



Sharia Economic Dispute Resolution with Zakat in KSPPS Khodijah, Pedan, Klaten

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Abstract. Settlement of Sharia economic disputes can be taken in two ways, namely litigation and non-litigation. Non-litigation dispute resolution can be done by cooperating with third parties. This has been implemented in resolving sharia economic disputes at KSPPS Khodijah Pedan against the bad financing of customers who have loans of less than Rp. 10,000,000,- (Ten Million Rupiah) on the condition that they are UMKM actors. In this case, KSPPS Khodijah has given power to the Law and Human Rights Council of PWA Central Java as a legal representative and normalization team. In its efforts to reduce customer bad debts in KSPPS Khodijah, the Law and Human Rights Council of PWA Central Java has collaborated with a third party, namely Baznas of the Republic of Indonesia, to provide an injection of funds from zakat to mustahik UMKM actors who have debts in KSPPS Khodijah Pedan Klaten. This research is a field research and to achieve this goal the author uses a qualitative approach that is descriptive. In this study, the primary data used were generated from interviews. The interview was conducted with KSPPS Manager Khodijah Pedan, The Assistance Team, Baznas Managers, and the Community who received assistance from Baznas. Meanwhile, secondary data is obtained from books, journals and related laws and regulations. The results showed that this kind of dispute resolution model is considered very effective because it is able to provide solutions for customer finances which are also mandatory. This is evidenced by the increase in the amount of mustahik income of UMKM actors from before and after receiving zakat fund assistance from Baznas. And customers/mustahiks in the bad debt category can pay off their debts at KSPPS Khodijah Pedan.

Keywords: Dispute Resolution · Zakat · UMKM

1 Introduction

Settlement of Sharia economic disputes can be taken in two ways, namely litigation and non-litigation. Dispute resolution through non-litigation is the settlement of disputes outside the court taken by the parties when a dispute occurs. Non-litigation dispute resolution steps can be carried out by internal deliberations, alternative dispute resolution (ADR) and through the National Arbitration Board [1].

In addition to the three schemes above, non-litigation dispute resolution can be pursued by involving third parties. This has been realized in an effort to resolve sharia economic disputes at the Khodijah Pedan Klaten Savings and Loans Cooperative (KSPPS).

KSPPS Khodijah is one of the financial institutions located in Pedan District, Klaten Regency, Central Java.

In KSPPS Khodijah's financial report in 2018, there were many bad debts. There are around 670 members who have financing of less than Rp.10.000.000,- (ten million rupiah) experiencing bad debts, so this causes the loss of the institution to almost reach Rp. 3,000,000,000,- (three billion rupiah). The average of them are MSME actors. The reason they did not pay off financing to the Cooperative was due to the limitations of their business.

To reduce losses in the Khodijah KSPPS, the Khodijah KSPPS Management tried to make a breakthrough by giving power to the Law and Human Rights Council of the Aisyiyah Regional Leader of Central Java as a legal representative as well as a normalization team. Settlements made by the legal team/normalization team are mostly taken through non-litigation channels, including through the restructuring and recheduling channels, but there is another way taken, namely the use of zakat funds by cooperating with third parties, namely Baznas Republik Indonesia.

With this program, customers who have difficulty in paying installments to KSPPS Khodijah can pay off their debts because they have received various assistance and assistance, including economic empowerment, business training, and Capital assistance. With this Capital Assistance, it is hoped that they can improve their performance results so that they can set aside the results of their efforts to save as well as pay off their debts at KSPPS Khodijah.

From the background above, the author is interested in conducting research on how the strategy carried out by KSPPS Khodijah and the Legal Counsel Team in resolving disputes in a non-litigation manner with the use of zakat funds in synergy with baznas of the Republic of Indonesia and how the impact of these efforts.

2 Literature Review

Research conducted by Yoghi Citra Pratama from UIN Syarif Hidayatullah Jakarta with the title *The Role of Zakat in Poverty Reduction (Case Study: Productive Zakat Program at the National Amil Zakat Agency)*. This research is contained in *The Journal of Tauhidinomics* Vol. 1 No. 1 (2015) pages 93–104.

Research by Misbah MRD with the title *Productive Zakat Management Reviewed from Islamic Law (Case Study of the Office of the National Amil Zakat Agency (Baznas) Mandailing Natal (Madina))*. This research is a thesis at UIN Sunan Kalijaga Yogyakarta, 2017. The essence of the study is that the management of productive zakat Baznas Mandailing Natal, when viewed from the perspective of Yusuf Qardawi, MUI fatwa decision, Law Number 23 of 2011, Baznas does not violate the management of productive zakat. It's just that Baznas is too narrow in determining the mustahik zakat productive, they only choose the poor, it should be fakir and students are also categorized in the receipt of productive zakat.

