

The Non Performed Financing Effect on Financing and Control Strategy and Handling of Sharia Commercial Banks

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Article Info:

Keywords:

NPF;
Mudharabah;
Musyarakah;
Murabaha;
Istishna;
Ijarah;
Qardh

Article History:

Received : October 22, 2021
Revised : November 26, 2021
Accepted : November 27, 2021
Available online : November 29, 2021

Article Doi:

<http://dx.doi.org/10.22441/jiess.2021.v2i2.004>

Abstract:

Problematic financing or often referred to as Non-Performed Financing is financing that has difficulty paying off, either due to lack of accuracy in the analysis of lending or due to economic conditions that experience instability which results in failure in most economic activities. The research conducted is examining the problematic financing whether it influences the decision-making of financing with various Islamic contracts, namely the mudharabah, musyarakah, Murabaha, salam, istishna, Ijarah, Qard, and Hiwalah agreements and examines the strategies carried out by the Shari'ah Commercial Bank to do handling the problematic financing. So that it is in line with the research objectives, namely the desire of researchers to find out more deeply the problem of financing problems at Shari'ah Commercial Banks that should have an effect on the policies of channeling funds to the public related to management and minimizing risk and handling policies for the problem financing. The study was conducted with quantitative and descriptive methods, with the results of the study that NPF In Mudharabah, Murabahah, and ijarah contract financing there is a positive relationship between the two variables, so it can be concluded that the increase in NPF does not affect the fund distribution policy with mudharabah agreements, because The contract positively increases, while the NPF for financing with Musyarakah, Istishna and qardh contracts has a negative relationship so it can be concluded that the NPF in financing with the Musharaka contract has a negative effect in the sense that the Shari'ah Commercial Bank in general distributing financing to customers is limited due NPF by paying attention to redline facilities, BUS only provides financing facilities for businesses that contain minimal risks. NPF in general, Sharia Commercial Banks do not really influence policies in financing distribution to customers with various financing agreements. The results of the regression determination analysis show that the percentage effect of NPF on financing distribution policies with mudharabah, musyarakah, Murabaha, Murabaha, istishna, ijarah, and qardh contracts in Islamic Commercial Banks is 33.8%, while the remaining 66.2% is influenced by variables others not formulated in this research model. The Sharia Commercial Bank in dealing with Non-Performed Financing issues generally refers to the MUI Sharia Board Fatwa, Bank Indonesia Regulations, and OJK Regulations, which are with rescheduling, reconditioning, restructuring and Write Off. This research is expected to be useful for stakeholders related to this research and for future researchers to be able to improve further research.

Introduction

The main function of banks, both conventional banks, and Islamic banks are to channel funds to the public through lending or financing to the public. In conventional banks, the distribution of funds is done through credit, both investment loans and consumer loans (Espinoza & Prasad, 2010), while the distribution of funds to

Islamic banks is carried out through general financing with 3 schemes, namely financing by investment method, method of buying and selling and leasing (Yaya, Martawiredja, & Abdurahim, 2014).

Based on Sharia Banking Law Number 21 of 2008 article 19 paragraphs 1.c, d, e and f specifically stipulate that the implementation of Islamic bank financing (Ikatan Akuntansi Indonesia, 2019) is as follows:

- 1) Distributing profit sharing financing based on mudharabah agreement, musyarakah agreement, or other contract that is not in conflict with Sharia Principles;
- 2) Channeling Financing based on murabahah contract, salam contract, istishna contract', or other contracts that are not in conflict with Sharia Principles;
- 3) Distribute Financing based on a qardh contract or other contract that is not in conflict with the Sharia Principle;
- 4) Distribute Financing movable or immovable property leasing to the Customer based on the ijarah Agreement and / or lease purchase in the form of ijarah muntahiya bittamlik or other contracts not in contravention with Sharia Principles;

As mentioned above and based on article 19 of Law No. 21 concerning Syari'ah Banking, the distribution of funds in the sharia bank is channeled as a product of fund distribution that can be developed with three models, namely:

- a. Financing by conducting an investment cooperation business to obtain both goods and services, with the principle of profit sharing. The principle of profit sharing for financing products in Islamic banks is operationalized with musharaka and mudharabah patterns.
- b. Financing by carrying out the principle of buying and selling. The principle of buying and selling was developed as a form of financing for murabahah, salam, and istishna financing
- c. Funding intended to obtain services is carried out under the principle of rent (Ijarah) and Ijarah Muntahia bit tamlik. The ijarah transaction is based on the transfer of benefits.

Basically the principle of ijarah is almost the same as the principle of sale and purchase, but the difference lies in the object of the transaction. If the sale and purchase object of the transaction are goods, and the transaction object of ijarah is the service. The three types of financing above are generally the main mainstay of shari'ah banks in carrying out the functions of the Main activities and are a source of business activity and a source of income for sharia banks (Usanti, 2008). Based on data from the Report of the Financial Services Authority transaksi channeling of funds conducted by the Sharia Commercial Bank during the period 2014 to 2017 can be informed in the following table 1.

**Table 1: Financing for Islamic Commercial Banks for the period 2014 – 2017
(Billion Rupiah)**

Indicator	2014	2015	2016	2017
1. Financing of Profit Sharing	46.976	52.398	58.123	63.899
a. Mudharaba	8.424	7.979	7.577	6.584
b. Musharaka	38.501	44.419	50.546	57.315
c. Other Financing	51	-	-	-
2. Debt	91.479	91.216	109.020	115.608
a. Murabaha	86.072	87.789	105.112	110.115
b. Qardh	5.254	3.306	3.883	5.474
c. Istishna'	153	120	25	18
3. Rent Financing (Ijarah)	1.539	1.368	1.636	2.609
a.. Syndication Financing	223	153	-	-
b. Channeling of Financing	-	-	-	-
c. Executing of Fiuancng	-	-	-	25
d. Other Rent Financing	1.316	1.215	1.636	2.584
4. Salam	-	-	-	-
Total Pembiayaan	139.993	144.981	168.779	182.116

Source: Report of OJK annually

Based on the OJK report data for a period of 4 years the amount of the Financing is financing at Sharia Commercial Banks registered in the OJK, while Sharia Commercial Banks registered in the OJK are 13 Sharia Commercial Banks, and the number can be seen in the following Table 2:

Table 2: List of Sharia Commercial Bank

Sharia Commercial Bank	
1	PT. Bank Aceh Syariah
2	PT. Bank Muamalat Indonesia
3	PT. Bank Victoria Syariah
4	PT. Bank BRI Syariah
5	PT. Bank JabarBantenSyariah
6	PT. Bank BNI Syariah
7	PT. Bank SyariahMandiri
8	PT. Bank Mega Syariah
9	PT. Bank Panin Dubai Syariah
10	PT. Bank SyariahBukopin
11	PT. BCA Syariah
12	PT. MaybankSyariah Indonesia
13	PT. Bank Tabungan Pensiunan Nasional Syariah

Source: OJK

Based on the report data above the amount of financing carried out by Sharia Commercial Banks has increased by 9.29% per year during the period 2014 to 2017. Income obtained from these 3 types of financing, the Shari'ah bank will receive income from the following: 1. Financing by investing through mudharabah and musyarakah contracts of Islamic banks will obtain revenue sharing. 2. Financing by selling under the murabahah, istishna and syari'ah bank schemes will receive margin income or profits from the sale and purchase. 3. Financing with the Ijarah sharia bank contract will obtain rental income. The amount of Revenue Sharia Commercial Bank Revenue from the distribution of funds for Financing during the period 2014 to 2017 can be seen in the following Table 3.

