

THE CONCEPT OF SHARIA FINANCE THAT IS AN ISLAMIC MICROFINANCE INSTITUTION

Eny Latifah dan Ningsih Paulina
Islamic Institute of Tarbiyatut Tholabah Lamongan, Indonesia
E-mail: eni.lathifah@gmail.com

***Abstract:** The purpose of this study was to determine the extent of the concept of existing financial statements Islamic Microfinance Institution precisely in the Cooperative Savings and Loans Coordination of Sharia Islamic Education Ummah Lamongan. The research method uses a qualitative approach that is descriptive in order to get a clear picture of the use of sharia accounting in the Islamic Microfinance Institution, which is precisely in the Savings and Loan Co-operative for the Development of Sharia Bina Syariah Ummah Lamongan. The results of this study are the concept of financial statements presented by Islamic Microfinance Institution Bina Syariah Ummah Lamongan is more referring to SAK ETAP. Financial statements that include a balance sheet, income statement, statement of changes in financial position that can be presented in various ways, such as cash flow statements and cash flow statements, notes and other reports. Because Islamic Microfinance Institution Bina Syariah Ummah Lamongan needs an adjustment process to provide financial reports with sharia accounting approaches because of the transfer of labels from Conventional financial institutions to Islamic financial institutions.*

***Keywords:** Sharia Accounting, Bina, Syariah Ummah Lamongan and Islamic Microfinance Institution .*

Preliminary

Financial Institutions is a forum to provide services for the community to conduct financial transactions both related to storage and financing to meet their daily needs. The choice of financial institutions varies depending on the users and users, there are those who prefer banking, there are those in the capital market, and there are also those in cooperatives. The various types of institutions are further divided into conventional and sharia-based financial institutions. And the level of trust of the lower middle class is more often given to Islamic cooperatives because it has a level of kinship and brotherhood that is more compared to banks and other Islamic financial institutions.

Islamic cooperatives included in the category of Islamic Microfinance Institutions in Indonesia are increasing in number, cooperatives registered in the East Java region in 2009 amounted to 19,396 units, in 2013 began to surge to 30,741. and in

2018 there were 33,871 cooperatives in the East Java Region (Data according to Data from the East Java Cooperative Service at the 2019 National Press Day event in Surabaya). The development of the cooperative must be balanced with Human Resources who will be able to carry out the mandate of the people who increasingly choose cooperatives as a financial institution to assist in meeting the needs and provision of additional funds with uncomplicated requirements when compared to banks.

Cooperatives Cooperative financial reporting guidelines that are based on accounting standards are a reference for every cooperative activity, so that systematic financial reporting can be formed in accordance with applicable principles. This guideline aims to be a reference both in coaching and evaluating the implementation of the performance of cooperative business entities for interested parties. With specific accounting standards for cooperatives, it is expected to further enhance member participation, because the community/members are better able to predict cooperative performance and at the same time feel transparency in managing their business activities.¹

Micro business units or Islamic cooperatives are always synonymous with finances, because basically the function of the existence of cooperatives is managing community funds. As a financial institution whose duty is to manage the people's funds, the Islamic cooperative is responsible for holding all of its activities in the form of financial statements.² The financial statements function to provide information to users of financial statements related to funds that have been entrusted to the Bina Syariah Ummah Banjarwati Branch to manage and manage the finances of 306 savings and financing customers. In its presentation, Bina Syariah Ummah's financial statements refer to SAK ETAP.

That phenomenon gives impetus to examine the author of the exploration of sharia Accounting in Islamic Microfinance Institutions.

