Justisia Ekonomika
Jurnal Magister Hukum Ekonomi Syariah
Vol 7, No 2 tahun 2023 hal 840-855
EISSN: 2614-865X PISSN: 2598-5043 Website: http://journal.um-surabaya.ac.id/index.php/JE/index

NON-PERFORMING FINANCING RISK ANALYSIS: AN ISLAMIC RURAL BANK DURING PANDEMIC COVID-19

Laurin Azwita[1], Rofiul Wahyudi[1,2]*
[1] Universitas Ahmad Dahlan
[2] Universitas Ahmad Dahlan Yogyakarta, P.hD Student Universiti Tun Hussein Onn Malaysia
e-mail: laurin1700032026@webmail.uad.ac.id[1], rofiul.wahyudi@pbs.uad.ac.id[2]

Abstract

One of the problems faced by BPR Syariah in distributing financing is the risk of default. This study aims to analyze the risk of non-performing financing during the Covid-19 pandemic at BPR Syariah BDW. This study uses a qualitative method with a case study approach. The research subjects focused on the head of the marketing department, account officer, and director of BPR Syariah BDW. This research was conducted for two months, from March to April 2021. Data collection used observation techniques, in-depth interviews, and documentation. The research findings show that BPR Syariah BDW during the COVID-19 pandemic has implemented appropriate steps in identifying, measuring, monitoring, and controlling some of the risks faced. Furthermore, BPR Syariah carries out effective internal control, starting from identification to evaluating types of risk.

Keywords: BPR Syariah, Covid-19, Non-Performing Financing Risk Analysis

A. INTRODUCTION

Banking intermediation is risk-prone, especially in financing[1]. Risk has dimensions such as uncertainty, potential losses, and opportunity costs, and the results obtained are not as desired[2]. In other words, the risk is a consequence of uncertainty that can give unexpected results and other harmful consequences for someone who makes decisions, and these risks cannot be avoided but can be anticipated.

[3]Ryandono & Wahyudi explained that financing is an essential thing for Islamic bank activities because it will obtain the primary source of income and business support for Islamic banks if financing management is carried out as well as possible. Financing is an activity with a high risk (high risk) because financing is

---

1 Rahayu, I. G., & Hendrianto. (2018). Mitigasi Risiko Pembiayaan Pada Bank Perkreditan Rakyat Syariah (BPRS) SAFIR Cabang Curup Kabupaten Rejang Lebong Ika. *Al Falah: Journal of Islamic Economics*, *3*(2), 2548–2343.

2 Novianti, D. (2019). Pengembangan Kerangka Manajemen Risiko pada Perbankan Syariah. *Jurnal Ilmu Syari'ah Dan Perbankan Islam*, *4*(1), 2598–8522.

3 M., Ryandono, H., & Wahyudi, R. (2018). *Manajemen Bank Islam: Pendekatan Syariah dan Praktik*. Yogyakarta: UAD Press.

the biggest asset for banks in their business activities.

Rahayu & Hendrianto argue[4] that banks must maintain quality in anticipating or controlling risk through the precautionary principle as stated in Article 2 of the Sharia Banking Law, where control is carried out based on the laws and regulations in force. The high risk is caused by the amount of financing disbursed by the bank. Therefore, banks must understand and analyze the risks that arise that can have a destructive impact on the bank itself. This risk control activity is called financing risk mitigation. Controlling financing risk is a big challenge for conventional and Islamic banks[5]. Risks must be recognized and appropriately managed because failure or error in managing risk will impact Non-Performing Financing. Cahyani[6] explained that designing risk management procedures is very necessary for business activities. Types of non-performing financing can be divided based on collectability, namely substandard, doubtful, and loss. The benefit of implementing risk management is that it includes the procedures and methods of risk management itself so that the activities or activities become manageable[7]. Control or mitigation of this financing risk can benefit the bank and the bank supervisory authority.

Coronavirus or COVID-19 is a pandemic decided by the World Health Organization, namely WHO, and was first confirmed on December 31, 2019, in Wuhan City, China, with more than 11 million people. Coronavirus has spread and infected various cities around the world in a short time. On May 1, 2020, it was confirmed that around 3,175,207 people had been infected with the Covid-19 outbreak. This global pandemic has resulted in worsening global economic activity[8].

Jaelani & Hanim's research[9] suggests that the rapid and widespread spread of the virus to various countries will affect the entire economy globally. Among the economic activities that have experienced the impact are Islamic banks[10]. In addition, the impact extends to the MSME sector, as found[11].

Several studies have been conducted

[4] Rahayu, I. G., & Hendrianto. (2018). Mitigasi Risiko Pembiayaan Pada Bank Perkreditan Rakyat Syariah (BPRS) SAFIR Cabang Curup Kabupaten Rejang Lebong Ika. *Al Falah: Journal of Islamic Economics*, *3*(2), 2548–2343.

[5] Akbar, F. (2020). Manajemen Risiko Dalam Perbankan Syariah (Pasar Layanan Keuangan Yang Berkembang). *Ekonomi, Keuangan, Investsi Dan Syariah (EKUITAS)*, *1*(2), 1–9.

[6] Cahyani, A. N. (2019). Strategi Pencegahan Pembiayaan Bermasalah Pada Bank Syariah: Bukti Di Indonesia. *Ekonomi Islam Indonesia*.

[7] Rahayu, I. G., & Hendrianto. (2018). Mitigasi Risiko Pembiayaan Pada Bank Perkreditan Rakyat Syariah (BPRS) SAFIR Cabang Curup Kabupaten Rejang Lebong Ika. *Al Falah: Journal of Islamic Economics*, *3*(2), 2548–2343.

[8] KNKS. (2020). *Impacts of the Covid-19 Outbreak on Islamic Finance in the OIC Country*. (S. E. Hidayat, M. O. Farooq, & E. A. Alim, Eds.). Jakarta.

