



Model for Implementing Profit and Loss Sharing Financing In Sharia Banking in North Sumatra, Indonesia

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ABSTRACT

This research examines the implementation of profit and loss-sharing financing in Sharia banking in North Sumatra. Profit and loss sharing is where one party, having capital (*shahibul maal or rabbul maal*), entrusts a certain amount of funds to another party, a business actor (*mudharib*), to carry out an activity or business. The theoretical basis of this research uses several main theories. The basic theory used in this research is Profit and Loss Sharing (PLS) with two main models, namely *mudharabah* and *musyarakah*. The ratification of Law of the Republic of Indonesia No. 21 of 2008 concerning Sharia Banking (UUPS) is a responsive effort to the growth of the Sharia banking industry in Indonesia. The main principle applied is the principle of profit sharing with different characteristics from the interest system, one of which is financing products. Although still faltering, the development of sharia financing has begun to grow significantly both through *mudharabah* and *musyarakah*. This research uses a descriptive research approach on qualitative and quantitative data carried out using pairwise comparison questionnaire interviews and documentation. The results are divided into five parts: analysis of research synthesis results, analysis of aspect synthesis results, analysis of problem synthesis results, analysis of solution synthesis results, strategy cluster analysis, and implementation model.

Keywords: mudharabah, musyarakah, profit and loss sharing

INTRODUCTION

Profit sharing in the Sharia banking system is a special feature offered to the public, and in the Sharia rules relating to the distribution of business results, it must be determined in advance at the beginning of the contract. The size of the profit-sharing portion between the two parties is determined according to a mutual agreement and must occur with the willingness (*an-tarodhin*) of each party without any element of coercion. The role of banks as development agents is as institutions that aim to support the implementation of national development, having the main activities of collecting funds funding and distributing funds lending¹. This fund distribution activity is also known as fund

¹ Ahmad Anshorimuslim Syuhada and Windy Gambett, "Online Marketplace for Indonesian Micro Small and Medium Enterprises Based on Social Media," *Procedia Technology* 11, no. Iceei (2013): 446-454.

allocation, one of which can be realized in the form of loans better known as financing at Sharia banks which function as intermediation institutions, namely collecting funds from the community and channeling them back to the community in the form of financing ².

There are three types of sources of bank funds, namely paid-in capital first-party funds, loans second-party funds, and funds from the public collected through savings products third-party funds. Fund collection products are one of the important products for Islamic banks in obtaining funding sources and supporting their function as intermediation institutions ³. Profit and loss sharing can also be defined as an agreement between at least two parties where one party, having capital (*shahibul maal* or *rabbul maal*), entrusts a certain amount of funds to another party, a business actor (*mudharib*), to carry out an activity or business (Lewis and Algaoud, 2005). The basic theory used in this research is Profit and Loss Sharing (PLS) or risk sharing profit sharing with two main models, namely *madharabah* and *musyarakah* ⁴.

There are two financing methods applied in Islamic banks, namely the non-profit loss sharing (non-PLS) method in the form of financing with a sale and purchase system including lease purchase, and the profit loss sharing (PLS) method in the form of financing with a profit-sharing system ⁵. However, based on this basic concept, Islamic banks are banks whose core products are intended for *syirkah* products (agency or partnership) such as *musyarakah*, *syirkah*, and *mudharabah* which use a profit-sharing system. The many obstacles faced by the management of Islamic banks in carrying out the operationalization of profit-sharing financing systems such as *musyarakah*, *syirkah*, and *mudharabah* financing cause financing using a profit and loss sharing system cannot be carried out in a comprehensive perfect manner or a *kafah* manner. The existing obstacles have an impact on the choice of financing made by the management of Islamic banks which are more focused on financing with a non-profit and loss-sharing system. With the pretext of avoiding obstacles and focusing on *murabahah* financing ⁶.

Avoiding constraints is the same as avoiding financing that uses a profit and loss sharing system, causing financing such as *mudharabah* and *musyarakah*, *syirkah* not to be core products of Islamic general banks that are known to the

² S Wahyuni, "Analysis of Online Buying and Selling Transactions Through the Shopee Application Based Islamic Economic Perspective," *Point Of View Research Management* 3, no. 1 (2022): 42-54.

³ M Zidny Nafi Hasbi and Ipuk Widayanti, "Analysis of Ijarah Contract Service Innovations in Sharia Banking Transactions" (2021): 282-290.

⁴ Chairir Iswanaji, Aziz Muslim, and M. Zidny Nafi' Hasbi, "Ijarah Collaborative Service Model in Sharia Banking," *Indonesian Interdisciplinary Journal of Sharia Economics (IJIJSE)* 5, no. 2 (2022): 702-719.

