



Application of the Principle of *Ikhtiyat* in *Murabahah* Financing: A Case Study of BMT Malang, East Java

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Abstract

The principle of effort is one of the strong roots of banking, a principle which states that in carrying out its functions and business activities, it is mandatory to be careful to protect public funds entrusted to it. There are at least 5 principles of the *ikhtiyat* role, in assessing prospective debtors, the bank must be guided by factors, such as character, capacity, capital, collateral, and economic conditions of economy. This research is qualitative. Data collection techniques are carried out by observation, interviews, and documentation study. The phenomenological approach is used to describe the deep understanding in this study. The findings of this study indicate that in general, the application of the principle of effort in *mudharabah* financing uses the 5c and 1i feasibility analysis (character, capacity, capital, condition, collateral, and insurance) by prioritizing the aspects of character analysis character, capacity ability and collateral which is assessed through the business income earned every month and the eligibility of the collateral given by the prospective member. The application of the *ikhtiyat* principle is one of the ways BMTs have positive and negative impacts in providing financing at BMT Malang, East Java so that BMTs are not allowed to only demand the achievement of targets without enforcing the principle of *ikhtiyat*.

Keywords: *Ikhtiyat* Principles; Prudential; *Murabahah* Financing.

INTRODUCTION

Sharia banking or Islamic banking in international terms is a banking system that is implemented by the moral values and principles of Islamic sharia, namely by violating the practice of usury, activities that are not based on reality (*maitisir*), and lack of clarity (*gharar*). Sharia banking and financial institutions are currently developing rapidly. According to Bank Indonesia, Islamic banks are growing rapidly between 40-60% per year (Firmasyah 2014). The Sharia banking industry in Indonesia itself has an important role in supporting overall economic growth. Apart from that, the function of banking itself is as a financial intermediation institution whose task is to collect and distribute funds in the community to improve people's welfare. To distribute funds, banks must also be careful not to simply spend funds sitting in the bank or simply to pursue targets. Because the source of bank funds also comes from the public, banks must be able to maintain public trust, even though we know that banking has very high risks if it is not managed carefully and well. *Ikhhtiat* is an Arabic word that means prudence or vigilance (Jayusman 2012). Therefore, implementing the precautionary principle is important to create a banking system that is healthy, strong, and sturdy. In Islam, this is stated in the substance of the Al-Quran and Hadith as Allah says in Surah al-Hujurat verse 6 which reads.

"O you who believe, if a wicked person comes to you bringing news, then examine it carefully so that you do not cause a disaster to a people without knowing the circumstances that will cause you to regret your actions."

From this verse, we can draw a lesson, namely the importance of being careful in getting news or information from someone. In the banking sector, a banker does not simply accept all information obtained from potential debtors. However, prospective debtors must be screened for all the information or requirements they submit as well as possible because fund distribution activities in the financing sector carry enormous risks. Therefore, it can affect the health of the bank. Apart from using the precautionary principle, banks must also impose restrictions on providing financing (Susilo 2000). In carrying out its business activities, the principle of *ikhhtiyat* is one of the most important principles that must be implemented or implemented by banks. Applying the principle of *ikhhtiyat* in all banking activities is one way to create healthy banking. The implementation of the precautionary principle must at least cover several factors, such as character, capacity, capital, collateral, and economic conditions. (Saraswati 2012).

This principle is very important because we know that the risks are very high in providing financing as the main business of banking. In Law no. 21 of 2008 concerning Sharia Banking, the application of the principle of *ikhhtiyat* or prudence is regulated in Article 35 Paragraph 1 which states that "Sharia Banks and Sharia Business Units in carrying out their business activities are obliged to apply the principle of prudence. Article 36 states that. In distributing financing and carrying out other business activities, Sharia Banks and Sharia Business Units are obliged to use methods that do not harm the Sharia Bank and Sharia Business Unit and the interests of customers who entrust their funds (Iswanaji & Aziz, 2022). The rapid development of murabahah raises two questions: Is its current application natural or forced? The meaning of

natural application here is that murabahah is positioned as its original nature and is practiced correctly, and if forced, it shows that murabahah transactions are not implemented properly. There are several things that make murabahah practices less sharia as conveyed by Kusmiyati (2007), things that are considered not to meet the requirements of the murabahah contract consist of: first, murabahah is used for additional capital; second, the purchase of murabahah goods is done by delegating it to its members.

