Comparative Analysis of Murabahah and Mudharabah Financing Risk from Islamic Microfinance Institutions Perspective

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Abstract. The most frequently used financing contracts in Islamic financial institutions are murabahah and mudharabah. This study aims to reveal the phenomenon in the field about the description of the risk comparison between murabahah financing and mudharabah financing from the BMT side. This study uses descriptive qualitative research methods through data collection methods with in-depth interviews with nine respondents who have experience handling the risks of murabahah financing and mudharabah financing at BMT. This study shows that the risk of mudharabah financing is greater than the risk of murabahah financing. In practice, mudharabah financing tends to be relatively high due to asymmetric information and moral hazard. The inherent risk in murabahah financing is the risk of member default due to default or member negligence in returning installments. This study also identifies risk factors such as trust risk and sharia legal risk for murabahah financing with wakalah contracts. This study shows that BMT applies the precautionary principle and is appropriate to maintain the institution's health to minimize the risks that occur. This research is expected to be a reference in managing the risk of murabahah financing and mudharabah financing with innovative strategies. The BMT Islamic Microfinance Institution needs to stimulate and educate to reduce the risk of mudharabah financing so that it can become a top priority for financing.

Keywords: Comparative analysis, financing risk, Sharia Microfinance Institution, mudharabah, murabahah.

***Abstrak**. Akad pembiayaan yang paling sering digunakan dalam Lembaga keuangan Islam adalah murabahah dan mudharabah. Penelitian ini bertujuan untuk mengungkap fenomena di lapangan tentang gambaran perbandingan risiko antara pembiayaan murabahah dan pembiayaan mudharabah dari sisi BMT. Penelitian ini menggunakan metode penelitian deskriptif kualitatif melalui metode pengumpulan data dengan wawancara mendalam terhadap 9 responden yang memiliki pengalaman menangani risiko pembiayaan murabahah dan pembiayaan mudharabah di BMT. Penelitian ini menunjukkan bahwa risiko pembiayaan mudharabah lebih besar daripada risiko pembiayaan murabahah. Dalam penerapannya, pembiayaan mudharabah cenderung relatif tinggi karena adanya asymmetric information dan moral hazard. Risiko inheren dalam pembiayaan murabahah adalah risiko wanprestasi anggota akibat wanprestasi atau kelalaian anggota dalam mengembalikan angsuran. Penelitian ini juga mengidentifikasi berbagai aspek risiko seperti risiko kepercayaan dan risiko hukum syariah untuk pembiayaan murabahah dengan akad wakalah. Penelitian ini menunjukkan bahwa BMT sangat menerapkan prinsip kehati-hatian dan tepat untuk menjaga kesehatan institusi untuk meminimalkan risiko yang terjadi. Penelitian ini diharapkan menjadi rujukan dalam mengelola risiko pembiayaan murabahah dan pembiayaan mudharabah dengan strategi yang inovatif. Pihak Lembaga Keuangan Mikro Islam BMT perlu melakukan stimulasi dan edukasi untuk menekan risiko pembiayaan mudharabah sehingga bisa menjadi prioritas utama pembiayaan.*

***Kata kunci**: Analisis komparatif, Lembaga Keuangan Mikro Syariah, mudharabah, murabahah, risiko pembiayaan.*

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INTRODUCTION

MicroFinance Institutions (MFIs) are institutions that provide financial services for micro-entrepreneurs and low-income communities that relatively have complete products following the needs of low-income people (Dewi, 2017; Mohammed and Waheed, 2019). Many types of MFIs in Indonesia are overgrowing and essential in improving the community's economy. The rapid development of MFIs is due to almost 51.2 million units or 99.91% of businesses in the Indonesian economy dominated by Micro and Small Business Units (Sakti, 2013). MFIs can be said to be one of the critical pillars in the process of financial intermediation needed by small and medium-sized communities to consume and produce and store their business results. In Indonesia, MFIs are regulated in Law No. 1 of 2013 on MicroFinance Institutions (Susila, 2007).

Before the birth of Law No. 1 of 2013 on Microfinance Institutions, one model of MicroFinance Institutions in Indonesia adhered to sharia principles, namely Baitul Maal Wat Tamwil (BMT) or Cooperative Save Borrowing and Sharia Financing (KSPPS). The institution is considered able to help the lower middle class because the general role of BMT is to conduct coaching and funding based on the sharia system. This role confirms the importance of sharia principles in BMT in people's lives that use a fair revenue sharing system, both in raising and disbursing funds (Sudarsono, 2012).