⁵ Indah Ratna Sari, "Considerations of Religion and Situational Factors , Internal Control on the Occurrence of Fraud Trends : An Experimental Study of the Financial Services Sector in Indonesia," *Journal of Islamic Economics and Business Ethic (JIESBI)* 1, no. 2 (2024): 56-74.

⁶ Dwi Lestari, "Factors That Influence the Islamic Perspective Human Development Index as Evidence of the Development of the Muslim Community," *Journal of Islamic Economics and Business Ethic (JIESBI)* 1, no. 2 (2024): 75-93.

public as profit-sharing banks. This situation has implications for the low amount of financing using the profit and sharing system. Avoiding the risk of financing using the profit and sharing system leads to avoiding *mudharabah* financing activities risk to efforts ⁷. Theoretically, it seems that the profit-sharing financing product is a very ideal product for both parties, both for Islamic banks and customers of profit-sharing financing. However, in practice, it is difficult to implement because it requires ideal conditions such as high competence of Islamic account officers, the absence of asymmetric information, and customers of profit-sharing financing who have high Islamic business ethics ⁸. The problem of a profit-sharing financing system that occurs in Islamic general banks follows the explanation of agency theory about the existence of agency problems in profit-sharing financing systems while supporting the Islamic enterprise theory which explains the need for sharia ethics for parties involved in profit-sharing financing contracts. However, agency theory has not been able to juxtapose the transcendental reality brought by religion with the reality of reason empowered by humans. To further perfect the agency theory that can explain the phenomenon of agency problems in profit-sharing financing systems, Sharia values ethics need to be included in the refinement of agency theory so that it becomes relevant in explaining agency problems in profit-sharing financing systems ⁹.

If combined between the explanation of agency theory and Sharia enterprise theory, it can be concluded that there is a need for internalization of Sharia values (Islamic Sharia ethics) in agency theory or the need to reconstruct agency theory into Sharia agency theory so that it is more appropriate in explaining agency problems in profit-sharing financing contracts. Solving the problem of profit-sharing financing, especially those originating from external factors, especially those related to customers of profit-sharing financing ¹⁰. Customers who receive profit-sharing financing need to improve Islamic business ethics, especially those related to *shidiq*, *istiqomah*, and *tabligh*. By increasing the value of *shidiq* for customers of profit-sharing financing, the provisions of the profit-sharing financing contract will be easy to obey and fulfill

⁷ Doha, "An Exploration of the Potentialities of Bai - Salam as a Mode to Financing Agricultural Products in Nigeria: A Case Study of Nguru- Bade Farmers," *Journal of Islamic Economics and Business Ethic (JIESBI)* 1, no. 2 (2024): 43-55.

⁸ Abdul Muftih, "Implementation of Accountability and Reporting Based on Islamic Sharia in Efforts to Prevent Regional Government Financial Fraud," *Journal of Islamic Economics and Business Ethic (JIESBI)* 1, no. 2 (2024): 94-107.

⁹ Ahmad Supriyadi, "Strengthening Muamalah Maliyah ' s Literacy Understanding of Online Transactions in Indonesia," *Journal of Islamic Economics and Business Ethic (JIESBI)* 1, no. 2 (2024): 108-124.

¹⁰ Fika Amalna and Farid Ardyansyah, "Implementation of the MSME Micro Financing Strategy Through a Murabahah Agreement at BSI KCP Bangkalan Trunojoyo," *Jurnal Ekonomi Syariah Indonesia XIII*, no. 1 (2023).

11. The value of *istiqomah* for users of the profit-sharing system needs to be improved so that customers can run their businesses patiently, steadfastly, and tenaciously so that they are successful. With the increase in the value of *tabligh*, customers of the profit-sharing financing system are more transparent and open in submitting their business financial reports ¹².

Sharia Bank is present in Indonesia to fulfill the people's hopes of implementing a just economy with the principle of profit sharing. The principle of justice (*al-'ilah*) is one of the principles of Sharia transactions. Considering that Indonesia has a Muslim population of 270.20 million people or 86.88% of Muslims 2020 population census, it is appropriate that its initial establishment was steeped in the Captive Market opportunities that Indonesia has ¹³. Furthermore, Islamic banks also have products that operate in the field of fund distribution or financing: *mudharabah*, *musyarakah*, *murabahah*, *ijarah*, and so on. The *mudharabah* contract is one of the contracts that is widely used in banking in Indonesia which is divided into two methods, in calculating the distribution of *mudharabah* income (Daud and Rasuli, 2021). From the point of view of economic interests, Sharia banking financing that uses the *mudharabah* profit and sharing system to smooth the wheels of the people's economy is considered capable of suppressing inflation because there are no interest provisions that must be paid to the bank ¹⁴.

