

The Principle of Prudence in Murabahah Financing: An Empirical Study at the LKMS MM Sejahtera Cooperative in Bengkulu City

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Abstract: The purpose of this research is to determine the application of the precautionary principle in the distribution of murabahah financing in the LKMS MM Sejahtera cooperative, Bengkulu City. This research uses qualitative research methods. The results of the research show that in applying the precautionary principle, Cooperative Institutions analyze prospective customers based on the 5C principles, such as character, capacity, capital, collateral, and conditions of economy. The character principle involves examining the customer's credit history, direct surveys, and information from the Financial Information Services System (SLIK), while the capacity principle involves evaluating the customer's income, debt, and living expenses. The capital principle assesses the customer's capital, the collateral principle assesses the guarantee submitted by the customer, and the condition of economic principle assesses the customer's ability to pay installments. The MM Sejahtera LKMS Cooperative faces obstacles in applying the principle of prudence, especially related to the principle of collateral or guarantee. Customers often have a guarantee that is less than the amount of financing submitted, so the cooperative cannot provide financing. To overcome this, cooperatives look for solutions by asking for additional guarantees from customers, or finding guarantors from the cooperative's internal environment.

Keywords: Implementation, Prudential Principle, Murabahah Financing.

Abstrak: Tujuan penelitian ini adalah untuk mengetahui penerapan prinsip kehati-hatian pada penyaluran pembiayaan murabahah pada koperasi LKMS MM Sejahtera Kota Bengkulu, penelitian ini menggunakan metode penelitian kualitatif, hasil penelitian menunjukkan bahwa dalam menerapkan prinsip kehati-hatian Lembaga Koperasi menganalisis calon nasabah berdasarkan prinsip 5C, seperti *character*, *capacity*, *capital*, *collateral*, dan *condition of economy*. Prinsip *character* melibatkan pemeriksaan riwayat kredit nasabah, survei langsung, dan informasi dari Sistem Layanan Informasi Keuangan (SLIK), sementara prinsip *capacity* melibatkan evaluasi pendapatan, hutang, dan beban hidup nasabah. Prinsip *capital* menilai modal dari nasabah, prinsip *collateral* menilai jaminan yang diserahkan nasabah, dan prinsip *condition of economy* menilai kemampuan bayar angsuran dari nasabah. Koperasi LKMS MM Sejahtera menghadapi kendala dalam menerapkan prinsip kehati-hatian, terutama terkait prinsip collateral atau jaminan. Nasabah sering kali memiliki jaminan yang kurang dari besaran pembiayaan yang diajukan, sehingga koperasi tidak dapat memberikan pembiayaan. Untuk mengatasi hal ini, koperasi mencari solusi dengan meminta tambahan jaminan dari nasabah, atau menemukan penjamin dari lingkungan internal koperasi.

Kata Kunci : Implementasi , Prinsip Kehati-Hatian, Pembiayaan Murabahah

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Introduction

Microfinance institutions play a significant role in improving the economy of communities. According to Law No. 1 of 2013 concerning Microfinance Institutions (LKM), these institutions are specifically established to provide business development and community empowerment services, either through loans or financing for micro-scale businesses to members and the community, managing savings, or offering business development consulting services that are not solely profit-oriented.¹ LKMs can be considered as one of the essential pillars in the financial intermediation process needed by small and medium-sized communities for both consumption and production, as well as for saving their business results. In addition to operating conventionally, LKMs can also operate based on Sharia principles, known to the community as Sharia Microfinance Institutions (LKMS).²

In countries with a majority Muslim population, such as Indonesia, the incentives of an interest-free financial system have facilitated the development and growth of Islamic financial institutions³. Sharia refers to Islamic law, and Sharia compliance can be defined as any act or activity that adheres to Islamic law. This term is commonly used in Islamic banking and finance to ensure that their business activities comply with Sharia, as their services and products differ from conventional banking.⁴ Lending and

borrowing funds occur not only in conventional institutions but also in Islamic financial institutions. Sharia Microfinance Institutions are Islamic-based financial institutions guided by the Qur'an and As-Sunnah. The laws that underpin their transaction procedures are entirely for the benefit of society, ensuring that no party is harmed.⁵

Sharia Microfinance Institution (LKMS) MM Sejahtera Bengkulu is one of the Sharia Microfinance Institutions in Bengkulu City that has received approval/licensing from the Financial Services Authority (OJK) as a Sharia Microfinance Institution (LKMS). It offers various fund collection products such as Mudharabah savings and Wadiah savings, as well as fund distribution products like Murabahah receivables (sales), Musyarakah financing, Mudharabah financing (profit sharing), Ijarah multi-service financing (lease/ujroh), and Qard loans.