The existence of BMT as one of the Islamic Microfinance Institution is expected to have a powerful effect in carrying out the mission to reduce the dependence of small entrepreneurs on informal financial institutions using interest rates that are relatively too high. Through the provision of sharia micro-financing that is expected to advance the economy of small entrepreneurs (Hidayatulloh and Hapsari, 2015). Islamic Microfinance has close relationships with small entrepreneurs and can provide financial well-being through financing for investment and expansion purposes (Azman et al., 2021). Therefore, the progress of Islamic microfinance institutions needs the support of governments and academics to prosper the lower middle class better.

BMT was established as an option that combines the concept of Baitul Maal and Baitut Tamwil in one activity. The concept of Baitul Maal was born to be part of the Muslim community's life in terms of raising funds productively by receiving zakat, infaq, and sadaqah deposits and channeling following its rules and mandates. At the same time, the concept of Baitut tamwil was born for productive business activities and investment in improving the quality of small business activities by encouraging saving activities to benefit the lower-middle-class sector in order to support economic financing (Masyithoh, 2014).

They are related to some financing in BMT, which became the focal point of researchers in this study, namely on mudharabah financing products and murabahah financing products because these two types of financing are commonly used BMT. Mudharabah Financing Principle is applied to working capital financings as mentioned by economists and Muslim jurists who agree that mudharabah should be the primary basis in interest-bearing credit transactions to provide funds for entrepreneurs (Mansur, 2018). Murabahah Financing Product is a sale and purchases agreement on an item, at a price agreed between the seller and the buyer after the seller mentioned the actual acquisition price of the goods and the amount of profit obtained (Rivai et al., 2008). Generally, Murabahah is adopted to provide short-term financing to customers to purchase goods, although it may not have the money to pay for them.

This study aims to compare the risk picture between Murabahah Financing and Mudharabah Financing from Sharia Microfinance Institutions. This research is expected to reference Sharia Micro Finance Institutions managers to understand the apparent differences in mudharabah and murabahah financing risk descriptions.

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This article has preliminary composition and literature review covering research background and theories about the risks of murabahah and mudharabah. After that, there is a method that describes the primary data source of the interview. Then, the study results were presented separately, first between the risks on the murabahah and mudharabah and then discussed afterward. This article then concludes with a conclusion containing the research results' essence and some recommendations and implications.

LITERATURE REVIEW

Previous Studies

Rozzani et al. (2017) has examined and contrasted the risks experienced by two types of Islamic microfinance providers in Malaysia: non-governmental organizations and commercial, financial institutions. Interview sessions were conducted on two Islamic microfinance providers' staffs using the comparative case study method. According to the findings, both Institution A and Institution B are susceptible to shariah risk, operational risk, and credit risk in terms of their disbursement and repayment systems. Furthermore, Institution B is susceptible to reputational risk because it is Malaysia's well-established and recognized financial institution.

Azhari (2017) concluded that BMT NU East Java made two essential efforts in anticipating the risk of losses, including the analysis of willingness to pay and the ability to pay. The analysis of the willingness to pay relates to its members' character through the track record of its members or administrative data conducted at the time of pre-contract. Meanwhile, the analysis of pay capability is done by analyzing and adjusting the data provided by members to the actual circumstances. This action is carried out at the time of the agreement as material for the eligibility of members.

Wibowo (2015) explained that the composition of murabahah financing is still vast in BMT. A muamalah rule states that "profit in return for the readiness to bear losses" causes the risk management process of murabahah financing since prospective members apply for financing until the payment of financing installments is interesting to investigate. The research concluded that the main focus of murabahah financing in BMT Amanah Ummah is the risk of failure of prospective members or financing members in fulfilling the obligation to pay financing installments.

Yulianti et al. (2018) show that the application of risk management in murabahah and mudharabah financing have similarities in the process. This financing is equally started from the process of risk identification, evaluation, and risk measurement. However, there are differences in its implementation, namely in murabahah financing. Risk identification is made as to the first step in risk management and risk measurement is done as a benchmark basis to understand the signification of losses that will arise. However, in mudharabah financing, risk identification is made at the beginning and when surveying the realization of the mudharabah financing. At the same time, risk measurement is done using an information management system through integrated micro banking system (IBS) software.

Kusumawati (2010) showed that together the risk of mudharabah financing and murabahah financing has no significant effect on Sharia Banks' profitability level. Mudharabah Financing Risk and Murabahah Financing Risk are simultaneously only able to contribute or influence 8.3% to the profitability level of Sharia Commercial Banks.

