

Analysis Risk Management on Profit Sharing Financing (Case Study of Bank Muamalat Indonesia Malang Branch)

Khoiriyah Trianti^{1,a)}, Yulis Nurul Aini^{2,b),c)}, Defy Dwi Prasetyo³⁾

¹Business of Administration, University of Islam Malang, Malang City, Indonesia

^{a)}Corresponding author: khoiriyah@unisma.ac.id

Abstract. This study aims to formulate risk management in mudharabah financing. The research method used is descriptive qualitative with a case study approach at Bank Muamalat Indonesia, Malang Branch. Information exploration regarding mudharabah financing risk management was obtained through interviews with employees of Bank Muamalat Indonesia, Malang Branch. The results of the study indicate that risk management in mudharabah financing at Bank Muamalat Indonesia, Malang Branch is an effort to minimize the risks that occur, both at the pre-contract and post-contract stages. Pre-contract mitigation is carried out by complying with the Standard Operational Procedure set internally by the bank, selecting prospective mudharib, and conducting a feasibility analysis of prospective mudharib businesses. While post-contract risk mitigation is carried out by periodically monitoring the condition of the mudharib's business and conducting business coaching.

Keywords: risk, risk management, mudharabah

INTRODUCTION

According to Law No. 21 of 2008 Article 1 Sharia Bank is a Bank that carries out its activities based on sharia principles which in its activities provide payment traffic services. The emergence of this sharia banking is an alternative in the financial system with an interest-free character. Article 3 states that Sharia Banking aims to support the implementation of national development in order to improve justice, togetherness, and equal distribution of people's welfare. Therefore, sharia banking applies a profit-sharing system which is considered capable of improving justice in society. The profit-sharing system is found in sharia bank financing, one of which is the mudharabah contract. The application of the profit-sharing system is the application of a system that has a high risk. Profit sharing is obtained through the management of funds used for productive business activities. In sharia banks, profit sharing is found in the mudharabah and musyarakah contracts. Mudharabah contract is a cooperation contract for a business where the first party (shahibul maal or Islamic bank) provides all the capital and the second party (amil, mudharib, or customer) acts as the fund manager by sharing the business profits according to the ratio agreed upon in the contract, while the losses are borne entirely by the Islamic bank (PSAK 105), unless the second party makes a mistake or deliberate negligence, or violates the agreement stated in the contract.

From the Islamic Banking Statistics Report from 2020 to April 2024 (www.ojk.go.id), mudharabah financing has experienced quite stable growth.

TABLE 1. Composition of Mudharabah Financing of Islamic Commercial Banks and Islamic Business Units (2020 to April 2024).

Akad	2020	2021	2022	2023	Apr (2024)
Mudharabah	11.854	10.185	10.376	11.833	11.802
Ke Bank Lain	1.046	562	1.641	1.817	1.817

<i>Musyarakah</i>	174.919	187.485	223.680	278.161	275.600
<i>Murabahah</i>	174.301	190.884	233.046	218.600	247.997
<i>Istishna'</i>	2.364	2.496	3.301	3.915	3.988
<i>Qardh</i>	11.872	11.920	13.438	15.866	15.429

It can be seen that mudharabah financing has grown steadily from year to year. Although the most dominant financing is murabahah which has a lower risk than mudharabah. Because mudharabah financing is financing based on trust. So that the shahibul maal can face the risk of dishonesty of the mudharib. Because the characteristic of mudharabah is that the bank is not allowed to be involved in the management of the mudharib's business, which results in the bank having its own difficulties in assessing and controlling the financing provided. In a relationship like this, transparency is needed between the customer and the bank in terms of openness regarding business information, especially business profits and losses. If one party does not convey transparently about matters relating to the acquisition of results, then moral hazard can occur and the result is an imbalance in the information obtained between the mudharib and the shahibul maal. Although mudharabah financing has a higher risk among other financing contracts, in reality this mudharabah financing continues to run. So the researcher suspects that there are procedures or risk management that have been implemented by Islamic Banks. The existence of work systems, company culture, systems and operational standards of each company that are different for each bank makes this research interesting to study because each bank has different risk management.