[9] Jaelani, A., & Hanim, T. F. (2020). Sustainability of Public Finance During The COVID-19 Outbreaks in Indonesia. *Al-Amwal : Jurnal Ekonomi Dan Perbankan Syari'ah*, *12*(1), 109. https://doi.org/10.24235/amwal.v1i1.6557

[10] Azhari, A. R., & Wahyudi, R. (2020). Analisis Kinerja Perbankan Syariah di Indonesia : Studi Masa Pandemi Covid-19. *JESI (Jurnal Ekonomi Syariah Indonesia)*, *10*(2), 96–102. https://doi.org/10.21927/jesi.v10i2.1462

[11] Poudel, K., & Subedi, P. (2020). Impact of COVID-19 pandemic on socioeconomic and mental health aspects in Nepal. *International Journal of Social Psychiatry*, *66*(8), 748–755. https://doi.org/10.1177/0020764020942247. Bowles, J., Hjort, J., Melvin, T., & Werker, E. (2016). Ebola, Jobs and Economic Activity in Liberia. *Journal of Epidemiology and*

before on the risk of financing in the banking world, especially Islamic people's financing banks. Rahayu[12] analyzes the implemented risk prevention. Furthermore, a study conducted by Akbar[13] investigated the risks experienced by Islamic financial institutions in markets that are still in a developing context. The Primary Study[14] analyzes the application of risk management in Islamic Banking. This is different from the study conducted by Alhimnie & Septiarini[15] about the Analysis of Risk Mitigation Techniques for Islamic KPR Take Over Products. Cahyani's study[16] on the Strategy for Preventing Problem Financing in Islamic Banks in Indonesia. In addition, the study by Budiman et al[17] regarding Financing Risk and Its Determinants in Islamic Banking in Indonesia.

Most of the previous studies focused on the risk of Islamic banks in regular times. During the Covid-19 pandemic, there has not been much research on the condition of Islamic banks. Therefore, this study will fill the empirical gap. So, in the end, these findings will contribute to an overview of financing risks during the COVID-19 pandemic. In particular, this study investigates the financing risks at BPR Syariah Bangun Drajat Warga (BDW) DIY during the COVID-19 pandemic. BPR Syariah BDW is the oldest Islamic financial institution in Yogyakarta[18]. From its establishment in 1993 until now, BPR Syariah BDW Yogyakarta has survived and can keep up with the tough competition in the banking world. This is undoubtedly inseparable from proper, effective, and efficient risk management.

LITERATURE REVIEW

Non-Performing Financing Risk Management

Risk is something that is produced or realized that is not as planned[19]. Meanwhile, according to Fasa[20], a loss is

Community Health, *70*(3), 271–277. https://doi.org/10.1136/jech-2015-205959

12 Rahayu, I. G., & Hendrianto. (2018). Mitigasi Risiko Pembiayaan Pada Bank Perkreditan Rakyat Syariah (BPRS) SAFIR Cabang Curup Kabupaten Rejang Lebong Ika. *Al Falah: Journal of Islamic Economics*, *3*(2), 2548–2343.

13 Akbar, F. (2020). Manajemen Risiko Dalam Perbankan Syariah (Pasar Layanan Keuangan Yang Berkembang). *Ekonomi, Keuangan, Investsi Dan Syariah (EKUITAS)*, *1*(2), 1–9.

14 Wahyudi, R. (2020). Analisis Pengaruh CAR, NPF, FDR, BOPO dan Inflasi terhadap Profitabilitas Perbankan Syariah di Indonesia: Studi Masa Pandemi Covid-19. *At-Taqaddum*, *12*(1), 13. https://doi.org/10.21580/at.v12i1.6093

15 Alhimnie, F. A., & Septiarini, D. F. (2020). Analisis Teknik Mitigasi Risiko Produk Take Over Kpr Pada Bank Panin Dubai Syariah Cabang Surabaya. *Jurnal Ekonomi Syariah Teori Dan Terapan*, *7*(6), 1074. https://doi.org/10.20473/vol7iss20206pp1074-1090

16 Cahyani, A. N. (2019). Strategi Pencegahan Pembiayaan Bermasalah Pada Bank Syariah: Bukti Di Indonesia. *Ekonomi Islam Indonesia*.

17 Budiman, R., Achsani, N. A., & Ismal, R. (2018). Risiko Pembiayaan dan Determinannya pada Perbankan Syariah di Indonesia Risk of Finance and its Determinants at Sharia Banking in Indonesia. *Jurnal Aplikasi Manajemen Dan Bisnis*, *4*(1), 151–159.

18 Amelia, R. (2016). Penerapan Manajemen Risiko Pada Bank Pembiayaan Rakyat Syariah Bangun Drajat Warga (BPRS BDW) Yogyakarta. *Skripsi*.

19 Purnomo, J. H. (2017). Manajemen Resiko Pembiayaan Mudharabah pada Perbankan Syariah (Studi Kasus Bank Muamalat Cabang Surabaya). *Jurnal Studi Keislaman*, *7*(2).

20 Fasa, M. I. (2016). Manajemen Risiko Perbankan Syariah di Indonesia. *Jurnal Studi Ekonomi Dan Bisnis Islam*, *I*(2).

caused by a specific situation. In the context of banking, it is called the potential risk that harms capital and income for the bank, both predictable and unpredictable risks. Risk is often associated with losses caused by an event and cannot be predicted. Therefore the risk is uncertainty about events, which can result in losses[21].

According to Fikruddin & Mufid[22], risk management is a system intended for risk control to avoid losses. Meanwhile, according to Novianti[23], risk management is carried out not only to minimize a loss, but the Risk-Reward Equation also needs to be optimized, which means that a bank's profit is determined by whether or not the bank manages the risk. Risk management itself has a definition as a series of methods and steps that can measure, determine, observe, and control the risks that will arise from the business carried out by a bank[24].

The principles of risk management include effectiveness, integration, prudence, control, and independence[25]. In prudence, it has been seen that this is the most important principle in risk management for Islamic bank financing. Integrated and others are also used to make the process faster and easier. According to Khan & Ahmed[26], Islamic banking risks include financing, market, and liquidity risks. According to Firdaus[27] and Auliani & Syaichu[28], three elements cause non-performing financing in a bank, including creditor factors, external factors, and factors other than the two.

Covid-19 Pandemic

COVID-19 is a pandemic decided by the World Health Organization, namely the World Health Organization, and was first confirmed on December 31, 2019, in Wuhan City, China, with more than 11 million people. This global pandemic has resulted in worsening global economic activity[29].

