

# Implementation Of Micro Finance Products With Mudharabah Contract At Bmt Nu Sejahtera Cilimus Kuningan

<sup>1</sup>Neneng Wahyuni, <sup>2</sup>Arif Fauzan, <sup>3</sup>Dicky F. Firdaus

<sup>1,2,3</sup> Universitas Islam Al-Ihya, Kuningan

<sup>1</sup>[neneng\\_wahyuni@unisa.ac.id](mailto:neneng_wahyuni@unisa.ac.id), <sup>2</sup>[arif\\_fauzan@unisa.ac.id](mailto:arif_fauzan@unisa.ac.id)

<sup>3</sup>[dickyfauzifirdaus@unisa.ac.id](mailto:dickyfauzifirdaus@unisa.ac.id)

**Abstract:** Mudharabah is one of the contracts in the Sharia economy that can accommodate financing activities for micro-business actors. Data from the OJK, Mudharabah contracts are still classified as minority contracts in Indonesian Islamic financial institutions. This is because the process is considered more risky and complicated, making it less strategic when applied to financial institutions. Interestingly, one of the BMT operating in Kuningan, West Java, BMT NU Sejahtera, carries a financing product with this profit-sharing contract. Using qualitative research methods, the authors examine the implementation of Mudharabah contracts in this BMT. The study results found that in the practice of the contract, things still need to be done by Sharia principles, such as fixed monthly installment payments and collateral requirements. If the customer suffers a loss, payments are still made, even though only the principal. This discrepancy with the Shari'a is understood as an attempt by the BMT to minimize risk. Hopefully, in the future, all Islamic financial institutions and the community can understand fiqh muamalah so that the practice of contracts in Islamic economics can be carried out purely according to the Shari'a.

**Keywords:** Mudharabah. Micro Finance, BMT NU Sejahtera

**Abstrak:** Mudharabah merupakan salah satu akad dalam ekonomi syariah yang dapat mengakomodir kegiatan pembiayaan bagi pelaku usaha mikro. Data OJK, akad Mudharabah masih tergolong akad minoritas di lembaga keuangan syariah Indonesia. Sebab, prosesnya dinilai lebih berisiko dan rumit sehingga kurang strategis jika diterapkan pada lembaga keuangan. Menariknya, salah satu BMT yang beroperasi di Kuningan, Jawa Barat, BMT NU Sejahtera, mengusung produk pembiayaan dengan akad bagi hasil ini. Dengan menggunakan metode penelitian kualitatif, penulis mengkaji pelaksanaan akad Mudharabah di BMT ini. Hasil kajian menemukan bahwa dalam praktek akad masih perlu dilakukan sesuai dengan prinsip syariah, seperti pembayaran cicilan tetap setiap bulan dan persyaratan agunan. Jika nasabah mengalami kerugian, pembayaran tetap dilakukan, meskipun hanya pokok. Ketidaksesuaian dengan syariah ini dipahami sebagai upaya BMT untuk meminimalisir risiko. Semoga kedepannya seluruh lembaga keuangan Islam dan masyarakat dapat memahami fiqh muamalah sehingga praktik akad dalam ekonomi Islam dapat dilakukan secara murni sesuai syariat.

**Kata Kunci:** Mudharabah. Keuangan Mikro, BMT NU Sejahtera

## **Introduction**

The success of a country's economic development can be measured by reducing the number of poor people and increasing social welfare (Madhuri, 2016, p. 114). In this case, the government certainly has a big responsibility that various parties, including the role of financial institutions, should support. As a country with the largest Muslim majority population, the government carries out various activities to educate the Indonesian population about Islamic finance so that it is hoped that it can become part of the growth of Islamic economic inclusion. This aligns with the Indonesian Islamic Economic Masterplan (MEKSI), which has four strategic steps toward Indonesia's vision as the World Islamic Financial Center (Robbani et al., 2022: 2074).

