Journal of Economics, Finance and Management Studies

ISSN (print): 2644-0490, ISSN (online): 2644-0504

Volume 08 Issue 12 December 2025

Article DOI: 10.47191/jefms/v8-i12-32, Impact Factor: 8.317

Page No: 7890-7894

The Effect of Ta'widh, Financing Restructuring, and Downgrade on the Non-Performing Financing (NPF) Ratio in Murabahah KUR Financing at Bank Syariah Indonesia in Aceh Province

Dimas Hanif Nofaryunanto[1], Muhajirin[2], Muhammad Fadlillah Fauzukhaq[3], Novrianto[4]

[1,2,3,4]State Islamic University Syarif Hidayatullah Jakarta, Indonesia.

ABSTRACT:

Objective: This study aims to empirically analyze the effect of ta'widh, financing restructuring, and downgrade on the Non-Performing Financing (NPF) ratio of Murabahah KUR financing at Bank Syariah Indonesia (BSI) in Aceh Province.

Methodology: This study uses a quantitative approach with time series data from 2021 to 2024. Multiple linear regression and Vector Autoregression (VAR) analyses were used to test the hypotheses. The data were sourced from BSI Aceh's internal reports, which included monthly NPF ratios, ta'widh realization, restructuring volume, and downgrade cases.

Findings: The results show that downgrades have a significant positive effect on the NPF ratio (coefficient = 2.118, p-value = 0.0000), while ta'widh and restructuring do not show a significant partial effect. Simultaneously, these three variables significantly explain 96.19% of the variation in NPF (R^2 = 0.9619). VAR analysis confirms that ta'widh and financing restructuring do not have a dominant effect on NPF fluctuations.

Originality: This study integrates three risk management variables into a single model in the unique context of Aceh, where full implementation of Islamic finance is mandated by local regulations (Qanun LKS No. 11/2018).

Practical Implications: Banks should focus on early detection and prevention of declining collectibility rather than relying too much on restructuring or ta'widh mechanisms. Strengthening monitoring systems, customer assistance, and early warning systems is essential to maintain financing quality.

KEYWORDS: Rating Downgrade, Murabahah KUR, NPF, Restructuring, Ta'widh, Aceh Sharia Bank.

I. INTRODUCTION

Bank Syariah Indonesia (BSI) is the largest Islamic bank in Indonesia, resulting from the merger of three state-owned Islamic banks. BSI has an extensive network of offices throughout Indonesia, including in Aceh Province, which plays an important role in the distribution of Islamic financing in the province. As one of the largest distributors of KUR based on Islamic principles in Indonesia, BSI also has a significant KUR portfolio in various regions, including Aceh. The distribution of KUR through Islamic principles at BSI in Aceh Province has its own characteristics, considering the local context and the application of Islamic law in Aceh.

The quality of financing is a key indicator of the health of Islamic banks, especially in the distribution of People's Business Credit (KUR), which is dominated by murabahah contracts.

Skema	Pembiayaan (%)	Account (%)	NPF (%)
Ijaroh	0,01%	0,02%	0,00%
Murabahah	99,81%	99,96%	1,15%
Musyarokah Mutanaqishah	0,18%	0,02%	0,00%

Figure 1. BSI KUR financing quality based on financing contract schemes

In Aceh Province, all financial transactions must use Islamic financial institutions based on Qanun Aceh No. 11 of 2018. Bank Syariah Indonesia (BSI) as the main distributor of sharia KUR in Aceh faces challenges in managing financing risks, as reflected in the Non-Performing Financing (NPF) ratio.

Ta'widh (loss compensation), financing restructuring, and collectibility downgrades are three important instruments in financing risk management. However, the effectiveness of these three instruments in reducing NPF in murabahah KUR financing still needs to be examined empirically, especially in regions with specific characteristics such as Aceh. Previous studies tend to examine these variables separately and in a more general context.