Table 3: Revenue from Sharia Commercial Bank Income Distribution Periode of 2014 to 2017

Indicator	2014	2015	2016	2017
Operating Income sourced from Fund Distribution in the form of:				
Provided Financing	17.212	20.054	19.702	22.511
i. Revenue Sharing	5.204	5.761	5.657	6.099
a. Mudharaba	1.158	1.120	1.008	893
b. Musharaka	4.046	4.641	4.649	5.207
c. Other Revenue sharing	1	0	0	0
ii. Debt	11.752	12.991	13.803	16.026
a. Murabaha	11.552	12.620	13.403	15.539
b. Qard	166	353	388	484
c. Istishna'	21	18	12	3
d. Other Debt	14	0	0	0
iii. Rent Revenue -Ijara	256	1.302	242	385
iv. Salam	-	-	-	-

Source: OJK

Based on the data above the revenue growth from financing disbursement by Shariah commercial banks during the period of 2014 to 2017 amounted to 9.67%, then between the growth of financing and the growth of income from financing grew in parallel.

However, not all of the financing disbursed by the Shariah Commercial Bank was not completely returned by the financing customers, so that there was a return of non-current financing and even classified as stagnant financing in the sense that it cannot be returned by the customer (Fathurrahman, 2012). The stalled financing is known as Non-Performed Financing (NPF), so the NPF problem is a separate problem that must be controlled and regulated in such a way both by the management of Syaria'h Commercial Bank and by the OJK and Bank Indonesia (Qodar, 2016). Arrangements regarding NPF are regulated by Bank Indonesia Circular Letter Number: 17/19 / DPUM dated July 8, 2015, which regulates amendments to Bank Indonesia Circular Letter Number 15/35 / DPAU dated August 29, 2013. The Circular stipulates plans credit or financing distribution by taking into account the quality of financing in the category of smooth, substandard, non-performing and non-refundable or NPF for Small and Medium Enterprises. If the total NPF reaches 5% or more, the bank will be subject to a reduction in demand deposit services.

Based on OJK's annual report data for the period 2014 to 2017 the number of Non-Performed Financing in Sharia Commercial Banks can be seen in Table 4 below.

Table 4: Number of NPF for Financing in Sharia Commercial Banks period of 2014 to 2017

Indicator	2014	2015	2016	2017
Total Financing	139.993	144.981	168.779	182.116
Total Non Performed Finance	6.991	7.151	7.096	8.824
% NPF on Total Financing	4.99%	4,93%	4,20%	4,85%

Source: OJK

Based on the NPF data above, it can be seen that the average Non Performed Financing for the period from 2014 to 2017 is 4.74%.

Research on Non-Performed Financing on Sharia Banks has been carried out by researchers previously referred to as Solihatun (2014) conducting research on Non-Performing Financing Analysis of Sharia Commercial Banks in Indonesia in 2007-2012, June 2014 with the conclusion that Financing for deposit ratios significantly affected NPF, Return on Asset has a significant negative effect on NPF and Inflation has no significant positive effect on NPF.

Mulyaningsih & Fakhruddin (2016) examined the Effects of Non-Performing Mudharabah and Non-Performing Financing on Musyarakah Financing on profitability on profitability in Islamic Commercial Banks, January 2016, with the results of the study concluded that NPF Mudharabah had no negative effect but had a significantly positive effect and NPF Musyarakah does not affect the profitability of Syaria'h Bank. BailaniQodar, conducted research on PT Bank SyariahMandiri Non-Performing Finance with the conclusion that the factor causing the problematic financing (NPF) in Bank MandiriSyariah was due to not tight regulation in the business unit, customer business decline, and side streaming.

Bakti (2018) conducted a research on DPK, CAR, ROA AND NPF Analysis on Financing in Sharia Banking, with the results of research that DPK, CAR, ROA, and NPF had a significant influence on Syaria'h Commercial Bank Financing, where deposits have a significant for financing, CAR and ROA has no effect on financing but on NPF has a negative effect and does not have a significant effect on financing. Legowati & Prasetyo (2016) conducted research on the effect of financing based on the type of use on NPF in Islamic banks and Sharia Business Units in Indonesia with the results of research on Working Capital Financing partially having a significant effect on Non Performing Financing. Investment Financing partially has a significant effect on Non-Performing Financing and Consumer Financing has a non-significant effect on Non-Performing Financing in the Islamic banking industry in Indonesia. And working capital financing, investment financing, and consumption financing simultaneously have an influence on Non-Performing Financing in the Islamic bank industry in Indonesia.

Amin, Rafsanjani, & Mujib (2018) conducted research on the Factors that Influence Non-Performing Financing: Case studies on Banks and Sharia BPR in Indonesia. With the conclusion, macroeconomic variables in the long run affect the ability of customers to repay funds the financing provided, the amount of the rate of return and total financing in the long run also affects the default of a customer and financing risk is one of the risks that can undermine the banking industry, so banks must have a good risk management system (Arifin, 2009).

Maidalena (2014) conducted research on the Analysis of Non-Performing Financing (NPF) Factors in the Sharia Banking Industry with the conclusion of his research that Credit is a risk asset owned by the Bank, therefore the Bank must maintain and secure it so that the possibility of suffering losses can be avoided.

Supervision must be carried out by the Bank so that the credit provided can be properly maintained (Greuning & Iqbal, 2011). Credit supervision can be carried out on the internal Bank, especially in the implementation of credit and administrative credit, as well as on debtors as credit recipients, in addition to external factors that affect credit quality are debtors, government policies and macroeconomic conditions. Debtor factors caused by the inability to repay loans that have been received include due to the use of credit that saves (Faiz, 2010).

Based on the above studies there are varied results and research conclusions related to the influence of NPF on other variables with different variables being used as objects of research, however, researchers will conduct research on this matter, namely the effect of Non Performed Financing on different variables with Previous research is about Financing, what is meant by financing here is overall financing that is carried out and becomes a product of fund disbursement in Syari'ah Commercial Banks, namely financing with investment contracts in the form of Mudharabah and Musyarakah contracts, with sale and purchase contracts in the form of Murabahah, Salam and Istishna, as well as with Rental contracts and others in the form of Ijarah, Al Qard and other contracts.

