

Risk Management Analysis In Gala Financing Procedures In Sharia Bank

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Abstract: In its financing activities, Gala has a variety of classical and content issues where the problem is a natural feature that commonly occurs in the modern financial world known as risk. The risk gala financing also becomes a fundamental problem that must be anticipated and reduced the level of risk from the beginning by the capital owner in order to create a healthy gala financing activity given the risks involved in financing a segment that is different from the risk in other financing which is in the risk financing segment. the majority of people who take financing are middle-income (poor) and middle-income (simple) communities with 5 (five) consumptive motives including, 1 (one) for Economic Difficulty Motives, 2 (two) Motives for Marriage and Death Events, 3 (three) for Children's Education Motives, 4 (four) for Debt Trapped Motives and 5 (five) for Medical Motives and 1 (one) productive Motive for Business Capital Addition. The purpose of this research is to see how the risk management mechanism in the gala financing procedure is applied to Islamic banks. This research is based on the methodology of the research method chosen using qualitative methods, in which the method which describes the research based on accurate data is systematically arranged. While the type of research that the writer did in this research was a literature study, which examined the reference sources from books or other reading sources that examined the analysis of risk management in gala financing on Islamic Banks. The results of this study indicate that Islamic banks if they want to implement Gala financing must consider problems and risks in providing financing to members / customers. The problems that occur are that there are still many gala motives that are carried out for non-productive reasons and generally the members' productive businesses have a low level of feasibility due to limitations in the aspects of marketing, technical production, management and organization. selective in providing financing to members, this is very reasonable in addition to business management the members have not been credible or have not fulfilled the requirements for financing, so this condition becomes a serious problem in the future for Islamic banks if they want to channel the financing so the bank needs to focus and apply the principle caution against. On the other hand in the view of Islam, the risk of financing a gala is not something to be feared so it must be avoided, Islam is very pressing through its economic system to minimize any level of risk at any level of financing that is channeled in order to create a healthy and productive business atmosphere.

Keywords: *Gala*, Financing, Microeconomics, Islamic Financial Institutions.

1 Introduction

Gala (Traditional Pawn) is a classic financing practice that has been present since the 18th century until now in the midst of the community, especially the South West coast of Aceh. In its financing activities, Gala also has a variety of classic and content issues where the problem is a natural feature that commonly occurs in the modern financial world known as risk. In risk gala financing is also a fundamental problem that must be anticipated and reduced the level of risk from the beginning by the capital owner in order to create a healthy gala financing activity given the risk of different segmented gala financing with the risks that exist in other financial institutions in which the risk segment Gala financing is the majority of the people who take financing are middle-income (poor) and middle-income (simple) communities.

This condition can be seen from previous research that shows the fact that there are 6 (six) motives for gala financing in the midst of the people of Aceh, including 1 (one) Motive for Economic Difficulties, 2 (two) Additional Motives for Business Capital, 3 (three) Wedding Event Motives and Death, 4 (four) Children's Education Motives, 5 (five) Motives of Trapped Debt and 6 (six) Treatment Motives. Of the 6 (six) motives for gala financing, it can be seen that only 1 (one) motive that leads to productive motives, namely for additional business capital, while 5 (five) other motives can be ascertained to lead to consumptive motives. This shows that the reality of gala financing is a financing that is in great demand by the poor with the assumption that there are 5 (five) consumptive motives as to why the Acehnese took the financing either in previous community activities, the present and future as long as this activity is not lost in the midst of the people of Aceh, on this basis, of course, gala has a varying level of risk, ranging from the risk of dishonesty where the recipient's habit is very difficult to return the borrowed funds, then the risk of negligence, in this case the recipient of capital is difficult to return the funds that have been he borrowed to pay off debt or profit sharing even though it had arrived at the agreed time at the beginning so that this problem became a serious problem which would make financing gala unhealthy whereas the next is the risk of weak supervision carried out by the capital provider where the owner's habits k capital is insensitive in carrying out a system for monitoring the development of business carried out by the recipient of capital. The 3 (three) risks above are trigger factors resulting in unhealthy gala financing and cause a very high level of risk in financing activities considering that almost the majority of poor people who take the financing are for consumption purposes so this problem is very interesting to study more seriously in order to find a special formulation to answer the problem of adding local wisdom's scientific repertoire to community economic empowerment activities in Aceh.

2 Research Method

The research method chosen uses qualitative methods, where the method that describes the research based on accurate data is systematically arranged. The analytical method used is descriptive analysis that describes or describes something according to what it is. While the type of research that the writer did in this study was a literature study, which examined the reference sources from books or other reading sources that examined risk management analysis in gala financing on Islamic Banks.