References

Sharia Accounting

Accounting in Arabic is Al-Muhasabah derived from the word masdar hassaba-yuhasbu which means to count or measure. By the term, al-Muhasabah have various origin of the word is ahsaba which means "keep" or "trying to get" also comes from the word ihtiasaba which means "expect reward in the hereafter with book of someone from God", also means "making concern" ataua " account for it " ³

Islamic accounting based on the values of the Qur'an and Al-Hadith helps humans to carry out economic practices related to the recognition, measurement and recording of transactions and the fair disclosure of rights and obligations (Wiroso, 2011). These rights and obligations can occur because humans are sent by Allah SWT to manage and safeguard the earth reliably. Sharia accounting, at the level of ontology and epistemology there is an understanding among accounting experts that shari'ah

¹ Burhanuddin S., Cooperative, 98

² Dedi Fendra, Analysis of Financial Statements in Mandiri Sejahtera Syariah Financial Services Cooperative 02 Sungai Apit Siak Regency (Riau: Students and Lecturers of Business Administration Study Program at the Faculty of Social and Political Sciences, UIR), 67.

³ 2002 al-Munawir Dictionary and 2003 Mahmud Yunus Dictionary.

accounting is different from conventional accounting. However, at the level of the methodology there are still differences of opinion among sharia accounting experts.⁴

Understanding Financial Statements

Financial statements are the product or the end result of an accounting process. Financial statements are a form of service from the usage profession as one of the ingredients in the decision making process or as a report of management responsibility for managing the company.⁵

The financial statements are a summary of a recording process, and are a summary of the financial transactions prepared with the intention to provide company financial information to interested parties for consideration in making economic decisions. Complete financial statements usually include a balance sheet, income statement, statement of changes in financial position that can be presented in various ways, such as cash flow statements and cash flow statements, notes and other reports, and additional information related to the report.⁶

The existence of financial statements in a cooperative has the goal, namely to provide information relating to the financial position, performance and changes in the financial position of a company that is beneficial to a large number of users in making economic decisions. The financial statements also show what management is doing as being responsible for the resources entrusted to it.⁷

The purpose of financial statements in financial accounting standards, formulated as follows:

1. The purpose of financial statements is to provide information regarding the financial position, performance, and changes in the financial position of a company that is beneficial to a large number of users in making economic decisions.
2. Financial statements prepared for this purpose meet the needs of a large number of users. However, financial statements do not provide all the information that users may need in making economic decisions because they generally describe the financial effects of past events, and are not required to provide non-financial information.
3. Financial statements also show what management has done (stewardship), or management's responsibility for the resources entrusted to it. Users who want to assess what management has done or accounted for do so that they can make economic decisions, decisions that include decisions to hold or sell their investments in the company or decisions to reappoint or replace management.⁸

The users of financial statements in cooperatives consist of different layers of society in interpreting and analyzing the financial information presented to them. According to SAK ETAP, the cooperative's financial statements include balance

⁴ Methodology means the right ways or steps to analyze something. See Achmad Maulana, et. al. (2004), Dictionary, 306.

⁵ Sofyan Syafitri Harahap, Critical Analysis of Financial Statements (Jakarta: Pt Raja Grafindo Persada, 2010), 15.

⁶ Khaerul Umam, Islamic Banking Management (Bandung: CV Pustaka Setia, 2013), 332.

⁷ Harahap, Analysis, 18.

⁸ Harahap, Analysis, 18-19.

sheets, results of operations, cash flow statements, members' economic promotion reports and notes to the financial statements.

1. Financial Position Report

This report provides information about the company's financial position at a particular time. With the financial position report, the users of the financial statements can assess the liquidity and smooth operation of the company or organization, assess the funding structure of the company, analyze the composition of wealth and potential services of the company, and evaluate the economic resources controlled by the company.

2. Income statement

The income statement is a financial statement that describes the results of a cooperative's business within a certain period, so that it can know the results obtained and losses experienced.⁹

3. Balance

The balance sheet describes the financial position on a certain date. Statements of financial position of financial cooperatives compiled include assets (assets) and liabilities (liabilities and equity).

4. Cash flow statement

The cash flow statement is a report that shows all aspects related to cooperative activities, which have a direct or indirect effect on cash flow .

Islamic Microfinance Institutions

Islamic Microfinance Institutions are Islamic financial institutions that operate with regard to the principles and values of Islamic economics. One of the economic values of Islam that must exist in this Islamic financial institution is trust. Because an institution that receives the mandate from its members or customers to manage and store funds (money) they have in order to be maintained and utilized as best as possible for the benefit of the Ummah.