In the Murabaha contract, which is a sale and purchase agreement where the acquisition cost and the agreed profit margin are stated by both the seller and the buyer,⁶ financing products offered by Islamic Microfinance Institutions (LKMS) often face high levels of risk. This can frequently result in non-performing financing or what is commonly referred to as bad credit. The application of the 5C principles is necessary for every financial institution as a precautionary measure against potential

1 1Undang-Undang Republik Indonesia Nomor 1 Tahun 2013 Tentang Lembaga Keuangan Mikro, accessed January 25, 2023, [https://www.ojk.go.id/id/kanal/iknb/regulasi/lembaga-keuanganmikro/undang-undang/Documents/UU no 1 th 2013 ttg Lembaga Keuangan Mikro.pdf](https://www.ojk.go.id/id/kanal/iknb/regulasi/lembaga-keuanganmikro/undang-undang/Documents/UU%20no%201%20th%202013%20ttg%20Lembaga%20Keuangan%20Mikro.pdf).

2 Amir Mukadar, Hesti Setiorini, and Dharma Setiawan, —Analisis Pembiayaan Murabahah Pada Lembaga Keuangan Mikro Syariah (Lkms)

3 Romi Adetio Setiawan, *The Future of Islamic Banking and Finance in Indonesia Performance, Risk and Regulation* (Taylor & Francis, 2023).

4 Romi Adetio Setiawan, —*Sharia Compliance Risk in*

Islamic Bank: Does Indonesia Need To Adopt New Sharia Risk Rating Approach ?, II JURNAL ILMIAH MIZANI: Wacana Hukum, Ekonomi, dan Keagamaan 8, no. 2 (2021): 133.

5 T U Dewi, “Pengaruh Kepercayaan Nasabah Terhadap Pembiayaan Rahn Di BMT Mandiri Sejahtera Cabang Kranji Paciran Lamongan,” (Skripsi, Universitas Islam Negeri Maulana Malik Ibrahim, 2020), h. 1.

6 Mukadar, Setiorini, and Setiawan, —Analisis Pembiayaan Murabahah Pada Lembaga Keuangan Mikro Syariah (Lkms) (Studi Kasus Pada Lkms Mm Sejahtera Kota Bengkulu).

risks that may arise in the future.

Prudent banking are implemented to ensure that the financing provided runs smoothly. There are several reasons why the application of the 5C principles is necessary. Among them is the emphasis in the explanation of the Republic of Indonesia Law Number 7 of 1992 concerning Banking, Article 8, which states that "Credit provided by banks contains risks, so in its implementation, banks must pay attention to sound credit principles."

In providing financing to the community, it is essential to apply prudent banking to minimize losses caused by problematic financing. In this context, the researcher aims to observe how the prudent banking are applied in the disbursement of Murabaha financing at the Islamic Microfinance Institution MM Sejahtera in Bengkulu City. Based on the above background, the researcher is interested in conducting a more detailed study on the "Implementation Of Prudent banking In The Disbursement Of Murabaha Financing."

Literature Review

Previous Research

First, the research conducted by M. Anugerah Puji Sakti and Endra Syaifuddin Ahmad in 2023 aims to understand and analyze the application of prudent banking in the financing process carried out by Islamic banks for customers in accordance with the functions of Islamic banking in Indonesia. This research also aims to identify the obstacles in implementing prudent banking in Murabaha financing at Bank Syariah Mandiri KC Mataram. This normative research is supported by interviews. The data used are secondary data, followed by qualitative analysis and descriptive

interpretation. The findings of this research are: First, the prudent banking at Bank Syariah Indonesia Mataram Branch in financing using the Murabaha contract are implemented by analyzing several values considered capable of representing potential customers. This is done to assess potential financing customers and serves as criteria for deciding whether to accept or reject the proposed financing to avoid problematic financing, which could pose risks to the bank. Second, the obstacles encountered in the implementation of prudent banking in Islamic banking are quite diverse. These obstacles can be classified into external and internal factors.⁷ The difference in this research lies in its object, while the similarity is in its subject.