Emphasis on policy research on the decision to channel financing with various schemes and contracts in connection with the case of financing that was not performed, as well as the problematic financing of how the Syari'ah Commercial Bank implemented the financing distribution strategy so that minimizing financing was not performed with following the BI and OJK provisions and how to handle the non-performed financing by implementing the existing rules and sharia provisions which become the legal basis of Sharia which must be carried out by the Syari'ah Commercial Bank. In addition, the period of the study year is from June 2014 to December 2018.

Based on the description and data on the background above, there are interesting problems to be analyzed and reviewed, the formulation of the problems in this study are:

1. Will the Non Performed Financing (NPF) in Sharia Commercial Banks have an impact on financing distribution policies with various sharia contracts?
2. What are the controls and policies of the Sharia Commercial Bank in handling problematic financing (NPF)?
3. How is the handling of Non Performed Financing (NPF) by Sharia Commercial Banks?

The research objective is the desire of researchers to find out more deeply the problem of Non-Performed Financing in Syari'ah Commercial Banks which should have an effect on the policies of channeling funds to the public related to management and minimizing risks as well as policies for handling problematic financing. From the results of this study, it is also hoped that there will be solutions and suggestions and recommendations that can be delivered and become references to decision makers including Syari'ah Commercial Banks, OJK and specifically for campuses and subsequent researchers to be able to improve and do more in-depth again for this research.

This research is expected to be useful for various stakeholders related to this research material, namely for researchers, research can be used for researchers to add insight and knowledge about Non-Performed Financing and how the Sharia Commercial Bank's strategy in dealing with the problem and policies what is done when NPF occurs a lot and its effect on the distribution of funds conducted by Sharia Commercial Banks, while the benefits for Sharia Commercial Banks, it is expected that the research results can be used as a reference to evaluate the implementation of financing policies when NPF occurs a lot in all Commercial Banks Sharia, As for Academics, it is expected that research results can contribute to the insight and development of research on NPF and its handling by Sharia Commercial Banks in accordance with shari'ah provisions, as well as benefits to the community that the results of this study are expected to add to the the knowledge base and understanding of the NPF as a whole at the Sharia Commercial Bank.

The results of this study, it is also expected that there will be solutions and suggestions and recommendations that can be submitted and become a reference for decision-makers including Sharia Commercial Bank, OJK. Specifically for the campus and subsequent researchers, the results of this study may be useful for the next researchers and can refine and do more in-depth on this research.

Literature Reviews

1. Definition of Non Performed Financing

Non performed financing

The definition of problematic financing (NPF) is a distribution of funds carried out by financial institutions such as Islamic banks which in the implementation of customer financing payments occur such things as non-current financing, financing that the debtor does not meet the promised conditions, and the financing does not comply installment schedule, so that these things have a negative impact on both parties (debtors and creditors) (Karim, 2011).

Non-Performing Loans are financing that experience difficulty repayment, either due to lack of accuracy in the analysis of lending or due to economic conditions that experience instability which results in failure in most economic activities (Muljono, 2014). This ratio is an indicator of loan quality.

Non-Performing Financing (NPF) is financing that is problematic and does not have good performance and is classified as financing with the condition of the receivables from the financing being substandard, doubtful and loss (Prajna, 2015). One of the tasks of Bank Indonesia is to maintain and maintain a sound and trustworthy banking system with the aim of safeguarding the economy, thus in accordance with its duties BI controls all banks from the problematic financing by issuing regulations relating to control, one of the regulations governing About the NPL, the Financial Services Authority Regulation Number 15 / PJOK.03 / 2017 (Otoritas Jasa Keuangan, n.d.), concerning Status Determination and Commercial Bank Supervision Follow-Up mentioned in Article 3 paragraph 2 letter d states that the ratio of non-performing loans (NPL net) or the ratio of Non Performing Financing (NPF net) is more than 5% (five percent) of total credit or total financing, the Bank is considered to have potential difficulties that endanger the business continuity as referred to in paragraph (1) if it fulfills one or more the criteria are referred to in the article above.1. In addition, it is stated that OJK will set a category as Special Supervision for a maximum period of 1 year if one of the provisions in NPL status is more than 5% and can be extended for another year if the conditions of one of the criteria are in NPL the next period.

2. Distribution of Funds in Syari'ah Commercial Banks

As mentioned in the previous chapter, the task and function of the bank are to channel funds by providing loan loans or financing at the Syari'ah Bank with various sharia contracts run by the Islamic banks. According to Muljono, financing is the ability to carry out a purchase or make a loan with a promise that the payment will be suspended at a certain agreed time period. On the side of the channeling of funds (Landing of Fund), financing is financing that has the potential to generate income compared to other funding alternatives. Operationally the function of the Syari'ah Bank The financing of the Shari'ah bank is regulated by the Banking Law Syari'ah No. 21 of 2008, in article 4 paragraph 1 that Sharia Banks must carry out the function of collecting and distributing public funds.

Based on the explanation above, financing in Sharia Commercial Banks can be classified based on the following types of contracts:

Mudharabah agreement

Al-mudharabah is a contract of business cooperation between two parties, where the first party (Shahibul Maal) provides all (100%) capital, while the other party becomes the manager (Muhammad, 2013a). Mudharabah business profits are divided according to the agreement set forth in the contract, whereas if the loss is borne by the capital owner as long as the loss is not due to the manager's negligence. If the loss is due to fraud or negligence of the manager, then the manager must be responsible for the loss (Muhammad, 2013b).

Karnaen Perwaatmadja stated that al-mudharabah (profit sharing) that is, capital participation in a government or private company in the form of profit sharing. Abdullah Saeed stated, that mudharabah is a contract between two parties where one party is called shohibul mal (investor) entrust money to a second party, called mudharib, for the purpose of running a business (Sahrani & Abdullah, 2011).

In the application of the mudharabah system, there is no provision for something that can be used as collateral for investors, because collateral in the mudharabah system is determined in the form of trust. As for the form of guarantees on productive credit, movable goods or immovable property.