Microfinance Institutions (MFIs) or more popularly called Microfinance are defined as providers of financial services to small and micro entrepreneurs, and serve as a development tool for rural communities.¹⁰

Tohari defines that MFIs are institutions that provide financial services for micro entrepreneurs and low-income people, both formal, semi-formal and informal. Or in other words, MFIs are institutions that provide financial services for small and micro businesses and low-income people who are not served by formal financial institutions and are market-oriented for business purposes.¹¹ MFIs function as institutions that provide various loan services, both for productive activities carried out by various micro business activities, as well as consumptive activities of poor families. Thus, microfinance services have a broad scope, such as loans, deposits and payment services which are usually managed very simply.¹²

⁹ Indonesian Accounting Association, Financial Accounting Standards 01 (Jakarta: Graha Accountants, 2017), 9.

¹⁰ Euis Amalia, *Attributive Events in Islamic Economics Strengthening the Role of MFIs and SMEs in Indonesia* (Jakarta: Rajawali Press, 2009), 48.

¹¹ Amalia, *Justice*, 48-49.

¹² Amalia, *Justice*, 51.

In line with the development of the micro-economy and observing the increasing number of MFIs in Indonesia, including the development of the sharia system, so that LKMs were born with a sharia system that is still classified as informal.

The activities of Islamic Micro Finance Institutions (LKMS) sharia microfinance, in principle similar to the conventional MFIs. But there are several different activities in terms of the contract and the transaction, namely the sharia system that does not introduce any interest. LKS with this system is expected to be able to replace the conventional system that relies on interest instruments.¹³

Sharia financial institutions with a micro scope such as Baitul Maal Wattamwil and Sharia Cooperatives are financial institutions that are grown from the role of society at large, there are no economic, social or even religious restrictions, all components of society can play an active role in building a more equitable and financial system more important able to run even the smallest layer of entrepreneurs (Muhammad Ridwan, 2004: 73). In sharia financial activities, all transactions that occur must be carried out based on sharia principles. Sharia principles are Islamic legal principles in banking and financial activities based on fatwas issued by institutions that have the authority to determine fatwas in the sharia field. Sharia principles adhered to by Islamic financial institutions are based on the values of justice, expediency, balance, and universal (Andry Soemitra, 2009: 19).

BMT, which at that time was a unique structure in the Islamic finance industry in the world, had begun to be popular in Indonesia when Bank Muamalat began operating in 1992. Although still in its initial stages, this micro institution was mainly involved in the distribution of Zakat, Infaq, and Alms. In 1995, BMTs began to increase their role in empowering the rural economy by providing savings and financial services to the community. Since then, the number of BMTs has continued to grow and play an important role in building Islamic finance in Indonesia at the grassroots level and has become a benchmark for the development of Islamic Micro Finance Institutions (IMFI) throughout the world.

This type of institution is also a unique feature of the Indonesian Islamic finance industry. This small informal structure represents the lower levels of society in Islamic finance in Indonesia. However, the legal form of Islamic cooperatives (BMT) and any statistical data about this institution is still being debated. BMT is still not regulated and its form is still not uniform, for example for members and nonmembers. Many of them are registered as cooperatives under the Ministry of Cooperatives and others operate without being registered with any institution. The exact number of existing BMTs is unknown and figures quoted from various sources vary from 4500 to 5500 BMT. There is no data available from reliable sources that can help to measure this market segment in terms of the number of customers, the number of staff employed, and the portfolio of their assets and liabilities. The products and services offered by BMT are usually very basic. However, there are many successful BMTs and active contributions in laying the foundation of Islamic finance in Indonesia.

¹³ Amalia, Justice, 74-75.

Research Methods

This study uses a qualitative research paradigm. Qualitative research is a research method that understands a phenomenon using data. Researchers are the main figures in collecting data and interpreting it from the eyes of the perpetrators. In addition, in qualitative research researchers are closer to the object of research that will be investigated. However, apart from that all the main reasons for the selection of a qualitative paradigm are the willingness of oneself to better understand the methods used by an Islamic cooperative in isolating its financial statements with the Islamic accounting approach.

