

## **Microfinance Risk Management at Bank Kalbar Syariah, Sambas Branch**

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### **ABSTRACT**

This research was conducted to see whether the implementation of risk management at Bank Kalbar Syariah Sambas Branch is in accordance with the regulations with PBI No. 23/13 / PBI / 2011, because they still experience problematic financing for customers who are unable to fulfill their obligations to the bank in a timely manner. The approach and type in this research is a qualitative approach with descriptive character. This type of research is field research (field research). Researchers analyzed how the application of micro financing risk management, types of risks faced by microfinance and inhibiting and supporting factors in resolving micro-financing risks at Bank Kalbar Syariah, Sambas Branch in minimizing risk. The results showed that, the bank has implemented financing risk management in accordance with PBI No. 23/13 / PBI / 2011, the bank implements two risk management processes, namely before risk and after risk. Where the types of risk often faced by the Sambas Branch of the Kalbar Syariah bank are credit risk, market risk, and operational risk. In the settlement of micro-financing risks at Bank Kalbar Syariah, Sambas Branch is to cooperate with the insurer and insure collateral or guarantees from customers to the insurance company.

**Keywords:** Management, Risk and Micro Financing at Bank Kalbar Syariah, Sambas Branch

## **INTRODUCTION**

Islamic bank is one of the financial institutions in Indonesia by carrying out its functions in accordance with sharia principles. In carrying out its activities, Islamic banks have two main functions as banking, namely as a collector of funds from the public by offering savings, time deposits and current accounts products. Then Islamic banks channel customer money back through financing activities.

Financing is the lifeblood of the banking economy, because the biggest income for banks comes from financing. So that the maximum of Islamic banks are actively carrying out various forms of promotions or offers to customers for financing, one of which is micro financing. Micro financing is a business financing activity in the form of collecting funds loaned to micro (small) businesses that are managed by micro entrepreneurs, namely the middle to lower class people who have below average income.

The growth of micro enterprises is very helpful for the State in advancing economic growth. Micro enterprises seek to reduce the unemployment rate as well as the poverty level. There are several reasons that underlie developing countries, including Indonesia, recently considering the importance of the existence of micro businesses (Siti Maryam, 2012). The first reason is because the performance of micro enterprises tends to be better in producing a productive workforce. Second, microbusinesses often achieve increased productivity through investment and technology.

Microfinance will not possibly escape the possibility of risk arising. Risk is a threat or the possibility of an action or event that has an impact that is contrary to the goals you want to achieve (Ferry N. Idroes, 2011). Risk, from the bank's point of view, is defined as the opportunity for a possible bad situation to have a negative impact on bank income and capital.

Micro financing risk usually occurs due to the inability of customers to fulfill their obligations to the bank in a timely manner, because it is caused by customers who experience bankruptcy, fire, robbery, work accidents, negligence of the customers themselves, and others. So that the bank must be selective in analyzing the possible risks that will occur in providing this financing.

This needs to be done so as not to cause loss or risk to the bank, because if the bank fails to manage risk it will have an impact on shareholders, loss of all investment, falling share prices due to bad reputation or decreased profits, loss of dividends as a result. from a decrease in profit. (Sulad Sri Hardianto, 2006). Not only has an impact on shareholders, failure in managing risk also has an impact on employees and customers.

The impact felt by employees is a decrease in bonuses and a delay in increasing wages, while the impact on customers is not immediate and is not clearly felt but is still felt, such as a decrease in the quality of customer service and a decrease in product availability, a liquidity crisis and changes in regulations. (Sulad Sri Hardianto, 2006).

Therefore, as a banking institution in general, Islamic banks also need a series of procedures and methodologies that can be used to identify, measure, monitor and control risks arising from business activities, or what is commonly called risk management. (Adiwarman A. Karim, 2007).

Risk management is an effort to identify, analyze, and control risk in every company activity with the aim of obtaining higher effectiveness and efficiency (Herman Darmawi, 2004: 17). In another sense, risk management is also a method, method or science that studies various types of risk, how to manage them and how to manage these risks with the aim of avoiding risk (Safri Ayat, 2003).

The application of bank risk management refers to PBI No.13/23/PBI/2011 concerning the Application of Risk Management for Sharia Commercial Banks and Sharia Business Units and other risk-related provisions as well as best practices for implementing risk management in banking. Good and appropriate risk management can minimize the risks that exist in the business world. Based on this explanation, it is appropriate for an organization or company in this case a sharia banking institution to realize that risk management is an important thing, so it requires a managerial system that is able to minimize all possible risks faced in its business activities.