Basically, the guarantee is a tool in the form of goods to be trusted by investors in borrowing money. In principle, giving credit is the trust of investors to credit applicants. This is in accordance with Banking Act No. 14/1967 concerning banking principles, article 24 paragraph 1, that commercial banks do not give unsecured loans (Indonesia, 1967). Abdullah Saeed in this connection suggests that all forms of violations of contract clauses can make mudharib responsible for all risks (Sahrani & Abdullah, 2011). In syirkah mudharabah, if there is a profit, the profit is divided according to the profit sharing ratio agreed upon by both parties. Whereas if it is a loss, The Investor (Shahibul Maal) will bear the financial losses. The form of loss borne by mudharib is in the form of loss of time and effort that he has already mustered without getting any compensation. (Material of Islamic Economics Da'wah. M. Nadratuzzaman, AM Hasan Ali, A. Bahrul Muhtasib. 2008: 92). Basically, Islam has allowed giving relief to humans to use their money in a business with a form of cooperation, such as qiradh or mudharabah. Sometimes people have assets, but they are not capable of producing them. Sometimes there are people who don't have wealth, but they have the ability to produce it. Therefore, the Sharia allows this muamalah so that both parties can take advantage of it.

The wisdom of the mudharabah is that people can cooperate in trade matters because this includes helping each other. This is as explained in the hadith that the sanad from Abu Hurairah which means: "From Abu Hurairah RA. Said, that the Messenger of Allah said: Whoever gives the poor to the poor from the sorrow and mist of the world, Allah will spend it from grief and mist on the Day of Judgment. And who facilitates the

business of people, God will provide convenience in the world and the hereafter and God always help his servants as long as that servant helps brother. "

Musarakah contract

The understanding of the Mutanaqisah agreement according to the National Sharia Council of MUI and PSAK Np. 106 Mutanaqisah is an agreement between two or more parties for a particular business, each party contributing funds to the provisions divided by the And losses based on fund contributions.

According to DR. Jafri Khalil, the Mutanaqisah is a contract between two or more persons with a deposit of capital and with profit divided by their fellow according to the agreed portion. Meaning of Musarakah are as:

- a) Etymologically Al-Musarakah or "Assyirkah" means "mixing" or mixing between something and the other.
- b) As Terminology, Musarakah is an agreement between two or more parties for a particular business in which each party grants a contribution of funds by Agreement that the profit and risk will be borne together according to the agreement.

In the Mutanaqisah all capital is put together to be a model of the MUTANAQISAH project and managed jointly. Each capital owner has the right to participate in determining the business policy carried out by the implementation of the project. The owner of the capital is trusted to run a project of the Mutanaqisah Act may take action:

- 1) Combining project funds with personal property.
- 2) Operate a Mutanaqisah project with another party without the other capital owner's permission.
- 3) Every capital owner may transfer his or her own or be replaced by another party.
- 4) Every owner of the capital was to conclude the agreement when he withdrew from the union, passed away and became a legal defect.
- 5) Costs incurred in the implementation of the project and the project term should be known together, the profit is divided according to the portion of the capital.
- 6) The project to be executed must be mentioned in the contract. After the completion of the customer, the project returns the funds together for the bank's agreed results.

Murabahah agreement

Murabahah is the sale and purchase of goods at the cost of goods with additional profits agreed between the seller and the buyer of the goods. The difference that appears in murabahah buying and selling is that the seller must disclose the cost of goods and then profit negotiations will take place. The Murabaha agreement, the seller finances the purchase of goods needed by the buyer (Yulianah & Komariah, 2017). For example, murabahah transactions carried out in a Sharia Bank, the Bank will buy goods needed by customers from suppliers (suppliers) and then sell them to customers at a price plus agreed profits.

Murabaha definition according to Djoko Mulyono in the book of Banking and Islamic Financial Institutions is a transaction of sale of goods by stating the acquisition price and margin profit agreed by the seller and buyer, with payment of the murabahah contract can be done in a tough or cash.

The mechanism carried out in Murabaha transactions carried out in the Sharia Banking sector is as follows: The bank acts as the temporary seller of the customer as a buyer. The selling price is the purchase price of the bank from the manufacturer (factory/shop) plus profit. The selling price and term of payment must be agreed by both parties. The sale price is stated in the sale and purchase agreement and cannot change during the validity of the contract. In banking, Murabaha is usually carried out by installment payments (small amount). If there is already an item, it will soon be handed over to the customer, while the payment will be made in a formidable manner.

Salam contract

Salam comes from the word As Salaf which means the introduction because the buyer of the goods hands over his money upfront. Financial Accounting Standard Board Number of 103 defines greetings as a contract of sale and purchase of ordered goods (muslamfiih) with future deliveries by the seller (muslamillaihi) and the repayment is carried out by the buyer (al muslim) when the contract is agreed according to certain conditions .

The definition of salam agreement according to Djoko Mulyono in the book of Banking and Islamic Financial Institutions is a sale and purchase transaction which is paid upfront, while the goods are delivered later according to the agreed time.

Salam can be defined as a transaction or sale and purchase agreement, where the buyer pays in advance for an item whose specifications and quantity are clear while the new item will be delivered at a certain time later.

In the greeting contract, the price of the ordered goods that have been agreed to cannot change during the contract period. If the goods sent are not in accordance with the conditions previously agreed upon, then the buyer may do khiyar which is to choose whether the transaction is continued or canceled (Harahap, Wiroso, & Yusuf, 2010).

If the buyer accepts, while the quality is lower then the buyer will recognize the existence of a loss and may not ask for a price reduction, because the price agreed in the contract cannot be changed. Likewise, if the quality is higher, the seller cannot ask for an additional price and the buyer may not acknowledge the benefit, because if it is recognized as an equal benefit there is an element of usury (the excess of which there is no *iwad* / balancing factor allowed by Sharia).

Istishna contract

Ba'I al istishna 'or called istishna contract' is a sale and purchase contract in the form of ordering certain items with certain criteria and requirements agreed between the buyer (buyer / *mustashni*) and seller (maker / *shani* ') Fatwa of the Sharia Council of the Indonesian Ulema Council Number 6/DSN-MUI/IV/2000 about the Istishan Agreement. Shani 'will provide goods ordered in accordance with agreed specifications where he can prepare himself or through other parties (Istishna' Parallel). Ba'i al Istishna 'or commonly called Istihna' is a sale and purchase contract in the form of ordering certain items with certain criteria and requirements agreed between the buyer (buyer, *Mustashni* ') and the seller (maker, *Shani*').

Istihna's definition according to Djoko Mulyono states that Istishna is a sale and purchase of goods in the form of new items with criteria and certain conditions agreed with payment according to the agreement. According to the Financial Accounting Standard Board Number 104 Per 8 explained the ordered goods must meet the criteria:

1. Requires a manufacturing process after the agreement is agreed.
2. In accordance with the ordering specifications (customized), not mass products; and
3. General characteristics must be known which include the type, technical specifications, quality, and quantity.

Ijarah contract

According to Sayheed Sabiq in jurisprudence Sunah, Al Ijarah is derived from Al Ajru which means Al ' *Iwadhu* (Change/compensation). Ijarah can be defined as an agreement on the transfer of Rights (benefits) of a goods or services, in a certain time with the payment of a rental wage (*Ujrah*), without being followed by the transfer of ownership of an item or service (hiring someone) Replacement (paying rent or a certain amount of wages).