This research was conducted at the Islamic Microfinance Institution in Lamongan . Researcher's consideration in determining the place in Lamongan is a non-banking Islamic microfinance institution that is of public interest in both investment and financing at the Regency/City level up to the national level. In addition, Islamic cooperatives in accordance with the law consist of elements from the government and the community that legally have the legality and competence in carrying out their duties, mandates, and responsibilities.

Results and Discussion

KSPPS Bina Syariah Ummah

Cooperatives and the structural components contained therein are actually social change agents that have a strategic position. This is possible because cooperatives have social functions and business functions to support the welfare of their members. In order for a cooperative to function as an agent for social change, there are at least three basics that must be understood in managing cooperatives, namely:

1. Financially able to finance its own operations, without relying on sources of donations from other parties so it is not easy to intervene.
2. Managerially able to develop themselves in a measured, structured, and sustainable manner.
3. Developing as an agent of social change, especially a vehicle for business education, and communication media for organizers of social change programs (government and cooperative members, and able to accommodate the aspirations of members.

Considering that East Java has a variety of abundant potential, it is deemed necessary to form the Ummah Bina Syariah Cooperative in East Java. In addition to functioning as a profit institution for financial independence, K Bina Syariah Ummah operations are also expected to be a means of forging young people to become components of social change agents that are professional, fast, precise and trustworthy.

Bina Syariah Ummah Multipurpose Cooperative, or abbreviated as KBSU, began operating on January 17, 2015 in Gresik, East Java. Then get a legal entity from the Decree of the Minister of Cooperatives and SMEs RI: 02 / BH / XVI.6 / 437.56 / I / 2015 and also the Cooperative Savings and Loan Business License 151 / SIUSPK / XVI.6 / 437.56 / XII / 2015.

KSPPS Bina Syariah Ummah has several types of businesses ranging from savings and loans, retail stores, livestock groups and other businesses. Thanks to the trust and satisfaction of partners, members and customers at the age of only five years KSPPS Bina Syariah Ummah has 20 savings and loan service branches spread across several

regions, one of which is the Banjarwati Paciran Lamongan Branch. Which is located on Daendels Road, Banjarwati Paciran Lamongan.

Vision and Mission of KSPPS Bina Syariah Ummah

His vision is 1) The formation of the people's economy with Islamic sharia values. 2) The formation of togetherness in building the economy of the people on the basis of devotion.

Its mission is 1) To promote and implement the Islamic economic system in the lives of the people. 2) Increase the comfort and welfare of the people and members. 3) Providing convenience in helping develop the economy of the people and members. 3) Cultivating, please help in togetherness to improve the economy of the people. And 4) Doing service quickly, correctly and reliably to get to Barokah.

Savings Products and Financing KSPPS Bina Syariah Ummah

Deposits , including: 1) SITAKWA (Family Savings and Savings) , 2) SIHARA (Holidays Savings) , 3) SIHAROH (Hajj and Umrah Deposits) , 4) SITABAH (Savings and Sacrifice Savings) , 5) SIPENDIK (Education Deposits) , and 6) TBS (Tabungan Berjangka Sejahtera)

Financing , including: 1) Multi-Functional Without Collateral (MULTA) , 2) Prosperous Motorized Vehicles (KBS) , 3) Hajj and Umrah Pilgrimage Financing (PKHU) , 4) Multi Prosperous Services (MJS) , 5) Multi Griya Sejahtera (MGS) , and 6) Gadai Emas Sejahtera Syariah (GESS) .

