



Financing Problems Treatment on Baitul Mal wa Tamwil during COVID-19

Ma'watu Shalihah Kaily^a, Achmad Firdaus^{a*} and Wahyu Dwi Agung Priyo Susila^a

^aInstitut Agama Islam Tazkia, Bogor, Indonesia, Indonesia

Keywords:

Financing problems,
Non-Performing Finance,
Baitul Maal wat Tamwil,
Failure Mode and Effect Analysis

JEL Classification:

G32, G21, and C22.

Article History:

Received: 4 January 2023

Revised: 03 April 2023

Accepted: 14 April 2023

Published: 26 September 2023



Citation:

Kaily, M.S., Firdaus, A. & Susila, W. D. A. P. (2023). Financing Problems Treatment on Baitul Mal wa Tamwil during COVID-19. *Global Review of Islamic Economics and Business*, 11(1), 45-44.
<https://doi.org/10.14421/grieb.2023.111-03>

Abstract: This study evaluates the cause and effect of financing problems on Baitul Mal wa Tamwil (BMT) during COVID-19 and analyzes the strategy taken by BMT to handle financing problems. This study is qualitative research. The primary and secondary data were obtained from observations, interviews, and documentation. The informants of the study are top management and members of BMT Al Hidayah Kotaraja Lombok Timur. The data are analyzed using the FMEA (Failure Mode and Effect Analysis) approach. The FMEA method is a systematic method used to identify and prevent problems in a company's product or business process. All process is calculated in a score, namely Risk Priority Number (RPN), and shown in the Pareto diagram. Financing problems are categorized as substandard, doubtful, and bad financing. The causes of financing problems are, among others, the employee's lack of ability to assess the personality of the prospective debtors in fulfilling their installments, and natural disasters (the COVID-19 pandemic) that may affect someone's financial ability. Financing problems have an impact on the emergence of financing risk. BMT Al Hidayah Kotaraja is also directly impacted by the inefficient money flow because monthly profit sharing still needs to be distributed to the members. The main factor causing this problem is staff members' inability to evaluate potential debtors. Additionally, the company's approach to these financing problems has not been working. The management, in that case, focused on the debtors instead of their employee's capability. In that circumstance, the management ought to focus on improving the capacity of their staff to evaluate potential members. According to this study's findings, the FMEA is applicable in resolving finance issues in BMT.

Originality/Value: The research related to risk management in BMT, especially NPF caused by the COVID-19 pandemic, using the FMEA (Failure Mode and Effect Analysis) method. FMEA is a systematic method used to identify and prevent problems with a company's products or business processes from occurring. FMEA is used to examine risk management in banking and provides convenience to the management in making decisions for planning, maintenance, and development purposes. The FMEA method in this study identifies and prevents problems in BMT.

*Corresponding author.



achmad.firdaus@tazkia.ac.id (A. Firdaus)



<https://doi.org/10.14421/grieb.2023.111-03>



This is an open access article under the CC-BY-SA license

Introduction

In 2018, a big earthquake hit Lombok, Nusa Tenggara Barat (NTB). At that time, the socioeconomic situation of Lombok was in complete paralysis. Many survived only by relying on help from volunteers and donors (Muttalib & Mashur, 2019). For financing and credit customers affected by the earthquake, the Financial Services Authority (OJK) adopted particular policies in the form of customer credit quality classification, restructuring, and the provision of additional financing effective for three years from its implementation (OJK, 2018).

Unfortunately, a year later, Lombok was attacked by an outbreak of Coronavirus Disease 19 (COVID-19). The virus spread from one area to another, then to other countries (Kemenkes, 2020). Indonesia is one of the countries that was affected and infected by COVID-19. In Lombok, the first COVID-19 case was confirmed on March 24, 2020. Zulkieflimansyah, the Governor of NTB, confirmed that a Lombok resident, a 50-year-old woman tested positive for COVID-19 after being treated at the NTB Provincial Hospital on March 17, 2020 (Tempo Daily, March 24, 2020). As of April 3, 2021, there were 12,239 recorded cases of COVID-19 in NTB province, with details of 10,625 having recovered, 539 people died, and 1,075 people were positive for COVID-19 (Sekda NTB, 2021).

The Ministry of Finance (2020) explained that COVID-19 affected various sectors, especially the financial sector. Sri Mulyani, the Minister of Finance of Indonesia, stated that Indonesia would experience a recession following other countries. Indonesia is one of the countries that had been hit hard by the COVID-19 pandemic. Sri Mulyani estimated that Indonesia's economic growth would reach minus 0.4%. This condition was due to a decrease in household consumption. On March 31, 2020, the Government issued the Government Regulation in place of Law (PERPPU) No. 1/2020 concerning State Financial Policy and Financial System Stability for Handling the 2019 Corona Virus Disease (COVID-19) Pandemic and in the Context of Dealing with Threats that Harm the National Economy and/or Financial System Stability. Given that the spread of COVID-19 is a humanitarian issue, aside from public health, that affects social and economic aspects and the fundamentals of the national economy, PERPPU is a comprehensive effort and a prompt response. In addition, there is uncertainty about the extent of the spread and the length of the pandemic period. The micro, small, and medium enterprises (MSME) sector is one of the most affected by the COVID-19 outbreak (Ssenyonga, 2021).

Indonesia has 99.99% of MSMEs or 56.55 million businesses from total business activities (Yazfinedi, 2018). The role of MSMEs is crucial in the economy as they contributed 57.24% to GDP (OJK, 2020a). Specifically, NTB has MSMEs consisting of 38,999 Micro Enterprises, 8,296 Small Enterprises, and 796 Medium Enterprises (Fatwitawati, 2018). Lack of funding is the issue that MSMEs in NTB frequently encounter. Therefore, to handle that situation, the MSME actors usually get financing from non-bank financial institutions, including BMT.

Seeing this fact, the existence of BMT is required by MSMEs. The financing provided by BMT helps reduce poverty since people can increase their income from their businesses. Specifically, *bai' bitsaman ajil* (BBA) and *mudharabah* financing products can be used to empower the poor in various productive businesses that have been able to reduce the level and severity of poverty (Adnan & Ajija, 2015). The majority of BMT financing customers can enhance their income after receiving more funds through BMT financing, demonstrating the effectiveness of BMT financing in decreasing poverty.

Some studies related to BMT and the impact of the COVID-19 pandemic on MSMEs have been conducted, including Hidayanti *et al.* (2021). She found that BMT *Hubbul Wathon* experienced a decrease in savings, installments, and financing as well as an increase in financing problems by 5% compared to before the pandemic. A study by Ari *et al.* (2020) explained that proper Non-Performing Loans (NPL) handling is vital in economic recovery. Rosidah and Indrarini (2022) examined the strategy enacted by BMT in dealing with NPL for *Murabahah* financing products. They found that the BMT's strategy significantly impacted dealing with non-performing financing (NPF). Haneef *et al.* (2012) determined the effect of risk management on NPL and banking profitability in Pakistan. The results show that there is an appropriate mechanism for managing NPL risk. They also investigated how the management system influences the level of NPL, which can threaten the Bank's profitability.

However, compared to preliminary studies by Hidayanti *et al.* (2021); Ari *et al.* (2020); and Rosidah and Indrarini (2022), this study has a novelty, i.e., research related to risk management in BMT, especially NPF caused by the COVID-19 pandemic, using the FMEA (Failure Mode and Effect Analysis) method. FMEA is a systematic method used to identify and prevent problems with a

company's products or business processes from occurring (McDermott *et al.*, 2008). FMEA is used to examine risk management in banking and provides convenience to the management in making decisions for planning, maintenance, and development purposes. The FMEA method in this study identifies and prevents problems in BMT. BMT is supposed to be able to handle or eliminate threats occurring in BMT, as well as mitigate some that have been recognized or may develop in the future. This study has several objectives: first, analyzing the effect caused by financing problems on BMT during the pandemic; second, analyzing the strategy set by BMT to handle financing problems.

