

Assessment of the Level of Health of the Fitrah Insani Bandung Shariah Cooperative on the Aspect of Shariah Principles Compliance

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Abstract

Purpose: this research aim to determine whether sharia cooperatives, such as the Fitrah Insani Bandung Sharia Cooperative, meet the criteria outlined in Perdep No 7 of 2016 regarding compliance with sharia principles.

Design/methodology/approach: this research involves conducting a qualitative assessment of cooperatives' compliance with sharia principles, specifically focusing on the Fitrah Insani Bandung Sharia Cooperative within the KASFI context. The primary data required for this assessment is obtained directly from Kasfi management through data collection techniques, primarily interviews with management personnel.

Findings: the Fitrah Insani Bandung Sharia Cooperative meets the criteria for compliance with sharia principles, as outlined in Perdep No 7 of 2016. Based on the data collected directly from Kasfi management through interviews, the cooperative received a weight of 9, falling within the range of 7.51 - 10.00. Consequently, it was classified as healthy at the level of cooperative soundness in terms of compliance with sharia principles.

Research Implication: its potential to inform policy-making, drive capacity-building initiatives, enhance market confidence, stimulate further research, foster industry collaboration, and contribute to broader social and economic development goals within the cooperative sector.

Originality/value: the originality and value of this research lie in its focus on sharia compliance within cooperatives, its practical application for stakeholders, its methodological approach, its benchmarking opportunities, and its contribution to the literature on cooperative health and sharia compliance.

Keywords: Sharia Cooperatives; Cooperative Health; Compliance with Sharia Principles.

Introduction

Economic development always receives special attention, especially in developing countries. Economic development carried out in developing countries is very much needed in order to achieve prosperity when compared to developed countries (Purnamasari, 2019).

Economic growth is one of the supporting points for the success of a country's economic development. There are many concepts, views as well as terms regarding economic growth, but in truth this aims to achieve people's welfare. To achieve this goal, a country's economic growth is sometimes in a fluctuating position, in the sense that sometimes it is difficult to move in a critical direction which results in a recession (negative growth) and sometimes it also develops well which

is identified with moving financial activities so that there is an increase. economic factors towards positive growth (Munthe et al., 2021).

This success will be easily obtained if there is a strong contribution from the people of that country. The country of Indonesia has a lot of potential to achieve this success, one of which is the unique characteristics of its society. The attitude of the Indonesian people, namely helping each other or mutual cooperation can be the focus of the expected success in this economic development.

Encouraging the potential that we already have, we need a platform that can optimize this real contribution. Cooperatives are considered to be in accordance with the attitudes of Indonesian society. Because cooperatives are a means of empowering members through collaboration within a business entity. Cooperatives are also the pillars of the Indonesian economy where the role of these cooperatives is expected to help the success of economic development. This shows that there is no longer any doubt about making cooperatives a driving force for the nation's economy. The definition of cooperatives according to Law Number 25 of 1992 concerning Cooperatives, that:

A cooperative is a business entity consisting of individuals or cooperative legal entities that bases its activities on cooperative principles as well as being a people's movement based on the principle of kinship.

Cooperatives play a role as a people's economic movement that has the goal of achieving prosperity for members and the wider community based on the principle of kinship. Thus the role of cooperatives is very important in human life. Because human needs must be met even though sometimes there are problems in needs such as a limited number of needs, or limited means of satisfaction.

Cooperatives in Indonesia, which previously only had conventional cooperatives considering that the majority of the population was Muslim, have developed with the presence of sharia cooperatives.

Sharia cooperatives are cooperatives that are established based on the economic needs of members and are in line with prudence in carrying out economic activities in Islam, because Islamic cooperatives have the goal of achieving *falah*, namely safety and prosperity for members and society. This includes running a business based on sharia principles, so that welfare and safety in the afterlife can be achieved (Sobarna, 2022).

The concept of sharia cooperatives has similarities with conventional cooperatives, namely helping each other. Meanwhile, the difference lies in the approach taken, namely through an approach that is in accordance with sharia values and principles in emulating the economics carried out by the Prophet including the technical operations. Sharia cooperatives do not recognize interest, and there are considerations of halal and haram rules in doing business (Setyawan & Fauzia, 2020).

