Financing Analysis on Bank Muamalat Indonesia Mataram Branch, Indonesia

by Hirsanuddin Hirsanuddin

Submission date: 14-Dec-2023 12:49AM (UTC-0600)
Submission ID: 2254875198
File name: Financing_Analysis_on_Bank_Muamalat_Indonesia_Mataram_Branch.pdf (243.55K)
Word count: 6710
Character count: 35464

Financing Analysis on Bank Muamalat Indonesia Mataram Branch, Indonesia

H. Ahmed Zaky [1], **Djumardi** [1], **Hirsanuddin** [1]

[1] *University of Mataram*
Jl. Majapahit No 62 Mataram, Nusa Tenggara Barat, Indonesia

DOI: 10.22178/pos.91-14

LCC Subject Category: KNW1-4990

Received 28.03.2023
Accepted 28.04.2023
Published online 30.04.2023

Corresponding Author:
ahmedzaky2704@gmail.com

© 2023 The Authors. This article is licensed under a Creative Commons Attribution 4.0 License

Abstract. This study examines and analyses the implementation of Musharakah, Mudharabah and Murabahah financing and the obstacles in implementing such financing at Bank Muamalat Indonesia Mataram Branch.

The type of research used is normative empirical using statutory, sociological and conceptual approach methods. Types and sources of data are carried out using primary and secondary legal materials and field data. Based on the research results, it is known that implementing Musharakah, Mudharabah and Murabahah financing at Bank Muamalat Indonesia Mataram Branch from the perspective of Islamic law has yet to be appropriate in several aspects. The obstacles in funding come from two factors, namely external and internal.

Keywords: Financing; Obstacle; Muamalat Bank.

INTRODUCTION

In a country's economy, a financial institution with strategic value is a bank financial institution. The more advanced a country is, the more significant the role of banking in controlling the country [1]. Islam also teaches how to conduct transactions on buying and selling, savings and loans and accounts payable [2]. In general, Islamic Sharia encapsulates all aspects of life, both ritual (worship) and social (Muamalat) and can be applied at any time and place until the last day [3]. The revival of fundamental values has led to the Islamization of the financial sector, focusing on interest-free or Islamic banks [4]. Generally, an Islamic bank has operations adjusted to Islamic Sharia principles [5].

The basic idea of the existence of Islamic banks is an attempt to counteract the Ribawi system that exists in conventional banks as we see it today [6]. Because in the Islamic perspective on this issue, it is clear that Allah clearly and firmly forbids usury. This desire is based on awareness to apply Islam as a whole and totally, as emphasised by Allah SWT in Surah Al-Baqarah Verse 208: "O, you who believe, enter into Islam as a whole, and do not follow the steps of the devil. Indeed, Satan is a natural enemy for you. This verse reminds us of the implementation of the economy according to Islamic Sharia.

Based on Law No 21 of 2008 concerning Islamic Banking, Article 2 states that Islamic banking in carrying out its business activities is based on Sharia principles, economic democracy and prudential principles. Implementing financing based on Sharia principles is called a financing contract in Sharia banking, such as Musharakah, Mudharabah and Murabahah. In general, there are three types of activities carried out by Islamic banks or what we often call "Akad". First, the sale and purchase agreement (ijarah contract) is classified as investment financing with the types of financing products including: buying and selling by instalments (al-bai'u bitsaman ajil) and buying and selling by maturity (al-Murabaha) and leasing rent (ijara). Second, the cooperation contract (sharikah contract) is divided into working capital financing with the following types: financing with a partial amount of capital between the bank and the borrower (al-Musharakah), financing with 100% funds from the bank (al-Mudharabah) and virtue-oriented financing (hasan) where the bank will provide some funding.

As for several types of Islamic Bank financing based on Article 1 No 25 of the Law on Islamic Banking, it is the provision of funds or equivalent claims in the form of Bank Muamalat Indonesia, Association of Laws Related to Banking, 2012.

1. Profit-sharing transactions in the form of Mudharabah and Musharakah.

2. Leasing transactions in the form of ijarah or leasing in the form of ijarah Muntamlik bittamlik.

3. Sale and purchase transactions include Murabahah, salam and istishna receivables.

4. Lending and borrowing transactions in the form of qardh receivables.

5. Leasing transactions for services in the form of ijarah for multi-service transactions are based on an agreement/agreement between an Islamic bank/UUS and another party that requires the party being financed to be provided with a fund facility to return the funds after a certain period in exchange for ujrah, without compensation or profit sharing.