Based on the explanation above, the researcher is interested in examining in more detail why the mudharabah contract with the highest risk remains stable from year to year. And to explore how the management manages the risks faced by the banking sector. The high risk is because the mudharabah contract is a contract based on trust. Given the large scope or pattern of different risks in each bank. So the researcher determined one object of research in this case, Bank Muamalat Malang Branch. The reason the researcher chose Bank Muamalat is because Bank Muamalat is the first bank to use the sharia system in Malang. Therefore, Bank Muamalat at least has more experience in managing a sharia-based financial system. Bank Muamalat Malang Branch is one of the banks that uses the mudharabah contract in accordance with PSAK No. 105. Bank Muamalat Malang Branch provides mudharabah financing services in the form of financing for productive businesses, the term, repayment procedures and profit sharing are determined based on the agreement of both parties.

Many studies have written about the risk aspects in the profit sharing system, one of which is Bashori (2008) who studied the risk management of the profit sharing system using a normative approach. And Narulita (2012) who studied the non-financial risks of mudharabah and murabahah financing. However, none have discussed risk management in mudharabah financing, especially with a case study approach.

Based on the description above, a problem formulation can be drawn, namely how is the application of risk management in mudharabah financing at Bank Muamalat Indonesia, Malang Branch? From the formulation of the problem, it can be seen that the purpose of the study is to formulate risk management applied to mudharabah financing at Bank Muamalat, Malang Branch. And the research limitations in this study only describe the risk management carried out at Bank Muamalat Indonesia, Malang Branch

(Wiroso, 2011:139) said that the mudharabah contract is known as a contract or agreement for a certain amount of money to be run or circulated by amil (entrepreneurs) in trade, then the profits are distributed between the two based on the terms and conditions that have been determined.

According to PSAK 105, business profits in the mudharabah contract are divided between them according to agreement, while financial losses are only borne by the fund owner. The mudharabah contract is a contract that has the highest risk, because this contract is a contract that requires trust from both parties (shahibul maal and mudharib). Mudharabah has two types, namely mudharabah mutlaqah and mudharabah muqayyadah. Mudharabah mutlaqah is a form of cooperation between shahibul maal and mudharib which has a very broad scope and is not limited by the specifications of the type of business, time, and business area (Antonio, 2001:97). According to Arifin. (2009:24) mudharabah muqayyadah is the fund owner giving limitations by determining the conditions for the manager in the use of the funds with a time period, place, type of business and so on.

Bank Indonesia (PBI No. 13/25/PBI/2011) defines risk as "the potential for loss due to a particular event". Meanwhile, the risk of loss is something that is a direct or indirect consequence of an event. This risk is uncertain, where when an undesirable situation occurs and can cause a discrepancy from the expected results.

The risk in mudharabah financing according to Karim (2004:260-274) is industry risk caused by the characteristics and financial performance of each business concerned, the internal conditions of the customer company, such as management, organization, marketing, production techniques, and finance. Or other negative

factors that affect the customer company, such as force majeure, legal problems, and the customer's payment history at other banks.

Karim (2004:260-274) also explains that mudharabah risk can be caused by business risk, namely the risk influenced by industry risk, namely the risk that occurs in the type of business that is determined and can be influenced by other negative factors that can affect the customer company. Business risk is a risk inherent in a business, for example, decreased turnover due to increased prices of goods. In addition, in mudharabah financing there is a risk inherent in its contract, namely character risk. This character risk occurs due to customer negligence, violation of agreed regulations, internal management of the company that is not carried out professionally according to the management standards agreed between the bank and the customer, resulting in losses.

The main elements of risk management include identifying, measuring, monitoring, and managing various risk exposures, but all of that cannot be implemented without a clear process and system. The entire risk management process must cover all departments or work divisions within the institution so that a risk management culture is created. Thus, risk management functions as an early warning provider for bank business activities regarding possible risks.

In mudharabah cooperation, opportunities are given to business people who do not have capital, so that with this system, more or less, it will empower the potential of the community to carry out economic activities on the basis of a partnership between themselves and the capital provider in generating profits to be shared according to the agreed ratio.

However, mudharabah financing has a high risk because it will always face information asymmetry and moral hazard, so the shahibul maal can apply a number of certain limitations when channeling financing to the mudharib. These limitations are known as incentive-compatible constraints and through these incentive-compatible constraints, the mudharib is systematically "forced" to behave to maximize profits for both parties, both for the mudharib and for the shahibul maal.

METHODS

Based on the formulation of the problem and the objectives of the research to be achieved, this research is a qualitative descriptive research with a case study approach. The purpose of descriptive research is to create a description, picture or painting systematically, factually and accurately regarding the facts, characteristics, and relationships between the phenomena being investigated.