Sharia banks are now continuing to develop and provide many product variations. One of its superior products is financing. Financing is funding provided by one party to another party to support planned investments, whether carried out by themselves or by institutions (National 2001). The type of financing that is by sharia principles is *Murabahah* financing, which is financing based on a sale and purchase agreement between the bank and the customer. The bank buys the goods needed and sells them to customers at the cost price plus an agreed profit margin (BI 2002). Even though the principle of prudence in Sharia banking has been implemented, it does not require the possibility of financing problems still occurring. Based on Sharia Banking statistics, the Financial Services Authority (OJK) as of October 2019 states that Non-Performing Financing (NPF) from Sharia People's Financing Banks reached 3.49%, and this figure has continued to increase since the period June 2019 to October 2019.

This is due to negligence of the principle of *ikhhtiyat* on the part of the bank in providing financing to members, delays, or non-return of money lent to members or customers. The difficulty of returning funds that have been distributed is that many people think that Sharia banking does not have a role for third parties, namely debt collector services. A debt collector is a person or group of people as a third party whose services are requested by banks and financial institutions to collect problematic debts or credit from their customers. The use of debt collection services is very common, it could even be said to be an inseparable part of the banking industry and financial institutions. However, this reason is not correct because basically, debt collector services do not reflect Islamic values. The presence of debt collectors has disturbed customers. In carrying out their duties, these debt collectors often ignore the principles of decency and propriety, and often even lead to thuggery. They also often terrorize and intimidate customers (Hasbi, 2021).

The results of research carried out by several researchers reveal that the solution to preventing problematic financing is to apply the principles of good *ikhhtiyat*, namely through in-depth analysis of every financing request that is received and having to review every financing that is distributed. Furthermore, monitoring continuously from the time the financing is provided until the final time of the agreed repayment and preventing financing problems from recurring, especially in *murabahah* financing. The Bank's obligation to apply the prudential principle in providing credit is regulated in Article 8 and the Elucidation to Article 8 of the Banking Law, while in sharia financing it is regulated in Article 23 Paragraph 2 and the Elucidation to Article 23 Paragraph 2 of the Sharia Banking Law, which requires Banks to carry out analysis before credit or financing is provided (Hasbi et al., 2023).

The presence of murabahah which is the most popular contract in Islamic banking has received attention and criticism. The murabahah contract is seen as only a diversion from the credit model by implementing the conventional banking interest

system. In addition, in the *murabahah* contract, the determination of the profit is carried out unilaterally by the Islamic banking party, and the profit taken is classified as maximum. The *mudarabah* contract is only worth ten percent of the value of the *murabahah* contract. The *mudarabah* contract is a transaction activity that is likely to be able to move the wheels of the community's economy at large. This is because the *mudarabah* contract must be used for productive businesses. Productive businesses on a micro, medium, and large scale will involve many individuals in their management. Indirectly, the *mudarabah* contract will open up business opportunities and jobs for the wider community. Finally, this productive business can provide a way to improve the welfare of the wider community. The lack of support from Islamic banking in economic transactions that lead to expanding employment opportunities for the welfare of the community is questionable. The Islamic economic system was born to bring prosperity to all levels of society. Not only prosperity for a handful of people or groups. The great mission of Islamic economics to improve the welfare of all elements of society is the responsibility of Islamic banking as a manifestation of the institutionalization of the Islamic economic system. The Islamic economic system has a great task to erode injustice in economic activities as practiced by the conventional economic system (Intan, 2024).