One of the pillars of this master plan is strengthening the Micro, Small and Medium Enterprises (MSMEs) sector as the main driver of the halal value chain (Fauzia, 2019). MSMEs are known as one of the foundations of the country's economy. The growth of MSMEs will strengthen the real sector, which will impact the country's economy. Therefore, the role of MSMEs needs support to continue to exist. One of the problems often faced by micro-entrepreneurs is capital. An alternative to solving this problem is easy access to financial institutions to carry out financing activities. In Islamic financial institutions, apart from visiting Islamic banks, micro-entrepreneurs can also finance at BMTs

BMT is often called the Integrated Independent Business Center, a microfinance institution based on Sharia principles (Soemitra, 2016, p. 473). BMT has two main functions, namely:

Baitul Tamwil (house of property development) conducts productive and investment business development activities in improving the economic quality of micro and small entrepreneurs by encouraging saving activities and supporting the financing of economic activities. Baitul Maal (House of Treasure)

accepts deposits of zakat, infaq and alms as well optimizing its distribution by the regulations and mandate

One of the financing contracts used by BMTs to support micro-entrepreneurs is Mudharabah. Mudharabah is a business collaboration between two parties, in which the first party, as the owner of the funds (shahibul maal), provides all (100%) of the funds. In contrast, the other party, namely the manager (mudharib), manages the business with business profits divided according to the mutual agreement written in the contract. If the business suffers a loss not due to the mudharib's negligence, the loss will be borne by the shahibul maal (Muhammad, 2005, p. 102).

However, according to OJK (2017), this contract must still be implemented in Islamic financial institutions. The rule of fluctuations in operating results every month and other binding Sharia principles makes Mudharabah contracts less popular because they seem less strategic and efficient. Even if implemented, there will be indications of deviations between theory and practice in its operations. This is due to Sharia principles that must be better understood by the managers of Islamic financial institutions and their customers (Ilmi, 2002, p. 49). Based on the problems above, the authors researched how to implement microfinance with a Mudharabah contract at BMT NU Sejahtera Cilimus.

## **Methods**

In this research, researchers used qualitative research methods, namely research procedures that produce descriptive data in the form of written or spoken words from the people observed (Moleong, 2014, p. 4). The nature of this research is descriptive qualitative, which aims, among other things, to describe and summarize various conditions, various phenomena, various social reality situations that exist in society and various research objects and seeks to draw reality to the surface as a characteristic, character trait, sign, model or

description of a particular phenomenon, condition or situation Bungin (2007:68).

The object of this study is the Prosperous NU BMT located in Cilimus Village, Kuningan Regency, West Java. The data source in this study came from primary sources, namely by observing and interviewing several informants at the research location. Meanwhile, secondary data sources were taken from journals, books, files and reports from BMT NU Sejahtera Cilimus. The next step is to analyze all the collected data to form conclusions from this study.

## **Result and Discussion**

Financing according to Banking Law No. 10 of 1998 in Wiroso (2005: 35) Article 1 paragraph 12 states financing based on Sharia principles is the provision of money or bills that are equivalent to it based on the agreement or agreement of other parties that require the party being financed to return the money or bill after a certain period with reward or profit sharing. Financing can arise from the condition that a party with a deficit is brought together with a surplus party so that cooperation is established, which is stated in transparent and fair terms and conditions so that they can benefit one another. Financing also means a loan provision based on trust and agreement between the capital owner and the manager (Santoso, 2012, p. 322).

In general, financing objectives are divided into two groups: financing objectives for the macro and micro levels. On a macro level, financing aims to improve the people's economy, provide funds to increase business, increase productivity, create jobs and create income distribution. Meanwhile, the objective on a micro basis is to optimize profit, minimize risk, and utilize economic resources. The function of financing, in broad outline, is to increase the usability of money, increase the usability of goods, increase the circulation of money, generate enthusiasm for business and create economic stability (Muhammad, 2005, pp. 17-21).

This financing is significant for business actors, especially micro-business actors. As long as the use of financing is allocated appropriately, this will also impact the economic independence of the community so that it can finally create national economic stability. Islamic financial institutions, one of which is BMT, also contribute to this ease of access. Although, of course, analysis and prudent principles are still needed in carrying it out as a form of policy that cannot be ignored amidst conditions in society that still need to understand muamalah fully.