KSPPS Financial Report Bina Syariah Ummah

1. Financial Position Report

Table 1.1

FINANCIAL STATEMENTS

Kspps Bina Syariah Ummah

January 2020

ROLLING

B	REFUNDED FUNDS	Rp. Xxx, -
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INCOME AND EXPENSES

No.	DESCRIPTION	AMOUNT (Rp)
A. INCOME		
1	ADMINISTRATION REVENUE	Rp. Xxx, -
2	INCOME INSTALLMENT SERVICES	Rp. Xxx, -
3	ADMINISTRATION OF REPAYMENT	Rp. Xxx, -
4	FINE INSTALLMENT	Rp. Xxx, -
TOTAL INCOME		Rp. Xxx, -
B. SPENDING		
1	INTEREST EXPENSE	Rp. Xxx, -
2	DEPOSITO INTEREST LOAD	Rp. Xxx, -
3	ATK	Rp. Xxx, -
4	OFFICE PULSE	Rp. Xxx, -

5	Depreciation of the PRINTER	Rp. Xxx, -
6	CLEAN COST	Rp. Xxx, -
7	INTERNET FEES	Rp. Xxx, -
8	ELECTRICAL FEES	Rp. Xxx, -
9	EMPLOYEE SALARY	Rp. Xxx, -
TOTAL EXPENSES		Rp. Xxx, -
C. SURPLUS (AB)		Rp. Xxx, -

CAPITAL

	CAPITAL	Rp. Xxx, -
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SAVE

1	ADMISSION OF SITAKWA	Rp. Xxx, -
2	WITHDRAWAL	Rp. Xxx, -
3	SIPENDIK ADMISSION	Rp. Xxx, -
4	SIPENDIK WITHDRAWAL	Rp. Xxx, -
5	KEEP SAVINGS	Rp. Xxx, -
6	WITHDRAWAL OF POKOK MID SCHOOL	Rp. Xxx, -
7	DEPOSIT	Rp. Xxx, -

INSTALLMENT

1	PRINCIPAL	Rp. Xxx, -
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2. Income Statement

Table 1.2

INCOME STATEMENT

Kspps Bina Syariah Ummah

Period 01-01-20 until 31-01-20

No. Accou	Account name	Debit	Credit
INCOME		Rp. Xxx, -	
4093	MGS income		Rp. Xxx, -
4094	MJS Revenue		Rp. Xxx, -
4095	MULTA Revenue		
4101	Services revenue		Rp. Xxx, -
4103	Administrative Revenue		Rp. Xxx, -
4106	Installment fine		Rp. Xxx, -
4106	Settlement Administration		Rp. Xxx, -
LOAD		Rp. Xxx, -	
6010	Interest Cost	Rp. Xxx, -	
6100	Cleaning Fee	Rp. Xxx, -	
6102	Simp Interest Expense Futures	Rp. Xxx, -	
6211	Tel & Internet Fees	Rp. Xxx, -	

6213	Electricity cost	Rp. Xxx, -	
6214	ATK	Rp. Xxx, -	
6401	AKP Inventory Expense	Rp. Xxx, -	
6503	Employee salary	Rp. Xxx, -	
PROFIT AND LOSS		Rp. Xxx, -	

3. Balance

Table 1.3

BALANCE REPORT

Kspps Bina Syariah Ummah

01-01-20 until 01-01-20

No. ACCOUNT	ACCOUNT NAME	DEBIT	CREDIT
CURRENT ASSETS			Rp. Xxx, -
1000	Cash	Rp. Xxx, -	
1201	Savings and Receivables	-Rp xxx, -	
1205	MGS Receivables	-Rp xxx, -	
1206	MJS Receivables	Rp. Xxx, -	
1207	MULTA Receivables	Rp. Xxx, -	
FIXED ASSETS			Rp. Xxx, -
1505	AKP Inventory	Rp. Xxx, -	
TOTAL ASSETS			Rp. Xxx, -
SHORT TERM OBLIGATIONS			Rp. Xxx, -
2031	Shiva		Rp. Xxx, -
2035	SiPenDik		Rp. Xxx, -
2103	Time Deposits		Rp. Xxx, -
LONG-TERM OBLIGATION			Rp. Xxx, -
EQUITY			Rp. Xxx, -
3100	Retained earning		Rp. Xxx, -
3101	Basic Savings		Rp. Xxx, -
PROFIT AND LOSS		Rp. Xxx, -	
TOTAL PASIVA		Rp. Xxx, -	

