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The Application of *Al-Qardh* Financing in the *Sharia* Financing Savings and Loans Cooperative Makmur Gemilang Sejahtera Magelang Indonesia (Approached with Fatwa DSN MUI No 19/IV/2001)

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Abstract

Al-Qardh financing is one proof of the development of Islamic finance. One of these financing efforts is for the welfare of the community by providing assistance without compensation. This financing is not aimed at getting financial benefits but at expecting the blessing of Allah SWT. This research was held at KSPPS Makmur Gemilang Sejahtera Magelang. The data analysis method used is descriptive analysis method. Through this discussion, the researcher will describe the data that has been obtained through the results of observations, interviews or documentation that will be analyzed using the DSN-MUI fatwa. The results showed that in the application of qardh financing carried out at KSPSS customers who want to finance there is an additional fee of 2.5% on each principal amount of financing for infaq / alms agreed upon at the beginning of the agreement agreement. So the implementation process is not completely perfect with the fatwa, because the 5th point "Al-Qardh customers can provide additional (voluntary donations to LKS as long as they are not promised in the contract)". According to the DSN-MUI fatwa, donations cannot be promised in the contract, even if it is infaq/almsgiving, because the addition can be categorized as Riba

Introduction

Indonesia is an Islamic country that has the largest Muslim population in the world, in 2020 around 87.2% of the population in Indonesia are Muslims. ("Masa Depan Agama Dunia," n.d.). In Islam, it not only regulates the relationship between humans and other people in society, but also regulates the relationship between humans and God, between humans and themselves and between humans and objects and the natural environment. That way, the interaction of helping each other between humans is common, as is the case in helping financial needs that lead to debt transactions. According to the Shari'a, the practice of debts and receivables can lead to goodness if it is carried out properly and correctly, there is something good for those who owe it because it is part of the sunnah. Islam allows (mubah) a person to owe and makes it obligatory (sinful if not paid) for repayment of the debt.(Rijal, 2013) Regarding this, the verses of the Qur'an were revealed:

مَنْ ذَا الَّذِي يُقْرِضُ اللهَ قَرْضًا حَسَنًا فَيُضَاعِفُهُ لَهُ وَلَهُ أَجْرٌ كَرِيمٌ

Who wants to lend Allah a good loan, then Allah will multiply (reply) the loan for him, and he shall have many rewards ". (QS. Al-Hadid :11). (RI, 2010a)

The sharia legal basis of accounts receivable is to get glory from this transaction. Giving debt to people who are experiencing difficulties is one way to taqarrub to Allah Almighty, but Accounts Receivable is not identical to Qardh, although Qardh is part of the receivables debt. Accounts receivable include all matters relating to dependents caused by the borrowing of property, the purchase of non-cash goods, the replacement of other people's goods for a reason, etc. Meanwhile, Qardh is the gift of property to others that can be billed or requisitioned, and can be categorized as a *Tathawu'* contract or mutual aid contract and not a commercial transaction.(Sudarsono, 2008). In this case it can be concluded that the loan is divided into two, first the loan of a human being with his creator is a loan that man gives to his fellow man to help without expecting a profit and solely to get a reply in the hereafter. Secondly, a human loan for his brother is a loan that can be found in social life, a person borrowing from his brother is due to a need and is required to replace or repay the loan.

Collecting and distributing funds in the form of financing is known to have 2 (two) types of contracts, namely *tabarru'* and *tijarah* contracts. (Budiman, 2013). *Tabarru'* contracts are all sorts of agreements that concern not-for-profit transactions. This transaction is not essentially a business transaction for commercial profit. *Tijarah* contract is all kinds of agreements that concern for profit transactions. Through the explanation above, there is a fundamental difference between the *Tabarru'* contract and the *Tijarah* contract. (Budiman, 2013)

