

# Analysis Implementation Of The 5C Principles In Murabahah Financing At BPRS Bhakti Sumekar Jember Branch Office

Selviana Putri Andini, Feti Fatimah, Wenny Murtalining Tiyas

Universitas Muhammadiyah Jember ; [Selvianaputriandini23@gmail.com](mailto:Selvianaputriandini23@gmail.com)

Universitas Muhammadiyah Jember ; [fetifatimah@unmuhsumber.ac.id](mailto:fetifatimah@unmuhsumber.ac.id)

Universitas Muhammadiyah Jember; [wennymurtaliningtyas@unmuhsumber.ac.id](mailto:wennymurtaliningtyas@unmuhsumber.ac.id)

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\*Correspondensi: Selviana Putri Andini

Email: Email

[Selvianaputriandini23@gmail.com](mailto:Selvianaputriandini23@gmail.com)

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**Abstrak:** BPRS Bakti Sumekar Jember Branch Office is a financial institution engaged in finance, the largest financing lies in murabaha financing. In providing financing there is an element of risk, namely the existence of uncertainty that can hinder the smooth return of financing. The more financing issued, the greater the risk that will occur. Risk management is a series of procedures used to identify, measure, monitor and control risks that will arise from all bank business activities. Before making a decision on bank financing, it is necessary to analyze prospective customers using the 5C analysis (character, capacity, capital, condition of economy, and collateral). Another principle that needs attention in making financing valuation decisions is to use the 3R principle (Return, Repayment and Risk bearing ability). At BPRS Bhakti Sumekar Jember Branch Office in providing financing using a descriptive qualitative analysis method, the results show that the BPRS has implemented 5C in assessing customer character before providing murabahah financing, applying the 3R principle in making decisions in the event of bad financing. So that the BPRS is able to reduce problematic murabahah financing and succeed in maintaining the company's image so that it can continue to be trusted by the public.

**Keywords:** BPRS; Management Risk; Principle 5

## INTRODUCTION

Risks to the banking world in Indonesian are currently receiving less serious attention. In general, banks will experience several risks, namely credit, liquidity, market and operational risks. Financing risk faced by Islamic banking is one of the bank's duties to manage it properly, because managing financing risk can have fatal consequences for increasing NPF (Non-Performance Financing). To reduce risk, efforts are made to implement proactive risk management so that financial institutions can have long-term business continuity. In providing financing there is an element of risk, namely the existence of uncertainty that can hinder the smooth return of financing. Before making a decision on bank financing, it is necessary to analyze prospective customers using the 5C analysis (character, capacity, capital, condition, collateral). Another principle that needs attention in making financing valuation decisions is to use the 3R principle (Return, Repayment and Risk bearing ability)

BPRS an Islamic bank which in activities doesn't provide services in payment traffic. BPRS as an Intermediary for financial services. BPRS Bakti Sumekar Jember is a financial institution engaged in finance, which is located at Jl. Trunojoyo, No. 123a, Kepatihan, Kaliwates District, Jember Regency, East Java. In raising funds, BPRS offers products in the form of savings and time deposits. Whereas in channeling funds, BPRS offers consumptive and productive financing products, as well as working modes with the principles of murabahah, musyarakah, qardh, ijarah, IMBT contracts, etc. The biggest financing lies in murabaha financing.

Murabahah financing is a product similar to conventional credit at commercial banks, so that many people are interested in murabahah contracts. Murabaha receivables are paid monthly through installments.

In a murabaha contract, the bank acts as a financing provider by purchasing goods needed by the customer, with a profit agreement, in other words, sales to customers are made on a cost plus profit basis. In providing financing there is an element of risk, namely the existence of uncertainty that can hinder the smooth return of financing. Therefore, the task of the BPRS does not only stop at providing financing, but the BPRS still has to carry out supervision starting from the time the financing is given until the financing is paid in full by the customer. If in the provision of BPRS financing the supervision aspect is not paid enough attention, then all problems that arise will only be known after these problems become large and difficult to overcome.

Financing supervision is needed in financing, because supervision activities are the safeguarding and security of the eligibility to be channel in the form of financing. Financing supervision has a very close relationship with planning, because it can be said that the plan is the standard monitoring tool for the work being done. Therefore. Banks must apply 2 financing control techniques, namely direct supervision and administrative supervision.

