

## Investment Opportunities Through BSI Cicil Emas Financing Product

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Article Information		Abstract
Submission date	22 November 2023	<p><b>Research aim :</b> This research aims to determine what creates opportunities for long-term investment through the <i>BSI Cicil Emas</i> Financing product at Bank Syariah Indonesia, Turen Malang Sub-Branch Office.</p> <p><b>Design/Method/Approach :</b> This qualitative research method uses a descriptive approach with data collection techniques using interviews, documentation and observation.</p> <p><b>Research Finding :</b> The research results show that the <i>BSI Cicil Emas</i> financing product has the opportunity to become a long-term investment instrument because of the ease of applying for financing, the benefits of investing in gold, and the ease of buying and selling gold, precious metals, the continued increase in gold prices and low competition.</p> <p><b>Keywords :</b> Investment, Financing, Gold Installments, Islamic Banking</p>
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### 1. Introduction

The development of banking is currently excellent, as evidenced by 5 Islamic Commercial Banks (now abbreviated as BUS), 26 Sharia Business Units (now abbreviated as UUS) and 132 Sharia People's Financing Banks (now abbreviated as BPRS). At first, people recognized Sharia Bank as a financial institution whose function was to store savings and provide financing to the community. However, nowadays, banks are used not only for saving money but also for other financial activities. Nowadays, people are competent in managing their income and finances so that they can be used appropriately according to the designation of the bank. It can be appropriate by its allocation later. It is what underlies, in addition to saving, people also think about how later the results of the income earned, in addition to meeting short-term needs such as primary needs, will also plan how to meet other needs, both medium and long-term. One of the things that can be done is to invest berinvestasi [1]. Investment can be made in many ways, as we know, namely investment in the Capital Market, in which there are securities such as stocks, mutual funds, bonds, and other securities (Aisyah, 2015). There are also other investments in deposits and investments in foreign currencies such as dollars, and nowadays, there has been an investment in precious metals such as gold. Precious metals such as gold. Investment in money or savings has disadvantages compared to precious gold [3].

Investment in gold precious metals is more profitable than investing in money due to inflation, which continues to occur every year up to 10% per year; another factor is the return on investment of funds made. When investing, of course, it must always be above the inflation

rate so that the growth of invested funds is no less rapid than the inflation rate. Investing is slower than the increase in inflation that occurs. Another problem arises, namely inflation uncertainty and uncertainty of investment returns [4].

Compared to the value of other paper currencies, the rupiah exchange rate tends to weaken or decrease. Compared to the price of gold, which tends to increase, investment in gold and precious metals is likely to be more profitable [5]. There is also some historical evidence in the Qur'an that says and can strengthen the statement that the price of gold (Dinar) and silver (Dirham) is fixed, while other currencies will continue to decline. It has been explained in Surah Al-Kahf verse 9 9 [6]. Therefore, investing in money is less profitable because it is affected by inflation, and its function or exchange rate and purchasing power value decrease over time. Whereas gold investment from the time of the Prophet until now has not changed and is not affected by inflation, so what has changed is only the purchasing power of gold using paper money. It can be concluded that gold investment is more profitable than money investment. Most Indonesians are familiar with gold investment because it is not difficult, can be done by all levels of society, and is easy to buy. Moreover, Gold investment is a safe investment because gold prices tend to stabilize and even increase, and gold investment is not speculation because it is a long-term investment [7]. Gold investment is usually made by buying gold according to our capital; it can be in the form of gold jewellery, gold or gold coins. The gold is then stored for a while. When the price of gold rises, the gold is sold. The difference between the purchase and sale price is the profit from this investment.

In general, investment activities in Malang Regency, especially in the Turen Sub-district area, are more likely to run in the small and medium real sectors by the culture that has long developed, such as trade and agriculture. We all know that investment in the real sector has a high level of difficulty and risk even though the yield and protection value level are high; investment in this sector must be carefully prepared with energy, time and capital. On the other hand, what is rarely realized by real sector actors is the level of liquidity that is not good, so not a few real sector actors experience undevelopment.

Reviewing the forms of investment that are widely carried out by the people of Turen District, Bank Syariah Indonesia (BSI) KCP Malang Turen developed a form of investment that tends to be safer, has good liquidity, high protection value with a low level of risk and difficulty so that it can be carried out by anyone both by small, medium and upper economic levels, namely gold investment in the form of channelling gold ownership financing with an instalment system. Although BSI gold investment is in the form of financing, the basic principle of the value of gold that is resistant to inflation and the absence of a decrease in asset value makes gold one of the investment tools that will provide great value in the future. Gold is more likely to provide a safe value on assets than investment products in the form of money storage because higher inflation will make money lose its value. In comparison, the higher inflation makes the price of gold higher.