Research by Abirotun Najla entitled *The Effect of Giving Productive Zakat on the Economic Empowerment of the People (Case Study in Baitul Maal Muamalat Yogyakarta)*. The point of the research is to find out whether the income earned by Mustahik after being given additional capital assistance from zakat assets by baitul maal Muamalat Yoyakarta, whether the income increases so that it can meet his needs or not.

The difference between the research above and the research that the author will do is that the author focuses on the theme of resolving Sharia economic disputes using zakat at KSPPS Khodijah Pedan Klaten.

3 Theoretical Hypothesis

Joni Emirzon explained that the forms or ways of resolving disputes can be carried out through judicial institutions and through institutions outside the currently developing judicial institutions, for example negotiations, mediation, conciliation, and arbitration. If the parties to the dispute have made efforts to resolve the dispute according to the agreement as determined from the beginning either through negotiation, mediation, conciliation or others but in the midst of resolving the dispute find a deadlock and disagreement, then only then can the parties submit their dispute resolution to the Arbitration Board.

Non-performing financing is included in the category of financing quality regulated under Article 4 of the Decree of the Director of Bank Indonesia Number 30/267/KEP/DIR dated February 27, 1998 [2]. There are several factors that cause problematic financing, including internal bank factors, internal customer factors, external factors, business failure factors and management incompetence factors [3]. Non-performing loans arise not suddenly but slowly preceded by signs of deviation (signal of deviation) signs of deviation come from a number of variables, including the financial condition of the debtor, the condition of the business field, the attitude of the debtor, the attitude of the banker and the banking environment [4].

The causes of the emergence of problematic financing can be seen from internal and external factors. Internal factors are caused by the bank's management itself such as the quality of bank officials, competition between banks, management policies and operational standards made, as well as post-realization supervision of financing. Meanwhile, external factors of problematic financing are caused by financing customers such as misusing financing funds that are not in accordance with the contract, i'tikad is not good from customers, deliberately negligent, dishonest and so on. It can also be caused by political and economic conditions that do not support the business climate of financial institutions.

Handling bad financing before it is resolved through the judiciary, efforts must be made to save financing by administrative means first, namely rescheduling, namely changes in the schedule or payment period including the grace period, reconditioning, is a partial or all change in financing terms, can be done by changing the payment schedule, installment amount, term time or provision of discounts, restructuring, namely changing financing requirements, can be done through bank financing facility funds, conversion of financing agreements into debt, conversion of financing into medium-term Islamic securities, and conversion of financing into ijarah.

According to Muladi as quoted by Firdaus, dispute resolution through ADR has several advantages compared to settlement through litigation bodies or courts because dispute resolution can be done in a fast way, low cost without being bound by certain legal rules, confidential, based on the principle of win-win solution, more participatory, reducing the accumulation of cases in court, without reducing the nature of professionalism [5].

4 Result

The handling strategy carried out by the Law and Human Rights Council of the Regional Leader of 'Aisyiyah Central Java is with a non-litigation approach first. If this method does not work, a litigation settlement will be used. In financing practice in financial institutions, usually institutions will ask for guarantees in the form of fiducia (for movable objects) and dependent rights (for immovable objects), so that in the event of bad debts the institution will conduct an auction against the guarantees burdened with dependent rights and fiducias.

However, the problem is when the amount of financing is small, the amount of which is below Rp. 5,000,000, - because in practice at KSPPS Khodijah, customers who borrow below 5 million do not need to use collateral and are only principled in mutual trust according to sharia values. However, this trust was not heeded by customers so that many of them did not pay off financing to KSPPS Khodijah. This is obviously very detrimental to the Institution because the Institution cannot operate if there is no turnover of money from customers.

In practice, if the customer does not pay in installments for more than 3 months, the customer can be categorized as a customer with bad debts so that it needs special handling. The institution will carry out legal remedies in a non-litigation manner such as negotiations, mediation and if it is felt that there is no result, the institution will carry out legal remedies in litigation, namely submitting cases to the court. However, the obstacle is the large amount of small financing with a nominal value of under 10 million without using collateral so that employees find it difficult to collect because there is no forced effort like if there is a guarantee.

Various efforts have been made to overcome this, including *by home visiting* the homes of customers, giving boxes in front of customers' homes so that they can set aside their money to pay debts, through deliberations and so on. With these efforts, some of them were successful but many of them did not want to pay on the grounds that they did not have money because the business they were engaged in was sluggish so they could not afford to pay to KSPPS Khodijah [3].