Some financing products most frequently offered by Bank Muamalat Indonesia to customers include working capital financing with Musharakah and Mudharabah contracts and financing for buying and selling goods with Murabaha warranties. In principle, any funding Bank Muamalat Indonesia provides customers must be guaranteed. Except for Mudharabah financing, there is no additional guarantee. But in practice, this is not the case. Customers who get Mudharabah financing facilities are still required to provide other warranties. The goal is that each customer can be more careful in doing business or Muamalat so that their obligations to loans given will still be complied with.

Bank Muamalat Indonesia implements this policy because the management of funds used by Islamic banks in channelling loans to financing mostly comes from customer deposit funds [7]. The guarantee must remain ideal because the contract expedites and secures lending by giving the bank rights and powers to repay the collateralised goods if the debtor defaults [8]. The bank implements this additional guarantee so that the bank can apply the precautionary principle.

Meanwhile, not a few parties are still dissatisfied and question the practices within Islamic banks, which are allegedly still not guaranteed to be in line with Islamic law. With the assumption that the use of the term profit sharing and other policies that benefit the bank unilaterally is only a term, the contracts applied to Islamic banking seem to be by Islamic law. But in reality, the terms of Islamic banking are considered to be no different from conventional banks.

Based on the description above, the problem can be formulated, namely how to implement Musharakah, Mudharabah and Murabahah financing at Bank Muamalat Indonesia Mataram Branch and what are the obstacles in implementing Musharakah, Mudharabah and Murabahah financing at Bank Muamalat Indonesia Mataram Branch.

METHODS

The type of research used in this research is empirical normative research. Study Empirical normative law (applied) is research that examines the implementation or implementation of favourable legal provisions (legislation) and written documents in action (factual) in every particular legal event that occurs in society. This study aims to ascertain whether the results of applying the law to legal events in concerto are by or not by the provisions of the legislation. Or in other words, have the requirements of the laws and regulations been implemented as they should so that interested parties achieve their goals [9].

As is the case with normative legal research, which (only) uses library materials as secondary data, empirical legal research also uses secondary data as initial data, followed by primary or field data [10].

In legal research, there are several approaches. With this approach, researchers will obtain information from various aspects regarding the issue being tried to find an answer. The aim is to discuss the problem to get an accurate picture of this research. Several approaches, including the Statute, Sociological, and Conceptual approaches, can be used.

RESULTS AND DISCUSSION

Implementation of Musharakah, Mudharabah and Murabahah Financing

Bank Muamalat is an intermediary between parties who need funds and those with funds. People who have funds will need Sharia banks as a place to store their funds. In collecting public funds, Islamic banks will pay profit-sharing fees or bonuses for deposits from the public. Payment of dividends or profit sharing to third parties depends on the contract between the customer and the Islamic bank. Islamic banks will pay bonuses for funds obtained from people who have used wadiah arrangements and profit-sharing costs for funds raised using business cooperation agreements between Islamic banks and investor customers. Islamic banks will also receive profit margin income on financing using sale and purchase agreements and profit-sharing payment on financing provided using a business cooperation agreement. Islamic banks will get a fee, which depends on the type of service products offered by Islamic banks.

Bank Muamalat Indonesia (BMI), as a bank in general, is a financial intermediary whose primary function is to mobilise funds and redistribute these funds from and to the public. In connection with this matter, the banking law has regulated in such a way, especially regarding licensing to carry out bank business activities. According to the provisions of Article 16 Paragraph 1, it is stated that: "Any party carrying out activities to collect funds from the public in the form of savings must first obtain a business license as a Commercial Bank or Rural Bank from the leadership of Bank Indonesia unless the activity to collect funds from the public is regulated by a separate law."

One of the financing products used by Bank Muamalat Mataram Branch is profit-sharing financing in the form of Musharakah. This financing is regulated in Law No 10 of 1998 concerning amendments to Law No 7 of 1992 concerning banking. Article 1 No 13 explicitly states that Musharakah is one of the financing products in Islamic banking. In implementing or carrying out the functions and duties of Sharia banks, BMI Mataram Branch always tries to adhere to the principles set by banking regulations in Indonesia.

These principles are contained in the applicable banking law so that the aims and objectives and functions are by what has been stipulated. Sharia banking in its business activities is based on the Principles/Principles of Sharia, Democracy, Economics and the Principle of Prudence.

Based on the research results, information was obtained that BMI Mataram Branch, in implementing Musharakah financing, went through several stages, which the author will describe below.

Field survey stage. The initial stage carried out by BMI Mataram Branch to offer Musharakah financing was through visits/and outreach to the field, namely offering cooperation between banks and agencies/prospective individual customers.