Literature Review

Baitul Maal Wa Tamwil (BMT)

BMT operates with the basic concept of being a microfinance institution that functions as an intermediary between the institution and its members as per Sharia principles. BMT has two functions, *Baitul Mal* (BM) and *Baitul Tamwil* (BT). (Alimuddin, 2004) stated that BMT is a microfinance institution with the principle of profit sharing that aims to elevate the degree and dignity of the poor and defends them. BMT is initiated by members based on safety, justice, peace, and prosperity (Hosen, 2008). As a non-bank financial institution that operates at the lowest level, BMT plays an active role in driving and empowering the people's economy. Besides that, BMT also plays a role in socializing the Islamic system in the financial, factual, and religious fields (Sudjana dan Rizkison, 2020). BMT is Islamic microfinance that has two functions, namely: *Baitul Maal* (BM) carries out social inclusion and development programs, and *Baitut Tamwil* (BT) carries out social inclusion in financing and Islamic microfinance services for the poor and MSME (Ascarya *et al.*, 2018).

The contracts used by BMT are usually in the form of *wadi'ah* and *mudharabah*. A *wadi'ah* contract, a deposit from one party to another from individuals and legal entities, must be safeguarded and returned when requested by the depositor (Sayyid, 2006).

There are two types of *Wadi'ah* contracts, *wadi'ah amanah*, and *wadi'ah dhamanah*. In the *wadi'ah amanah* contract, BMT benefits from administrative fees from customer deposits. In the *wadi'ah dhomanah* contract, BMT benefits from commercial activities from the circulation of deposit funds. In this case, if a profit is obtained from commercial activities, BMT may provide a portion of the profits but the distribution or nominal share of the profits is not fixed at the beginning of the contract between the member and BMT.

A *mudharabah* contract is a cooperation contract between the owner of the funds (*shahibul maal*) or called members and BMT (*mudharib*), who have the skills to manage a productive and halal business. Profits are shared based on the agreed ratio. The contract must also contain a statement on the profit-sharing arrangement at the outset.

BMT is an institution for mosque-based economic development to prosper mosques (Karnaen Perwataatmadja, 1992). BMT is an Islamic microfinance institution founded on a combination of the functions of BMT and acts as an institution that collects zakat, waqf, cash, infaq, and alms. Also, BMT is the channel of funds in the form of *qardhul hassan* or financing to the poor, who are in the lowest position in the Economic Pyramid (Wulandari, 2019). As a part of Islamic microfinance, BMT has unique features and plays an essential role in overcoming poverty (Wulandari *et al.*, 2016).

Regulations related to the existence of BMTs include Law Number 23 of 2011 concerning Zakat Management, Law Number 25 of 1992 concerning Cooperatives, and Law Number 1 of 2013 concerning Microfinance Institutions (MFIs). Ekaviana *et al.* (2019) stated that the BMT of Jogokariyan mosque is an example of the BMT that has developed through mosques to develop community welfare through three financing points. First, financing funds are obtained from zakat *maal*; second, financing funds are fully distributed to the *asnaf* unconditionally according to their needs; and third, the return process is based on the cordiality principle with *the rizq* concept.

However, an integrated program, as an effort to increase the effectiveness of Islamic microfinance, is still needed. Rokhman and Abduh (2020) highlighted the role of Islamic finance practitioners and academics in their responsibility to educate the public and employees regarding Islamic microfinance and the positive impact obtained from the implementation of the Islamic financial model on poverty.

NPF in Islamic Banking

An Islamic bank is a bank that carries out its business activities based on Sharia principles. Islamic banks consist of Islamic Commercial Banks and Islamic People's Financing Banks (UU No. 21/2008). One of the characteristics of the basic system of Islamic banks is profit and loss sharing (Iskandar and Nuruddin, 2017). Law no. 21/2008 states that financing is the provision of funds or bills equivalent to it, in the form of *mudharabah* and *musyarakah* profit-sharing transactions, *ijarah* leasing transactions or *ijarah* lease-buying transactions, *Murabaha* receivables - *salam - istishna*, loan and loan transactions, *qardh*, and leasing transactions for *ijarah* services for multi-service transactions.

Mudharabah and *musyarakah* financing are closer to the essence of the philosophy of Islamic banking. However, in practice, Islamic bank financing faces many risks, particularly financing risks, market risks, liquidity risks, operational risks, legal risks, reputation risks, strategy risks, compliance risks, yield risks, and investment risks. These risks may lead to problems in collectability (Iskandar & Nuruddin, 2017). In *mudharabah* financing, for example, the provision of funds is based on trust; therefore, Islamic banks are not allowed to require collateral. However, Islamic banks may set collateral requirements for customers.

As mentioned by Iskandar & Nuruddin (2017), the collectability issue at Islamic banks is indicated by the ratio of non-performing financing (NPF), namely the ratio of non-performing financing to total financing. A high NPF ratio will imply a situation where the Islamic banks are not sound or the bank profitability has decreased. Contrarily, a low NPF ratio indicates that Islamic banks are getting healthier or their profitability has increased (Kiswanto and Purwanti, 2016).

Previous Studies on Non-Performing Financing

In the Banking sector, there are five categories of financing (PBI, 2006): first, financing is categorized as current financing if the installments are never late; second, financing is categorized as financing with special attention where there are arrears in installments of up to 90 days; third, financing is classified into substandard financing because of the arrears in installments are more than 90 days to 180 days; fourth, financing is categorized as doubtful financing because there are arrears in installments that exceed 180 days to 270 days; fifth, financing is categorized as NPF due to arrears in installments exceeding 270 days and incomplete requirements and no collateral (Madjid, 2018). According to Sudarto (2020), substandard financing, doubtful financing, and bad financing, or NPF, are referred to as financing problems.

In BMT, financing is divided into three categories: current, substandard, and doubtful. Current financing refers to a situation where the arrears are no more than 2 (two) months. Substandard financing has 3 to 6 months in arrears, doubtful with 6 to 10 months in arrears, and loss with over 10 (ten) months in arrears (Sa'diyah, 2019). This study found that there were errors in conducting financing in BMT. Among others, the inability of the BMT employees to assess the member's character, condition, and quality of good faith from the customers is the primary cause of financing problems in BMT. The other contributing factor to the financing issue is the customer's inability to manage their businesses as usual. It can be seen from the ineffectiveness of control that leads the industry to decline or even go bankrupt.

NPF is one of the performance indicators of Islamic banks. The NPF value has a direct impact on the decline in the performance of a bank. NPF is defined as the ratio of non-current financing to total financing. Problems with NPF will result in partial or complete non-payment. High and low NPF also affects the soundness of bank operations, a decrease in the quality of financing, and the soundness of banks affecting financial liquidity and bank solvency. The greater the problem financing, the greater the bank's capital will be affected; hence, the bank must provide reserve funds (Ubaidillah, 2018). In handling NPF, the bank is the party that usually initiates settlement efforts. It starts with visiting customers to confirm the purpose of deliberation to reach a consensus. After taking the first step, the bank can take further steps, such as; billing, revitalization, and even settlement attempt through guarantees to make financing smooth (Madjid, 2018).

In the regulation of POJK Number 16 concerning Asset Quality BUS and UUS, the bank can manage several efforts to handle NPF, including restructuring financing by rescheduling, reconditioning, and restructuring. The assessment of financing quality based on productive assets is carried out following 3 (three) parameters (OJK, 2014), including based on business prospects, based on customer performance, and based on the customer's ability to pay.

Methods

Data collection technique

Observations are performed by directly observing the financing process at BMT Al Hidayah, including the financing application process, financing data management, financing monitoring process, and non-performing financing collection process. The interview was conducted with the right source persons. They are Fundraising Officers (FO) and Remedial Recovery (RR). Interviews were also conducted for members who have problems in returning financing. Documentation was conducted by collecting data in the form of transcripts, agendas, meeting minutes, books, journals, or archives that can be used to collect research data. Triangulation is a technique that facilitates data validation through the cross-verification of two or more sources or methods (Baker *et al.*, 2020). Data obtained from BMT source persons is validated with data obtained from BMT customers, and vice versa. This process is to ensure that the data obtained by the researcher is validated.

Data Analysis Techniques

The data were analyzed using the Failure Mode and Effect Analysis (FMEA) method. Researchers who have explained the concept of FMEA include (Keskin & Özkan, 2009). They stated that FMEA is a method that evaluates possible failures in a system, design, process, or service. It aims to continuously improve and reduce types of failure modes. Meanwhile, McDermott *et al.* (2008) stated that the FMEA method is a systematic method used to identify and prevent problems with a company's product or business process. The FMEA approach is a methodology that satisfies consumers by removing or decreasing recognized problems or preventing them from occurring (Stamatis, 2003).