In the financing product in the distribution of funds, Qardh can be classified in the *Tabarru'* contract because the nature of Qardh is not to get financial benefits, but for the benefit of the afterlife. If the *Tabarru'* contract has commercial benefits, then it is not *Tabarru'* the name, but has changed to *Tijarah.* However, the party who does good is allowed to ask his counter-part to simply cover (Cover the Cost) incurred in doing the *Tabarru'* contract' and must not take the slightest profit from the contract. (A, 2013)

DSN-MUI occupies a strategic position for the advancement of the Islamic economy and financial institutions. Because it affects the development of the Islamic economy and banking which refers to the legal system built on the basis of the Quran and hadith (sunnah) whose existence is a guide for the majority of Muslims in particular and others as a whole. This Qardh process is inseparable from the observation and supervision of the MUI, with the issuance of DSN-MUI Fatwa No: 19 / DSN-MUI / IV / 2001 concerning Al-Qardh. So that it can be a reference for shari'a financial institutions in the process of implementing their contracts.

KSPPS Makmur Gemilang Sejahtera located in Magelang is one of the simplest institutions in a shari'a microfinance institution. KSPPS was formed to be a small people's economic institution that plays a role in social institutions, business institutions that compete in the free market. KSPPS Makmur Gemilang Sejahtera financing products include *Murabahah* financing, mudharabah financing, rahn financing, ijarah financing and qardh financing.

The basis of Qardh Financing at KSPPS Makmur Gemilang Sejahtera is to provide and provide funds to meet the needs of parties who experience shortages in living budgets and business capital. The target in this financing includes micro and medium enterprises that experience capital needs or life needs.

From this understanding, it can be concluded that a loan can be granted or taken back. Because Qardh can be categorized as a tathawu'i contract or mutual aid contract and not a profit-seeking transaction. However, the financing that occurs at KSPPS Makmur Gemilang Sejahtera, every customer who makes Qardh financing during the refund time of the loaned there is an infaq or alms fee charged to the customer of 2.5%, so that the amount of payment of this infaq / alms fee is based on the range of the nominal amount of financing. This has an impact on increasing costs that vary according to the nominal loaned, and this is conveyed to the customer at the beginning of the contract.

Material and Methods

This research is a field research with a qualitative approach. With data obtained from the results of structured interviews with practitioners and customers at KSPPS Makmur Gemilang Sejahtera Magelang. The results of the data are then analyzed using the DSN MUI Fatwa by describing it deductively. With the technicality of data reduction, presentation of data, then drawing conclusions. (Lexy J. Moleong, 2014)

Definition of Qardh

According to estimology, Qardh means Al-Qath (القطع), Property given to the person who borrows (the debtor) is called qardh, because it is a "piece" of the property of the person giving the loan (creditor). (Az-Zuhaili, 2011)According to the terminology, Qardh is the giving of property to another person which can be billed or requested back without expecting anything in return or other understanding of a lending and borrowing transaction without providing additional conditions when returning the loan. In classical fiqh literature, qardh is categorized in a tathawwu'i contract or a contract for mutual help and not a transaction for profit.(Hannanong, 2018)

Financing on Qardh Agreement

In the financing process for qardh contracts, Islamic financial institutions (LKS) function as providers of funds to be used for loans (Qardh) to borrowers by mutual agreement. Fund providers are not allowed to ask for more nominal amounts at the time of refund that has been agreed at the time of the contract. It is also not permissible to charge any fees on the basis of distribution of financing on qardh, except for administrative costs with a reasonable limit. (Muhammad, 2009)When returning the qardh financing amount, the borrower must return it at a mutually agreed time. If the borrower is classified as able to pay but does not fulfill it, then the financial institution is allowed to impose sanctions in accordance with sharia. (DSN-MUI, 2011)However, if the borrower in this case has been confirmed to be incapable, then the financial institution has the authority to suspend or write off part or all of it.

Qardh Legal Basis

Qardh transactions in Islam are allowed based on the Qur'an, Hadith and Ijma' ulama'.