The economic downturn caused by COVID-19 can increase economic instability, health inequality, and social inequality, which can significantly impact poverty. While the lockdown system has affected traders, especially people with small shops and those with limited income status, the poor and working days are more vulnerable to the impact of this pandemic[30]

21 Pusparini, E., & H.R, M. N. (2019). Upaya Mitigasi Risiko Pembiayaan pada KSPPS BMT Amanah Ummah Surabaya. *Ekonomi Syariah Teori Dan Terapan*, *6*(8), 1578–1593.

22 Fikruddin, T., & Mufid, F. (2015). Strategi Penanganan Risiko Pembiayaan Murabahah pada BMT Se Kabupaten Demak. *Jurnal Ekonomi Syariah*, *3*(2), 254–270.

23 Novianti, D. (2019). Pengembangan Kerangka Manajemen Risiko pada Perbankan Syariah. *Jurnal Ilmu Syari'ah Dan Perbankan Islam*, *4*(1), 2598–8522.

24 Solissa, D. N. (2017). Profit Equalization Reserve (PER) Sebagai Upaya Mitigasi Risiko Imbal Hasil Perbankan Syari'ah (Suatu Kajian dengan Pendekatan Maqasid asy-Syari'ah). *Jurnal Hukum Bisnis Dan Islam*, *9*(1), 1–22.

25 Iskandar, Nuruddin, A., & Siregar, S. (2017). Manajemen Resiko Pembiayaan pada Bank Syariah : Suatu Tinjauan Filsafati. *Al-Ulum*, *17*(1), 20–43.

26 Khan, T., & Ahmed, H. (2008). *Manajemen Risiko Lembaga keuangan Syariah*. Jakarta Timur: PT Bumi Aksara.

27 Firdaus, R. N. (2015). Pengaruh Faktor Internal Dan Eksternal Yang Mempempengaruhi Pembiayaan Bermasalah Pada Bank Umum Syariah Di Indonesia. *El Dinar*, *3*(1), 82–108. https://doi.org/10.18860/ed.v3i1.3339

28 Auliani, M. M., & Syaichu. (2016). Analisis Pengaruh Faktor Internal dan Faktor Eksternal Terhadap Tingkat Pembiayaan Bermasalah pada Bank Umum Syariah Di Indonesia Periode Tahun 2010-2014. *Diponegoro Journal of Management*, *5*(3), 1–14.

29 KNKS. (2020). *Impacts of the Covid-19 Outbreak on Islamic Finance in the OIC Country*. (S. E. Hidayat, M. O. Farooq, & E. A. Alim, Eds.). Jakarta.

30 Poudel, K., & Subedi, P. (2020). Impact of COVID-19 pandemic on socioeconomic and mental health aspects in Nepal. *International*

According to Jaelani & Hanim[31], the rapid and widespread spread of the virus to various countries would affect the entire economy globally. Since the impact of COVID-19 on the economy is unavoidable, world economic growth will be projected deeper, and the Indonesian economy.

The biggest challenge in 2020 is to prevent and stop the spread of the Covid-19 outbreak. Actions taken by various central banks include reducing bank capital buffers to finance rescheduling of financing and allowing for temporary delays in repayment of financing for customers affected by the economy from COVID-19[32]. They were anticipating that COVID-19 could potentially impact Islamic banks in several aspects[33]. Among them is profitability; the banking sector will experience a drastic decline in revenue—furthermore, Fee-based income, a step that can reduce assets managed in the asset management division. Asset quality, it is likely that delays in loan payments will have a positive impact. Lastly, liquidity, and doubling liquidity support funds are most likely for the banking industry, including Islamic financial institutions, to increase their financing capacity, contributing to economic growth.

Many studies on the risk of Islamic bank financing have been carried out such as Mulyani[34], Djalil & Munir[35], Subaidi & Ihsan[36]; Yulianti et al[37]. ; Ubaidillah[38]; Solissa[39]; Usnan[40] ; Sharif et al[41]; Wibowo[42] ; Wandayanik[43].

Ubaidillah & Syah Aji[44] explore and study the Al-Quran Surah Al-Baqarah

Journal of Social Psychiatry, *66*(8), 748–755. https://doi.org/10.1177/0020764020942247.

31 Jaelani, A., & Hanim, T. F. (2020). Sustainability of Public Finance During The COVID-19 Outbreaks in Indonesia. *Al-Amwal : Jurnal Ekonomi Dan Perbankan Syari'ah*, *12*(1), 109. https://doi.org/10.24235/amwal.v1i1.6557

32 KNKS. (2020). *Impacts of the Covid-19 Outbreak on Islamic Finance in the OIC Country*. (S. E. Hidayat, M. O. Farooq, & E. A. Alim, Eds.). Jakarta.

33 IBID

34 Mulyani, S. (2020). Analisis Manajemen Pembiayaan pada Bank Syariah (Studi Kasus pada PT. Bank Syari'ah Mandiri, Tbk). *An-Nisbah: Jurnal Perbankan Syariah*, *1*(2).

35 Djalil, N. A., & Munir, A. (2019). Manajemen Risiko Pembiayaan Murabahah Pada Baitul Maal Wat Tamwil (BMT). *Al-Azhar Journal of Islamic Economics*, *1*(1). https://doi.org/10.37146/ajie.v1i1.11

36 Subaidi, & Ihsan, I. (2019). Penerapan Manajemen Risiko Pembiayaan di BMT Maslahah, Cabang Pembantu Olean Situbondo. *Istidlal: Jurnal Ekonomi Dan Hukum Islam*, *3*(2). https://doi.org/10.35316/istidlal.v3i2.154

37 Yulianti, R. T., Bustami, A., Atiqoh, N., & Anjellah, R. (2018). Studi Komparasi Penerapan Manajemen Risiko Produk Pembiayaan Di Lembaga Keuangan Mikro Syariah. *Jurnal Syarikah : Jurnal Ekonomi Islam*, *4*(1). https://doi.org/10.30997/jsei.v4i1.1060

38 Ubaidillah. (2018). Analisis Manajemen Risiko Pembiayaan Mudharabah. *Jurnal Studi Keislaman*, *6*(2), 40–56.

39 Solissa, D. N. (2017). Profit Equalization Reserve (PER) Sebagai Upaya Mitigasi Risiko Imbal Hasil Perbankan Syari'ah (Suatu Kajian dengan Pendekatan Maqasid asy-Syari'ah). *Jurnal Hukum Bisnis Dan Islam*, *9*(1), 1–22.