Financing can be done with various contracts, including the Mudharabah contract. Mudharabah is an investment-based transaction contract or investment in a particular business activity. Financing with this contract can be in the form of an investment from a financial institution to the customer as a fund manager to carry out a lawful business activity with the distribution of business results determined based on the profit-sharing ratio predetermined in the contract (Andrianto, Firmansyah, 2019: 339). Indeed, the results of the business are sometimes flat every month; this is understandable because it is typical for fluctuations and dynamic conditions of a business. So that the implementation of profit sharing between capital owners and managers can vary every month, even using a predetermined ratio.

The Mudharabah contract is divided into two types: Mudharabah Mutlaqah and Mudharabah Muqayyadah (Antonio, 2001: 150). In implementing the Mudharabah Muthlaqah contract, the fund's owner does not place any limitations or requirements on the funds invested by the manager. So this contract is often used in savings products (funding). On the other hand, in Mudharabah Muqayyadah, the owner of the funds can provide terms and conditions for the manager in the form of type of business, time and location of the business. Another rule, in Mudharabah, the material capital invested by the shahibul maal is 100%; the manager (mudharib) only needs to have the ability, energy and trustworthiness.

## **Mudharabah Financing Procedures at BMT NU Sejahtera**

There are three types of financing at BMT NU Sejahtera Cilimus: productive, consumptive, and investment. Of the three types of financing, the form of mudharabah financing at BMT NU Sejahtera, in theory, and practice, leads to a productive type of financing, where BMT NU Sejahtera Cilimus provides capital loans to members. Members manage these funds for business purposes to generate a profit which will be shared later, together according to the percentage determined at the beginning of the contract.

BMT members who will apply for mudharabah financing must prepare several requirements that must be met. These requirements include Individuals (WNI) with all types of work, whether permanent employees, contract employees, self-employed, teachers, doctors and other professionals. Administrative requirements for filing, namely:

- a) Application form for financing for individuals.
- b) Photocopy of KTP/Domicile and Family Card.
- c) Photocopy of Marriage Certificate (if married).
- d) Photocopy of Guarantee/Collateral (BPKB, Certificate, etc.)
- e) Photocopy of PBB
- f) Passport photo 3x4 (husband and wife)

After the documents submitted by the prospective members are complete, the initial step is to conduct interviews with the prospective members regarding the type of business the member will run, the funds needed and so on. Then, the analyst or surveyor will go directly to the prospective member's place of business or home and seek information from neighbours/people around the prospective member's home/business place. When completed, the data is matched with what is in the field, and a board and manager meeting is held to determine whether the mudharabah financing is accepted or rejected.

If accepted, a mudharabah contract draft will be drawn up between BMT NU Sejahtera Cilimus and prospective members. The contract draft is carried

out when the prospective member has come to BMT NU Sejahtera after being contacted that the funding application has been accepted. Drafting of this contract was also carried out with the agreement of both parties, especially at the point of the profit-sharing ratio. This is where it is necessary to have a clear and appropriate agreement between BMT NU Sejahtera and prospective members. So members are also allowed to propose ratio ratios. This makes mudharabah financing at BMT NU Sejahtera Cilimus different from mudharabah financing at other Islamic financial institutions.

This is also by what was expressed by one of the prospective members of the mudharabah financing, Mrs Tuti as a BMT NU Sejahtera Cilimus customer:

"When prospective members/customers come to BMT NU Sejahtera, prospective members/customers are not immediately confronted with a draft from BMT NU Sejahtera Cilimus; prospective members are allowed to bargain with BMT. This is different from other Islamic financial institutions where when prospective members come, they are only given a choice to sign a contract or not."

After the contract is signed, the funds will be given three days after the survey is conducted, or it can be postponed until the following month for specific reasons. After the member obtains mudharabah financing capital, the member is obliged to pay instalments of the financing to the BMT. Members must pay instalments monthly and share the results according to the agreed ratio at the beginning by showing a mudharabah financing card.