METHODOLOGY

The method used in research at BMT Malang, East Java is a qualitative research method. Qualitative research is a type of research that produces findings that cannot be obtained using statistical or quantification measurement procedures but rather are obtained from qualitative data. Qualitative data greatly influences the depth of analysis, so data should be obtained from the right source (Arikuto 1998). Meanwhile, the approach used in this qualitative research is a case study approach, where this case study examines a particular case in society and is carried out in-depth to study the background, circumstances, and interactions that occur. Case studies are carried out on a unified system which can be a program, activity, event, or group of individuals who exist in certain circumstances or conditions. In this way the author will understand, examine, and then interpret the meaning obtained from the phenomenon being studied. The research procedure carried out is divided into three stages, namely the first stage is the preparation of a research proposal, the second stage is the implementation of the research and the third stage is data analysis and writing a research report.

The data sources in this research are all sources, both those that are attached to the data at BMT Malang, East Java, and those that support the bank data. Such data sources can be in the form of primary data sources and secondary data sources. Primary data sources are data sources that are directly related to the implementation of the principle of prudence prudential banking at BMT Malang, East Java which consists of bank leaders, related staff, and various documents related to *murabahah* financing at BMT Malang, East Java. Data sources, especially human resources, which are the subject of this research are of course selected based on aspects that have the authority to provide data related to the implementation of precautions. Secondary data sources are data sources that support or provide useful information related to this research, both internal and external data (Indrintoro 2010). Data sources were

obtained from several references in the form of books, articles, journals, or in the form of previous research results that are relevant to the subject of this study.

RESULTS AND DISCUSSION

Mechanism for Applying for *Murabahah* Financing at BMT Malang, East Java

At BMT Malang, East Java, the sale and purchase contract is where both parties, namely BMT and the customer, agree at the beginning of the contract regarding the amount of profit (margin), length of financing, and the number of installments that the customer will pay each month, generally using *murabahah* financing. The stages that must be passed when a customer applies for *murabahah* financing at BMT Malang, East Java are the mechanism for applying for *murabahah* financing. The mechanism for applying for financing at BMT Malang, East Java is carried out in several stages, namely as follows.

1. Submission

Prospective members come to the BMT Malang, East Java office to apply for financing. Then the BMT manager provides direction and explanation regarding the procedures for applying for *murabahah* financing and the requirements for applying for financing.

2. Condition

The customer completes the requirements for applying for financing after the customer knows the procedures and requirements for applying for *murabahah* financing, namely having a business or permanent job. Fill out the financing application form 3 photocopies of husband and wife's ID cards, if not married, accompanied by photocopies of parents' ID cards. Photocopy of 1 sheet of KK. Photocopy of the building. Final certificate and PBB (SPPT and STTS). BPKB and STNK as well as swipe the frame number. Willing to be surveyed

3. Surveys

After the financing application requirements are accepted. BMT conducted a field survey which refers to the 5C assessment analysis, namely character, capacity, capital, collateral, and business prospects (condition of economics). Location inspections or surveys should be carried out without the customer's knowledge so that the survey results are by the customer's actual circumstances and conditions.

4. Financing Committee

The next step is a meeting between the BMT administrators and the leadership of BMT Malang, East Java regarding the survey results report. This meeting is held to analyze the suitability of customers and their guarantees and to find out further decisions regarding financing applications for prospective debtors or customers. If the financing is below 5 million rupiahs, the decision is made by the management, whereas if the nominal financing is above 5 million rupiahs the decision involves the management.

5. Decision

After a meeting was held between the BMT administrators and the leadership of BMT Malang, East Java, three possibilities occurred in the financing application, namely. Customers receive financing according to what is proposed on the financing application sheet. This is because the customer is considered to have a very good 5C

analysis assessment and commitment by BMT Malang, East Java. The customer receives financing that does not match what is proposed or below the proposal on the financing application sheet. BMT Malang, East Java provides financing under application to reduce financing risks. BMT Malang, East Java does not disburse financing applications from prospective customers because it has certain reasons that cannot be conveyed to customers.