1) Al-Qur'an

وَاِنْ كَانَ ذُوْ عُسْرَةٍ فَنَظِرَةٌ اِلٰى مَيْسَرَةٍ ۗ وَاَنْ تَصَدَّقُوْا خَيْرٌ لَّكُمْ اِنْ كُنْتُمْ تَعْلَمُوْنَ

(البقرة :280)

And if (the debtor) is in trouble, then give a grace period until he gets relief. And if you give charity, it is better for you, if you know". (QS. Al-Baqarah: 280). (RI, 2010b)

2) Hadith

عن ابن مسعود أن النبي صلى الله عليه و سلم قال : مَا مِنْ مُسْلِمٍ يُقْرِضُ مُسْلِمًا قَرْضًا مَرَّتَيْنِ إِلاَّ كَانَ كَصَدَقَتِهَا مَرَّةً.(رواه إبن ماجه)

It was narrated from Ibn Mas'ud that the Prophet SAW actually said: "No Muslim owes his wealth to another Muslim twice unless his actions are the same as alms. (HR. Ibnu Majah)(Abi Abdullah Muhammad bin Yazid al-Qozwini, 210AD)

3) *Ijma' Ulama*

The Ulama have agreed on the permissibility of qardh sunnah because there is a need (*al-hajjah*) for those who do it and it is part of mutual assistance in goodness and piety and is legitimately done with *ijab* and *qabul*. (Al-Zuhaili, 2002)

Pillars and Terms of Qardh

The scholars agreed that in the contract there must be pillars. The pillars of the contract in Qardh are:(Al-Khin, 1992)

1) Borrower/Muqtaridh and Owner of funds or lender/Muqridh ('Aqidani)
2) Parties to qardh transactions must fulfill the classification to carry out an agreement. A qardh contract can be said to be valid if a muqridh and muqtaridh are not underage or insane but are mature, and can treat religion and wealth properly, Because a qardh contract is a mu'awadhah contract
3) Amount of funds/Qardh or items borrowed (Muqtaradh)
   As for the qardh object, there are criteria that include:
   a. *Mistliyyat*, assets whose units are not different from others in terms of value, such as money, crops, weight.
   b. *Qimiyyat*, assets whose unit is different from the others in terms of value, such as livestock and medicine.
   c. *Ainan, manafi'* (benefits/services), according to Hanafiah and Hanbaliah scholars forbid qardh objects that only use their services/benefits. But the Syafi'iyyah and Malikiah scholars allow it on condition that they must clearly describe the benefits / services.
   d. *Ma'luman*, the value of the property object that is used as qardh must be known, so that the borrower can return it according to the previous value.
4) Ijab Qabul/*Shighat*
   The qardh contract will occur depending on the desire between the two parties (Muqridh and Muqtaridh), through consent and qabul will lead to an

agreement on its implementation. The fuqaha' do not question the validity of the consent by using qardh, salaf, or other similar words.

Law in Qardh

The legal basis for Qardh lending and borrowing is sunnah for those who lend and mubah for those who borrow. However, the law of qardh can change depending on the situation. One reason is because of the borrower. The law of al-qardh can change according to the following: (Wahab, 1970)

1) *Wajib*. if the qardh property loan is used for very urgent needs such as hunger, and is not used for charity.
2) *Haram,* if the qardh property loan is used to commit unlawful acts or for immoral purposes.
3) *Makruh*, if qardh assets will be used not for benefit purposes, but used for extravagant and squandering purposes.
4) *Mubah*, if the qardh property borrowed is used to support the family, daily life in accordance with the existing Shari'a, in this case the borrower has no other way to get the property apart from borrowing.

Source of Qardh Funds

Qardh sources of funds can be obtained through third parties, special fund capital provided by Islamic Financial Institutions or individual funds from other income. The income includes, among others, coming from: (Azam, 2019)

1) Capital of Islamic Financial Institutions
2) Institutional profits set aside
3) Other institutions or individuals who entrust their money to the Institution, whether in the form of zakat, infaq and shadaqah.