Various research studies discussing profit and loss and *mudharabah* have emerged. Umiyati and Shella, (2019) research, analyzed the influence of Return on Assets (ROA), Capital Adequacy Ratio (CAR), and BOPO on the profit and sharing level of Sharia Bank *Mudharabah* deposits in Indonesia for the period January 2011-June to 2015, showed that the variable Return on Assets (ROA) the most dominant is the level of *mudharabah* profit sharing deposits with a value of β -0.273 and a significance value of less than 0.05 ($0.000 < 0.05$). Apart from that, Novi, (2020) who examined the effect of *mudharabah* and *murabahah* financing on profits at Bank Syariah Mandiri, found that *mudharabah* and *murabahah* had a significant effect on profits, as indicated by an increase in *mudharabah* and *murabahah* financing which could increase sharia bank profits. Based on the various studies above, show that the Profit and Loss Sharing (PLS) system provides *maslahah* and is more *syar'i* ¹⁵.

¹¹ F N Firdausi and F Ardyansyah, "Implementation of Sharia Marketing Strategy as a Solution to Increase Linkaja Syariah Consumer Loyalty," *JESI (Jurnal Ekonomi Syariah ...* XI, no. 1 (2023).

¹² Siti Nurhalisa and Zuhrinal M Nawawi, "Analysis of Ecobrick Economic Potential in Improving Community Economic Welfare: Case Study of Bukit Lawang Plantation , Kab . Langkat" XI, no. 1 (2023).

¹³ (Heru & Aziz, 2023)

¹⁴ Abdul Aziz and Anton Satria Prabuwo, "Haji Funds Management Based on Maq ā ṣ Id Al-Shar ī ḥ ; A Proposal for Indonesian," *AL-IHKAM: Jurnal Hukum & Pranata Sosial* 18, no. 2 (2023): 544–567.

¹⁵ (Chaidir, et. al., 2021)

Also considering the low level of financing with a profit and loss sharing system in Indonesia, for researchers this is an interesting and important issue that needs to be discussed and researched and is urgently researched, including the implementation of a profit-sharing system in sharia financing agreements that use a profit and loss sharing mechanism. Profit and Loss Sharing towards the development of Sharia banking in Indonesia. The novelty of this research is creating a PLS implementation model using the ANP (Analytic Network Process) analysis tool and offering solutions and strategies related to the problems of Sharia banking financing in North Sumatra ¹⁶.

Sharia economics views that money is money. In the sense that it only plays its function as a medium of exchange. That's why money is a public good that must always be in a state of flow or circulation ¹⁷. Al-Ghazali defines money as an item or object that functions as a means of obtaining other items. Money is an item whose function is agreed to be a medium of exchange, two: This object is considered to have no value as an item's intrinsic value. The value of objects that function as a medium of exchange. The role value in objects that function as money is the exchange value and nominal value. Because of this, he likened money to a mirror that does not have its color but can reflect all types of colors. Profit and loss sharing means that profits and losses that may arise from economic business activities are borne together. In the profit-sharing ratio attribute, there is no fixed and certain return like interest, but profit and loss sharing is carried out based on the real productivity of the product ¹⁸.

The amount of the ratio will usually be influenced by consideration of the contribution of each party in working together (share and partnership) and the prospects for obtaining profits' expected return as well as the level of risk that may occur expected risk ¹⁹.

Mathematically it can be formulated as:

$$BH = f(S, p, 0) \dots\dots\dots (5)$$

Information:

BH = profit sharing

S = share on partnership

p = expected return

0 = expected risk

The PLS theory was developed in two models, namely the *mudharabah* and *musyarakah* models. The *mudharabah* model refers to a form of business cooperation between two parties. The first party (*shahibul maal*) provides all the

¹⁶ SWHP Sari et al., "Pengaruh Profitabilitas, Likuiditas, Leverage, Kebijakan Dividen Dan Ukuran Perusahaan Terhadap Nilai Perusahaan Pada Perusahaan Terdaftar Di Jakarta Islamic ...," ... *Ekonomi Syariah* ... (2023).

¹⁷ Urwatul Wusqo, Much. Salahuddin, and M. Zidny Nafi' Hasbi, "Skill, Professionalism, and Achievement of the Islamic Bank Employee in Ntb, Indonesia," *Jurnal Tabarru': Islamic Banking and Finance* 5, no. 1 (2022): 207-215.