Previous studies have only focused on the particular type of risk of mudharabah or musharakah. Some previous studies have also only taken research data from one BMT. This study uses a comparative approach to enrich existing literature and take more data sources, i.e., three different BMTs. This study is expected to be a more detailed reference related to the comparison of risk descriptions of mudharabah and musyarakah financing

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BMT is believed to have a lower business risk than large corporate types of businesses (Antonio, 2011). However, during an economic downturn, Islamic microfinance organizations have a greater financial risk (Mohamed et al., 2021). This study indicates that Islamic microfinance institutions should increase the quality of their portfolio and why research on Islamic microfinance risk has become a priority. Studies on the risks faced by BMT are still rarely done due to the unavailability of secondary data that can be accessed easily. Many studies on BMT focus on descriptions of the causes of problematic financing. However, not much research has shed light on the details of the risks faced by Islamic Microfinance Institutions.

However, many of the Sharia Microfinance Institutions whose financing is dominated by the composition by customers is Murabahah Financing, whereas what should be an icon in Sharia Financial Institutions (SFI) is Mudharabah Financing. However, in reality, Mudharabah Financing is tiny in demand because BMT considers that the Murabahah Financing process has a more negligible risk than Mudharabah Financing. So that BMT spends more Murabahah Financing, which does not allow the many obstacles experienced by BMT that are not following the theory or system of practice analyzed or carried out by BMT.

Risks of Sharia Finance Institution

A review of risk management is being discussed. Financial institutions have acknowledged that they must pay attention to ways to mitigate risks to maintain competitiveness (Pratama, 2018). Every financial institution must identify and control the risks inherent in managing deposits and productive asset portfolios. The risk itself can be as an uncertainty of the output of a business (Ahmad, 2018). In general, the risks faced by Islamic financial institutions are relatively similar to those faced by other financial institutions. In addition, SFI also faces risks with their uniqueness because they must follow sharia principles in distributing funds (Suhel, 2018).

Islam recognizes that loss, accident, even death is the destiny of Allah SWT. This risk is certainly not impossible to reject, but we as human beings are instructed to make plans to risk deal with the uncertainty for a better future. This teaching has been stated in the word of Allah in sura al-Hashr verse 18:

يٰٓاَيُّهَا الَّذِيْنَ اٰمَنُوا اتَّقُوا اللّٰهَ وَلْتَنْظُرْ نَفْسٌ مَّا قَدَّمَتْ لِغَدٍۚ وَاتَّقُوا اللّٰهَ ۗاِنَّ اللّٰهَ خَبِيْرٌ ۢبِمَا تَعْمَلُوْنَ

O you who have believed, I will not give up on you any helper. Fear Allah, let every man look to what he has done for the morrow, and fear Allah. God is all-knowing and all-wise."

In this verse, Allah SWT instructs people to plan based on the situation and conditions, check their deeds, and predict the future so that potential losses can be minimized. In advance, it must be thought what will happen by conducting supervision or planning for tomorrow (Susilo and Septiarini, 2015).

It is evident that in the Islamic viewpoint, the risk in business cannot be eliminated but supports all efforts to minimize the risk or be managed to minimize the impact of the risk. It believes that only God's decision will determine the result and consider that the risk is a *Sunnatullah* in a business (Iqbal, 2015).

Murabahah Financing Risk

Murabahah financing in Sharia Finance Institution or SFI is financing with the principle of buying and selling. In murabahah financing, SFI act as resellers and have common risks in buying and selling. Risks in the contract of sale and purchase must be a consequence of the business world because it is natural that this kind of risk in the contract of sale and purchase such as writing a debt receivable agreement or even usury (Wibowo, 2015). Especially in murabahah transactions with binding orders, the risks that SFI will face are almost the same as the risks in Non-SFI. In murabahah, transactions without orders or transactions with orders that are not binding to customers buy them.

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Murabahah financing causes Financial Institutions to face two risks: First, there is no guarantee for SFI if the buyer cancels the transaction. Second, SFI will suffer losses due to the decrease in the value of the goods due to defects or damage during the storage period (Antonio, 2001). Antonio (2001) explained the possibility of risks anticipated in murabahah financing, among others. First is default or negligence. Members deliberately do not pay installments. Second, comparative price fluctuations occur when the price of an item in the market rises after SFI buys it for members. SFI cannot change the sale and purchase price. Third, the member's rejection, the goods sent may be rejected by the member due to various causes such as damage on the way. Fourth, sold, because murabahah financing is a trade with debt because at the beginning of the contract must have a contract signed, then the goods belong to the member. Members are free to do anything about the asset, including reselling it. If so happens, then the default risk will be significant.

Mudharabah Financing Risk

SFI conducts financing analysis intending to prevent possible early defaults by members. The analysis will produce the right decision and can be used to believe in the application for member financing (Ismail, 2011). The risks contained in mudharabah, especially in the application of financing, are relatively high. First, members use the funds instead of as mentioned in the contract. Second, negligence and deliberate error. Third, the concealment of profits by dishonest customers (moral hazard). Fourth, when the funds are managed by mudharib, Information access to mudharib is limited so that mudharib knows information unknown by SFI. This risk is called asymmetric information. Thus, mudharib, in this case, members as fund managers, have no obligation to bear the risk of losses incurred. Losses are charged to mudharib if the loss is due to negligence and fraud committed.