Indonesian Islamic legal politics regulates philanthropy funds (zakat, infaq, shodaqoh and waqf abbreviated as ZISWAF) in the form of positive law. Regarding zakat, it is regulated by Law No. 23 of 2011 concerning Zakat Management. In its development, the use of philanthropic funds evolved from social, religious, to the core of the productive business economy [6].

The above distribution scheme has been implemented in providing business capital to the mustahiks. In this case, the Law and Human Rights Council of PWA Central Java was appointed as a field assistant who would accompany during this process. Therefore, the next step taken is the search for business capital then routinely accompanied, data collection of the type of business owned, and groups are made. The board along with the team classified it. And from there it is as an entrance to economic empowerment. Bad debts occur in addition to being careless in disbursements also due to the inability to pay the community due to the poverty they experience. Initially, the concept of mentoring carried out by the Law and Human Rights Council of the Regional Leader 'Aisyiyah was to build a commitment to customers that if they get capital assistance from Baznas, part of the funds as well as the profits to pay their debts to KSPPS Pedan. In its journey so

that the capital provided is not in vain, spending is given collectively according to their needs, training, monitoring and Evaluasi are carried out by the accompanying team.

The steps taken in an effort to resolve bad financing in a non-litigation manner by means of:

Conduct Data Investigations

From the general data, there are around 700 members who experience bad financing below Rp. 10,000,000, - and what type of business. From this data, it is then pursued to members who have MSMEs, and their financing is below Rp. 5,000,000,-. From this data, it is planned to be submitted to the Baznas RI which is classified into several groups according to the type of business. The members were given the understanding that if they get capital assistance from baznas later they are willing to pay the installments that should be then to determine what policy should be paid.

Clarifying

Survey Stage

A light survey was conducted to see the situation and conditions directly of prospective beneficiaries of MSMEs, starting from economic conditions, family conditions, and conditions of entrepreneurial places (for those who already have entrepreneurial fields). This is done with the aim of classifying whether this customer has the ability to pay or not.

From the results of the survey we conducted, there are approximately 500 people who have products or business land, but that is not necessarily our full capacity. Around 100 MSMEs have been verified to be able to carry out entrepreneurial empowerment and training.

Visitasi (Home Visit)

Visit the debtor's place of business or house to ask directly whether there is a compatibility of the data owned by the cooperative with the debtor as well as economic assistance so that they are willing and able to pay. Regular visitation is also carried out after empowerment.

Make a New Commitment

In this context, there are two alternatives, namely *rescheduling* or repayment without additional profit sharing. If you use *rescheduling*, a new statement and contract are made.

Empowering

Of the many members in need there are poor people, vulnerable but they have products that require touch and assistance so that their products can compete and have added value to their lives. This is what underlies the birth of the idea of empowering by mentoring. With this program, it is hoped that it will be able to bring out halal communities both in terms of production, marketing and labeling, so that later it can become a source of learning for local residents, on the other hand, if this community runs well, it will be able to absorb labor from surrounding villages so that the economy of the community residents increases and the level of welfare increases. These ideals certainly require maximum effort.

Empowerment is carried out by providing online product development and marketing training. In its implementation, it collaborates with the community service team from the Shari'a faculty of IAIN Surakarta. In addition, for six months accompanied by a normalization team from the Law and Human Rights Council of the regional leadership of 'Aisyiyah Central Java.'

Monitoring and Evaluation

At the end of each month, a team from the Law and Human Rights Council of PWA Central Java always monitors and evaluates customers who receive business capital assistance, this process lasts for 6 months.

From the efforts mentioned above, many customers have succeeded in developing their businesses. Besides that, the thirty-one people have been able to pay off their debts and their business is still running.

5 Conclusion

Settlement of Sharia economic disputes can be taken in two ways, namely litigation and non-litigation. Non-litigation dispute resolution can be done by cooperating with third parties. This has been implemented in resolving disputes in KSPPS Khodijah Pedan where KSPPS Khodijah has given power of attorney to the Central Java PWA Law and Human Rights Council and to reduce customer congestion. In this effort, the Law and Human Rights Council of PWA Central Java has collaborated with a third party, namely baznas of the Republic of Indonesia, to provide an injection of funds from zakat funds to mustahik MSME actors who have debts in KSPPS Khodijah Pedan Klaten.

The provision of business capital by Baznas to mustahik MSME actors in Pedan District, Klaten Regency has had a good impact on their economy. This can be seen from the increase in the amount of mustahik income after receiving zakat funds from Baznas.

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