¹⁸ (Hasbi & Fitriyanto, 2021)

¹⁹ Yuli Andriansyah, "Analysis of Fatwas by the National Sharia Board-Indonesian Council of Ulama on the Stock Market," *Millah: Journal of Religious Studies* 22, no. 2 (2023): 525-552.

capital, while the other party becomes the fund manager (*mudharib*). The *musyarakah* model is a cooperative agreement between two or more parties to carry out a certain business. Each party contributes funds with an agreement that the profits and risks will be shared according to the agreement ²⁰. This model is called *mudharabah* because, at the time of the business cooperation agreement, one party contributes capital while the other party makes an entrepreneurial contribution in the form of energy, thoughts, or management. The first party is called *Sahib al Maal* (financier), while the second party is called *mudharib* (entrepreneur). In this scheme, 100% of the capital is borne by *Sahib al Maal*. Meanwhile, management is entirely the responsibility of the *mudharib*. Meanwhile, the *musyarakah* model shows that each party contributes to the capital. This research uses several models: Capital Asset Pricing Model (CAPM), Capital Market Line, Security Market Line (SML), risk and return relationships within the scope of CAPM, and Arbitrage Pricing Theory (APT) ²¹.

The Capital Asset Pricing Model (CAPM) according to Weston Copeland and Husnan is the equilibrium model including the capital asset pricing model (CAPM) and arbitrage pricing theory (APT). This model is a benchmark for the risk of certain securities that is consistent with portfolio theory. The Capital Market Line describes the relationship between the expected return and total risk of an efficient portfolio in an efficient market. A Security Market Line (SML) is a line that connects the expected return of a security with systemic risk (beta). SML is used to individually assess equilibrium market conditions, while CML as explained above is used to assess the level of expected return from an efficient portfolio at a certain level of risk (M). The concept of the relationship between beta (systematic risk) and return is explained by the Security Market Line (SML) ²².

Contract agreements in Islamic banks that are carried out have worldly and hereafter consequences because the contract agreements are based on Islamic law. Often customer agents dare to violate the agreements that are carried out if the law is only based on positive law, but this is not the case if the contract agreement has accountability until the Day of Judgment ²³. The essence of the benefits of Islamic business contracts is to guarantee the benefits of both partners (parties) in the contract. When contracts or production processes face problems such as principal-agent problems due to unbalanced information and moral hazard, this is also easily minimized in the form of Islamic contracts. Agents will be paid for their honesty and ability. Therefore, it can be said that in Islamic economics, Islamic companies implement business contracts because they are

²⁰ (Abdullah et al., 2023)

²¹ (Deviyana & Fairuz, 2023)

²² Ahmad Syaichoni and Didik Setiawan, "Khiyar Al-Ru'Yah on Online Transactions; an Analysis Contemporary Muamalah Maliyah," *An-Nisbah: Jurnal Ekonomi Syariah* 9, no. 1 (2022): 191–213.

²³ M Zidny Nafi Hasbi, Makhrus Munajat, and Abdul Qoyum, "A Conceptual Framework of The Islamic Human Development Index (I-HDI) and Its Relationship with Maqāṣid Al - Sharī ' Ah," *Amwaluna: Jurnal Ekonomi dan Keuangan Syariah* 7, no. 2 (2023): 258–273.

designed and approved by Sharia so that the principal-agent problem will be minimized and society will benefit from the welfare motives of the principal and agent ²⁴.

METHODS

This type of research is descriptive research on qualitative and quantitative data carried out using the pairwise comparison questionnaire interview method and documentation. This research provides a more in-depth picture and facts about the concept and application of the profit and loss sharing implementation model for sharia banking financing in North Sumatra. These images and facts are then analyzed using Islamic jurisprudence to see the Sharia compliance side and analyzed using the ANP (Analytic Network Process) method to see the benefits for Sharia Banks and the community ²⁵. ANP is a qualitative method for a decision-making process with a general framework without making assumptions about the independence of elements at a higher level from elements at a lower level and about the independence of elements within a level (Ascarya, 2005). ANP enables interaction and feedback within groups of elements (inner dependencies) and between groups (outer dependencies). Such feedback best captures the complex effects of interactions in society, especially the risks and uncertainties involved (Saalty, 2003). ANP has three simple axioms that carefully limit the scope of a problem, namely reciprocity, homogeneity, and hierarchical structure (Saaty and Fargas, 2006).

RESULT AND DISCUSSION

North Sumatra's economy based on the size of Gross Regional Domestic Product (GRDP) at current prices in the first quarter of 2020 reached IDR 207.27 trillion and at constant prices in 2010 it reached IDR 136.72 trillion (BPS North Sumatra, n.d). If we look closely, Sharia banking assets grew rapidly from 304.0 trillion in September 2015 to 575.8 trillion in September 2020, while (PYD) or financing disbursed in September 2015 was 218. 8 trillion to 384.7 trillion in September 2020, while Sharia banking DPK (Third Party Funds) grew rapidly from 236.0 trillion in September 2015 to 460.5 trillion in September 2020. After conducting in-depth interviews with research informants and literature studies through searching literature related to research studies, a decomposition of the problem is made which is constructed in a model to make it easier for researchers or respondents to understand aspects, problems, and solutions. Strategy and Implementation Model of profit and loss sharing financing in Islamic banks in North Sumatra. Based on the results of interviews and literature studies, problem aspects are divided into 2, namely internal and external aspects. The biggest

²⁴ Ipuk Widayanti and Silvia Waning Hiyun Puspita Sari, "The Role of DSN-MUI Fatwa in Indonesian Sharia Banking Development Flows in the Industrial Revolution 4.0," *El-Qish: Journal of Islamic Economics* 3, no. 1 (2023): 29-44.

