

Implementation of Musyarakah Financing in BMT Al-Munawarah

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Abstract

This study aims to assess the application and conformity of the sharia musharakah contract with the DSN fatwa at Baitul Maal wa Tamwil (BMT) Al-Munawwarah using a qualitative case study approach. The primary and secondary data used in this study were gathered by conducting direct interviews with branch managers, tellers, and customers at BMT, as well as searching for data sources in journals, books, and literature. The findings of this study indicate that BMT offers several savings and financing products to meet customer needs. To obtain Musyarakah financing, customers are required to fill out a form and complete the requirements set by BMT. In practice, BMT Al-Munawwarah has implemented musharakah financing following the DSN-MUI Fatwa with the principle of profit sharing. The profit sharing ratios used by BMT are typically 50%:50%, 60%:40%, and 70%:30%. BMT markets its financing products through print media, such as brochures and banners.

Keywords: *musharakah; musharakah financing; BMT; marketing strategy.*

INTRODUCTION

Islam's economic activities must be guided by the Quran, which emphasizes the principles of halal (lawful) and haram (unlawful) in business transactions. The Quran prohibits fraud, deception, and exploitation and stresses the importance of conducting business in an honest and fair manner. For instance, Surah Al-Baqarah, verse 188, prohibits consuming wealth unjustly or bribing rulers to unlawfully obtain a portion of the people's wealth. The Quran encourages Muslims to engage in trade and commerce, but only in a mutually beneficial way. Surah An-Nisa, verse 29, highlights the importance of not consuming wealth unjustly and avoiding harm to oneself or others. The Quran teaches Muslims to conduct their economic activities with justice and fairness, while avoiding exploitation and injustice. The principle of halal and haram serves as a moral guide for Muslims in making ethical business decisions.

This can be seen in the prohibition of the practice of usury and interest determination carried out by conventional banks that are not in accordance with the regulations in the Qur'anic texts (Syafi'i Antonio, 2017). Thus, in carrying out economic activities, every Muslim must be able to use the Qur'an and Hadith as the main source of inspiration so that every economic activity is in accordance with Islamic concepts (Jaharuddin; Sutrisno 2018).

Islamic banks are financial entities that have a function as an intermediary between parties who have excess funds and those who lack funds to carry out an activity in accordance

with Islamic principles which includes collecting funds and redistributing these funds in the form of financing (Yumanita & others, 2005). Based on its usefulness, Islamic banks have 4 categories as distributors of funds, namely the principle of buying and selling, renting, profit sharing, and sharia contracts in financing (Karim 2006, 102).

Islamic banking has a hope in the form of improving better services and being able to develop products that have a more competitive value which will later be able to meet the needs of the community (Kurniasari; Bharata 2020). In creating Islamic financial products, a special process and expertise is needed to match the market share (Basyariah, 2018).

Baitul Mal Wa Tamwil (BMT) was established in an effort to empower the people's economy. Where BMT as an alternative intermediary that plays a role in raising funds directly from the community which is then redistributed in the form of small and medium scale financing (Syafi'i Antonio, 2017). The financing products available at BMT include mudharabah, murabahah, and musyarakah financing.

Musyarakah financing is a financing transaction in which there is a cooperation agreement consisting of two or more people in carrying out business activities in which there is a mutually agreed proportion of profit and loss sharing in accordance with a mutual agreement in the contribution of funds to the first contract (Syafi'i Antonio, 2017). According to (Algoud & Lewis, 2007), Musyarakah financing is a financing transaction in which there is a cooperation agreement consisting of two or more people in carrying out business activities in which there is a mutually agreed proportion of profit and loss sharing in accordance with a mutual agreement in the contribution of funds to the first contract. According to (Jaharuddin 2018, 184), musyarakah is a transaction in which there is a contract in the form of cooperation between two or more parties in which each party contributes funds (or charity/expertise) to build a business and any profits and risks that exist will be borne together by mutual agreement.

This study discusses the issue of musyarakah financing because the process involves various parties, such as banks or BMTs, and customers. Many customers carry out musharaka financing activities with the aim of developing their business activities due to a lack of capital to support their business activities. With this financing, each customer will receive capital assistance, and the bank will get a profit-sharing ratio for the capital provided. This is an advantage for both parties.

BMT Al-Munawwarah is an alternative Islamic financial institution that has activities to raise funds from the community, which are then redistributed in the form of financing. Where BMT Al-Munawwarah BSD Branch is in the South Tangerang area In this study, the BMT Al-Munawwarah BSD Branch is the object because it has a strategic location between residential areas and is adjacent to MSMEs (micro, small, and medium enterprises) in the BMT area community. Thus, BMT Al-Munawwarah has the hope of maximizing musyarakah financing to develop the business activities of the surrounding community.

