations Following Arisan

Potential savings can also be seen from a number of 55% members of the *arisan majelis ta'lim* have no loan in their daily activities. Data from surveys show the members income is in the range of one to five million rupiah. If a field officer can serve 80 arisan groups in a month (four arisan groups per day) and each arisan groups have two million rupiah collected fund, it's mean the total

turnover fund reach Rp 160,000,000 per month.

4.2.3 Micro Financing Opportunities

Saving opportunity indicate financing opportunity also. This financing opportunity can be seen from some of the data in point two above which shows the funding ability of the members of the *arisan majelis ta'lim*.

This is because if they are able to set aside money for paying *arisan* and to saving, they are basically able to repay the financing with the same amount as the amount of their *arisan majelis ta'lim* deposit.

In addition, their ability and potential can also be seen from their willingness to pay an *arisan* fee that is not small in number (only 6% that paid under 10 rb). It can also be seen from 64% of the *arisan* community there is a fee and 67% of the respondents do not mind paying the *arisan* fee. In addition, there are also 19% of respondents who are willing or still able to accept new *arisan* products.

4.2.4 Opportunity to Increase performing loan / NPL Rate

Low NPL level is an opportunity that can be obtained from the high social capital and the integrity of members of the *arisan majelis ta'lim*. Guaranteed integrity of members can be seen from a number that shows 49% of respondents who have joined *arisan* more than five years. Then supported by survey results which also shows 50% *arisan* has been done more than two times round. This certainly proves the integrity of the members of the *arisan majelis ta'lim*, because the members of the *arisan majelis ta'lim* who remain after a long period of time are tested for mutual trust in their community.

Afterward, 95% of the *arisan majelis ta'lim* are directly give the money to members who get their right. In other words the amount of money is not in one use and directly given to the right members.

4.3 Cost

4.3.1 Costs Of Operational

Operational cost is a basic requirement that must be hold if the *arisan majelis ta'lim* will be develop as a supporting product of SMFI. These operational costs include in the form of

field officers, supervisors, administrative costs as well as daily transportation costs from the field officers who walk around (Horngren et al, 2012). Operational costs also increase considering 40% of communities carry out social gathering in mobile places. In addition, operational costs also increase if there is a transfer of *arisan* right, as it requires re-registration and adjustment of some administrative data.

4.3.2 Socialization and Education Cost

The cost of socialization and education is needed, because the majority of communities and *arisan majelis ta'lim* respondents still lack general knowledge of finance in general and sharia finance in particular. This can be seen in 56% never borrowed to financial institutions, only 44% have ever been in contact with financial institutions and only 8% are still actively in touch with financial institutions. There are assumptions from members of *arisan* that dealing financial institutions are complicated and full of administrative matters.

Another thing that indicates the need for cost of socialization and education is almost half (49%) of customers do not follow other *arisan*. Afterwards, also supported by data showing that 81% of respondents are not willing to follow new *arisan*, as can be seen in the following graph.

Of course this is a challenge for LKMS because the majority of respondents are more closed to new things. So socialization and education becomes necessary for the community of this *arisan majelis ta'lim* to be more open to new things.

4.3.3 Cost of Product Development

Product development costs are required to fit the needs of the *arisan majelis ta'lim* community members. The domination of need are reflected by the reason for borrowing to financial institutions is to pay school fees (41%),

for venture capital (24%) and to build / renovate the house (29%). For more

details can be seen in the graph below.

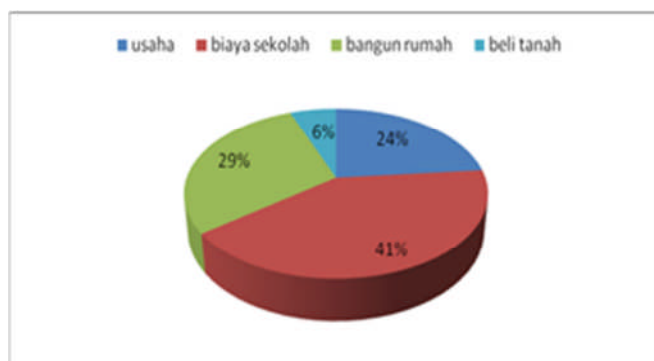


Figure 5. Behavior of the Use of Borrowed Money by Members of the *arisan majelis ta'lim*

4.3.4 Cost of Empowerment

The cost of empowerment is required because there are still some members of the *arisan majelis ta'lim* come from the poor group. Their inability can be seen from several things, the first is that there are still 16% of respondents who said that they are objected in paying *arisan*, and the second is that there are 49% who only follow one *arisan* only.