²⁵ Hussein Kadhim Sharaf et al., "Conceptual Design of the Cross-Arm for the Application in the Transmission Towers by Using TRIZ-Morphological Chart-ANP Methods," *Journal of Materials Research and Technology* 9, no. 4 (2020): 9182-9188.

internal aspects are Human Resources (HR), products, and operations. Human Resources (HR), products, and operations in the implementation of Profit and Loss Sharing, namely the internal side, play an important role in Sharia banking because the progress and decline of Sharia banking depend on aspects of the internal side of Sharia banking itself. Apart from that, internal problems are something that must be addressed and explained, there are external aspects that have three elements, namely regulators, customers, and society.

The solution aspect has two elements, namely internal and external, namely the internal solution aspect, includes solutions to human resource problems, solutions to products, and operational problems. The human resources aspect has 3 elements, namely employee recruitment, capability, mainstream members, and employee limits. Meanwhile, according to Sharia bank respondents, the operations of Sharia and conventional banks are only different in name and contract, this triggers people to think that Sharia and conventional banks are the same, things like this must be addressed and improved for the progress of Sharia banking. Meanwhile, according to other respondents, many people still do not understand the unique operations of Islamic banks and different systems ²⁶.

Internal HR problems have three elements, namely Employee Recruitment problems, Capabilities, Mainstream Members, and Employee Limits. Recruitment plays an extraordinary role in implementing Profit and Loss Sharing, because after all the spirit of banking, apart from contracts, is Profit and Loss Sharing. In this case, according to one respondent, Sharia human resources have fulfilled the capability aspect, however, according to another respondent, mainstream Sharia employees are still half-hearted, which causes the public to not understand the implementation of Profit and Loss Sharing ²⁷. The next problem is that Sharia banking is not simple, because combining profits with losses, is different from the conventional banking concept which is always required to always produce profits. According to respondents, the Profit and Loss Sharing problem is not simple because the dynamics are different from conventional ones. So, to advance the implementation of Profit and Loss Sharing, external forces are key because the mobilization of external forces will have an impact on the progress of Sharia banking, the keywords are synergy and collaboration for now and in the future. Internal HR solutions, namely, Fit and Proper Test, Increasing Capabilities, and Adding Employees ²⁸.

²⁶ Muhammad Abdul Malik and Saiful Anwar, "Determinan Profitabilitas Perbankan Syariah Di Indonesia: Peran Moderasi Non Performing Financing," *Journal of Accounting and Digital Finance* 1, no. 1 (2021): 49–58.

²⁷ Najihah Muhammad, Sharifah Faigah Syed Alwi, and Nabihah Muhammad, "Credit Management in Full-Fledged Islamic Bank and Islamic Banking Window: Towards Achieving Maqasid Al-Shariah," *International Journal of Financial Research* 11, no. 3 (2020): 92–99.

²⁸ Nur Rofiq, "Implementasi Akad Bai' Bitsaman Ajil Pada Bmt Ugt (Usaha Gabungan Terpadu Sidogiri Cabang Pembantu Asembagus Situbondo) Perspektif Hukum Islam," *Literasi Hukum* 5, no. 2 (2021): 81–87.

Discussion

Analysis of Research Synthesis Results

The discussion in this research is divided into five parts: analysis of research synthesis results, analysis of aspect synthesis results, analysis of problem synthesis results, analysis of solution synthesis results, strategy cluster analysis, and implementation models. Referring to the methodology used, namely the Analytic Network Process (ANP) to see the priority scale according to experts and practitioners who were respondents in this research which can be seen. Respondents have different opinions about priority problems, solutions, and solutions to the low implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra, therefore after obtaining the priorities of each respondent, the average value is sought to determine the priority order of all respondents. In this case, Rater agreement is a measure that shows the level of conformity agreement of the respondents (R_1 - R_n) regarding a problem in one cluster. The tool used to measure rater agreement is Kendall's Coefficient of Concordance (W ; $0 < W = 1$). $W=1$ indicates perfect conformity. Rater Agreement is the number of agreements between respondents, experts, practitioners, and academics. In the column chart above, the Rater Agreement for the entire Cluster is displayed, not per node. In its interpretation, the Rater Agreement value scale is 5. $W=0$, no agreement, $W 0.10$ = weak agreement, $W 0.30$ = medium agreement, $W=0.60$ = the agreement number is strong, $W 1.00$ = The agreement number is perfect. The Rater Agreement is not related to index consistency.