The definition of Ijarah according to Djoko Mulyono states that Ijarah is an agreement between the owner of the goods and the tenant that allows the tenant to use the goods by paying rent in accordance with the agreement of both parties, after the lease period ends, the contracted goods are returned to the owner.

From the above definition, *ijarah* similar to the contract of sale but that is transferred is not the ownership rights but the rights or benefits, the benefit of an asset or from a service/job.

Assets leased (object *Ijarah*) can be in the form of houses, cars, equipment and so on, because the transferred is the benefit of an asset so that everything that can be transferred benefits can be a *Ijarah* object. Thus, consumable goods cannot be an object of *Ijarah*, because taking advantage means having it. Another form of *Ijarah* object is the benefit of a service derived from the work or from one's job.

Ijarah contract requires the Lister to provide the asset used or can be taken advantage of during the contract period and entitles the Lister to receive the wages lease (*Ujrah*). For example, renting a vehicle, the vehicle must be usable, and a damaged vehicle cannot be taken advantage of. If after the contract there is damage before use and at any time has not passed then the contract can be said void or the Lister must replace with other similar assets.

In the event of a defect resulting in a decrease in the usability value of the leased asset and not due to renter's negligence, the Lister shall bear its maintenance costs during the contract period or replace it with similar assets. In fact, Lister should be obliged to prepare leased assets in conditions that can be taken advantage of. the renter is the party who uses/benefits the asset so that the renter is obliged to pay the rent and use the asset in accordance with the agreement (if any), not contrary to sharia and maintain or maintain the integrity of the asset. If asset damage occurs due to tenant negligence then it is obliged to replace it or repair it (Nurhayati & Wasilah, 2009). During the refurbishment period, the lease period does not increase. The Lister may ask the renter to submit collateral for the *Ijarah* to avoid the risk of loss Financial Accounting Standard Board Number 107 (Ikatan Akuntansi Indonesia, 2019).

Qard contract

According to Antonio (2001), *qardh* is the giving of assets to other people who can be billed or asked to return or in other words lend without expecting a reward. According to Bank Indonesia (1999), *qardh* is a loan agreement from the bank (*muqridh*) to a certain party (*muqtaridh*) which must be returned in the same amount as the loan.

The word *qardh* was later adopted into *crude* (Roman), *credit* (English), and *Credit* (Indonesia). the object of *qardh* loans is usually money or other means of exchange (Shaleh, 1992), which is a pure loan transaction without interest when the borrower gets cash from the owner of the fund (in this case the bank) and is only

required to return the principal at a certain time in the will come. Borrowing or initiative alone can return greater thanks.

In general, QardhHasan is interpreted as infaq in the way of Allah, in jihad and war in order to uphold the truth and give charity to the poor and needy people. There are also those who say: QardhHasan is a Muthlaqon pious charity which is a form of loan transaction that is completely clean of interest/interest.

The definition of "al-hasan" here is when a Muslim lends or infuses something that is in him, let him issue something beautiful without blemish. So Qardhhasan is basically almsgiving which is a noble work in the hope of God.

3. Problematic Financing Handling

Processing of troubled financing in sharia is regulated based on:

DSN fatwa No: 4 / DSN-MUI / II / 2005 concerning Settlement of Murabahah Receivables for Customers That Are Not Able to Pay

The general provisions stipulated in this fatwa are that LKS may settle murabaha for customers who cannot complete/repay the financing according to the agreed amount and time, provided that: Murabaha objects or other guarantees are sold by customers to or through LKS at agreed market prices The customer repays the remaining debts to the LKS from the sale. If the sales proceeds exceed the remaining amount, the LKS returns the remainder to the customer. If the sale is smaller than the rest of the debt, the remaining debt remains the customer's debt. If the customer is unable to pay the remaining debt, the LKS can release him.

DSN Fatwa No: 48 / DSN-MUI / II / 2005 concerning Scheduling Back Murabahah Bills

The provisions of the settlement stipulated in this fatwa are that LKS may reschedule murabahah bills for customers who cannot complete/settle their financing according to the agreed amount and time with the following provisions:

- a. It does not increase the number of bills left
- b. Charging costs in the resale process is a real cost
- c. The extension of the payment period must be based on an agreement between the two parties.

Provisions for the conversion of LKS contracts may be converted by making a contract (making a new contract) for customers who cannot settle/repay their Murabaha financing according to the agreed amount and time, but they are still prospective provided that:

Murabahah agreement is terminated by:

- 1) Murabahah objects are sold by customers to LKS at market prices.
- 2) The Customer repays the remaining debts to the LKS from the sale
- 3) If the sale proceeds exceed the remaining debt, the excess can be used as a deposit for the ijarah contract or part of the capital from mudharabah and musyarakah.
- 4) If the proceeds of the sale are smaller than the rest of the debt, the remainder of the debt remains the debt of the customer, which is agreed upon between the LKS and the customer.

LKS and ex-Murabaha customers can make new contracts with contracts:

- 1) IjarahMuntahiyah Bit Tamlik for the above items by referring to DSN No. fatwa. 27 / DSN-MUI / III / 2002 About Al Ijarah Al-Muntahiyah Bi-Al-Tamlik.
- 2) Mudharabah by referring to DSN fatwa No. 07 / DSN-MUI / IV / 2000 concerning Mudharabah (Qiradh) Financing, or
- 3) Musyarakah by referring to DSN fatwa No. 08 / DSN-MUI / IV / 2000 concerning Musyarakah Financing.

Research Model, Hypotheses, and Method

Conceptual framework of research

Based on theoretical studies, empirical studies, and several hypotheses supported by the theory. So in this research study it was observed that Non-Performing Financing affects financing with Sharia Contracts and Strategies and Policies for handling problematic financing, so that it can be illustrated with a conceptual framework, shown in Figure 1 below:

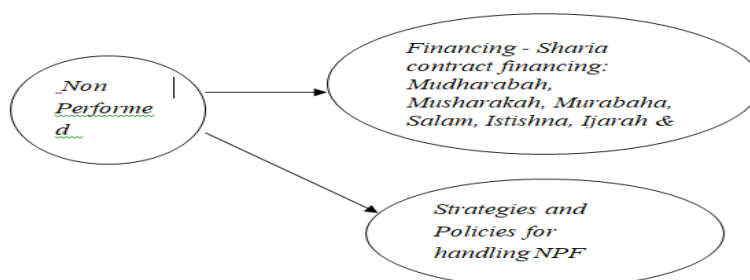


Figure 1: Conceptual Research Framework

Method

1. Types and Research Approaches

Based on the formulation of the problem and research objectives, this type of research can be categorized as a type of quantitative research using a descriptive approach, namely the approach to concepts, foundations and provisions of sharia, Fatwa and regulations and applicable positive legal provisions (status approach) and approaches case of experience the researcher has done.