Stamatis (2003) elaborates on the steps taken in implementing FMEA. The first step is identifying the activities and evaluating the company's business processes. The second is Potential Risk Brainstorming. This stage determines the occurring failure and gets the results, namely a list of risks and their effects and causes. The third step is determining the respondents who will receive the questionnaire. The fourth step is risk analysis. The severity stage is carried out to analyze the risk of severity. This stage assesses how severe the potential failure will be calculated from a scale of one to ten, where Scale one is the lowest and ten is the highest (Table 1). The fifth step is determining the occurrence and analyzing how often the failure occurs on a scale of one to ten (Table 2), where one is the lowest and ten is the highest scale. The sixth stage is detection. This stage detects the possibility of the cause of a failure using a scale of one to ten (Table 3), where one is the highest and ten is the lowest scale. The last stage is calculating the Risk Priority Number (RPN). RPN is the potential score of the identified risks. RPN is obtained by multiplying the severity (S), occurrence (O), and detection (D).

$$RPN = S \times O \times D$$

S = 1 to 10. 1 (the lowest), 10 (the highest)

O = 1 to 10. 1 (the lowest), 10 (the highest)

D = 1 to 10. 10 (the lowest), 1 (the highest)

Table 1. Severity Process

Rank	Rank	Resolution
1 Minor: Unreasonable to expect that the minor nature of this failure would cause any actual effect on the product and/or service. The customer will probably not even notice the failure.	Unreasonable to expect that the minor nature of the failure would cause any noticeable effect on the product and/or the service. The customer most likely will not be able to detect the failure.	If the numerical value falls between two numbers, always select the higher number. If the team has a disagreement with the ranking value, the following may help.
2–3 Low: Low severity ranking; the nature of failure only causes a slight customer annoyance. Customers probably will notice a slight deterioration of the product and/or service, a slight inconvenience in the next process, or minor rework action.	Low severity ranking due to a slight annoyance of the failure. Customers probably will notice a very minor deterioration of the product and/or service.	1. If the disagreement is an adjacent category, average out the difference. For example, if one member says 2 and someone else says 6, the ranking, in this case, should be 4 (2 and 6 are adjacent categories. Therefore, $2 + 6 = 8$, $8/2 = 4$).
4–6 Moderate: Moderate ranking; failure causes some dissatisfaction. The customer is made uncomfortable or annoyed by the failure. It may cause the use of unscheduled repairs and/or damage to equipment.	Moderate failure causes customer dissatisfaction. The customer is made uncomfortable and/or annoyed by the failure. Some degradation in performance is noticeable.	2. If the disagreement jumps one category, consensus must be reached. Even with one person holding out, a total consensus must be reached. No average, no majority. Everyone on that team must have ownership of the ranking. They may not 100 percent agree, but they can live with it.
7–8 High: High degree of customer dissatisfaction due to the nature of the failure, such as an inoperable product or inoperative convenience. It does not involve safety issues or government regulations and may cause disruptions to subsequent processes and/or services.	A high degree of customer dissatisfaction following the nature of the failure. No safety or government regulation issues.	If the numerical value falls between two numbers, always select the higher number. If the team has a disagreement with the ranking value, the following may help.
9–10 Very high: Very high severity is when the failure affects safety and involves noncompliance with government regulations.	A very high severity ranking is when safety issues are involved or compliance with government regulations is ignored.	1. If the disagreement is an adjacent category, average out the difference. For example, if one member says 2 and someone else says 6, the ranking, in this case, should be 4 (2 and 6 are adjacent categories. Therefore, $2 + 6 = 8$, $8/2 = 4$). 2. If the disagreement jumps one category, consensus must be reached. Even with one person holding out total consensus must be reached. No average, no majority. Everyone on that team must have ownership of the ranking. They may not 100 percent agree, but they can live with it.

Source: [Stamatis \(2003\): 169-170](#)

Table 2. Occurrence Process

Rank	Rank	Resolution
1 Remote probability of occurrence. Capability shows at least $\bar{X} \pm 3\sigma$ within specifications (1/10,000).	1 Failure is unlikely. C_{pk} is greater or equal to 1.67 (<1 in 10^6 or $\pm 5\sigma$).	If the numerical value falls between two numbers, always select the higher number.
2–5 Low probability of occurrence. Process in statistical control. Capability shows at least $\bar{X} \pm 3\sigma$ within specifications (1/5000–1/500).	2 Very low: Process is in statistical control. Isolated failures exist. C_{pk} is greater or equal to 1.33 (1 in 20,000 or $\sim \pm 4\sigma$).	If the team has a disagreement with the ranking value, the following may help.
6–7 Moderate probability of occurrence. Process in statistical control with occasional failures, but not in major proportions. Capability shows more than $\bar{X} \pm 2.5\sigma$ within specifications (1/20–1/200).	3 Low: Process in statistical control. Isolated failures occur sometimes. C_{pk} is greater or equal to 1.00 (1 in 4,000 or $\sim \pm 3.5\sigma$).	1. If the disagreement is an adjacent category, average out the difference. For example, if one member says 2 and someone else says 6, the ranking, in this case, should be 4 (2 and 6 are adjacent categories. Therefore, $2 + 6 = 8$, $8/2 = 4$).
8–9 High probability of occurrence. Process in statistical control with failures often occurring. Capability shows $\bar{X} \pm 1.5\sigma$ (1/100–1/20).	4–6 Moderate: Process in statistical control with occasional failures but not in major proportions. C_{pk} is less or equal to 1.00 (1 in 1,000 to 1 in 80 or $\sim \pm 3\sigma$).	2. If the disagreement jumps one category, consensus must be reached. Even with one person holding out total consensus must be reached. No average, no majority. Everyone on that team must have ownership of the ranking. They may not 100 percent agree, but they can live with it.
10 Very high probability of occurrence. Failure is almost certain. (1/10+).	7–8 High: Process not in statistical control. Have frequent failures (1/40 to 1/20).	
	9–10 Very high: Failures are inevitable.	

Source: [Stamatis \(2003\): 174](#)

Table 3. Detection Process

Rank	Rank	Resolution
1 Very high: Controls almost certainly will detect the existence of a defect.	The remote likelihood that the product or service will be delivered (1/10,000). The defect is functionally obvious and readily detected. Detection reliability is at least 99.99 percent.	If the numerical value falls between two numbers, always select the higher number.
2–5 High: Controls have a good chance of detecting the existence of a failure.	The low likelihood that the product would be delivered with the defect. The defect is obvious (1/5000–1/500). Detection reliability is at least 99.80 percent.	If the team has a disagreement with the ranking value, the following may help.
6–8 Moderate: Controls may detect the existence of a defect.	The moderate likelihood that the product will be delivered with the defect. The defect is easily identified (1/200–1/50). Detection reliability is at least 98.00 percent.	1. If the disagreement is an adjacent category, average out the difference. For example, if one member says 2 and someone else says 6, the ranking, in this case, should be 4 (2 and 6 are adjacent categories. Therefore, $2 + 6 = 8$, $8/2 = 4$).
9 Low: Controls more likely will not detect the existence of a defect.	High likelihood that the product would be delivered with the defect. The defect is subtle (1/20). Detection reliability greater than 90 percent.	2. If the disagreement jumps one category, consensus must be reached. Even with one person holding out total consensus must be reached. No average, no majority. Everyone on that team must have ownership of the ranking. They may not 100 percent agree, but they can live with it.
10 Very low: Controls highly likely will not detect the existence of a defect.	Very high likelihood that the product and/or service will be delivered with the defect. Item is usually not checked or not checkable. Quite often the defect is latent and would not appear during the process or service (1/10+). Detection reliability 90 percent or less.	

Source: [Stamatis \(2003\): 180](#)

These three factors have a scale ranging from 1 to 10 or low to high. Meanwhile, RPN will range from 1 to 1,000 for each failure mode. The RPN value in the failure mode shows the priority sequence of steps that BMT must take to mitigate the failure mode's effects (McDermott *et al.*, 2008). Action priorities can be analyzed more in-depth using Pareto diagrams. It is a method for identifying failures, categorizing and better understanding them, and probably providing help in the process of priority quantification. The Pareto diagram is an X-Y bar chart with bars sorted according to the priority scale in descending order from left to right. Cumulative percentage lines serve as a visual cue to identify bars. The rule that applies is the 80/20 rule; it means that an 80 percent increase in an effect can be achieved by doing 20 percent of the causes (Stamatis, 2003).