Second, the research conducted by Resmi Sri Utami, Heri Nugraha, Nurjamil, Inne Risnaningsih, and Siti Nurhayati aims to understand the application of prudent banking in Ba'i Bitsaman Ajil financing and its problem mitigation in Baitul Maal Wattamwil (BMT). This descriptive research uses a qualitative approach. Data collection was carried out through interviews, observations, and documentation of data at BMT Dana Ukhuwah. The research findings show that the application of prudent banking in Ba'i Bitsaman Ajil financing at BMT Dana Ukhuwah involves aspects such as maximum funding limits and the 5C and 1S principles in the BMT Dana Ukhuwah financing guidelines, practically applying only 3C (character, capacity, collateral). Additionally, BMT Dana Ukhuwah introduces a pension scheme to improve problematic financing as one of the triggers and to enhance support for Ba'i Bitsaman Ajil. The research benefits the advancement of knowledge and actual data in Islamic economics related to the application of prudent banking in Ba'i

7 M. Anugerah Puji Sakti and Endra Syaifuddin Ahmad, *Penerapan Prinsip Kehati-Hatian (Prudential Principle) Dalam Proses Pembiayaan Pada Bank*

Syariah Di Indonesia, *Jurnal Risalah Kenotariatan* 4, no. 1

Bitsaman Ajil funding, serving as a guideline. It is also useful as information and input for further evaluation of the application of prudent banking in Ba'i Bitsaman Ajil funding, which can be used as an assessment material by BMT Dana Ukhuwah and other cooperatives to mitigate problematic financing.⁸ The difference in this research lies in its object, while the similarity is in its subject.

Third, the research conducted by Herjantiasto Bektu Nugroho in 2021 aims to understand the application of prudent banking in the implementation of the Qardh contract in Islamic banking and to compare the lending practices between Islamic banks and conventional banks. The results of the research indicate that Islamic banking activities must apply prudent banking in accordance with the provisions of Article 35, paragraph (1) of Law Number 21 of 2008 concerning Islamic Banking by implementing the 5C principles, which consist of character, capacity, capital, condition of economy, and collateral, including in the implementation of the Qardh contract. In Islamic banking, customers who wish to borrow money from the bank for specific purposes can use either the Qardh or Qardhul Hasan contract. The Qardh or Qardhul Hasan contracts are different from the credit agreements in conventional banks, where customers must return the money to the bank along with interest.⁹ The difference in this research lies in its object, while the similarity is in its subject.

Fourth, the research conducted by Novia Galuh Rima Dona, Rafidah, and Lidiya

Anggraeni in 2023 aims to understand how the application of prudent banking minimizes the risk of problematic financing in Mudharabah financing. The prudential principle, as one of the core foundations of banking, mandates that in performing its functions and business activities, a bank must exercise caution to protect the public funds entrusted to it. This descriptive qualitative research collects data from books, journals, theses, articles, and other supporting sources related to the research topic, such as observations, interviews, and documentation. The research findings indicate that the application of prudent banking in Mudharabah financing involves a 5C feasibility analysis, emphasizing the analysis of character and collateral, assessed through the monthly business income and the feasibility of the collateral provided by prospective members. The prudential principle and strategies to minimize financing risks at Bank Syariah Indonesia KC Jambi Gatot Subroto are implemented in two stages: preventive control of financing and repressive control of financing.¹⁰ The difference in this research lies in its object, while the similarity is in its subject.

Fifth, the research conducted by Muhammad Nur Salim and Mohammad Irfani in 2023 aims to understand the implementation of prudent banking in iB Musyarakah financing at BPRS Artha Mas Abadi to prevent problematic financing risks. This field research collects authentic and objective data from field studies and employs a qualitative approach. The research findings indicate that prudent banking in iB

8 Resmi Sri Utami Heri Nugraha, Nurjamil, Inne Risnaningsih, Siti Nurhayati, —*Prudent banking In Ba'i Bitsaman Ajil Financing And It Problem Mitigation In Baitul Maal Wattamwil*, *International Journal of Environmental, Sustainability, and Social Sciences* 2, no. 1 (2021): 36–39,

9 Herjanriasto Bektu Nugroho, —*Prinsip Kehati-Hatian Pada Akad Qardh Dalam Perbankan Syariah Di*

Indonesia, *Al-Amwal : Journal of Islamic Economic Law* 5, no. 1 (2021): 32–46.

10 Novia Galuh Rima Dona, Rafidah Rafidah, and Lidiya Anggraeni, *Pelaksanaan Prinsip Kehati-Hatian Dalam Pembiayaan Mudharabah Pada Bank Syariah Indonesia Kc Jambi Gatot Subroto*, *Ekonomika Sharia: Jurnal Pemikiran dan Pengembangan Ekonomi Syariah* 8, no. 2 (2023): 205–220.

Musarakah financing at BPRS Artha Mas Abadi are necessary to prevent problematic financing risks, ensuring the bank remains healthy. BPRS is not allowed to pursue target achievements without upholding prudent banking. The prudential principle is a fundamental principle stating that BPRS Artha Mas Abadi must exercise caution in its functions and operational activities to protect funds.¹¹ The difference in this research lies in its object, while the similarity is in its subject.