This research is important to do to see whether the implementation of risk management at Bank Kalbar Syariah, Sambas Branch is in accordance with PBI

No.13/23/PBI/2011. Because based on the results of observations, Bank Kalbar Syariah, Sambas Branch is still experiencing problematic financing due to customers who are unable to fulfill their obligations to the bank in a timely manner, therefore the researcher wishes to analyze how the application of microfinance risk management is, the types of risks faced by microfinance and other factors. - inhibiting and supporting factors in resolving microfinance risk at Bank Kalbar

## **METHOD**

The research method used in this research is to use a descriptive qualitative approach, Boklan and Diklen argue that one of the characteristics of qualitative research is descriptive data (Emzir, 2010), while the type of research is field research. Field research is conducting research in a certain place to obtain data or information directly by visiting informants who are in a predetermined location (Rosadi Ruslan, 2004).

There are two types of research data sources, namely primary data sources and secondary data sources. Data primer is data obtained directly in the field in the form of interviews with employees who work in Bank Kalbar Syariah Branch Sambas. Secondary data is data that does not directly provide data to researchers, for example researchers have to go through other people for or search through documents (Sugiyono, 2005: 62), besides that it is obtained from literature literature, such as books, internet, articles and other data sources that have relevance to the writing of this scientific paper.

Data collection techniques through observation, interviews and documentation. Furthermore, the analysis includes data reduction, data display and conclusion drawing. In order to obtain representative results of the study should be conducted Engineering Data Validity checks that uses two kinds teknik data validity checking Persistence observations and Member Check.

## **RESULTS AND DISCUSSION**

Regional Development Bank of West Kalimantan or yang serine g known as Bank Kalbar Syariah established under the rules of the Regional No. 1 of 1963 with the legal form of a Regional Company. The business license is issued by the Minister for Bank Indonesia Affairs with Decree No.44/63/Kep/MUBS/G dated 28 November 1963, the inauguration was carried out on 15 April 1964. With the enactment of Law No. 7 of 1992 concerning Banking, the Minister of Finance of the Republic of Indonesia gave the Regional Development Bank (BPD) business license in accordance with letter No.S-841/MK.071/1993 dated 18 August 1993.

1999 based on Perda No. 1 dated February 2, 1999 there was a change in the legal status of BPD Kalbar from a Regional Company to a Limited Liability Company and a change in name to PT. West Kalimantan Regional Development Bank with the call name Bank Kalbar through the Notary Deed Widiyansyah, SH No. 81 dated 23 April 1999 and was approved by the Minister of Justice on 5 May 1999 No. C2-8229 HT.01.01 year 1999 which was announced in State Gazette No. 56 dated 13 July 1999. In December 2005, the Bank began a activities based on operational principles of sharia with opening Office branch Sharia Pontianak based on Decree of the Board of Directors of PT. Development Bank Daerah Kalimantan Barat No.7/24/DPwBz/DWBz/Ptk dated December 1 , 2005 regarding the permit to open a Sharia Branch Bank Kalbar Office.

Bank Kalbar's service network is spread throughout the West Kalimantan region and also in Central Jakarta, consisting of 1 Head Office, 21 Branch Offices, 59 Sub-Branch Offices, 1 Micro Business Unit, 58 Cash Offices, 22 Mobile Cash, 63 Payment Points, 65 Sharia services, 208 ATM machines, and 14 C DM Machines . Bank Kalbar Sharia Branch Office Sambas started didirika n on a khir ta hun 2011 at Jalan Gusti Hamzah No. 81 Pendawan Village, Sambas District, Sambas Regency. Then on Wednesday, November 21, 2011 it was inaugurated and started operations . In line with that, the application of risk management in micro financing plays an important role in minimizing the risks caused by the micro financing activities at Bank Kalbar Syariah,

Sambas Branch. The following are the results of the research data analysis:

1. Implementation of risk management practiced by Bank Kalbar Syariah, Sambas Branch .

Bank Kalbar Syariah, Sambas Branch has started running micro financing products on October 16, 2017, with the number of micro financing customers to date 42 customers. Until now, the development of micro financing at Bank Kalbar Syariah, Sambas Branch continues to increase and is the target of Bank Kalbar Syariah, Sambas Branch. Providing micro financing includes groceries, building shops, electronics stores, glass shops, clothing stores and other micro entrepreneurs.

In conducting financing Bank Kalbar Sharia Branch Sambas are often exposed to the risk arising from financing activities are referred to the risk of credit (financing). Given the risk of financing in channeling financing at Bank Kalbar Syariah, Sambas Branch, it is necessary to apply risk management to manage these activities. Bank Kalbar Syariah, Sambas Branch implements risk management with 2 stages including:

**a. Before the risk occurs**

Before the occurrence of the risk of Sharia Bank Kalbar perform application of the principle of know your customer consisting of policies and procedures for admission and conduct risk identification, risk measurement, risk monitoring.