The object of research in this study was carried out at Bank Muamalat Indonesia Malang Branch Office. Thus, this study will try to describe the risk management of mudharabah financing at Bank Muamalat Malang Branch.

The data sources in this study are primary data sources and secondary data. The author obtained secondary data from library readings in the form of articles, journals, papers, literature books, and previous research that is relevant to the research so that it can be used as a reference or guideline in writing this research. And obtain primary data through interviews with employees at Bank Muamalat Indonesia Malang Branch and document what is obtained from the results of the interview by taking notes.

The methods used in the analysis of evidence sources include collecting data on mudharabah financing procedures, risks faced in mudharabah financing, and risk mitigation used in mudharabah financing at Bank Muamalat Indonesia Malang Branch through interviews. Then an analysis is carried out on the data that has been obtained. Then from the data it is studied, classified, and explained regarding the risks and risk mitigation applied in mudharabah financing. Furthermore, researchers can draw a concept, conclusion, and suggestions regarding mudharabah financing risk management.

RESULTS AND DISCUSSION

GENERAL DESCRIPTION OF MUDHARABAH FINANCING AT BANK MUAMALAT INDONESIA, MALANG BRANCH

Mudharabah financing at Bank Muamalat Indonesia, Malang Branch uses the type of mudharabah mutlaqah. As explained in the literature review chapter, mudharabah mutlaqah is a form of cooperation between shahibul maal and mudharib which has a very broad scope and is not limited by the specifications of the type of business, time, and business area (Antonio, 2001:97). Mudharabah financing at Bank Muamalat Indonesia, Malang Branch is distributed by implementing a linkage program. The Linkage Program is a financing program that is partnership in nature. In this case, Islamic banks issue financing to SMEs indirectly. The implementation of this linkage program aims to reduce the high risk of profit-sharing-based financing. Bank Muamalat Indonesia,

Malang Branch, distributes financing to BPRS, Employee Cooperatives that at least have sharia products, and Baitul Mal.

RISKS AND RISK MITIGATION IN FINANCING MUDHARABAH BANK MUAMALAT INDONESIA MALANG BRANCH

The risks found in mudharabah financing are financial risk, investment risk, compliance risk, legal risk, and fiduciary risk. The following explains the risks faced and their mitigation as follows:

FINANCIAL RISK

In mudharabah financing, it is possible to face the risk of default from the mudharib. This failure can be due to the mudharib experiencing losses in his business, the mudharib experiencing losses due to deliberate default, or force majeure. Based on the results of an interview with one of the employees of the Legal Financing Division, the following information was obtained:

"So we distribute to the Cooperative, the cooperative distributes to its members with a murabahah contract. The risk that occurs if its members have debts elsewhere, then the members also cannot pay installments to the Cooperative. And if the Cooperative continues to cover its members' debts, the Cooperative will also lose in the long run, if the cooperative loses then the Cooperative will also not be able to pay to Bank Muamalat. In providing mudharabah financing, BMI can face the risk of default from customers. Default can be caused because the mudharib loses in his business. The cause of the loss that we investigated, why the loss could occur, whether from the character of the mudharib, or indeed loses, or force majeure. If there is a pure loss in his business, the bank also bears the loss. The loss incurred is not getting a share of the results, but the principal payment of the mudharabah funds that are borrowed must still be paid. If the loss occurs due to force majeure, a prior discussion is held between the shahibul maal and the mudharib. Usually for force majeure there is already mitigation, namely insurance, but the disasters that are insured are fire and death."

This statement is also in line with the statement of the employee in the Financing Team Leader section who stated that:

"The risk faced in mudharabah financing at Bank Muamalat Malang Branch is the risk of default by the mudharib. Because this mudharabah contract has a high risk, Bank Muamalat Malang Branch does not dare to channel mudharabah financing to individual customers even though their turnover is large. So we are more daring to channel it to Employee Cooperatives or BPRS"

