

LITERATURE REVIEW OF AGRIBUSINESS PRODUCT FINANCING DEVELOPMENT MODEL AT SHARIA BANK

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ABSTRAK

This study aims to analyze the development model of agribusiness product financing in Islamic banks in Indonesia. The data used in the analysis related to the research topic were taken from journal articles on Google Scholar. Data from these sources were then analyzed using a literature review approach. Based on the results of the analysis, it was found that several models of agribusiness product development at Islamic banks in Indonesia are different from the credit model, this Islamic financing is interest free, profit sharing is based on profit sharing made after the transaction period ends. This paper aims to introduce the Islamic financing model and the prospects for its implementation in the agricultural sector. The results of the study show that Islamic financing is prospective enough to strengthen capital in the agricultural sector. To support its implementation in the agricultural sector, it is necessary to take sides with policy makers as well as intensive socialization of the principles of Islamic financing. The modeling used in this research is a literature study or literature review. The literature study in this research was conducted to study the definition of keywords, to deepen theories and concepts and to identify variables related to the background and context of the research. Study of literature related to the model of developing financing for agribusiness products at Islamic banks in Indonesia, searching for journals using Google Scholar with the keywords "Agribusiness Products" and "Islamic Banks". " found as many as 1040 papers but after reviewing there were 8 appropriate journal papers related to the title "Development of Agribusiness Products in Islamic Banks" with category years (2008-2021).

Kata Kunci : Agribusiness Products, Financing Development, Islamic Banking

1. INTRODUCTION

Indonesia is one of the agrarian countries in the world. As an agricultural country, the government should pay more attention to the agricultural and rural sectors which have a strategic role in national development. Several times the agricultural sector has also been proven to be able to support the national economy during economic crises and pandemics. Seeing the importance of the agricultural and rural sectors, including as the mainstay of livelihood for the majority of the population, their contribution to GDP (Gross domestic product), contribution to exports (foreign exchange), industrial raw materials, as well as in the provision of food and nutrition. The agricultural sector has an important role in the contribution of the state and the contribution of the world. Although very strategic, the agricultural and rural sectors are often faced with many problems,

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especially in capital. The lack of capital in the midst of increasing capital requirements has resulted in farmers having no other choice but to borrow capital from middlemen, this has resulted in the condition of farmers as rural communities being far from prosperous. As an important element in increasing the production and standard of living of rural communities, the absence of capital can limit the space for the agricultural sector to move. The need for capital will increase in line with the various choices of commodity types and cropping patterns, the development of cultivation technology, post-harvest handling and processing of products that are increasingly rapid. In the era of agricultural technology, intensive capital mobilization for both agricultural equipment and production facilities is unavoidable. The problem re-emerged, because most of the farmers were unable to finance capital-intensive farming with their own funds.

The agribusiness sector is a very strategic sector, there are at least five reasons why the agricultural sector is strategic. First, agriculture is a sector that provides people's food needs. Second, is a provider of raw materials for the industrial sector (agro-industry). Third, contribute to the country's foreign exchange through exported commodities. Fourth, provide job opportunities for rural workers. And fifth, it needs to be maintained for the balance of the ecosystem (environment). The Important Role and Problems of Development Furthermore, a study conducted by Syafa'at explained that the agricultural sector plays an important role in the economy at least in several ways, including as a source of income and employment opportunities for rural residents where most of the rural population earn their main livelihood as a source of income. farmers, as food producers to meet basic needs for a growing population, drivers of the industrialization process, especially for industrialization which has a fairly large relationship with the agricultural sector, contributors to the country's foreign exchange, because the agricultural sector produces tradable and oriented agricultural products. export market and as a market for non-agricultural products and services.

From the facts of the phenomenon above, the researcher is interested in studying further and developing models for financing agribusiness products at Islamic banks in Indonesia with the literature review method related to the title above. Indonesia that needs to be researched and analyzed in Islamic banking product innovation.

2. IMPLEMENTATION METHOD

The method used in this research is a literature review journal study on Google Scholar. The literature study in this research was conducted to study the definition of keywords, to deepen theories and concepts and to identify variables related to the background and context of the research. Literature studies relating to the model of agribusiness product development at Islamic banks in Indonesia are still limited. The search for journals uses a search on Google Scholar with the keywords "Agribusiness Products" and "Sharia Banks" and "Islamic Banks" were found as many as 1040 papers, but after reviewing there were 8 appropriate journal papers related to the title "Development of Agribusiness Products in Islamic Banks" with the category year (2008-2021). The following are the details of the journal search results using Google Scholar.