1 Identification of risks. Risk identification is the first step in risk management where at this stage it aims to find out what types of risks are being faced. Bank Kalbar Sharia Branch Sambas to identify the risks with the principle of pembiayaan 6 C ( *Character, Capacity, Capital, Condition, Collateral and Constrain* ).

a) In identifying customer characteristics, Bank Kalbar Syariah , Sambas Branch, observes the character and character of the prospective customer which shows a willingness to repay their obligations.

b) Identification of capacity, Bank Kalbar Syariah, Sambas Branch, in identifying capacity, namely seeing the customer's business visited to the customer's business location running smoothly or not, such as whether or not the customer is quiet .

- c) Identification of the capital, Bank Kalbar Sharia Branch Sambas in identifying capital (capital) aims to determine the client's ability to shoulder the burden necessary financing and the ability to bear the burden of risk that clients may experience, with ways to view and analyze financial companies expert analyze ratios and capital effort.
- d) Identification of conditions, Bank Kalbar Syariah, Sambas Branch, in identifying the conditions to supervise the customer's business, especially the customer's economic condition is deteriorating, so the customer will experience difficulties to repay the loan.
- e) Collateral identification, Bank Kalbar Syariah Sambas Branch in this collateral effort conducts survey and measurement of goods that will become collateral.
- f) In the constraint identification, Bank Kalbar Syariah Branch Sambas did a survey to see how the relationship of household customers, by way of asking keep on neighbors customers. (AdityanPradama,2019)

## 2 Measurement of risk

The purpose of this risk measurement is to be used as a basis or benchmark in understanding the tendency of the consequences of losses that will be caused by a risk to the soundness level and business continuity of the bank. Bank Kalbar Syariah Cabang Sambas in measuring risk by using:

- a) Financial analysis, financial analysis is used to provide important information for making decisions. How to analyze its finances is by the way : the calculation of finance capital and see the ability of customers to pay in installments.
- b) Character analysis, the way Bank Kalbar Syariah, Sambas Branch analyzes the character of the customer by looking at the way the customer provides information to the bank, the customer's view of the importance of a commitment, the customer's reputation in fulfilling its commitments.

- c) Management analysis, this analysis is to see how the managerial ability of a prospective customer in managing his business, whether the business is developing or progressing.

### 3 Monitoring risk

Stages of risk monitoring is done by way of evaluating the risk assessment carried out by the bank, in this risk monitoring stage Sharia Bank Kalbar Branch Sambas directly monitor nasabah effort by going to place of business or residence of the customer and ensuring the customer's latest financial condition , monitoring compliance with the financing agreement. This monitoring can be done once every 6 months, once every 3 months or it can also be by telephone.

### 4 Control of risk

After performing steps above Bank Kalbar Sharia Branch Sambas conduct risk control by way of reporting any irregularities that occur rapidly for the purposes of corrective action, so that deviations can be immediately corrected. One way to control risk is by way of repayment schedule policies.

### **b . The occurrence Risk**

Customer ineffectiveness in paying principal installments and profit sharing or financing profit margin has resulted in the collectibility of financing which consists of several categories, in managing the collectability of financing of Bank Kalbar Syariah, Sambas Branch consists of several categories including:

Table 3.1

Collectability of financing for Bank Kalbar Syariah, Sambas Branch

No.	Category	Information
1	Smooth	Number of arrears 0
2	Special mention	The number of days overdue is 1-90 days
3	Not that smooth	The number of days in arrears is 90-180 days
4	Traffic jam	180-270 days in arrears

Source: Bank Kalbar Syariah, Sambas Branch



The following is the way for Bank Kalbar Syariah, Sambas Branch to control problematic financing, if the customer is already in the category of special concern, Bank Kalbar Syariah, Sambas Branch will provide a warning letter for late payment to customers (SP1, SP2 and SP3). To repair and save financing that has been or is currently in the problematic category, is as follows : 73

1) Rearrangement

This rearrangement is specifically for customers in the category of special attention or customers who are in arrears of 1-90 days but still have the ability to return their funds and their business prospects are good, so Bank Kalbar Syariah, Sambas Branch, chose the rearrangement action to increase customer funds to increase customer business and refund. This action can change the contract between the bank and the customer due to an increase in the amount of funds and guarantees.

2) Rescheduling

Rescheduling is carried out for customers who are unable to pay installments that are included in the substandard category or are in arrears 90-180 days, but still have the ability to return funds and financing and their business potential is still large, the actions taken by Bank Kalbar Syariah, Sambas Branch are to provide an extension of the time to pay off financing, this rescheduling is only for customers who have a good intention to return their financing funds and are kind and honest.

3) Take over the collateral or guarantee

Taking over this collateral is carried out to customers who are unable to pay installments that are included in the bad category or who are in arrears 180-270 days, which is then auctioned off by the bank if there is an excess, the remaining money will be returned to the customer.