6. Realization of financing

After receiving the decision, it will be disbursed according to the application or disbursed under the application from BMT Gunungjati Cirebon, asking the customer to complete the financing agreement documents. This financing agreement letter is signed by the BMT Manager and the signature of the customer concerned. Next, BMT disburses the financing funds to the customer along with the installment card which must be brought when paying the financing installments (Spiritual 2020).

Application of the Principle of Ikhtiyat in the Process of Providing *Murabahah* Financing at BMT Malang, East Java

Based on Law No. 21 of 2008, the principle of providing financing carried out at BMT Gunungjati Cirebon must be based on the principle of prudence. BMT Malang, East Java is committed to maintaining the trust of customer members who trust in saving their funds, and BMT Gunungjati Cirebon distributes its funds in the form of financing to customers. The aim of providing financing for BMT Gunungjati Cirebon uses the precautionary principle, namely to prevent problematic financing or bad financing which will cause losses to BMT Malang, East Java (Maelani 2020). In implementing the precautionary principle, BMT BMT Malang, East Java uses 5C assessment analysis in providing financing. The principle of prudence in providing financing using the 5C assessment analysis can be explained as follows.

a. Character Analysis

This character assessment analysis is very important in assessing the feasibility of financing prospective customers, which aims to give confidence to BMT Malang, East Java that the character of prospective customers who will be given financing have good character and have good intentions in paying or repaying installments. The financing he will receive is by the agreement agreed with BMT Malang, East Java. In analyzing character, BMT Malang, East Java digs up information regarding the character, honesty, responsibility, and habits of prospective customers. Information regarding the character of prospective customers can be obtained from third parties such as family, local people, professional friends, community leaders, and people who have relationships with prospective customers who are applying for financing. The more information about the character of prospective customers, the more convincing BMT Malang, East Java is in deciding whether a prospective customer's financing application can be accepted or rejected.

b. Capacity Analysis

Capacity assessment analysis is an analysis related to the customer's ability to fulfill his obligation to pay installments from the financing he receives. Capacity analysis includes income, expenses, amount, and term of prospective customers' installments. The abilities and capabilities of prospective customers can be determined through their income from work or the results of a business by looking at the salary

slips that prospective customers receive every month. Meanwhile, prospective customers' expenses can be determined by looking at their monthly bills, such as electricity bills, telephone bills, and PAM bills. If the customer has a business that he is running, then BMT Malang, East Java will take into consideration providing financing to prospective customers by looking at how the business or business is developing smoothly or not. BMT Malang, East Java can also ask business partners about the business being run by prospective customers, and whether payments and business orders are running smoothly or not (Maelani 2020). The capacity analysis carried out by BMT Malang, East Java must be precise because the ability to pay or repay prospective customers is important in assessing the feasibility of financing so that the prospective customer's income is less than the prospective customer's expenditure. If this analysis is not carried out correctly, the customer will be burdened with the large installments that must be paid to BMT Malang, East Java so the potential for financing problems or delays is likely. So to anticipate this potential, BMT Gunungjati Cirebon carried out a careful and precise capacity analysis.

c. Capital Analysis

Capital assessment analysis is an analysis of the amount of initial capital available for prospective customers before applying for financing. This analysis is related to the size of the nominal amount of financing that will be approved by BMT Malang, East Java. The amount of capital provided by prospective customers should be greater than the amount of financing submitted to BMT Malang, East Java. Because if the provision of own capital is greater than the amount of financing, it will be easier for prospective customers to pay off the financing they receive. Likewise, if the provision of own capital is less than the amount of financing, it will be harder for prospective customers to pay off their obligations in installments.