40 Usnan. (2016). Manajemen Risiko Pembiayaan pada Lembaga Keuangan Mikro Syariah. *Jurnal Pemikiran Dan Studi Islam*, *1*(1), 88–100.

41 Sharif, A., Irwanto, A. K., & Maulana, T. N. A. (2015). Strategi Optimasi Sistem Manajemen Risiko Pembiayaan pada Bank Jabar Banten Syariah. *MANAJEMEN IKM: Jurnal Manajemen Pengembangan Industri Kecil Menengah*, *10*(2), 143–150. https://doi.org/10.29244/mikm.10.2.143-150

42 Wibowo, E. (2015). Manajemen Risiko Pembiayaan Murabahah di BMT Amanah Ummah. *Al Tijarah*, *1*(2), 115–133. https://doi.org/10.21111/tijarah.v1i2.951

43 Wandayanik, R. (2015). Implementasi Manajemen Risiko Pembiayaan Murabahah di Bank BNI Syariah Kantor Cabang Pembantu Mojokerto. *Journal of Islamic Economics and Business (JIEB)*, *05*(01), 963–979.

44 Ubaidillah, M., & Syah Aji, R. H. (2020). Tinjauan Atas Implementasi Perpanjangan Masa Angsuran Untuk Pembiayaan Di Bank Syariah Pada Situasi Pandemi Covid-19. *Islamic Banking : Jurnal Pemikiran Dan Pengembangan*

verse 280 regarding the provision of restructuring in financing or credit to debtors who have been affected during the COVID-19 pandemic. The results of this study indicate that Al-Quran Surah Al-Baqarah verse 280 conveys a way out for creditors and provides concessions for debtors affected by COVID-19. This paragraph also describes Indonesia's regulations, namely Law Number 2 of 2020 and POJK Number 11/POJK.03/2020. These two regulations are used as the basis for providing financing and credit restructuring to banks.

Research by Samsuri[45] aims to show empirically the management applied to minimize losses that occur in distributing mudharabah financing at the Pamekasan Sharia Credit Bank (BPRS) Bhakti Sumekar Pamekasan. The method used is comparative-explorative descriptive. The results of this study state that the Pamekasan Islamic Credit Bank performs a risk measurement system, namely measuring the risk of the project to be financed, looking at the company's internal conditions. The supervisory system carried out by the Pamekasan Sharia Credit Bank is through on-desk monitoring and on-site monitoring.

Riduwan's[46] study investigates the level of financing risk based on contracts. The results of the study explain that based on the analysis of the level of NPF based on contracts, comparing it for eight years, and a discussion of the existing literature, it can be concluded that the risk of financing in the form of non-performing financing can be influenced by the contract used. Based on the level of risk, contracts with low-risk categories are found in murabahah contracts. Although this contract is the most heavily funded, the actual NPF level is the lowest compared to other contracts. The highest risk in contract-based financing is ijarah and salam. Salam contracts have a high level of risk because the NPF level is tremendous and beyond the limit of its spread.

Research conducted by Sa'diyah[47] analyzes how to prevent the risk of Sharia Home Ownership Financing (PPR) at PT. Indo Housekeeping. The results of the study state that the risk prevention implemented by Sharia property developers consists of two stages, before the risk occurs (Pre Loss Minimisation) and after the risk occurs (Post Loss Minimisation). Mitigation of the risk before the occurrence of the risk, namely: first for the risk of default, conducting briefings, customer interviews, and signing the sale and purchase agreement; second for the risk of being late in delivering goods by implementing good

---

Perbankan Syariah, *6*(1), 1–16. https://doi.org/10.36908/isbank.v6i1.159

45 Samsuri. (2020). Manajemen Risiko Pada Pembiayaan Mudharabah di Bank Syariah Pamekasan (Studi atas Bank Pengkreditan Syariah). *AN-NAWAZIL: Jurnal Hukum Dan Syariah Kontemporer*, *2*(1).

46 Riduwan, G. D. (2020). Risk Analysis of Islamic Rural Bank Financing Contracts : Evidence of Indonesia. *Journal of Islamic Economics, Finance, and Banking*, *3*(1), 1–11.

47 Sa’diyah, N. (2019). Teknik Mitigasi Risiko Pembiayaan Pemilikan Rumah (PPR) Syariah pada Developer Properti Syariah. *Jurnal Ekonomi Syariah Teori Dan Terapan*, *6*(9), 1814–1829.

SOPs and providing guidance to staff. Meanwhile, the risk mitigation that is applied after the occurrence of the risk is: first for the risk of default, restructuring, and empowerment; second for the risk of canceling, namely with a refund; third for the risk of mismanagement organize management with regular evaluations; fourth for the risk of being late in delivering the goods by carrying out procedures such as adding time and refunding.

Surianto's study[48] aims to determine the effectiveness of implementing the principles applied through Good Corporate Governance in controlling banking risk at PT. Bank Syariah Mandiri Makassar Branch. The results showed that the GCG implemented by PT Bank Syariah Mandiri has been running effectively. At the same time, the implementation of GCG itself includes transparency, accountability, responsibility, independence, and fairness.

Based on the literature review, it can be concluded that all were carried out during the regular economy. Not much research has been done during the pandemic, including managing the risk of non-performing financing in Sharia BPRs. In the research conducted, the researcher refers to the risk mitigation strategy applied during the COVID-19 pandemic, referring to the indicators compiled by[49].

B. RESEARCH METHODS

This research uses a qualitative method with a case study approach. Creswell and Poth[50] describe the case study approach as a research strategy for closely investigating a program, process, event, activity, or group of individuals. With this approach, researchers will get a closer picture, especially of BPR Syariah BDW. In this research, the case study focuses on the risk of non-performing financing at BPR Syariah BDW during the Covid-19 pandemic from Khan & Ahmed (2008). The research subjects focused on the head of marketing, account officer, and director of BPR Syariah BDW. Determining research subjects uses purposive sampling techniques to obtain participants who can offer in-depth knowledge about certain phenomena. This research was conducted for two months, namely from March to April 2021, at the BPR Syariah BDW office.