Sharia Microfinance Institutions

In distributing funds, microfinance institutions create a group pattern, namely the distribution of funds without collateral. One group consists of several individuals responsible for the repayment of loans of all members of the group. This condition can cause one member can not meet its obligations. It will hinder the distribution of loans to other members of the group. The essence of SFI is the provision of financial services for low-income people with small nominal to business activities. In this context, it can be said under the view of Islam that when a person gets into trouble, it should provide help if given excess. Therefore, Sharia Microfinance Institutions provide solutions with financial or non-financial services, which are based on Islamic norms derived from the Qur'an and Hadith. In this case, the Islamic values are by worship done in the congregation by reflecting the form of approach in groups and disbursing financing to low-income people (Oktafia, 2017).

Sharia Microfinance Institution has two functions attached to it, namely social functions and business functions. With the potential of this vast function, it can be developed to strengthen the community's economy through microfinance (Paramita and Zulkarnain, 2018). BMT, commonly called Cooperatives Save Borrowing and Sharia Financing (KSPPS), is a community economic institution supporting lower and small people's economic activities based on Islamic sharia. This organization was founded by non-governmental groups (KSM) seeking to develop productive businesses and investments in poverty alleviation efforts different from other financial institutions and formal financial institutions (Huda, 2016).

BMT aims to improve the quality of the economy, especially for the welfare of members and society in general. While the nature of BMT is to have an independent business, developed and managed professionally, and oriented to the welfare of members and the community of the environment, BMT can be established and developed with a gradual legality process. Initially started as a non-governmental group by obtaining a certificate of operation/partnership, and if it has reached a specific asset, it must be a cooperative legal entity (Adam, 2010).

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METHOD

This study used research data from various respondents so that the truth with the following steps can support the data obtained by researchers. The data is processed and analyzed. The type of research used by researchers in this study is field research that describes the circumstances and phenomena in the field on related topics. This study explored data and information from several Sharia Microfinance Institutions. This research is qualitative because it involves a research process conducted naturally and reasonably according to objective conditions in the field without manipulation and the type of data collected, predominantly qualitative data related to meaning, value, and understanding (Arifin, 2011). This research is descriptive about collecting data or information to provide clarity or affirmation of a symptom or concept and answer questions related to the research subject (Hamadi, 2011).

This study uses primary data from sources closest to people, information, or ideas studied into specific data in related research (Mustari, 2012). The source of information can be obtained directly from the personal research and can come from field research. In this case, primary data is obtained from the main source through direct interviews with leaders or financing officers at Sharia Microfinance Institutions. Secondary data sources are data retrieved and obtained from a second person or another person in another study that supports the writing of reports as a complement to primary data (Mustari, 2012). In this case, secondary data can be obtained from literature such as literature from writings, books, websites, journals, and other references. With the existence of secondary data, researchers can be helped in analyzing/understanding primary data material.

Three Sharia Micro Finance Institutions in Surakarta Province, namely KSPPS BMT Amanah Ummah, KSPPS BMT, and KSPPS BMT Nurul Barokah became the source of this research data. This research uses interview techniques regarding the information on questions asked (Mustari, 2012). In addition, this study uses sources from the literature on financing risks in the Sharia Microfinance Institution in discussions. Data analysis is conducted to make the research results easier to understand, and its findings can be informed to other parties (Sugiyono, 2015).

This study uses data analysis methods to cover data collection, data reduction, data presentation, and conclusion drawing. In the reduction step, researchers focus on selecting and classifying data from interviews. Then, this research discarded data that did not fit the theme of the study. However, researchers only took data from respondents of an essential nature, such as risks of Murabahah Financing and Mudharabah Financing in BMT, and efforts to counter the risks to Murabahah Financing and Mudharabah Financing in BMT

In presenting the data, the researchers presented data obtained from three KSPPS BMT reduced previously in descriptive form. In this case, the researchers will present data classified, such as murabahah financing risks and mudharabah financing faced by BMT, and efforts to counter the risks to BMT to minimize the risks that occur in the future does not occur again.

In this study, the conclusions taken are data obtained from interviews and documentation that supports three BMT after passing the stages of reduction and presentation of data. In this case, the researchers concluded by providing strong evidence with previously obtained data on Murabahah Financing and Mudharabah Financing risks in BMT.

In carrying out this study, researchers conducted interview methods in data retrieval. Interviews were conducted openly without manipulating data, knowing the purpose and purpose of this study. The results of this study can be used as a basis and essential input for further research.