Several studies have been conducted on Musyarakah financing. Basyariah (2018) found that the implementation of Musyarakah Mutanaqishah (MMQ) did not comply with sharia principles. (Fajar & others, n.d.) discovered that collateral in the form of BPKB, gold, or a house certificate was required during financing. Meanwhile, (Wahyuni, 2019) (Pramushinta & Wahyuningsih, 2017) reported that some BMTs achieved optimal results in financing businesses, but others did not. Additionally, (HAFIDLAH, 2019) found that many did not comply with the DSN-MUI Fatwa on BMT in implementing the Musyarakah contract. This

study will focus on the application of the Musyarakah contract at BMT Al-Munawwarah, specifically the compliance with the DSN-MUI Fatwa and marketing strategies. Only the Musharaka contract will be used in this study due to the involvement of various parties and the potential for fraud during the financing procedure. The research aims to address the challenges in billing customers and ensure compliance with sharia principles.

LITERATURE REVIEW

Baitul Maal wa Tamwil (BMT)

BMT is an abbreviation that comes from *baitul maal wa tamwil*. In this sentence there are two terms consisting of *baitul maal* and *baitul tamwil* which have money houses and finance houses (Melina, 2020). *Baitul Maal* focuses more on collecting joint ventures and distributing funds that are not profit-oriented by carrying out their activities according to regulations and mandates, such as *zakat*, *infaq*, *shadaqah*. In contrast to the *Baitul Tamwil* which is more profit-oriented by collecting funds and channeling the funds back for commercial purposes, which aims to improve the quality of economic activities carried out by small entrepreneurs (Ridwan, 2013).

Baitul Maal wat Tamwil is a micro-scale financial institution that runs its business based on sharia principles. Where BMT was established by a Non-Governmental Organization (KSM) which is a financial institution in the form of sharia and non-bank (Melina, 2020). Thus, the purpose of establishing BMT is to improve the quality of economic efforts in order to achieve the welfare of BMT members and society in general by implementing sharia principles which of course so that there is no longer a moneylender system, usury system, and poverty in small communities (Soemitra, 2017).

Musharakah Theory

Musyarakah has the meaning of mixed or mixed which in language has the origin of the word *syirkah* which means *al-ikhtilath*. By this what is meant is a mixture of one person's property with another person's property which makes it impossible to distinguish (Mardani, 2012).

Musyarakah is a general form of a business in the form of profit sharing carried out by two or more people by contributing in the form of financing and business management, where the proportion of profit sharing and risk will be shared according to a mutual agreement can be divided equally or unequally in proportion to each party (Sahroni 2011, 177).

Musyarakah is a contract in the form of cooperation consisting of two or more parties in the field of establishing a particular business that has been mutually agreed upon in which the parties contribute to provide funds (or charity/expertise) with an agreement that the business built will be jointly borne both risks and benefits. profit from the results of these operations (Jaharuddin 2018, 184).

Based on some of these definitions, it can be concluded that Musyarakah is a contract in the form of cooperation, either partnership or partnership carried out by two or more parties on the basis of running a business that is built together, both in the field of trade in goods or services with capital originating from the working parties. the same or from some of the parties who cooperate with the profit and loss sharing agreement adjusted to the agreement that has been determined together

Musharakah Financing

In Indonesian Law No. 10 of 1998 discusses banking which is contained in Chapter 1 Article 1 No. 12 states that financing in the form of sharia is "the provision of money or claims with other parties that are required by the financed party to return the money or financing within a certain period of time in return for or profit sharing." (Kasmir 2012). Financing is an activity carried out by both Islamic banks and other Islamic financial institutions by distributing funds to members and the public who need funds (Melina, 2020).

Musyarakah financing is an activity in the form of a contract which involves two or more parties to collect various resources, both tangible and intangible, that are used to build a business (Suhardi et al. 2022). In the cooperation carried out in the Musyarakah contract, each party will provide their capital in accordance with the proportions which later each profit and risk of loss will be borne together in accordance with a mutual agreement (Hadiyati, 2013). Musyarakah contracts in sharing profits are called nisbah or profit sharing which will later be determined from the parties involved in it taking into account the contributions of the funds provided and the efforts made by the parties in it, in terms of musharaka it is a collaboration carried out by several parties at least two people which aims to building a business by providing the required capital and business profits and losses will be shared in accordance with a mutual agreement (Mazlan, 2013).

