

ANALYSIS OF FINANCING MODELS IN THE NEW NORMAL ERA (CASE STUDY OF ISLAMIC BANKS)

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Abstract: This study aims to determine how Islamic financial institutions channel their funds to society in the new normal era. One of the functions of Islamic financial institutions is to channel funds to the public. During the spread of the Covid 19 virus, the process of channeling funds was carried out by Islamic financial institutions of course it has high barriers, when the economy is currently experiencing a significant decline. This can be seen from the number of people affected by layoffs, not only that, the people's purchasing power during the spread of Covid 19 also decreased. Therefore, here the researcher wants to do research on the models used by financial institutions in channeling funds. This type of research is descriptive qualitative research, where the researcher will describe the phenomena that occur in the field.

Keywords: *Financing, Islamic Financial Institutions, New Normal*

Introduction

A financial institution is an institution, which has a function in collecting and distributing funds to the public. In raising funds, usually financial institutions have products that provide productive financing to be used as consumptive, and this financing does not develop, while productive financing, the funds provided for capital for business development or opening a business. If we examine this financing, of course there are several risks that must be faced by financial institutions, be it economic risks in a country, or internal risks from its people or customers. Although there are two principles of financial institutions in Indonesia, namely the principle of interest and profit sharing, which dominate financial institutions, the main task or main function of these financial institutions is of course the same function, namely collecting and channeling funds to the public. To that end, the two banks are both able to collect in the form of savings, and channel funds in the form of financing (Rahman, 2020). Of course, this financing is usually divided into two more parts, namely productive financing and consumptive financing. Before distributing funds, banks also usually analyze what the customer has, and how the character of the customer who wants to make financing. For example, a customer submits financing to the bank, the bank will analyze the character of that person, the bank will also look for information about customers in financing at other banks, and the bank will also analyze what the customers collateral in financing. Therefore, to carry out a financing analysis at a bank, it will take up to one or two months, because they will be looking for customer relationship information at other banks.

In analyzing financing carried out by financial institutions, of course banks or financial institutions must also analyze the benefits or risks that will occur, if the bank

provides financing to customers (Sjahdeini, 2014). There are several risks that need to be considered by banks, both Islamic banks and conventional banks in distributing financing, the *first*. Political risk, this risk, of course, must be seen by the bank, when providing financing by customers. If the finance is used for politics, then the bank has to rethink and analyze how the customer can return the money. *Second*, the risk of the nature of the business. Each business / business has different types and levels of risk. Therefore, banks must be able to understand the debtor's business activities, so that they can carry out risk mitigation to ensure that the financing facilities provided to debtors can run smoothly. *Third*. Geographical risk. This risk arises because of natural factors, environment, and business location. *Fourth*, competition risk. Banks must pay attention to how competitive the debtor's business is in the market share it enters and the concentration of financing in a business segment related to bank competition in the distribution of financing. *Fifth*. Risk of business uncertainty. Accuracy in analyzing and projecting the debtor's business conditions, whether it is in the stages of start-up, *growth*, *maturity*, or *decline*. *Sixth*. Inflation Risk. As a result of value of money or the value of money that is calculated in the activity of channeling financing, or the *cost of fund / money of borrowing* (Pradesyah & Nur, 2020). The risks like these must be analyzed by banks, when they provide financing by customers. So if this can be overcome by the financial institution or the bank itself, the bank will be able to provide financing that is made or proposed by the bank.

Before the bank provides financing or distributes financing to the public, the bank must first analyze the customers that the bank wants to provide financing. Then after that, the bank must also analyze the risks that occur to the bank, if the bank provides such financing to customers. So in this case, the bank must analyze the advantages and disadvantages of the bank, when the bank will provide financing to customers. In this case, the bank must analyze what will happen to the customer, and what will happen by the bank, when the financing is provided by the bank. Therefore, the financing provided by banks to customers takes a long time, because banks also have to see or analyze the risks that occur between the two parties (Pradesyah, Analysis of the Development of Contracts at Sharia Banks, 2018).

