

## BSI Bank Gold Installment Program as One Solution for Hajj Payment

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Article Information		Abstract
Submission date	03 February 2025	<p><b>Research aim:</b> This article discusses in depth how the Gold Installment Program works, what is good and what is bad, and why education and risk management are essential to its successful implementation. See how this program can help people perform the hajj pilgrimage more easily and safely.</p> <p><b>Design/Method/Approach:</b> The qualitative research method is interviews with BSI bank employees KCP Pasuruan Sudirman I</p> <p><b>Research Finding:</b> The Gold Installment Program offered by Bank Syariah Indonesia (BSI) is an effective solution to help prospective hajj pilgrims in Indonesia overcome the high cost of the Hajj. This program allows people to buy gold bullion in instalments, making it easier to manage their finances and providing protection against inflation. Despite challenges such as gold price fluctuations and the need for secure storage infrastructure, this program offers the advantage of being a stable investment.</p> <p><b>Theoretical contribution/Originality:</b> Using the murabahah contract, BSI ensures that prospective hajj pilgrims can choose the instalment period according to their financial capabilities and manage the funds collected to ensure the availability of funds when departing for Hajj.</p> <p><b>Practitioner/Policy implication:</b> Providing adequate infrastructure for gold storage, supervision, and quality human resources. Safe and secure storage facilities and human resources proficient in financial management, risk management, and logistics management are needed, considering the gold that will be stored and supervised. It shows that the gold remains safe and the gold instalment program will run well.</p> <p><b>Research limitation:</b> This research is only based on perceptions based on interviews, for further research you can use a quantitative approach</p> <p><b>Keywords:</b> Gold Installment Program, Hajj Payment, Investment, Inflation</p>
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### 1. Introduction

Given that Indonesia has the most significant number of hajj pilgrims globally, the Indonesian government has consistently tried increasing the quota of prospective hajj pilgrims yearly. This effort is carried out by the Ministry of Religion so that hajj pilgrims can perform their pilgrimage regularly. One of the fifth pillars of Islam, Law No. 8, 2019, stipulates that every Muslim who has the ability is required to perform the hajj and umrah. To support the pilgrims, the government has set the Hajj Pilgrimage Management Fee to overcome the difficulties and high costs of carrying out the Hajj pilgrimage. This step is necessary to ensure that all Muslims have equal access to perform the hajj pilgrimage safely and comfortably. Therefore, Islamic banks are here to help restore the balance of the country's economy and society with Islamic principles. In addition, Islamic banks provide

options for the community, especially Muslims, who want to make transactions by sharia regulations [1]; [2].

One creative solution for those who want to pay for the cost of the hajj is the gold instalment program provided by Bank Syariah Indonesia (BSI). This program functions as an investment instrument and helps prospective hajj pilgrims pay for the hajj, which often requires a large amount of funds. By using the gold instalment product, prospective hajj pilgrims can manage their finances better. One of the pillars of Islam, the Hajj pilgrimage, must be performed by every physically and financially capable Muslim. However, the costs required to perform this pilgrimage are often a barrier for many people. The cost of the hajj in Indonesia can reach tens of millions of rupiah, depending on many things, such as the travel package, accommodation, and other additional costs. As a result, many prospective Hajj pilgrims are looking for financial solutions to help them prepare their funds. Thousands of Muslims in Indonesia depart for the Holy Land to perform the Hajj pilgrimage every year. However, the costs incurred to perform this pilgrimage are often an obstacle for many people. The cost of the hajj, which reaches tens of millions of rupiah, requires careful financial planning.