Musyarakah financing implemented by Islamic financial institutions is in the form of facilities in the form of fulfilling part of the business capital for its members intended to run businesses or projects that have been mutually agreed upon (Taufiqulhakim; Hendratmi 2019). Members will act as business managers and Islamic financial institutions will act as partners and can become managers of the business in accordance with a predetermined agreement. Thus, in its implementation, Musyarakah financing is divided into two partners, namely the active partner who applies for financing and who runs the business, while the passive partner is the party that provides financing funds (Isfiyanti et al. 2020). Islamic financial institutions have the right to supervise the businesses of their members. However, Islamic financial institutions do not have the right to earn profits based on the profit and loss sharing method which is an equal distribution of profits and losses together or for income sharing based on a percentage of the capital provided (Buchari 2012, 44). impressions include logos, brand stories, photos, colors, and other

Types of Musharakah Contracts

The contract in musharaka based on its existence is divided into five parts, namely *al-'inan*, *almufawadhah*, *al-a'maal*, *al-wujuh* and *al-mudharabah* with the following details (Jaharuddin 2018, 184-185) : (1) Syirkah 'Inan is an alliance carried out by two people by placing joint assets aimed at trading together by dividing profits and losses according to a mutual agreement; (2) Syirkah Mufawadhah is a collaboration in a business related to joint capital, business skills possessed, the religion of each party involved, and the division of labor in the business; (3) Syirkah A'maal is an agreement in the form of cooperation carried out by two or more people who have a certain professional skill and expertise to run a business together by sharing profits in accordance with a mutual agreement; (4) Syirkah Wujuh is a cooperative agreement that does not take the form of joint capital collection, but in the business cooperation that is built, trust is given to third parties. Partners only provide a good name, business reputation, credit worthiness, and do not provide any capital (funds) for their business; (5) Syirkah al-Mudharabah is a contract in the form of cooperation which is divided

by the first party, namely shahibul mal as the provider of full capital for a business and the other party only as the manager of the business. Profit sharing is based on a mutual agreement stated in the contract. The loss will be borne by the first party as long as the loss that occurs does not come from the negligence of the other party who manages the business (Hasanudin; Mubarak 2012, 20).

The contract in musharaka based on PSAK 106 is divided into two, namely permanent and mutanaqisah with the following details : (1) Permanent Musyarakah where at the time of the contract the distribution of funds will be determined by each party and the amount of profit sharing and return on business capital will be fixed until the end of the contract period; (2) Musyarakah Mutanaqisah is a contract in which funds from one party will be transferred gradually to the other party so that the share of the funds will decrease gradually until the end of the contract period and in the end the other party will become the full owner of the business.

DSN-MUI No. 08/DSN-MUI/IV/2000

The National Sharia Council issued a fatwa from the Indonesian Ulema Council with regulation no. 08/DSN-MUI/IV/2000 which discusses musyarakah financing which regulates several provisions as follows:

- 1) The statement in carrying out the ijab qabul must be stated clearly by the parties, it aims to find out the aims and objectives of the parties at the time of entering into a contract or contract. It is necessary to pay attention to the following criteria at the time of the contract:
 - a) The purpose of the contract or contract must be stated explicitly when submitting offers and requests
 - b) The contract is the basis for accepting the offer to be made.
 - c) The contract or contract must be stated in writing, which must be through correspondence or can be through modern communication
- 2) The party performing the musharaka contract must be legally competent, and must pay attention to the following criteria:
 - a) The parties involved must be competent in giving or being given the power to represent
 - b) All partners must be able to provide or provide funds and manpower (work), and partners can carry out work on their businesses acting as representatives.
 - c) All partners have the right to manage the assets that have been stated in the Musyarakah contract as long as the normal business process
 - d) All partners have the authority to assign tasks to manage assets to other partners, each partner has been deemed to have been given their respective authority in carrying out musharaka activities by paying attention to other partners in their interests. In carrying out its business activities, it must be done seriously and must not do negligence and mistakes intentionally.
 - e) Each partner is not allowed to make disbursements or invest funds intended for personal interests.
- 3) Contract object
 - a) Capital

- i. The capital given to the business that you want to build can be in the form of cash, gold, silver, or can be assets that can be valued at fair values such as property, trading assets, or others. Assets that need to be valued must be measured and determined in value according to mutual agreement.
 - ii. Each party is not permitted to lend or grant musharaka capital to other parties, unless there is a mutual agreement.
 - iii. In principle, when conducting a musharaka contract there is no collateral or guarantee in it, but in reducing the risk of irregularities that will occur, Islamic financial institutions can ask partners for guarantees to be careful during financing.
- b) Work
- i. In the implementation of musyarakah financing, all partners have work assignments in it, but the proportion of work does not need to be divided equally for their duties and each partner may ask for additional benefits by taking into account the capital provided and the proportion of work done on the business.
 - ii. All partners in carrying out their duties in a musharaka business can be carried out under their personal names or as representatives of their partners. The powers and duties in the business or organization must be clearly stated in the contract.
- c) Profit
- i. Profits generated from operating results must be clearly quantifiable with the aim of avoiding disputes and differences when the profits will be attributed or when the musyarakah contract has been completed.
 - ii. Every profit generated from the business must be distributed proportionally in accordance with a mutually determined agreement and at the beginning of the profit sharing there is no determined amount of profit for each partner.
 - iii. Each partner is allowed to make suggestions for himself to increase the ratio/profit sharing in a certain amount to be given to him, according to mutual agreement.
- d) Losses that occur in the business that is built are a shared responsibility where the loss will be borne in accordance with the percentage of the investment made in the business carried out in the mutually agreed musharaka contract.
- e) Operational Cost
- i. The operational costs will be borne by all partners for the joint capital in their business.
 - ii. After the business is operational and there is a dispute between the parties in it, it needs to be resolved by deliberation, if the deliberation cannot resolve the problem between the parties, the Sharia Arbitration Board has a role to solve the problems that occur between the parties during the musyarakah financing process.