Financing is a very important thing in financial institutions, where financing has a main function. The existence of financing, of course, will increase the income of existing companies or financial institutions. Therefore, usually financial institutions will provide financing to the public, be it productive financing or consumptive financing (Soemitra, 2009). And the two types of financing, of course, will increase the profits of existing financial institutions, but financial institutions must also investigate before providing financing to the public. In this new Normal era, financing must also be carried out, in order to continue to operationalize existing funds in financial institutions. So, even though the current state of Indonesian society is still concerned about the impact of the Covid 19 virus, Islamic financial institutions must also continue to provide or channel financing to the public.

Literature Review

Financing is a funding made to a person, institution, or group. In order to establish a business, or a bank with customers who support the planned and agreed investment. In this case, financing can be done in the form of business capital, or in other words it can be said with money, goods, or a place that will later be used for a business activity. Financing is also

one of the main duties of a bank, namely providing facilities for the provision of funds to meet the needs of parties who are deficit units (Antoni, 2001) .

Meanwhile, financing according to banking law number 10 of 1998 Financing is the provision of money or an equivalent bill, based on an agreement or agreement between requiring customers to return the money or bill after a certain period of time with a reward or profit sharing (Kasmir, 2005). .

From some of the definitions above, we can conclude that what is meant by financing is a funding provided to a bank, institution, or individual, in order to facilitate a business or a party in need, such as a customer, by using an agreement that has been agreed between the two parties. party.

The provision of funding to conventional banks and Islamic banks is very different. We can see from the control of funds that have been provided by conventional banks and Islamic banks. If a conventional bank does not monitor the funds that have been given to customers. Then the Islamic bank, will monitor the funds that have been given to the customer. If it is true that these funds will be used for business, then the Islamic bank will continue to supervise and provide training to the entrepreneur in order to improve or develop the business that is being run.

A contract is an agreement in an agreement between two or more parties to do and or not to take certain legal actions (Mardani, 2012) . In Islamic financial institutions such as Islamic banking, the contract is not something foreign to Islamic bank customers who often make transactions. Usually, the contract is used in various matters relating to transactions in Islamic banking or Islamic financial institutions.

Financing is the provision or borrowing of capital provided by financial institutions to the public. This financing is one of the functions of financial institutions. In financing, financial institutions provide or lend funds to the community, then the community manages the financing, or uses the financing for community needs. In providing financing, usually financial institutions will make observations related to what has been stated in a report that customers provide to financial institutions (Putong & ND Anjaswati, 2008). After that, the financial institution will provide financing to the customer. For this reason, financing within financial institutions, both Islamic financial institutions and conventional financial institutions, is mandatory. If the financial institution does not carry out the financing, the financial institution or bank will be sanctioned by Bank Indonesia. Financing issued by the bank, can help the community, in developing a business or development in the agricultural sector. The financing provided is usually productive, because the financing can generate income. But if the financing is used to buy something that can be enjoyed by yourself, and does not produce anything, then the financing can be said to be consumptive financing. Where in consumptive financing, financing is provided to finance something that cannot produce, such as motor vehicle financing and housing finance.

Consumptive financing and productive financing are among the products in existing financing in financial institutions, be they conventional financial institutions or Islamic financial institutions (Bahanuddin, 2012). Although both are the same in terms of products, in terms of providing or financing analysis, of course they are different, even though the analysis used is almost the same, it's just that Islamic financial institutions analyze the requirements of financing itself. In analyzing the kesyariahan, the bank or financial institution looks at the financing that will be used by the customer, whether the fund is to finance a business that is lawful or haram. This analysis is what distinguishes the existing financing separation in Islamic financial institutions from conventional financial institutions.

