

**SHARIA FINANCING EFFECTIVENESS FOR SMALL AND MEDIUM BUSINESS CASE
STUDIES SHARIA BANK "X" EVIDENCE FROM INDONESIA**

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Abstract

To alleviate the poverty of the government and make some programs to improve the welfare of the community, the government seeks to get support from various parties. One of the most competent businesses to succeed in poverty alleviation programs is the programs / products of Bank Syariah. Syariah Banking has product / financing program for prosperous and prosperous segment which is expected to help solve the problem in alleviating poverty. In Indonesia, the growth of Bank Syariah is very rapid, this is proven by the segment for micro and small business which is very promising. Therefore, it needs to be analyzed to see how effectiveness of giving sharia financing to customers who run small and medium enterprises to improve the welfare of the poor.

Keywords: Shariah Financing, Immediate and Small and Medium Micro Enterprise Improvement.

I. INTRODUCTION

Sharia Bank as a financial institution that operates on the basis of Islamic principles, has a mission and vision not only to pursue profit, but also has a social function to improve welfare in accordance with Islamic principles. In providing financing to customers, sharia banks impose a ban on financing for types of business that contradict sharia principles and applicable legal regulations that are included in the negative list covering moneylender, gambling business, trading business with debt bondage system, liquor trading business, trading business pigs or raising pigs, dog meat trade, frog trading business for consumption including condo breeding, snake trade, culture, lizards for food, prostitution and entertainment for adults, and cigarette sales.

Sharia Bank is a Sharia Financial Institution. (LKS) that legitimate in accordance with Islamic law obey the signs in managing Islamic financial institutions include the following:

- a). Keep away from the elements of usury.
- b). Implementing a buying and selling system.
- c). Implement a profit-sharing system.

There is a classification of micro and medium enterprise financing cycles that is the initial funding cycle for newly proposed first-time financing businesses that already have businesses or those who are willing to work, an advanced financing cycle for businesses that have met the criteria to obtain an increase in the maximum financing amount of 100% of the financing beginning, the cycle of increase in working capital for further financing that requires higher working capital from early and advanced cycles with initial and advanced financing conditions already completed or paid off.

To apply the concept of prudence in order to provide financing in accordance with its objectives, it requires accurate monitoring in order to avoid bad loans. This monitoring is to obtain information on the use of financing for the purpose of its business or not to use in accordance with its original purpose. Should there be no changes to its business, it will obtain an advanced cycle facility and facilities to increase working capital and other additional facilities.

Based on the above background, this research will focus on the effectiveness analysis of syariah financing to the continuity and improvement of micro and small business of customers.

II. PROBLEM FORMULATION

Based on the identification then formulated the following questions:

- Sharia financing received by customers who run small and medium enterprises can effectively improve their business?
- Will customers who run micro and small enterprises can improve their business continuity?

III. LITERATURE LIBRARY

The growth of small and medium micro enterprises that are not balanced with the maximum quality of education must be of special interest. Therefore, legal protection for small and medium enterprises is needed to optimize their business, especially considering that the ASEAN Economic Community (MEA) needs engineering.

The government must be consistent and committed to encouraging the enhancement of the competitiveness of small and medium-sized national enterprises in the midst of continuing strong global economic integration. Small and medium-sized micro businesses continue to be directed to strengthen human resource capacity, market and technology domination. So as to compete in the global market and become Indonesia's flagship in the international world.

Micro Small Business (MSME) has two functions in the economic development of the country. According to Marzuki Usman in micro function there are two roles, namely as inventor (innovator) and as planner (planner). Meanwhile, if viewed in macro, entrepreneurial economy has an important role in the development of a nation, as initiators, drivers, controllers, and spur the development of a socio-economic country. Of the two functions, then we can conclude some benefits of micro small and medium enterprises (MSMEs) as follows;

- **Financial freedom**

Sometimes financial benefits are not the main motivation to conduct business activities, but can not be denied financial benefits become an important factor for business survival and growth as well as a special attraction someone plunge into the business world.