PSAK Nomor 106

The latest regulation on Musyarakah financing is governed by PSAK (Statement of Financial Accounting Standards) No. 106, which outlines the following characteristics (IAI, 2007):

1. Capital/funds for the business are contributed by each partner, and if a partner wishes to make a loan to another institution, the borrowed funds must be returned

according to the profit sharing ratio agreed upon between the partner and the institution, either in installments or in full.

2. Investments made in the Musyarakah contract can be in the form of cash or non-cash, including intangible assets.
3. Partners can ask for guarantees from partners who borrow funds to mitigate risks in case of intentional negligence by partners managing the business.
4. In case of an error during business operations and no agreement was made beforehand, the error must be proven by the authorized party.
5. Income and losses are shared jointly according to the proportion of funds invested in the business, including cash and non-cash capital.
6. If one partner provides greater capital compared to others, they are entitled to a greater share of the profits.
7. Profit sharing is determined by mutual agreement and is not based on the amount of investment given.
8. Musyarakah investment is automatically recorded in business transactions.

Musyarakah investment can be recognized at the signing of the contract agreement and assets, including cash and non-cash, are actively transferred to partners. This is recognized and measured according to PSAK No. 106 paragraph 27 for the recognition of transactions in Musyarakah financing (HANJANI & PRATAMA, 2018). Cash investments are adjusted to the value of assets at the time of delivery, while non-cash assets are valued based on their fair value. The difference in valuation of Musyarakah assets is the value of the difference between the book value contained in non-cash assets and the value of the non-cash assets themselves (Kurniasari & Bharata, 2020).

Detailed financial statements must be presented to report all business transaction activities related to Musyarakah financing. Partners in the business are required to disclose all financing activities, including agreements or contracts made at the time of the contract and partners actively involved in the business (Linaria & Chintya, 2017).

RESEARCH METHODS

This research was conducted using qualitative methods. The qualitative method is a research by conducting investigations, discoveries, describing, and explaining a quality that comes from social activities (Saryono, 2010). Qualitative methods have the aim of finding answers to phenomena that occur or questions that have been systematically arranged. This research uses a case study approach. Where in carrying out research, the researcher will examine a case or phenomenon in depth by conducting detailed learning on the background of the research to be carried out, the circumstances during the research, and interactions with the research object. Phenomena found during research must be presented openly and not manipulated when conducting research (Kurniasari; Bharata 2020).

Primary data were obtained from BMT Al-Munawwarah by interviewing Branch Managers, Tellers, and Customers at the BMT related to the object to be studied. This is done because Branch Managers, Tellers, and Customers know deeper and broader information about the object to be studied. In this study, the documentation used is a document or archive regarding the profile of BMT Al-Munawwarah, a letter of application for financing, a statement made at the time of the Musyarakah financing contract, the financing card used during the Musyarakah contract, recap of data related to Musyarakah financing, and related

data. , then analyzed descriptively.

RESULT AND DISCUSSION

About of BMT Al-Munawwarah

According to Romlih as Manager at BMT Al-Munawwarah BSD branch (Interview, 06 April 2022, BMT Al-Munawwarah) explained that BMT Al-Munawwarah was founded with the founders of the Al-Munawwarah Foundation consisting of supervisors, supervisors, and administrators. At first the members of the foundation focused more on the activities of the Al-Munawwarah foundation itself with the aim of building a mosque for a place of worship located in Bukit Pamulang Indah. Then the administrators have jobs in various places such as in the education office, in cooperatives, and in government agencies. the administrators had the idea to build a cooperative in the form of sharia under the name BMT Al-Munawwarah in the Soeharto era, right on May 26, 1996 which was inaugurated by the minister of finance, namely Mar'ie Muhammad. Where BMT Al-Munawwarah is located in Tangerang Regency.