If we examine more deeply about the financing provided by banks or financial institutions, then we will be faced with honesty. Before submitting financing, usually the customer provides a proposal in the financing, starting from the reasons for applying for financing, to the estimation of funds submitted by the customer by the bank. From here the bank or financial institution can analyze whether the customer applying for the financing is honest or not. In financing made by Islamic banks, customers who apply must be honest, if the customer is not honest, then the syaruah bank or Islamic financial institution does not hesitate not to give or approve the financing. This is because financing issued by Islamic financial institutions will later be managed by customers. In this agreement, the profits and losses must be divided according to the agreement (Muhammad, 2014). So, if later the customer lies with the results obtained, the bank will continue to get losses from the customer. For this reason, replenishment made by the bank also concerns the honesty of a customer, in order to maintain the smoothness of payments and the agreed profit sharing.

Financing carried out or provided by Islamic financial institutions is indeed very difficult, because Islamic financial institutions must also look at their customers when they want to issue existing financing (Nanda, 2014). Because, in financing carried out by Islamic banks, financing is based on honesty, between the owners of capital, with management. Although there is supervision carried out by Islamic banks, against customers who are given funds, there is a possibility that the customer is not cheating. For this reason, the supervision carried out by Islamic financial institutions is tighter than conventional banks. Therefore, the provision of financing carried out by Islamic banks is very selective, because they have to look at the nature of the customer itself, and analyze the financing management itself.

So it can be concluded that the financing provided by Islamic banks is very selective, because Islamic financial institutions must see the honesty and the halalness of the business that will be developed or established by customers. In addition, in productive financing issued by Islamic banks, using a mudharabah contract, profits and losses are shared. On this basis, the provision of financing carried out by Islamic financial institutions is very selective in making decisions in financing.

To cooperate with Islamic banks, we are usually presented with several contracts that are often used in transactions or in collaborating. Whether it's in raising funds, or spending funds. The contracts used in channeling funds are:

a) *Al- Murabahah Akad* .

Akad murabaha is sakad selling on certain goods, which the seller said the purchase price of the goods to the buyer and then sold to the purchaser by requiring the expected profit corresponding certain amount (Ismail, 2014) .

Akad Murabaha , typically used in financing transactions, where banks as providers of goods desired by the customer, and the customers who buy it to the bank.

b) *Al- Istishna Akad*

Istishna is a contract of sale and purchase of goods between two parties based on orders from the other party, and the ordered goods will be produced according to the agreed specifications and sell them at a price and payment method that has been agreed in advance. *Istishna* is a sales contract between al-mustashni (buyer) and as-shani (producer who also acts as seller) (Ismail, 2014) .

c) Akad *Bai 'as- Salam*

Etymologically, greeting means preliminary, and muamalah is the sale of an item whose properties are stated as a condition of sale and purchase and the goods purchased are still under the seller's responsibility, where the condition is to prioritize payment at the time of the contract. *Bai'as-Salam* is a contract of sale and purchase of ordered goods between the buyer and seller with payment made in advance at the time of the contract and delivery of the goods at the end of the contract. The specifications of the ordered goods must be clear (Ismail, 2014) .

d) *Al- Mudharabah* Agreement

The *Al-Mudharabah* agreement is a financing contract between an Islamic bank as a shahibul mall and a customer as a *mudharib* or carrying out business activities, in which the Islamic bank provides 100% capital and the customer runs his business (Ismail, 2014) .

e) Akad *Musharaka*

Musyarakah is a business cooperation contract between two or more parties in running a business, in which each party includes capital in accordance with the agreement, the profit sharing of the joint venture is given in accordance with the contribution of funds or according to mutual agreement. (Ismail, 2014) .

Methods

The study is a qualitative research, in which researchers will obtain data from interviews to the object of researchers. The researcher will also present the results of the interview in narrative form, so that what has been wanted or expected can be realized. Data collection techniques are the most strategic step in research, because the main purpose of research is to get data. Without knowing the data collection techniques, researchers will not get data that meets the established data standards. The data collection techniques used in this study are:

1. Interview

The interview technique used in this research is to collect accurate data for the purposes of accurate data processing for the purposes of a particular problem-solving process, which is in accordance with the data. The search for data using this technique was carried out by means of verbal question and answer and face to face between one or several interviewees being interviewed. The interview technique of an interviewer must be able to create a conducive atmosphere, this technique is chosen so that the interview conducted focuses on the problem to be studied and does not come out of the topic being discussed. So that researchers can use the time that has been determined.