From the informant's statement, it shows that mudharabah financing faces financial risks caused by default by the mudharib. The financial risk is caused by the mudharib not being able to fulfill his obligations to the shahibul maal. The failure can be due to a disaster or force majeure, or it can also be due to mismanagement of funds by the mudharib. The error can be due to dishonesty from the mudharib in terms of fund management. This can be mitigated by conducting a mudharib feasibility analysis with the 5C principle (Character, Capacity, Capital, Collateral, Condition), namely: 1) Character, which means the nature or character of the mudharib. The characteristic of mudharabah financing is the demand for a high level of mutual trust between the customer and the bank. The Financing Team Leader can obtain information about the character/nature of prospective customers from parties related to prospective customers, such as colleagues. Bank Indonesia and other banks that have been creditors for prospective customers. The bank also cross-checks the information received from the customer himself with information from outside in order to obtain an objective assessment of prospective customers. 2) Capacity, which means the ability of the mudharib to run a business to return the mudharabah financing and pay profit sharing. 3) Capital, which means how much capital is needed for financing. The bank can determine how much funds will be distributed to customers by knowing the customer's financial position and structure. The potential customer's capital capability can be known from the company's financial report. 4) Collateral, which means the guarantee owned by the mudharib to the bank. The provisions for the collateral submitted, namely the value of the collateral must be able to cover losses experienced due to customer negligence, the type of collateral (movable or immovable goods), the status of collateral ownership, and the condition of the collateral (location, condition, and so on). The collateral submitted can be in the form of land, buildings, movable objects such as vehicles, or salary deductions from employees. 5) Condition, which means the condition of the business or future business prospects.

Banks are required to assess, monitor, and take anticipatory steps so that the possibility of mudharib's default can be minimized. And this is done by analyzing the feasibility and is considered feasible, every month the bank

must monitor the mudharib's business through a business report that must be submitted to Bank Muamalat Indonesia Malang Branch. And assessing business prospects, for example through business development, quality of management and employees, mudharib performance, which includes capital structure, cash flow and looking at the ability to pay which includes the accuracy of principal payments and profit sharing, availability and accuracy of financial information, completeness of financing documents, compliance with financing agreements, and the fairness of sources of payment of obligations. In addition, the mitigation method is carried out by imposing collateral. In principle, there is no collateral in mudharabah financing. However, to avoid mudharib from violating the agreed matters, it is permissible to impose collateral (DSN Fatwa Association, 2000). If the mudharib really experiences losses in his business, the banking party usually restructures the mudharabah financing by increasing the financing period and is required to return the principal only without sharing the results.

INVESTMENT RISK

In mudharabah financing, there is also an investment risk. Investment risk arises because Islamic banks have profit-sharing-based financing, which is not owned by conventional banks. The investment risk faced is the risk of dishonesty of the mudharib in reporting his business results. Based on information obtained from Mr. Alan as Financing Team Leader, the following is:

"In this mudharabah financing, there is concern about the lack of transparency from the mudharib in reporting his business results. However, every month we monitor his business results, usually 3 days before the payment date we have contacted the mudharib to simply remind him of the payment and we do that every month.."

This statement is also in line with Mr. Nambih as an employee in the Legal Officer section, namely:

"The risk faced in the mudharabah contract is the risk of customer dishonesty regarding the business results or profits obtained. For example, customers manipulate financial reports or business results reports that must be deposited to the bank every month, so that the profits that are shared are smaller than they should be, so that the bank gets a smaller profit share and the debtor gets a larger profit share. Worse still, if the customer shows a loss, the bank will not get a profit share... "

In addition to Mr. Nambih, the statement was reinforced by Mr. Eko as an employee in the remedial division who explained as follows:

"In this mudharabah financing, there is concern about the lack of transparency from the mudharib in reporting the results of his business.."

Based on interviews with several informants, it shows that in mudharabah financing, there is a risk of lack of transparency from the mudharib. So, if a customer commits a moral hazard, Bank Muamalat Indonesia Malang Branch is faced with a high investment risk.

These risks already have their own mitigation, Bank Muamalat Indonesia Malang Branch mitigates investment risks by routinely monitoring the results of the mudharib's business. Based on information obtained from Mr. Nambih, an employee in the legal officer division of Bank Muamalat Indonesia Malang Branch, the investment risk mitigation is as follows:

"What Bank Muamalat Indonesia Malang Branch does to overcome the occurrence of moral hazard from customers is the need to conduct a feasibility analysis of prospective customers, to get to know the character of the customer. Getting to know the character of the customer can be seen from the background of the mudharib, if in a Cooperative, the background of the administrators, looking at the business environment of the mudharib. Then it is distributed to customers who have previously made transactions at Bank Muamalat Indonesia Malang Branch. Routine monitoring of the mudharib's business conditions is always carried out, by looking at the business results report. To ensure that the use of funds from the bank is carried out according to the agreement and asking customers to be truly transparent in the business report information, it feels difficult for the bank. "