At first BMT Al-Munawwarah was in the form of WASERDA (Warung Serba Ada) as well as a cooperative that carried out savings and loan activities. Over time the ministry of cooperatives decided that a cooperative was not allowed to run two business activities at once, so that currently BMT Al-Munawwarah is more focused on savings and loan activities with sharia principles.

The establishment of BMT Al-Munawwarah has a noble goal, namely trying to empower micro and small entrepreneurs who have difficulty in terms of capital to develop their business. So that BMT Al-Munawwarah is here to provide capital assistance, especially to micro and small entrepreneurs to be able to develop their business and be free from the entanglement of moneylenders and difficulties in applying for business capital loans.

Musyarakah Financing at BMT Al-Munawwarah

Musyarakah is a form of cooperation in which there is an agreement or contract in the form of profit sharing (profit loss sharing) carried out by customers and Islamic financial institutions (one of which is BMT). BMT Al-Munawwarah applies the principle of musharaka contract as an activity to channel funds in the form of financing.

In the application of musyarakah financing contained in BMT Al-Munawwarah, the BMT will provide a portion of working capital to customers. Thus, BMT only provides working capital to customers for the proposed Musyarakah financing to meet the capital needs required by its customers. Musyarakah financing at BMT Al-Munawwarah will be carried out in a way that the customer and the BMT will hold discussions to discuss what agreements will be mutually agreed upon. Starting with customers who visit BMT to apply for musyarakah financing by filling out the form and completing the necessary requirements, then the BMT will review the files and conduct discussions again to proceed to the next stage regarding what agreements will be made next.

Musyarakah financing at BMT Al-Munawwarah is an agreement made between BMT Al-Munawwarah and customers to finance a customer's business. In a musharaka contract, it is based on cooperation to build or develop a business which in the end the profits and losses will be shared according to a mutual agreement. This aims to increase the value of assets in the agreed business so that it can run better and increase in terms of profit.

The following is the percentage of distribution of financing contracts applied to BMT Al-Munawwarah in 2018 – 2021

Table 1 Distribution of Financing at BMT Al-Munawwarah 2018 - 2022

No	Akad	2018 (%)	2019 (%)	2020 (%)	2021 (%)
1.	Musyarakah	46 %	26 %	18 %	11 %
2.	Mudharabah	9 %	9 %	6 %	24 %
3.	Murabahah	28 %	54 %	45 %	56 %
4.	Ijarah Multijasa	13 %	10 %	26 %	5 %
5.	Hiwalah	-	-	-	-
6.	Al-Qardh	4 %	1 %	5 %	4 %

Source: BMT Al-Munawwarah Annual Report (Financial Data on Realization of Financing is not shown because it is a company secret)

In table 1 it can be seen that the musyarakah contract and the Murabahah contract are the two dominant contracts used. Initially the Musyarakah contract was larger than the murabahah contract, over time the murabahah contract became more dominant. Musyarakah financing uses the Syirkah Al-Mudharabah type which is a type of musyarakah contract consisting of shahibul mal, namely the full capital provider where this is the BMT party and mudharib, which is another party who manages the business they are running where this is a customer who applies for financing for their business capital. Where both parties will carry out syirkah Al-Mudharabah so that according to the rules every profit will be divided according to mutual agreement at the time of the contract, and losses will be shared according to the agreement as long as the loss does not come from the customer who manages the business.

In its development, the ease of murabahah contracts has become an impetus for BMTs to use murabahah contracts, this indicates a movement from distributing funds for business capital to the consumption sectors, this occurs due to supply and demand in the market. It is not ideal, but this is a reality on the ground which gradually requires better efforts from BMTs and customers to focus more on financing capital and investment, so that the development of micro-enterprises is really encouraged by the presence of BMT Al Musyawarah.

Musyarakah Financing Procedures at BMT Al-Munawwarah

The requirements for musharaka financing at BMT Al-Munawwarah are that the customer needs to fill out a financing application form provided by the BMT and fulfill the approval of the husband or wife. 2 recent 3 x 4 passport photos (husband and wife 2 pieces each). Photocopy of KTP husband and wife as much as 2 sheets each. 2 copies of family card. 2 copies of the marriage certificate (for those who are married). Photocopy of the latest electricity, telephone, and PBB (Land and Building Tax) bills. Salary slip (for those who work). The last requirement is a photocopy of the customer's guarantee.