The researchers obtained the required respondents' data, after which the researchers conducted interviews with several respondents who had experience or information related to Murabahah Financing Risk and Mudharabah Financing. The respondents interviewed were:

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Table 1 Respondent data

Respondents	Type of Work	Working Period
Yuni Dwi H	General Manager (BMT Sakinah)	13 Years Old
M. Nazaruddin Latif	PO & NPF Manager (BMT Sakinah)	20 Years Old
Thoriq Mugni A	Manager Marketing (BMT Sakinah)	12 Years Old
Elis Fatmawati	Finance Admin (BMT Sakinah)	3 Years Old
Demos Anggara	Business Director (BMT Amanah Ummah)	10 Years Old
Dadang S	Head of Legal (BMT Amanah Ummah)	8 Years Old
Nur Isnaeni	Central Manager (BMT Nurul Barokah)	21 Years Old
Atik Nur Aini	Branch Manager (BMT Nurul Barokah)	7 Years Old
Saryono	NPF/ Marketing Financing (BMT Nurul Barokah)	6 Years Old

Source: Primary data (processed), 2021.

Table 1 lists the names of respondents from the Three KSPPS BMT that researchers chose to obtain valid information about this study that occurred in the field. This study has limited time and funds. Therefore researchers only choose nine respondents only. All respondents are who have experienced in the field and have dealt with the risks of financing.

RESULTS AND DISCUSSION

Risks of Murabahah Financing and Mudharabah Financing

Risk in every banking must exist because it has become the basis of the benchmark of the banking world or financial institutions to mitigate (reduce the impact) of the risk. According to the information obtained by researchers in an interview with one of the managers, if 100% of the use of murabahah financing is almost 70%. However, mudharabah financing is only 5%, even very little. Because murabahah agreement plays an essential role in improving BMT business performance in terms of risk is small, because the contract is apparent, easy to understand, and simple enough to analyze the risk. Nevertheless, the risk can arise at any time, that is, before, when, and after decision making depends on the readiness of BMT human resources.

Based on the findings of researchers in each BMT to analyze the risks and efforts to overcome them, BMT averages using the principle in it, namely 5C: *Character* (character and personality of prospective members), *Collateral* (collateral / collateral owned by prospective members), *Capacity* (ability of prospective members), *Capital* (amount of capital collected by prospective members), and *Condition* (economic condition of prospective members). These procedures all have to do with "How do members pay BMT financing?". If BMT is under-analyzed members in terms of 5C, other risks will arise. All risks in this study is classified as follows:

Table 2 Murabahah and mudharabah financing risk comparison

Murabahah Financing	Mudharabah Financing
Member Character Risk	Member Character Risk
Risk Guarantee	Risk Guarantee
Risk of Contract Abuse	Risk of Contract Abuse
Member Capability Risk	Member Capability Risk
Risk of Object Loss	Risk of BMT Human Resources
Risk of Default (Bad Credit)	Honesty Risk
Inventory Risk	Bookkeeping Risk
Administrative Risks	Risk of Loss
Trust Risk	Risk of Extraordinary Events (Disasters)
Sharia Law Risks	

Source: Primary data (processed), 2021.

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Murabahah Financing Risk

The trade agreement that is the basis of the murabahah financing agreement has a variety of risks. The risk of unsold goods occurs in the business of buying and selling or so forth. Such risks result from a reasonable business world because of the readiness to bear such risks that murabahah contracts become lawful and write off debts the interest. Explanation of the risks arising from the data of the three BMT are described below.

Risk is seen in terms of member character

This risk becomes the main thing in reviewing the risks that may also be a considerable risk because BMT has to face various characters, which can be challenging to find, miss, or even more fierce than BMT. Of course, the risk of character is the member who has many problems, not only problems with BMT but problems with his family or environment, which could be members disappear because of the many problems they face.

In terms of the feasibility of these members in receiving financing, murabahah is quite vulnerable. Significantly this risk will aggravate BMT's risk if the surveyors are not thorough, inappropriate (financing selection), and less deeply dig information (less valid) members that will cause other risks. For example, financing murabahah motorcycles that should be given members Rp 20 million, but BMT gives Rp 20 million. The example is fatal for BMT, so in terms of prediction, members must be cautious.

As for the risk of other characters from the BMT, side is dishonest members in terms of installments elsewhere, which is likely members are accustomed to debt in other banks and members are not awkward to lie to BMT about other installments. In this case, also BMT must understand the condition of its members. If the member's condition is not acceptable and has a lousy installment in the financing, then from here, BMT needs power or consistency in terms of problematic financing billing.