Stage of Application Submission. If the BMI Mataram Branch has made the offer, the prospective customer can apply for project financing on the Musharakah principle. From now on, the customer submits a written application to the bank, known as the Musharakah Application Letter, referred to as SPM. However, if it is not possible in writing, submit it orally to the BMI Branch officer Mataram. In SPM, the customer will explain the project to be carried out, the parties involved, and the business objectives. Also, parties who will take advantage of the business, the customer's experience in carrying out similar businesses or the customer's experience in other businesses, profits that can be obtained from the business and sources of funds to return the capital to BMI Mataram Branch.

Investigation stage. The investigation phase is carried out after processing the information and data provided by the customer to the bank regarding Musharakah financing. Suppose the customer's application is deemed appropriate after the bank receives the SPM from the customer. In that case, the account officer/marketing from BMI Mataram Branch will investigate or check the prospective customer's condition in the field.

Analysis Stage. Financing analysis is a series of activities to assess data information on a fact in the field in connection with the submission of a financing application by a customer after checking the condition of the prospective customer in the area. Furthermore, the BMI Financing Administration Section analyses the financing applications customers submit.

Decision Stage. The financing committee will assess whether the project is feasible or not to be financed. If the task is impossible and does not meet the criteria to be funded, then all documents must be returned to the customer. The account officer/marketing conveys the project's rejection to the customer. Suppose the customer's request is considered feasible and meets the criteria. In that case, the account officer/marketing will approve by issuing a decision containing the customer's identity, namely name, management (President Commissioner, President Director, and Directors), type and amount of financing, purpose of use and ratio of collateral with prerequisites/conditions signed by the financing committee.

Based on the approval of the committee, the account officer/marketing section will provide a Financing Approval Confirmation Letter, from now on referred to as SP3, to the customer and ask the customer to complete other documents if still required by the Bank, SP3 contains a notification that the BMI Mataram Branch financing committee has approved the granting of Musharakah financing facilities with applicable terms and conditions.

Thawing Stage. After the contract is signed, the customer can request disbursement by submitting a Letter of Application for Realisation of Musharakah Financing to the Bank Muamalat financing committee containing a request for allocation of funds for the start of project implementation with terms and conditions in effect.

Implementation Stage of Profit Sharing and Loan Repayment after the Project

The customer will make profit-sharing payments according to the ratio and return the loan principal to the bank according to what has been stipulated in the financing contract.

After the authors researched the implementation of Musharakah contracts at Bank Muammalat Mataram Branch, several things did not follow the Sharia system. Including the following:

1. Contracts that are not Syar'i. In the contract submitted by the bank to the notary, the customer must deposit the nominal monthly deposit to the bank. The agreement also includes the amount of profit from implementing the Musharakah contract. Meanwhile, according to the author, you will get erratic results every month in running a business. What must be determined at the beginning is what percentage of the bank's share and what percentage of the customer's share of the profits of the business being run, what must be deposited by the customer each month must be by the distribution of business profits that have been determined at the beginning.

In addition, the bank must know the income obtained from the business through monthly and annual financial reports. Determining the payment amount at the beginning indicates that the bank only expects profits without thinking about losses, even though running a business will get erratic income, and the profit obtained from running something will only be known at the end of the contract period.

2. Work. In running a business using a Musharakah contract, the bank does not contribute to running the business. Meanwhile, according to the author, the participation of partners in Musharakah work is a fundamental law, and it is not permissible for one of the unionised parties to include non-participation in running a business. But equality of outcome is not a requirement, and it is acceptable for the customer to carry out more work from the bank, and in this case, he may require an additional share of profits for himself.

In addition to conducting Musharakah financing, Bank Muamalat Indonesia Mataram Branch also enters into Mudharabah financing agreements. Mudharabah, which is understood by Muslims today, has two meanings. The first emphasises the meaning of Mudharabah as a product, while on the other hand, Mudharabah means a system. The two divisions of Mudharabah do not have apparent differences. Both refer to the meaning of the distribution of business results and the meaning of the theory of fiqh. But in Islamic banking institutions, both are separated into two emphases.

Two parties carry out Mudharabah financing. The first party is the owner of the funds (Shahibul Maal), who provides all (100%) of the capital. In contrast, the other party is the capital manager (Mudharib). In running the business, Shahibul Maal is not allowed to interfere. These business activities are the exclusive rights of the Mudharib. Shahibul Maal, in this case, only supervises. In addition, Shahibul Maal is also not allowed to narrow Mudharib actions that can hinder achieving Mudharabah goals.