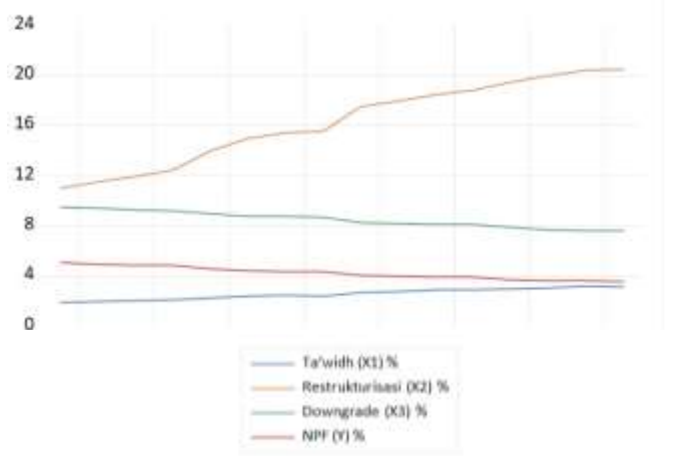

Figure 2. Trend of NPF percentage, Ta'widh, financing restructuring & downgrade from 2021 to 2024

This study aims to analyze the simultaneous and partial effects of ta'widh, restructuring, and downgrade on NPF in murabahah financing at BSI Aceh. The findings of this study are expected to provide practical contributions to improving financing risk management and enriching the literature on Islamic economics.

II. LITERATURE REVIEW

2.1. Murabahah Financing and NPF Risk

Murabahah is a sales contract with an agreed margin, dominating sharia KUR financing because it provides income certainty for banks and structural ease for MSMEs (Ismail, 2011). However, this financing still contains the risk of default, which has an impact on increasing NPF.

2.2. Ta'widh in the Sharia System

Ta'widh is compensation for actual losses due to late payments, regulated in DSN-MUI Fatwa No. 43/2004. Unlike penalties (gharamah), ta'widh is restitutive in nature and is not intended as a means of disciplining customers (Antonio, 2001).

2.3. Financing Restructuring

Restructuring is an adjustment of financing terms to help customers who are experiencing payment difficulties (SEOJK No. 16/2020). Its effectiveness is highly dependent on the customer's business conditions after restructuring (Rahmawati, 2021).

2.4. Collectibility Downgrade

Downgrade is a decline in financing quality based on collectibility assessment (POJK No. 16/2014). This variable directly contributes to the NPF calculation and is often an early indicator of non-performing financing (Sari & Putra, 2022).

2.5. Previous Research

Previous studies (Fadilah, 2020; Rahmawati, 2021; Sari & Putra, 2022) examined these variables separately. This study presents novelty by integrating the three variables into one model and focusing on the context of Aceh after the implementation of the Qanun LKS.

III. METHOD

3.1. Type and Source of Data

This study uses quarterly time series secondary data for the 2021–2024 period from BSI Aceh's internal reports. The variables studied are:

- **Y:** NPF ratio of murabahah KUR financing (%)

- **X_1:** Ta'widh (realized value of ta'widh relative to total KUR)
- **X_2:** Restructuring (outstanding restructuring to total KUR)
- **X_3:** Downgrade (financing with reduced collectibility to total KUR)

3.2. Analysis Method

Multiple linear regression analysis with the following model:

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \varepsilon$$

Classical assumption tests (normality, multicollinearity, heteroscedasticity, autocorrelation) were conducted to ensure the reliability of the model. Vector Autoregression (VAR) analysis was used to examine the dynamic relationship between variables.

IV. RESULTS AND DISCUSSION

4.1. Descriptive Statistics

The data shows a downward trend for NPF (from 5.10% in TW I-2021 to 3.60% in TW IV-2024) and downgrades (from 9.50% to 7.60%). Meanwhile, ta'widh and restructuring experienced a gradual increase.

4.2. Multiple Linear Regression Results

The regression equation obtained:

$$NPF = 0.8312 + 1.1262X_1 + 0.3426X_2 + 2.1178X_3$$

- Ta'widh (X_1): positive coefficient not significant (p=1.126)
- Restructuring (X_2): positive coefficient not significant (p=0.342)
- Downgrade (X_3): highly significant positive coefficient (p=2.118)

The R^2 value = 0.9619 indicates that the model is able to explain 96.19% of the variation in NPF.

4.3. Hypothesis Testing

- **t-test:** Only downgrade has a significant effect on NPF.
- **F-test:** All three variables simultaneously have a significant effect (F-statistic=126.3545; p=0.0000).

4.4. VAR Analysis and Impulse Response Function (IRF)

The VAR results confirm that downgrades provide the strongest response to shocks in NPF. The IRF shows that shocks in downgrades cause an increase in NPF that lasts for several periods.

4.5. Discussion

The finding that ta'widh is insignificant is in line with its nature as merely a compensation for losses, not a risk control tool (DSN-MUI, 2004). Insignificant restructuring indicates that this effort often only delays the problem if it is not accompanied by fundamental improvements in the customer's business.