Risk guarantee

Unsecured murabahah financing will be more complicated than using guarantees. The risk occurs when BMT miscalculates the percentage of the guarantee at the beginning contract. The value of the guaranteed object is likely to drop. Sometimes the goods used as collateral are lost or mortgaged by the member due to the member's needs.

Risk of contract abuse

Members abused the contract. As an example, members use one financing agreement but are used by two people. Furthermore, the second person only rides the name and does not use the guarantee. Automatically the first party must bear the cost in full.

Member capability risk

The member who is no longer working in the same place as before causes the member's economy to decline. For example, the COVID-19 pandemic such as this member is no longer selling or employees who may no longer be employed in the company. Members' ability to pay is reduced and has to do with "How do members pay for it?". In that case, the impact for the community there is a decrease in the purchasing power of the community. Especially in the purchase of goods due to the COVID-19 pandemic season, BMT must be more selective in providing goods by assessing the price of goods and asking more members to advance their advances to obtain the goods they want.

Risk of loss of objects traded

Goods or objects that have been in the hands of members lost due to accidental or intentional, even members still ask for installments. Even though the insurance is not covered initially, BMT can only use life insurance that can only be claimed when someone dies. The risk of loss does not become loss insurance but remains the obligation of the member to return some money according to the initial

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agreement. The risk faced by BMT that members become unable to pay causes BMT still have to bear the cost of such installments if members do not pay it.

Risk of default (bad credit)

The risk of default is the most considerable and occurs a lot, such as members committing default or negligence in returning funds. If the member's risk of default has to do with the overall risk mentioned above, but in this case, the aggravating risk is that the member is not well selected because there is miss communication between surveyors in terms of incomplete information about the state of the member. Another risk, in this case, is that the member is not responsible for the goods, namely the goods mortgaged by members in private leasing (lease), resulting in members defaulting because they feel the goods do not exist but have to pay installments. Another risk of bad credit is that members have not been able to pay installments at each maturity due to unavoidable urgent needs such as illness, accidents, disasters, and the funds used to pay installments used for treatment first.

Inventory risk

The risk in the inventory of the goods occurs since BMT becomes the second seller in the purchase of goods. This mechanism allows the risk of BMT failing to obtain goods following the wishes of members. This risk is because the goods purchased are defective in the purchase of goods. Another risk in the goods inventory is that the member cancels the purchase of goods ordered by BMT. In the purchase of moving vehicles, BMT usually make purchases indent (purchase by ordering and paying in advance), which may arise the risk of buying goods that are not under the wishes of members such as limited edition vehicles. However, a study by Faishal and Saleh (2019) showed that the cost of storage in an inventory system on a murabahah contract could be cheaper than with conventional flower systems.

Risk of Murabahah Financing with Wakalah

If BMT cannot purchase goods directly from the supplier and the member wants to buy directly from the supplier, BMT will give the member power (wakalah). Based on the interview with The Main Manager of BMT Nurul Barokah, the average murabahah financing using murabahah with wakalah. By representing members to buy the desired goods, BMT asked for proof of purchase receipt after purchasing the goods as proof that members had purchased the goods.

However, starting in 2019, BMT Nurul Barokah slowly removed the murabahah system with wakalah starting with purchasing electronic devices, household appliances, and other moving vehicles, with a pure murabahah system (BMT buy directly). But in terms of land purchases, BMT Nurul Barokah on average still use murabahah with wakalah. However, on the other hand, the purchase of land, BMT still tries pure murabahah in cooperation with the seller of land as much as possible. BMT Nurul Barokah murabahah financing must be actual buying and selling, namely BMT buying goods as desired members and BMT selling. Explanation of the risks of murabahah with wakalah are described below.

Administrative risks

The risk from the administration side is BMT less observant to pay attention to the administration side. For example, miss the month, which members already feel has been agreed in complete agreement. However, only akad wakalah, even once a month past the incident, forgot the murabahah agreement when it is a vulnerable administrative risk because BMT must have a journal back.

Member trust risk

Another risk in terms of member trust is an unexpected risk that BMT trusts with its members regarding purchases with wakalah. BMT does not know who owns the goods purchased by the member. This risk happened because BMT only asks for proof of receipt only and only with the member buys the goods after being given the money.

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Sharia law risks

Understanding members about akad wakalah possibly change into a loan agreement to borrow money when it contains conventional interest. The risk of sharia law would occur when the initial agreement of member purchase is not following the specification. In addition, this risk is sustainable BMT must work twice because it has to repeat the contract that was original wakalah then murabahah.

Risk of Mudharabah Financing

Based on the interview results with Mr. Demos as Business Director of BMT Amanah Ummah in explanation mudharabah, BMT finances 100% of capital to members. However, most of what happens members already have capital and BMT only provides additional capital with the component of the division agreement for the results. According to Mrs. Yuni as General Manager BMT Sakinah, the mudharabah agreement is a ratio revenue share that is more difficult to apply, especially in the conflict.

