

The Role of Sharia Rural Bank (SRB) in Improving Customer Welfare Using CIBEST Model Approach

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ABSTRACT

Keywords:
SRB, Tabarak financing, CIBEST model.

This study aims to analyze the role of Sharia Rural Bank (SRB) in Pamekasan Regency in improving customer welfare through the Tabarak Program. This study uses a qualitative approach with the CIBEST model. The results showed that the tabarak financing program affected the welfare of Muslim customers in Pamekasan Regency, Madura. The tabarak financing product without collateral with a 0% NPF increases 20% of families from material poverty to become prosperous, 77% of families remain in a prosperous condition, and 3% are materially poor. Based on the CIBEST model, SRB in other cities and provinces can increase the percentage of people who have succeeded in increasing their welfare. The CIBEST model used in this research can precisely evaluate the participants of the SRB self-supporting tabarak program.

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INTRODUCTION

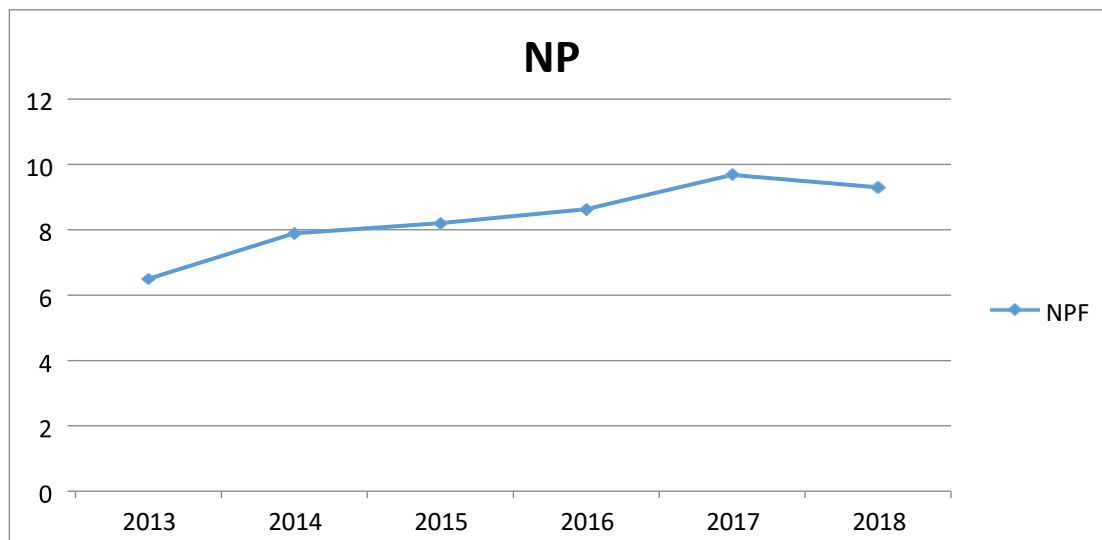
Islamic economics is a part of Islam that guarantees the realization of prosperity. Islamic economics views that prosperity is not solely a matter of material economic distribution, but also includes other spiritual aspects (Purwana, 2014). According to al-Ghazali in his book *Ihya 'Ulum Al-Din*, prosperity is the achievement of welfare that will be realized if the objectives of sharia are maintained (Maqashid al-Shari'ah). (Karim, 2014). Islamic economics has a way to achieve prosperity through sharia banking and sharia rural credit banks. At the micro level, the existence of Sharia Rural Credit Banks (BPRS) plays a vital role in the growth of Small and Medium Enterprises (MSMEs) which are the objects of BPRS financing. As of December 2018, BPR Syariah had a network of 167 offices spread almost throughout the archipelago. The number of office networks shows that BPRS continues to grow every year. The number of BPRS offices in Indonesia experiences a significant increase every year. In 2015, the number of BPRS in Indonesia was 163 offices and in 2016 there was an increase of 4 offices and in 2017 it became 167 offices (OJK, 2018)

The ever-increasing number of offices was also accompanied by an increase in BPRS revenue from 2013 to 2018. This indicates a positive trend for the growth of Zakat, Infaq, and Alms (ZISWAF) institutions. From 2015 to 2019, BPRS consistently experienced an increase in revenue each year. Starting from 2013 at 753,272 billion to 2018 at 1,302,975 billion (OJK, 2018). During the same period, the increase in BPRS revenue was also accompanied by an increase in Third Party Funds (DPK) and an increase in financing (Financial Services Authority, 2018). The following is data on Third Party Funds and Financing from 2013 to 2018.