Results and Discussion

Result

Following Stamatis (2003), the discussion of the effect of financing problems on BMT with the FMEA approach is carried out in five stages. However, for data triangulation purposes, determining respondents as the source persons were carried out first. The modification of this stage aims to validate the data findings obtained through a literature study with information from BMT practitioners. In short, this study has five stages: (1) determining the respondents, (2) identifying BMT activities and potential causes of failure, (3) determining potential risk or failure, (4) evaluating risk due to the financing problems, and (5) the RPN Assessment.

Stage one: determining the respondents

The objects of respondents of this study consist of two authorized BMTs (Fundraising Officers and Remedial Recovery) (Table 4), and three members of MSME Affected by COVID-19 (Table 5). The respondents are competent in their fields. The FO is chosen considering their job desk in handling financing problems. They grasp firsthand the customer's business conditions in factual conditions. They also carry out the financing including the collection. The RR is chosen because they are familiar with the policies and handling of internal financing. The three MSME respondents with bad financing cases are selected based on their respective risk levels (Table 6). Mr. H. is a financing customer who has entered substandard financing, Mrs. S. is a customer who has entered doubtful financing, and Mr. N. is a customer with bad financing. The finding and collecting data processes in this study were carried out through direct interviews, observation, and documentation in the BMT Al Hidayah surrounding area. The interview was conducted at the BMT Al Hidayah office.

Table 4. Respondents from BMT

No	Name	Gender	Position	Tenure
1.	RH	Male	Fundraising Officer (FO)	5 Years
2.	S	Female	Remedial Recovery (RR)	7 Years

Source: Primary Data, (July, 2021)

Table 5. Types of MSMEs based on their total assets

No	Type of enterprises	Criteria assets	Turnover criteria
1.	Micro enterprises	Max 50 mil.	Max 300 mil.
2.	Small enterprises	> 50 mil. - 500 mil.	> 300 mil. - 2.5 bil.
3.	Medium enterprises	> 500 mil. - 10 bil.	> 2.5 bil. - 50 bil.

Source: Ministry of Cooperatives and Small and Medium Enterprises (2008)

Table 6. Customer Respondents

No	Name	Gender	Type of business	Business age
1.	Mr. H	Male	Cracker Production	15 Years
2.	Mrs. S	Female	Groceries Seller	20 Years
3.	Mr. N	Male	Counter Business	5 Years

Source: Primary Data, (July, 2021)

Stage two: identifying BMT activities and potential causes of failure

Regarding this, Wulandari *et al.* (2016) highlighted the need for BMT to make efforts by building specific products and empowerment and having a product scheme for the poor. Specific financing provided by BMT should not only be in terms of capital but also the provision of infrastructure and training for the poor.

The pivotal activity to prevent financing problems is evaluating prospective financing members. This assessment evaluates the ability of prospective members to pay installments. The 5C approach is one method for determining a borrower's ability and willingness to pay. *"The 5C approach was also carried out by BMT Al Hidayah Kotaraja"*, explained by RO (2021) and RR (2021). BMT needs to take into account several variables that affect performance to avoid doubtful financing. Dawami (2021) illustrated that three factors affect performance: capital structure of resources, adequacy, and expertise of human resources, and product innovation of BMT itself.

Characters, or the nature of the individual, in this case, refer to the debtors. Capacity refers to the ability of someone to run the business. Debtors need to be assessed whether or not they have the capability to lead their businesses properly. If they can manage their business, they will also be capable to complete the loan as per the agreement, and the company is still operating. Capital, in this case, is the financial condition of customers. Large capital indicates the ability of borrowers to repay their installments. Collateral is the promised wealth for security in the credit transaction. Collateral should exceed the amount of credit granted. In the event of bad loans, the collateral is used to pay for the remaining credit. Condition refers to the economic conditions that affect the company. Assessing credit also means evaluating the current and future economic conditions according to their respective sectors and the prospects of the industry that the borrower runs (Mardhotillah, 2019).

BMT Al Hidayah Kotaraja assesses the character of its prospective members in the following ways; verifying the prospective members' personalities to neighbors or the surrounding community and collecting information on how these prospective members interact with the people around them, and personally interviewing the prospective members. This assessment usually evaluates how smooth the business of prospective members is and what dependents are financed. However, it often occurs that BMT does not assess customer capacity properly. It includes not evaluating whether prospective members have debt obligations to other parties. This circumstance may also be caused by potential members who misled interviewers during the survey.

In assessing customers' capital, BMT Al Hidayah Kotaraja visits prospective members' places of business and conducts direct interviews. This assessment is supported by interviewing the neighbors around the prospective member's place of business related to the operating industries. From this interview, several questions are expressed, for example, are prospective members able to meet the needs of life? Do the sales proceeds cover the operating costs of the business? Can prospective members develop their businesses? If various efforts have been made and the member still cannot pay their obligations, the guarantee execution must be carried out. Typically, the guarantee must be valuable to the financing and capable of covering the amount of the funds provided. Any easily-sold item, whether mobile or immovable, is considered collateral.

Generally, the causes of financing problems at BMT Al Hidayah Kotaraja are categorized into two factors, internally and externally. Internal causes include several things. First, financing officers are less thorough in analyzing the financing of prospective members. FO (2021) and RR (2021) explained that *"BMT Al Hidayah Kotaraja has provided an understanding concerning the important steps that must be considered in providing financing; but, in practice, many BMT staffs are still often wrong in analyzing prospective members."*

The second cause is the attitude of BMT staff. Staff must possess a proportional and neutral attitude in assessing financing, not prioritizing anyone's benefit. However, FO (2021) and RR (2021) mentioned that *"There are several financings carried out based on closeness to prospective members; for example, family or friends of BMT employees."*

According to Juhary *et al.* (2019), improving organizational management to enhance employee performance is crucially required, particularly by increasing the role of transactional and transformational leadership. Meanwhile, external causes include two conditions. First, a member goes bankrupt. FO (2021) explained, *"I found many members experiencing an increase in consumption patterns and lifestyles. That is why their businesses gradually experience setbacks and eventually go*

bankrupt". Bankruptcy experienced by members influences the pattern of installments to the BMT party, causing financing problems. The opinion of FO (2021) is agreed upon by RR (2021). They explained that "*the existence of other interests or needs of members causes the business not to run smoothly.*"

The second external cause is natural disasters. In 2018, an earthquake hit NTB. This situation gets worse by the COVID-19 pandemic in early 2020 until 2021. The interview reveals that the COVID-19 pandemic was the root cause of the rise in bad debts. Furthermore, restrictions on social activities directly impacted the MSME actors. Other financing members apart from the MSME actors were also affected. For instance, many BMT members experienced layoffs and salary cuts.

Wulandari *et al.*, 2016 stated that pre-financing, financing, and post-financing activities are carried out as a reference for policy-making in NTB. It includes character checks in the pre-financing phase, background checks, Central Bank channeling and site visits, collateral requirements for financing above 1 billion, and savings conditions for each financing.

Stage three: determining potential risk (failure)

Healthy financing refers to financing where installment payments are made timely, with no arrears, and financial reports are submitted regularly and accurately. The members follow the contract, complete the required documents, and propose strong collateral binding (FO, 2021). The interview with FO, which is supported by the opinion of RR, explained that "*there are four groups of financing quality assessment, namely current financing, substandard financing, doubtful financing, and bad financing or NPF.*"

Current financing refers to financing where the members do not have arrears in installment payments. It also refers to the installment payment that is made before reaching 1 (one) month from the due date. Current financing also refers to credit that demonstrates timely payment characteristics, no arrears, good member relations, consistent financial statement information, thorough documentation, and solid collateral binding. Substandard financing refers to financing where the members are late paying installments within 30-60 days. In this classification, financial reports are submitted irregularly and dubiously, and documents are incomplete, but the collateral has strong binding. A violation of the basic terms of the debt agreement and an attempt to hide financial problems are likely to be found in this financing category. The next one is doubtful financing. It refers to financing where arrears in installment payments reach 90 days. In this category, members do not submit financial reports or, possibly, propose unreliable ones. They may also have incomplete debt agreement documents. There is also a violation of the agreement principles, and the binding of collateral is weak. The last one is bad financing or NPF. Financing is categorized as NPF when some members have arrears in installment payments that have passed 120 days, and there is no documentation of payable agreement accounts and collateral binding.