This research data or information collection uses observation techniques, in-depth interviews, and documentation[51]. The observation aims to find out the financing carried out, and the financing process carried out by marketers to reduce the risk of financing problems. Observations also focused on the role of marketers in analyzing financing.

Meanwhile, in-depth interviews aim to obtain various points of view from research subjects (head of marketing, account officers, and directors) regarding the risks of non-performing financing. In collecting data, the interview questions used in this research refer to interview items compiled by[52]. Furthermore, the answer items are measured with "positive"

48 Surianto. (2018). Implementasi Good Corporate Governance dalam Mengelola Risiko Perbankan pada PT. Bank Syariah Mandiri Cabang Makassar. *Jurnal Ekonomi, Manajemen Dan Akuntansi*, *13*(1).

49 Khan, T., & Ahmed, H. (2008). *Manajemen Risiko Lembaga keuangan Syariah*. Jakarta Timur: PT Bumi Aksara.

50 J. W. Creswell and C. N. Poth. (2018). *Qualitative inquiry and research design: Choosing among five approaches* (4th ed. Th). California: SAGE Publications Inc

51 IBID

52 Khan, T., & Ahmed, H. (2008). *Manajemen Risiko Lembaga keuangan Syariah*. Jakarta Timur: PT Bumi Aksara.

which means "Yes" and "No" which means the opposite. The answer results are described in the form of a percentage scale (%).

	Number of Positive Answers	Total
1. Is there a committee that identifies, monitors, and controls various risks?	3	100%
2. Are there clear policies to promote asset quality?	3	100%
3. Does the bank adopt and utilize guidelines in the financing approval system?	3	100%
4. Are markup and financing levels determined based on the financing quality rating?	1	33,33%

C. RESULTS AND DISCUSSION

Based on the results of interviews conducted, several findings in risk management at BPR Syariah BDW are shown as follows:

Table 1. Aspects of Building a Risk Management Environment

Table 1 describes the aspects of establishing a risk management environment. Based on the data, it shows the number of positive answers (100%). BPR Syariah BDW has a committee that identifies, monitors, and controls various risks. From the sample, (100%) of banks have clear policies for improving asset quality, and banks have guidelines/guidelines in the financing approval system. Only 33.33% of banks responded positively to determining markup and financing levels based on asset quality ratings. Overall, 83.33%, several aspects needed to build a risk management environment at BPR Syariah BDW have been carried out correctly and with sound policies and procedures.

According to Khan & Ahmed[53], this relates to the bank's strategy and the overall objectives of the bank towards management policies and risks to it. This is under the findings of Pratama[54], that risk management is applied through risk identification, assessment, and risk analysis at Bank Syariah Mandiri and Bank Muamalat City Branch of Ternate. Another finding by Fasa[55] states that the risk management applied by a bank must be aligned or adjusted to the bank's policies, sizes, objectives, and capabilities.

Risk Calculation and Mitigation Process

[53] Khan, T., & Ahmed, H. (2008). *Manajemen Risiko Lembaga keuangan Syariah*. Jakarta Timur: PT Bumi Aksara.

[54] Pratama, R. (2018). Penerapan Manajemen resiko Pada Perbankan Syariah (Studi Kasus Pada Bank Muamalat & Bank Syariah Mandiri Cabang Kota Ternate). *Jurnal Mitra Manajemen*, *2*(6), 597–609.

[55] Fasa, M. I. (2016). Manajemen Risiko Perbankan Syariah di Indonesia. *Jurnal Studi Ekonomi Dan Bisnis Islam*, *I*(2).

Table 2. Risk Calculation and Mitigation Process

	Number of Positive Answers	Total
1. Are there computer tools (systems) for calculating and verifying revenue and risk management?	3	100%
2. Are there credit limit provisions for individual customers and are they properly monitored?	3	100%
3. Does the bank have a system to manage problems in financing?	3	100%
4. Does the bank regularly (for example, weekly) compile maturity levels according to the agreed date, and monitor the cash gap position?	3	100%
5. Does the bank regularly conduct analysis and measurement of benchmark sensitivity levels (interest rates)	1	33,33%
6. Do you have reserves to increase the profit sharing (rate of return) for depositors in the short term?	1	33,33%
7. Does the bank have a policy to diversify investments in:		
a. Different country	0	0%
b. Different sectors (manufacturing, commerce, etc.)	3	100%
c. Different industries (aviation, retail, etc.)	2	66,66%

Table 2 describes the risk calculation, mitigation process, and aspects of establishing a risk management environment. Based on the data, it shows the number of positive answers (100%). BPR Syariah BDW has been equipped with a computerized system for calculating and verifying income and risk management and has a committee that identifies, monitors, and controls various risks. From the sample, (100%) of banks use credit limits for individual customers and have systems to handle financing problems. 100% of banks compile maturity according to the agreement and monitor the cash gap position. Only 33.33% of positive answers banks use simulation analysis to determine benchmarks or interest rate risk to reserves in increasing profit sharing for depositors in the short term. Only about 33.33% answered that banks have reserves to increase profit sharing for depositors in the short term. Banks do not spread investment across countries, while 100% positive answers that banks have a policy of spreading investment across sectors and in the industrial sector (66.66%).

Overall, the risk calculation and the mitigation process for non-performing financing at BPR Syariah BDW is 70.37%. This shows that BPR Syariah BDW has created a reasonably precise measurement, mitigation, and monitoring process. According to Khan & Ahmed (2008), banks are required to monitor and manage the risks borne efficiently and carry out testing to be able to know in the future about potential changes.

Table 3 Reports of Various Types of Risk

	Number of Positive Answers	Total
a. Report of *capital at risk*	3	100%
b. Credit risk	3	100%
c. Agregat market risk	1	33,33%
d. Interest rate risk	1	33,33%
e. Likuidity risk	3	100%
f. Foreign exchange rate risk	1	33,33%
g. Commodity and equity position risk	3	100%
h. Operational risk	3	100%
i. Political country risk	1	33,33%
j. Other risks	2	66,66%

Table 3 describes reports of various types of risks generated by BPR Syariah BDW. As many as 100% positive answers, the Bank has a risk capital report followed by a credit risk report. Only 33.33% of the positive answers of banks have a market risk report and a liquidity report. The foreign exchange risk report is relatively small (33.33%). One reason may be that banks only operate domestically. The Bank makes a risk report on commodity and equity positions (100%) followed by operational risk.