4. Cash flow statement

Table 1.4

CASH FLOW STATEMENT

Kspps Bina Syariah Ummah

01-01-20 until 01-01-20

Description	Nominal
OPERATING ACTIVITIES	Rp. Xxx, -
Reception	Rp. Xxx, -

1201	Savings and Loans Receivables	Rp. Xxx, -
1205	MGS Receivables	Rp. Xxx, -
1206	MJS Receivables	Rp. Xxx, -
1207	MULTA Receivables	Rp. Xxx, -
2031	SITAKWA	Rp. Xxx, -
2035	SiPenDik	Rp. Xxx, -
4093	MGS income	Rp. Xxx, -
4094	MJS Revenue	Rp. Xxx, -
4095	MULTA Revenue	Rp. Xxx, -
4101	Services revenue	Rp. Xxx, -
413	Administrative Revenue	Rp. Xxx, -
4106	Installment fine	Rp. Xxx, -
4108	Settlement Administration	Rp. Xxx, -
Spending		Rp. Xxx, -
1206	MJS Receivables	Rp. Xxx, -
1207	MGS Receivables	Rp. Xxx, -
2031	Si TakWa	Rp. Xxx, -
3100	The Teacher	Rp. Xxx, -
6100	Retained earning	Rp. Xxx, -
6102	Cleaning Fee	Rp. Xxx, -
6102	Simp Interest Fee Futures	Rp. Xxx, -
6211	Tel & Internet Fees	Rp. Xxx, -
6213	Electricity cost	Rp. Xxx, -
6214	ATK	Rp. Xxx, -
6503	Employee salary	Rp. Xxx, -
INVESTMENT ACTIVITIES		Rp. Xxx, -
Reception		Rp. Xxx, -
2103	Time Deposits	Rp. Xxx, -
Spending		Rp. Xxx, -
FUNDING ACTIVITIES		Rp. Xxx, -
Reception		Rp. Xxx, -
3101	Basic Savings	Rp. Xxx, -
Spending		Rp. Xxx, -
3101	Basic Savings	Rp. Xxx, -
CASH FLOW TOTAL		Rp. Xxx, -

Exploration of Financial Statements With the Islamic Accounting KSPB Bina Syariah Ummah Lamongan Approach

Bina Syariah Ummah Syariah Cooperative in Banjarwati Paciran Lamongan branch has customers of 306 members, both from savings and financing. For the sake of the smoothness of savings and financing funds carried out by customers, the cooperative performs the bookkeeping and management of funds by referring to the principles of sharia accounting, which records financial statements every month.

The financial statements presented refer to the financial statements of SAK ETAP (Financial Accounting Standards for Entities without Public Accountability) because those that comply with accounting standards include financial statements, balance sheets, income statements and cash flow statements, the other reports are the notes from the cooperative sharia itself.

The Bina Syariah Ummah savings and loan cooperative is slightly different from other syariah cooperatives, because Bina Syariah Ummah issues profit sharing every month and there is no minimum balance. However, even though the Islamic Microfinance Institution of Ummah Lamongan Islamic Community Development carries out various activities using sharia principles, it is possible that Bina Syariah Ummah is still fixated by the concept of conventional cooperative bookkeeping because there is still an interest expense and the percentage of profit sharing issued is almost the same with conventional cooperatives in general. Basically, the Bina Syariah Ummah was once a conventional cooperative that moved to become a sharia cooperative.

Closing

Exploration of the financial statements presented by Islamic Microfinance Institution Bina Syariah Ummah Lamongan refers more to SAK ETAP. Financial statements that include a balance sheet, income statement, statement of changes in financial position that can be presented in various ways, such as cash flow statements and cash flow statements, notes and other reports. Because Islamic Microfinance Institution Bina Syariah Ummah Lamongan needs an adjustment process to provide financial reports with sharia accounting approaches because of the transfer of labels from Conventional financial institutions to Islamic financial institutions.

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