The nature of qardh does not provide financial benefits. Because the distribution of funding sources, among others:(Hannanong, 2018)

1) Al-Qardh funds for customers who have deposits in Islamic banks and need a small amount of bailouts and a short period of time, taken from the bank's capital
2) Al-Qardh's funds for financing purposes to other hawkers (small traders), come from zakat, infaq, alms of customers or parties entrusted to Islamic banks
3) Al-Qardh funds for social assistance needs, sourced from Islamic bank income from non-halal transaction income. Such as payment of late payment of financing installments, fines for disbursement of deposits before maturity, and so on.

Thus the property made qardh in its position does not become the object of the contract. Because the Qardh contract is essentially to give benefits from the property used. By this it can be known that the treasure of Qardh is not its object, but rather includes ma'qudl-manfa'ah (qardh goods).

DSN-MUI Fatwa Decree No: 19/IV/2001 concerning Al-Qardh

The National Sharia Council issued fatwa No: 19/DSN-MUI/2001 discussing Al-Qardh. It contains provisions around the general provisions of Al-Qardh, Penalty and Sources of Funds. (DSN-MUI, 2011)

1) General Provisions of Al-Qardh

Al-Qardh is a loan given to a Customer (*Muqtaridh*) who requires. The original purpose of al-Qardh was to provide happiness for the muqtaridhs who were in need and intended for good things. Such as providing loans to micro-entrepreneurs who experience a lack of capital in their business, providing soft loans to the community to repair houses, hospital treatment costs, children's school fees, etc. As for *muqtaridh*, there are conditions that must be met, such as having an expert or the ability to do *mu'amalah*, such as *baligh*, being sensible and not *mahjur 'alaih*. (Muslich, 2019). then Al-Qardh Customer is obliged to return the principal amount received at the agreed time. Qardh is a loan without being charged (only required to pay the principal of the debt), this kind of concept is in accordance with Islamic law (no *riba*). Because in lending money, it is not allowed to ask for a return greater than the principal lent. Qardh loans have a purpose that is given to people who need or cannot meet their financial capabilities, for humanitarian or social purposes. The method and time of repayment are determined jointly between the giver and the borrower. Even though the nature of this debt is concessional, the debtor is not easily willing to do it himself. In Islam, unpaid debts can hinder the final day.

Islamic Financial Institutions are allowed to impose administrative fees. Administrative fees in a limited amount, allowed to be charged to the borrower. If the borrower suffers a loss not because of his negligence, then the loss can reduce the loan amount. Administrative costs are one of the supporting factors of the contract or to keep away from *riba*. Then administrative costs must be expressed in nominal not percentage, The nature must be real, clear and certain and limited to those of a muthlak nature necessary for the occurrence of the contract, and determined by a certain nominal, not related to the amount and term of the loan. (Wasilah, 2015)

Regarding guarantees, Islamic Financial Institutions can ask customers for guarantees if deemed necessary. In qardh financing is not obliged to provide guarantees, but it is allowed. In accordance with its function, the guarantee is used to minimize risks that can harm the bank and to see the customer's ability to bear repayment of debts received from the bank. The guarantee provides legal certainty to the giver for the return of capital / loan / credit given to the borrower, meaning that the collateral item can be executed at any time, to pay off the debtor's debt.(Neneng, 2017) The value of the collateral should be greater than the amount of capital / loan / credit, with the aim that when a default occurs, the guarantee can cover the shortfall of the loan. The guarantees can be divided into two types, namely guarantees that are material and guarantees that are individual (immaterial).

Furthermore, Al-Qardh Customers can voluntarily provide additional (donations) to LKS as long as they are not promised. Payment of loans for *muqtaridh* must be made in accordance with the agreement between the two parties. At the time of return, the principal of the debt is the main one in its repayment. However, there are some opinions regarding the meaning of iwadh (reward) in qardh. Reward for qardh if required and stipulated in the agreement then the law is haram. This corresponds to the hadith of the prophet:

كُلُّ قَرْضٍ جَرَّ مَنْفَعَةً فَهُوَ رِبًا

Any benefit taking of qardh including riba.