This statement was reinforced by Mr. Alan as an employee of the Financing Team Leader who stated that:

"The mitigation method carried out by Bank Muamalat to overcome the risk of dishonesty from mudharib is that the bank must channel mudharabah financing to mudharib who has a good track record, the bank also channels financing to mudharib who can prepare financial reports, financial reports must have been audited. The

bank also carries out regular supervision, by looking at the business report every month. This is also to ensure that mudharib can run his business honestly. The monitoring carried out by the bank is only by looking at his business report. As long as the report is in accordance with the bank's expectations, we are okay. Not to the point of conducting in-depth monitoring of the business premises by seeing how the funds provided are managed. Because to do that requires greater effort, such as placing bank employees to work in the finance or administration section of the mudharib's business. However, this was not done because the cost of supervision is also large, but the results obtained are not much different from other financing contracts. Therefore, mudharabah is only dared to be carried out to financial institutions that have a good track record. "

The explanation of Mr. Alan and Mr. Nambih regarding how to mitigate investment risk was also reinforced by Mr. Eko as an employee in the remedial department who explained that:

"To overcome this, Bank Muamalat must really know its customers, to really know the character of the mudharib, it takes quite a long time, right, miss. So a person's character cannot be determined in a short time, usually by monitoring the place of business and at the same time making friends there, a good relationship with the mudharib will be established. So, by monitoring we also foster the mudharib to continue to do his business in accordance with the agreement. This mudharabah contract is also channeled to Islamic Financial Institutions in particular because in these Financial Institutions it is certain that the people in it or their employees have higher education or are able to make financial reports or other activity reports related to the funds channeled with this mudharabah contract".

By conducting a feasibility test, it is very important because it is to fulfill the bank's responsibility as a representative in holding the mandate of investors holding third party investment funds (DPK) based on profit sharing (mudharabah).

The feasibility test is carried out by considering the decisions seen from the financial report records of the mudharib, past records of management (annual reports or quarterly reports), and its business plan, as well as aspects of human resources or employees.

Second, the bank needs to ensure that the prospective mudharib can prepare financial reports. This means that Bank Muamalat Indonesia Malang Branch only distributes financing to businesses that have a clear and focused system and whose human resources are highly educated. Third, the bank needs to ensure that the funds are used in accordance with the initial agreement of the contract, not used for other purposes and contrary to the agreement.

Fourth, according to the author, the bank can involve the mudharib in determining the profit sharing ratio between the mudharib and the bank. This is done so that the mudharib has a moral attachment in determining the profit sharing, then the mudharib will also appreciate the funds distributed by the Bank by managing them as well as possible. But this can only be done to mudharib who really has a good track record.

COMPLIANCE RISK

Compliance risk is the risk resulting from non-compliance with regulations that have been made, both internal and external regulations. Based on an interview with Mr. Alan as an employee in the Financing Team Leader section, he explained that:

"Compliance risk occurs when the funds submitted do not match the realization, for example when submitting funds, the mudharib says that the funds are used to finance members with a murabahah contract, but in reality the funds are used by, for example, one of the administrators to pay his debts"

And this is in line with the opinion of Mr. Nambih as an employee of the Legal Officer who stated that:

"... Compliance risk in mudharabah financing usually occurs because one of the stages of the financing procedure is not carried out. At the stage of submitting financing, after the document requirements have been met by the customer, direct monitoring should be carried out in the field to see the actual condition of the customer's business, but the monitoring stage is not carried out, then the bank faces an internal compliance risk. If this is not supervised, the bank will suffer losses if the customer really does not have the ability to manage the business. Islamic banks can also face the risk of side streaming from mudharib..."

However, this is not in accordance with Mr. Eko as an employee of the Remedial section who stated that:

"Bank Muamalat does not face compliance risks, because the distribution of mudharabah funds is channeled to Islamic Financial Institutions or Financial Institutions that at least have sharia products, and perhaps before

there were internal regulations from us, we had violated compliance from the DSN, namely channeling to Savings and Loan Cooperatives as well. However, from the past until now we have never channeled to BPR.”