In general, Bank Kalbar Syariah Sambas Branch has implemented micro- financing risk management in accordance with Bank Indonesia Regulation Number 23/13 / PBI / 2011, namely by using the 6C principle when providing financing, classifying problematic customers in the Current category, with special mention, substandard. and stuck with this category, the bank can manage risk management according to their respective categories, namely for the category of special concern Bank Kalbar Syariah, Sambas Branch manages and fixes it by rearranging it, for the

substandard category, Bank Kalbar Syariah, Sambas Branch manages and improves it by how to reschedule, and for the category of non-performing loans, Bank Kalbar Syariah, Sambas Branch, chose to take over collateral or collateral. Bank Kalbar Syariah Branch has been running it effectively because based on the results of interviews from 2017 to date (2019) problematic microfinance at the Sambas Branch of Bank Kalbar Syariah has decreased due to the implementation of effective management so that it can quickly manage the risks that arise.

## 2. Types of risks often faced in channeling microfinance at Bank Kalbar Syariah Branch.

There are several types of risk in Islamic banking, including Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Reputation Risk and Compliance Risk, while the risk most often faced by Bank Kalbar Syraiah, Sambas Branch is credit risk. , market risk, operational risk .

In the branch of the Sambas syariah bank Kalbar, this type of credit risk often occurs because customers have problems in carrying out their obligations to pay to the bank. This risk is by way of analyzing method 6 C, documentation, monitoring. Next is market risk, at Bank Kalbar Syariah, Sambas Branch, this type of risk occurs due to changes in collateral price, currency exchange rates so that the value of assets owned by the bank decreases. These risks dihap with a way to measure the potential losses due to the currency exchange rate.

Apart from that , operational risk, at Bank Kalbar Syariah, Sambas Branch, this type of risk occurs due to a failure in internal processes, problematic systems, and external factors . These risks are faced with how to monitor the risks of risk through a web-based system and implement a risk management information technology.

The factors that cause non-performing financing at Bank Kalbar Syariah, Sambas Branch, include:

### a. Internal factors:

- 1) Inaccurate financing analysis.
  - 2) Lack of supervision.
- ### b. External factors
- 1) The customer misuses the funds given.

- 2) The customer is less able to manage his business.
- 3) The customer is not honest or has broken promises.
- 4) An unstable economic condition of the customer which affects the customer's ability to pay installments.

The impact of the risk experienced by microfinance is a loss caused by disbursement of financing that is experiencing problems, namely bank capital that cannot be returned partly or completely by customers due to customers who delay installments, or fraud in the financing process. This can have an impact on the balance of profits of Bank Kalbar Syariah, Sambas Branch, and can lead to Non-Performance Financing.

### 3. Supporting factors and obstacles to the settlement of microfinance risks .

Based on the research results that have been presented in the data exposure, the supporting factors for risk settlement at Bank Kalbar Syariah, Sambas Branch are the bank collaborating with the insurance company by insuring collateral or customer guarantees, while the inhibiting factors are customers who are dishonest or broken promises and system disruption in bank.

## **CONCLUSION**

After conducting research and discussion by comparing theory with practice, it can be concluded that:

1. Bank Kalbar Syariah, Sambas Branch, in minimizing the risk that occurs, the bank has implemented financing risk management in accordance with PBI No. 23/13 / PBI / 2011, the bank implements two risk management processes, namely before risk and after risk. Before the risk exists, the bank performs risk identification, risk measurement, risk monitoring, and risk control, while what is done after the risk is realignment, rescheduling, and taking over collateral, and running it effectively and efficiently.
2. The types of risk that are often faced by the Sambas Branch of the Kalbar Syariah bank are credit risk, market risk , and operational risk. Risk Credit risk is caused by the failure of customers to pay their obligations to the bank, market risk is the risk that result from changes in currency exchange rates

and the change of the price of the collateral pledged as collateral from customers.

3. The supporting actors for the settlement of microfinance risks at Bank Kalbar Syariah, Sambas Branch are working with the insurance company and insuring collateral or guarantees from customers to the insurance company and the inhibiting factor is a disruption in the bank information system due to network disruptions or system errors caused by humans themselves or Human Error.

The suggestions that researchers can give to the Sambas Branch of Bank Kalbar Syariah are:

1. The bank conducts a briefing or dissemination of the importance of risk management in providing micro financing, the bank knows more in detail what the customer's business is and what the funds are used for, and applies the principle of providing financing, namely 6 C ( *character, capacity, collateral, capital conditions and constraints* ) effectively.
2. The bank in facing this type of risk must be managed quickly so as not to cause losses to the bank and so as not to cause other types of risks.
3. The bank in carrying out risk settlement pays more attention to the existing system in the bank and the management must always supervise the employee's performance.

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