Riba is an additional (*ziyadah*) without reward that occurs due to suspension in previously promised payments. In a loan transaction, money (Al-Qardh) that is calculated from the principal without considering the utilization / principal result, based on the time period, is calculated definitively in advance, and generally based on a percentage. And if the benefits (advantages) are not required at the time of the contract, then the law is permissible. This corresponds to the hadith of the prophet:

عَنْ أَبِي هُرَيْرَةَ، قَالَ: اسْتَقْرَضَ رَسُولُ اللهِ صَلَّى اللهُ عَلَيْهِ وَآلِهِ وسَلَّمَ سِنًّا،

فَأَعْطَى سِنًّا فَوْقَهُ، وَقَالَ :خِيَارُكُمْ مَحَاسِنُكُمْ قَضَاءً (رواه أحمد و الترمذي)

From Abu Hurairah, he said: "The Messenger of Allah SAW owed a camel, then he paid it with a camel that was better than the camel he owed, and he said: as best you are the one who is best at paying his debts

But this qardh Reward should not become a habit, because it will become a tradition and its status is the same as it was a condition at the beginning. in accordance with the rules:

المعروف عرفاً كالمشروط شرطاً

Any deed that is considered good by habit, the implementation has been agreed upon as a condition applicable between them

If the customer is unable to return part or all of its obligations at the agreed time and the Islamic Financial Institution has confirmed its incompetence, the Islamic Financial Institution may extend the payback period or write off part or all of its obligations. (DSN-MUI, 2011)

2) Penalty

If the customer does not show a desire to return part or all of his obligations and not because of his inability, Islamic Financial Institutions may impose sanctions. Sanctions imposed on such customers may be in the form of, and are not limited to, the sale of collateral goods. If the collateral cannot be sufficient, the customer must still fulfill his obligations in full. So this penalty be imposed on customers who are able to pay, but deliberately delay installment payments. If you are able, but postpone the payment of the debt, then including the person who is dzalim. this corresponds to the hadith:

عن أبي هريرة رضي الله عنه أن رسول الله –صلى الله عليه وسلم قال: مَطْلُ الغَنِيِّ ظُلْمٌ، وإذا أُتْبِعَ أَحَدُكُمْ عَلَى مَلِيءٍ فَلْيَتْبَعْ (رواه أبو داود)

From Abu Hurairah, that the Messenger of Allah SAW said, "The delay (payment of debts by) the capable is tyranny. If one of you is transferred his debt to the rich then let him accept it

However, if the customer's condition is in difficulty and incompetence, then *muqridh* is recommended to give suspension of his debt when payment is due or even release the debt loop. In his hadith the Messenger of Allah said:

قال رســول الله صــلى الله عليه وســلم : مَنْ نَفَّسَ عَنْ غَرِيْمِهِ أَوْ مَحَا عَنْهُ كَانَ فِي ظِلِّ الْعَرْشِ يَوْمَ الْقِيَامَةِ (رواه أحمد).

"Whoever suspends the payment of the debt of a man in distress or delivers him of the debt, then in the day of judgment Allah will overshadow him under His Arasy, when there is no shade except the shade of Allah."

Facing people who have debts can give rewards. If we are patient by making it easier, giving opportunities, not making things difficult and adding to the burden, we will achieve ease in the future. (DSN-MUI, 2011)

3) Source of funds

Al-Qardh funds can be sourced from:

a. Capital Section of Islamic Financial Institutions
b. Advantages of Islamic Financial Institutions set aside
c. Other institutions or individuals who entrust the distribution of their infaq to Islamic Financial Institutions

The source of qardh funds can be obtained through *wadhiah* funds or special funds provided by banks and sources of funds obtained from *muzakki* or philanthropists in the form of zakat, infaq, alms, and so on, used for social assistance and to help the *dhuafa.* The collection of sources of funds (*Tabarru'*) used in financing this qardh contract, can be sourced from a shari'a financial institution or individually.(DSN-MUI, 2011)

Result and Discussion

Implementation of Qardh Agreement on Financing at KSPPS Makmur Gemilang Sejahtera