SMFI as a syariah financial institution must also play a role in empowering the poor. The cost of empowerment can be hold internally if the financial condition of SMFI is good and healthy. However, there is nothing wrong if SMFI cooperate with zakat institutions or other social institutions including government agencies to be together in empowering the poor. At least SMFI can serve as a liaison or provide a bailout assistance before coming to the aid of other social institutions.

4.4 Risk

4.4.1 Risk of Shariah Compliance

The risk of Sharia non-compliance is the possibility of loss due to the sharia financial institution does not adhere to the principles of sharia (Rulindo, 2012). There are several risks of non-

compliance with Shari'a. The first is the risk of non-compliance with sharia charges which charged to members who receive social gathering. The practice of quoting *arisan* fees is quite large at 64%.furthermore 65% of the quoted charges are united. In other words, the member has no choice to accept that fees. Later on, the other data show that 33% members feel objected in paying the cost of the *arisan majelis ta'lim*.

The risk of non-compliance with a second shariah potentially resulting from the practice of selling / auctioning of *arisan majelis ta'lim*. The survey results show that 54% of the sale price / auction of *arisan majelis ta'lim* under the amount of money that has been deposited. This is potentially a practice of "riba" (buying and selling debt with debt).

The third risk of non-compliance of Shari'ah is the development of multi-service products, one of which is the multi-service product of school financing. Selection of the contract and its application must be considered case by case so that it can avoid the practice of "riba".

4.4.2 Credit Risk

some of the things that show potential risks of credit are:

- 1) Long shuffling period and large number of members. The longer the *arisan majelis ta'lim* period is over, the higher the risk of return and member compliance. Even in practice there are *arisan majelis ta'lim* unfinished even up to five years.
- 2) 61% of the community stated that some of their members were quit. However, this is not too significant, because 50% of the community has been running for more than 6 years¹ and the majority of those who left only 1-3 people during that period.
- 3) The 67% member who were quit from *arisan majelis ta'lim* are already get the money. The reason for quit are most of the personal affairs, moving shelter and not being able to pay.
- 4) The 70% treatment of the *arisan majelis ta'lim* manager to the person who were quit are just be ignored, the risk management is lacking, only a few manager who give advise and expressly request to return the money
- 5) The 70% treatment of the *arisan majelis ta'lim* members to the person who were quit are just be ignored, the risk management is lacking, only a few members who give advise.
- 6) 16% members said that they feel objected to paying social gathering,
- 7) Some respondents have other installments quite a lot of range Rp 100.000-500.000 (20%) and range 1-5jt (18%).

4.4.3 Operational Risk

Operational risk potentially occurs in three stages. The first stage is at the level of SMFI internal officers who potentially misuse funds. The second is at the level of the board / manager of the arisan this potentially occurs if the member is too much, so not too visible if cheating one or two times. The third is at the level of the *arisan majelis ta'lim* members, this is happen if there is member who are quit and if there is transfer of *arisan* rights.

4.4.4 Social Risk

Social risk can occur because the majority is closed to new things, especially institutions and financial products that are still not familiar to them. So if socialization and education are not well done, anything that does not match with their habits and expectations can be a dangerous social risk. If socialization and education not wisely done, it will lead to bad issues, slander and even rejection of raw and up to the level of hostility. The close attitudes of respondents to financial products can be seen in the amount of 56% members are never borrowed to financial institutions, only 36% have ever been in contact with financial institution and only 8% are still actively in touch with financial institutions. For more details can be seen in the graph below.