

Root Cause Analysis Of Non Performing Financing On Murabahah Financing (Study Of Costumer At BPRS Adeco Kota Langsa During Covid-19 Pandemic)

Safwan Kamal¹, Khairul Fuady², Tajul 'Ula^{3*}, Annisa Ul Husna ZF⁴

¹Institut Agama Islam Negeri Langsa, Indonesia. safwankamal@iainlangsa.ac.id

²Institut Agama Islam Negeri Langsa, Indonesia. kfuady@gmail.com

³Institut Agama Islam Negeri Langsa, Indonesia. tajul.ula@iainlangsa.ac.id

⁴Institut Agama Islam Negeri Langsa, Indonesia. annisaulhusnazf21@gmail.com

Abstract

This study aims to examine root cause analysis of Non Performing Financing on murābahah financing at BPRS Adeco Langsa City during covid-19. This study uses a qualitative descriptive research method. The main data used in this research is primary data by conducting interviews with the Director and Account Officer (AO) and customers of BPRS Adeco Langsa city. The results of this study reveal that the COVID-19 pandemic has had a major impact on various sectors, especially banking, which caused problems in non-performing financing. This study uses root cause analysis using the 5 why analysis method. The results of the analysis in this study find several root causes which were concluded based on information provided by research informants which exhibit that non-performing murabahah financing of the customers at the bank is basically because of economic conditions in the midst of this pandemic which forced customers to delay their obligation to pay their installment. There are 3 main factors or root causes of customers that cause non-performing murabahah financing of the customers at the bank as follows a decrease in income, huge cost of educational needs, and the abundance of household needs to prioritize.

Keywords: *Root Cause Analysis, Non Performing Financing , Murābahah Financing, COVID-19 pandemic*

Abstrak

Penelitian ini bertujuan untuk menguji analisis *root cause* kredit macet terhadap pembiayaan *murābahah* di BPRS Adeco Kota Langsa selama *covid-19*. Penelitian ini menggunakan metode kualitatif deskriptif. Data yang digunakan dalam penelitian ini adalah data primer dari hasil wawancara dengan direktur, *Account Officer (AO)*, dan nasabah BPRS Adeco Kota Langsa. Hasil penelitian menunjukkan bahwa pandemi Covid-19 telah berdampak pada berbagai sektor, khususnya perbankan, yang disebabkan permasalahan kredit macet. Penelitian ini menggunakan analisis *root cause* menggunakan metode analisis 5 sebab. Hasil analisis dari penelitian ini menemukan beberapa akar penyebab yang diperoleh berdasarkan informasi dari informan penelitian yang menyatakan bahwa kredit macet pembiayaan *murābahah* dari nasabah di bank pada dasarnya karena kondisi ekonomi di tengah pandemi yang memaksa nasabah menunda kewajiban mereka membayar cicilan. Tiga faktor utama atau akar penyebab nasabah yang menyebabkan tidak lancarnya pembiayaan *murābahah* nasabah di bank yaitu penurunan pendapatan, besarnya biaya kebutuhan pendidikan, dan kebutuhan rumah tangga yang besar sebagai prioritas.

Kata Kunci: *Analisis Root Cause, Kredit Macet, Keuangan Murābahah, Pandemi COVID-19*

1. Introduction

The era of the Covid-19 pandemic has raised substantial new problems for banking financial performance, especially with regard to the financial health of banking. The

main concern of banking financial problems today is Non Performing Financing (NPF) that are affected by social restrictions, causing a decrease in economic activity. The COVID-19 pandemic is a deep recession that causes high NPLs and weakens bank balance sheets (Anil, Chen and Ratnovski 2021). Historically, Islamic banking has faced crisis problems, especially in the 1998 monetary crisis. The establishment of Bank Muammalah Indonesia was followed by the Indonesian People's Credit Bank (BPRS), at the time when the economic and monetary crisis hit Indonesia in 1997, nevertheless Islamic banking was impressively able to survive and developed well. However, the presence of BMI and BPRS has not been able to reach the lower layers of the Islamic community (Zaenul Arifin, 2009). Along with the rapid acceleration of Sharia or Sharia economic discourse in the community, Islamic Banking as one of the institutions that implement Sharia economy, shows tremendous growth in Indonesia. Conventional banking seems to be vying to immediately establish a Sharia business unit, and those who already have Sharia business units are preparing to transform into their own entities.