Non-performing financing is financing that has difficulties in repayment due to factors such as intentionality or conditions beyond the ability of the creditor. Financing is one of the big risks that exist in the banking world so that it has a negative impact, one of the impacts is that part or all of the financing is not paid off because the greater the problematic financing, the negative impact on the soundness of liquidity and will affect the level of trust of customers who deposit their funds. Financing is said to be included in the category of Non Performing Financing (NPF) if it meets the collectability level of the financing customer for substandard, doubtful and loss.

Bank Indonesia stipulates that the NPF rate must not exceed 5%. However, in the 2022 BPRS Bhakti Sumekar annual report, the data shows the following:

Development of Non Performing Financing (NPF)  
 BPRS Bhakti Sumekar Year 2022

Year	Periode	NPF	infrom
2022	Periode I	5,12%	-
	Periode II	5,15%	↑
	Periode III	5,20%	↑
	Periode IV	4.40%	↓

Source: Processed Results of the 2022 Study from the Annual Report of BPRS Bhakti Sumekar Year (2022)

The table above shows data on the development of Non-Performing Financing (NPF) at BPRS Bhakti Sumekar in 2022. Where in the first quarter as of January-March it was 5.12%, and in the second quarter per April-June NPF has increased to 5.15%. Followed by the third quarter per July-September NPF increased to 5.20%, which means it exceeds the figure set by Bank Indonesia. This is a threat to the BPRS because it can reduce bank capital so that it can cause large losses. if it continues to be left unchecked, it will result in reduced income at BPRS Bhakti Sumekar. However, in the fourth quarter per October-December it decreased to 4.40%. This figure shows that BPRS Bhakti Sumekar is able to overcome problem financing in 2022, so that there is a decrease in the number of problem financing by using Non Performing Financing (NPF).

Hamonangan's research (2020) shows that the important point of the character principle is customer discipline, the capacity principle is having your own business, capital is the amount of funds used by customers in their business, collateral is guarantees and conditions of economy, namely assessing customers

from the state of the economy in future date. Muhammad Ma'rur's research (2020) shows that the results of implementing the 5C principle at KJKS BMT NU Ngoro Branch cannot be carried out optimally, resulting in high levels of bad loans. Basically the problem of risk analysis that occurs in KJKS BMT comes from internal BMT NU due to a lack of members and professionalism issues. Also in the research of Mega et al. (2021) showed that the results of the study partially show that character variabel has a significant effect on the smoothness of credit payments with a significant value of  $0.000 < 0.050$ .

Because there are differences in the results of previous studies, the researcher wants to prove again the importance of implementing the 5C character assessment in providing financing by using different products and research objects as markers from previous researchers. The results of the studi show that the implemenation of 5C with assessment 3R financing is very significant in reducing the risk of problem financing at BPRS Bhakti Sumekar Jember Branch Office. Some researchers also do not focus on the ability of employees to assess the character of prospective customers, so they often find customers who have difficulty paying their bills, causing bad financing. Therefore, this study also focuses on the ability of employees to carry out 5C character assessments and 3R financing assessments with the aim of reducing the risk of non-performing financing at BPRS Bhakti Sumekar Jember Branch Office

## METHOD AND RESULTS

### A. METHOD

This research used descriptive qualitative. Based on problems that arise, this study uses descriptive in depth. where the method will then be carried out to find out about the problems that are the themes in the research, and the survey data will then be subjected to a qualitative descriptive approach which will explain and answer the problem formulation of this research. The informant determination techniq in this study used a purposive sampling techniq. Purposive sampling is sampling technique for data sources with certain considerations. These certain considerations, for example the person who is consider to know best what we expect. Sugiyono, (2012). Selection of informant was carried out using a purposiv sampling techniq or a deliberate selection with several considerations. The informants in question are informants who are directly involved or informants who are considered to have the ability and understand issues related to providing murabahah financing at BPRS Bakti Sumekar Jemberr. The selection informants in this study was obtained by conducting interviews with 3 informants, 2 Account Officer (AO) staff and the head marketing.