In order to achieve optimal economic development with cooperatives as the driving force of the economy, it is hoped that sharia cooperatives will be able to run with a good level of cooperative health. To be able to observe the development and ability of sharia cooperatives to improve the economy, one must know the health level of the sharia cooperative itself (Sobarna, 2020).

Health assessment in sharia cooperatives is very useful in providing information about the condition of the cooperative itself for parties who are directly interested or not, especially for supervisors, administrators, managers or members. Apart from that, an assessment of the health of cooperatives can be carried out in order to be able to assess and find out the problems of cooperatives in carrying out their business (Saleh et al., 2022). Besides this, the assessment of the soundness level of sharia cooperatives based on criteria and measurements can assess the success or failure of these cooperatives in carrying out their business and their suitability for sharia principles, as elements that must be fulfilled by sharia cooperatives.

The results of the assessment of some of these aspects will be divided into four levels of health or groups, namely healthy, quite healthy, under supervision and special supervision (Sobarna,

2020).

To assess the health of sharia cooperatives, it can be seen from several aspects that are assessed, as explained through the Regulation of the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises Number 7/Per/Dep.6/IV/2016 concerning Guidelines for Assessment of the Health of Savings and Loans Cooperatives and Savings Unit Financing Sharia and Sharia Lending and Financing, which includes aspects of capital, aspects of productive asset quality, management aspects, efficiency aspects, liquidity aspects, aspects of cooperative identity, aspects of independence and growth, and aspects of fulfilling sharia principles (Nur S. et al., 2019) .

One of the important aspects in assessing the health of sharia cooperatives is compliance with sharia principles. This is done to assess the extent to which sharia cooperatives can apply sharia principles in carrying out their activities as sharia financial institutions.

Because one of the things that distinguishes between sharia cooperatives and conventional cooperatives is compliance with sharia principles. Health assessment in the aspect of compliance with sharia principles is one measure of whether the sharia cooperative has complied with sharia principles as contained in the fatwa of the National Sharia Council (DSN) of the Indonesian Ulema Council (MUI) which is based on the Al-Qur'an and Hadith, as a guide in carrying out economic activity in order to fulfill human life.

With this assessment, it is hoped that every sharia cooperative can carry out its activities according to sharia principles with full accuracy and with a good level of soundness, so as to gain full trust and provide maximum benefits for members and the surrounding community (Pamungkas, 2016). Because, not all cooperatives that say that they are sharia cooperatives comply with sharia principles in carrying out their activities.

The Fitrah Insani Bandung Syariah Cooperative, hereinafter referred to as KASFI, was established in 2007 with members being permanent employees of the Fitrah Insani Bandung Foundation (YFIB). Until now, KASFI members are only permanent employees from YFIB and do not accept outside members. The focus of activities from KASFI is only in savings and loans and sharia financing. The types of financing found in KASFI are goods financing and Qardhul Hasan.

As explained above, that every sharia cooperative is expected to be able to run with a good level of soundness, especially in compliance with sharia principles. On that basis, researchers are interested in examining more deeply the level of soundness of the Fitrah Insani Bandung Sharia Cooperative in the aspect of compliance with sharia principles.

Method

This type of research begins with qualitative data analysis for the first stage, then uses quantitative data analysis based on the results of the first stage analysis. The first stage uses a qualitative descriptive method, which systematically explains the data based on the Regulation of the Deputy Minister of Cooperatives Number: 07/Per/Dep.6/IV/2016. While the second stage, using a quantitative method that is guided by the Deputy Minister of Cooperatives Regulation Number: 07/Per/Dep.6/IV/2016, is to calculate the credit score which will later show the level of compliance with sharia principles.

The data required is primary data where the data source is obtained directly from the source, namely the management of KASFI. The data collection technique needed to make it easier for researchers is carried out by interviewing administrators.

Result and Discussion

Assessment of the Health of Cooperatives on the Compliance Aspect of Sharia Principles.

Cooperative health assessment is a condition expressed in the form of an assessment with

results using healthy, unhealthy, and unhealthy predicates (Nur S. et al., 2019). Whereas in the Regulation of the Minister of Cooperatives and Small and Medium Enterprises Number 16/Per/M.KUKM/IX/2015 concerning the implementation of savings and loan business activities and sharia financing by cooperatives explains that the health of sharia cooperatives is a condition of business, finance and management of cooperatives that are declared healthy, quite healthy, under supervision and under special supervision. Because sharia cooperatives carry out an intermediary function that has its own characteristics, form and system, its health must be regulated, monitored and assessed.