Islam encourages its people to carry out muamalah economic activities by carrying out sharia principles in obtaining profits (Kasmir, 2014). Islamic banks design financing transactions in comply with Islamic principles to redistribute the funds to customers who need them for various financing purposes. The operational system of Islamic banking which is commonly referred to as the profit-sharing system. Surprisingly, it turns out that in the western world such sharia-banking system was introduced earlier than in Indonesia despite the fact that it is the most-populous muslim-majority country in the world. In UK, Al Baraka bank, the first Islamic bank in UK, was allowed by Bank of England to start operating in 1983 (Belouafi and Chachi, 2014). Meanwhile, Bank Muamalat Indonesia, the Islamic bank in Indonesia, was established almost a decade later in 1991 (Dwi Sari, 2016) with Law no. 10 of 1998 which legally approves Islamic banking system in 1998. This can be seen as a transitional phase of Islamophobia in Indonesian politics where Islamic/sharia law is still in the shadow of the early political contentation of independence, starting from the debates on the Jakarta charter and other political dynamics during those times to the phase of Islamic political acceptance since the 1980s (Siti-Nabiha and Adib, 2020). Since the issuance of Law no. 10 of 1998, the development of Islamic Banking Institutions is quite rapid (Zainuddin Ali, 2008).

The presence of Islamic banks is now acknowledged as an alternative banking system that offers various products of financing, one of which is murābahah financing.

In Islamic banking, murābahah financing itself is used as primary financing and is mostly demanded by customers. Murābahah is a sale and purchase contract by stating the acquisition price and profit that have been agreed upon by the seller and the buyer. The profit obtained by the Islamic bank in this transaction is the sale and purchase profit that has been agreed upon at the beginning of the financing contract (Sholihin, 2013). According to Antonio, murābahah financing plays a role in business development, helps the micro business cycle to keep running and helps the increase of business turnover. Additional capital through murābahah financing can increase income by increasing merchandise sold by sellers (Muhammad Syafi’I Antonio, 2001).

However, in the midst of the Covid-19 (Corona virus Disease) pandemic which is currently surging all corners of the world, especially Indonesia, the Indonesian government has begun to emphasize that people are advised not to do activities outside their homes in an effort to avoid the increasing spread of Covid-19. The government has implemented social distancing and Large-Scale Social Restrictions (PSBB). However, from this policy and as a result of this virus pandemic, problems have emerged that impact all groups, be it banks, companies, and the people at the bottom layer.

Thus, it is not surprising that many NPF occurred in the midst of the Covid-19 pandemic, even though banks have carried out various analytical tools. As based on the theory of 5C analysis where before the Bank provides financing to the customer, the bank must first analyze it based on the 5C principle which looks at the customer's character, capacity/ability of the customer, capital, guarantee, and condition of the customer. However, based on practice, even though an analysis has been carried out, there are still non-performing financing that cannot be avoided due to the Covid-19 condition.

To find out the factors that cause the NPF, here the researchers use root cause analysis using the 5 Why Analysis method. Where Root Cause Analysis itself was first introduced by the National Aeronautics and Space Administration (NASA) in 1950. Root Cause Analysis is an analytical process designed to assist in identifying the underlying factors that directly cause a problem. The results of root cause analysis are usually used to make changes to processes, the environment and human behavior to prevent or reduce the possibility of these problems occurring in the future (Doskočil and Lacko, 2019).

Root Cause Analysis is a quality measuring tool used to distinguish the exact source of a defect or problem from a problem or condition. RCA is used to assist organizations in identifying risk points or weak points in processes, underlying or system-related causes and corrective actions. Organizations regularly conduct RCAs for ongoing processes and proactively review systems and processes thereby significantly reducing the likelihood of similar errors (Mc William, 2010).

There are various structured evaluation methods to identify the root cause of an unwanted outcome. As previously explained, there are five popular methods for identifying the root cause of an unexpected event from simple to complex, including *Is/Is not comparative*, *5 why methods analysis*, *Fish Bone diagram*, *Cause and effect matrix*, and *Root cause tree* (Jing, 2008).

In this study, the researchers use the 5 Why Methods to explore the root causes of non-performing financing in murābahah financing, considering the 5 Why Methods is a simple but effective analysis and allows to investigate a problem in depth.