The Musyarakah financing procedure implemented by BMT Al-Munawwarah includes several stages, namely first, the customer applies for Musyarakah financing directly by coming to BMT Al-Munawwarah by filling out the financing form and completing the necessary requirements. Second, the file will be received by the BMT manager to see if the file is complete or not. Third, the files collected will be held in a committee meeting to review the documents whether they can be followed up or not. Fourth, BMT will interview

customers to re-verify the data that has been provided and to find out the purpose of the customer in the financing carried out. Sixth, BMT will conduct a review of the location of the customer's place of business to find out clearly whether what the customer conveys is in accordance with what is in the field. Seventh, BMT will assess customers by implementing the 5C (Character, Capacity, Capital, Collateral, Condition) and Feeling principles as well as seeking customer information from the customer's living environment. Eighth, the manager will decide on the assessment made to the customer to see the character and sincerity of the customer. Ninth, the contract will be carried out between the BMT and the customer with various agreements that must be mutually agreed. Determination of the ratio will also be determined at the time of the contract with a proportion that is usually determined by BMT Al-Munawwarah (50%: 50%); (60% : 40%) ; (70% : 30%). Tenth, together with the contract, the business capital funds will be handed over directly to the customer at that time.

Musyarakah Financing Scheme at BMT Al-Munawwarah

BMT Al-Munawwarah is a financial institution that uses sharia principles in its activities in which it collects funds from the public in the form of deposits and redistributes funds to the public in the form of financing. If a customer wants to apply for musyarakah financing, there are steps that must be taken as shown in Figure 1. First, the customer applies for musyarakah financing directly by coming to BMT Al-Munawwarah by filling out the financing form and completing the necessary requirements. Second, the file will be received by the BMT manager to see if the file is complete or not. Third, the files collected will be held in a committee meeting to review the documents whether they can be followed up or not. Fourth, BMT will interview customers to re-verify the data that has been provided and to find out the purpose of the customer in the financing carried out. Sixth, BMT will conduct a review of the location of the customer's place of business to find out clearly whether what the customer conveys is in accordance with what is in the field. Seventh, BMT will assess customers by taking various approaches, both face-to-face and seeking customer information from the customer's living environment. Eighth, the manager will decide on the assessment made to the customer to see the character and sincerity of the customer. Ninth, the contract will be carried out between the BMT and the customer with various agreements that must be mutually agreed. Tenth, together with the contract, the business capital funds will be handed over directly to the customer at that time.

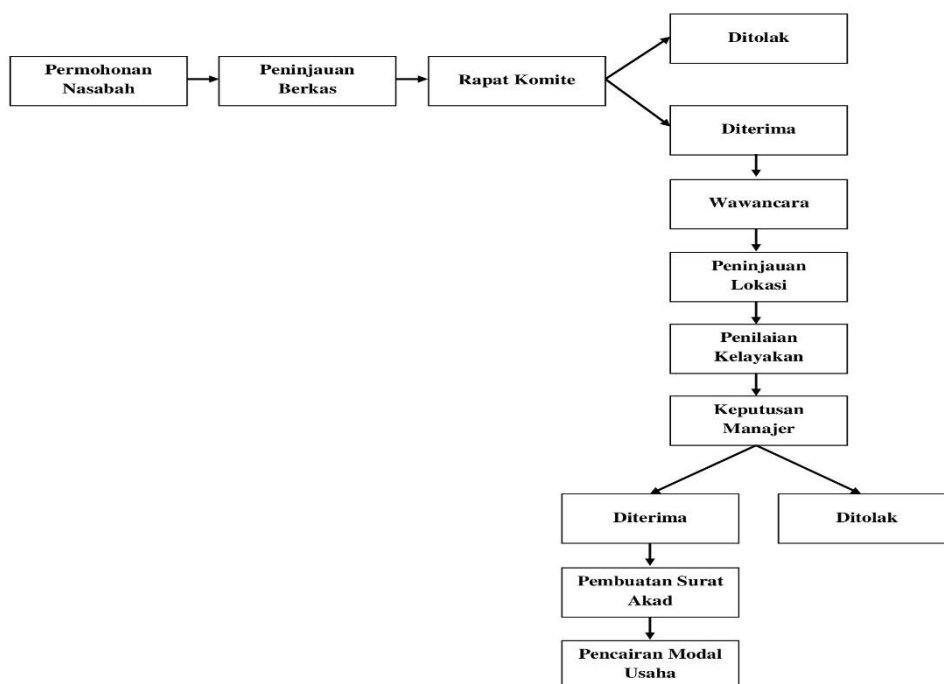


Figure 1 Musyarakah Financing Submission Mechanism

Source: Processed by researchers on the results of interviews with branch managers and the Annual Report of BMT Al-Munawwarah

Analysis of the Suitability of Musyarakah Financing at BMT Al-Munawwarah According to the Fatwa of the MUI DSN

DSN MUI Fatwa No. 08/DSN-MUI/IV/2000 in which there are provisions regarding musyarakah financing. The regulated provisions are the statement of consent and qabul, the legal skills of each party entering into the financing contract, the object of the contract which consists of capital, work, profits, losses, operational costs and disputes during the musyarakah financing.