Based on information obtained from several informants, the compliance risk is caused by non-compliance with established regulations, especially internal policies. If internal regulations are not complied with by employees, this will affect the discipline of mudharib in fulfilling obligations for the return of mudharabah funds. And the compliance risk can be minimized by routine monitoring of

In addition, if the mudharib suddenly does side streaming or uses his funds not in accordance with the initial agreement. Then the shahibul maal also faces compliance risk. For example, funds that were initially agreed to be used for murabahah financing to MSMEs, but the funds are used to finance debts with additional interest. This also violates sharia compliance. If the funds distributed are used for uses that are contrary to sharia, then the agreement made at the beginning is void.

Compliance risk can be mitigated by conducting a screening process for prospective mudharib. The screening process carried out includes the purpose of using the funds for what, the return plan from where it comes from, conducting an environmental survey of the location where the financial institution is located, and analyzing the character of prospective mudharib. Based on information obtained from Mr. Alan, an employee of the Financing Team Leader, the following:

"To overcome this, again, we must first analyze the prospective mudharib. We look at the character of the prospective mudharib, the purpose of using the funds, the source of the return, whether the financial condition of the company meets the requirements or not. However, sometimes it is also difficult to really know whether the funds are used honestly or not. And Bank Muamalat Malang Branch also has preventive efforts so as not to violate its sharia compliance, namely by channeling financing only to Financial Institutions that at least have sharia products, this policy has been regulated since June 2012. "

In distributing mudharabah funds, Bank Muamalat Indonesia Malang Branch does not violate regulations such as Law No. 21 of 2008 and the DSN Fatwa on Mudharabah that mudharabah financing must be channeled to businesses that are based on sharia principles. So that the compliance risk is not violated by Bank Muamalat Indonesia Malang Branch.

LEGAL RISK

Legal risk is a risk caused by weaknesses in the legal aspect, for example lawsuits, the absence of supporting laws and regulations or imperfect collateral binding. Based on the results of an interview with Mr. Nambih, the legal risks that occur in mudharabah financing are as follows:

“The legal risk that occurs at Bank Muamalat Indonesia Malang Branch is related to the legality of the mudharib's business. The collateral pledged by the mudharib must truly belong to the mudharib, be tangible, and have sufficient value. Because collateral is prone to legal risk, an examination of the validity of the collateral in the form of documents or physical examination must be carried out. The binding of the collateral must be carried out perfectly. Legal risk can also occur if the signing of the contract is attended by incomplete or improper people.”

This risk occurs if the mudharib does not fulfill the terms of the agreed contract, for example the mudharib falsifies documents or falsifies the legality of the business. The collateral submitted to the bank is also in dispute. This is mitigated by conducting thorough checks on the legal aspects of the guarantee, as well as the legality and completeness of the required documents. Based on information obtained from Mr. Nambih, an employee of the Legal Officer section, the following:

"To overcome legal risks, the bank conducts thorough checks related to the legality of the mudharib's business, for example the deed of establishment, Trade Business License (SIUP), Company Registration Certificate, and other permits, checks the legality of the guarantee, checks the validity of the guarantee, if necessary when submitting the guarantee of the prospective mudharib and the bank before a notary. And if the guarantee is in the form of a fixed asset, the asset must be physically seen"

Therefore, the bank must be more careful and more thorough regarding the legal aspects and completeness of the documents provided. The Legal Officer section always checks the completeness of documents related to the legal aspects, and conducts checks through BI Checking to check information related to the company to be financed.

FIDUCIARIAN RISK

Fiduciary risk arises when Islamic banks fail to fulfill previously agreed agreements. Fiduciary risk is related to the function of Islamic banks as intermediaries, one of whose roles is to distribute funds based on profit sharing, such as mudharabah. Based on the results of an interview conducted with Mr. Nambih related to fiduciary risk, the following:

“In mudharabah financing, there is also the risk of being wrong in assessing the debtor's ability to assess the business financed with the mudharabah contract. For example, a bank employee is not careful in assessing the ability of the prospective mudharib. This can happen because the employee is too trusting of the information provided by the mudharib. If this happens, it will also cause losses for the bank. If it turns out that the mudharib is wrong in managing the funds provided, the bank will also bear the losses due to the bank being wrong in distributing funds to the mudharib. Because the bank is also responsible for the savers and depositors who collect their funds at Bank Muamalat Indonesia Malang Branch. This risk will later be seen in the profit given by the mudharib to the bank. If the profit does not meet the expectations expected by the bank. Then the profit sharing to the depositor will also be reduced. This reduced profit can be because the mudharib is unable to manage his business. However, to avoid this, the bank already has risk mitigation. ”

The explanation from Mr. Nambih was reinforced by Mr. Alan as an employee in the Financing Team Leader who explained that:

"If an error in assessing the mudharib may occur, it could be that the employee is inexperienced or less careful in assessing the character of the mudharib, and the ability to manage the business, but before the financing is realized there are several procedures carried out before disbursing the funds, then from these procedures errors in assessing the debtor can also be minimized ..."