Regulations regarding the health assessment of sharia cooperatives are regulated in the Regulation of the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises Momor: 07/Per/Dep.6/IV/2016 concerning guidelines for evaluating the health of savings and loan cooperatives and sharia financing and savings and loan units and sharia financing cooperative.

The scope of the KSPPS health assessment according to Perdep No.7 of 2016 is carried out, one of which is the aspect of compliance with sharia principles. Sharia principles are principles of Islamic law in cooperative business activities based on a fatwa issued by the National Sharia Council of the Indonesian Ulema Council (DSN-MUI).

The basic essence of the concept of the aspect of fulfilling sharia principles is that efforts to comply with sharia principles must be fulfilled, because they have a very important urgency and must be fulfilled for the following reasons:

1. Fulfillment of sharia principles in every operational activity is a manifestation of the characteristics of sharia cooperatives. Where every sharia cooperative is obliged to comply with sharia principles for the business it carries out,
2. For sharia cooperative entities, the continuity of sharia cooperative operations requires that there be a supervisor who is comprehensive and has firmness in taking action if there is non-compliance with sharia principles carried out by the sharia cooperative entity,
3. If there is non-compliance with sharia principles, the distinctive characteristics and operational characteristics of the entity will be lost,
4. The good image of the sharia cooperative will be disrupted if sharia principles are not fulfilled.

Based on Perdep No.7 of 2016, whether or not sharia cooperatives comply with KSPPS is determined by ten aspects:

1. The contract is carried out in accordance with sharia procedures,
2. Placement of funds in sharia banks,
3. The existence of a Sharia Supervisory Board,
4. The composition of participation capital and financing comes from sharia financial institutions,
5. Group meetings attended by Management, Supervisors, Sharia Supervisory Board, Management, Employees, founders and members are held periodically,
6. Cooperative KSPPS/USPPS management has an education certificate for management of sharia financial institutions issued by a competent party,
7. Frequency of Sharia Supervisory Board meetings to discuss the accuracy of the financing pattern implemented by the management within 1 year,
8. In overcoming problematic financing, a sharia approach is used,
9. Increase in ZIS deposits from members,
10. Increased members' understanding of the advantages of the sharia system over time.

Sharia principle compliance assessment is carried out by calculating the credit value based on the results of the assessment of 10 (ten) answers with a weight of 10%, meaning that for each positive answer 1 (one) gets a credit value with a weight of 1 (one). Furthermore, to determine the

level of compliance with sharia principles, if a sharia cooperative gets a score of 7.51 - 10.00 then it is in the compliant criteria, if it gets a score of 5.01 - 7.50 then it is in the moderately compliant criteria, if it gets a score of 2.52 - 5.00 then it is included in the non-compliant criteria and if you get a value of 0 - 2.50 it is included in the non-compliant criteria.

Table 1. Calculation of Sharia Principles Compliance Criteria

Positive	Credit Score Weight	Criteria	
1	1	0 – 2,50	Not obey
2	2		
3	3	2,51 – 5,00	Lack of Compliance
4	4		
5	5	5,01 – 7,50	Obedient Enough
6	6		
7	7	7,51 – 10,00	obey
8	8		
9	9		
10	10		

As for the results of interviews with Dwi Handadayanti as the management of KASFI, regarding 10 aspects in assessing compliance with sharia principles, as follows:

First, the contract is carried out according to sharia procedures. According to the Compilation of Sharia Economic Law (KHES), a contract is an agreement between two or more parties to carry out or not carry out certain legal acts. The type of fund distribution contract is in the form of a business, sharia cooperatives can channel it through murabahah, salam and istishna contracts. Then in the form of cooperation through mudharabah and musyarakah contracts. Furthermore, for multiservices through ijarah and others. While in the form of benevolence, it can be through qardh and qardhul hasan contracts (Nabilah, 2016). The types of contracts contained in KASFI are goods financing and Qardhul Hasan. The procedure for applying for financing in KASFI is that financing can be given to members who have joined the cooperative for at least 3 months and paid a principal deposit of Rp. 150,000 once at the beginning of registration as a member of the cooperative and a Mandatory Saving of Rp. 20,000 per month. Next, members fill out a financing application form and attach a letter of recommendation from the treasurer of the Bandung Fitrah Insani Foundation (YFIB). Thus, judging from the fulfillment of the type of contract, the financing contract at KASFI is compliant with sharia principles.