A highly significant downgrade reinforces the theory that a decline in collectibility is a direct indicator of problematic financing. In the context of Aceh, where KUR financing is dominated by murabahah, downgrades become a crucial early warning signal for risk management.

4.6. Implications

4.6.1. Managerial Implications

BSI Aceh needs to strengthen its early warning system to prevent downgrades. Restructuring should be accompanied by business assistance and re-evaluation of feasibility. Ta'widh should be viewed as part of administrative procedures, not as the main strategy for reducing NPF.

4.6.2. Policy Implications

Regulators may consider more comprehensive restructuring guidelines, including mandatory business recovery analysis. Local governments need to strengthen the MSME support ecosystem to mitigate the risk of downgrades from upstream.

V. CONCLUSION

Based on the research results, it can be concluded that simultaneously, the three variables of ta'widh, restructuring, and downgrade have a significant effect on the NPF ratio, indicating that the management of Sharia KUR financing risks cannot be separated from one another. The very high coefficient of determination (R^2) also shows that the model used in this study has a strong ability to explain the variation in the NPF ratio in murabahah financing for KUR at BSI Aceh. Thus, this study provides an empirical description that risk management of financing through disciplinary mechanisms, financing rescue, and evaluation of collectability quality are important aspects in maintaining the stability of Sharia KUR financing in regions that implement a comprehensive sharia-based financial system such as Aceh Province. The results of this study also emphasize the importance of preventing a decline in financing quality from an early stage as a key risk management strategy.

REFERENCES

1) Antonio, M. S. (2001). Islamic banking: From theory to practice. Gema Insani.
2) Ardiansyah, M., & Pramudita, D. (2023). Analysis of Sharia financing quality based on customer characteristics and financing contracts. Journal of Sharia Finance, 14(1), 22–35.
3) Arifin, Z. (2002). The basics of Sharia Bank Management. Alfabeta.
4) Azzahra, L., & Hanifah, F. (2022). The effectiveness of Islamic financing restructuring after the pandemic in the MSME sector. Journal of Islamic Finance Studies, 6(1), 44–57.
5) Bank Indonesia. (2021). Bank Indonesia Regulation Number 23/2021 concerning Asset Quality Assessment. Bank Indonesia.
6) National Sharia Council–Indonesian Ulema Council. (2004). DSN-MUI Fatwa No. 43/DSN-MUI/VIII/2004 on Ta’widh.
7) Dewi, S., & Kurniawati, M. (2022). Determinants of non-performing financing in Islamic banking in Indonesia. Journal of Economics and Banking, 8(2), 90–103.
8) Fadhli, I., & Alfarisi, F. (2020). The effect of claim risk, reinsurance, subrogation, and investment income on profitability. Seiko: Journal of Management & Business, 3(2), 78–91.
9) Fadilah, N. (2020). The effect of ta'widh on financing risk in Islamic banks. Journal of Islamic Economics, 12(2), 88–102.
10) Faizah, N., & Noor, A. (2021). The effectiveness of ta'widh in controlling financing risks in Islamic banks. Journal of Islamic Economics and Finance, 9(1), 45–56.
11) Faizah, S., & Noor, A. (2021). The implementation of ta'widh in Islamic financing and its impact on financing risk. Journal of Islamic Economic Law, 5(1), 77–89.
12) Fithriah, N., & Saepudin, A. (2022). The development of Islamic financing and its implications for the sustainability of micro businesses. Economic and Finance Review, 4(2), 101–113.
13) Hadisuprapto, H. (1984). Fundamentals of contract law and security law. Liberty.
14) Hakim, M. K. (2019). The role of KUR financing in the development of Muslim MSMEs in Kudus Regency: A case study of Bank BRI Syariah Kudus Branch (Doctoral dissertation, UIN Walisongo).
15) Haris, A., & Yuliani, N. (2021). The quality of murabahah financing in Islamic banks: Risk analysis and mitigation. Islamic Banking Review, 12(2), 233–248.
16) Hariyani, I. (2008). Bookkeeping & debt collection. PT Bina Ilmu Offset.
17) Hidayati, S., & Mardiana, R. (2021). Trends in the use of murabahah contracts in MSME financing. Journal of Islamic Microfinance, 3(2), 112–120.
18) Huda, M., & Sari, F. (2021). Analysis of factors causing a decline in the collectability of MSME financing at Islamic banks. Journal of Islamic Finance and Banking, 13(2), 102–115.
19) Iskandar, M. (2023). Analysis of problematic sharia KUR financing in Aceh after the pandemic. Journal of Sharia Finance and Banking, 15(1), 45–58.
20) Ismail. (2011). Islamic banking management. Kencana Prenada Media Group.
21) Ministry of Finance of the Republic of Indonesia. (2023). Statistics on MSME Financing and KUR Development. Ministry of Finance.
22) Ministry of Cooperatives and SMEs of the Republic of Indonesia. (2022). National KUR Financing Performance Report. Ministry of Cooperatives and SMEs.
23) Muhajirin. (2018). Compensation in Islamic Law and Opportunities for Its Transformation in Indonesian Legislation (Doctoral Dissertation, UIN Bandung). https://digilib.uinsgd.ac.id/26639/
24) Financial Services Authority. (2014). POJK No. 16/POJK.03/2014 concerning Asset Quality Assessment. Financial Services Authority.
25) Financial Services Authority. (2015). POJK No. 11/POJK.03/2015 concerning Prudential Requirements for Sharia Commercial Banks. Financial Services Authority.
26) Financial Services Authority. (2020). SEOJK No. 16/SEOJK.03/2020 concerning Financing Restructuring. Financial Services