Based on the explanation from the resource person, it can be associated with fiduciary risk. Fiduciary risk arises when a sharia bank fails to fulfill the agreement that has been previously agreed upon with the customer, which is because the bank is wrong in assessing the mudharib's ability to manage the business financed by the bank. One thing that can indicate the occurrence of this risk is the movement of income or profit generated by the mudharib. As a result, Islamic banks will have difficulty in fulfilling their intermediary function, especially to depositors.

This can be mitigated by taking several preventive measures from Bank Muamalat Indonesia Malang Branch. Based on information obtained from Mr. Alan as an employee in the Financing Team Leader section, the following is:

“To overcome the risk due to bank errors in assessing mudharib, it can be done by checking information from mudharib carried out by the Legal Financing section, the Financing Team Leader section also always provides guidance to mudharib in terms of motivation, spirituality, and always strives for mudharib's business to run according to agreement so that payments run smoothly. The Account Manager and Legal Financing sections also confirm the information submitted by mudharib. We also have standard forms for data and information needs that must be filled in by the debtor. The financing period, profit sharing, and what business fields must be financed by Bank Muamalat must also be determined. That's why specifically for mudharabah financing we only distribute to Islamic Financial Institutions. In Islamic Financial Institutions, especially BPRS at Bank Indonesia, there is already data regarding the Financial Institution.”

And this is in line with the statement of Mr. Nambih as an employee of the Legal Officer section as follows:

"To overcome the risk caused by bank errors in assessing the debtor's ability to pay their obligations, customer selection can be done, conducting customer screening. If it is done due to employee errors due to poor bank employees, then what is done is employee training. An Account Manager and Legal Financing who is tasked with processing prospective mudharib, also validates or checks the information provided by prospective mudharib, also monitors the mudharib, the financing operations section is tasked with monitoring its payments and business performance. If the payment is late, an attempt is made to pay along with the profit sharing. By trying to remind before the payment date..."

So the fiduciary risk is mitigated by conducting a selection of prospective mudharib, creating a special division that handles debtor development in terms of managerial, motivation, and spiritual. This is usually done by the Financing Team Leader, and asking for collateral from the mudharib.

CONCLUSION

Risk management in mudharabah financing at Bank Muamalat Indonesia Malang Branch is an effort to minimize the risks that occur, both at the pre-contract and post-contract stages. Pre-contract mitigation is carried out by complying with the Standard Operational Procedure set internally by the bank, selecting prospective mudharib, and analyzing the feasibility of prospective mudharib businesses. While post-contract risk mitigation is carried out by periodically monitoring the condition of the mudharib's business and providing guidance to the mudharib's business.