The price of gold has decreased significantly yearly, showing changes over time. The cost of the Hajj was equivalent to 310 grams of gold in 1997. 2007, the price dropped to 145 grams and then to 95 grams in 2010. In 2015, the price fell sharply to only 60 grams; in 2023, the price dropped to less than 50 grams [3]. It shows a continuous downward trend in the cost of the Hajj, which is influenced by changes in policy and the economy. Since the value of gold will remain stable in the long term, investing in gold is a good choice to protect wealth [4]. With a low level of risk and a tendency for value to increase over time, gold gives investors a sense of security. In this case, BSI comes with a solution that makes it easier for people to own gold gradually, which can be used as collateral to pay off the cost of the Hajj. The BSI gold instalment program allows customers to buy gold bars in instalments, where customers only need to pay a down payment, and the rest can be paid in instalments over a certain period. It provides convenience for people who may not have sufficient funds at the start but can pay for instalments over a more extended period. The BSI gold instalment program not only makes payments more manageable but also protects the value of the investment. As a relatively stable asset, gold can protect against inflation. People who own gold are not only preparing funds for their hajj payment, but they are also investing in a valuable asset. In addition, clients can choose the instalment period and the amount of gold they want to buy according to their financial capabilities through the flexibility offered by this program.

### **1.1. Statement of Problem**

#### **Risk Management**

**Risk Management:** Definition and importance of risk management for organizations. Risk management includes identification, evaluation, tolerance setting, and internal controls. Risk management policies include measurement, limits, ratings, products, contingency plans, and internal controls. Organizations take steps known as the risk management process to manage risks that can affect the achievement of organizational goals. Organizations must first identify risks; this means identifying the various threats that can come from internal and external elements. Documentation reviews, interviews, brainstorming, and business process analysis are techniques for identifying risks. After identification, organizations evaluate risks based on the likelihood of occurrence (probability) and impact (influence). A risk matrix is one tool that can be used to conduct a risk evaluation. The purpose of this evaluation is to gain

an understanding of the level of risk and prioritize handling the most critical risks [5]. Next, the organization sets a risk tolerance, or the level of risk acceptable to the organization. Risk tolerance for each risk varies depending on the organization's strategy and preferences. Determining risk tolerance helps organizations choose the proper control procedures. In the final stage, the organization manages the identified risks by implementing control measures. Control measures can be risk avoidance, acceptance, reduction, or sharing. Risk control also requires ongoing monitoring and evaluation to ensure the controls used function properly.

#### **Gold Installment Program at Bank Syariah Indonesia**

One of Bank Syariah Indonesia's gold-based financing products is the Gold Installment Program, which aims to help individuals, especially prospective hajj pilgrims, prepare funds to perform the hajj pilgrimage. Through this program, customers can obtain gold in stages through monthly instalment payments, and this gold can then be cashed or liquidated when prospective hajj pilgrims need funds to perform the hajj pilgrimage. One of the essential functions of the Bank Syariah Indonesia Gold Installment Program is to help prospective hajj pilgrims prepare funds to perform the hajj pilgrimage. One of this program's primary functions is facilitating hajj savings, where prospective pilgrims can set aside part of their monthly income to buy gold in stages. This can help them meet the hajj savings target set by the government. In addition, ownership of the gold obtained is a significant advantage. In addition, the Gold Installment program offers easy financing. With the help of this program, prospective hajj pilgrims can get funds to perform the hajj pilgrimage efficiently, either by cashing in the gold they own or through other hajj financing schemes provided by Bank Syariah Indonesia. Biaya Penyelenggaraan Ibadah Haji di Indonesia.