Research using a quantitative approach is research that focuses on the data used must be measurable and will produce generalizable conclusions. This approach uses inferential statistical methods (analysis tools) (Anshori and Iswati, 2009: 155).

While the descriptive approach is research that describes and information that is based on facts obtained in the field. The concept approach is done to see the suitability of the concept with the implementation that applies to the object of research. Whereas all sharia provisions, fatwa, and legislation concerning Islamic banking are carried out to uncover the concept and enactment of financing contracts in the Syari'ah Commercial Bank. Assessment of all sharia provisions and regulations regarding the murabahah contract in order to be able to review and see and know the actual implementation carried out by Islamic Commercial Banks.

2. Variable Operations

Operational variables in this study are Non Performed Financing or problematic Financing as independent variables and Financing with Mudharabah, Musyarakah, Murabahah, Salam, Istishna, Ijarah, Qard and Hiwalah contracts and policies and strategies for handling problem financing as independent variable. The variables used in this study consisted of independent variables and dependent variables, with the following explanation:

Independent variable

The independent variable is the variable that affects, which causes or changes the dependent variable, in this case, is the Non-Performed Financing at Syari'ah Commercial Bank.

Dependent variable

Dependent variables are variables that are influenced because of the existence of independent variables, in this study are:

- 1) Financing agreements:
 1. Mudharabah
 2. Musyarakah
 3. Murabahah
 4. Greetings
 5. Istishna
 6. Ijarah
 7. Qards
- 2) Strategy, Policy, and handling of financing problems

3. Data Sources

The data sources in this study are divided into two, namely as follows: Primary data is data obtained from the Financial Services Authority statistics and the Syari'ah Business Unit website and Secondary Data, This data is data obtained from the literature of the literature relating to the material to be discussed, in the form of books, journals, DSN fatwas, sharia banking regulations, contract / financing agreements and other information related to Murabaha agreements and other data that can become a source of research.

4. Research Object and Population

The research objects used in this study are Non-Performed Financing or Non-Financing problems, All Financing with Shariah contracts, and policies and strategies for handling problematic financing at Islamic Commercial Banks in Indonesia from June 2014 to December 2018. The population of this research is all Islamic Commercial Banks registered with the Financial Services Authority as many as 13 banks as the bank data can be seen in table 2 above.

5. Data Collection Techniques

In accordance with the issues raised, in the data collection the researchers conducted research through:

Documentation study

Documentation studies are conducting library searches and reviews. Documentation studies are conducted to achieve a comprehensive understanding of the concepts studied. This data collection is done by reading, studying and analyzing the data obtained carefully, then from the analysis process, the researcher draws conclusions from general problems to specific problems (Ulum & Juanda, 2016).

Field study

Field studies are data directly from the field using the technique of collecting data through the website of the Financial Services Authority, Syaria'ah Commercial Bank website, then the data obtained from the field are processed and analyzed with quantitative statistical methods.

6. Data Analysis Techniques

The data analysis technique used in this study is a multiple linear regression analysis. In conducting multiple linear regression analysis, this method requires to perform a classic assumption test in order to get a good regression result. The classic assumption test consists of a normality test, multicollinearity test, autocorrelation test, and heteroscedasticity test.

Multiple linear regression analysis is a linear relationship between two or more independent variables (X) with the dependent variable (Y1, Y2, ..., Yn). This analysis is to determine the direction of the relationship between the independent variable and the dependent variable whether each independent variable is positively or negatively related and to predict the value of the dependent variable if the value of the independent variable increases or decreases. The data used is usually an interval or ratio scale.

The multiple linear regression equation is as follows:

$$X' = a + b_1Y_1 + b_2Y_2 + \dots + b_nY_n$$

Information:

X' = Independent variable, namely Non Performed Financing BUS

Y1, Y2, ... Y = Dependent variable, namely BUS financing contracts

a = Constant (X value 'if Y1, Y2 ... Yn = 0)

b = Regression coefficient (value of increase or decrease)

Results and Discussion

Results

Based on the results of data processing with SPSS 23 with Analysis and testing of Non Performance Financing data as independent variables and mudharabah, musyarakah, murabahah, salam, istishna, ijarah and qardh financing in the period June 2014 to December 2018 by retrieving data from statistic data OJK for the data of the Sharia Commercial Bank, can be explained as follows:

Multiple linear regression analysis

The regression equation used in this multiple linear analysis is:

$$X' = a + b_1Y_1 + b_2Y_2 + \dots + b_nY_n$$

Information:

X' = Independent variable, namely Non Performed Financing BUS

Y1, Y2, ... Y = Dependent variable, namely BUS financing contracts

a = Constant (X value 'if Y1, Y2 ... Yn = 0)

b = Regression coefficient (value of increase or decrease)

The results of multiple linear analysis can be illustrated below:

Table 5: Results of Multiple Linear Regression Analysis

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	14905.853	4133.612		3.606	.001
	Mudharabah	.023	.245	.029	.092	.927
	Musyarakah	-.184	.069	-1.899	-2.660	.011
	Murabahah	.001	.037	.009	.015	.988
	Istishna	-2.655	6.069	-.194	-.437	.664
	Ijarah	2.503	.748	2.266	3.348	.002
	Qardh	-.621	.140	-1.014	-4.434	.000

Based on the table above, the regression equation above can be explained as follows:

$$X' = a + b_1Y_1 + b_2Y_2 + \dots + b_nY_n$$

$$X' = 14905,853 + (.023 \times Y_1) + (-.184 \times Y_2) + (.001 \times Y_3) + (-2.655 \times Y_4) + (2.503 \times Y_5) + (-.621 \times Y_6)$$

Information:

X = Non Performance Finance of Islamic Commercial Banks
 a = Constant
 b1 = Mudharabah contract financing regression coefficient
 b2 = Regression coefficient of Musyarakah contract financing
 b3 = Murabahah contract financing regression coefficient
 b4 = Istishna contract financing regression coefficient
 b5 = Ijarah contract financing regression coefficient
 b6 = Regression coefficient for financing the Qardh contract
 Y1 = Mudharabah contract financing
 Y2 = Musyarakah contract financing
 Y3 = Murabahah contract financing
 Y4 = Istishna contract financing
 Y5 = Ijarah contract financing
 Y6 = Financing the Qardh contract

Double correlation analysis

This analysis is used to find out between the independent variables (X), namely the NPF for the dependent variable (Y1, Y2, ... Y6)), namely all the financing contracts of the Sharia Commercial Banks simultaneously. This coefficient shows how much the relationship occurs between these variables.