Analysis of Aspect Synthesis Results

In this discussion, the results of the synthesis of the aspect sub-problem cluster will be described to determine the solution to the low implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra, namely Internal and External Aspects. Based on the results of data processing through Super Decision Software, priority aspects were obtained according to the opinions of all respondents. Graph 1.4 above shows that the results of the priority synthesis per respondent show that of the 7 (seven) respondents, 5 (five) respondents answered that the most priority aspect in determining the solution to the low implementation of Profit and Loss Sharing in Sharia Banks in North Sumater is the problem externally, then 2 (two) people answer the most priority aspect of the problem which is internal. In the internal aspect, based on the results of data processing through the Super Decision Software, it shows that based on the combined opinion of the respondents, the most priority internal aspect problem in determining the solution to the low implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra is the HR problem at 57%, followed by the problem Products amounted to 42% and in last place were operational problems at 29%. The result of obtaining the rater agreement value for all respondents was that there was no agreement, namely 6%. This means that the level of agreement of respondents regarding the priority order of Synergy and HR and Socialization issues varied regarding the answers and rater agreement figures was 6%.

Meanwhile, in the external aspect, based on the results of data processing through the Super Decision Software, it was obtained that the priority of external aspect problems according to the opinion of all respondents showed that based on the combined opinion of the respondents, the most priority external problem in determining the solution to the low implementation of profit and loss sharing in Islamic banks in North Sumatra, is Regulators at 29%, followed by community problems at 21%. Next in third place are customer problems at 19%. This means that the level of agreement of respondents regarding the priority order of external problems is in the form of regulators, society, and customers. is high, because the value reaches 75%.

Analysis of Problem Synthesis Results

Based on the results of data processing through Super Decision Software, it was obtained that HR priorities according to the opinions of all respondents showed that based on the combined opinion of the respondents, the most priority HR issues in determining the Implementation of Profit and Loss Sharing Financing at Sharia Banks in North Sumatra were Employee Limits, and. namely 44%, the second priority is Mainstream Members at 36% and the third is Employee Recruitment at 34%, and the last is capability at 28%. The result of obtaining the rater agreement value for all respondents was 2%. This means that the respondents' answers varied in the order of HR priorities in the form of employee recruitment, capabilities, mainstream members, and employee limits with a large variation of 2%.

Based on the results of data processing through Super Decision Software, the Internal Product priority according to the opinion of all respondents shows that based on the combined opinion of the respondents, the most priority synergy problem in determining the Solution to the Low Implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra is High Risk. That is 55%, and the one that is in second place is Not Simple at 50%, the one that is in third place is the monitoring system at 49% and the one that is in last place is No Guarantee at 32%. The results of the rater agreement value for all respondents were weak at 12%. This means that the respondent's level of agreement is moderate regarding the priority order of Internal Product Problems in the form of high-risk, not simple, monitoring system, no guarantee at 12%. To find out these things, to minimize the risk of losses in *mudharabah* financing, Sharia banks have tools to reduce risk, including risk measurement, supervision or monitoring, and Sharia bank risk control systems.

Based on the results of data processing through Super Decision Software, the operational priorities obtained according to the opinions of all respondents show that based on the combined opinion of the respondents, the most priority operational problem in determining the solution to the low implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra is High NPF, namely

67%, and in second place is Business Partners at 30%, and in third place is IT Facilities at 23%. The results of obtaining rater agreement values for all respondents varied by 1%. This means that the respondent's level of agreement is moderate regarding the operational priority order in the form of High NPF, Business Partners, and IT Facilities by 1%. Based on the results of data processing through Super Decision Software, it was obtained that the Regulator's priority according to the opinion of all respondents showed that based on the combined opinion of the respondents, the Regulator's most priority problem in determining the Solution to the Low Implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra is Commitment, namely 64%, and in second place is the BI Rate at 35%, in third place is Incentive at 24%, in fourth place is Policy at 21%. So, the results of the rater agreement score for all respondents were high at 72%. This means that the level of agreement among respondents was high regarding the priority order in the form of External Issues. Regulators have four elements, namely Policy, Incentive, Commitment, and BI Rate at 72%. This internal policy is adapted to the culture of the customer and the surrounding community so that it can differ from one customer to another. This policy is implemented when existing regulations are deemed insufficient to reduce the NPF ratio. The implementation of policies on non-performing financing has proven to have positive implications for improving the quality of payments and reducing the NPF ratio.