3. RESULT AND DISCUSSION

Based on the results of the study, it was found that there are several facts on the model of agribusiness product development in Islamic banks in Indonesia. As stated by Sutawi in 2008 the agribusiness sector faces many problems, especially lack of capital. The high risk and uncertainty characteristics of agribusiness cause the willingness of financial institutions to finance agribusiness

is very low. With these characteristics, Islamic financial institutions have the opportunity to finance the agribusiness sector. The agribusiness sector requires flexible financing, especially in terms of profit and loss sharing. The integrated sharia agribusiness partnership (ISAP) is a solution to overcome the constraints of agribusiness capital. ISAP is a partnership program that involves large businesses as the core, and small businesses as plasma, and Islamic financial institutions as financial lenders in a cooperation agreement. The objectives of ISAP are to improve the business feasibility of plasma farmers, improve links and cooperation between core companies and plasma farmers, and assist Islamic financial institutions to provide financing to micro, small and medium enterprises safely and efficiently.

In 2011 Muhammad Asaad stated the role of Islamic banking in order to achieve a significant financial contribution in the agribusiness sector. In this case, the author states that the role of Islamic banking can be increased through the following strategies: increasing the number of Islamic bank offices in the agricultural area, providing a higher contribution of Islamic finance to agribusiness business units, being actively involved in marketing Islamic banking financing products. for agribusiness, providing finance exclusively for Islamic banks related to agricultural businesses which is intended to minimize the potential for crop failure. Himatus Sholihah, Syarif Imam Hidayat and Nuriah Yulianti aim to analyze customer perceptions and beliefs in obtaining agribusiness loans from conventional and Islamic banks and find out what these financial institutions have and should do. Descriptive analysis was used to complete the first and third objectives and multi-attribute fishbein analysis was used to achieve the second objective. Conventional banks have better customer perceptions than Islamic banks because of their wide network, easier loan procedures. A clearer, simpler and easier to understand operational system and good payment opportunities. Customers have greater trust in conventional banks compared to sharia because conventional banks are better known by agribusiness actors. Not only do conventional banks try to add and enlarge branch offices both in cities and in villages, they also make loan procedures simpler, easier and faster to obtain. Meanwhile Islamic banks are another and they employ people from conventional banks. Both conventional and Islamic banks must audit SOPs as internal controls so that banks can work effectively, efficiently, safely, economically, in an orderly manner to improve bank performance.

Dian Rahmalia, M. Irfan Affandi, Ktut Murniati in their research related to the development of agribusiness product financing in sharia banking with the theme Agribusiness Financing Development Strategy in Sharia Savings and Loans Cooperatives in Central Lampung they revealed that limited capital and difficulty in obtaining business financing facilities were a problems faced by farmers in Indonesia. The Sharia Savings and Loans Cooperative (KSPPS) is a financial institution that can be an alternative source of funds for farmers. The purpose of this study was to identify KSPPS, identify internal and external factors of cooperatives, and develop strategies for developing agribusiness financing in KSPPS. The research was conducted using a case study method. The data analysis method used is descriptive qualitative and quantitative analysis methods. The results showed that the financial performance of KSPPS was quite good. KSPPS has a weakness in capital and a threat in the form of high-risk agribusiness financing. Based on the results of the SWOT matrix decision-making analysis, it is concluded that the SO strategy is the strategy that has the highest score for the development of agribusiness financing at KSPPS BMT Assyafiyah Ber-Nas. The S-O strategies are: 1) Recruiting skilled human resources; 2) Provide guidance to members; 3) Program link to get capital with maturity scheme; 4) Socialization of sharia cooperatives through various media; and 5) Coordination with the government in terms of training and access to capital.

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Faoeza Hafiz Saragih in his journal related to the development of agribusiness financing in Islamic banking revealed that Indonesia is an agricultural country, meaning that the agricultural sector plays an important role in the Indonesian economy. One of the main problems faced by the agricultural sector is the lack of capital for farmers to develop their farms, farmers are unable to finance their agriculture with their own funds. The agricultural sector is known to be quite risky and uncertain and this makes it relatively low for financial institutions to fund this sector. Another alternative financing that can be a solution for farmers is sharia financing institutions. Some sharia products that can be applied to agribusiness include: others: Mudharabah, Musyarakah, muzara'ah, musaqoh, bai 'murabahah, bai istishna, bai' as-salam and rahn. Likewise, with the results of Qurrotul Aidah's research, Yuli Dwi Yusrani Anugrah revealed that the agricultural sector plays a very important role in international development. One of the main problems of agricultural development is inadequate financial support. Because its main activity is as a financial intermediary, Bank Syariah Muamalat has great potential in agricultural financing. The facts show that Islamic bank funding for the agricultural sector is still limited, less than 4%. This study aims to examine the potential of Islamic banks and examine the financing capital of the agricultural sector. The method used in this research is descriptive qualitative and relevant to the used data. The results of this study will reflect the true panorama of financing the agricultural sector by developing alternative financing models that are in accordance with the characteristics of Islamic agriculture. look. His work is in agricultural finance.