Guidelines for giving interpretation of the correlation coefficient according to Soegiono, as follows:

- 0,00 - 0,199 = Very low
- 0.20 - 0.399 = Low
- 0.40 - 0.599 = Medium
- 0.60 - 0.799 = Strong
- 0.80 - 1,000 = Very strong

From the results of regression analysis the following multiple correlation analysis results are obtained:

Table 6: Double Correlation Analysis Results
Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.581 ^a	.338	.255	665.26288

Analysis of determination

Determination analysis in multiple linear regression is used to determine the percentage of the influence of NPF (X) on financing contracts in Islamic Commercial Banks (Y1, Y2, ... Y6) simultaneously. This coefficient shows how much the NPF percentage of financing contracts in the BUS used in the model and is able to explain the NPF variable has an effect on the financing distribution policy with mudharabah, musyarakah, murabahah, istishna, ijarah and qardh contracts. Interpretation used when:

R2 = 0 then there is no influence between the independent variables on the dependent variable.

R2 = 1, there is a perfect influence between the independent variables on the dependent variable, meaning that the variation of the independent variables used in the model explains 100% variation in the dependent variable.

Normality test

In conducting the normality test using the Kolmogorov-Smilnov one-sample test using a significance level of 0.05, meaning that the data are declared normally distributed if the significance is greater than 5% or 0.05. Based on Table 7 the results of the Normality Test with Kolomogorov-Smirnov can be seen below:

Table 7: Normality Test Results

	Tests of Normality						
	Kolmogorov-Smirnov ^a			Shapiro-Wilk			
	Statistic	df	Sig.	Statistic	df	Sig.	
NPF	.110	55	.094	.966	55	.115	
Mudharabah	.124	55	.034	.961	55	.074	
Musyarakah	.116	55	.061	.948	55	.018	
Murabahah	.225	55	.000	.818	55	.000	
Istishna	.275	55	.000	.789	55	.000	
Ijarah	.195	55	.000	.826	55	.000	
Qardh	.107	55	.180	.957	55	.046	

a. Lilliefors Significance Correction

Based on the results of the Normality Test can be seen in the Kolmogorov-Smirnov column and it can be seen that the significance values for each variable are:

- a. NPF has a significance value of 0.094
- b. Mudharabah has a significance value of 0.34
- c. Musyarakah has a significance value of 0.61
- d. Murabahah, Istishna and Ijarah have a significance value of 0,000
- e. Qardh has a significance value of 0.180

Discussion

Analysis of the effect of NPF on financing

Based on the results of research with multiple regression analysis shows different results between variables researched with explanations based on regression equations can be explained below:

- a. The constant of 14905,853 shows that if (Y1, Y2 Y6) Mudharabah, musyarakah, murabahah, istishna, ijarah, and qardh financing the amount is 0, then NPF (X') value is Rp. 0.1495853.
- b. The regression coefficient of the contract of mudharabah (Y1) financing variable of 0.023 indicates that if other variables have fixed values and mudharabah contracts have increased by 1%, the NPF has increased by Rp. 0.023 billion The coefficient shows a positive value meaning that there is a positive relationship between the NPF and mudharabah financing, so it can be interpreted to be an increase in NPF due to an increase in mudharabah financing.
- c. The variable regression coefficient of musyarakah contract (Y2) is -.184, indicating that if other variables have fixed values and musyarakah contracts have increased by 1%, the NPF has decreased by -Rp 0.184 billion. Negative coefficient means that there is a negative relationship between NPF and musyarakah financing, so it can be interpreted that NPF has a negative effect on the increase in musyarakah contract financing.
- d. The regression coefficient of the murabahah contract financing variable (Y3) is 0.001 indicating that if the other variable value is fixed and the murabahah contract has increased by 1%, the NPF has increased by Rp. 001 billion. The coefficient shows positive means there is a positive relationship between NPF and murabaha financing, so it can be interpreted that NPF increases with an increase in murabaha contract financing. The regression coefficient of istishna contract agreement (Y4) of -2.665 shows that if other variables have fixed values and istishna contracts increase by 1%, the NPF has decreased by IDR -0.2665 billion, thus the NPF has a negative effect on istishna contract financing, so it can be interpreted that the NPF decreases despite an increase in istishna contract financing. The regression variable of the financing variable contract of ijarah (Y5) of 2.503 shows that if other variables remain and the financing of the ijarah contract increases by 1%, the NPF increases by Rp. 0.2503 billion, and the coefficient shows positive, then it can mean that there is a positive relationship between NPF to Ijarah financing, so that it shows that the NPF increases with the increase in Ijarah financing. The variable regression coefficient of financing contract qardh (Y6) is equal to -.621 indicating that if the other variables are values and the musharaka contract increases by 1%, the NPF decreases by -Rp 0.621 billion. The coefficient is negative, meaning that it means that there is a negative relationship between NPF and qardh financing, so it can be interpreted that NPF decreases despite an increase in Qardh financing.

Based on the results of the multiple correlation analysis, the R number is 0.581, so this indicates that there has been a moderate relationship between NPF and all financing contracts in the Syari'ah Commercial Bank.

Based on the results of the regression analysis see table 4.2, the results of multiple correlation analysis, the summary model shows the number R² (R square) of 0.338 or equal to 33.8%. This shows that the percentage effect of independent variables, namely NPF on financing mudharabah, musyarakah, murabahah, murabahah, istishna, ijarah and qardh contracts as the dependent variable is 33.8%, or variable NPF variables as independent variables used in this model are able explained 33.8% of the variation in the dependent variable or financing of the mudharabah, musyarakah, murabahah, murabahah, istishna, ijarah and qardh contracts, while the remaining 66.2% was influenced by other variables not formulated in this research model.

Based on the results of the Normality Test, the NPF and Musyarakah variables are normally distributed due to their significance of more than 0.05, while the Mudharabah, Murabahah, Istishna, Ijarah and Qardh variables are not normally distributed because the significance is less than 0.05.

Strategy and response of sharia commercial banks over NPF

Non-performing financing (NPF) is a distribution of funds carried out by financial institutions such as Islamic banks which in the implementation of customer financing payments occur such as non-current financing, financing that the debtor does not meet the promised requirements, and the financing does not keep schedule installments, so that these things have a negative impact on both parties between customers and Islamic Commercial Banks as Financial Institutions.