An example of calculating the ratio is as follows:

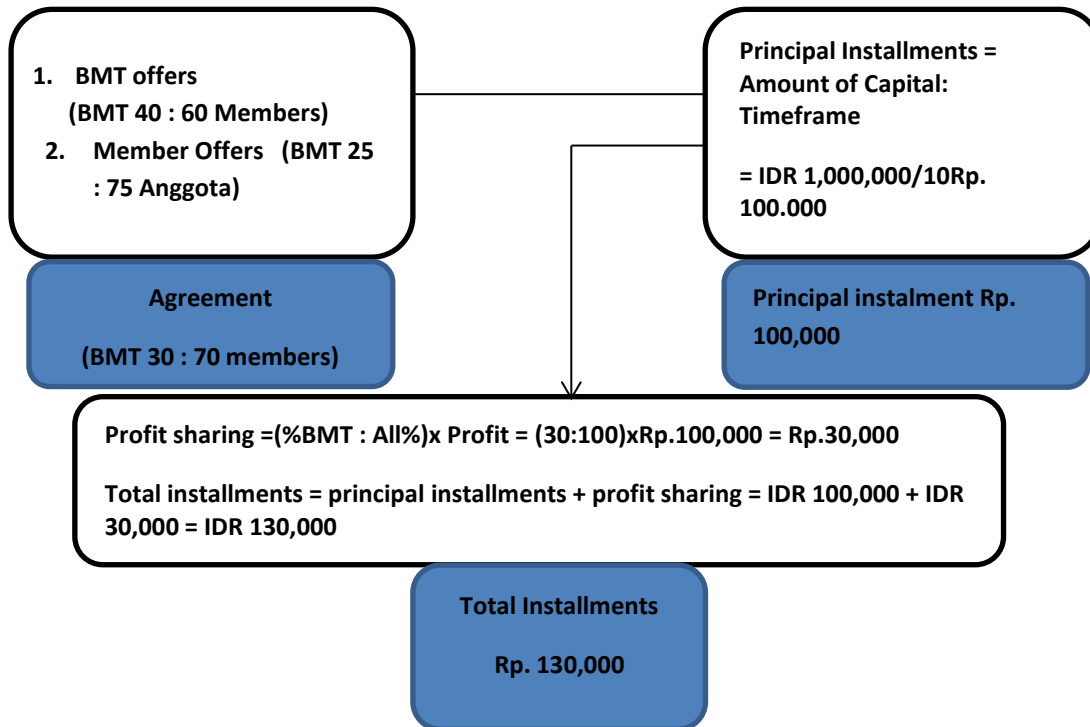


Figure 1. Ratio Calculation Diagram

Based on the sample calculation above, there has been a process of bargaining for the profit-sharing percentage in the production-sharing ratio. Profit and loss sharing at BMT NU Sejahtera Cilimus are also carried out by agreement between the BMT NU Sejahtera Cilimus and prospective members. Profit and loss sharing at BMT NU Sejahtera Cilimus are limited to not only profits but also losses; for profits (profit sharing) at BMT NU Sejahtera, the percentage of profit sharing is carried out based on the agreement of both parties. Meanwhile, the loss (loss sharing) will be borne by the BMT NU Sejahtera as long as the intention or negligence of the members does not cause the loss.

Regarding procedures for handling problematic financing, BMT NU Sejahtera will visit and share with prospective members. If he cannot pay, he only has to return the principal without fines. However, if he can pay but does not want to pay, then he will be fined.

Regarding the business run by the mudharib, the BMT NU Sejahtera Cilimus supervises or controls it. This supervision is carried out by the surveyor or analyst section and is reported monthly in the meeting. If a prospective member is proven to have committed a violation, a warning letter will be given from the BMT NU Sejahtera Cilimus.