Business profits derived from the Mudharabah contract are divided according to the agreement outlined in the contract in the form of a ratio (percentage). If the business being carried out suffers a loss, then the loss will be borne by the Shahibul Maal as long as the loss is not the result of the Mudharib's negligence. At the same time, the Mudharib takes losses for the effort, toil and time done to run the business. However, if the Mudharib's negligence causes the loss, he must be responsible.

Based on the results of the compiler's research at Bank Muamalat Indonesia Mataram Branch, the type of Mudharabah financing that is carried out is absolute Mudharabah (Mudharabah Mutlaqah), Mudharabah muthlaqah financing is financing in the form of cooperation between Shahibul Maal, in this case Islamic banks with Mudharib or customers whose scope is vast and not limited by the specifications of the type of business, time and area of business.

In Mudharabah mutlaqah financing, the bank does not determine the form of business, time and area of the Mudharib company. This is left entirely up to business actors to run their business so that it can be said that the Mudharib can manage the funds provided by the bank without the bank's intervention. Then the type of business to be carried out is absolutely decided by the Mudharib, who is considered appropriate so that it is not bound and limited. Still, there is one thing that the Mudharib cannot do without the bank's permission: the customer or Mudharib may not lend their capital or mudharab even again to other parties.

In compiling the terms and mechanisms for Mudharabah financing, BMI Mataram Branch is guided by the Fatwa of the National Sharia Council Number 07/DSN-MUI/IV/2000 regarding Mudharabah financing. The Fatwa describes the general provisions for Mudharabah financing in the form of technical and administrative aspects of Mudharabah financing and the mechanism for sharing the results of Mudharabah operations. In implementing the Fatwa, BMI Mataram Branch always receives input and supervision from the Sharia Supervisory Board.

Islamic banks have developed and adopted various Islamic sales contracts to help finance their customers. These contracts have been intensely stated in Islamic law and developed over a long history by Islamic economic thinkers. One is buying and selling Murabahah, as Islamic banks practice, namely BMI Mataram Branch.

But in the modern world, the term is already an extension of its classical meaning. Its application to Islamic banks is that customers apply for financing with a Murabaha system to Islamic banks to buy goods (productive or consumptive) whose properties are known, where the customer and the bank know the goods in absolute terms, and the bank is ready to procure the goods needed by the customer. Then a contract or agreement is made between the bank and the customer regarding the bank's ability to buy the desired item and the customer's ability to buy the item. This contract is not a sale and purchase contract but an agreement to hold a sale and purchase.

Murabaha products are sharia banking financing using the principle of buying and selling goods at the original price with additional agreed profits, with the bank as the seller, the customer as the buyer, or as a bailout. Its characteristic is that the seller must tell the price of the product he is buying and determine a profit level. Payments can be made in instalments by mutual agreement.

For the distribution of financing, Bank Muamalat Mataram Branch uses the procedures applied to other commercial banks. However, regarding its application, it does not neglect the applicable Sharia system and is by Islamic banking laws in Indonesia. In applying for financing, the customer must go through a process determined by Bank Muamalat. The customer is asking for funding until the financing is feasible or unavailable. Customers who apply for funding consult in advance with the account manager or the Relationship Manager of Bank Muamalat, Mataram Branch. The procedure for applying for Murabahah financing differs from applying for funding in a Mudharabah or Musharakah contract. The Murabahah financing procedure includes the initial analysis, approval, and disbursement processes.

The initial financing process uses a Murabahah contract. Namely, prospective customers come to Bank Muamalat Mataram Branch to buy a house or shophouse. Prospective customers who apply for Murabahah financing must complete a financing application form submitted by the concerned account manager or relationship manager. The Murabaha financing form contains personal data as well as other supporting data. Supporting data is data related to the legal status of the prospective customer, for example, individual identity cards, which include Identity Cards (KTP), Taxpayer Identification Numbers (NPWP), Family Cards (KK), Salary Slips and others.

After the necessary data is submitted to the account manager or Relationship Manager, the next step is for Bank Muamalat to find information about the correctness of the data that has been provided and to find out the truth about what was obtained from the interviews conducted previously. Account managers can directly monitor the condition of prospective customers or seek information through the data provided to Bank Muamalat. Murabahah financing proposals in each customer or future customer financing application for Bank Muamalat Branch of Mataram as a whole, both for housing and shop houses, the proposal for submitting the financing facility must obtain approval from the Central Bank Muamalat financing committee. The part that will process is Retail Financing Consumer.