REFERENCES

- Agustini dan Ulum, 2010. *Memahami Manajemen Risiko Perbankan Syariah*. <http://deoue.wordpress.com/2010/01/25/manajemen-risiko-perbankan-syariah/>. Diakses pada tanggal 22 April 2014.
- Alamsyah, Halim. 2012. *Perkembangan dan Prospek Perbankan Syariah Indonesia: Tantangan Dalam Menyongsong MEA 2015*. Dikutip dari artikel Ikatan Ahli Ekonomi Islam (IAEI). Halaman 3. www.bi.go.id Diakses pada tanggal 22 April 2014.
- Ali, Masyud, 2006. *Manajemen Risiko*. Jakarta: PT Rajagrafindo Persada.
- Antonio, Muhammad Syafi'i, 1999, *Bank Syariah : Wacana Ulama dan Cendekiawan*. Jakarta: Tazkia Institute.
- Antonio, M. Syafi'i. 2001. *Bank Syariah: Dari Teori Ke Praktek*. Jakarta: Gema Insani Press.
- Antonio, M. Syafi'i. 2008. *Bank Syariah: Dari Teori Ke Praktek*. Jakarta: Gema Insani Press.
- Arifin, Zainul. 2009. *Dasar-dasar Manajemen Bank Syariah*. Jakarta: Azkia Publisher.
- Bank Indonesia. 2011. Peraturan Bank Indonesia PBI No 5/8/2011 tentang „Penerapan Manajemen Risiko bagi Perbankan Syariah. www.ojk.go.id/peraturanbank-indonesia-nomor-13-23-pbi-2011. Diakses pada tanggal 22 November 2013.
- Bank Indonesia. 2013. *Statistik Perbankan Syariah September 2013*. <http://www.bi.go.id/web/id/Statistik/Statistik+Perbankan/Statistik+Perbankan+Syariah/>. Diakses pada 20 Desember 2013.
- Bank Indonesia. 2008. *Undang-undang No.21 Tahun 2008 tentang Bank Syariah*. <http://www.bi.go.id/web/id/Perbankan/Perbankan+Syariah/>. Diakses pada tanggal 27 November 2013.
- Bank Muamalat Indonesia. 2013. *Laporan Tahunan Bank Muamalat Indonesia Tahun 2013*. <http://www.muamalatbank.com>. Diakses pada tanggal 22 April 2014.
- Bank Muamalat Indonesia. 2011. *Laporan Tahunan Bank Muamalat Indonesia Tahun 2011*. <http://www.muamalatbank.com>. Diakses pada tanggal 20 Desember 2013
- Bank Muamalat Indonesia. 2009. *Laporan Tahunan Bank Muamalat Indonesia Tahun 2009*. <http://www.muamalatbank.com>. Diakses pada tanggal 22 April 2014.
- Bank Muamalat Indonesia. 2008. *Laporan Tahunan Bank Muamalat Indonesia Tahun 2013*. <http://www.muamalatbank.com>. Diakses pada tanggal 22 April 2014.
- Bashori, Umar Hasan. 2008. *Manajemen Risiko Bank Syariah: Pendekatan Normatif Tentang Sistem Bagi Hasil*. Skripsi. Malang: Program Sarjana Universitas Islam Negeri Malang.
- Dewan Standar Nasional, MUI. 2000. Fatwa DSN NO: 07/DSN-MUI/IV/2000 tentang *Mudharabah*. <http://www.bapepam.go.id/syariah/fatwa/pdf/07Mudharabah.pdf>. Diakses pada tanggal 28 Mei 2013.
- Hanafi, Mamduh M. 2006. *Manajemen Risiko*. Yogyakarta: UPP STIMYKPN.
- Indiantoro, Supomo. 2002. *Metode Penelitian Bisnis Untuk Akuntansi dan Manajemen*. Yogyakarta: BPFE.
- Karim, Adiwirman. 2011. *Bank Islam: Analisis Fiqih dan Keuangan*. PT Rajagrafindo Persada.
- Moleong, Lexi J. 2008. *Metodologi Penelitian Kualitatif*. Bandung: Rosdakarya.
- Muhammad. 2008. *Manajemen Pembiayaan Mudharabah di Bank Syariah: Strategi Memaksimalkan Return dan Meminimalkan Risiko Pembiayaan di Bank Syariah sebagai Akibat Masalah Agency*. Jakarta: Rajawali.
- Narulita, Febriana. 2011. *Risiko Non Keuangan Pembiayaan Mudharabah dan Murabahah (Studi Kasus Bank Syariah Mandiri Cabang Malang)*. Skripsi. Malang; Program Sarjana. Universitas Brawijaya Malang.

- Nazir, Mohammad. 2005. *Metode Penelitian*. Bogor Selatan: Ghalia Indonesia.
- Rustam, Bambang Rianto. 2013. *Manajemen Risiko Perbankan Syariah di Indonesia*. Jakarta: Salemba Empat.
- Sekaran, Uma. 2007. *Metode Penelitian Untuk Bisnis*. Jakarta: Salemba Empat.
- Sugiyono. 2013. *Memahami Penelitian Kualitatif*. CV Alfabeta. Bandung.
- Sugiyono. 2006. *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Bandung: CV Alfabeta.
- Yulianti, Timorita Rahmani. 2009, Desember. *Manajemen Risiko Perbankan Syariah*. Jurnal Ekonomi Islam Vol. III No 2; 151-165. <http://fis.uui.ac.id/images/la-riba-vol3-no2-2009-03-yulianti.pdf>. Diakses pada tanggal 11 November 2013.
- Wiroso; Harahap, Sofyan Safri; Yusuf, Muhammad. 2010. *Akuntansi Perbankan Syariah*. Jakarta: LPFE Usakti.
- Wiroso. 2009. *Produk Perbankan Syariah*. Jakarta: LPFEE Usakti.