Mr. Nur, as General Manager of BMT Nurul Barokah, also said mudharabah financing is indeed profit-loss sharing. However, misappropriation is prone to occur, members have capital, and BMT increases the member's capital. Only other mudharabah requirements have not been met. Reporting is carried out verbally, not with written evidence. In practice, mudharabah financing can not be pure because members are not ready with BMT's specific recording of financing.

The current mudharabah model is a mudharabah model of capital mergers such as musyarakah. In its recording, mudharabah, and musyarakah are likened because BMT requires members who choose mudharabah whose business is already running instead of the new pioneer to minimize the risks. Explanation of the overall risks that arise in mudharabah financing are described below.

Member character risk

Risk exists after BMT makes a decision, but BMT risk is when BMT predicts and assesses members' ability and willingness to return financing.

Risk guarantee

In the mudharabah agreement, a guarantee is needed to function efficiently to ensure that the customer's financing will be returned. The calculation of collateral taxation in akad murabahah with mudharabah agreement is the same as maximum taxation of 70%. The risk of guarantee for BMT is when the member defaults to the realm of law, resulting in BMT having to sell or auction its guarantee. A decrease in the guaranteed price not following the initial calculation is no rule on underlie guarantees.

Risk of contract abuse

This risk occurs because of the lack of education to the community about mudharabah agreements, so the community considers it still like a typical loan store. The view of the community is still wrong or lack understanding of the BMT condition. They assume that sharia cooperatives with other banks in terms of credit are treated as same if BMT is firmly considered abusive or too sadistic. At the same time, other financial or banking institutions are more assertive than BMT. The risk of misuse of contracts has to do with the risk of BMT trust level to its members, namely members can not control or inappropriate use the capital that BMT provides for the business promised in the contract. Because in mudharabah, financing members have the freedom to use money.

Member capability risk

Members in terms of managing their business can not stand slam with all conditions and situations, and members can less overcome the risk mitigation that occurs in the future. Although BMT can trust the member's responsibility, sometimes resolving the risk of his business members is still facing difficulties.

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Risk of BMT human resources capability

On the other hand, BMT should monitor the efforts of members who have been given financing. However, outside of monitoring the business, there are constraints BMT to monitor its business, namely inadequate and limited human resources, because not all staff have the same analytical ability. Managers can analyze financing above 100 million and above, but not necessarily staff can analyze the financing. Fersi and Boujelbène (2021) found overconfidence proxies have revealed negative repercussions on risk-exposures for both MFIs on average, as seen by high loan growth, low-interest margin, and loan loss provision. Overconfidence among loan officers is associated with a higher risk-taking choice and, as a result, a lower loan portfolio quality.

Honesty risk

The risk of financing mudharabah tends to the honesty of members into the business and the whole, about the risk of dishonest profit calculation as reported. BMT can not hold members' honesty 100% in terms of providing profit information delivered. When determining the ratio is straightforward, but challenging is the honesty of members in reporting profit results. Sometimes members also have another financing which makes BMT numbered two for financing payments because members prefer payments at central banks.

Bookkeeping risk

Bookkeeping records that do not meet expectations. For example, members are honest in terms of financial reporting. However, they cannot calculate finances regularly or disciplinary bookkeeping, resulting in members reporting their profits only orally without proof of bookkeeping reporting. Most of the members interfered with their business finances with their daily needs. Members were less experienced in terms of ratio percentage, while the application of percentages that researchers found on average using ratios (profit sharing) 70% for members and the remaining 30% for BMT, in this case, the division of ratios less acceptable to members. Software ratio in mudharabah financing can not be brained about how much the bill is each month. There is no name of the bill for revenue sharing, but members-only provide financial reporting each month.

Risk of loss

The highest risk in mudharabah is a loss in terms of its implementation. This risk occurs when the funds are liquid, but the supervision is not strict. If the member is not trusted will cause losses to occur. On the other hand, the division of ratios in BMT mudharabah financing must dare to bear losses. The risk of loss can come from two sources. First, losses are caused by the member's negligence in conducting his business, which makes members still pay installments (members who bear losses). Second, losses are due to the total loss where there is no element of the intentionality of the customer. For example, the customer dies and the insurance covers the loss (a third party who bears the loss).

Risk of extraordinary events (disasters)

Risks sometimes arise from natural conditions, namely agriculture, plantations and the covid-19 pandemic events where such events occur due to outside members' capabilities. And other unexpected or accidental events such as the fire of its members' business stores and other events.