This research is a library research (library research) that is collecting data and information with the help of various material contained in the scope of literature. The meaning of library research is research by reading, reviewing and recording material from various literatures that are directly related and that have relevance to the problems that will be studied in this study.

Data analysis techniques used in this study are using the following steps:

1. Descriptive method for describing data and providing an in-depth explanation of a data. This method is to investigate by saying, analyzing the data then explaining the data.
2. Analysis Method, namely the method intended for conceptual examination of existing data, then classified with problems to obtain clarity over the actual data.

Therefore, the study in this study is more descriptive-analytical, that is, giving a clear description and description systematically, objectively, critically and analytically about the methodological offer in an effort to analyze the risk management in the financing procedure

2.1 Risk Management

[1] Defining risk management is a structured approach / methodology for managing uncertainties related to threats; a series of human activities including: Risk assessment, development of strategies for managing it and risk mitigation using resource empowerment or management. In line with this in order to minimize the risks that can cause losses to the bank, financial institutions must implement effective and efficient risk management [2].

2.2 Risk Management Purpose

The purpose of the implementation of risk management for financial institutions (banks) is (Adiwarman, 2013: 255):

1. Providing information about risks to the regulator.
2. Ensure that the bank does not suffer losses that are unacceptable.
3. Measuring exposure and risk concentration.
4. Allocate capital and limit risks.

If the main purpose of a conventional bank is to seek profit (profit-oriented), then Islamic banks are not only profit oriented, but the aim is also to seek prosperity in the world and happiness in the afterlife (falah oriented). Therefore, in the application of risk management, Islamic banks and conventional banks are different. Islamic banks must comply with the provisions or principles of sharia [3]. The provisions of sharia or Islamic principles include the first Brotherhood (ukhuwah), which means that sharia transactions uphold the value of togetherness in obtaining benefits, so that a person may not benefit at the expense of others. This principle is based on the principle of knowing each other (ta'aruf), mutual understanding (tafahum), mutual help (ta'awun), mutual guarantee (takaful), synergy and alliance (tahluf). Both justice ('is), which means always putting something only on the right and in accordance with its position. Kemaslahatan (maslahah), which is all forms of goodness and benefits that are worldly and physical, material and spiritual, as well as individual and collective. Realizing human benefit in Islam is known as Maqashidus Syariah sharia). Third balance (tawazun) is the balance between material and spiritual aspects, between the private and public aspects, between the financial and real sectors, between business and social, and between aspects of utilization and conservation. This principle is to help each other in improving living standards through the mechanism of economic and business cooperation. Finally universalism (Syumuliyah), namely the essence can be done by, with d for all interested parties regardless of ethnicity, religion, race and class in accordance with the spirit of rahmatan lil 'alamin (as a mercy to the universe) [1].

The Risk Management process is as follows:

1. Risk identification

The purpose of this risk identification process is to find out the risks that have the potential to arise in the sharia gold / mortgage service process. To obtain a comprehensive risk identification, it is necessary to identify the sources of risks and the consequences of risk as follows:

a. Identify sources of risk

The target to be obtained at this stage is to find out the risk characteristics of gold pawning / rahn. In the framework of identification, the Islamic Bank has conducted in-depth identification, which purifies the three risk sources, all of which are based on gold or collateral items themselves. Each of the three sources of risk is from the aspect of storage security, decreasing the price of gold, and the accuracy of the assessment process.

b. Identification of risks

Identification at this stage aims to see how much the impact of risk on the performance of the bank and determine the priority risks in gold / mortgage. Therefore, focusing on risk sources such as the aspects mentioned above, namely storage security, decreasing gold prices, and accuracy in the assessment process.

2. Assessment of risks

The risk assessment process is carried out to determine the probability and the risk of gold / mortgage, so that the bank can determine priorities and rank risk levels to determine appropriate management and strategies to anticipate potential risks. Risk assessment techniques are divided into two measurement dimensions, namely frequency (time of occurrence of risk) and significance (impact of risk on the company).