2. Library Research

By reading books, reference materials in the library that are closely related to existing financing contracts in Islamic financial institutions.

3. Documentation

Documentation is a data collection technique that is not directly shown to the research subject, but through documents is a written record whose contents are written records prepared by a person or institution for the purpose of examining an event, and are useful for data sources, evidence, natural information that are difficult to find, and open opportunities to further expand knowledge about something being investigated.

Data analysis is carried out by organizing data, describing it into units, synthesizing, compiling into patterns, choosing which ones are important and which will be studied and making conclusions that can be shared with others (Sugiono, 2016). Analysis in qualitative research is carried out when data collection takes place and after completing data collection within a certain period. At the time of the interview the researcher had conducted an analysis of the interviewee's answers. The data analysis process is as follows:

1. Analysis before the field

Qualitative research has conducted data analysis before researchers enter the field. The analysis was carried out on data from the results of preliminary studies, or secondary data used for research focus. However, the focus of this research is still temporary and will develop after researchers enter the field.

2. Field data analysis

Data analysis in qualitative research is carried out during data collection and after completing data collection within a certain period. The stages of data analysis in the field are as follows (Sugiono, 2016) :

- a. Data reduction is to summarize, select the main things, focus on important things to look for themes and patterns. Reduced data will provide a clearer picture and make it easier for researchers to collect further data.
- b. Presentation of data in qualitative research can be done in the form of brief descriptions, charts, relationships between *flowchart* categories and the like.
- c. Conclusion and verification, the initial conclusions put forward are still provisional and will be fruitful if there is no strong supporting evidence found at the next data collection stage. However, if the initial conclusions put forward are in accordance with the evidence that has been collected, then these conclusions are justifiable conclusions.

Results and Discussion

Financing is a major function that must be performed by financial institutions in Indonesia. The existence of financing, Islamic and non-Islamic financial institutions can develop their income. This means that the provision of financing by financial institutions can increase the profits of these financial institutions. Financing in sharia financial institutions is channeled based on sharia principles, ranging from productive financing to consumer financing. Consumptive financing generally uses a murabahah or buying and selling contract, while productive financing usually uses a mudharabah contract or profit sharing system.

The spread of the Covid 19 virus in Indonesia has disrupted all sectors in Indonesia, one of which is the economic sector. The large number of people who have lost their jobs is one of the things most often highlighted by the community, which has an impact on the economic downturn in Indonesia. This also leads to financial institutions, where financial institutions also feel a tremendous impact. This can be seen from the profits that exist in Islamic financial institutions, which have decreased during a pandemic like now. Therefore, the results of the researchers' interviews with Islamic financial institutions, that the distribution of financing in Islamic financial institutions is still carried out, but Islamic financial institutions will be strict or more careful in providing financing to the public.

Before distributing or providing financing to the public, Islamic financial institutions must first survey what are the conditions for obtaining financing. Meaning, Islamic financial institutions will strictly assess the guarantees and business feasibility that the community wants to do. This is done to analyze the business feasibility and outreach, as well as the strength of the business in a pandemic like this time. This financing scheme is an old scheme, it's just that this scheme is tighter in distribution, as well as the feasibility of the business that will be run by the community.

To get financing, people still use the usual system, apply to banks, use health protocols, wear masks and so on. Then the bank will analyze the feasibility of the proposal submitted by the customer, and analyze the feasibility of the collateral and the business owned by the community. If later declared feasible, the Islamic financial institution will contact the customer to make the disbursement, and of course, by signing a financing or contract that is understood by both parties.

Conclusion

From the results of the discussion that the researchers explained, that Islamic financial institutions continue to provide financing to the public, even though the pandemic of the Covid 19 virus is still spreading or breeding in Indonesia. The provision of funding is also still going through the same stages, starting from submission, analysis to disbursement. Financing or analysis carried out by sharia financial companies or institutions is quite strict, due to the fact that there are still many people who fail to pay during a pandemic like this, for that Islamic financial institutions still select strictly before providing financing to the public.

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