Qardh financing has existed since the establishment of KSPPS Makmur Gemilang Sejahtera in 2007. KSPPS Makmur Gemilang Sejahtera acts as a financier (*Muqridh*) while the customer as a borrower (*Muqtaridh*) and the customer are required to return the principal of the debt at the agreed time. The source of funds obtained for this financing comes from the cooperative reserve fund. Not all financing applications will be granted by the institution, because it is necessary to consider the category of beneficiaries. KSPPS Makmur Gemilang Sejahtera is very selective in determining the target of financing candidates. Everyone is allowed to apply for financing, but only a few people who will get this financing meet the criteria, including for the payment of tuition fees, medical fees, qurban fees, business capital. The provision of this category, it is hoped that qardh financing can be distributed appropriately.

The disbursement of qardh funds is not always in accordance with the customer's request. For example, if a customer needs financing for additional business capital or opens a business in the amount of Rp. 2,000,000, but the KSPPS may only disburse funds of Rp. 1,000,000 due to considerations based on surveys and looking at the business planning of the customer. In this qardh financing application process, the customer must state the reason why the financing application is used for what it is for and state the amount needed. There is no limit to the amount of qardh financing at KSPPS Makmur Gemilang Sejahtera, but if the loan is above Rp. 5,000,000, the customer is required to provide guarantees to the KSPPS in the form of BPKB, land certificates or electronic goods that have a value commensurate with the loan amount. In this case, KSPPS does not provide a cost burden as a storage service. Before the financing is approved, there are criteria for prospective customers that must be met:

1) Assessment based on akhlaq of the nature and behavior of the customer.
2) Assessment of the ability to repay the loan that will be received by the customer.
3) Customer income
4) Assessment of the customer's economic development
5) Assessment of the planning / business plan to be carried out
6) Assessment of how much collateral will be submitted by the customer, as a form of accountability for the funds to be received

After meeting the criteria, it can only be seen whether or not the customer is eligible to get qardh financing. After passing the stages of the selection process, then enter the stage of disbursement of funds. In this case, involving managers and financing customers, by looking at the results of the feasibility survey. If feasible, the customer will be contacted by KSPPS to disburse the financing funds. Customers will be asked to come to the office to fill out the financing form and submit the required documents. The disbursement process will be carried out when the first party (manager), second party (customer) and the approving party (heirs of the customer) have signed a qardh financing agreement. In accordance with the provisions of the institution, customers are not charged administrative fees and are charged to the KSPPS.

The obligation that must be fulfilled next is to pay installments. In determining the number of installments, it is carried out by deliberation between the customer and KSPPS. Because the KSPPS does not limit the amount and grace period for installment payments. Namely, all decisions about installments are decided jointly and carried out during the contract. The due date of installment payment is according to the disbursement date and installment payments are made monthly, when making installment payments there is an infaq / alms that must be paid in the amount of 2.5% of the financing amount. below is an example of the implementation of qardh financing:

Customer	large loans	The amount of infaq/alms	Number of installments	Installment time
X	Rp. 3.000.000	Rp. 3.000.000 x 2,5% : 12 bulan = Rp. 6.250.	Rp. 3.000.000 : 12 bulan + Rp. 6.250 = Rp. 256.250	1 year

Table.1. Example of Qardh financing payment

In this case, KSPPS' policy in providing infaq / alms funds of 2.5% aims to rebuild the enthusiasm of customers to like to infaq, provide awareness to customers to always set aside part of the income from their business results. Although infaq is not an obligation, KSPPS's task is to remind and provide awareness for customers to always infaq / give alms.

KSPPS Makmur Gemilang Sejahtera in conducting qardh financing applies the principle of prudence, because these financing activities are interrelated with risks. If there is a risk to qardh financing, then KSPPS Makmur Gemilang Sejahtera anticipates the problem by conducting a field survey to find information about the business failure experienced by the customer, if the customer is seen as still healthy and able to return the financing, an extension of the return time is given, but if the circumstances do not allow to pay, it will be provided with. If there is a dispute between the KSPPS and the customer, in accordance with the agreement, one of the parties will hold mediation (in a familial manner) by deliberating to find a win win solution so that no party is harmed. If the move does not find results, it can take legal action through the sharia arbitration body.