d. Analysis of the Condition of Economic

Condition assessment analysis is an assessment analysis of the economic conditions of prospective customers both now and in the future. Condition analysis is one of the important factors that can influence the sustainability of a potential customer's business or business, because if one day a problem occurs in the business or business it will disrupt the continuity of the business they are running. If the customer cannot balance the problems he faces with his business, it will threaten the continuity of his business. With the condition analysis, BMT Malang, East Java can consider the financing applications submitted by prospective customers whether or not their business will be able to run well and smoothly in the future (Maelani 2020).

e. Collateral Analysis

Collateral assessment analysis is an assessment analysis of the collateral or collateral provided by prospective customers to BMT Malang, East Java as collateral for financing. The purpose of providing guarantees in financing is to give BMT Malang, East Java the rights and authority to obtain repayment of financing from customers if the customer breaks their promise or does not pay the installments at the time specified in the agreement. Collateral or collateral that is usually used in financing is BPKB for motorbikes or cars, land certificates, and you can also use deposits for customers who have deposits at BMT Malang, East Java. This guarantee or *anguna* is a valid guarantee from an economic and juridical (legal) perspective. The guarantee or collateral must be seen if the BPKB letter exists and is still active, and BMT Gunungjati

Cirebon has checked its existence so the financing process can continue. The value of goods provided by customers as collateral or collateral in financing must be greater in value than the financing issued by BMT Gunungjati Cirebon. In calculating the BPKB guarantee for motorbikes or cars for the realization of financing at BMT Gunungjati Cirebon, it is around 50% to 70% of the selling price range on the market. Because if the goods or motorized vehicle is still held by the customer and BMT Gunungjati Cirebon only holds the BPKB.

Meanwhile, if the collateral or collateral uses a certificate and the certificate is in the name of another person, it must be notarized and signed using a six thousand stamp and confirmed with the knowledge of the local government, namely at least the Village Head. Apart from that, it is also accompanied by the identity of the building owner in the form of a photocopy of valid KTP and KK. On the other hand, if the existing customer has a good history in the sense of always running smoothly, nominal financing can be provided above the guaranteed price (Robi 2020). Apart from the 5C concept. BMT Malang, East Java implements the principle of additional ikhtiyat, namely in the form of financing insurance. So prospective customers who apply for financing are required to insure their financing contract with BMT Malang, East Java. This is a form of caution taken by BMT so that if the customer is unable to pay, the insurance company that collaborates with BMT Malang, East Java, namely PT. Asyki can pay off payment failures made by customers. For the record, the insurance used by BMT Malang, East Java is life insurance, which is intended for customers who fail to pay off financing installments because the customer dies (Qoribullah 2020).

Based on research conducted by the author, in implementing the precautionary principle in providing murabahah financing at BMT Malang, East Java using 5C assessment analysis, namely character, capacity, capital, collateral, and condition of economics. BMT Malang, East Java places greater emphasis on character, capacity, and collateral analysis in assessing prospective customers who will receive financing funds. Meanwhile, capital and economic conditions receive a smaller portion, because according to BMT Malang, East Java, just by applying character, capacity, and collateral analysis, you can decide whether the financing proposed by the prospective customer is accepted or rejected. According to the author, the entire 5C assessment analysis should be applied and get the same portion, not only character, capacity, and collateral which get a large portion but capital and condition also need to get a large portion because each aspect of the analysis has the same goal, namely To analyze whether the financing is feasible or not, each objective of the analysis aspect can be explained as follows.