The Murabaha financing mechanism at Bank Muamalat Indonesia Mataram Branch is carried out by providing funds or bills that can be equated with it for a sale and purchase transaction of an item in the amount of the cost price or acquisition of the goods plus an agreed profit margin between the bank and the customer which requires the customer to pay off debts and obliges the customer to pay off debts and pay bills by the contract, where previously the seller informs the purchase price to the buyer. Because in its definition, it is called an "agreed profit", the characteristic of Murabaha is that the seller must inform the buyer about the purchase price of the goods and state the amount of profit added to the cost. The Murabaha contract implementation at Bank Muamalat Indonesia Mataram Branch has been adjusted based on the Fatwa of the National Sharia Council No 04/DSN-MUI/IV/2000.

Islamic banks are operationally different from conventional banks. Islamic banks have similarities in several ways, especially on the technical side. However, the two have many fundamental differences concerning contracts and legality principles, dispute resolution institutions, financed businesses and work environments and corporate culture. Islamic banks make halal and actual investments by the DSNMUI Law and Fatwa. One of the financings channelled by Islamic banks in actual transactions is with Murabahah, Mudharabah and Musharakah financing contracts with the principle of buying and selling an item in the transaction, which can be represented by a Murabahah bil wakalah contract as in Law and Fatwa No 10/DSN-MUI/IV/2000 concerning Waka is the one who arranges this.

In Sharia banking, financing based on profit sharing can be accessed by funding based on Mudharabah and Musharakah contracts. The implementation of the two financing guarantees is mentioned in Article 1 No 25 letter a and number 26 of Law No 21 of 2008 concerning Islamic Banking. Other regulations regarding contracts in Islamic banking are also applied in the DSN MUI Fatwa No. 07/DSN-MUI-IV/2000 concerning Mudharabah Financing, finally, contained in the DSN MUI Fatwa No 08/DSN-MUI-IV/2000 concerning Musharakah Financing.

Bank Muamalat Indonesia Mataram Branch always asks for guarantees for every financing. The procedure for imposing collateral is the same as in conventional banks. The difference between the two is only in the contract, the imposition of collateral in the field because the guarantee is only billed to the customer as a character risk to avoid moral hazard to the customer as the manager, in cases of client negligence and fraud, the guarantee can be withdrawn by the bank and auctioned off to cover the damage.

According to the author, it is haram when viewed from the perspective of Islamic law regarding the imposition of guarantees for Mudharabah and Musharakah agreements. This is because the opinion of scholars regarding the prohibition of contracts in agreements is the strongest in Mudharabah and Musharakah agreements. It is clear that if you allow applying guarantees in Mudharabah and Musharakah agreements, it can convert transactions into usury that it is contrary to Islamic law. Furthermore, the requirements for imposing collateral make the deal null and void, and its validity is doubtful.

The implementation of Musharakah, Mudharabah and Murabahah financing at Bank Muamalat Indonesia Mataram Branch in terms of the perspective of Islamic law, has not been compatible in several aspects. The aspects referred to are that the bank determines and determines the amount of the monthly deposit that must be deposited by the customer to the bank every month, the bank determines and determines the amount of profit that will be obtained from the agreed contract guarantee, and the bank does not participate in the management of capital received by customers in running their business.

In the theory of legal effectiveness, one of the functions of law, both as a rule and as an attitude of action or regular behaviour, is to guide human conduct. The problem of law enforcement is not only limited to the emergence of obedience or compliance with the law but also includes the total effect of the law on attitudes or behaviour, both positive and negative. Legal effectiveness has success in implementing the law/rule itself. The purpose of legal norms is to regulate the interests of the community. Suppose the community and law enforcers obey and enforce the legal standards. In that case, implementing the law/rule is said to be effective or successful in its performance. If you look at the contract financing carried out by Bank Muamalat Indonesia Mataram Branch, it can be seen that both parties do not fully comply with the rules/legal norms. Implementing the law itself can apply effectively is determined by several factors. In the performance of financing at Bank Muamalat Mataram Branch, the legal factor itself is a factor that is very much needed in the implementation of this financing. In this element, the law itself determines the effectiveness of legal performance. In this connection, it is desired to have reliable statutory regulations so that the public can know more about the applicable laws related to financing.

The law will be effective if the purpose of existence and its application can prevent unwanted actions and eliminate chaos. When talking about the effectiveness of the law, one must first be able to measure the extent to which the rule of law is understood or not understood and obeyed or not obeyed. If the rule of law is understood and followed by some of the people who are the target of obedience, it will be said that the rule of law is adequate. Suppose you look at some customers who make financing without considering Islamic law itself. In that case, it can be said that not all customers understand or comply with the rules/legal norms themselves. Awareness and obedience to the law are two rights determining the effectiveness or failure of implementing these regulations. Legal awareness, legal compliance and legal effectiveness are three interrelated elements.