Review of DSN-MUI Fatwa No. 19/IV/2001 on the Application of Qardh Financing in KSPPS Makmur Gemilang Sejahtera

DSN-MUI fatwas have an important role in efforts to develop products of Islamic financial institutions, both banks and non-banks. The position of the DSN-MUI fatwa occupies a very strategic position for the economic progress of Islamic financial institutions. This is one of the reasons for researchers to make fatwas as a basis for review and there is also a DSN-MUI fatwa explaining al-Qardh. DSN-MUI Fatwa no.19/IV/2001 describes in detail the general provisions, sanctions and sources of funds.

Qardh aims to help by providing loans to micro-entrepreneurs who have difficulty obtaining capital to develop their businesses and people who belong to the lower middle class who need funds, for example for home renovation costs, repayment of medical expenses, payment of school fees and others. In this case, the KSPPS is in accordance with the direction of the DSN-MUI fatwa, namely by distributing qardh funds that are right on target.

In the qardh agreement, the lender (*muqridh*) provides a loan to the customer (*muqtaridh*), provided that the borrower will return the loan at the agreed time for the same amount when the loan was granted. Regarding this obligation, in determining the principal amount to be returned. In accordance with the provisions of the DSN-MUI fatwa, KSPPS has conducted deliberations with customers to determine how many installments can be paid and the grace period that can be paid. Because KSPPS does not determine the number of installments and the grace period for payments unilaterally, this is to avoid bad payments and behave fairly.

Fund distribution activities are inseparable from administrative costs. Such administrative expenses are used for purposes related to activities. For example, the cost of stamping, photocopying, purchasing photocopying needs, paper and others. The National Sharia Council fatwa allows borrowers to charge administrative fees to customers. As long as the calculation is not based on a percentage of the amount of funds provided. In practice, KSPPS Makmur Gemilang Sejahtera does not ask for administrative fees to customers but is charged to KSPPS. The steps taken by the KSPPS by not charging administrative fees to customers are not contrary to the DSN-MUI fatwa. It actually has a good impact, because it is in accordance with the purpose of financing, namely for social missions.

In terms of guarantees, KSPPS Makmur Gemilang Sejahtera does not necessarily ask customers for guarantees. Because basically qardh is a benevolent fund. KSPPS limits qardh loans by submitting collateral, when the amount of financing is above Rp. 5,000,000 this is considering the amount is quite large and to anticipate customers who can afford to pay but are reluctant to pay their debts. The form of guarantee is in the form of BPKB, land certificates, and electronic goods with a commensurate value. And for financing with an amount below Rp.5,000,000, KSPPS only provides a guarantee of trust to members. If there is a customer who voluntarily provides his guarantee to the KSPPS then, it will be well received. When submitting the guarantee, KSPPS does not charge a fee for the storage of collateral goods. This is in accordance with the DSN-MUI fatwa which is (if deemed necessary) with this, the nasanahs are given convenience in financing because there is no imposing element.

In the implementation of the qardh contract, the borrower (*muqridh*) is not allowed to combine the terms with the benefits of the loan. This can be included in *riba*, because there is an addition. However, there are exceptions, if it is not required at the time of the contract the borrower (*muqtaridh*) is allowed to return more than borrowed.

According to the MUI Fatwa, infaq is defined as a donation. Donations according to MUI Fatwas should not be agreed upon at the beginning and determined by the KSPPS, The meaning of infaq is a gift based on a sense of sincerity without any coercion from any party. Infaq should be purely the wishes of the borrower not from an agreement between the member and the KSPPS party. If promised at the beginning, the infaq will fail. After interviews and observations at KSPPS Makmur Gemilang Sejahtera, it turned out that there was a policy implemented by the KSPPS that was not in the fatwa.