Making a political country risk report also has a low percentage of positive answers (33.33%). BPR Syariah BDW explained that it made a special report not included in the table (66.66%), namely the risk of natural disasters. Widespread reports of various types of risk carried out by BPR Syariah BDW show 70%. This indicates that the risk reporting system has been carried out correctly, and BPR Syariah BDW is said to have an efficient risk management system. One important element is to demonstrate that the reporting system has been implemented safely and consistently. This will have an impact on achieving reasonable operational risk control (Khan & Ahmed, 2008).

Table 4 Differences in Different Risk Calculations and Mitigation Techniques

	Number of Positive Answers	Total
a. Credit rating from prospective investors	1	33,33%
b. *Gap analysis*	2	66,66%
c. *Duration analysis*	3	100%
d. *Maturity matching analysis*	2	66,66%
e. *Earning at risk*	2	66,66%
f. *Value at risk*	3	100%
g. *Simulation technique*	2	66,66%
h. Calculating worst-case scenario	3	100%

i. Internal rating system	3	100%
j. Others	0	0%

Table 4 shows the different risk calculations and risk mitigation techniques used by BPR Syariah BDW. The technique/method of risk management and measurement is said below. The number of positive answers (33.33%) is the credit rating of prospective investors. As much as 66.66% use the gap analysis technique. 100% of banks apply duration analysis to estimate interest rate risk, maturity analysis to mitigate liquidity (66.66%), and follow by the use or application of earning at risk to value at risk techniques/methods (100%). 66.66% of banks use simulation techniques in assessing different risks. 100% positive answer bank using internal rating and designing worst-case scenario. BPR Syariah BDW does not apply or use other techniques other than those mentioned above.

Overall, the difference in risk calculations and risk mitigation techniques BPR Syariah BDW is 70%. This shows that the risk measurement and management techniques for the risk calculation, mitigation, and monitoring process have been carried out correctly. According to Khan & Ahmed[56], developing or implementing new techniques consistent with sharia provisions can anticipate risks to banks

.

Table 5 Aspects of Risk Management Supervision

	Regular	Conditional	Never
1. Does the bank periodically evaluate the guarantee (asset)?	2 (66,66%)	1 (33,33%)	
2. Does the bank confirm the intention of the guarantee to provide loan guarantees in the signed document?	1 (33,33%)	2 (66,66%)	
3. If the financing is international, does the bank regularly review the country's rating?			3 (100%)
4. To maintain the competitiveness of the bank's rate of return against other banks, do you transfer profits from shareholders to depositors?			3 (100%)
5. Does the bank monitor the customer's business performance after being given financing?	3 (100%)		

Table 5 focuses more on aspects of supervision and risk management. Just a

56 Khan, T., & Ahmed, H. (2008). *Manajemen Risiko Lembaga keuangan Syariah*. Jakarta Timur: PT Bumi Aksara.

note, the answer allows more than one, so the number of percentages can be more than 100%. As many as 66.66% of banks conduct a regular reassessment of guarantees, and 33.33% are carried out according to conditions. The bank confirms the intention of the guarantee to provide loan guarantees in a signed document which is carried out according to conditions (66.66%) and carried out regularly (33.33%). Meanwhile, the bank has never regularly reviewed the rating of a country if the financing is international, and the bank has also never transferred profits from shareholders to depositors to maintain the competitiveness of the bank's return rate to other banks. As many as 100% of the answers, banks regularly monitor the customer's business performance after financing.

Meanwhile, BPR Syariah BDW also uses accounting standards that comply with AAOIFI standards (100%). As many as 66.66% of positive answers banks use accounting standards that comply with international standards, and 66.66% of banks also use accounting standards that comply with other accounting standards, namely PSAK. Overall, the risk management supervision aspect used by BPR Syariah BDW has been effective and efficient. The deepening of the risks faced by using appropriate guidelines will impact the effectiveness of the supervision of Islamic banks themselves[57]. Based on all the components above, it can be concluded that BPR Syariah BDW has created a reasonably precise measurement, mitigation, and monitoring process. This is under Fasa's[58] findings that the implementation of risk management by improving methods and decision-making processes is based on the availability of information. Another finding by Rahayu & Hendrianto[59] namely actions in mitigation, namely avoiding and reducing and avoiding risk by way of a deeper evaluation of the character of the customer being financed. Another finding by Usnan[60] is that risk management is carried out by regularly monitoring customers receiving financing. The

[57] Khan, T., & Ahmed, H. (2008). *Manajemen Risiko Lembaga keuangan Syariah*. Jakarta Timur: PT Bumi Aksara.

[58] Fasa, M. I. (2016). Manajemen Risiko Perbankan Syariah di Indonesia. *Jurnal Studi Ekonomi Dan Bisnis Islam*, *I*(2).

[59] Rahayu, I. G., & Hendrianto. (2018). Mitigasi Risiko Pembiayaan Pada Bank Perkreditan Rakyat Syariah (BPRS) SAFIR Cabang Curup Kabupaten Rejang Lebong Ika. *Al Falah: Journal of Islamic Economics*, *3*(2), 2548–2343.

[60] Usnan. (2016). Manajemen Risiko Pembiayaan pada Lembaga Keuangan Mikro Syariah. *Jurnal Pemikiran Dan Studi Islam*, *1*(1), 88–100.

findings of Alhimnie & Septiarini[61], that the mitigation technique carried out is in the form of studying more deeply these risks and accompanied by mitigation efforts.

Internal Control

Table 6 Internal controls

	Number of Positive Answers	Total
1. Is there a separation of duties between those who detect risks and those who manage and control risks?	2	66,66%
2. Does the bank have backup software and data files?	3	100%

Table 6 describes several aspects of the internal control in BPR Syariah BDW. A sizable percentage (66.66%) of banks have implemented segregation of duties between those who detect and manage risk. As many as 100% positive answers, the bank has a backup of software and data files. Overall, the internal control used by BPR Syariah BDW is 83.33%. This shows that the bank carries out good internal control aspects. According to Khan & Ahmed[62], the most important thing in internal control is to ensure that monitoring, controlling, and measuring risks is carried out separately to achieve good internal control. This is to Safitri's[63] findings that banks consistently implement an internal control system in strategic risk management. Another finding by Fasa[64], is that the implementation of quality risk management, one of which comes from the internal control system.