In its current development, BPRS faces significant challenges, namely high levels of competition and the ability to manage risks, particularly credit risk. Credit risk is the risk resulting from the failure of customers or other parties to fulfill their obligations to the bank in accordance with agreed agreements. Credit risk has long been recognized as the greatest risk faced by banks. This risk is unavoidable because it is inherent in the bank's core activity, namely the distribution of funds. This risk is the greatest because losses from bad debts have the potential to damage the bank's capital. The Non-Performing Financing (NPF) ratio is used to measure a bank's non-performing loans.

In Islamic banking, financing is the bank's primary activity in generating income. The greater the financing compared to public deposits or deposits in a bank, the greater the risk borne by the bank. One of the risks borne by the bank itself is problematic financing or commonly called Non-Performing Financing (NPF) in Islamic banking. NPF in conventional banking is known as Non-Performing Loan (NPL) which is one of many indicators to see the performance of a bank. A high NPF/NPL value indicates an indicator of the bank's failure to manage funds distributed to the public for business that can affect the

performance of the bank itself. Judging from the many problems that can arise if the NPF ratio is high, it is very important for banks to have an NPF ratio that meets the NPF ratio in accordance with regulatory provisions. The Financial Services Authority (OJK) as a government agency that has the task of regulating and supervising financial services will summon any bank with a high NPF ratio. This is done to ensure each bank's NPF ratio does not exceed 5%. is the NPF ratio of BPRS in Indonesia from the year 2013 until 2018.



Source : Otoritas jasa keuangan (OJK)

The NPF graph shows that the NPF ratio of all BPRS in Indonesia from 2013 to 2018 exceeded the minimum NPF ratio of 5%. In 2018, the NPF ratio was 6.5%, and the highest NPF ratio occurred in 2017, at 9.68%. A high NPF ratio indicates that every bank or BPRS has the potential for a Non-Performing Credit Ratio (NPF). However, this is different from BPRS Mandiri Pamekasan, which actually has an NPF of 0% for mudharabah financing in the tabarak product. This product is also a mudharabah product that does not require collateral for financing customers. Mudharabah financing itself is a contract where the capital owner provides capital (assets) to the amil (manager) to manage it, and the profits are shared according to what they agree on. Meanwhile, losses are only the responsibility of the capital owner. Amil does not bear any losses except for his business and work. Kanzul Ummaal defines mudharabah as a partnership between one party and another (Az-zuhaili, 2011). It is certainly interesting to examine how BPRS Sarana Mandiri Pamekasan can improve the welfare of its customers without defaulting on payments through its Tabarak financing program. Based on the problem phenomena described, this study will further explore the reasons for BPRS Pamekasan Mandiri's success in achieving zero NPF in unsecured mudharabah financing.

Literature Review

Mudharabah or Qiradh is one form of syirkah contract. In mudharabah financing, if there is a loss, the owner of the capital bears the loss while the worker is not responsible for the loss. This is because the workers are already working with their energy who do not receive compensation if they lose. If there is a profit, the owner of the capital has the right to get a profit because the capital belongs to him, while the worker gets a profit from the results of his work (Syafei, 2001).

From the explanation above, it can be interpreted that the mudharabah contract is a contract in which the owner of the capital provides capital (property) to the amil (manager) to manage it, and the profits become common property according to what they agreed on. Meanwhile, the loss is only the responsibility of the owner of the capital. Amil does not bear any loss except for his business and work. The legal basis of the mudharabah contract itself is that it may be based on the Qur'an, sunnah, ijma and qyas. However, this law is an exception to the problem of fraud (gharar) and ijarah which are not yet known. There is also the evidence of the Qur'an, namely the word of Allah