Table 2. Funding That Has Been Disbursed

Year	Financing amount	Recipient of Financing
2017	Rp 396.840.000	58 members
2018	Rp 143.000.000	26 members
2019	Rp 222.000.000	30 members
2020	Rp 204.710.000	32 members
2021	Rp 312.000.000	41 members

Source: KASFI Management Accountability Report

Second, placement of funds in Islamic banks. KASFI placed assets in the form of money in Bank Syariah Indonesia but still did not use the institution's property but used the KASFI treasurer's property. Thus, KASFI in the second point has complied with sharia principles.

Third, there is a Sharia Supervisory Board. Meanwhile, KASFI has a Sharia Supervisory Board led by Didik Agus T., and Chairini as a member. Thus, KASFI in the third point has complied with sharia principles.

Fourth, the composition of participating capital and financing comes from Islamic financial institutions. At KASFI itself there is no capital participation and financing comes from members'

savings. Thus, KASFI in the fourth point has complied with sharia principles.

Fifth, group meetings attended by Management, Supervisors, Sharia Supervisory Board, Managers, Employees, Founders and Members are held periodically. KASFI held an annual meeting (RAT) with participants from the Management, Supervisors, Sharia Supervisory Board, Managers, Employees, Founders and Members and at this meeting KASFI also invited members from the Cooperative Service. Thus, KASFI in the fifth point has complied with sharia principles.

Sixth, KSPPS/USPPS cooperative management has an education certificate for managing sharia financial institutions issued by a competent party. KASFI has participated in several trainings held by the Cooperative Service. Thus, KASFI in the sixth point has complied with sharia principles.

Seventh, the frequency of the meeting of the Sharia Supervisory Board to discuss the accuracy of the financing pattern carried out by the manager in 1 year. Meanwhile, KASFI is holding a meeting to evaluate contracts that run conditionally. At this meeting, the Sharia Supervisory Board openly provided assessments and input. Thus, KASFI in the seventh point has complied with sharia principles.

Eighth, in overcoming problematic financing, a sharia approach is used. Until now, it is rare to find problematic financing from KASFI members because every member who proposes financing for payment is immediately deducted from his salary. However, at least there are still financing problems. In overcoming this problem, KASFI coordinates with the management concerned or the head of the foundation. Then, the management approached the treasurer and asked whether there were still members' salaries that could be transferred or not. If there is, the treasurer then communicates to the members concerned to divert their funds to non-performing financing. The management also calculates the SHU of the member concerned to be transferred to financing payments. If there are no funds that can be diverted to pay for troubled financing, the management evaluates the member before it is declared that the member is truly unable to pay and considers the financing has been paid off. Thus, KASFI in the eighth point has complied with sharia principles.

Table 3. SHU Distribution Financial Report

Information	Proportion	2018	2019	2020	2021	Amount
Number SHU		14.594.524	24.242.962	30.325.591	37.110.246	106.273.323
1 Reserve	25%	3.648.631	6.060.740	7.581.398	9.277.562	26.568.331
2 Distributed to Members	50%	7.297.262	12.121.481	15.162.796	18.555.123	53.136.661
3 Education	5%	729.726	1.212.148	1.516.280	1.855.512	5.313.666
4 Manager	10%	1.459.452	2.424.296	3.032.559	3.711.025	10.627.332
5 Social	10%	1.459.452	2.424.296	3.032.559	3.711.025	10.627.332
Proportion of SHU Members						
1 Capital Distribution	80%	5.837.810	9.697.185	12.130.236	14.844.098	42.509.329
2 Capital Contribution	20%	1.459.452	2.424.296	3.032.559	3.711.025	10.627.332

Source: Management Accountability Report

Ninth, increase in ZIS deposits from members. KASFI does not manage ZIS deposits from members. Thus, KASFI in the ninth point does not comply with sharia principles.