## 2. Method

This research uses a descriptive approach, guiding the researcher to reveal or portray the social situation. To reveal or portray the social situation to be studied thoroughly, broadly and in-depth (Aisyah et al., 2021). Descriptive research, also called survey research, intends to disclose systematically, factually, and accurately the facts and properties of specific populations (Aisyah, 2015). In addition, this research is also library research, which uses theories from various literatures that require literature studies in the form of new and old documents. Researchers will obtain additional data from sources such as books, magazines, articles, the internet, or other writings that discuss Islamic banking, Islamic investment, gold gardening investment, and various discussions related to Islamic economics. This type of research uses qualitative research. Qualitative research is research that intends to understand phenomena about what is experienced by research subjects such as behaviour, perceptions, motivations, actions and others holistically and in a descriptive way in the form of words and language in a unique natural context and by utilizing various natural methods [9]. The research location is at BSI KCP Malang Turen, so researchers used interviews with BSI KCP Turen employees as primary data. Moreover, secondary data will be obtained from books, journals, magazines, or other literature needed for this study.

### **3. Results and Discussion**

#### ***BSI Cicil Emas Products***

In principle, the gold instalment product uses the Murabahah Akad scheme according to the National Islamic Council Fatwa No.04/DSN-MUI/VI/2000 concerning Murabahah Financing. Murabahah transaction is the sale and purchase of goods at the acquisition price of the goods plus a margin agreed by the parties, with the seller informing the buyer in advance of the acquisition price. Because BSI is a financing channel, BSI collaborates with gold vendors such as PT Antam Tbk, PT Pegadaian Gallery 24, PT Hartadinata Abadi Tbk and gold shops that have collaborated so that the authenticity of gold has been appropriately tested. The BSI Cicil Emas product is also by the National Islamic Council Fatwa No.77/DSN-MUI/V/2010 dated June 3, 2010, concerning the sale and purchase of gold in cash, so that it is by the predetermined Islamic principles.

*BSI Cicil Emas* aim to finance the purchase of bullion and jewellery of at least 16 carats up to 24 carats. The financing period is 1 - 5 years. Collateral in the form of gold and jewellery is the object of financing with binding in pawn (Rahn), which is placed at BSI and cannot be exchanged during the financing period. The financing limit is floor gold, 80% of the acquisition price, and gold jewellery, 60% of the acquisition price. The maximum financing amount is Rp. 150,000,000 per Customer by Bank Indonesia Circular Letter No.14/16/DPbS dated May 31, 2012, concerning Gold Ownership Financing Products for Islamic Banks and Islamic Business Units and its amendments. This financing amount applies accumulatively so that the existing *BSI Cicil Emas* customer can obtain BSI Cicil Emas financing again even though the previous financing has yet to be paid off.

To obtain *BSI Cicil Emas* financing, the Customer must complete the requirements that have been determined as follows:

1. Customers must be Indonesian citizens (WNI) with smooth collectibility in the OJK Financial Information Services System.
2. The customer's age limit is 21 years or married at the time of application. Meanwhile, the customer's age at maturity is 70 years for retirees/fixed salary groups and 60 years for self-employed customers.
3. Fill out the application form and have it signed.
4. Attach a photocopy of your National Identity Card (KTP).
5. Attach a photocopy of the Taxpayer Identification Number Card (NPWP) if the financing exceeds Rp. 50,000,000
6. Provide a minimum down payment of 20% for bullion gold or 40% for gold jewellery from the acquisition price.

### **Product sale**

BSI KCP Malang Turen is a branch equipped with a Gold Pawn Service Counter (KLG), which handles all special gold financing, namely Gold Pawning and Gold Installments, so that sales of BSI Gold Installments products at BSI Malang Turen are handled by special officers with the position of Pawning Sales Officer ( PSO) and Pawning Appraisal (PA), are different from non-KLG branches which are handled by Account Officers (AO) in general, so that in terms of knowledge about gold the special officers at KCP Malang Turen have a broader understanding of gold investment which is, of course, educational about investment gold will be delivered well to customers.