The cost of the Hajj in Indonesia has changed over time. The cost of the Hajj often increases but sometimes decreases. Several variables affect the increase in the cost of the Hajj; these include changes in foreign exchange rates, increases in airfares, increases in accommodation and food costs in Saudi Arabia, and inflation. For example, if the exchange rate of foreign currencies against the rupiah weakens, the cost of the Hajj also tends to increase. These interrelated factors determine the cost of organizing the Hajj. Despite these challenges, the Indonesian government strives to make Hajj affordable for the community. Some actions have been taken, including maximizing subsidies, managing the community's endowment fund, and increasing the organization's efficiency. The goal is to ensure that every Muslim in Indonesia has fair and affordable access to perform the Hajj. Indonesia's location far from the Holy Land of Mecca causes high transportation costs. The long distance from Indonesia to Mecca results in significant air and sea travel costs for prospective Hajj pilgrims. In addition, inflation in Saudi Arabia and fluctuations in currency exchange rates also put pressure on the overall cost of the Hajj. Price changes in Saudi Arabia and the movement of the rupiah exchange rate against foreign currencies, such as the US dollar, also affect the high costs that prospective hajj pilgrims musHajjar. Other contributing factors are improvements in services and facilities and the addition of the national hajj quota. The government strives to improve the quality of the Hajj pilgrimage experience by providing pilgrims with better accommodation, transportation, and services. The addition of the national hajj quota also impacts increasing costs, as more pilgrims are being sent. The increasing accommodation, consumption, and logistics costs in Saudi Arabia also contribute to the increase in overall hajj costs.

**Hajj**

One of the pillars of Islam, the Hajj pilgrimage must be performed by every Muslim who can do so, whether physically, mentally, or financially. It is based on the word of Allah SWT in the Qur'an Surah Ali 'Imran verse 97, which reads:

*"...and (among) the obligations of mankind towards Allah is to perform the pilgrimage to the House, namely for those who can make the journey there..."*

To do so, a person must be Muslim, mature, sane, physically and financially able, and safe during the journey. For those who do not have sufficient funds, Islam encourages them to save and find ways to obtain funds by sharia. The ever-increasing cost of the Hajj is a significant problem for prospective pilgrims. Some causes include the increase in transportation, accommodation, and consumption costs in Saudi Arabia, the Saudi Arabian government's Hajj quota restrictions, inflation, the decline in the currency exchange rate, and additional fees such as insurance and health checks. It means that not everyone who intends to go on the Hajj can afford the price. Easy financing solutions and following Sharia principles are needed to enable those with financial limitations to perform the Hajj pilgrimage.

**1.2. Research Objectives**

For prospective Indonesian hajj pilgrims who are facing the problem of high hajj travel costs, Bank Syariah Indonesia (BSI) offers the Gold Installment Program. This program allows people to buy gold bullion in installments through a murabahah contract, which makes the hajj pilgrimage cheaper and more planned. In addition to functioning as a means of payment, investing in gold also increases value stability and prevents inflation. However, changes in gold prices and the need for secure storage infrastructure are some of the issues that hinder this program. This article discusses in depth how the Gold Installment Program works, what is good and what is bad, and why education and risk management are essential to its successful implementation. See how this program can help people perform the hajj pilgrimage more easily and safely.

**2. Method**

The qualitative research method is interviews with BSI bank employees KCP Pasuruan Sudirman 1 [6]. This study examines how gold instalments function for hajj payments at Bank Syariah Indonesia KCP Pasuruan Sudirman 1. Another purpose of this study is to find the best method to maximize gold instalment products to meet hajj needs and provide an overview of how hajj payments with gold instalments occur. The study focuses on PT. Bank Syariah Indonesia KCP Pasuruan Sudirman 1. Primary data were collected through observation, documentation, and interviews. Secondary data sources come from books, magazines, articles, and the internet.

**3. Results and Discussion****Overview of BSI Bank's gold instalment program**

One of BSI Bank's financing products is the BSI Bank Gold Installment Program, which allows customers to buy gold bars in monthly instalments. Gold purchases are made through a murabahah contract, where BSI Bank buys gold from a supplier (the supplier used here is ANTAM gold) and then sells it back to customers at a cost price plus a profit margin. The BSI Bank Gold Installment Program aims to help customers buy gold bars at a more affordable price. Buying gold in cash can be a daunting task for some customers. Therefore,

this program allows customers to buy gold in instalments every month. In a murabahah contract, BSI Bank buys gold from a supplier and then sells it back to customers at a cost price plus an agreed profit margin. This profit margin is set at the beginning and included in the total price the customer must pay as an instalment. Customers can choose the instalment period they want, ranging from six months to thirty-six months. The longer the instalment period, the smaller the monthly instalments paid will be, but the total price to be paid will be better [7].