Obstacles in the Implementation of Musharakah, Mudharabah and Murabahah Financing

Implementation of Musharakah, Mudharabah and Murabahah financing at Bank Muamalat Indonesia Mataram Branch in practice, there are still many obstacles found, both external and internal factors. Based on the results of the author's research on primary data, which the author has then processed, the obstacles encountered in the implementation of Musharakah, Mudharabah and Murabahah financing at Bank Muamalat Indonesia Mataram Branch can be broadly divided into two, namely:

External Factors. The results of the author's interview with the bank's internal parties conveyed the obstacles encountered in implementing Musharakah contract financing. The discussions with the bank found that there were obstacles to the factor of customer dishonesty during interviews with the bank, and the demand constraints for Musharakah financing products were still small compared to Murabahah and Mudarabah financing. Related to customer dishonesty, namely during the survey stage carried out by the bank at the customer's place of business, sometimes customers condition other people's businesses as their business, including dishonesty regarding the value of their business assets/goods and monthly profits.

Furthermore, the bank conveyed that the obstacles encountered in implementing the Musharakah contract were the misuse of funds obtained by the customer that had been used in defiance of the original agreement, this factor was the dishonesty of the customer when reporting on business development and the use of funds received and the existence of people who were wrong in interpreting the operationalisation of the Musharakah contract.

Based on the explanation above, it was found that obstacles came from external banks, namely customers using funds that deviated from the initial agreement. Funds were not used as they should have been. Constraints for customers to use funds that differ from the original deal come from dishonest customers and customers or the public misunderstanding or interpreting the allocation of Musharakah funds so that the use of these funds is not by the original agreement. It can be concluded that based on the information provided by the bank, problems with obstacles/constraints in financing Musharakah contracts at Bank Muamalat Indonesia Mataram Branch are:

1. Customer dishonesty during an interview with the bank.

2. Demand constraints on Musharakah financing products are indeed from year to year.

3. Misuse of funds obtained by customers deviates from the original agreement.

4. Society or customers misinterpret the operationalisation of Musharakah funds.

In addition, external factors that affect financing are financing targets, bank business needs, bank profits and business competition with other banks. The financing target is the initial benchmark in determining Mudharabah financing at Bank Muamalat. Second, the business needs of the bank. In this case, each bank has different needs at each level. Thirdly, bank profits must indeed be considered and become the cause and influence of Mudharabah financing. Third, competition with other banks also affects the funding of this Mudharabah.

From the interviews above, it was concluded that one of the external factors was a factor that did not result in customers or customers agreeing to share the results of operations with the bank. So, the bank is difficult to process and develop existing funds.

Internal factors. Investment activities in Islamic financial institutions by Islamic banking theorists imagine that they should be based on two legal concepts, namely Musharakah and Mudharabah, or what is known as Profit and Loss Sharing (PLS). Financing with profit-sharing schemes (Mudharabah and Musharakah) is Islamic financial institutions' main characteristic, differentiating them from conventional banks.

The profit-sharing system is fairer because the share (nisbah) for these financial institutions is paid according to the profit received by the entrepreneur, and the amount is known after the entrepreneur has made a profit – Murabaha financing (Buy-Buy). Even though Sharia is halal, Murabahah financing is no more a secondary product. While the primary effects of Islamic financial institutions are Mudharabah and Musharakah, these products have not become the main product of Islamic financial institutions.

Based on the results of the study, it was found that the constraints on internal factors faced by customers, namely the community misunderstood Musharakah financing because the community obtained incomplete information from other people who did not understand Musharakah, so people assumed that the system applied by Islamic banks, especially Musharakah financing, was the same or not there is a difference with conventional banks. The constraints put forward are almost the same as those expressed by the informant, namely the lack of understanding from the community. However, according to the informant, a lack of promotion and outreach from the bank to the public causes this obstacle.

The obstacle customers face in implementing Musharakah contract financing is the lack of bank resources experienced in promoting and socialising Islamic banking products. It is difficult for the public to obtain information. Bank resources have not been able to provide clear information to customers, making it difficult for the public to understand as customers related to the lack of resources on the part of the bank, namely when the bank provides related information, business feasibility, differences between Musharakah and Murabahah, profit sharing and business guarantees so that customers do not understand Musharakah financing well.