The BMT NU Sejahtera Cilimus also did not let go of the supervision of the business being run by the mudharib. When viewed from the vision and mission of BMT NU Sejahtera Cilimus, anticipation or controlling can be done in two ways, namely:

Preventive Supervision, namely prudence and accuracy at the financing stage, financing implementation and financing administration before credit and financing are disbursed. Depressive Supervision, namely supervision carried out by BMT NU Sejahtera Cilimus on prospective members after credit and financing assistance has been disbursed because not a few prospective members manipulate data so that BMT NU Sejahtera is deceived by the loss of these members/customers. Pengawasan ini bertujuan untuk menjaga agar adanya kepercayaan yang kuat antara pihak BMT NU Sejahtera Cilimus dengan calon anggota/nasabah. Meskipun demikian, pengawasan yang dilakukan oleh BMT NU Sejahtera Cilimus ini masih sebatas asas kepercayaan antara BMT NU Sejahtera Cilimus dengan calon anggota saja.

### **Implementation of Mudharabah Contract Financing in terms of Islamic Economic Shari'a**

In terms of mudharabah financing written in the DSN-MUI fatwa No. 07/DSN-MUI/IV/2000, as previously explained regarding mudharabah financing, mudharabah financing is financing channelled by Islamic financial institutions to other parties to finance a productive business. In this financing, Islamic financial institutions such as shahibul mal (fund owners) will finance 100% of the needs of a project/business, while entrepreneurs (members/mudharib) are project/business managers.

Based on Article 194 paragraph (3) Complications of Sharia Economic Law, profits generated in a mudharabah contract become joint property. This shows that there must be a profit-sharing ratio between shohibul mal and mudharib. In this mudharabah financing, there is a goal to be achieved together, namely to obtain profit; what is called mudharabah profit here is the amount obtained as an excess of venture capital. The following benefit conditions must be met:

- 1) Profits must be intended for both parties and may not be required for only one party.
- 2) The share of profit must be proportional to each party, must be known and stated when the contract is agreed upon, and must be in the form of a percentage (ratio) of the profit according to the agreement. Changes in the ratio must be based on an agreement.
- 3) The provider of funds bears all losses from mudharabah, and the manager may not bear any losses unless they result from intentional errors, negligence, or breach of the agreement.

When the BMT NU Sejahtera Cilimus and prospective members make a draft contract agreement, the two must agree on the distribution of profits from the business carried out by prospective members later. Based on the conditions above, the application of the mudharabah contract at BMT NU Sejahtera Cilimus is by the theory and provisions contained in the DSN fatwa Number: 07/DSN-MUI/IV/2000 concerning mudharabah financing. This can be seen from the benefits obtained intended for both parties. In addition, the percentage of profits has also been adjusted to the business profits that members will usually get. There is bargaining between the BMT NU Sejahtera Cilimus and prospective members to reach a mutual agreement.

Even so, the financing procedures that require prospective members to provide guarantees, namely by providing photocopies of guarantees/collateral

(BPKB, certification, and so on), are not regulated in the KHES and DSN MUI fatwa; there is no guarantee in mudharabah financing.

Meanwhile, it should be differently related to the profit sharing ratio or instalments paid by the mudharib every month. Article 202, "Compilation of Sharia Economic Law", explains that profits from operations using mixed capital/sahih al-mal and mudharib are divided proportionally or based on the agreement of all parties. This article shows that when the mudharib runs his business in one month, the profit sharing that will be distributed depends on the profits the mudharib gets. This will impact the difference in profit sharing each month because the mudharib will obtain extra profits each month. There is no way that Mudharib will get the same profit every month. Mudharib could have suffered a loss.

For example, the loan funds used to run the business are Rp. 1,000,000 by paying monthly. The business profit of prospective members is Rp. 100,000/month. BMT NU Sejahtera Cilimus offers a profit sharing 60:40 (member: BMT). Then the prospective members objected and asked for 70:30. So members paid Rp. 130,000 (principal + margin) for ten months. The most extended monthly financing is ten months. Meanwhile, for daily activities, the longest is 100 days or three months.