- **Ability to control your self**

The journey during the process of establishing business activities to succeed requires a long enough work with sufficient risk. With the passage of time as well as good or bad experiences, long-term success and failure will shape a person's ability to exercise control over what will be done and what has been done and the ability in self-employment.

- **Make changes in your own redirects**

The high chance of life, the rapid change of life encourages many entrepreneurs to try to do business to simply measure their own abilities and explore the untapped potential, the demands of life as well as the opportunity to make changes in their lives to achieve a better life.

- **Worship and acquire the recognition of business**

Actualization of self or indirectly get recognition of his ability. Entrepreneurship is an integral part of the surrounding environment even in a wider range. In the present and future entrepreneurial obligations cannot be separated from ethical behavior and social responsibility as a part of business life.

- **Resilient**

Entrepreneurs have the ability to survive. Evident in the past crisis, small businesses still survive and able to help move the nation's economy. The resilience of this small business is in line with the entrepreneur character attached to the business owner.

- **Morefocus on consumers**

Small businesses are usually more focused in serving consumers. They know who A's is, who B's customers are. Because getting to know customers better, making a small business is also able to serve them more optimally.

- **Adaptable**

Since it is not long-hierarchy like big business, small businesses have adaptive capabilities that a changing market, can be quickly sniffed and harmonized with their business. New innovations, however small, usually appear in these conditions.

- **Participate mobility society**

Can absorb jobs until it moves the economy around, small business plays an important role. This type of business becomes the motor of economic growth in its environment.

- **Innovation**

Innovation is done in product development, marketing, or internal aspects. Innovation is also easier to do than in big businesses that usually have complex organizational structures and work processes.

- **Flexible**

Be able to adjust to the current condition. The flexibility of this small business that makes it able to survive in business competition.

- **Freedom**

Free to manage how his business strategy, free to take the best decision for his business, and accompanied by responsibility to bear all the risks.

IV. RESULT AND DISCUSSION

a. Bank Syariah X financing facilities include:

1. Initial Financing

Initial financing is offered to new prospective customers with the first cycle. Initial financing can be given to customers who already have business or who want to try. Treatment for customers who already have business with those who want to try to be differentiates the amount of financing.

2. Advanced Financing

Further financing provided to qualified customers may obtain a maximum financing increase of 100% from the previous financing (the advanced financing value up to 2 (two) previous financing ceiling in accordance with the applicable financing ceiling terms), and granted after the initial financing has been completed / paid off.

To provide advanced financing there are categories to measure pay discipline and use of money of solidarity to pay installments.

For customers with category D, cannot continue the next financing cycle or do not get further financing. Based on customer category to be the size to provide maximum financing ceiling.

3. Financing the increase of working capital

Working capital expansion financing is a further financing to customers for larger working capital needs from initial and advanced financing. To obtain financing of working capital increase, it must be in initial or advanced financing condition already paid off and in category A and B. The minimum amount of financing that can be obtained for the increase of working capital is Rp. 10.000.000, - (ten million rupiah and maximum IDR 30.000.000, - (thirty million rupiah) with a period of one year or two years.

4. Additional Financing

Additional financing is an additional working capital facility provided to the customer at any time before the financing is completed / paid off. This facility is provided based on the needs by looking at the ability to pay customers and may be able to obtain other facilities if the customer has enough ability to pay.

Customer requirements for additional financing after first 6 (six) months of financing are recommended under Category A, B and C. For customers with category D can not obtain additional working capital facilities. The minimum financing is Rp 500,000, - (five hundred thousand rupiah) and a maximum of 50% of the initial ceiling for a period of 6 (six) months or 12 (twelve) installments.

b. Effectiveness of Provision of Financing Against Sustainability And Business Improvement

To determine the effectiveness of the provision of financing, then the aspects used are targets and realizations that have been achieved. Target of financing based on Sharia Bank X data with the following details for the target for 43 months from April 2012 to July 2015 amounted to Rp. 4.553.250.293, - with realization of Rp. 3.706.435.927, - or achievement of 81.4%, while for details for monthly target for 43 months from April 2012 to July 2015 amounted to Rp. 641,120.00 with realization of Rp. 711.000.000 or achievement of 110%.