2. Methods

This research is a qualitative-descriptive research. This study attempts to describe a situation or event. The qualitative approach emphasizes analysis on the process of deductive and inductive inference and on the analysis of the dynamics of the relationship among the observed phenomena by employing scientific logic (Jing, 2008).

Informants in qualitative research are research informants who understand information about the object of research. According to Spradley, informants must meet considerable criteria. The source of data used in this study is primary data obtained directly from customers of BPRS Adeco through interviews. This research data collection technique is based on self-reports or at least on personal knowledge or beliefs. In this method the researchers use structured interviews which are utilized as a means of data collection techniques whose questions have been designed and prepared by the researchers (Jing, 2008).

This study involves 5 (five) informants who are customers of BPRS Adeco with non-performing financing (NPF) records amidst the pandemic of covid-19 and voluntarily become research informants due to available time they have to interview with. They are: customer A who works as a trader and is 49 years old, customer B who works as a 53-year-old housewife/trader, customer C who works as an entrepreneur and is 38

years old, customer D who works as an entrepreneur and is 53 years old, customers E who works as a trader and is 37 years old.

In this study, the researchers use the 5 why analysis method to determine the root cause of the problem of the occurrence of NPF of the respective informants. 5 why analysis is an analytical tool in finding the root of the problem (Ohno and Bodek, 2019).

Root Cause Analysis (RCA) is a structured approach to identify the factors that influence one or more past events so that they can be used to improve future performance. In addition, the use of RCA in performance improvement analysis can facilitate tracking of factors that affect performance. Root cause is part of several factors (events, conditions, organizational factors) that contribute or give rise to possible causes and are followed by unexpected consequences (Doskočil and Lacko, 2019).

Root Cause Analysis as an analytical tool that can be used to conduct a comprehensive critical assessment of an event or problem, which includes identification of root causes and contributing factors, determining risk reduction strategies, developing plans along with measuring and evaluating strategies for the efficacy of a plan (Wilson et al, 1993).

Root Cause Analysis is an important component of a thorough understanding of “what happened”. It reviews the “early understanding” of an incident and identifies unanswered questions and information gaps. Information gathering can be done by conducting interviews with staff who are directly and indirectly involved, further it examines the environment where the problem occurs, and conducts the observation process. The information then becomes the “final understanding” which is then used to analyze “why” to the problem which occurs. It proposes that identifying and eliminating the root cause of the problem is the key factor for future improvement. Root cause analysis is the process of identifying causal factors using a structured approach with techniques designed to focus on identifying and solving a problem (Sproull, 2001).

Arcaro has presented various tools in identifying root causes. Arcaro describes the root cause analysis technique in a restricted domain and provides detailed tutorials to support detailed theoretical knowledge with practical experience. He said that not all root cause analysis techniques can be applied to all problems (Arcaro Jerome S, 1995).

In utilizing RCA there are four steps that must be taken, namely: 1) identifying and clarifying the definition of an undesired outcome (an unexpected event), 2) collecting

data, 3) placing events and conditions in the event and causal factor table, 4) continue with “why” questions to identify the most critical root causes (Chandler F, 2004).

Root Cause Analysis has five popular methods to identify the root cause of an unexpected event (undersired outcome) from simple to complex, namely: 1) Is/Is not comparative analysis, 2) Why analysis, 3) Fishbone diagram, 4) Cause and effect matrix, and 5) Root cause tree (Jing, 2008). There are several root cause analysis tools that have been widely applied to identify root causes. The analysis is Is/Is not comparative analysis, 5 Why analysis, fishbone diagram, Cause and effect matrix, and Root cause tree. 5 Why analysis is a simple root cause analysis tool that can be used to analyze system failures and can work well in identifying causes and effects of an event (Sood, Pangotra and Manrai, 2016). In utilizing RCA there are four steps that must be taken, namely:

1. Identify and clarify the definition of undesired outcome
2. Collecting data
3. Placing events and conditions on events and causal factors
4. Continue with “why” questions to identify the most critical root causes

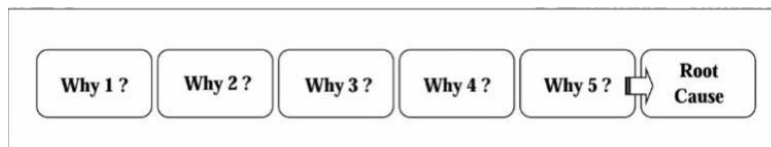
The 5 Why method is very useful when the issues raised involve human factors or interactions. Here are the benefits of the 5 Whys:

1. Helping to identify the root cause of a problem.
2. Determining the relationship between the different root causes of a problem.
3. Constituting a simple tool, easy to complete without statistical analysis

How to do 5 why analysis:(Sood, Pangotra and Manrai, 2016)

1. Write or describe the problem found. By writing or describing the problem will help to construct and formulate the problem and explain it completely. This will also help the team to stay focused on the same problem.
2. Ask why the problem occurs and write the answer under the problem.
3. If the answer stated has not correlated with the problem described in step 1, then continue to ask why and write the answer below.
4. Continue to do step 3 until the team agree that the root cause of the problem has been found. Asking "why" can be done less or more than 5 times

Figure 2.1
5 Why Analysis



Source: British Retail Consortium(2012)

Murābahah is a sale and purchase contract for certain goods, where the seller mentions the purchase price of the goods to the buyer and then sells it to the buyer by requiring the expected profit to be in a certain amount. In a murābahah contract, the seller sells the goods by asking for a higher value of the purchase price and the selling price. The price gap between the purchase price and the selling price of the goods is called the profit margin (Ismail, 2011). Ba'i al-Murābahah is the sale and purchase of goods at the original price with an agreed additional profit, in ba'i al-murābahah the seller must notify that the price of the product he bought and determine a level of profit in addition (Rifa'i, 2002). In the Fatwa of the National Sharia Council (DSN) No. 04/DSN-MUI/IV/2002, the definition of Murābahah is selling of an item by confirming the purchase price to the buyer and the buyer pays it at a higher price as profit. According to Antonio, the notion of ba'i al murābahah is the sale and purchase of goods at the original price with an agreed additional profit. Then according to Imam Nawawi buying and selling is the exchange of property with other assets to be owned. Ibn Qudamah defines buying and selling as an exchange of other assets to be owned and owned.

Meanwhile, murābahah based on PSAK 102 (paragraph 5) is selling goods with the sale proceeds at the acquisition price plus the agreed profit and the seller must disclose the purchase price of the goods to the buyer. From the above definition, it can be asserted that the essence of buying and selling is that the seller gets the benefits of the object purchased. In accordance with business principles (tjariah), murābahah transactions have several benefits and risks that must be anticipated. Murābahah provides many benefits to Islamic banks, such as the benefits that arise from the difference between the purchase price from the seller and the selling price to the customer. In addition, the murābahah system is also very simple, making it easier to handle the administration. Among the possible risks that must be anticipated, are:

- 1) Default or negligence, namely the customer intentionally does not pay installments

- 2) Comparative price fluctuations. This happens when the price of an item in the market rises after the bank buys it for the customer, so the bank cannot change the selling price.
- 3) Customer refusal, namely when the goods sent may be rejected by the customer for various reasons, for example, when it is damaged in delivery so that the customer does not want to accept it. Therefore, it should be covered by insurance. Another possibility is that the customer thinks that the specifications of the item are different from what he ordered. If the Bank has signed a purchase contract with the seller, the goods will become the property of the Bank. Thus, the Bank has the risk to sell it to other parties.
- 4) Sold, in this case because murābahah is a sale and purchase with debt, then when the contract is signed the goods become the property of the customer. Customers are free to do anything with their assets, including selling them. So if this happens then the risk for default becomes higher (Muhammad Syafi'I Antonio, 2001).

3. Result and Discussion

Result

1. Root Cause Analysis On Murābahah Financing at BPRS Adeco Langsa City During Covid-19

In the context of Indonesian national banking system, BPRS is a financial institution that serves micro and small businesses, whose function will never be separated from financing problems. Financing is the provision of money or an equivalent claim, based on an agreement or agreement between the party and the bank and another party that requires the party being financed to return the money or claim after a certain period of time with compensation or profit sharing. In fact, the main activity of the BPRS itself is as a financial institution that distributes funds through financing.

2. Identifying Problems

Not all incidents or problems that occur are carried out in full RCA procedures. Problems must be classified and prioritized. The goal is for efficiency in accomplishment of organizational objectives. This is because the complete RCA procedure requires specialized resources, which is limited in number within an organization, and takes a long time process. So the organization needs to establish a method of classification and priority problems.