إِنَّ رَبَّكَ يَعْلَمُ أَنَّكَ تَقُومُ أَدْنَىٰ مِنْ ثُلُثَيِ اللَّيْلِ وَنِصْفَهُ وَثُلُثَهُ وَطَائِفَةٌ مِنَ الَّذِينَ
مَعَكَ ۗ وَاللَّهُ يُقَدِّرُ اللَّيْلَ وَالنَّهَارَ ۗ عَلِمَ أَنْ لَنْ تُحْصُوهُ فَتَابَ عَلَيْكُمْ ۖ فَاقْرَءُوا مَا تَيَسَّرَ
مِنَ الْقُرْآنِ ۗ عَلِمَ أَنْ سَيَكُونُ مِنْكُمْ مَرْضَىٰ ۖ وَآخَرُونَ يَضْرِبُونَ فِي الْأَرْضِ يَبْتَغُونَ مِنْ
فَضْلِ اللَّهِ ۖ وَآخَرُونَ يَقَاتِلُونَ فِي سَبِيلِ اللَّهِ ۖ فَاقْرَءُوا مَا تَيَسَّرَ مِنْهُ ۗ وَأَقِيمُوا الصَّلَاةَ
وَآتُوا الزَّكَاةَ وَأَقْرِضُوا اللَّهَ قَرْضًا حَسَنًا ۗ وَمَا تُقَدِّمُوا لِأَنْفُسِكُمْ مِنْ خَيْرٍ تَجِدُوهُ عِنْدَ اللَّهِ
هُوَ خَيْرًا وَأَعْظَمَ أَجْرًا ۗ وَاسْتَغْفِرُوا لِلَّذِينَ تَبَتُّوا مِنَ الذَّنْبِ ۖ إِنَّ اللَّهَ يَغْفِرُ رَحِيمًا

"Verily, your Lord knows that you stand (praying) less than two-thirds of the night, or one-half of the night or one-third of the night and (as well as) a group of those who are with you. And Allah determined the measure of the night and the day. Allah knows that you can never determine the limits of those times, so He makes it easy for you, so read what is easy (for you) from the Qur'an. He knows that there will be among you those who are sick and those who walk the earth seeking some of the bounty of Allah; and others are fighting in the cause of Allah, so read what is easy (for you) from the Quran and establish prayer, pay zakat and give Allah a good loan. And whatever good you do for yourself, you will surely find it with Allah as the best and the greatest reward. And ask Allah for forgiveness; Verily, Allah is Forgiving, Most Merciful." (Al-Muzammil: 20) Mudharib (manager) is a person traveling on earth in search of Allah's bounty. Also the word of God,

فَإِذَا قُضِيَتِ الصَّلَاةُ فَانْتَشِرُوا فِي الْأَرْضِ وَابْتَغُوا مِنْ فَضْلِ اللَّهِ ۚ وَاذْكُرُوا اللَّهَ
كَثِيرًا لَّعَلَّكُمْ تُفْلِحُونَ

"When shalat has been done, then you scattered on the earth, and seek the bounty of Allah." (al-Jumu'ah: 10)

The ayat above generally include work by providing capital. As for the Sunnah, the hadith narrated by Ibn Abbas ra. that Abbas bin Abdul Muttalib when giving wealth/capital for mudharabah, then he requires the manager (mudharib) not to cross the sea, go down the valley, and buy riding animals that have a wet heart. If mudharib does these things, then he must bear it, then the conditions reached the Messenger of Allah, and he allowed it.

Ibn Majah narrated from Shuhaib ra. that the prophet. said,

"There are three things in which there is blessing, namely selling hard, muqarodhah (mudharabah), and mixing wheat with flour at home, not for sale."

While the argument of ijma is what was narrated by the congregation from the companions that they gave the orphan's property to do mudharabah on it, and no one denied it. Therefore it is considered as ijma. While the qiyas argument is that mudharabah can be qiyased in a musaqah contract (a contract to maintain plants, sellers) because of the consideration of the community's needs for him, because there are rich and poor people. Sometimes there is someone who has property, but does not know how to manage his wealth and make it a business. There are also people who do not have wealth, but are good at managing wealth. Therefore, this mudharabah contract is permitted by syara' to meet the needs of the two types of people. Allah does not indicate contracts except for the sake of benefit and to meet the needs of His servants.

The wisdom of the stipulation of mudharabah is to provide opportunities for the community to develop their wealth and to achieve an attitude of mutual assistance among them. In addition, to combine experience and intelligence with capital to obtain the best results. There are several studies related to non-performing financing and mudharabah financing. Here are some studies that discuss NPF and mudharabah contracts.