The effectiveness criteria of financing are as follows: > 100% Very Effective 90 - 100% Effective, 80 - 90% Quite Effective, 60 - 80% Less Effective, > 60 Not Effective Source: Decree of the Minister of Home Affairs. 690.900-327 in 1996

Based on these calculations, the effectiveness for financing small and medium-sized micro enterprises over a period of 43 (forty-three) months from April 2012 to July 2015 for yearly calculations is quite effective, while for monthly calculations is very effective.

Meanwhile, to determine the continuity and improve their business can be determined through the category of centers that have been formed, many of which show the business group experiencing the development and progress of the business and in accordance with the purpose of financing. The following Category Sentra April 2012 - July 2015: Centra category A of 25 centers, central B as much as 81 centers, Category central C as much as 10 centers, Category center D as much as 3 centers.

From the data shows that every center that get financing for small and medium micro businesses right on target and can be optimally in accordance with the purpose of the business. Centers that have categories A, B and C can manage small and medium business groups can grow as expected and the timeliness to pay by customers in accordance with applicable regulations. Centers with categories A, B and C will get advanced financing or gain additional capital so that each customer gets a chance to increase his business, while for category D will not get a chance to be given financing. From 119 centers there are 522 groups / groups of people

c. The level of health financing

Clients who can pay the right installment indicate an increase and business continuity can be achieved very effectively. Below is the data that describes the amount of financing realized, the amount of financing smoothly. The amount of non-performing financing, the number of customers and the number of customers experiencing congestion for a period of 43 months.

Rate of Financing and Customer April 2012 - July 2015 as follows: Amount of Financing Realized Rp. 3.706.435.927, Amount of Current Financing Rp. 3.699.946.408, Total Financing Loss Rp. 6.489.519, Number of Customers 1,543, Number of Customer Loss number of customers 3 people.

In review of the health level of financing for small and medium-sized micro enterprises showed very good health level. This is certainly influenced by the method of monitoring performed by bank syariah to customers for small and medium enterprises is very tight, and this financing is

provided by minimizing the risk of bad financing. To ensure the use of financing in accordance with the objectives in accordance with the planning of the monitoring business.

Business monitoring is conducted for all customers, both new and advanced customers after disbursement of financing is provided. This monitoring is for the purpose of obtaining customer information to distort the use of financing or not, so as to prevent customers from distorting the use of undue financing. For customers who have obtained additional facilities for business repairs, monitoring is done to compare home conditions as a place of business customers before and after.

V. CONCLUSIONS

Based on the analysis and interpretation of data of Islamic financing for the survival and improvement of micro small and medium enterprises that have been done, can be concluded very effective. In the period of 43 (forty-three) months from April 2012 to July 2015 the target for the financing given amounted to Rp. 4.553.250.293, - can be realized disbursement of Rp. 3.706.435.927, - or achievement of 81.4% per year. As for the monthly target for 43 months from April 2012 to July 2015 amounting to Rp. 641.120.00, - can be realized disbursement of Rp. 711.000.000 or 110% achievement.

As for the level of financing experiencing very low congestion, so this is very guarantee for improvement and continuity of small and medium micro enterprises. The amount of Financing realized amounted to Rp. 3,706,435,927 which suffered bad financing amounting to Rp. 6.489.519, resulting in smooth financing of Rp. 3,699,946,408. For customers who have stalled as much as 3 out of 1,543 customers for a period of 43 (forty-three) months from April 2012 to July 2015.

To optimize sharia financing, it is necessary to monitor continuously to monitor the development of small and medium enterprises continuously. Increasing human resources for small and medium enterprises is urgently needed to equip knowledge and broad insight, so that micro and small business actors are ready to compete in the global economy.

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