In identifying problems, one must pay attention to events that cause a high impact or loss, so it is very necessary to classify and prioritize problems. By ranking problems based on consequences and likelihood. Consequence is how severe the impact of the problem is, while likelihood is how often the problem occurs.

This study discusses root cause analysis for murābahah financing on customers with NPF outcome amidst the covid-19 pandemic. There are various factors that cause customers trapped in NPF circumstances or delay payments on murābahah installment, including a decrease in income, the magnitude of educational needs, and the number of household needs that must to prioritize.

3. Explaining What Happened

In this step, the researcher conducts a re-analysis by collecting data, information and facts about the incident to understand what the problem really is. The problems that occur are then arranged according to the sequence or chronology of events based on the data and information that has been found.

After prioritizing the problem, namely about customers with NPF in murabahah financing, further researchers look for data and facts related to the respective cutomers in order to understand the real problems that occur, and later these customers will be used as sources in interviews regarding this research.

4. Identifying Causes

Problems that occur are then analyzed to find out what factors are the cause of a problem. Here reseachers identify situations, circumstances or conditions that allow such factors to cause an event occurance. This step is used to observe the problem deeper and find out why the problem occurs.

There are many factors that cause customers fail in paying murābaah installments, but not all factors are the root of the main problem that causes customers trapped in NPFwhen paying murābahah installments. For this reason, it is necessary to find out the root of a problem to take corrective action and prevent this problem from happening again in the future.

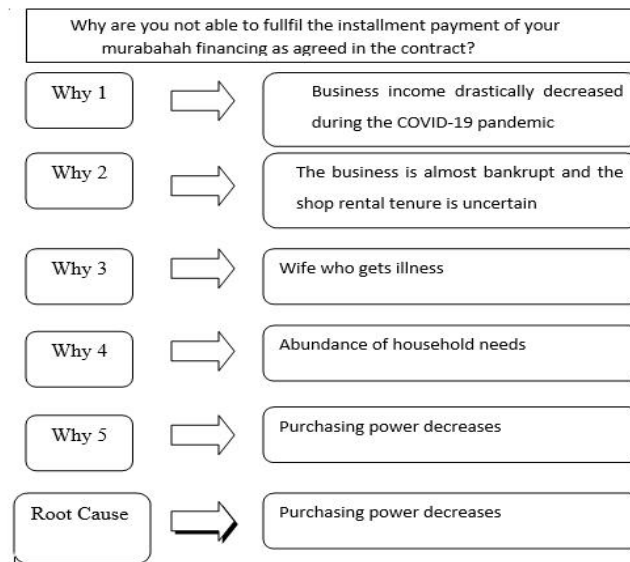
5. Identifying the Root Cause

Reseachers conduct a thorough analysis of the problem factors that identify the root cause of the problem. All problems have a direct cause, but the direct cause is not the root of the problem. The root cause of the underlying process or system can lead to high impact and loss. In this case, researchers need to examine the causal factors to find the

root of the problem. This can be done by observing and looking deeper into the root cause of a problem by asking the question "why" repeatedly until the root of the problem is known, the technique is known as the "five (5) why analysis" method (Ohno and Bodek, 2019).

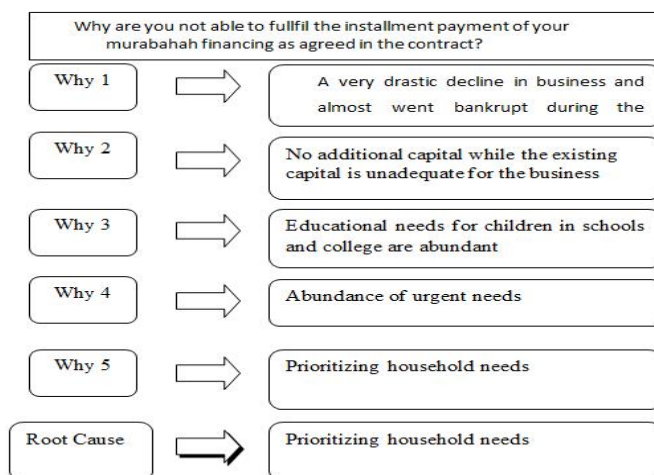
In conducting root cause analysis, researchers conducted a series of interviews with 5 customers whose financing are categorized as NPF. The results of the interviews are as follows:

1. Customer A



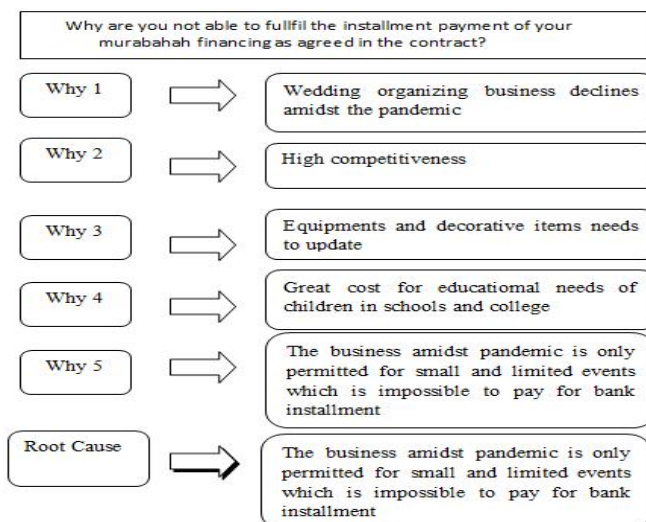
Based on the results of interview conducted with customer A it is figured that he faces problems in his payment installment of murabahah financing so that his payment is categorized as NPF by the bank. According to customer A, one of the main factors that forces him to delay his installment payment is due to fact that his wife gets sick. Customer A also said that the root cause of the delay in installment payments is because the purchasing power of his business decreased.

2. Customer B



The next interview was with Customer B. Customer B said that he delays his payments to the bank because during the current pandemic according to him the profit he should have earned from the sale can usually be reinvested as additional capital for his business, but in the current pandemic situation the turnover of the business he is carrying out are not as good as before. The pandemic happened, so at this time he can only manage his business with the existing capital. *"I've never delayed my installment payment before, just because of this covid condition, my business which usually can give me additional capital from the turnover now it is never enough so that the capital is only enough for my daily needs. , so in the midst of this situation I was forced not to pay my installment even though it was already due."* Customer B also said that the root cause of his failure to pay his installment was that he has many household needs to prioritize (Interview with customer B at 16 September 2021)

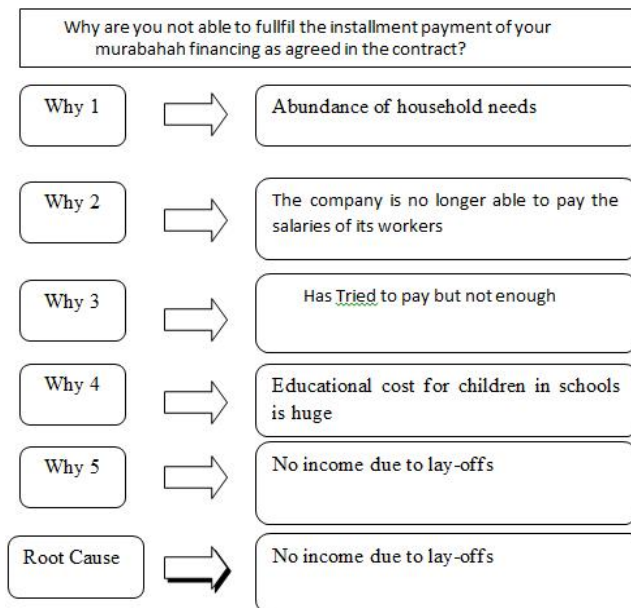
3. Customer C



The results of further interviews show that the root problem of customer C whose business is wedding organizing which has declined during the current covid-19 pandemic. Customer C said that he could not pay his payment to the bank because his wedding business was not running as before the pandemic due to the government's prohibition against gathering events in the midst of the current covid-19 pandemic.