D. CONCLUSION

The findings conclude that BPR Syariah BDW has created a risk management environment by implementing appropriate steps in identifying, measuring, monitoring, and controlling several risks faced such as credit risk, capital risk, liquidity risk, and interest risk. Apart from that, his party has also created appropriate measurement, monitoring, and mitigation processes. Classify and re-examine risks, create risk management reports, and use methods to analyze risks. Furthermore, BDW BPR Syariah carries out effective internal controls starting from identification to evaluation of types of risks, and is equipped with an adequate information system. BPR Syariah BDW also carries out internal control well by separating duties between measuring parties, monitoring parties, and risk control parties. Suggestions for BPR Syariah BDW to improve the risk mitigation that has been implemented so that risk management can continue to be well structured so that existing risks can be reduced and avoid financing problems,

[61] Alhimnie, F. A., & Septiarini, D. F. (2020). Analisis Teknik Mitigasi Risiko Produk Take Over Kpr Pada Bank Panin Dubai Syariah Cabang Surabaya. *Jurnal Ekonomi Syariah Teori Dan Terapan, 7*(6), 1074. https://doi.org/10.20473/vol7iss20206pp1074-1090

[62] Khan, T., & Ahmed, H. (2008). *Manajemen Risiko Lembaga keuangan Syariah*. Jakarta Timur: PT Bumi Aksara.

[63] Safitri, A. (2019). Strategi Manajemen Risiko Pembiayaan pada Bank BNI Syariah Kantor Cabang Palangka Raya. *Skripsi*.

[64] Fasa, M. I. (2016). Manajemen Risiko Perbankan Syariah di Indonesia. *Jurnal Studi Ekonomi Dan Bisnis Islam*, *I*(2).

especially in the future to face possible crises due to the pandemic. Furthermore, in future research, it is hoped that we can compare the financing risks of other Sharia BPRs or conventional BPRs to get different results.

REFERENCES

[1] Akbar, F. (2020). Manajemen Risiko Dalam Perbankan Syariah (Pasar Layanan Keuangan Yang Berkembang). *Ekonomi, Keuangan, Investsi Dan Syariah (EKUITAS)*, *1*(2), 1–9.

[2] Alhimnie, F. A., & Septiarini, D. F. (2020). Analisis Teknik Mitigasi Risiko Produk Take Over Kpr Pada Bank Panin Dubai Syariah Cabang Surabaya. *Jurnal Ekonomi Syariah Teori Dan Terapan*, *7*(6), 1074. https://doi.org/10.20473/vol7iss20206pp1074-1090

[3] Amelia, R. (2016). Penerapan Manajemen Risiko Pada Bank Pembiayaan Rakyat Syariah Bangun Drajat Warga (BPRS BDW) Yogyakarta. *Skripsi*.

[4] Auliani, M. M., & Syaichu. (2016). Analisis Pengaruh Faktor Internal dan Faktor Eksternal Terhadap Tingkat Pembiayaan Bermasalah pada Bank Umum Syariah Di Indonesia Periode Tahun 2010-2014. *Diponegoro Journal of Management*, *5*(3), 1–14.

[5] Azhari, A. R., & Wahyudi, R. (2020). Analisis Kinerja Perbankan Syariah di Indonesia : Studi Masa Pandemi Covid-19. *JESI (Jurnal Ekonomi Syariah Indonesia)*, *10*(2), 96–102. https://doi.org/10.21927/jesi.v10i2.1462

[6] Bowles, J., Hjort, J., Melvin, T., & Werker, E. (2016). Ebola, Jobs and Economic Activity in Liberia. *Journal of Epidemiology and Community Health*, *70*(3), 271–277. https://doi.org/10.1136/jech-2015-205959

[7] Budiman, R., Achsani, N. A., & Ismal, R. (2018). Risiko Pembiayaan dan Determinannya pada Perbankan Syariah di Indonesia Risk of Finance and its Determinants at Sharia Banking in Indonesia. *Jurnal Aplikasi Manajemen Dan Bisnis*, *4*(1), 151–159.

[8] Cahyani, A. N. (2019). Strategi Pencegahan Pembiayaan Bermasalah Pada Bank Syariah: Bukti Di Indonesia. *Ekonomi Islam Indonesia*.

[9] Fasa, M. I. (2016). Manajemen Risiko Perbankan Syariah di Indonesia. *Jurnal Studi Ekonomi Dan Bisnis Islam*, *I*(2).

[10] Fikruddin, T., & Mufid, F. (2015). Strategi Penanganan Risiko Pembiayaan Murabahah pada BMT Se Kabupaten Demak. *Jurnal Ekonomi Syariah*, *3*(2), 254–270.

[11] Firdaus, R. N. (2015). Pengaruh Faktor Internal Dan Eksternal Yang Mempempengaruhi Pembiayaan Bermasalah Pada Bank Umum Syariah Di Indonesia. *El Dinar*, *3*(1), 82–108. https://doi.org/10.18860/ed.v3i1.3339

[12] Iskandar, Nuruddin, A., & Siregar, S. (2017). Manajemen Resiko Pembiayaan pada Bank Syariah : Suatu Tinjauan Filsafati. *Al-Ulum*, *17*(1), 20–43.

[13] J. W. Creswell and C. N. Poth. (2018). *Qualitative inquiry and research design: Choosing among five approaches* (4th ed. Th). California: SAGE Publications Inc,

[14] Jaelani, A., & Hanim, T. F. (2020). Sustainability of Public Finance During The COVID-19 Outbreaks in Indonesia. *Al-Amwal : Jurnal Ekonomi Dan Perbankan Syari'ah*, *12*(1), 109. https://doi.org/10.24235/amwal.v1i1.6557

[15] Khan, T., & Ahmed, H. (2008). *Manajemen Risiko Lembaga keuangan Syariah*. Jakarta Timur: PT Bumi Aksara.

[16] KNKS. (2020). *Impacts of the Covid-19 Outbreak on Islamic Finance in the OIC Country*. (S. E. Hidayat, M. O. Farooq, & E. A. Alim, Eds.). Jakarta.