Islamic Microfinance Institutions (LKMS)

According to Law No. 1 of 2013 on Microfinance Institutions (LKM), a Microfinance Institution is a financial entity specifically established to provide business development services and community empowerment, either through loans or financing for micro-scale enterprises, managing savings, or offering business development consultancy services, not solely for profit. Based on this definition, it can be understood that an LKM functions as a financial intermediary institution with objectives beyond profit motive, encompassing social objectives aimed at community development.¹² Islamic Microfinance Institutions (LKMS) are financial institutions based on Islamic principles, guided by the Quran and the Sunnah. The regulations governing their transactional procedures are entirely for the benefit of the community, ensuring that no

party is disadvantaged.¹³

Prudent banking

The principle of prudence, also known as prudent banking, is a principle adopted by financial institutions in providing financing by carefully determining which customers are eligible for loans.¹⁴ The principle of prudence is a fundamental concept stating that banks, in carrying out their functions and business activities, must act cautiously to protect the public funds entrusted to them.¹⁵

Method

This study employs a qualitative research design aimed at understanding events experienced by the research subjects, such as perceptions, behaviors, and motivations, described in words and language. The research follows a descriptive qualitative approach to uncover and delve into the meanings held by individuals or groups related to social or humanitarian issues. The study focuses on how the 5C Principles are implemented at LKMS MM Sejahtera by collecting specific data from informants, which will then be analyzed and interpreted. The study uses purposive sampling to select informants or sources who can provide the necessary information related to the research theme.¹⁶ This technique was used to choose informants who are believed to have the required information for the study. The chosen informants are Mrs. Yusmaneri Arifin, the cooperative manager, and Mr. Aan

11 Mohammad Irfani Muhammad Nur Salim, Implementasi Prinsip Kehati-Hatian Penyaluran Pembiayaan Musarakah, *Il Jurnal Ekonomi Syariah dan Akuntansi* Vol. 4 No. 1 (2023) 65-71 4, no. 1 (2023): 65-71.

12 Undang-Undang Republik Indonesia Nomer 1 Tahun 2013 Tentang Lembaga Keuangan Mikro" accessed February 5, 2024

13 T U Dewi, —Pengaruh Kepercayaan Nasabah Terhadap Pembiayaan Rahn Di BMT Mandiri Sejahtera Cabang Kranji Paciran Lamongan, *Il (Skripsi, Universitas Islam Negeri Maulana Malik Ibrahim, 2020)*, h. 1

14 Melani teniwut, "Pengertian Implementasi, Jenis, Tujuan Dan Contohnya," last modified 2023, accessed May 2, 2024, <https://mediaindonesia.com/humaniora/605607/pengertian-implementasi-jenis-tujuan-dan-contohnya>.

15 Saputra, —Implementasi Prinsip Kehati-Hatian Bank Dalam Pemberian Pembiayaan Mudharabah (Studi Kasus Tahun 2014 Pembiayaan Mudharabah Bank Muamalat KC Bengkulu).

16 M.Pd Dr. Abdul Fattah Nasution, *Metode Penelitian Kualitatif* (CV. Harfa Creative, 2023).

Mardiansyah, the Account Officer (AO)/Marketing at LKMS MM Sejahtera in Bengkulu City. The study utilizes both primary and secondary data.

Primary data includes direct information obtained from the research subjects, such as interview results, which are authentic, objective, and reliable. Secondary data, which supplements and strengthens the primary data, is gathered from sources other than the primary subjects. Data analysis techniques include data reduction (selecting, abstracting, and transforming raw data), data presentation (organizing structured information to facilitate conclusions), and drawing conclusions or verification (summarizing and interpreting the data to find relationships and meanings).¹⁷

Results and Discussion

The Implementation of Prudent banking in the Disbursement of Murabahah Financing

Basically, before providing financing to customers, the institution must assess the 5C principles (character, capital, capacity, collateral, condition of economy) to avoid problematic financing and determine whether a customer is eligible for financing. To determine whether LKMS MM Sejahtera has applied prudent banking in the disbursement of Murabahah financing, the researcher asked Mrs. Yusmaneri Arifin, the manager of LKMS MM Sejahtera Cooperative in Bengkulu City, whether LKMS MM Sejahtera has implemented prudent banking or the 5C principles in providing financing to customers. From the interview, she explained that the LKMS MM Sejahtera

Cooperative has applied prudent banking before approving Murabahah financing applications since the cooperative was established in 2013¹⁸

The researcher then interviewed Mr. Aan Mardiansyah, the AO/Marketing, to inquire about the requirements needed for Murabahah financing. He explained that:

"In providing financing to customers, the cooperative must apply prudent banking in selecting potential customers who apply for financing. This principle helps protect the cooperative's interests and reduce credit risk that may arise from providing financing to customers who are less trustworthy or unable to repay."¹⁹

The following are the requirements for Murabahah financing according to Mr. Aan Mardiansyah:

1. Copy of ID card (KTP)
2. Passport photo
3. Family Card (KK)
4. Collateral (STNK or BPKB)
5. Copy of collateral and photos of collateral items
6. Map of house location
7. Document folder
8. Electricity bill²⁰

To assess the evaluation of the 5C analysis in Murabahah financing, the researcher conducted another interview with Mrs. Yusmaneri and asked whether all aspects of the 5C principles must be fulfilled in the assessment of Murabahah financing. From the interview, she explained that: "In the disbursement of financing, the assessment of customers must be in accordance with the procedures established by the institution."

¹⁷ Safira Al Maidah, —Implementasi Prinsip Character, Capacity, Capital, Collateral, Condition of Economy (5c) Dan Syariah (1s) Pada Pembiayaan Murabahah Di Bprs Bumi Rinjani Kepanjen Pada Masa Pandemi Covid-19, Il Skripsi (2022).

¹⁸ Yusmaneri Arifin, Manager of LKMS MM Sejahtera Cooperative, Interview, Sabtu 27 April 2024 pukul 10:

00 WIB

¹⁹ Aan Mardiansyah, AO/Marketing of LKMS MM Sejahtera Cooperative, Interview Sabtu 27 April 2024 pukul 11: 00 WIB

²⁰ Aan Mardiansyah, AO/Marketing of LKMS MM Sejahtera Cooperative, Interview Sabtu 27 April 2024 pukul 11: 00 WIB

The following are the procedures for Murabahah financing disbursement according to Mrs. Yusmaneri Arifin:

1. Customer financing application
2. Check ID card (KTP) and Family Card (KK). If the customer has a poor credit history, the cooperative institution will immediately reject the financing application. However, if the customer's financing history is good, the application can proceed to the next financing procedure handled by the AO.
3. For customers with a good history, the process continues with physical verification of collateral.
4. Interview with the customer
5. Creation of a memorandum
6. Data verification (by the head of financing)
7. Re-interview with the customer
8. On-site survey by AO
9. Review by all department heads and manager²¹

Finally, if the customer is deemed eligible for financing, the fund disbursement will be processed. However, if the customer is not deemed eligible, the financing application will be rejected by the cooperative to minimize potential losses from problematic financing.²²

In applying prudent banking, the LKMS MM Sejahtera Cooperative in Bengkulu City evaluates potential customers for Murabahah financing using the 5C principles, specifically:

1. Character Principle (Assessment of Personality or Character)

To understand the evaluation of the character principle in Murabahah financing,

the researcher asked Mrs. Yusmaneri Arifin, the manager at LKMS MM Sejahtera Cooperative, how they assess the character principle in Murabahah financing. She explained that:

"In applying the character principle to determine which customers are eligible for financing, the first step is to check the SLIK (Financial Information Services System) for information about the customer's credit history, including past financing and payments made. This helps detect potential fraud or deceptive behavior. Information on problematic credit histories or overdue payments can determine whether a customer has good character, which helps the cooperative decide whether the customer is eligible for financing."²³

Next, to understand how the institution determines customer character, the researcher asked Mr. Aan Mardiansyah, the AO/Marketing, what methods are used to determine which customers are suitable for financing. He explained that:

"Determining the character of a customer suitable for financing can be observed directly during an on-site survey. This allows the cooperative to directly see and verify whether the information provided by the customer matches the actual conditions."²⁴

Based on the research, the LKMS MM Sejahtera Cooperative in Bengkulu City assesses customer character by:

- a. Checking SLIK (Financial Information Services System)
- b. Conducting on-site surveys

2. Capacity Principle

To understand the assessment of the

21 Yusmaneri Arifin, Manager of LKMS MM Sejahtera Cooperative, Interview Sabtu 27 April 2024 pukul 10: 00 WIB

22 Yusmaneri Arifin, Manager of LKMS MM Sejahtera Cooperative, Interview Sabtu 27 April 2024 pukul 10: 00 WIB

23 Yusmaneri Arifin, Manager of LKMS MM Sejahtera Cooperative, Interview, Sabtu 27 April 2024 pukul 10: 00 WIB

24 Aan Mardiansyah, AO/Marketing of LKMS MM Sejahtera Cooperative, Interview Sabtu 27 April 2024 pukul 11: 00 WIB

capacity principle in Murabahah financing, the researcher asked Mrs. Yusmaneri Arifin about how the capacity principle is evaluated. She explained that:

"In assessing the capacity principle, the institution needs to evaluate the customer's income, calculate their debt, and consider their living expenses (including food, transportation, housing, education, and health costs) to provide an overview of the customer's ability to make installment payments. This helps determine how much of the customer's income is already allocated to debt repayment."²⁵

The researcher then interviewed Mr. Aan Mardiansyah, the AO/Marketing at LKMS MM Sejahtera Cooperative, to inquire about how the institution assesses the capacity principle in evaluating a customer's financial capability. He explained that:

"The application of the capacity principle at the cooperative involves assessing the customer's capacity by subtracting their living expenses from their income. This allows the cooperative to determine the customer's ability to meet obligations and repay debts from their remaining income. Consequently, the cooperative can decide on the appropriate amount for installments and loans."²⁶

Based on the research, the LKMS MM Sejahtera Cooperative in Bengkulu City evaluates a customer's capacity by considering their income after deducting their living expenses.

3. Capital Principle

To understand the assessment of the capital principle in Murabahah financing, the

researcher asked Mrs. Yusmaneri Arifin how the capital principle is evaluated. She explained that:

"The cooperative assesses the capital principle by examining the customer's capital. For example, if a customer wishes to purchase a motorcycle on credit, the amount of the down payment (DP) is considered as it indicates the customer's seriousness about their application. The institution evaluates the available capital, which can include cash, valuable assets, or other forms of capital that can serve as collateral or a guarantor for the financing."²⁷

Next, the researcher asked Mr. Aan Mardiansyah, the AO/Marketing, about how the capital principle is analyzed. Mr. Aan Mardiansyah explained that:

"In evaluating the capital principle for a customer, the cooperative assesses the customer's capital to ensure they have sufficient capital or ability to fulfill their payment obligations for the Murabahah financing."²⁸

Based on the research, the LKMS MM Sejahtera Cooperative in Bengkulu City assesses capital by considering the amount of the customer's capital to evaluate their ability to provide adequate capital or collateral when applying for financing.

4. Collateral Principle

To understand the assessment of the collateral principle in Murabahah financing, the researcher asked Mrs. Yusmaneri Arifin about how the collateral principle is evaluated. She explained that:

"The assessment of collateral involves ensuring that the asset provided as collateral

25 Yusmaneri Arifin, Manager of LKMS MM Sejahtera Cooperative, Interview, Sabtu 27 April 2024 pukul 10:00 WIB

26 Aan Mardiansyah, AO/Marketing of LKMS MM Sejahtera Cooperative, Interview Sabtu 27 April 2024 pukul 11:00 WIB

27 Yusmaneri Arifin, Manager of LKMS MM Sejahtera Cooperative, Interview, Sabtu 27 April 2024 pukul 10:00 WIB

28 Aan Mardiansyah, AO/Marketing of LKMS MM Sejahtera Cooperative, Interview Sabtu 27 April 2024 pukul 11:00 WIB

has sufficient value to cover the amount of financing granted."²⁹

The researcher then asked Mr. Aan Mardiansyah, as an informant, whether providing collateral is mandatory for customers before financing. He explained that:

"Assessment of the collateral or guarantee is necessary to ensure the security of both parties, the customer and the cooperative institution. With collateral, the cooperative can determine the appropriate amount of financing. The collateral must be in the name of the prospective customer. The cooperative will ensure that the value of the collateral is adequate to cover the financing risk."³⁰

Based on the interviews, the LKMS MM Sejahtera Cooperative in Bengkulu City applies the collateral principle to manage potential risks by ensuring that the collateral provided secures both parties, protecting the cooperative and the customer.

5. Condition of Economy Principle

To understand the assessment of the condition of economy principle in Murabahah financing, the researcher asked how this principle is evaluated. According to Mrs. Yusmaneri Arifin, she explained that:

"The application of the condition of economy principle (economic conditions) in financing is crucial for the cooperative institution to minimize the risk of problematic financing. This involves assessing the customer's ability to make installment payments based on their sufficient income to cover living expenses and future installments. The institution

ensures that the customer is in a stable economic condition. This helps the cooperative manage credit risk arising from economic uncertainties."³¹

The researcher then inquired with Mr. Aan Mardiansyah, the AO/Marketing, about how the condition of economy principle is analyzed. Mr. Aan Mardiansyah explained that:

"The evaluation of the condition of economy principle is based on the stability of the customer's economic situation or business, their ability to pay installments, and whether the customer has adequate income to cover the payments."³²

Based on the interviews, LKMS MM Sejahtera Cooperative in Bengkulu City applies the condition of economy principle in Murabahah financing by focusing on the customer's economic stability. The customer's stable income is essential for ensuring smooth installment payments.