Discussion of Murabahah Financing Risk Comparison and Mudharabah Financing Risk

The explanation above about the risk factors of murabahah financing that occurred in BMT concludes that from researchers' findings of researchers about 12 factors of murabahah financing and murabahah risk with wakalah have different risks the results of previous researchers.

This finding also indicates the same factors that the possibility of risk that BMT should anticipate in murabahah financing. BMT should focus on the negligence of members who deliberately do not pay installments, comparative price fluctuations, rejection of members due to goods sent damaged/defects

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in the journey, and members who sell their goods after the contract is signed. If so happens, the default risk will most likely be (Antonio, 2001).

Other research mentions several other risks that could potentially exist in murabahah financing but does not appear in the findings of this study. These risk factors are the ability and business instincts of financing analysis is not adequate, financing analysts do not have good integrity, members of the financing committee are not independent, BMT supervision of financing that has been given is inadequate, and BMT Officials involved in financing termination do not run the professional side.

BMT external factors also support other things and members that can cause losses, including economic conditions members who become assumptions when financing is given changed. There is a change in the applicable legislation concerning projects or sectors of the member economy that causes members to default. Other better and cheaper companies raise the emergence of replacement products (Fikruddin and Mufid, 2015). While the exposure of the risks of financing mudharabah above also has the same criteria as previous research, namely the risks contained in mudharabah financing. The exposure, especially in the application in the financing, is relatively high, including side streaming that members use the funds is not as mentioned in the contract, negligence, and deliberate mistakes by members. The concealment of profits by dishonest members (moral hazard) is not mandated (Antonio, 2001).

This research identifies risks that previous research has not mentioned in applying mudharabah financing risk. When funds are managed by mudharib, BMT information access to mudharib is minimal, so mudharib knows unknown BMT (Antonio, 2001). This risk is called asymmetric information (the tendency of one party to master more information to be dishonest). Thus, mudharib, in this case, members have no obligation to bear the risk of losses incurred. Losses are charged to mudharib if the loss is due to negligence and fraud committed by the member.

Several other factors have the potential in mudharabah financing. However, they do not appear in the findings of researchers, namely: The occurrence of marketing changes, BMT Officials/Managers both who conduct financing analysts and who decide financing has a personal interest business/project requested financing by prospective members, members' businesses that begin to be quiet that cause the economy to decline, there are members who have the intention but do not have the funds to pay their obligations, and there are members who have the funds to pay their obligations but do not have the intention to pay them (Arifah, 2017).

Based on the discussion of comparison between the two financing agreements above, researchers conclude that the risk of mudharabah is greater than the risk of murabahah financing. However, when viewed from the factors, mudharabah financing is more petite than murabahah financing, but mudharabah financing tends to be relatively high in its application. This condition is due to asymmetric information and moral hazard. In addition, these two problems are also caused by high risk in mudharabah financing is mudharabah financing in the form of investment. If the income or result is not appropriate, it will affect other factors internally and externally. The disadvantage of mudharabah financing is that when BMT is not appropriate or miscalculated, members' character is likely to stall financing or low profit-sharing rates. However, mudharabah financing has advantages such as income or profit-sharing being more significant than murabahah financing if investments/businesses managed by members are successful.

The most significant risk in murabahah financing is the risk of members defaulting due to the member tort or negligence by deliberately not paying installments that cause congestion risk. However, if seen in terms of factors, murabahah financing risk looks a lot. However, the implementation is tiny because, in murabahah financing, the contract is straightforward, easy to understand, and relatively simple in analyzing.

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The researchers' findings showed that the risks in murabahah financing and mudharabah financing have many similar risk factors attached to both contracts, namely the character factors of members. After all, BMT must face people with a variety of different characters, risk of honesty of members because BMT can not hold 100% members trust, the risk is not appropriate in financing and abuse of contracts, and so forth.

CONCLUSION

This study concludes that the risk of murabahah financing is more diminutive than mudharabah financing because the risk of murabahah financing can be measured. After all, the margin has been determined at the beginning of the agreement. On average, the nominal financing of murabahah is small. However, mudharabah financing is difficult to predict the business condition of members in the future, and BMT must be ready to bear losses on members' businesses. This study also identified other risks inherent in murabahah financing with the wakalah agreement, namely the risk of trust to purchases made by members and the risk of sharia law with the misuse of contracts by financing members.

This research recommends that BMT prepare human resources better prepared to prevent more significant risks in mudharabah financing. The human resources need to have business assistance experience with a considerable nominal cost to analyze better the submissions of members who want to break mudharabah. This qualitative research has provided a more detailed picture of the risk comparison of mudharabah and murabahah financing. However, for further research, there needs to be a quantitative study that measures more scope of objects that involve more significant order to produce more specific data.

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