[17] Mulyani, S. (2020). Analisis Manajemen Pembiayaan pada Bank Syariah (Studi Kasus pada PT. Bank Syari'ah Mandiri, Tbk). *An-Nisbah: Jurnal Perbankan Syariah*, *1*(2).

[18] Nafik, M., Ryandono, H., & Wahyudi, R. (2018). *Manajemen Bank Islam: Pendekatan Syariah dan Praktik*. Yogyakarta: UAD Press.

[19] Novianti, D. (2019). Pengembangan Kerangka Manajemen Risiko pada Perbankan Syariah. *Jurnal Ilmu Syari'ah Dan Perbankan Islam*, *4*(1), 2598–8522.

[20] Poudel, K., & Subedi, P. (2020). Impact of COVID-19 pandemic on socioeconomic and mental health aspects in Nepal. *International Journal of Social Psychiatry*, *66*(8), 748–755. https://doi.org/10.1177/0020764020942247

[21] Pratama, R. (2018). Penerapan Manajemen resiko Pada Perbankan Syariah (Studi Kasus Pada Bank Muamalat & Bank Syariah Mandiri Cabang Kota Ternate). *Jurnal Mitra Manajemen*, *2*(6), 597–609.

[22] Purnomo, J. H. (2017). Manajemen Resiko Pembiayaan Mudharabah pada Perbankan Syariah (Studi Kasus Bank Muamalat Cabang Surabaya). *Jurnal Studi Keislaman*, *7*(2).

[23] Pusparini, E., & H.R, M. N. (2019). Upaya Mitigasi Risiko Pembiayaan pada KSPPS BMT Amanah Ummah Surabaya. *Ekonomi Syariah Teori Dan Terapan*, *6*(8), 1578–1593.

[24] Rahayu, I. G., & Hendrianto. (2018). Mitigasi Risiko Pembiayaan Pada Bank Perkreditan Rakyat Syariah (BPRS) SAFIR Cabang Curup Kabupaten Rejang Lebong Ika. *Al Falah: Journal of Islamic Economics*, *3*(2), 2548–2343.

[25] Riduwan, G. D. (2020). Risk Analysis of Islamic Rural Bank Financing Contracts : Evidence of Indonesia. *Journal of Islamic Economics, Finance, and Banking*, *3*(1), 1–11.

[26] Sa'diyah, N. (2019). Teknik Mitigasi Risiko Pembiayaan Pemilikan Rumah (PPR) Syariah pada Developer Properti Syariah. *Jurnal Ekonomi Syariah Teori Dan Terapan*, *6*(9), 1814–1829.

[27] Safitri, A. (2019). Strategi Manajemen Risiko Pembiayaan pada Bank BNI Syariah Kantor Cabang Palangka Raya. *Skripsi*.

[28] Samsuri. (2020). Manajemen Risiko Pada Pembiayaan Mudharabah di Bank Syariah Pamekasan (Studi atas Bank Pengkreditan Syariah). *AN-NAWAZIL: Jurnal Hukum Dan Syariah Kontemporer*, *2*(1).

[29] Sharif, A., Irwanto, A. K., & Maulana, T. N. A. (2015). Strategi Optimasi Sistem Manajemen Risiko Pembiayaan pada Bank Jabar Banten Syariah. *MANAJEMEN IKM: Jurnal Manajemen Pengembangan Industri Kecil Menengah*, *10*(2), 143–150. https://doi.org/10.29244/mikm.10.2.143-150

[30] Solissa, D. N. (2017). Profit Equalization Reserve (PER) Sebagai Upaya Mitigasi Risiko Imbal Hasil Perbankan Syari'ah (Suatu Kajian dengan Pendekatan Maqasid asy-Syari'ah). *Jurnal Hukum Bisnis Dan Islam*, *9*(1), 1–22.

[31] Subaidi, & Ihsan, I. (2019). Penerapan Manajemen Risiko Pembiayaan di BMT Maslahah, Cabang Pembantu Olean Situbondo. *Istidlal: Jurnal Ekonomi Dan Hukum Islam*, *3*(2). https://doi.org/10.35316/istidlal.v3i2.154

[32] Surianto. (2018). Implementasi Good Corporate Governance dalam Mengelola Risiko Perbankan pada PT. Bank Syariah Mandiri Cabang Makassar. *Jurnal Ekonomi, Manajemen Dan Akuntansi*, *13*(1).

[33] Ubaidillah. (2018). Analisis Manajemen Risiko Pembiayaan Mudharabah. *Jurnal Studi Keislaman*, *6*(2), 40–56.

[34] Ubaidillah, M., & Syah Aji, R. H. (2020). Tinjauan Atas Implementasi Perpanjangan Masa Angsuran Untuk Pembiayaan Di Bank Syariah Pada Situasi Pandemi Covid-19. *Islamic Banking : Jurnal Pemikiran Dan Pengembangan Perbankan Syariah*, *6*(1), 1–16. https://doi.org/10.36908/isbank.v6i1.159

[35] Usnan. (2016). Manajemen Risiko Pembiayaan pada Lembaga Keuangan Mikro Syariah. *Jurnal Pemikiran Dan Studi Islam*, *1*(1), 88–100.

[36] Wahyudi, R. (2020). Analisis Pengaruh CAR, NPF, FDR, BOPO dan Inflasi terhadap Profitabilitas Perbankan Syariah di Indonesia: Studi Masa Pandemi Covid-19. *At-Taqaddum*, *12*(1), 13. https://doi.org/10.21580/at.v12i1.6093

[37] Wandayanik, R. (2015). Implementasi Manajemen Risiko Pembiayaan Murabahah di Bank BNI Syariah Kantor Cabang Pembantu Mojokerto. *Journal of Islamic Economics and Business (JIEB)*, *05*(01), 963–979.

[38] Wibowo, E. (2015). Manajemen Risiko Pembiayaan Murabahah di BMT Amanah Ummah. *Al Tijarah*, *1*(2), 115–133. https://doi.org/10.21111/tijarah.v1i2.951

[39] Yulianti, R. T., Bustami, A., Atiqoh, N., & Anjellah, R. (2018). Studi Komparasi Penerapan Manajemen Risiko Produk Pembiayaan Di Lembaga Keuangan Mikro Syariah. *Jurnal Syarikah : Jurnal Ekonomi Islam*, *4*(1). https://doi.org/10.30997/jsei.v4i1.1060