3. Anticipate risks

The process of risk mitigation is an effort to stabilize the performance of gold / mortgage, so that the existence of the bank in maintaining public trust can be achieved. several alternatives that can be chosen to manage / anticipate risks faced by banks, including:

a. *Risk avoidance*

This risk avoidance alternative is chosen if the bank has a risk that can be eliminated without any negative influence on the achievement of the bank's objectives. The main risk is in the gold collateral itself. Therefore, the accuracy in the assessment becomes the main thing in pawn transactions. The effort taken by the bank to overcome the obstacles caused by the bank's fault is the existence of an audit officer to check again and check all the evidence of the gold pledge made. Training is also routinely carried out. This aims to train banks to be able to carry out services properly. Supervision carried out by audit officers is a preventive supervision. The point is supervision carried out on an activity before the activity is carried out, so as to avoid the occurrence of irregularities. And the efforts taken by the bank to overcome obstacles that occur due to environmental factors are falling market prices can be overcome by the bank in the beginning of the gold agreement more high 80% of the market price. So if the price falls, gold can still pay off its obligations [4]. *Risk retention*

Alternative risk detention is chosen if the bank has a commitment to bear the risks that arise by providing funds to bear the risks that come, both risk funding by setting aside certain funds periodically and making internal insurance and establishing an insurance company that is part of the bank.

b. *Risk transfer*

The alternative of risk transfer is transferring risk to other parties who have more ability in expertise and economies of scale that are better for controlling risk, so that they can diversify risk better. Riisk transfer can be done in several ways, namely insurance, Hedging, Incorporated.

c. *Risk control*

In an effort to control risk, efforts need to be made to save financing when there is a problematic financing. The rescue mechanism that is often used by banks in the context of handling problematic financing is by restructuring. However, the term better known as 3 R (rescheduling, reconditioning, restructuring) does not apply to the distribution of gold / mortgage loans.

4. Risk monitoring

So to find out the effectiveness and efficiency that is better in analyzing and controlling the risk of pawning / rahn gold activities, especially for financing which is classified as large with projected business capital, monitoring steps are needed, as follows:

- a. *On desk monitoring*
- b. *On site monitoring*
- c. *Exception monitoring*

Barriers to the implementation of risk management come from two types of barriers, namely internal barriers that come from the bank side, namely the operational system in risk management and the two external barriers that come from the customer side, that is, the customer is unable able to complete these achievements. From the environment, the gold market price fluctuates so that it can harm customers and banks.

Efforts to resolve the obstacles in the application of gold pawning risk management to Islamic banks include, among others, the bank re-checking and examining all the gold pawning evidence carried out and conducting routine training. Keuda auction is conducted when the customer's gold pledge has matured and is agreed upon by the customer by giving the bank the right to make an auction. And finally applying the very high precautionary principle.

3 Result and Discussion

3.1 Analysis of Risk Management in Gala Financing at Islamic Banks

Investment or business carried out through financing activities is an activity that is always related to risk. The problem is how to manage so that investment or business in the financing can reduce the risk to a minimum without causing losses to both the customer and the financial institution itself. The financing risk can be minimized by doing good risk management. Implementation of good risk management will result in a relatively more stable and profitable business. Not only for banks, but for customers / members who are financed. In the end, businesses that are going well and developing can improve the national economy, reduce poverty and unemployment because they participate in opening jobs.

There are several things that must be considered by Islamic banks if they want to implement Gala financing, where the financing has problems and risks in providing financing to members / customers. The problem that occurs is that there are still many gala motives that are carried out for non-productive reasons and generally members productive businesses. has a low level of feasibility due to limitations in the aspects of marketing, technical production, management and organization. Other conditions that are important to note are that the banks are very selective in providing financing to members, this is very reasonable in addition to business management the members have not been credible or have not met the requirements for financing, so this condition becomes a serious problem in the future for Islamic banks if they want to channel this financing so that the bank needs to focus and apply the principle of prudence to any financing disbursed. The bank's side is also required to consider the risk aspects as small as possible to prevent possible problems that could harm the bank by taking into account the feasibility of the members who will be given financing.

Financing risk management contains an understanding as a method taken in order to reduce the occurrence of financing risks. In the application of risk management, bank financing is carried out:

1. Risk Identification

The Bank identifies financing risk and its activities for financing activities, financing risk assessment takes into account the financial condition of members / customers, especially the ability to pay on time, as well as collateral or collateral provided and also the assessment must include an analysis of the member / customer environment, business characteristics of members / customers, the condition of the latest financial report, the results of the cash flow projection, the quality of the business or business plan, and other documents that can be used to support a comprehensive analysis of the condition of the member / customer.

2. Risk Measurement

After identifying various types of financing risks to be faced, then the risk must be measured by the bank. The gala financing risk measurement system for banks needs to consider matters such as the characteristics of each type of financing risk, the financial condition of the members / customers, as well as the terms of the financing agreement. The financing time period is associated with potential changes that occur in the market. failure to pay (default), both based on the results of an assessment approach that uses an internal rating process (internal rating) and the ability to absorb failures (default).