The aim is to find out how the financing will work in the future because with character analysis, BMT Malang, East Java can assess whether prospective customers have a good character or not. Capacity aims to measure the ability of prospective customers to pay or repay the financing received by prospective customers. Collateral aims to provide collateral for customer financing to apply the principle of prudence if a customer breaks a promise or does not pay installments at the time specified in the agreement. Capital or own capital is related to the size of the amount of financing that BMT Malang, East Java will provide to prospective customers because if the amount of own capital is greater than the amount of financing proposed, it will be easier for prospective customers to pay off the financing they will receive. Condition aims to

assess the economic conditions of prospective customers both now and in the future regarding the sustainability of the business or business carried out by prospective customers. In this research, the author also discovered that there was a problem with BMT Malang, East Java, namely that several days before the author carried out the research, BMT Malang, East Java was inspected by the OJK (Financial Services Authority). According to Qoribullah Manager of BMT Malang, East Java, there were many shortcomings and it did not meet OJK standards as a Sharia microfinance institution. However, unfortunately, he did not explain these shortcomings, but one of the problems is that the *murabahah* contract financing standards are still not met.

As we know, the obligation to apply the principle of prudence in financing is contained in Law No. 21 of 2008 concerning Sharia Banking. For this reason, according to the author, there is a need for a special 5C standard form which has not been completely created by BMT Malang, East Java so that there is a standard standard in selecting prospective *murabahah* financing customers to minimize the risk of problematic customers. By implementing the entire 5C analysis, it will be easier for BMT Malang, East Java to decide whether the financing proposed by prospective customers is worthy of being accepted or not, as well as to reduce the possibility of problematic financing, as well as for BMT Malang, East Java to feel more confident and confident when the financing provided is truly correct. Truly safe and useful for potential customers. After carrying out an analysis of the precautionary principle, prospective customers have a greater sense of responsibility in paying or paying off their obligations according to the specified maturity date. Implementing *murabahah* financing at BMT Malang, East Java, provides added value to customers who are already loyal partners, so will make it easier to carry out financing because these customers already have loyalty with BMT Malang, East Java. However, all financing must go through a financing analysis assessment process using the precautionary principle, namely 5C analysis, whether customers who have previously been loyal partners or potential new customers, because this is to reduce the possibility of problematic financing which could ultimately be detrimental.

Obstacles and Strategies in Implementing the Principle of *Ikhtiyat* in *Murabahah* Financing at BMT Malang, East Java

In ensuring the credibility of prospective customers, apart from investigating files, BMT also carries out direct assessments through field survey activities related to the 5C Assessment (Character, Capital, Capacity, Collateral, and Condition of Economy). BMT Malang, East Java often finds problems with the character (character) of customers, which does not rule out the possibility that BMT could give a wrong assessment or that there will be a change in character in the future, customers who were initially considered good will become less good or fraudulent. For example, initially, BMT did not find any irregularities regarding the debtor's credit application data or files, but as the financing progressed it turned out that BMT did not know if the customer had a bad personality in the family and surrounding environment (Spiritual 2020). BMT also found obstacles in terms of conditions because there was a certain situation that suddenly resulted in the debtor's ability or capacity to make installment payments being hampered and could cause financing problems to arise. For example, one customer was fluent in paying the financing installments, but

suddenly due to a sudden need to pay for his family's hospital funds, the customer had difficulty paying the financing installments taken and this caused the installment payments to be hampered so that the financing became problematic financing (Supriyadi, 2024).

According to BMT Malang, East Java financing analysts, there are several reasons why financial data verification does not produce the results it should. Among them is limited time for analysts to carry out thorough checks, and requests for data procurement are not responded to and fulfilled by prospective customers for various reasons which will make data verification difficult. In its implementation at BMT Malang, East Java, what happened was that there was limited time for analysis to carry out a thorough check due to the large number of financing application files from prospective customers, where financing analysts were also being chased by deadlines by superiors and were being chased by targets related to new financing distribution. As a result, analysts are less thorough in carrying out assessments and do not verify prospective debtor data thoroughly. Assessment of files and field surveys are still carried out but are not carried out optimally. If a financing analyst is pursuing a target then usually the steps taken by the analyst are not to provide the largest possible amount of financing to achieve the target, but how to get as many potential customers as possible, namely by distributing brochures, conducting socialization or offering door to door credit to the public. Regarding the financing options offered. This makes applying for financing applications somewhat easier to achieve targets.