Table 2 Conformity of Fatwa and Musyarakah Practices at BMT Al-Munawwarah

No	Aspects of Fatwa	Reality in the Field	Notes
1.	Consent Qabul		
	a. The contract is made in writing, through correspondence, or by using modern means of communication	The contract is stated in the form of an agreement between BMT and the Customer using a form signed by both parties and documented	In accordance with the DSN-MUI Fatwa
2.	Contracting parties:		
	a. Have legal skills	Between the BMT and the customer, they have good legal skills by being responsible for their actions	In accordance with the DSN-MUI Fatwa
	b. Competent	The BMT and the Customer are competent in carrying out all	In accordance with the DSN-MUI Fatwa

No	Aspects of Fatwa	Reality in the Field	Notes
		obligations under the agreement made	
	c. Have funds and competent	The BMT provides funds for customers who perform Musyarakah financing and customers are competent in managing the funds provided	In accordance with the DSN-MUI Fatwa
	d. Has the authority to manage the assets of its partner	BMT has the right to manage its customers' assets on the basis of the financing provided	In accordance with the DSN-MUI Fatwa
	e. Not allowed to invest funds for personal gain	Customers are not allowed to invest the funds provided for personal gain	In accordance with the DSN-MUI Fatwa
	f. Has the right to manage musharaka assets	The BMT and the Customer have the right to manage the assets provided for the management of the business that has been run	In accordance with the DSN-MUI Fatwa
3.	Contract Object/Mauqud Alaih		
	a. The capital given must be cash, gold, silver or the same value. Capital can consist of trading assets, such as goods, property, and so on. If the capital is in the form of an asset, it must first be valued in cash and agreed by the partners	The BMT provides musharaka financing in the form of cash to customers who apply for financing	In accordance with the DSN-MUI Fatwa
4.	Each partner carries out work in musharaka on behalf of himself and on behalf of his partner. The position of each in the work organization must be explained in the contract.	Each partner carries out work in musharaka on behalf of himself and on behalf of his partner. The position of each in the work organization must be explained in the contract.	In accordance with the DSN-MUI Fatwa
5.	Profit Sharing /Nisbah		
	a. The engagement can be represented according to the permission of each party	In certain conditions, the customer's submission for musyarakah financing may be represented by bringing a power of attorney	In accordance with the DSN-MUI Fatwa
	b. The profit sharing system must be clearly stated in the contract	Profit sharing is agreed upon at the time of the contract and stated in the agreement	In accordance with the DSN-MUI Fatwa
	c. The percentage of profit sharing is known by the parties when entering into the contract.	At the time of the profit contract, it is clearly explained and known between the parties, both the BMT and the customer	In accordance with the DSN-MUI Fatwa

No	Aspects of Fatwa	Reality in the Field	Notes
	d. Profits are determined as a percentage, not an exact amount.	Profit in the form of a percentage of business management that has been carried out for a certain period of time	In accordance with the DSN-MUI Fatwa
	e. A partner may propose that if the profit exceeds a certain amount, the excess or percentage is given to him	Each party is not allowed to propose an increase in the profit percentage if the profit exceeds a certain amount	Not in accordance with the MUI DSN Fatwa
6.	Losses shall be divided among the partners in proportion to their respective shares in capital.	The BMT and the customer share the loss on the basis of the business management carried out by the customer	In accordance with the MUI DSN Fatwa
7.	Operational costs are charged to joint capital	Business operational expenses are borne by BMT and customers.	In accordance with the MUI DSN Fatwa
8.	If one of the parties does not fulfill its obligations or if there is a dispute between the parties, then the settlement is carried out through the Shari'ah Arbitration Board after no agreement is reached through deliberation.	The BMT and the customer have the right to resolve the problem at the Shari'ah Arbitration Board if it is not resolved through deliberation	In accordance with the MUI DSN Fatwa

Source: The data was processed from interviews with the informant, BMT Al-Munawwarah (Branch Manager)

BMT Al-Munawwarah in carrying out the *ijab qabul* is in accordance with the DSN MUI fatwa where the contract explicitly shows the desired financing goal by means of a written contract and acceptance of the offer is made when it takes place. The parties who carry out the *Musyarakah* contract all have legal skills in accordance with the fatwa of the MUI DSN. The capital provided by BMT Al-Munawwarah is in the form of cash intended for customer business financing and BMT can ask for guarantees from customers as a second payment that is in accordance with the DSN MUI fatwa. The division of tasks in the business from the customer must be clear between the BMT and the customer, where the BMT only provides business financing capital while the proportion of work is entirely done by the customer, this is in accordance with the DSN MUI fatwa. Profits are distributed proportionally to the profits obtained from the business carried out by mutual agreement, but there is one point that is not in accordance with the DSN MUI fatwa where if the profit reaches a certain amount the parties are not allowed to propose and change the percentage ratio. Losses will be shared in accordance with the agreed proportions, and operational costs will be shared jointly according to the agreement at the beginning of the contract and unresolved disputes will be resolved at the sharia arbitration body, this is in accordance with the DSN MUI fatwa.