These constraints are indicators classified in the "Capacity Constraint" constraint indicators. This obstacle indicator is a symptom of an obstacle to the bank's performance target, which will cause a small number of customers to use Musharakah contract financing. If you look at it from the theory of constraints (TOC), it is a technique for optimising the scheduling of results that aims to increase results or numbers.

Based on the description above, the obstacles in the implementation of financing at Bank Muamalat Indonesia Mataram Branch can be grouped into two parts, namely internal barriers (from the bank) and external obstacles (from the customer side) to financing at Bank Muamalat Indonesia Mataram Branch, as follows:

1. Constraints from customers

1.1. The customer does not have a definite business yet. Banks still tend to be reluctant to provide Musharakah financing to customers. This is because the customer has no definite business and is dishonest with his company. This is because the average customer's business does not provide business certainty and risks that will be faced. As the owner of the funds, the bank will take these two factors into account because if there is a business loss, it will be borne by the bank.

1.2. At least customer interest in profit-sharing financing. This can be identified from the number of customers who apply for Musharakah contract financing at the bank. In general, customers of Bank Muamalat Indonesia Mataram Branch prefer to use financing contracts that are well-known and popular among the public, namely Murabahah or Mudarabah contracts. At the same time, there is a customer's opinion that submitting Musharakah is more complicated and requires a long time for disbursement (1-60 days).

2. Constraints from Banks

2.1. The level of bank trust in high-risk customers. This relates to the prudential principle of the bank in selecting and providing financing to customers. This Mudharabah financing contains uncertainty of profit. As the owner of capital, the bank will consider the risks that will arise in the business because if a loss occurs, the party that bears the loss is the bank. The reason is that they want to protect customer funds by collecting funds from the risk of default by financing customers.

2.2. Promotion of Musharakah financing by the bank. This can be seen from the low number of Musharakah financing customers. Bank Muamalat Indonesia Mataram Branch has not maximised the promotion and introduction of Musharakah financing specifically to the general public and their customers. The bank is less able to introduce and market the advantages of Musharakah contract financing products to customers, so many customers are not familiar with financing with profit sharing (Musharakah) schemes.

Islamic banks face several problems in the application of Musharakah financing, namely:

1. There are no clear standards and guidelines.

2. Lack of experienced resources.

3. The high cost of professional financial management according to Sharia principles.

4. Low public awareness of asking for financing at Islamic Banks.

5. Low public understanding and knowledge about funding with Musharakah contracts.

6. Lack of government support

7. Unable to compete with conventional bank financing products

CONCLUSIONS

Implementing Musharakah, Mudharabah and Murabahah financing at the Mataram Branch of Bank Muamalat Indonesia from the perspective of Islamic law has not been compatible in several aspects. The aspects referred to are that the bank determines and determines the amount of the monthly deposit that must be deposited by the customer to the bank every month, the bank determines and determines the amount of profit that will be obtained from the agreed contract guarantee, and the bank does not participate in managing capital received by customers in running their business. Obstacles in implementing Musharakah, Mudharabah and Murabahah financing at Bank Muamalat Indonesia Mataram Branch are caused by two factors: originating from customers and Lack of understanding of Sharia in Human Resources at Bank Muamalat, the lack of information received by the public about sharia banking, profit sharing (margin) that still uses a conventional calculation system, even the margins charged can be much larger than traditional banks, lack of supervision of customers thereby providing opportunities for misuse of financing (side streaming) and business targets that are too high to pursue high financing targets so that sharia compliance is not fulfilled.

REFERENCES

1. Yin, H., Yang, J., & Lu, X. (2020). Bank globalization and efficiency: Host- and home-country effects. *Research in International Business and Finance, 54*, 101305. doi: 10.1016/j.ribaf.2020.101305

2. Saad, A. A., & Syed Jaafar Alhabshi, S. M. (2019). Debt Theories in Islamic Commercial Transactions and Their Implications for the Islamic Capital Market. *International Journal of Management and Applied Research, 6*(4), 296–306. doi: 10.18646/2056.64.19-022

3. Lufaefi, L. (2019). Celebrating Sharia Indonesia: Islamic Harmony and Pancasila In The Vision Of Indonesian Nationality. *Jurnal Ilmiah Al-Syir'ah, 17*(2), 106. doi: 10.30984/jis.v17i2.951

4. Budiman, R. (2020). Theoretical Review of Islamic Legal Sources According to the Misrepresentation Theory Of Hallaq. *Petita: Jurnal Kajian Ilmu Hukum Dan Syariah, 5*(2). doi: 10.22373/petita.v5i2.100

5. Priyanti, E. D., Zunaidi, A., Maghfiroh, F. L., Agama, I., Negeri, I., & Kediri, I. (2022). The Significance of Risk Management in Reducing Losses and Strengthening The Institutional Structure of Islamic Financial Institutions. *Proceedings of Islamic Economics, Business, and Philanthropy, 1*(1), 1–16.