Based on the results of data processing through Super Decision Software, customer priorities according to the opinions of all respondents were obtained. This shows that based on the combined opinion of the respondents, the most priority community problem in determining the solution to the low implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra is Understanding at 52%, and in second place is not wanting to take risks at 47%. In third place is Demand at 32% and in fourth place is Moral Hazard at 25%. The result of the rater agreement score for all respondents was 20%. This means that the respondent's level of agreement was weak regarding the priority order, including Understanding, Don't Want to Risk, Demand, and Moral Hazard, at 20%. The bank's ability to increase capital and assets has a positive impact on improving the financial performance of Islamic banks. Islamic banks that have good financial performance will be able to minimize the liquidity risks they face. Meanwhile, Islamic banks can manage liquidity well by allocating financing to strategic and low-risk products, such as buying and selling products. Therefore, Sharia bank revenues are relatively safe with a financing percentage that is more focused on fixed returns for the bank ²⁹.

The solution to the Low Implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra. Based on the results of data processing through Super Decision Software, MPU priority was obtained according to the opinion of

²⁹ Hisam Ahyani et al., "Building the Values of Rahmatan Lil 'Alamin for Indonesian Economic Development at 4.0 Era from the Perspective of Philosophy and Islamic Economic Law," *Al-Ihkam: Jurnal Hukum dan Pranata Sosial* 16, no. 1 (2021): 111-136.

all respondents. shows that based on the combined opinion of respondents, the most priority community problem in determining solutions to the low implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra is Financial Reports, namely 34%, and in second place is Understanding Sharia Banks at 20%, and in third place is Interest of 20%. The results of the rater agreement score for all respondents were low at 6%. This means that the respondent's level of agreement with the priority order of Financial Reports, Understanding of Sharia Banking, and Interest is 6% ³⁰.

Analysis of Solution Synthesis Results

Based on the results of data processing through Super Decision Software, the priority of the Solution Aspect according to the opinion of all respondents shows that based on the combined opinion of the respondents, the government's most priority problem in determining the Solution to the Low Implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra, is an Internal solution, which is equal to 54%, and in last place is External Solutions at 31%. The result of obtaining the rater agreement value for all respondents was 18%. This means that the respondent's level of agreement is low regarding the priority order of Internal and External solution aspects Based on the results of data processing through Super Decision Software, the internal priority of solutions according to the opinion of all respondents shows that based on the combined opinion of the respondents, the internal solution with the most priority in determining the Solution to the Low Implementation of Profit and Loss Sharing at Sharia Banks in North Sumatra is the Fit & Proper Test, namely 29%, and the second place is Adding Employees by 23%. And in third place is Increasing Capability by 18%. The result of obtaining the rater agreement value for all respondents was 6%. This means that the level of agreement of respondents varies regarding the priority order of Internal Solutions in the form of the Fit & Profer Test, Adding Employees, and Increasing Capabilities by 6%.

Based on the results of data processing through Super Decision Software, the priority of Internal Solutions according to the opinion of all respondents shows that based on the combined opinion of the respondents, the most priority external solution in determining the Solution to the Low Implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra is Improving Monitoring, namely 54 %, and in second place is the Product Guarantee of 45%. in third place is Product Innovation, namely 28%. The results of the rater agreement value for all respondents were weak at 9%. This means that the respondent's level of agreement is weak regarding the priority order of Improving Monitoring, Product Guarantee, and Product Innovation, namely 9%. Solutions to the Low Implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra, based on the results of data processing through Super Decision Software, the

³⁰ Erma Dhila Priyanti et al., "The Significance of Risk Management in Reducing Losses and Strengthening The Institutional Structure of Islamic Financial Institutions," *Proceedings of Islamic Economics, Business, and Philanthropy* 1, no. 1 (2022): 1-16.

priority of Internal Operational Solutions according to the opinion of all respondents shows that based on the combined opinion of the respondents, Internal Operational solutions are the most priority in determining Solutions to Low Implementation Profit and Loss Sharing at Sharia Banks in North Sumatra is Increasing IT, namely by 58% and in second place is Increasing Synergy by 41%. Therefore, the result of the rater agreement score for all respondents was 51%. This means that the respondent's level of agreement was moderate regarding the priority order for Operational Solutions, including Improving IT and increasing Synergy by 51%.

Based on the results of data processing through Super Decision Software, the priority of External Regulator Solutions according to the opinion of all respondents shows that based on the combined opinion of the respondents, the most priority synergy solution in determining the Solution to the Low Implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra is Making a Policy which is equal to 27%. And in second place is Adding Incentives, namely 19%. In third place is Strengthening Commitment, namely at 11%. The result of the rater agreement value for all respondents was 39%, this means that the level of agreement between respondents varied regarding the priority order for making policies, Adding Incentives, and Strengthening Commitment, which was moderate, namely 39%. Based on the results of data processing through Super Decision Software, the priority of Customer Solutions according to the opinion of all respondents shows that based on the combined opinion of the respondents, the most priority socialization solution in determining the Solution to the Low Implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra is Promotional Socialization at 57% and in second place is Customer Education, namely 53%. What ranks last is Increasing Literacy, namely by 42%. The results of the rater agreement score for all respondents were moderate or moderate at 36%, this means that the respondent's level of agreement was moderate regarding the priority order of Promotion Socialization, Customer Education, and Improving Literacy, namely 36% ³¹.