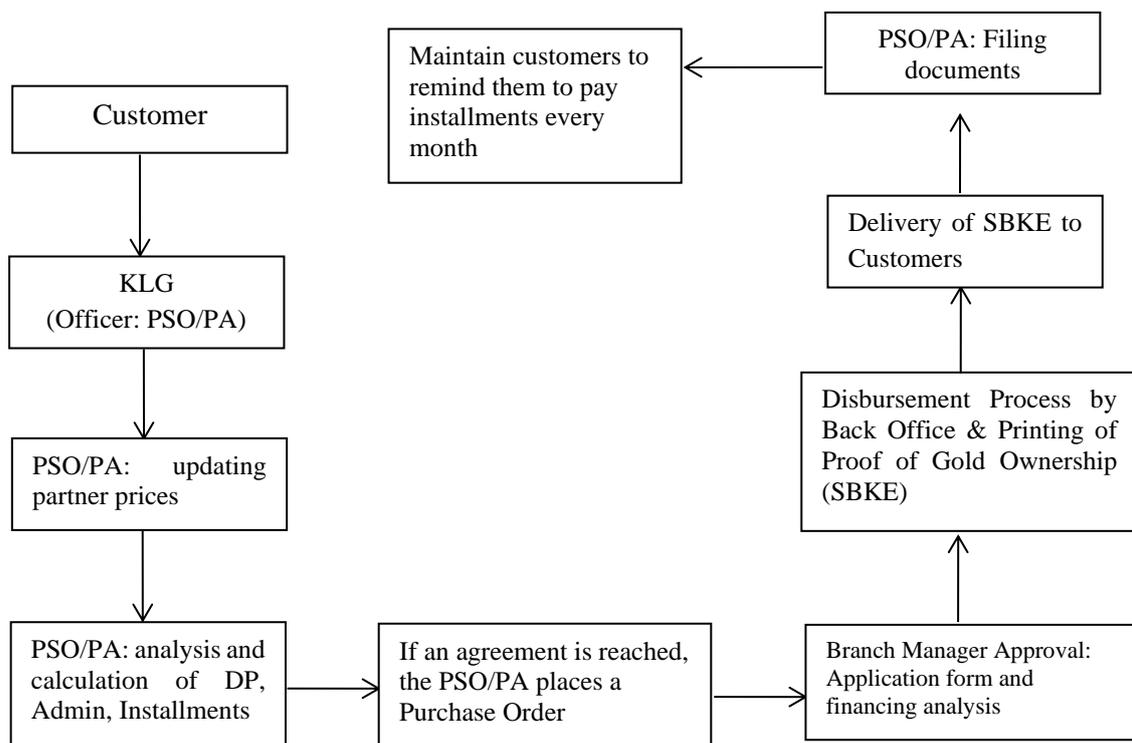
Education about gold investment is essential for customers and prospective customers in the Turen region and surrounding areas because, as stated in the introduction, local people tend to choose the real sector; even for the middle and upper classes, they prefer land and property. The education provided by PSO and PA is through seminars on gold investment to community groups. From these seminars, sales of *BSI Cicil Emas* products at KCP Malang Turen increased because of the increased understanding of how to start investing in gold and how much profit customers would gain.

Apart from taking the form of gold education seminars, exposure to products through the distribution of brochures in community groups is also being intensified, such as in the Turen Market Traders group and the Wajak Market Traders group so that *BSI Cicil Emas* products at BSI KCP Malang Turen are proliferating. At BSI KCP Malang Turen, the initial sale of gold instalment products will be in May 2022 (after the inauguration of KLG). As of the time this report was written (June 2023), the BSI Gold Installment Product portfolio of KCP Malang Turen reached 1.51 billion with 224 loans, so the average financing disbursed was 6 million rupiah per loan. In 2022, for seven months, BSI KCP Malang Turen posted a portfolio of 872 million, so in 2023, growth in BSI KCP Malang Turen Gold Installment financing will be 638 million or 73% (as of June 2023).

### **Product Management**

Linearly increasing product sales impact the financing management system, including the disbursement process, documentation, and the level of soundness of financing. Therefore, excellent and consistent management is essential to create the three main components of financing management above. *Gold instalment financing* is a fast process that must be completed on the same day. In contrast to other types of murabahah financing, which require a more complicated customer survey and analysis process, gold instalment financing only uses surveys based on interviews. It is because gold instalment financing is collateral-based lending; the physical collateral is placed in the bank so that if a gold customer has an achievement, a sale can be executed (gold's high liquidity principle). Apart from that, the fast process is also because gold prices tend to change every day, which, of course, will affect the BSI Cicil Emas financing analysis note if there is a pending process.

The flow of the BSI Cicil Emas financing disbursement process is depicted in the following diagram:



**Gambar 1.**

*BSI Cicil Emas Financing Disbursement Process Flow*

Every month, the PSO/PA is obliged to check customer payments and remind customers to make payments because a failure to pay will be detrimental to both parties (Customer and Bank). Customer losses lie in poor collectibility (SLIK OJK), while on the bank side, banks are required to allocate reserves (Reserve for Impairment Losses / CKPN) whose amount is adjusted to the customer's default period according to the following table:



**Table 1. Financing Collectibility**

Collectability	Category	Time of Arrears	Reserve Allocation *
1	Fluent	There are no outstanding debts	0.5%
2	In Attention	1-90 Days	3%
3	Not Fluent	91-120 Days	10%
4	Doubtful	121-180 Days	50%
5	Congested	> 180 Days	100%

\* CKPN may differ according to bank decisions

### Conclusion

The *BSI Cicil Emas* Financing Product KCP Malang Turen is a product that provides facilities for people who want to own precious metals in a way that easy and inexpensive. Namely, by entering into a financing contract for the *BSI Cicil Emas* financing product, Each month, the customer will pay in instalments until the period stated on the contract has expired. The ease of making investments through the *BSI Cicil Emas* financing product attracts people's interest in making long-term gold investments for a more secure future. The conditions and mechanism are easy, namely only the KTP of the person concerned, which is then followed by the next procedure, namely the prospective customer looks at the gold price; if it is suitable, then it will be tied to the current price of gold, then the next day the contract will be carried out. However, if the customer does not match the current price, he can wait until the gold price matches the prospective customer's wishes. So, the *BSI Cicil Emas* financing product can become a long-term investment instrument because of the ease of applying for financing, the benefits of investing in gold, the ease of buying and selling gold and precious metals, the continued increase in gold prices and low competition.

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