Sudarto (2020) categorized the financing risks of BMT, i.e., delayed loans and non-performing financing. He argued that there are three financing problems, namely substandard, doubtful, and bad financings (NPF). Likewise, BMT Al Hidayah Kotaraja has several potential failures of substandard financing, doubtful financing, and bad financing (FO, 2021; RR, 2021). Table 7 illustrates several financing problems at BMT as of January 2021.

Table 7. Financing problems at BMT Al Hidayah Kotaraja

Category	Number of Members	Amount of Arrears
Substandard Financing	125	IDR 180.700.000
Doubtful Financing	51	IDR 30.880.000
Bad Financing (NPF)	34	IDR 95.225.000
Total	210	IDR 306.805.000

Source: BMT Al Hidayah Kotaraja (January, 2021)

Stage four: evaluating risks due to the financing problems

Financing risk is calculated by involving three parameters, i.e., severity, occurrence, and detection. Severity is the consequence of the failure, should it occur. Occurrence is the probability or frequency of the occurring failure. Detection is the probability of detecting the delinquency before the impact is realized (McDermott *et al.*, 2008).

Severity assesses how severe the potential failure is. It is calculated on a scale of one to ten. Scale one is the lowest. At this level, BMT does not feel the adverse effects of the risk, or the risk does not have a significant impact on BMT. Scale ten is the highest. At this level, BMT is in a dangerous condition because losses due to financing problems severely affect the security of the work system without warning to violate government regulations.

Occurrence is determined based on actual data from each process. However, if data on risk (failure) is unavailable, the team must estimate how often the failure mode can occur. "Estimate" is determined by considering how likely the failure mode is and at what frequency it will happen by knowing the potential causes of failure. The occurrence will be calculated on a scale of one to ten. Scale one is the lowest; at this level, the probability of occurrence is impossible (highly unlikely). Ten is the highest; at this level, the occurrence is assured to fail based on warranty data or verification data whose tests are significant.

Lastly, there is Detection Rank. It addresses how likely it is for a given institution to notice a failure or its ramifications. Detection is done by identifying current controls that can detect failures or the effects of failures. If there is no current control, the detection probability will be low, and the item will get a high rank (around 9 or 10). Detection will be calculated on a scale of one to ten. Scale one is the lowest; at this level, detection is not applicable, or no error prevention. Ten is the highest; no detection opportunity or current process control is found at this rate.

Stage five: RPN Assessment

Substandard financing

From the interview, the severity score of substandard financing is four, classified as moderate risk. Three factors cause substandard financing, i.e., a lack of employee ability to assess prospective members, prospective members' character who does not want to pay installments, and natural disasters (COVID-19 Pandemic).

Lack of employee ability to assess prospective members

Lack of employee ability gets a scale four of severity ranking, which means that BMT dissatisfaction is caused by lack of performance. The occurrence rating for lack of employee ability risk is on a scale of three, which means a low failure rate without evidence support. The detection value is on a scale of seven, which means that the risk that occurs has the potential to fail but can still be detected or can be prevented from further failure. The RPN value from a lack of employee ability to assess prospective members is 84, which is obtained from the multiplication of severity, occurrence, and detection. BMT staff should not factor in personal or private interests while evaluating potential members to minimize the possibility and impact of employee incapacity in assessing prospective members.

Prospective member's character

The prospective members' character gets a scale of four out of ten. In other words, BMT dissatisfaction is caused by a lack of performance. The occurrence rating of the prospective member's character who does not want to pay installments gets on a scale of three, which means a low failure rate without any potential risk of further failure. The detection value is seven, which means a poor probability that a potent failure will be detected or prevented before reaching the subsequent problems. The RPN value is 84. The countermeasures carried out by BMT are, among others, taking a family approach, chatting from heart to heart, and enhancing understanding between employees and members. BMT has been visiting and providing religious insight regarding the obligations that must be completed to its members.

Natural disasters (COVID-19 pandemic)

The severity rank for natural disasters is on a scale of five, which means BMT is uncomfortable, or their productivity will continue to decline because of failure. The occurrence rating in the event of the COVID-19 pandemic, based on the research questionnaire, is on a scale of six. This number indicates moderate risk or that the failure level is mild without any other subsequent risks. The Detection rating is also on a scale of six, meaning that risk control cannot detect danger or prevent failure from reaching further problems. The RPN value is 180. As a countermeasure, BMT should give more attention and more intensive visits to discover the obstacles and how to deal with them.

Doubtful financing

Doubtful financing has little potential for non-payment of arrears and members' installments, but it influences BMT's cash flow, which may become less smooth. Based on the interview results, the severity rank of doubtful financing is on a scale of four, classified as moderate. The factors that may cause the occurrence of doubtful financing include a lack of employee ability to assess prospective members, prospective members' character who does not want to pay installments, and natural disasters (COVID-19 Pandemic).

Lack of employee ability to assess prospective members

The severity rank of lack of employee ability is four, which means that BMT dissatisfaction is caused by lack of performance. The occurrence rating related to lack of employee ability to assess prospective members' risk is also four, which means moderate. These results indicate that failures in doubtful financing sometimes occur due to a lack of employee ability to assess prospective members. In this case, BMT must be more careful in analyzing prospective members and provide more clear direction and evaluation to related employees. The detection rank is on a scale of six, which means that the control to prevent failure is no longer able to detect or avert failure from reaching subsequent troubles. Lastly, the RPN value is 96. BMT is suggested to evaluate its employees and tightens its analytical methods related to character analysis of prospective members to minimize doubtful financing.

Prospective member's character

The severity rank for prospective members' character is on a scale of four. It indicates that BMT dissatisfaction is caused by a lack of performance. The occurrence rating of the prospective members' character is five. This number is still classified as moderate, which means the risk is relatively mild. BMT has taken action against this, including billing politely and amicably and refraining from using abusive language. The detection value of this component is seven, which means that it has a poor probability that a potential failure will be detected or prevented before reaching the subsequent failure. Lastly, the RPN value is 140. In this situation, BMT makes regular visits to its members. Members are also educated on the financial concerns that they must pay for.

Natural disasters (COVID-19 Pandemic)

The severity value for the natural disaster component is five, indicating that BMT is uncomfortable or that their productivity will continue to decline due to failure. The occurrence rating for natural disasters (COVID-19 Pandemic) is on a scale of six. This rate is classified as moderate failure, without any further risks that follow. The detection value is seven. This rate indicates a high-risk level, but there is a possibility that potential failures will be detected or prevented before reaching the subsequent risk. The RPN value is 210. In this situation, BMT needs to reschedule financing for those affected by the pandemic to avoid accumulated arrears.

Following the results of a study by [Lisa \(2016\)](#), several actions must be taken to suppress or recognize the level of NFP. Among others, BMT must carefully assess its prospective debtors who will receive financing, and increase its human resources competency in providing financing to customers.

Bad Financing

Bad financing can lead to non-payment of arrears and members' installments because the arrears are overdue. Based on the interviews, the severity rate of bad financing is seven, which means that this high level of BMT risk is caused by failure without losing its all financing. Factors leading to bad financing that commonly occur in BMT Al Hidayah include a lack of employee ability to assess prospective members, prospective members' character who does not want to pay installments, and natural disasters (COVID-19 Pandemic).

Lack of employee ability to assess prospective members

The severity rate of lack of employee ability is seven out of ten, which means a high level of BMT dissatisfaction is caused by failure without complete loss of function. On this condition, productivity is affected by high scrap or job evaluation rates. The occurrence rating of this factor is seven, indicating that the failure is relatively high. Meanwhile, the detection value is seven. This number suggests that it may be possible to identify bad financing that could eventually fail, or it is possible to prevent the failure

from happening. The RPN is 343. Considering this rate, BMT should establish a rule for conducting interviews with neighbors or people closest to prospective members in the assessment process. Furthermore, BMT has to provide sufficient training and understanding for responsible employees about the character of prospective members.