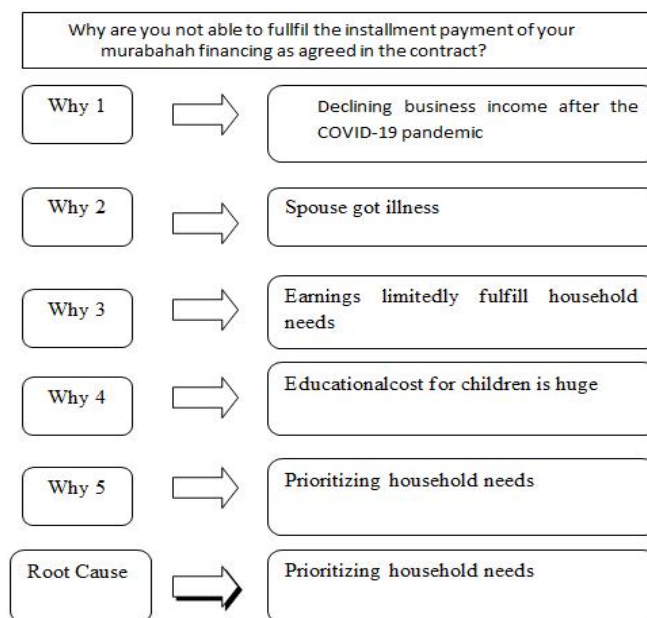
"I don't want to violate the regulations that have been issued by the government, namely the prohibition against gathering events in the midst of the current pandemic situation. So that the wedding organizer business does not really work these days"
(Interview with customer C at 16 and 17 September 2021).

4. Customer D



The Subsequent interviews showed that the root of the problem of customers who failed to pay their installment regularly was because the company was no longer able to pay the salaries of its employees. Customer D also said that it was because the company was no longer able to pay the salaries of its employees so that some of the employees were laid off.

5. Customer E



The last interview with customer E shows that he delayed his installment payment because the business declined due to covid-19 pandemic.

"I actually have no intention of delaying payments to the bank, but I was forced by this situation because my business income has decreased besides that my wife is sick, so it costs a lot for treatment."(Interview with customer E at 20 September 2021)

Customer E also said that another factor that caused him to delay payment at the bank was the huge cost of household needs he must fulfill.

"I am a kind of person who actually doesn't want to delay any obligation to pay, because we know that the current pandemic situation cannot be avoided, its impact on all traders like me, meanwhile the daily needs of our household must be met (Interview with customer E at 20 September 2021.)

6. Designing and Determining Improvement Plan

After understanding the root cause of the customers with NPF, the researchers then conduct an analysis of effective corrective actions to reduce and prevent the occurrence of customer's default in payments so that it does not happen again in the future. The corrective actions according to the researchers are as follows :

a. For Banks

It is better in the midst of the current covid-19 pandemic situation, banks restructure the timetable of installment payment for customers considering the many impacts of covid-19 that affect various aspects of life..

b. For Customers

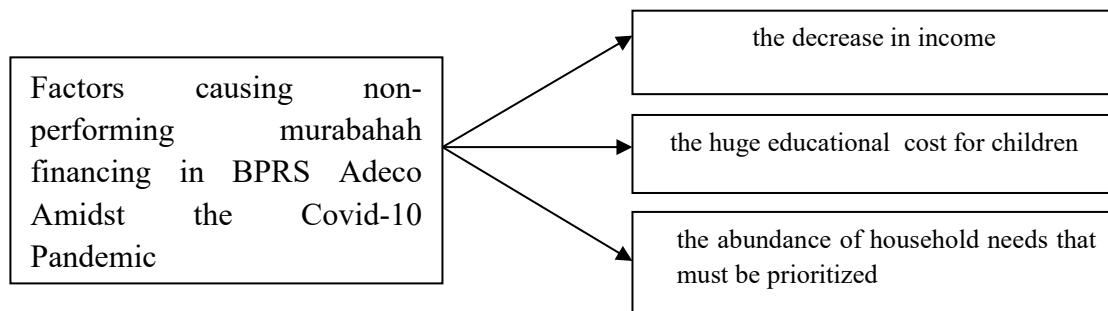
1. Customers should be consistent in obligation to pay the installment of the murabahah financing as required in the contract.
2. Customers should be able to manage installment properly so they can make payments at the scheduled time.
3. It is customers' responsibility to clarify their situation to banks when delaying their payment in any circumstance.

Discussion

Based on the results of the interviews that have been conducted by researchers with 5 customers with NPF at BPRS Adeco Kota Langsa, it is concluded that there are three root causes that urge murabahah finance of the customers not to perform well. The 3 (three) root causes which are the main factors that the researchers conclude from the five customers in this study, namely the decrease in income, the huge educational cost for children, and the abundance of household needs that must be prioritized.