In the fatwa of the national sharia council number 19 of 2001, it does not list the existence of infaq funds charged to customers. In practice, KSPPS requires qardh customers to pay infaq. In practice, KSPPS requires qardh customers to pay infaq. The amount of infaq funds is determined directly by KSPPS, which is 2.5% of the total loan funds. The hope of establishing infaq funds aims to rebuild the awareness of customers to be fond of infaq.

That way KSPPS Makmur Gemilang Sejahtera should not ask for additional, because the additional requested can be interpreted as asking forcibly, because it is impossible for customers to refuse the predetermined requirements, because it is possible that the KSPPS does not provide qardh financing because there are conditions that have not been met. Although the additional form is infaq, if the usefulness of the infaq requested in the above way then this is not allowed. If the customer is unable to return some or all of its obligations at the agreed time and the Islamic Financial Institution has confirmed its incompetence, the Islamic Financial Institution, may extending the payback period and write off part or all of its obligations.

If there are customers who are late in making installment payments, then the KSPPS does not provide fines to members. KSPPS will carry out billing and approach to find out the cause of the customer's failure to be timely in repayment, to then extend the maturity time. If the customer remains stuck in installment payments, a re-schedule of the remaining unpaid installments will be carried out. KSPPS will abolish the member's obligation to return the loan funds if the member feels that he is really unable to return the loan funds.

If the customer deliberately does not pay his debts while he can afford it, it is a tyranny. Although the debt is soft, the indebted party should not be arbitrary. The process of handling bad installment payments is in accordance with the steps stated in the DSN-MUI fatwa, because there are stages of solutions for customers who make financing, and it does not burden customers who do experience payment difficulties.

Sanctions given to customers who are able and deliberately slow down in paying installments, namely, verbal reprimand, sending warning letters (SP), extending the due date to re-schedule, then the KSPPS will put it in a black note which will affect the time of re-borrowing. If the customer provides a guarantee during financing, KSPPS will sell collateral goods to cover the amount of financing shortfall. If the value of the collateral item is insufficient, the customer must cover the amount of the shortfall. If there is an excess, it will be returned to the customer. If the collateral is insufficient, the customer must still fulfill his obligations in full. During qardh financing, KSPPS provides guidance to members to save or save their money. It aims to help relieve members in installment payments. With the hope, the customer's desire not to pay installments can be anticipated. The efforts taken by KSPPS in preventing installment payments do not conflict with the DSN-MUI fatwa, because the policy taken refers to the fatwa. The source of qardh funds in KSPPS Makmur Gemilang Sejahtera comes from the capital of the KSPPS reserve fund, and the KSPPS profits are set aside from the remaining financing revenue sharing. If there is a dispute between the customer and the KSPPS during the financing period, the first step that will be taken is to carry out the mediation stage (familially), if it is not resolved by legal channels, it can be through sharia arbitration.

Conclusion

Al-Qardh financing is one of the products of Islamic financial institutions, this product aims to meet people's needs for the economy by helping small businesses in developing their businesses without profit and profit sharing. The implementation that occurred at KSPPS Makmur Gemilang Sejahtera was still considered ineffective and inappropriate because when returning debts, customers were required to return along with additional. The addition will be allocated in the form of infaq/almsgiving.

The application of Qardh financing in KSPPS Makmur Gemilang Sejahtera is still not appropriate after being reviewed through DSN-MUI Fatwa No. 19/IV/2001 because in the 5th point "al-qardh customers can voluntarily provide additional (donations) to LKS as long as they are not promised in the contract". This is contrary to existing practice. Because, the KSPPS first determines an additional 2.5% when the beginning of the agreement. The customer should only return the principal debt without having to force the customer to return it along with the additional. If the customer wishes to return additionally, it should be purely the wishes of the member. not because of the agreement between KSPPS and the customer. According to the DSN-MUI fatwa, donations should not be promised in the contract. although it is infaq/almsgiving. Because those additions can be categorized as *Riba*.

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