6. Islam, R., & Sadekin, M. S. (2020). Disclosure of Financial Reporting of Islamic Financial Institutes of Bangladesh: A Concept of Relevant Reviews. *International Journal of Economics, Business, and Accounting Research, 4*(3), 319–339.

7. Pratama, A., Warsiyah., & Nastiti, D. (2022). Islamic Commercial Bank Business Strategy During. *International Journal of Economics, Business and Accounting Research, 6*(2), 901–912.

8. Yuliani, N., Azheri, B., & Fauzi, W. (2019). Implementation of Corporate Guarantee for the Debt of Debtor at PT Bank Danamon Indonesia Tbk, Padang Branch. *International Journal of Multicultural and Multireligious Understanding, 6*(6), 609–618.

9. Muhaimin. (2020). *Legal Research Methods*. Mataram: Mataram University Press.

10. Amiruddin., & Asikin, Z. (2019). *Introduction to Legal Research Methods*. Depok: Raja Grafindo Persada.

Artikel 1

ORIGINALITY REPORT

20%	19%	11%	7%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	doaj.org Internet Source	4%
2	journal.walisongo.ac.id Internet Source	3%
3	Submitted to Syiah Kuala University Student Paper	1%
4	ejournal.uinsaizu.ac.id Internet Source	1%
5	repository.uia.ac.id Internet Source	1%
6	Sondika Ragani, Adrian Rompis, Muhammad Amirullah. "IMPLEMENTATION OF THE PRINCIPLE OF LEGAL CERTAINTY AND THEORY OF ECONOMIC ANALYSIS OF LAW IN THE IMPLEMENTATION OF POPULATION ADMINISTRATION SERVICES ONLINE IN THE CITY OF BANDAR LAMPUNG IN THE CONTEXT OF IMPLEMENTING AN ELECTRONIC-BASED GOVERNMENT SYSTEM (SPBE)", Cepalo, 2023 Publication	1%

7	ijsshr.in Internet Source	1%
8	www.abacademies.org Internet Source	1%
9	Submitted to Universitas Jenderal Soedirman Student Paper	1%
10	ejurnal.ung.ac.id Internet Source	<1%
11	Submitted to Higher Education Commission Pakistan Student Paper	<1%
12	dspace.uii.ac.id Internet Source	<1%
13	ejournal.uniramalang.ac.id Internet Source	<1%
14	journals.iium.edu.my Internet Source	<1%
15	repository.uin-malang.ac.id Internet Source	<1%
16	Submitted to Kaohsiung Medical University Student Paper	<1%
17	Husnulhotima Sauri. "Analysis of Judge's Decision in Imposing Child Abuse Crime", Estudiante Law Journal, 2023 Publication	<1%

18	etheses.uin-malang.ac.id Internet Source	<1 %
19	Submitted to International Islamic University Malaysia Student Paper	<1 %
20	Eka Supriatiningsih. "The Principal of Risk and Profit Sharing in Islamic Banking", Ijtimā iyya Journal of Muslim Society Research, 2018 Publication	<1 %
21	Muhammad Syarif Hidayatullah, Rahmat Fadillah. "Economic and Legal Dimensions of Collateral Existence in Modern Mudhârabah Contracts: Understanding the Relationship between Risk Management, National Law, and Contemporary Fiqh", Al-Manahij: Jurnal Kajian Hukum Islam, 2022 Publication	<1 %
22	jurnal.ar-raniry.ac.id Internet Source	<1 %
23	Submitted to Fakultas Hukum Universitas Lampung Student Paper	<1 %
24	Candra Irawan, Adi Bastian, Febrozi Rohadi. "AKAD FINANCING OF MURABAHAH BETWEEN CUSTOMERS WITH MUAMALAT BANKS HARKAT VIEWED FROM SHARI'AH	<1 %

PRINCIPLES", Bengkoelen Justice : Jurnal Ilmu Hukum, 2020
Publication

25	repository.iainbengkulu.ac.id	Internet Source	<1 %
26	123dok.com	Internet Source	<1 %
27	www.ijsrm.net	Internet Source	<1 %

Exclude quotes On
Exclude bibliography On
Exclude matches < 15 words