Based on the results of data processing through Super Decision Software, the priority of the Baitul Maal Solution according to the opinion of all respondents shows that based on the combined opinion of the respondents, the most priority Baitul Maal solution in determining the Solution to the Low Implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra is Socialization, which is equal to 56%, and in last place is Literacy Education, namely 16%. The result of the rater agreement score for all respondents was 51%. This means that the respondent's level of agreement was moderate regarding the priority order of Literacy Socialization and Education, namely 51%.

Strategy Cluster Analysis

³¹ Gemala Dewi, "The Application of Islamic Business Contract in the National Law Regulations (the Comparison Between Countries With Civil Law Systems and Common Law Systems)," *Journal of Islamic Law Studies* 5, no. 9 (2019): 86.

Based on the results of data processing through Super Decision Software, it shows that based on the combined opinions of respondents, the most priority community solution in determining the Solution to the Low Implementation of Profit and Loss Sharing in Sharia Banks in North Sumatra is Product Development, which is 60% and the one that ranks second is Training and Employee Development, which is 43%. In last place is Product Socialization and Promotion, namely 39%. So, the rater agreement results for all respondents were weak at 16%. This means that the respondent's level of agreement with the priority order is 16%. There are three models for implementing Profit and Loss Sharing financing at Sharia Banks in North Sumatra, namely one.

Synergy with traditional institutions. Sharia financial institutions need to synergize with traditional institutions in North Sumatra, the arena in North Sumatra is full of traditional and cultural nuances inherent in society, and this is one of the reinforcements for Profit and Loss Sharing in society. So, Sharia financial institutions should join hands and embrace mass organizations such as Al-Washliyyah, NU, MU, and MUI ³². However, these mass organizations have strong and close networks with the community, if all mass organizations are invited to collaborate and synergize, then problems related to Profit and Loss Sharing will be addressed and resolved. Activities to engage these mass organizations can be through a webinar or workshop system, and give training, socialization, and education at the mass organization's location regarding Profit and Loss Sharing so that the level of public literacy rises, third-party funds in sharia banking increase, bad credit goes down and it is hoped that the market share of sharia banking will increase. in North Sumatra.

CONCLUSION

Financing at Sharia Banks in North Sumatra. First, the aspects faced by Sharia Bank in implementing Sharia Bank Profit and Loss Sharing in North Sumatra can be divided into two, namely internal and external aspects which have a low level of agreement (18%) on external and internal related aspects. Second, the most priority problems faced in implementing Sharia Bank Profit and Loss Sharing in North Sumatra are 3 Internal Problems related to human resources, namely the capability problem which has a varying level of agreement of 2%. Third, the solution to the problems faced in implementing Sharia Bank Profit and Loss Sharing in North Sumatra, namely the Internal Solution provided in determining the Solution to the Low Implementation of Sharia Bank Profit and Loss Sharing in North Sumatra, is divided into three namely. HR solutions related to Fit & Proper Test of, m Increasing Capabilities by, Adding Employees with an agreement figure of 6% or smaller. Fourth, the strategy for the problems faced in implementing Sharia Bank Profit and Loss Sharing in North Sumatra is divided into 3, namely employee training and coaching, product development,

³² M. Elfi Azhar et al., "Supervision Effectiveness DPS Deep Sharia Governance and Guarantee in Sharia Banking in Indonesia," *Best Journal of Administration and Management* 1, no. 1 (2022): 36–39.

socialization, and product promotion with an agreement rate of 16%. Finally, there are four Profit and Loss Sharing Implementation Models for Sharia banking financing, namely (1) synergy with traditional institutions, synergy with environmental heads, synergy with universities, synergy with Islamic mass organizations in North Sumatra such as *Al -Washliyyah*, NU, Muhammadiyah, MUI.

Author's Contribution

Fatimah Yanti Sinaga: Contribute to formulating research ideas, collecting data, processing data, and interpreting data, writing systematics, and research methods.

Saparuddin Siregar, Nawir Yuslem: Contributing to analyzing interpretation results, the language proofread.

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Declaration of Competing Interest

The author declares that there is no conflict of interest.

Ethical Approval

Ethical approval No patient-identifying parts in this paper were used or known to the authors. Therefore, no ethical approval was requested.

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