Prospective member's character

The severity rate for this component is five, which means that BMT becomes uncomfortable or that the company's productivity will continue to decline because of failure. The occurrence rating of a prospective member's character who does not want to pay installment is five, classified as moderate. The value of RPN is 175. In that case, BMT should provide a warning letter and improve the assessments based on the 5C principle to members, and conduct periodic billing or restructuring, if needed.

Natural disasters (COVID-19 Pandemic)

The severity rate for the natural disaster component is six, which means that BMT needs to make significant performance improvements following its failure. The occurrence rating for this component is seven, meaning that the failure rate of the risk that will occur is relatively high. Meanwhile, the detection rank of natural disasters is seven; the potential failure will be detected, so it can be prevented from reaching the subsequent risk. The RPN, generated from the multiplication of severity, occurrence, and detection, is 294. Considering this situation, BMT should provide a restructuring policy to avoid unpaid installments.

All of the Risk Priority Number (RPN) of BMT Al Hidayah Kotaraja is presented in Table 7.

Table 7. Risk Priority Number of BMT Al Hidayah Kotaraja

No	Potential Failure	Potential Causes of Failure	Severity	Occurrence	Detection	RPN
			(1-10)	(1-10)	(10-1)	a*b*c
			a	b	c	
1	Substandard Financing	Lack of employee ability to assess prospective members	4	3	7	84
		Prospective member's character who does not want to pay installments	4	3	7	84
		Natural disasters (COVID-19 Pandemic)	5	6	6	180
2	Doubtful Financing	Lack of employee ability to assess prospective members	4	4	6	96
		Prospective member's character who does not want to pay installments	4	5	7	140
		Natural disasters (COVID-19 Pandemic)	5	6	7	210
3	Bad Financing	The prospective member's character who does not want to pay installments	5	5	7	175
		Natural disasters (COVID-19 Pandemic)	6	7	7	294
		Lack of employee ability to assess prospective members	7	7	7	343

Source: FO and RR (July, 2021)

BMT Al Hidayah's approach to dealing with the NPF

Rosidah and Indrarini (2022) explain the strategy of BMT to handle NPF on *murabahah* products, which is restructuring. In the business capital of *murabahah* products, the strategy includes the injection

of funds, execution of collateral, and write-off of receivables. Meanwhile, for other *murabahah* products, the approach is carried out through the execution of collateral and the write-off of receivables. BMT Al Hidayah Kotaraja has a strategy in dealing with non-performing financing to save the financing that has been disbursed, including:

1. Make a visit

The first strategy carried out by BMT Al Hidayah Kotaraja in resolving financing problems is by visiting members as a family-oriented approach. BMT Al Hidayah Kotaraja will see members by previously giving a warning letter (WL) to members who have problems.

2. Amicable settlement (billing)

If WL1, WL2, and WL3 have been issued and ignored by members, the BMT will invite members to hold joint deliberation to find a solution to be agreed upon by both parties. Members can convey the obstacles faced in resolving their arrears. Billing can be done through a religious approach or in an amicable manner. Nevertheless, billing cannot be done through violence or by speaking rudely or disrespectfully. Since BMTs must prioritize not only profits but also *ukhuwah* with their members, maintaining positive relationships with them is crucial. (Maulana et al., 2018).

3. Revitalization

In the revitalization stage, BMT Al Hidayah Kotaraja applies the Restructuring and Rescheduling method. Restructuring is a solution for members who have difficulty settling their arrears by changing the number of installments to be smaller with mutually agreed terms. Rescheduling payment is an option for members who are unable to pay on time and in full for circumstances that BMT will accept. In line with the terms of the agreement between the parties, BMT will implement policies regarding adjustments to the timing, number, and schedule of installments as well as any extensions to the installment period that will not be detrimental to any party.

4. Settlement Guarantee

The auction of the collateral will be carried out by BMT Al Hidayah Kotaraja when the members and BMT have not found a way to settle the problematic credit. The auction is carried out based on the agreement of both parties without any coercion from any party. However, in practice, the auction of collateral goods is not carried out by BMT Al Hidayah Kotaraja, considering that the system still adheres to affinity and cordiality.

Discussion

The results of the study demonstrate that managing funding issues in BMT has a critical role in the economy's recovery from the recession and the COVID-19 pandemic. This finding is in line with [Ari et al. \(2020\)](#). Meanwhile, the risk grouping in BMT Al Hidayah is not significantly different from [Sudarto \(2020\)](#), where BMT Al Hidayah only classifies the risk into three, namely substandard, doubtful, and bad financing. Meanwhile, [Sudarto \(2020\)](#) categorized the risk into four groups: delayed loans, substandard financing, doubtful financing, and non-performing financing.

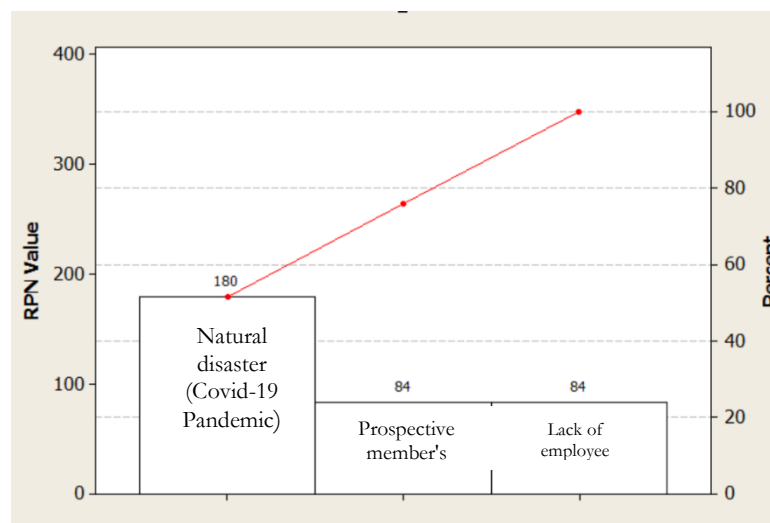


Figure 1. Pareto Diagram of Potential Causes in Substandard Financing

The findings presented in Table 8 can still be analyzed further using a Pareto diagram. Figure 1 illustrates the potential causes of substandard financing. Natural disaster (COVID-19 Pandemic) is the primary cause of substandard financing. The RPN value for this component reaches 180 or more than 52% of all causes. On the other hand, the other two causes have a percentage of no more than 24%. Figure 2 shows the potential causes of doubtful financing. Natural disaster (COVID-19 Pandemic) is the primary cause of doubtful financing. The RPN value of this component for doubtful financing is 210, or 48% of all causes. Prospective members' character who does not want to pay installments contribute to this issue by 31% (RPN=140), and lack of employee ability to assess prospective members contributes by 21% (RPN=96). It can be concluded that natural disaster is the primary cause of substandard financing (50%) and doubtful financing (48%). Figure 3 illustrates the potential cause of bad financing. In this category, the lack of employee ability to assess their prospective members is the primary cause. It has an RPN value of 343, or 42% of all causes. On the other hand, natural disaster (COVID-19 Pandemic) has a lower rate for bad financing, only at 36% (RPN=294), and prospective members' character component contributes by 21% (RPN=175).