Benefits and advantages of the gold instalment program at BSI Bank

- 1) Ease of Gold Ownership: This program allows customers to buy gold bars in instalments or instalments, making them cheaper than in cash.
- 2) Safe Gold Investment: Customers do not need to worry about losing or damaging gold bars purchased through this program because they are stored at BSI Bank.
- 3) Payment Flexibility: Depending on their ability, customers can choose an instalment period ranging from six months to thirty-six months.
- 4) Competitive Profit Margin: This program offers a competitive profit margin compared to buying gold in cash or instalments elsewhere.
- 5) Professional Service: During purchasing, storing, and managing gold, clients will receive professional and safe services from BSI Bank.

### **Paying off hajj costs through a gold instalment program**

The cost of performing the Hajj pilgrimage continues to increase yearly, influenced by various factors, such as transportation costs, accommodation, and other costs in Saudi Arabia. The high cost of the hajj is a challenge for prospective hajj pilgrims, especially for those who do not have enough funds to do so. The government offers a Gold Instalment program through the Ministry of Religion and the Hajj Financial Management Agency (BPKH) to help prospective pilgrims pay their costs in instalments or by using gold. Prospective hajj pilgrims can buy gold in stages according to their ability and departure plans, and the gold they buy will be stored by BPKH and used to meet the needs of paying for the hajj [8].

The gold instalment program has several benefits for prospective Hajj pilgrims who want to go to the holy land, including:

- 1) Make it easy for Hajj candidates to pay Hajj expenses in stages.
- 2) Using gold as a means of payment to keep prospective Hajj pilgrims' funds safe.
- 3) Ensure that the payment plan covers the Hajj departure.
- 4) Make saving and paying Hajj expenses easy for prospective Hajj pilgrims.

### **Implementation of the Gold Installment Program for Hajj Cost Payment**

To become a member of the gold instalment program for hajj pilgrims in Indonesia, they must meet several requirements. First, they must be registered with the Ministry of Religion and have a valid identity card, such as a KTP or passport. Furthermore, they must have a savings account at a bank that is collaborating with the program (the bank used here is BSI Bank). They must fill out and submit a registration form during the registration procedure. Prospective hajj pilgrims collect the gold instalment fund for travel costs through an instalment payment system. The primary purpose of managing this fund is to ensure that the funds collected can be used to pay for hajj travel costs when the pilgrims depart. This fund also seeks to optimize the management of the gold instalment fund to obtain adequate returns and ensure that funds remain available when the pilgrims leave. The gold instalment is supervised by Islamic financial institutions or the Ministry of Religion. The funds are placed in safe and profitable Islamic financial instruments, such as



deposits, bonds, and Islamic mutual funds [9]; [10]. The investment results from the gold instalment funds are used to increase the number of funds that will be used to pay for the cost of the Hajj. Authorized institutions, such as the Ministry of Religion, LPS, OJK and Islamic financial supervisory institutions, must strictly supervise gold instalment funds. In addition, the management institution must regularly submit financial reports and accountability, which is Murabaha financing in the form of gold instalments.

An example of a case study involves the Hajj payment through the Gold Installment Program. According to Mr Ryan, a resource person, the cost of the Hajj is 56 million, and prospective pilgrims who have just registered will get a waiting period of around 35 years. Annual inflation in Indonesia ranges from 3 to 5%, and the price of gold increases each year between 6 to 8%. So if someone buys 5 grams of gold now, which is paid in instalments every month for 6.8 million, then next year, the price of gold will increase to 7.3 million, an increase of 500k from the first gold purchase. Five grams of gold is currently priced at 6.8 million and can be paid in instalments of 500k in a year; in addition to the tempting increase in the price of gold, it can be a promising added value/investment because the price of gold tends to continue to rise every year.