Authority.

27) Prasetyo, A., & Mufidah, S. (2023). The effectiveness of ta'widh implementation on moral hazard in Islamic financing. Jurnal Ekonomi Syariah Nusantara, 4(1), 51–63.
28) Prasetyo, R., & Mufidah, L. (2023). The influence of ta'widh and collection policies on the quality of murabahah financing. Journal of Islamic Economics and Business, 11(2), 120–134.
29) Purnama Sari, R. (2016). Implementation of micro, small and medium enterprise credit guarantees by Credit Guarantee Institutions (A study of Perum Jamkrindo KPP Syariah Banjarmasin).
30) Rahman, A., & Azizah, F. (2023). The risk of murabahah financing in Islamic banking: An institutional perspective. Indonesian Journal of Islamic Economics, 5(1), 19–31.
31) Rahmawati, L. (2021). The effectiveness of restructuring in reducing Non-Performing Financing (NPF) in Islamic banking. Journal of Islamic Economics and Finance, 9(3), 200–212.
32) Rahmawulan, Y. (2008). Comparison of factors causing NPL and NPF in conventional and Islamic banking in Indonesia (Thesis). University of Indonesia.
33) Rianto Rustam, B. (2013). Islamic banking risk management in Indonesia. Salemba Empat.
34) Rivai, V., & Ismail, R. (2013). Islamic financial management: Theory, concepts, and practical application guidelines for financial institutions, practitioners, and students. Rajagrafindo Persada.
35) Ryandono, M. N. H., & Rani, L. N. (2018). The impact of sharia guarantees on the health of Islamic banking financing. Al-Tijarah, 4(2), 36–48.
36) Ryandono, M. N. H., & Rani, M. (2018). Determinants of problematic financing in Islamic banks. Journal of Islamic Management and Finance, 7(1), 22–34.
37) Safitri, E. N. (2018). Analysis of factors causing default and its resolution in murabahah products (Doctoral dissertation, UIN Raden Intan Lampung).
38) Sari, N., & Putra, A. (2022). The effect of financing quality downgrades on non-performing financing in Islamic banks. Journal of Islamic Finance, 10(2), 115–126.
39) Sitorus, B., & Wahyudi, H. (2022). The effect of downgraded collectibility on problematic financing in Islamic banks. Journal of Islamic Finance and Banking, 7(3), 145–157.
40) Sudarsono, H. (2008). Islamic banks and financial institutions: Description and illustration. Ekonisia.
41) Suryanto, T., & Lestari, V. (2021). The effectiveness of murabahah contracts in MSME financing in Islamic banking. Indonesian Journal of Islamic Finance, 3(1), 45–57.
42) Yanuar, C. T. (2013). Sharia financing guarantees for micro, small, and medium enterprises (MSMEs) in order to minimize financing risks.
43) Zulfikar, A., & Perdana, A. (2023). The effectiveness of restructuring on MSME financing risk in Islamic banks. Contemporary Islamic Economics Journal, 5(1), 75–89.
44) Zulfikar, A., & Perdana, H. (2023). The impact of financing restructuring on the quality of Islamic bank portfolios. Journal of Islamic Finance, 11(2), 88–102.