2.2. CIBEST method

2.2.1. Determination of Material Poverty Lines and Spiritual Poverty Lines

The material poverty line (denoted by MV) is derived from the following formula

$$MV = \sum_{i=1}^n P_i V_i$$

where:

MV = minimum material requirement standard (in rupiah or local currency)

P_i = price of goods and services i (in rupiah or local currency)

V_i = the minimum amount of goods and services I need

2.2.2. Calculation of household spiritual scores observed before and after participating in the productive-based zakat program

The general formula for calculating the observed household spiritual score is as follows:

$$SS = \sum_{k=1}^n \frac{SH_k}{N}$$

SS = mean score of actual spiritual condition of all observed households

SH_k = household actual spiritual score k

N = total number of observed households

The SH value is obtained by applying the following formula:

$$SH = \sum_{i=1}^n \frac{H_1 + H_{21} + \dots + H_{1n}}{MH}$$

Where:

SH = average score of one household's actual spiritual condition

H_i = actual spiritual score of household members i

MH = number of household members

Meanwhile, the formula is as below:

$$H_i = \frac{V_{pi} + V_{fi} + V_{zi} + V_{hi} + V_{gi}}{5}$$

where:

H_i = actual spiritual score of household members i

V_{pi} = household member prayer score i

V_{fi} = fasting score of household members i

V_{zi} = score of household zakat and infaq i

V_{hi} = household environment score based on the perception of household members i

V_{gi} = government policy environment score based on the perception of my household members

(cara perhitungan skor)

2.2.3 Calculation of actual income or expenditure of observed households

It is important to know whether their income or expenses exceed the MV value or not. Through this stage it will be known whether the household is materially rich or poor.

2.2.4 Joined in the CIBEST quadrant

After having MV, SV, spiritual actual scores and household real income or expenditures observed, each household is grouped into the CIBEST quadrant using a combination of spiritual and material scores (see Table 2).

Table 2.

Value Combination MV and SV

Hasil	Value $\leq$ MV	Value $>$ MV
Value $>$ SV	Poor household materially and spiritually (Quadrant II)	Materially rich households and spiritually rich (Quadrant I)
Value $\leq$ SV	Materially poor households and spiritually poor (Quadrant IV)	Materially poor households and spiritually rich (Quadrant III)

a. Calculation of each quadrant to get the value of the welfare index, material poverty index, spiritual poverty index and absolute poverty index.

The formula is as below: Where: W = Welfare Index ($0 \leq W \leq 1$) w = number of spiritually and materially rich households N = total number of observed households Where: P_m = Material poverty index ($0 \leq P_m \leq 1$), M_p = number of households that are spiritually rich and materially poor, N = total number of observed households. Where: P_s = Spiritual poverty index ($0 \leq P_s \leq 1$), S_p = number of households that are materially rich and spiritually poor, N = total number of observed households. Where: P_a = Absolute poverty index ($0 \leq P_a \leq 1$), A_p = number of households that are materially poor and spiritually poor, N = total number of observed households

RESEARCH METHOD

The method used in this research is a quantitative descriptive method. The use of this method is intended to obtain information about a symptom in the research to be able to describe and explain the influence and relationship of a phenomenon through hypothesis testing, so that a solution can be found to the problem being faced (Ferdinand, 2014). In relation to this research, the descriptive method will provide an overview of the frequency distribution, average statistics, and welfare index of fishermen's families that fall into the four quadrants of the CIBEST model.

Research design is a blueprint for collecting, measuring, and analyzing data. Research design is also said to be an investigation plan and structure that is created in such a way as to obtain empirical evidence to answer research statements (Muhammad, 2008). This research is intended to describe the situation or event that occurred. The main aim of this research is to provide an overview of data, processes, mechanisms, or relationships between events (Muhammad, 2008).

Definisi Operasional Variabel

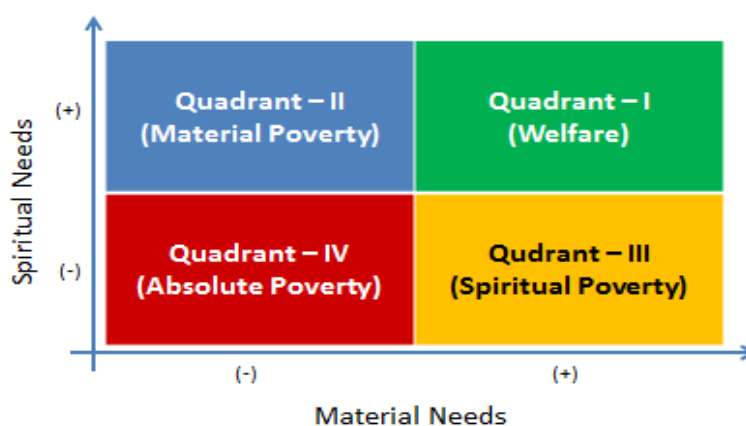
Operasionalisasi variabel memberi batasan-batasan definisi, dimensi dan indikator. Berikut Tabel 3.1, akan menguraikan operasionalisasi variabel dalam penelitian ini.