### **Impact of the Gold Installment Program on Society**

The gold instalment program increases the opportunity to perform the Hajj pilgrimage. People who previously had difficulty paying for the Hajj can now do so more efficiently, as shown by the increasing number of Indonesian Hajj pilgrims yearly. In addition, the government can provide adequate accommodation and Hajj facilities for the growing number of pilgrims. In addition, the gold instalment program has a socio-economic impact because it encourages people to make long-term investments and savings and increases their knowledge of finance and the importance of sound financial planning. Economically, this program can help people meet their need to invest in gold, which can function as an asset and store of wealth in the future. In addition, this program can also encourage people to invest more in gold by making gold instalments. They can protect their assets from inflation, and the price of gold increases yearly.

### **Challenges and Obstacles in Implementing the Gold Installment Program for Hajj Payment**

Several technical and operational obstacles exist in implementing the gold instalment program for hajj payment:

- 1) The first is the difficulty in accurately assessing and estimating the value of gold, mainly due to fluctuations in gold prices.
- 2) The second is the problem of managing gold price risks, mainly to ensure that the instalment value and the debt value of prospective hajj pilgrims remain balanced.
- 3) The third problem is keeping the collateralized gold safe and stored.
- 4) Finally, the verification and analysis process for the eligibility of prospective hajj pilgrims is very complex and requires a lot of resources.

Efforts to develop a gold instalment program for hajj payment: First, create a more accurate and open system for tracking and holding the value of gold. The assessment and assessment system will help avoid pricing errors and ensure the match between the instalment value and the debt value of prospective Hajj pilgrims. It is essential to overcome the difficulty of accurately assessing and estimating the value of gold significantly since the price of gold is constantly changing. It can be achieved through the use of digital technology, such as the development of a more comprehensive and standardized

assessment methodology and the use of online applications or platforms that are connected to real-time gold prices. Second, gold price risk control should be improved, including using appropriate hedging instruments. Price risk management is critical to balance instalment and debt values because gold prices are constantly changing. It can be achieved by using hedging instruments such as futures or gold options to protect the position of gold instalment program providers [11].

Providing adequate infrastructure for gold storage, supervision, and quality human resources. Safe and secure storage facilities and human resources proficient in financial management, risk management, and logistics management are needed, considering the gold that will be stored and supervised. It shows that the gold remains safe and the gold instalment program will run well. Clear and comprehensive regulations should be made to regulate the gold instalment program by involving all stakeholders. There are no clear regulations on this program, so there is legal uncertainty. However, by involving the government, financial institutions, and other related parties, clear regulations will provide a strong legal basis and ensure that all parties work together well. Providing intensive education and socialization to prospective hajj pilgrims to understand the mechanisms and benefits of the gold instalment program. It is necessary to ensure that prospective hajj pilgrims understand the entire process, requirements, and benefits of the gold instalment program. This socialization and education can be done by collaborating with related institutions, such as the Ministry of Religion, so the public knows that inflation in Indonesia is not going well. Therefore, we must protect our assets as soon as possible by participating in the gold instalment program organized by BSI Bank.

#### 4. Conclusion

The Gold Installment Program offered by Bank Syariah Indonesia (BSI) is an effective solution to help prospective hajj pilgrims in Indonesia overcome the high cost of the Hajj. This program allows people to buy gold bullion in instalments, making it easier to manage their finances and providing protection against inflation. Despite challenges such as gold price fluctuations and the need for secure storage infrastructure, this program offers the advantage of being a stable investment. Using the murabahah contract, BSI ensures that prospective hajj pilgrims can choose the instalment period according to their financial capabilities and manage the funds collected to ensure the availability of funds when departing for Hajj.

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