Challenges and Solutions of LKMS MM Sejahtera Cooperative in Bengkulu City in Implementing the Prudential Principle

1. Challenges Faced by LKMS MM Sejahtera Cooperative in Implementing the Prudential Principle

Based on interviews conducted by the researcher with Mrs. Yusmaneri Arifin, the manager at LKMS MM Sejahtera Cooperative, the challenges in implementing the prudential principle or the 5C principle are as follows:

"In implementing the prudential principle, the challenge faced by the cooperative is with the collateral principle.

29 Yusmaneri Arifin, Manager of LKMS MM Sejahtera Cooperative, Interview, Sabtu 27 April 2024 pukul 10: 00 WIB

30 Aan Mardiansyah, AO/Marketing of LKMS MM Sejahtera Cooperative, Interview Sabtu 27 April 2024 pukul 11: 00 WIB

31 Yusmaneri Arifin, Manager of LKMS MM Sejahtera Cooperative, Interview, Sabtu 27 April 2024 pukul 10: 00 WIB

32 Aan Mardiansyah, AO/Marketing of LKMS MM Sejahtera Cooperative, Interview Sabtu 27 April 2024 pukul 11: 00 WIB

Often, customers provide collateral that is insufficient to cover the amount of financing they apply for. As a result, the cooperative is unable to provide the financing. Collateral is also a mandatory requirement that customers must fulfill before applying for financing."³³

2. Solutions Implemented by LKMS MM Sejahtera Cooperative in Bengkulu City to Address Challenges in Applying the Prudential Principle

To understand the solutions the institution employs to address challenges in implementing the prudential principle, the researcher inquired about the solutions the cooperative takes when facing difficulties. According to Mrs. Yusmaneri Arifin:

"The solution adopted by the cooperative to address challenges in applying the prudential principle, particularly regarding insufficient collateral, is that customers must provide additional collateral or a guarantor from within the cooperative's internal environment. If the collateral issue is with a trusted customer, the cooperative may still accept the financing application."³⁴

By paying closer attention to collateral, financing can help the institution avoid potential risks. Providing collateral for financing applications is essential; if customers do not have collateral before applying for financing, the cooperative may reject the application as it poses a risk to the institution. As a precaution against problematic financing, collateral is required as a consideration. The implementation of the prudential principle in the distribution of murabahah financing is crucial to minimizing credit risk and ensuring the sustainability of

the cooperative's business. Therefore, all aspects of the 5C principle must be fulfilled in murabahah financing distribution.

Discussion

Implementation of the Prudential Principle in the Distribution of Murabahah Financing

Based on the research results, it can be concluded that the LKMS MM Sejahtera Cooperative in Bengkulu City has implemented the prudential principle in the distribution of murabahah financing. The application of the prudential principle in Bengkulu's financing distribution necessitates assessing or analyzing before distributing financing to customers to gain confidence about them. Therefore, the cooperative conducts analyses to ensure smooth financing operations. The cooperative must evaluate whether a customer is eligible for financing by considering all aspects of the 5C principle, which includes:

1. Character

Character refers to the personal and business traits of the customer. The purpose of assessing character is to understand the customer's willingness to fulfill their obligations (willingness to pay) as per the agreed terms. The Sejahtera Cooperative evaluates the character of customers by:

- Checking SLIK (Financial Information Service System of the customer)
- Conducting direct surveys (on the spot)³⁵

The research indicates that assessing the character of customers eligible for financing is crucial. The Cooperative evaluates potential customers using various methods to determine their eligibility for murabahah

³³ Yusmaneri Arifin, Manager of LKMS MM Sejahtera Cooperative, Interview, Sabtu 27 April 2024 pukul 10:00 WIB

³⁴ Yusmaneri Arifin, Manager of LKMS MM Sejahtera Cooperative, Interview, Sabtu 27 April 2024 pukul 10:

00 WIB

³⁵ Muhammad Wandisyah R. Hutagalung, *Analisis Pembiayaan Bank Syariah* (Merdeka Kreasi Group, 2022), h.26.

financing, including checking for a history of bad credit, examining the customer's relationships with society and business partners, and obtaining information from the customer's residential and business environments to ensure consistency with the information provided by the customer. This assessment helps determine the honesty and character of the customer to ascertain their suitability for murabahah financing.