Obstacles to optimal implementation of the precautionary principle are also due to the lack of maximum 5C assessment because many customers from BMT Malang, East Java are old customers, and know the bank employees well so the bank uses the kinship principle more. When carrying out the 5C assessment on prospective customers, the financing analyst becomes weak in responding to requests for approval of the financing application, and the financing assessment is not carried out optimally. As a result, if this assessment is not carried out carefully and comprehensively for prospective customers, it will create financing risks in the future and financing problems will arise. BMT Malang, East Java's strategy in overcoming obstacles to implementing the precautionary principle in providing financing is an effort to reduce obstacles that arise during the process of providing financing (Lestari, 2024).

BMT Malang, East Java must implement healthy financing procedures to avoid financing problems in the future. Providing financing begins with prospective customers submitting complete data, files, and requirements for applying for financing, which is then analyzed carefully and thoroughly by BMT. If, when conducting a financing assessment, BMT finds any irregularities regarding data from prospective customers, then the financing application should be rejected for the sake of smooth financing in the future and the customer will not encounter problems in the future. To guarantee the credibility of prospective customers, apart from investigating the files, BMT also carries out a direct assessment related to the 5C Assessment (Character, Capital, Capacity, Collateral, and Condition of Economy) which has previously been outlined in the 5C Assessment form. This assessment is carried out by analyzing form sheets, conducting interviews with prospective customers, and conducting field surveys with prospective debtors. BMT must carry out this assessment optimally and thoroughly so that the data obtained regarding prospective customers is correct and

BMT can conclude whether the prospective customer's financing application can be approved or rejected for the sake of smooth future credit and minimizing financing risks (Muftih, 2024).

To increase human resources, namely the professionalism of financing analysts to overcome the lack of understanding of the implementation of the principle of *ikhtiyat* in providing financing to prospective customers, efforts that can be made are to include financing analysts at BMT Malang, East Java in the socialization or education of financial institutions carried out by BMT Malang, East Java. This socialization was also carried out in collaboration between BMT Malang, East Java the Cooperatives Service, and Bank Indonesia. This socialization aims to increase insight and knowledge of the world of banking, especially regarding the principles of *ikhtiyat* in financing for financing analysts (Sari, 2024).

CONCLUSION

The financing application mechanism at BMT Malang, East Java is carried out in several stages, namely application, requirements, survey, financing committee, decision, and realization of financing. The mechanism used by BMT Malang, East Java is what is commonly used in general. The application of the Murabahah financing mechanism in financing at BMT Gunungjati Cirebon is by using the 5C feasibility analysis (character, capacity, capital, condition, collateral) and insurance by prioritizing the analysis aspects of character (character), capacity (ability), and collateral (collateral). Assessed through the business income obtained each month and the suitability of the collateral provided by prospective members. The application of the principle of *ikhtiyat* is one way that financial institutions have positive and negative impacts in providing financing at BMT Gunungjati Cirebon so that financial institutions are not allowed to only demand the achievement of targets without upholding the precautionary principle. If the customer experiences a loss, the financial institution can carry out rescheduling and reconditioning as well as refinancing under the *Qardhul Hasan* scheme, while leaving the collateral in its original condition. Obstacles in implementing the Principle of *ikhtiyat* in *murabahah* financing at BMT Malang, East Java. The character and condition of the customers are not good, financing analysts are not careful in verifying data, and BMT Gunungjati Cirebon financing analysts are not optimal in carrying out the 5C assessment. Meanwhile, the strategy for implementing the Principles of *ikhtiyat* in *murabahah* financing at BMT Malang, East Java is to carry out a careful and thorough financing assessment, financing analysts must pay attention to the 5C Assessment principles as a whole, as well as improving the quality of Human Resources.

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