Tenth, increasing members' understanding of the advantages of the sharia system over time. KASFI to support members' understanding of the advantages of the sharia system, namely by holding non-formal forums as well as outreach to members. The results of this socialization have an impact on increasing KASFI members.

Table 4. KASFI Membership

Information	Year	Enter	Go Out	Amount
Old Member	2017	-	-	162 members
New Member	2018	13 members	7 members	168 members
	2019	9 members	4 members	173 members
	2020	4 members	7 members	170 members
	2021	14 members	17 members	167 members

Source: Management Accountability Report

Based on the results of the interview above, the following data was obtained:

Table 5. List of Sharia Principles Compliance Questions Assessed

NO	Aspect	Query Number	Positive/Negative
1	The contract is carried out in accordance with sharia procedures (proven from the assessment results of the Sharia Supervisory Board)	1	1
2	Placement of funds in sharia banks (proven by fund use reports)	2	1
3	The existence of a Sharia Supervisory Board (evidenced by a Decree on the appointment of a Sharia Supervisory Board)	3	1
4	The composition of participating capital and financing comes from Islamic financial institutions (proven by reports on sources of funds)	4	1
5	Group meetings attended by Management, Supervisors, Sharia Supervisory Board, Managers, Employees, founders and members which are held periodically (evidenced by the attendance list and group meeting agenda)	5	1
6	Cooperative KSPPS/USPPS management has an educational certificate in managing sharia financial institutions issued by a competent party (proven by a certificate)	6	1
7	Frequency of Sharia Supervisory Board meetings to discuss the accuracy of the financing pattern carried out by the manager in 1 year (evidenced by the attendance list and meeting agenda of the Sharia Supervisory Board)	7	1
8	In dealing with problem financing, a sharia approach is used (confirmation with troubled mudharib)	8	1
9	Increase in ZIS deposits from members (proven by reports of receipt of ZIS deposits from members)	9	0
10	Increasing members' understanding of the advantages of the sharia system from time to time (evidenced by reports of increasing mudharib participation in KSPPS/USPPS Cooperatives)	10	1

Based on the Regulation of the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises Number: 07/Per/Dep.6/IV/2016 which has been explained above, the assessment of sharia principle compliance is carried out by calculating a credit score based on the

results of an assessment of the answers of 10 (ten) pieces with a weight of 10%, meaning that for every positive answer 1 (one) gets a credit value with a weight of 1 (one). Furthermore, for the criterion of the level of compliance with sharia principles, sharia cooperatives if they obtain a value of 7.51 - 10.00 then enter the compliance criteria, if they obtain a value of 5.01 - 7.50 then enter the criteria quite obedient, if they obtain a value of 2.52 - 5.00 then it falls into the criteria for non-compliance and if it gets a score of 0 - 2.50 it falls into the criteria for non-compliance.

The results of the analysis above show that the Bandung Fitrah Insani Sharia Cooperative has a weight of 9, thus KASFI is at a value of 7.51 - 10.00. Therefore, KASFI is included in the criteria of complying with Sharia Principles based on the Regulation of the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises Number: 07/Per/Dep.6/IV/2016. From the results of the analysis of aspects of compliance with sharia principles at KASFI with a weight of 9 and a value of 7.51 – 10.00 with compliance criteria, it can be seen that the level of soundness in the aspect of compliance with sharia principles is in the healthy predicate.

Conclusion

Based on the Regulation of the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises Number: 07/Per/Dep.6/IV/2016 that for criteria for the level of compliance with sharia principles, sharia cooperatives if they obtain a value of 7.51 - 10.00 then enter the compliance criteria , if you get a value of 5.01 - 7.50 then it is included in the criteria of being quite compliant, if you get a value of 2.52 - 5.00 then it is included in the criteria of less compliance and if you get a value of 0 - 2.50 it is included in the criteria of non-compliance.

KASFI has fulfilled the ten implementations of sharia principles above except for the ninth point, namely the increase in ZIS deposit from members, because KASFI does not manage ZIS from members. Thus KASFI is included in the criteria for complying with Sharia Principles based on the Regulation of the Deputy for Supervision of the Ministry of Cooperatives and Small and Medium Enterprises Number: 07/Per/Dep.6/IV/2016, because it has obtained a weight score of 9. Based on these results, KASFI's health level in the aspect of compliance with sharia principles, it is considered healthy.

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