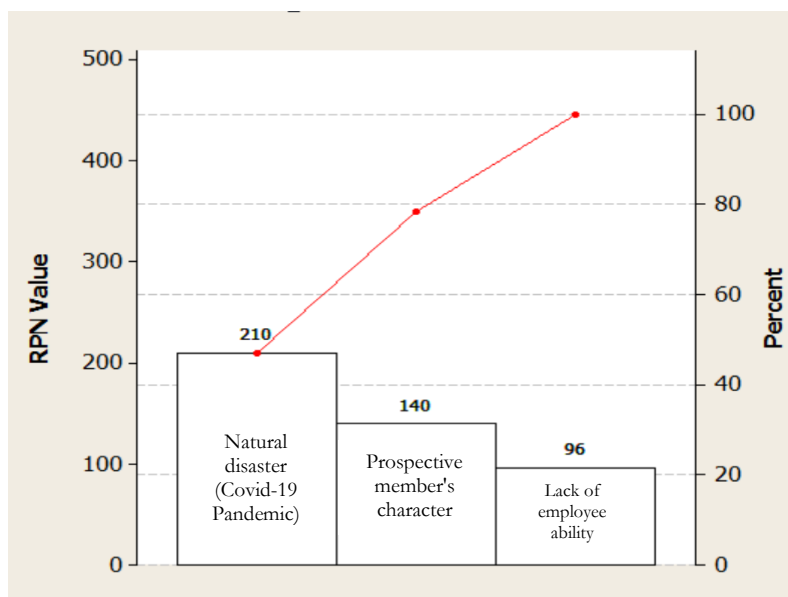


Figure 2. Pareto Diagram of Potential Causes in Doubtful Financing

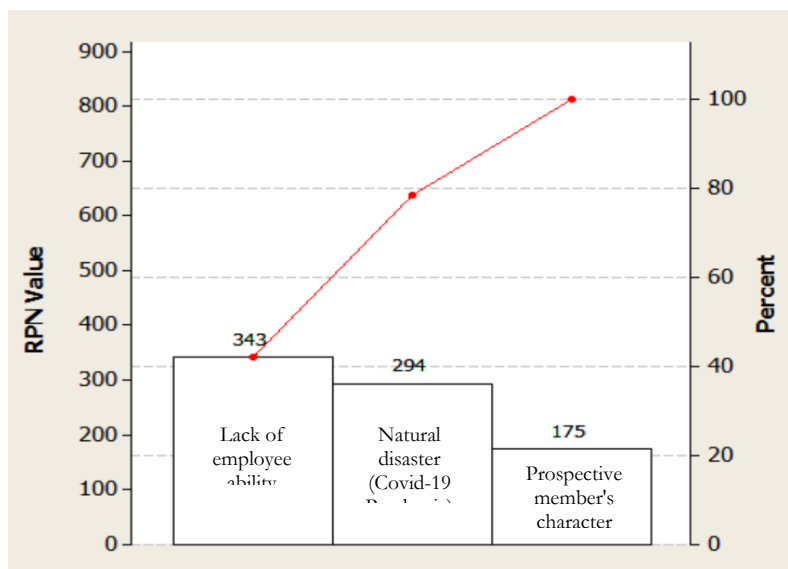


Figure 3. Pareto Diagram of Potential Causes in Bad Financing

The findings illustrated in Figure 2 and Figure 3, show that the lack of employee ability to assess prospective members is the primary cause of most financing problems. Unfortunately, the strategy set by BMT Al Hidayah Kotaraja Lombok Timur to tackle financing problems only focuses on its members. This strategy is not efficient, nonetheless. Given this situation, BMT Al Hidayah Kotaraja Lombok Timur should implement an improved approach to increase the staff's capacity to evaluate potential members.

There are differences in the perceived impact of BMT compared to this study. Elwardah (2020) shows the effect felt by BMT Kota Mandiri which experienced losses in its financial aspect. In this study, BMT is considered unable to continue providing financing due to unstable cash flows, so members can no longer apply for financing. As a result, BMT Kota Mandiri's function was rendered inoperable.

Conclusion

The following are the conclusions of the research to achieve the research objectives:

1. To analyze the effect caused by financing problems on BMT during the pandemic.
As a result of the risk of financing problems, BMT Al Hidayah Kotaraja experienced troubles in money circulation since members must still receive the margin return (profit sharing) each month.
2. To analyze the strategy undertaken by BMT to handle financing problems.
The strategies undertaken by BMT Al Hidayah Kotaraja to deal with problematic financing are:
 - a. Make a visit
BMT Al Hidayah Kotaraja would visit members cordially. BMT Al Hidayah Kotaraja visited members who had problems by previously sending them a warning letter (WL).
 - b. Amicable settlement (billing)
If WL1, WL2, and WL3 have been issued and ignored by members, BMT will invite members to hold joint deliberation to find a solution to be agreed upon by both parties.
 - c. Revitalization
BMT Al Hidayah Kotaraja applies the Restructuring and Rescheduling method. Restructuring is a solution for members who have difficulty settling their arrears by changing the number of installments to be smaller with mutually agreed terms. Members who are unable to pay on time with the agreed amount for reasons that BMT will accept may reschedule their payments.
 - d. Settlement Guarantee
The collateral auction will be carried out by BMT Al Hidayah Kotaraja when the members and BMT have not found a way to settle. The auction is carried out based on the agreement of both parties without any coercion from any party.

References

- Adnan, M. A., & Ajija, S. R. (2015). The effectiveness of baitul maal wat tamwil in reducing poverty the case of Indonesian Islamic microfinance institution. *Humanomics*, 31(2), 160–182. <https://doi.org/10.1108/H-03-2012-0003>
- Alimuddin, M. R. (2004). *Manajemen Baitul Maal wa Tamwil*. UII Press. <https://opac.perpusnas.go.id/DetailOpac.aspx?id=937333>
- Ari, A., Chen, S., & Ratnovski, L. (2020). COVID-19 and Non-Performing Loans: Lessons from past Crises. *SSRN Electronic Journal*, 71, 1–7. <https://doi.org/10.2139/ssrn.3632272>
- Ascarya, Rahmawati, S., & Tanjung, H. (2018). Design the Roadmap of Holistic Financial Inclusion for Baitul Maal wat Tamwil. *Tazkia Islamic Finance and Business Review*, 12(1). <https://doi.org/10.30993/tifbr.v12i1.112>
- Baker, H. K., Dewasiri, N. J., Premaratne, S. P., & Yatiwelle Korallalage, W. (2020). Corporate governance and dividend policy in Sri Lankan firms: a data triangulation approach. *Qualitative Research in Financial Markets*, 12(4), 543–560. <https://doi.org/10.1108/QRFM-11-2019-0134>
- Dawami, Q. (2021). Factors Determining the Successful Performance of Baitul Maal Wat Tamwil in