NPF handling carried out by Sharia Commercial Banks refers to several MUI DSN Fatwas as provisions that must be carried out in Shari'ah, including the DSN Fatwa Number: 4 / DSN-MUI / II / 2005 concerning Settlement of Murabahah Receivables for customers who are unable to pay, Fatwa of the National Syari'ah Council No. 47 / DSN-MUI / II / 2005 and DSN Fatwa No: 48 / DSN-MUI / II / 2005 concerning Murabaha Bill Registration Schedule. While operationally a BUS bank must follow and implement the provisions regulated by Bank Indonesia and the Financial Services Authority, including Bank Indonesia Regulation Number: 7/2 / PBI / 2005, PBI Number: 6/18 / PBI / 2004, Bank Indonesia Regulation Number 13/9 / PBI / 2011 dated February 8, 2011 concerning Amendments to Bank Indonesia Regulation No. 10/18 / PBI / 2008 concerning Restructuring of Sharia Bank Financing and Sharia Business Units, Bank Indonesia Circular Letter Number 13/18 / DPbS dated 30 May 2011 concerning Amendments to Bank Indonesia Circular Letter Number 10/34 / DPbS dated 22 October 2008 concerning Financing Restructuring for Sharia Commercial Banks and Sharia Business Units. As well as the Financial Services Authority Regulation Number: 42 /POJK.03/2017.

Based on the MUI DSN Fatwa, Bank Indonesia Regulations, and OJK Regulations, the Sharia Commercial Banks generally applicable regulations and provisions regarding the handling of the problematic financing, and the handling is a settlement effort that can be carried out by Islamic banks by doing the following:

1. Scheduling (rescheduling), which is a change in the schedule for payment of customer obligations or time period;
2. Reconditioning, which is a change in part or all of the financing, receivables and or Ijarah requirements that are not limited to changes in the payment schedule, time period and or other requirements insofar as it does not involve changes in the maximum balance of financing, accounts receivable and or Ijarah;
3. Restructuring, namely changes in financing requirements, accounts receivable and or ijarah. Based on Bank Indonesia Regulation Number: 7/2 / PBI / 2005 Article 1 that Sharia Commercial Banks conduct restructuring of financing/credit is given to debtors who have difficulty paying loan principal and/or interest but still have good business prospects and are able to obligation after the loan is restructured by applying the precautionary principle.

Sharia Commercial Banks must maintain and take steps so that the quality of financing after the restructuring is in a smooth condition. BUS is prohibited from conducting financial restructuring with the aim of avoiding a decrease in the quality of financing classification, the establishment of a larger calculation of asset losses (PPA); or termination of recognition of margin income or ujarah on an accrual basis (OJK, 2014: 132). Financing restructuring can only be done on the basis of a written application from the customer. Financing restructuring can only be done for customers who experience a decline in payment capability but there are still clear sources of installment payments from customers and are able to fulfill obligations after restructuring (OJK, 2014: 132).

Restructuring can be done in various ways, namely:

- a. Modification of credit terms can be done through a reduction in loan interest rates, extension of a credit term, reduction of loan interest arrears and reduction of loan principal amount
 - b. Add credit facilities that can be given to debtors who obtain credit investment/working capital loans with the aim that the business becomes smooth so that it can return liabilities.
 - c. Collateral/asset takeover will be carried out if the debtor is unable to pay its obligations, and the debtor is cooperative to complete its obligations by surrendering the collateral.
 - d. Credit conversion is by converting from customer loans into equity or in the form of equity participation in a customer's company.
4. Settlement through a Guarantee of Settlement through collateral is a financing settlement through the sale of goods which are used as collateral in the context of repayment of debt. Settlement through collateral is carried out on financing which, according to the bank, is no longer able to be helped to restore health or business customers who have no prospects to be developed. Types of collateral that can be recognized as financing guarantees are securities and shares that are actively traded on stock exchanges in Indonesia or have investment ratings and are bound by mortgages, land, houses and buildings bound by mortgages, aircraft or ships of a size in for 20 (twenty) cubic meters tied with mortgages and motorized vehicles and inventories bound by fiduciary (Bank Indonesia Regulation Number: 7/2 / PBI / 2005 Article 46).
Based on the Fatwa of the MUI National Shari'ah Council No. 47 / DSN-MUI / II / 2005) states that Islamic financial institutions (LKS) including Sharia Commercial Banks can settle murabaha for customers who cannot settle/repay their financing provided that murabaha objects or other guarantees are sold by customers to or through BUS with agreed market price, the customer repays the remaining debt to the BUS from the sale, if the sale exceeds the remaining debt, the BUS returns the remainder to the customer, if the sale is smaller than the remaining debt, the remaining debt remains the customer's debt, and if the customer is unable to pay the remaining debt, the BUS can release it
 5. Doing Write Off Deleting books is a bad loan that cannot be billed again to be written off from the balance sheet (on-balance sheet) and recorded in the administrative account (off-balance sheet). The write-off of the bad loan is charged to the allowance for possible losses on earning assets. Even though the bad loans have

been written off this is only administrative in nature so that the billing of customers is still carried out. Provisions regarding write off and / or write off on Indonesia bank regulation number: 7/2 / pbi / 2005 concerning valuation of asset quality of commercial banks Article 70 is write off and or collect off can only be done on provision of funds that have quality Loss, write off books not can be made on part of the partial fund (partial write off), collection of debts can be made either for part or all of the provision of funds. The collection of part of the provision of funds can only be made in the context of Financing Restructuring or in the context of problematic Financing settlement.

Conclusion

Based on the discussion of the results of multiple regression analysis, it can be concluded that Non Performed Financing In The Agreement of Financing Mudharabah, Murabahah and Ijarah there is a positive relationship between the two variables, so it can be concluded that the increase in NPF has no effect on the policy of fund distribution with mudharabah contract, because financing with the contract is positively increase. Non Performed Financing in The Agreement of financing Musharaka, Istishna, and qardh has a negative relationship so it can be concluded that the NPF in financing with Musharaka contracts has a negative effect in the sense that the Shari'ah Commercial Banks in general channeling financing to customers are limited due to NPF problems by paying attention to redline facilities, BUS only provides financing facilities for businesses that contain minimal risks. The results of the multiple correlation analysis concluded that there was a moderate relationship between NPF and all financing contracts in the Shari'ah Commercial Bank, meaning that the NPF in general Sharia Commercial Banks did not significantly influence policies in financing distribution to customers with various financing agreements. The results of the regression determination analysis show that the percentage effect of NPF on financing distribution policies with mudharabah, musyarakah, murabahah, murabahah, istishna, ijarah and qardh contracts in Islamic Commercial Banks is 33.8%, while the remaining 66.2% is influenced by variables others not formulated in this research model. The Sharia Commercial Bank in dealing with Non-Performed Financing issues generally refers to the Fatwa of the MUI Sharia Council, Bank Indonesia Regulations and OJK Regulations, which are based on the following scheme:

1. Rescheduling,
2. Reconditioning,
3. Restructuring
4. Write Off (Delete Book and Delete Bill)

Recommendations

Research is far from perfect so that further research on the strategy and handling of NPF can be a study material for researchers and other researchers, even though it has been done by previous researchers so that studies of this can be updated in the present. However, it is expected that this research can be useful for stakeholders related to this research, for Islamic Commercial Banks, internal campuses and others.

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