Variab	Likert					Pover
	1	2	3	4	5	
Prayer	Block ing	Agains t the concep	Perform ing obligato	Always perfor ming obligat	Performi ng congregat i- onal	Averag e score for spiritu ally poor househ old is equal to 3 (SV = 3)
Fasting	Block ing other	Agains t the concep	Not fully perform	Perfor ming only	Perfor ming obligato	
Zakat and	Blocki ng other	Agains t the concep	Not paying infak at	Paying zakat al-	Paying zakat al-fitr	
House hold Enviro	Forbid ibaah	Agains t imple	Conside r ibaadah as	Support executio n of	Creating environm ent which obligates	
Govern - ment Policy Enviro n- ment	Forbid ibaah	Agains t imple men- tation of ibaah	Conside r ibaadah as private matter	Support executio n of ibaadah	Creating environm ent which obligates execution of ibaadah	

RESULT AND DISCUSSION

The CIBEST model is a poverty and welfare calculation model based on the ability to fulfill material and spiritual needs. The main issue in this model is how to set standards for material needs and spiritual needs, making it easier for us to analyze whether a family or household belongs to the group of prosperous families, material poor families, spiritual poor families, or absolute poor families. There are two measurements in this model, the first is material and spiritual. In the context of meeting material needs, it is carried out with a survey approach to the minimum needs needed by a family or household, which are based on at least five types of basic needs, namely clothing, food, housing,

education and health. While the standard for fulfilling basic spiritual needs is



based on five variables, namely the implementation of prayer, fasting, zakat, family environment and government policies. The two measurements will group the sample into four quadrants as illustrated in the following figure:

Source: Beik.2016.

The following is an explanation of the Tabarak Program of the Pamekasan Regency BPRS Sarana Mandiri: Product Name: BPRS Sarana Mandiri Pamekasan Regency: Working Capital Financing Without Collateral (TABAROK). The primary target of this program is small businesses (home-based and in markets) who are burdened with debt from loan sharks. **PRODUCT FEATURES:** Unsecured: This working capital financing does not require any form of collateral. The loan term is relatively short, with a maximum of 6 months. Fast Service (Disbursement within hours). This financing is relatively fast and can be disbursed within hours. The requirements are simple: All you need is a valid ID card from both husband and wife.

Free of Charge: Customers receive the full loan amount without any fees. **Loan Ceiling:** The loan ceiling is temporarily set at between IDR 1,000,000 and IDR 5,000,000, and this amount can be increased according to needs. **Installment Scheme with Savings:** Customers are required to SAVE DAILY from their daily business profits, with the amount saved being 1.5% of the loan amount. **Profit-Sharing System:** This financing uses a sharia-compliant PROFIT-SHARING system (Mudharabah Contract) that is deducted from the daily profits saved. **Profit-Sharing Ratio:** The Profit-Sharing Ratio is set at 20% for the Bank and 80% for the Customer. **Barokah:** Profits shared between the Bank and the Customer will be deducted from 2.5% of infaq and sadaqah (charity) with the intention of purifying the wealth earned from the customer's business.

Benefits of the Savings Scheme for Customers:

- Customers will get into the habit of saving a portion of their business profits so that they are not consumed on the same day.
- By saving, at the end of the maturity period, the customer will have a savings balance sufficient to repay the principal and still have a minimum savings balance of +75% of the loan amount.
- Customer savings do not need to be deposited at a bank office because they will be handled by bank officers who will visit the customer's business premises.
- Savings withdrawals are only available for 25 days per month. Therefore, if a customer saves for 30 days, the remaining 5 days are not subject to profit sharing for the bank and are the customer's sole responsibility.

Benefits:

1. This financing process is easy and fast.
2. Customers receive 100% of the loan amount in full, free of any fees.
3. Customers are encouraged to SAVING, and with this savings pattern, they can set aside a portion of their business profits and not spend them all on the day.
4. With this savings pattern, customers no longer need to worry about repaying the loan principal at maturity because the savings balance from the customer's profit sharing accumulates enough to repay the principal, and there may even be a substantial remaining balance.
5. This financing, God willing, will be blessed because before the profits are shared, 2.5% of infaq and sadaqah will be deducted.