3. Risk Monitoring

The Bank develops and implements an information system and procedures to monitor the condition of members / customers financing. The Bank's risk monitoring system, which is by ensuring that the bank knows the latest financial condition of the member / customer. Monitor compliance with requirements in financing agreements. Assess collateral adequacy compared to member / customer liabilities, and finally identify payment inaccuracies and classify problematic financing in a timely manner.

4. Risk Management Information System

In improving the process of financing risk measurement, the Bank has a management information system that provides accurate and timely reports and data to support decision making by directors and other officials.

5. Risk Control

After carrying out the above stages, the Bank carries out risk control by reporting any irregularities that occur in a timely manner for the purposes of corrective action so that the deviations that occur can be controlled properly. As for one of the control systems that helps the Bank a lot in minimizing the occurrence of financing risk, namely by cararescheduling (repayment policy).

3.2 Islamic Perspective on Gala Financing Risk Management

At the level of value, gala financing is a financing that promotes local wisdom values and the economic value of sharia in practices that occur in the midst of Aceh's inland and coastal communities in general as well as the inland and coastal communities of Aceh Barat Daya. has been described above, the gala financing also has its own characteristics and superiority, where this financing has become a culture and is influenced by the values to Islam hereditary practiced starting from the 18th century to the present, this condition has made pemiyaan gala as one of the financing alternative in the rural and coastal communities of Aceh in order to answer various micro-economic constraints on the poor and the community about Aceh both for productive business purposes and consumptive business objectives that occur at the level of the economy. In practice, galactic financing occurring in the midst of the lives of the people of Aceh has carried out 3 (three) important values, including social values, values of worship and the value of profits. Of these 3 (three) values, the gala financing found in the life of the people of Aceh was emphasized so more inclined to bring up social aspects and aspects of worship even though it cannot be denied that every business that applies on this earth certainly almost on average pursues the highest possible aspects of profit rather than

considering the social aspects and aspects of ibdah so that in this case it is clear that the aspect of pembalaan gala this has contained values in Islam even though in practice in the midst of the Acehese people there are still some individuals who like to practice the practice of gala which is far from the maslahah aspect.

On the other hand in the view of Islam, the risk of gala financing is not something to be feared so it must be avoided, Islam is very pressing through its economic system to minimize any level of risk at any level of financing that is channeled in order to create a healthy and productive business atmosphere, in the view of Rasullah every Muslims are caliphs (leaders) who have great responsibility in every dimension of life in other words, humans who cannot properly manage the risks of their business, so he has foiled his own business. In Islamic risk management, pembalaan gala is also included in financing that has a high level of risk so it is necessary to apply several specific techniques including, 1 (one) brainstorming technique, this technique is to solve problems and solutions to these problems by involving people who are experts in financing problems. gala, 2 (two) delphi techniques, this technique needs to be applied in order to ask the expert what the risk conditions are and the future mapping of how the financing is more productive, 3 (three) familiar meeting techniques where this technique serves to collect data and discuss problems fundamentally through existing facilities and media and lastly to 4 (four) swot analysis techniques, this technique is very often applied by Rasullah in order to develop its business and expand trade expansion from Medina to other regions in the Arabian peninsula.

Referring to the discussion described above, the gala financing is certainly very suitable to be applied to Islamic banks in Aceh in order to answer micro problems, this is because the financing of gala has resulted in high social values and worship than the value of profit so this financing is very relevant to be tried by banking institutions and non-banks in Aceh in order to answer the micro-economic problems in Aceh in the context of poverty alleviation, although on the other hand, gala financing has a relatively high risk level, this is considering the motives of the Acehese people in taking greater micro financing for consumptive purposes rather than necessities productive, but this is certainly not a reason and constraint for Islamic financial and banking institutions not to implement the gala financing.

4 Conclusion

There are several things that must be considered by Islamic banks if they want to implement Gala financing, where the financing has problems and risks in providing financing to members / customers. The problem that occurs is that there are still many gala motives that are carried out for non-productive reasons. has a low level of feasibility due to limitations in the aspects of marketing, technical production, management and organization. Other conditions that are important to note are that banks are very selective in providing financing to members, this is very reasonable in addition to business management of members who are not credible or has not fulfilled the requirements for financing provision, so this condition becomes a serious problem in the future for Islamic banks if they want to channel the financing so that the bank needs to focus and apply the principle of prudence to any financing disbursed. The bank side is also required to consider the risk aspects as small as possible to prevent possible problems that could harm the bank by taking into account the feasibility of the members who will be given financing.

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