2. Capacity

Capacity refers to the ability of the prospective customer to run their business to generate the expected profit. The purpose of this assessment is to determine the extent to which the prospective customer can repay or settle their debts (ability to pay) on time from their business proceeds.³⁶

In this context, the cooperative assesses the prospective customer's ability based on their income sources after deducting living expenses. Stable and sufficient income sources are evaluated to determine the customer's capacity to pay the financing installments. Assessing the customer's ability affects the smoothness of future financing repayments, and the customer's income significantly influences the approval of their financing application.

3. Capital

Capital analysis aims to ensure that the prospective debtor can provide their own funds to complement the credit provided. Assessing capital also aims to increase the debtor's responsibility in running their business, as they also bear the risk of business failure. The more substantial the capital provided by the debtor, the better for

the cooperative, as the credit risk decreases.³⁷

Based on the research findings, LKMS MM Sejahtera Kota Bengkulu has implemented capital analysis before disbursing Murabahah financing to customers by assessing the customer's capital that can be used as collateral or to demonstrate the seriousness of the prospective customer in applying for financing. This allows the cooperative to determine whether the prospective customer is eligible for Murabahah financing.

4. Collateral

Collateral refers to the assets pledged by the customer as security for the financing and credit received. Collateral must be assessed by the cooperative to determine the extent of the financial obligations' risk. The collateral assessment includes the type, location, ownership proof, and legal status. Collateral serves two functions: to repay the credit and financing if the customer defaults and as a determinant of the credit amount granted.³⁸

Based on the research findings, LKMS MM Sejahtera Kota Bengkulu assesses collateral by measuring the customer's collateral against the financing amount. Customers can receive financing if their collateral value exceeds the requested financing amount. The cooperative can avoid future risks with collateral requirements, providing security for both parties. Collateral is necessary for financing applications to mitigate potential losses for the cooperative.

5. Condition of Economy

Condition of economy refers to the

36 Hutagalung, *Analisis Pembiayaan Bank Syariah*, h.28.

37 Ahmad Subagyo, *Manajemen Pembiayaan Mikro (Koperasi Simpan Pinjam Dan Lembaga Keuangan*

Mikro) (Deepublish, 2021), h.95.

38 Hutagalung, *Analisis Pembiayaan Bank Syariah*, h.29.

political, social, economic, and cultural situations and conditions that affect the economic state, which may influence the smoothness of the prospective customer's business operations.³⁹

Based on the research findings, LKMS MM Sejahtera Kota Bengkulu has implemented an analysis of the Condition of Economy principle before disbursing Murabahah financing to customers by conducting interviews to assess the economic conditions directly, paying attention to the customer's economic stability, including stable income. Stable income ensures the customer's ability to meet living expenses and financing installments, making economic stability a key factor in accepting financing applications. The cooperative considers the Condition of Economy principle to minimize credit risk and maintain business sustainability.

Conclusion

The research concludes that LKMS MM Sejahtera Cooperative in Bengkulu City effectively implements prudent banking in the distribution of Murabahah financing. By rigorously evaluating the 5C principles—character, capacity, capital, collateral, and condition of economy—the cooperative ensures that potential customers are thoroughly assessed before financing is approved. This comprehensive evaluation process helps mitigate credit risks and supports the cooperative's sustainability. The cooperative's adherence to these principles involves detailed procedures, including verification of customer information through the Financial Information Service System (SLIK), on-site surveys, and meticulous evaluation of collateral and economic conditions.

Despite successfully applying these

principles, the cooperative faces challenges, particularly with the collateral principle. Customers often provide insufficient collateral, which limits the cooperative's ability to grant financing. To address this issue, LKMS MM Sejahtera requires customers to provide additional collateral or secure a guarantor from within the cooperative's internal network. This approach helps manage and mitigate potential risks associated with financing while maintaining the cooperative's financial stability and integrity.

In summary, the implementation of prudent banking at LKMS MM Sejahtera Cooperative is thorough and effective in minimizing credit risks and ensuring smooth financing operations. The cooperative's methodical approach to assessing potential customers' character, capacity, capital, collateral, and economic conditions enables it to make informed financing decisions. However, continuous attention to collateral requirements and customer economic stability is necessary to uphold the cooperative's standards and mitigate potential risks.

Credit Authorship Contribution

Anwar Junaidi: study design, investigation, manuscript drafting, supervision. Romi Adetio: study design, data analysis, manuscript review, editing. Alzarah Maharani: study design, investigation, data analysis.

Declaration of Competing Interest

The authors declare no competing interests related to this study. There are no financial or personal conflicts of interest.

Data Availability

Data are not available for sharing.

39 Hutagalung, *Analisis Pembiayaan Bank Syariah*, h.30.

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