Welfare status before receiving financing

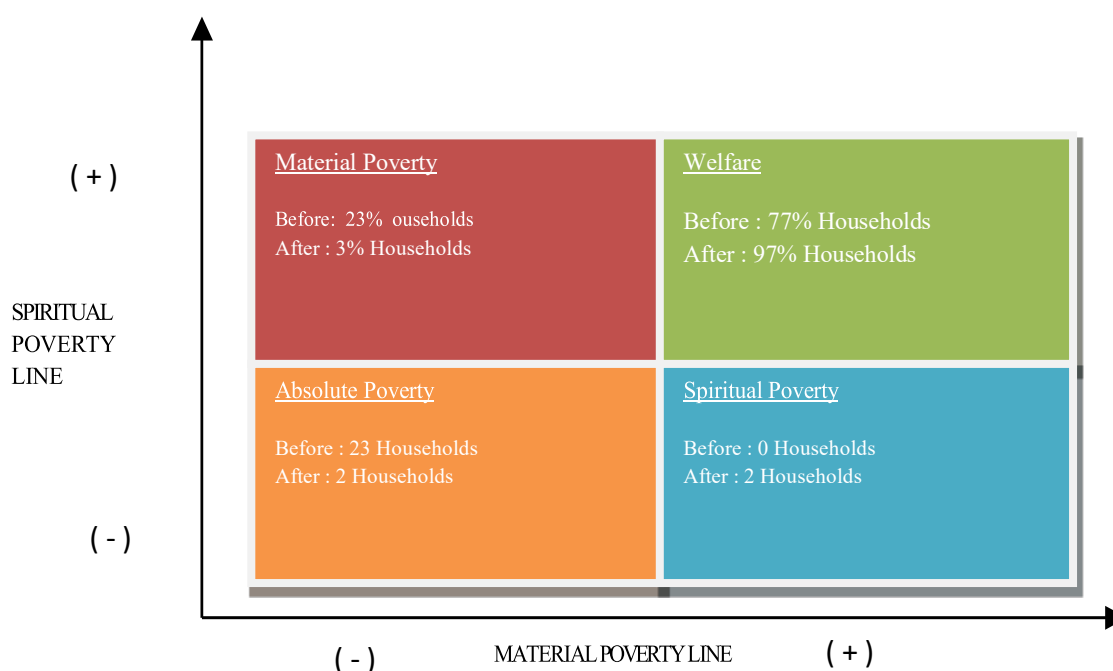
	Quadrant I	Quadrant II	Quadrant III	Quadrant IV
Total Family	77%	23%	0%	0%

Based on our observations of BPRS Sarana Mandiri customers in Pamekasan Regency, before receiving financing, there were 77% of BPRS Mandiri Pamekasan customers who were in quadrant I or in the sense that 77% of customers were prosperous families. The family does not lack clothing, food, shelter, education and health and the family performs prayers, fasting, zakat, family environment and government policies according to Islamic teachings properly. However, there are still 23% of families who are still in the shackles of poverty before getting funding from the BPRS

Welfare Status after receiving financing

	Quadrant I	Quadrant II	Quadrant III	Quadrant IV
Total Family	97%	3%	0%	0%

Based on the results of our research on customers of BPRS Sarana Mandiri, Pamekasan Regency, after receiving financing, there were 97% of families who were in quadrant I or prosperous. Meanwhile, there are 3% of families who remain in quadrant II.



From the analysis above, it can be concluded that the NPF of BPRS Sarana Mandiri, Pamekasan Regency, was able to reach 0% due to its modest loan ceiling and low profit sharing. BPRS Sarana, Pamekasan Regency, has successfully alleviated its customers' poverty and the clutches of loan sharks. These results align with research conducted by Rachma (2017), which found that BPRSs are able to improve the welfare of their customers. The analysis also supports research by Meilia (2019), which found that BPRSs are able to improve the welfare of their customers. This is certainly in line with the hadith of the Prophet, which explains the blessed transactions narrated by Ibn Majah: Suhaib ar-Rumi (may Allah be pleased with him) narrated that the Prophet Muhammad (peace be upon him) said, "Three things contain blessings: a deferred sale, muqaradhah (mudharabah), and mixing wheat with flour for household use, not

for sale." BPRS Sarana Prima Mandiri Pamekasan Regency has proven that by assisting the buying and selling of customers, the majority of whom are small traders in the market and MSMEs, without burdening the traders, blessings will flow down to every economic activity.

CONCLUSION

Based on CIBEST, the tabarak financing program of BPRS Sarana Mandiri Pamekasan Regency increased 20% of families from material poverty to become prosperous, 77% of families remained in a prosperous condition and 3% remained in a spiritually poor condition. But overall, it has improved the material side of the tabarak program customers

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