Scheme 4.1

Factors that cause customers with NPF in the midst of Covid-19



Based on the scheme above, it can be seen that the main factors that caused the NPF of the customers that occurred during COVID-19 were as follows:

1. The decrease in income

According to economics, income is the maximum value that can be consumed by a person in a period by expecting the same conditions at the end of the period as the original state. The flow of money flows from the business world to the community in the form of wages, interest, rent and profits. The four are forms of income received by

members of the community as remuneration for factors of production (Suherman Rosyidi, 2011).

Income is profit generated by the community from the revenues of the head of the household and the earnings of household members. This income is usually allocated for consumption, physical needs, health, education and other material needs (Siti Azizah, 2019).

However, in reality, based on the results of interviews from several customers or informants, they stated that in the midst of the Covid-19 situation, pandemic had an impact on a decrease in income, but this decrease in income did not affect the level of consumption which should have been lower. This is in line with a research conducted by Erni Panca Kurniasih, with the results of the research that the COVID-19 pandemic has an effect on decreasing income, but not all respondents change their consumption patterns, but rather they focus on anticipating family spending..

This is in line with income theory which states that household income largely influence consumption levels. Usually, the better (higher) the level of income, the higher the level of consumption. When income increases, the ability of households to fulfill various consumption needs becomes greater, or maybe their lifestyle becomes consumptive (H. Abdul Wahab, 2012).

2. The huge educational cost

Education is one of the important factors to generate qualified human resources (HR). Education is basically a conscious effort to develop the potential of students' human resources by encouraging and facilitating their learning activities. Education is one of the main pillars in determining social change. Change towards progress and quality of life welfare (Achmad Patoni, 2004).

However, the reality behind the importance of education cannot be separated from the problem of financing. According to Mulyono, education financing is an analysis of the sources of income and the use of costs intended for the management of education effectively and efficiently in order to achieve the goals that have been determined. Meanwhile, according to Nanang Fattah, the cost of education is the amount of money generated and spent for various educational purposes.

Therefore, the cost of education is one of the factors that causes non-performing murbahah financing by customers, besides that in the midst of the current covid-19 pandemic situation which schools and colleges require students to do online learning (on the network) which contribute to additional costs for online learning.

This is in line with research conducted by Ari Budi Santosa with the result that the COVID-19 pandemic has had various impacts on various sectors, and of those sectors with severe impact is the education sector, especially in the ability of parents to provide learning facilities for their children.

3. The abundance of household needs that must be prioritized

Family is the smallest unit of society consisting of father, mother and children. In general, a family is composed of blood relations or marriage, although they do not always live in one single house. In building a family, the most important things to support are consumption patterns and economic independence. Both of these things greatly affect the welfare of the family both physically and mentally. However, during the current pandemic, the factor that most influences family welfare is the economic level, whether or not the family's needs are met or not.

Needs are all goods or services that must be owned and fulfilled by all individuals in order to support all activities in their daily lives. Therefore, household needs are needs that cannot be postponed in their fulfillment. So that household needs are one of the main factors that cause non-performing financing murabahah of the customers at the bank .

This is in line with the research conducted by Maskhun, with the result of the study that the factors causing non-performing murābahah financing are derived by the customer's weak economic condition, the business is not running smoothly, character weakness and disaster. It is likely that not all customers have the same root cause. This is because all other customers with NPF records must have other causal factors other than the results found in this study.

4. Conclusion

Based on the results of the study, the following conclusions can be drawn: the researchers found several root causes that were found based on the information provided by the research informants, namely decreased purchasing power, household needs that should be prioritized, wedding organizing businesses were prohibited for large scale events due to pandemic, absence of income due to layoffs, and the huge size of household needs. The root of the problem found is the main factor or the root of the problem that underlies customers with NPF in their murabahah financing at the bank. However, it should be emphasized that not all other customers have the same root cause as the informants do, so it is possible that each customer will have a different root cause.

delayed payment. Of the various those revealed factors are the main causes, which are a decrease in income, the high cost of educational needs, and the abundance of household needs that must be prioritized.

This study is important because it provides information about economic factors that cause the phenomenon of Non Performing Financing in crisis situations such as the Covid 19 pandemic, so that Islamic Banks can take into account the risk of financial difficulties based on the risk of Non Performing Financing. Prioritizing fiscal and monetary policy on these economic factors will affect the performance of banking financial health in a better direction.

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