Data collection techniques are interviews, observation and documentationn. For dataaa analisis techniq performed by data collection, data reduction, data presentationn, and drawing conclusions. Meanwhile, too check the validity of the data done by trigualization of sources. researchers will use the Head of Branch, Marketing, and AO of BPRS Bhakti Sumekar Jember as source of data collection and as a benchmark for the validity of data that will be processed using triangulation techniques

### B. RESULTS

#### A. Implementation of Risk Managemen

The application of risk at BPRS Bhakti Sumekar includes risk identiffication, risk measurementt, risk monitoring and control

- a) Risk Identification: Financing analysis is a tool used to measure the risk of financing used in BPRS Bhakti Sumekar. The bank in analyzing financing is by 5C (character, capacity, capital, economic condition, and collateral). In identifying risks in murabahah financing, it has been carried out

properly and correctly in accordance with 5C. Where the application of 5C can reduce the bank's risk in dealing with bad payments

- b) Risk Measurement: grouping customers who always fulfill their obligations, experience delays, until they fail. This grouping is called collectibility, that is collectibility 1, collectibility 2, up to 5. Collectibility 1 is in the current category, 2 is speciall mentionn, 3 is substandar, 4 is doubtfull and 5 is bad.
- c) Risk Monitoring and Control is caried out by billing intensively once a week and checking to keep in touch with customers if there are any problems in making payments. So that risks can be detected as early as possible.

#### B. Assessment of Customer Character

Character is the dominant factor, because even though the prospective customer is quite capable of settling his debts, if he does not have good intentions, it will certainly bring difficulties to the bank in the future. What was done by BPRS Bhakti Sumekar Jember in analyzing the customer's character. for character assessment on murabahah financing at BPRS Bhakti Sumekar Jember is with

- a) Interviews conducted during the survey
- b) Ask neighbors about the behavior and views of neighbors towards customers
- c) Perform BI Checking, if classified in the category of loss or special attention, which means that the customer has a bad character.

#### C. Strategies in Handling Problematic Murabahah Financing

Restructuring is commonly called 3R (rescheduling, reconditioning, and restructuring) whose main function is to rescue problematic financing, problems in the form of installments (customers are unable to pay or their business is stuck and others). So for the implementation of 3R, first look at the customer's business conditions where marketing will monitor customers who are in arrears or experience other problems, so that restructuring can be implemented. Re-structuring does not have to be seen from customers who have potential problems/collectibility jams or other things, even smooth ones can apply for restructuring, the most important thing is that the customer has problems with his ability to pay, and the customer's business will really be analyzed by the bank. An ordinary restructuring includes, re-binding/resubmitting, what is the ceiling, the remaining principal, and the margin. For restructuring during the Covid-19 pandemic, most of them are given a period of 8 months (August 2021-March 2022) in following the customer's ability to pay and this is in accordance with government directives. For the tenor, which was originally 2 years, then asked to be restructured, it was given a cost burden, namely life insurance costs, due to the long delay so that it took longer to pay off its obligations. The research was conducted using qualitative method and using primary and secondary data. primary data obtained through in depth interviews. Limitations on this study includes the subjectivity that exists in researchers. This research really depends on the researcher's interpretation of meaning implied in the interview so that tendency to bias still exists. To reduce then do triangulation process, namely triangulation of sources and methods. Source triangulation carried out by cross-checking data with facts from different informants and from the results of other studies. While the method triangulation is done by using several methods in data collection, namely the interview method depth and observation

## CONCLUSION

1. BPRS Bahkti Sumekar Jember in assessing character customers, namely only by interviews, which are carried out during surveys, conducting BI checking, and by making cursory observations. While the customer analysis of BPRS Bahkti Sumekar Jember Branch Office has implemented 5C (character, capital, collateral, capacity and condition of economics) so that in assessing customer character, the bank is able to read and analyze properly.

2. Strategies for dealing with problematic financing in murabahah financing at BPRS Bahkti Sumekra Jember

Strategy used in dealing with problematic financing in murabaha financing is billing with the family system, repayment capacity, restructuring which includes rescheduling, reconditioning, restructuring, and providing invoices/ reprimands and warning letters (SP) 1, 2 & 3 times as well as execution of guarantees.

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