Regarding the development model of agribusiness product financing in Islamic banking, Junia Farma revealed that it is not much different from several previous researchers. One of the main problems in the development of the agricultural sector is the lack of capital support. In this case, the government has tried to overcome it by launching a financing/credit program for the agricultural sector. However, many of these financing programs still use the interest system, so it has a bad impact on farmers. Therefore, an alternative financing scheme is needed. Islamic banking can provide alternative financing models to support the development of the agricultural sector. In contrast to conventional banking, Islamic banking uses the principle of profit sharing and is free from the interest system. This study aims to introduce a financing model in Islamic banking for the agricultural sector and its prospects in the future. The results of the study indicate that Islamic banking is prospective to strengthen the capital of the agricultural sector. Encep Saepudin also found the same problem in his research revealing the distribution of Islamic bank financing to peanut and cassava farming businesses using a salam contract. The research method used an observation and interview approach with Islamic bank bankers, peanut and sweet potato farmers, and agricultural extension workers with the research location in Banyumas Regency and further described with the support of the literature. The result of the research is that peanut and cassava farming is still in the form of family farming because the management is still traditional, not yet legally incorporated, limited capital, and the use of the results is still to meet family needs. Farming carries a very high risk because it still relies on nature, fluctuating commodity prices. Islamic banks in Banyumas have not channeled financing with a salam contract because they do not understand the trading system and some Islamic banks are conducting a study on the financing of a salam contract.

Of the eight journals related to the development model of agribusiness sector product financing in Islamic banking, risk and capital are a problem in developing agribusiness product financing in Islamic banking in Indonesia, this is because the products developed in the agribusiness sector financing scheme are inappropriate schemes, such as the mudharabah scheme, musyarakah

and murabahah. Meanwhile, in fiqh muamalah, Islamic banking still has the salam, muzara'ah, mukhabarah and musaqqah schemes which, when studied and applied in the form of special products for the agribusiness sector, will be able to answer the problems of risk and capital in the agribusiness development sector in Indonesia.

Risk is the potential loss due to the occurrence of a certain event. Risk has an inherent or inherent nature, meaning that all objects or objects on earth, both tangible and intangible, have or contain risk. Because risk is inherent so that risk cannot be eliminated, it means that avoiding one risk will face another risk. For example, when someone is afraid of experiencing the risk of an accident due to a collision, riding a bus and then choosing to take a ship, that person will be affected by the risk of a collision accident at sea and drowning. In risk control, Islamic banking is required to be able to adapt to all existing risks by managing existing risks.

As stated by Indra Syafii and Saparuddin Siregar, risk management can identify all the risks faced and then measure and solve problems against these risks. In Islamic banking, there are 4 risks that are often faced by Financing Risk, Market Risk, Liquidity Risk and Operational Risk. In addition to managing risk, the role of directors and commissioners is also very helpful in reducing risk in Islamic banking.

4. CONCLUSION

The development of Islamic banking financing models in the agribusiness sector needs special attention considering that in the muamalah fiqh contract scheme there are many contract schemes that have not been developed into Islamic banking banking financing products, for example, salam, muzaraah, mukhabarah, musaqqah contracts and there are still several other contracts that are not popular as well. This is a strength and added value for Islamic banking itself. Islamic banking financing is prospective enough to be used as an alternative to strengthening capital in businesses in the agricultural sector. In theory, Islamic banking financing should be predicted to be quite rapid because Islamic banking has a strong commitment to finance the real sector, this is an opportunity for the agricultural sector. This opportunity must be immediately responded to with various conducive policies so that there is a synergy between the development of the sharia financing system and businesses in the agricultural sector. Some of the operational policy steps needed are to dissect theoretical concepts into applicable concepts so that they are easy to implement, strengthen efforts to disseminate sharia financing to farming communities and public officials who handle the agricultural sector, increase understanding of human resources at the level of agricultural entrepreneurs, sharia financing actors, and policymakers. maker of sharia financing principles, compiling a map of agricultural businesses that are eligible to be financed with a sharia pattern, determining appropriate financing targets, formulating applicable schemes with simple procedures, building a strict incentive and penalty system, and ensuring transparency and accountability in transactions and management the funds; and the support of legal regulations both at the regional level as an autonomous unit and at the central level.

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