BMT Al-Munawwarah in implementing *musyarakah* financing only provides business financing capital and business operations are fully carried out by customers. From the description that has been explained, the *Musyarakah* financing at BMT Al-Munawwarah

almost entirely meets the fatwa criteria of DSN MUI No.08/DSN-MUI/IV/2000 and only one point that does not meet these criteria, namely the parties may not propose and change the percentage ratio if profit reaches a certain amount.

Calculation of Profit Sharing of Musyarakah Financing at BMT Al-Munawwarah

The profit sharing calculation method carried out by BMT Al-Munawwarah for Musyarakah financing uses the profit sharing method, where the ratio will be distributed based on the profit on the results of the business carried out by the ratio usually applied by BMT Al-Munawwarah, namely (50%: 50%), (60% : 40%), (70% : 30%). However, if the customer does not have the ability to pay because his business has suffered a loss or bankruptcy, the customer only needs to return the principal of the loan. The simulation of profit sharing calculation at BMT Al-Munawwarah is as follows: Mrs. Maryati is a seblak trader who requires a business capital of Rp. 6,000,000 but Mrs. Maryati only has a capital of Rp. 1,000,000 and Maryati's mother gets financing from BMT Al-Munawwarah of Rp. 5,000,000 with an agreed ratio of 60%: 40% with installments over 5 months, the profit earned in the first month is Rp. 1,000,000, then the calculation is:

Table 3 Simulation of Ratio in Musyarakah Contracts

Funds from BMT Al-Munawwarah	Rp 5.000.000
Net Profit	Rp 1.000.000
Ratio 60% : 40%	Rp 600.000 dan Rp 400.000
Mrs. Maryati	BMT
Rp 600.000	Rp 400.000
Mrs. Maryati's first installment: Angsuran Pokok + Nisbah Rp 1.000.000 + Rp 400.000	First Installment Total : Rp 1.400.000

Source: Processed by researchers

Marketing Strategy of BMT Al-Munawwarah

Musyarakah financing at the BMT Al-Munawwarah BSD branch has not been very developed in terms of its customers. So that BMT Al-Munawwarah often does financing to its customers in the form of murabahah contracts such as buying personal goods (for example buying motorbikes, cell phones, building materials). This is what makes musyarakah financing still not optimal in terms of marketing at BMT Al-Munawwarah which causes its application to be still small and continues to decline. Marketing strategy is a way for organizations or institutions to introduce and market their products. Marketing carried out by BMT Al-Munawwarah is by using printed media such as brochures, banners, banners and communication media by marketing products to customers who are already members of BMT Al-Munawwarah and informing the closest trusted relatives of customers to be able to use financing facilities.

BMT Al-Munawwarah. Musyarakah financing customers at BMT Al-Munawwarah currently cover the areas of Banten, DKI Jakarta, South Tangerang, and Bogor. This is because BMT Al-Munawwarah has several branches in the region, the main focus of BMT Al-Munawwarah is to finance the surrounding community.

CONCLUSION

Based on the explanations provided above, the following conclusions can be drawn: (1) Musyarakah and Murabahah contracts are the two most commonly used contracts at BMT Al-Munawwarah. While Musyarakah contracts have experienced a declining trend, Murabahah contracts have seen an increasing trend from year to year, due to customer demand for consumptive products; (2) BMT Al-Munawwarah uses the profit sharing method to calculate profits for Musyarakah financing, and typically applies the ratios of (50%: 50%), (60%: 40%), and (70%: 30%). In assessing customers, BMT Al-Munawwarah uses the 5C principles (Character, Capacity, Capital, Collateral, and Condition), as well as a customer's living environment to strengthen their intentions and goals; (3) The Musyarakah financing implemented by BMT Al-Munawwarah conforms almost entirely to the DSN MUI No. 08/DSN-MUI/IV/2000 fatwa, issued by MUI, in terms of qabul consent, legal skills of the parties involved, capital, work, profits, losses, operational costs, and dispute resolution. However, there is one point where BMT Al-Munawwarah has not fully applied the fatwa, which is that the parties may not propose or change the percentage ratio if the profit exceeds a certain amount; (4) BMT Al-Munawwarah's marketing strategy involves using print media, such as brochures and banners, and communicating with existing BMT Al-Munawwarah members and their closest trusted relatives to promote their financing products.

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