Even so, the total instalment payments are paid the same every month. That is when a member earns less than or more than Rp in one month. 100,000, then inevitably, the prospective member will continue to pay the profit-sharing ratio based on this calculation. If the prospective member suffers a loss so that he does not get profits or goes bankrupt, then the prospective member only pays the principal instalments.

Based on the method of payment, mudharabah at BMT NU Sejahtera Cilimus is divided into three, namely:

1) Daily Payments. Today's financing is in great demand, especially for traders; mudharabah, in this way, has a minimum-maximum limit of IDR

500,000 - IDR 3,500,000. Moreover, the instalment period is 100 days or +- 3 months.

2) Monthly Payment. Interested in mudharabah payments using monthly payments are usually made by employees. With a minimum-maximum limit of funds issued, which is Rp. 1,000,000.- - Rp. 50,000,000.-. For businesses that are said to be medium, the payment period is a maximum of 10 months.

3) Payment Due. Payment is due for mudharabah at BMT NU Sejahtera is made using seasonal payments, many of which are submitted by farmers, with payments made in the harvest season. The specified minimum the maximum limit is Rp. 10,000,000 - - Rp. 20,000,000 terms of time during routine surveys by BMT NU Sejahtera officers and from reports or confirmations from members/farmers based on the terms of the agreement at the beginning of the contract without being burdensome to each other in working together.

Based on DSN MUI Fatwa No. 07/DSN-MUI/IV/2000 concerning Mudharabah Financing part three-point (3), it is explained that in mudharabah, there is no compensation, because this contract is trustful (yad al-amanah), except as a result of intentional mistakes, negligence, or breach of the agreement. This means that when a prospective member experiences a loss not caused by negligence, the prospective member does not need to pay the principal instalments every month. If prospective members pay principal instalments, it means that BMT NU Sejahtera Cilimus does not want to bear losses for prospective members as stipulated in the KHES and DSN MUI Fatwa No.7/DSN-MUI/IV/2000 concerning mudharabah financing.

In several cases, applying Mudharabah contracts to micro-financing at BMT NU Sejahtera has attempted to conform to the Compilation of Sharia Economic Law and DSN MUI Fatwas provisions. However, several agreements are found that still need to be revised. That is understandable because Islamic financial institutions also have profit-oriented goals besides being ukhrawi oriented. So its application is critical to pay attention to the principle of prudence as a form of responsibility of financial institutions to

customers/funding members. Applying Sharia principles and law still needs to go through a process of education and understanding for all parties. So if all elements have accepted and implemented muamalah law, then the application of various forms of contracts in Islamic economic activities is much easier to apply more purely.

## **Conclusion**

From the results of the research and discussion above, it can be concluded that the implementation of microfinance activities with a Mudharabah contract at BMT NU Sejahtera has tried to apply sharia principles such as being done with mutual pleasure, an agreement containing rules, rights and obligations of both parties (sight), the perpetrators of the contract are both mature and wise, and there is a mutually agreed ratio. However, on the other hand, there are still deviations from Sharia rules which are understood as a form of prudential principles to minimize risks from financing activities. This is stated in the rule that the customer must have capital. In contrast, in a Mudharabah contract in fiqh terms, 100% of capital only comes from the owner of the funds (shahibul maal), the requirement for guarantees to prevent defaults, estimated flat profits every month where business profits should be able to fluctuate and if the customer also has to bear the loss. In contrast, according to the rules, as long as it is not due to the negligence of the fund manager, then 100% of the loss is borne by the owner of the funds.

Various things considered different between theory and practice in Islamic financial institutions still raise criticisms. However, it is hoped that the criticism conveyed will become a concern to continue to build an understanding of the Islamic economy for both managers of Islamic financial institutions and the public so that the Islamic financial ecosystem can genuinely create the atmosphere it should. It is no longer branded as conventional or considered not yet Sharia. Of course, this requires a process and cannot only corner one party to improve. With various efforts being made to increase Islamic financial

literacy, in the future, Allah will present Islamic financial institutions and people who understand Sharia to create a variety of pure Sharia transactions.

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