- Indonesia: an Empirical Investigation. *International Journal of Islamic Economics and Finance (IJIEF)*, 4(1), 79–100. <https://doi.org/10.18196/ijief.v4i1.10484>
- Ekaviana, D., Ramadhani, F. N., & Mulawarman, A. D. (2019). Investigating an Indonesian Equitable Financing : Case Study on Baitul Maal Masjid Jogokariyan. *International Journal of Zakat and Islamic Philanthropy*, 1(2), 85–93.
- Elwardah, K. (2020). Optimalisasi Penyelesaian Pembiayaan Bermasalah Pada BMT Kota Mandiri Bengkulu. *Al-Intaj : Jurnal Ekonomi Dan Perbankan Syariah*, 6(2), 59. <https://doi.org/10.29300/ajj.v6i2.3351>
- Fatwitawati, Reni. (2018). Pengelolaan Keuangan Bagi Usaha Mikro Kecil Menengah (UMKM) Di Kelurahan Airputih Kecamatan Tampan Kota Pekanbaru. *Sembadha: Seminar Hasil Pengabdian Kepada Masyarakat*, 01(01), 225–229. <https://jurnal.pknstan.ac.id/index.php/sembadha/article/view/376>
- Haneef, S., Rana, M. A., & Karim, Y. (2012). Impact of Risk Management on Non-Performing Loans and Profitability of Banking Sector of Pakistan Hailey College of Commerce University of the Punjab Hafiz Muhammad Ishaq Federal Urdu University of Arts , Science and Technology. *International Journal of Business and Social Science*, 3(7), 307–315.
- Hidayanti, W., Kirana, H. J., Yustitia, A. M., Widyaningrum, H., Tulasmi, T., & Mukti, T. (2021). Studi Kasus Penanganan Pembiayaan Bermasalah di Baitul Maal wa Tamwil (BMT) Hubbul Wathon pada Masa Pandemi Covid-19. *Jurnal Ilmiah Ekonomi Islam*, 7(1), 333. <https://doi.org/10.29040/jiei.v7i1.1771>
- Hosen, M. N. (2008). *Lembaga Bisnis Syariah*. Pusat Komunikasi Ekonomi Syariah. <https://onesearch.id/Record/IOS3367.slims-8549?widget=1>
- Iskandar, & Nuruddin, A. (2017). Manajemen Resiko Pembiayaan pada Bank Syariah : Suatu Tinjauan Filsafati Iskandar , Amiur Nuruddin dan Saparuddin Siregar IAIN Lhokseumawe Banda Aceh Abstrak Keywords : Manajemen Risiko , Konstruksi Filosofis , Pembiayaan Bagi Hasil A . Pendahuluan Pembia. *Al-Ulum*, 17(1), 20–43.
- Juhary, A., Mardiyana, & Djamaludin, O. J. (2019). The Effect Of Transformational And Transactional Leadership On The Commitment Of Organization, Turnover, And Performance (At Baitul Maal Wat Tamwil, The Special Region Of Yogyakarta). *IOSR Journal of Business Business and Management (IOSR-JBM)*, 21(3), 9–22. <https://doi.org/10.9790/487X-2103040917>
- Karnaen Perwataatmadja, M. S. A. (1992). *Apa dan bagaimana bank Islam*. Dana Bhakti Wakaf. <https://onesearch.id/Record/IOS7419.slims-389?widget=1>
- Kemenkes. (2020). Pedoman Pencegahan dan Pengendalian Coronavirus Disease (COVID-19). *Gemas*, 0–115. https://infeksiemerging.kemkes.go.id/download/REV-04_Pedoman_P2_COVID-19_27_Maret2020_TTD1.pdf. Accessed June 11, 2021.
- Keskin, G. A., & Özkan, C. (2009). An alternative evaluation of FMEA: Fuzzy ART algorithm. *Quality and Reliability Engineering International*, 25(6), 647–661. <https://doi.org/10.1002/qre.984>
- Kiswanto, K., & Purwanti, A. (2016). Pengaruh Tingkat Kesehatan Bank Menurut Risk Based Bank Rating Terhadap Kinerja Keuangan Dengan Good Corporate Governance Sebagai Variabel Pemoderasi Pada Bank Umum Syariah Dan Unit Usaha Syariah Di Indonesia. *Jurnal Akuntansi Indonesia*, 5(1), 15-36.
- Kominfo. (2017). Kemenkop UKM: 3,79 Juta UMKM Sudah Go Online. https://www.kominfo.go.id/content/detail/11526/kemenkop-ukm-379-juta-umkm-sudah-go-online/0/sorotan_media. Accessed June 11, 2021.
- Lisa, O. (2016). Determinants Distribution of Financing and the Implications to Profitability: Empirical Study on Cooperative Sharia Baitul Maal wa Tamwil (BMT) in Indonesia. *Asian Journal of Accounting Research*, 1(2), 44–51. <https://doi.org/10.1108/AJAR-2016-01-02-B002>
- Madjid, S. S. (2018). Penanganan Pembiayaan Bermasalah Pada Bank Syariah. *Jurnal Hukum Ekonomi Syariah*, 2(2), 95–109. <https://doi.org/10.26618/j-hes.v2i2.1618>
- Mardhotillah, I. C. (2020). 5c Factor Analysis Aspects Of The Designation Of Lending Of Working Capital In Pd. Bpr Bank Regional Lamongan. *Jurnal Studi Manajemen Dan Bisnis*, 6(1), 1–7. <https://doi.org/10.21107/jsmb.v6i1.6672>
- Maulana, H., Razak, D. A., & Adeyemi, A. A. (2018). Factors influencing behaviour to participate in Islamic microfinance. *International Journal of Islamic and Middle Eastern Finance and*

- Management*, 11(1), 109–130. <https://doi.org/10.1108/IMEFM-05-2017-0134>
- McDermott, R. E., Mikulak, R. 1., & Beauregard, M. R. (2013). *THE BASICS OF The Basics of FMEA*.
Muttalib, A., & Mashur, M. (2019). Analisis Dampak Sosial Ekonomi Masyarakat Pasca Bencana Gempa Bumi Di Kabupaten Lombok Utara (Klu). *Jurnal Ilmiah Mandala Education*, 5(2), 84. <https://doi.org/10.58258/jime.v5i2.785>
- Otoritas Jasa Keuangan. (2020a). Bagaimana UMKM & Perbankan Dapat Sukses di Era Disrupsi Ekonomi dan Digital. Otoritas Jasa Keuangan. 1–108.
- Otoritas Jasa Keuangan. (2020b). Laporan Profil Industri Perbankan Triwulan III 2020. *Otoritas Jasa Keuangan*.
- Otoritas Jasa Keuangan. (2018). Perlakuan Khusus terhadap Nasabah dan Industri Jasa Keuangan yang Terdampak Gempa di Provinsi Nusa Tenggara Barat. *Siaran Pers OJK*. 3–4.
- Otoritas Jasa Keuangan. (2014). *POJK 16 Kualitas Aset BUS dan UUS*. 68–70.
- Release, P., Kediri, K., Gerung, K., Gerung, K., Gerung, K., & Gerung, K. (2021). *Sekretariat daerah*. 12, 1–6.
- Rokhman, W., & Abduh, M. (2020). Antecedents of SMEs' satisfaction and loyalty towards Islamic microfinance: Evidence from Central Java, Indonesia. *Journal of Islamic Marketing*, 11(6), 1327–1338. <https://doi.org/10.1108/JIMA-05-2018-0090>
- Rosidah, L., & Indrarini, R. (2022). Analisis Strategi Penanganan Pembiayaan Murabahah Bermasalah Dalam Menjaga Kualitas Pembiayaan Pada Bmt Mandiri Sejahtera. *JOURNAL: Jurnal Ilmiah Bidang,1(8)*,1479–1494. <https://publish.ojs-Indonesia.com/index.php/SIBATIK/article/view/171%0A>
- Sa'diyah, M. (2019). Strategi Penanganan Non-Performing Finance (NPF) Pada Pembiayaan Murabahah Di BMT [Strategy for Handling Non-Performing Finance (NPF) in Murabahah Financing at BMT]. *Conference on Islamic Management Accounting and Economics*, 2, 185.
- Sayyid, S. (2006). *Fiqh Sunah*. Pena Pundi Aksara. <https://onesearch.id/Record/IOS13424.INLIS000000000013812?widget=1>
- Schneider, H. (1996). Failure Mode and Effect Analysis: FMEA From Theory to Execution. In *Technometrics* (Vol. 38, Issue 1). <https://doi.org/10.1080/00401706.1996.10484424>
- Ssenyonga, M. (2021). Imperatives for post COVID-19 recovery of Indonesia's education, labor, and SME sectors. *Cogent Economics and Finance*, 9(1). <https://doi.org/10.1080/23322039.2021.1911439>
- Stamatis, D. H. (2003). *Failure mode and effect analysis*. Quality Press.
- Sudarto, A. (2020). Penyelesaian Pembiayaan Bermasalah Pada Lembaga Keuangan Syariah Studi Bmt Al Hasanah Lampung Timur. *Islamic Banking : Jurnal Pemikiran Dan Pengembangan Perbankan Syariah*, 5(2), 99–116. <https://doi.org/10.36908/isbank.v5i2.118>
- Sudjana, K. (2020). Jurnal Ilmiah Ekonomi Islam , 6 (02), 2020 , 185-194 Peran Baitul Maal Wat Tamwil (BMT) dalam Mewujudkan Ekonomi Syariah yang Kompetitif. *Jurnal Ilmiah Ekonomi Islam*, 6(02), 185–194.
- Ubaidillah, U. (2018). Pembiayaan Bermasalah Pada Bank Syariah: Strategi Penanganan Dan Penyelesaiannya. *El-Jizya : Jurnal Ekonomi Islam*, 6(2), 287–310. <https://doi.org/10.24090/ej.v6i2.2042>
- Wulandari, P. (2019). Enhancing the role of Baitul Maal in giving Qardhul Hassan financing to the poor at the bottom of the economic pyramid: Case study of Baitul Maal wa Tamwil in Indonesia. *Journal of Islamic Accounting and Business Research*, 10(3), 382–391. <https://doi.org/10.1108/JIABR-01-2017-0005>
- Wulandari, P., Kassim, S., Adhi Kasari Sulung, L., & Iwani Surya Putri, N. (2016). Unique aspects of the Islamic microfinance financing process: Experience of Baitul Maal Wa Tamwil in Indonesia. *Humanomics*, 32(3), 230–247. <https://doi.org/10.1108/H-09-2014-0062>
- Yazfinedi. (2018). Usaha Mikro, Kecil, dan Menengah di Indonesia: Permasalahan dan Solusinya. *Jurnal Ilmiah Kesejahteraan Sosial*, XIV(25), 33–41.