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# Risk Management Analysis and Mitigation of Problematic Financing in Murabahah Contract (Case Study At KSPPS BMT Arta Buana Metro, Tulang Bawang Branch)

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***Abstract***

This study aims to analyze the implementation of risk management and mitigation strategies for problematic financing in murabahah contracts at KSPPS BMT Arta Buana Metro, Tulang Bawang Branch, as well as to identify the causal factors. This research uses a qualitative method with a phenomenological approach. Data were collected through observation, in-depth interviews with the branch head and staff, and documentation. The data analysis technique uses the Miles and Huberman model. The results indicate that the implementation of risk management at BMT Arta Buana is carried out through the stages of identification, measurement, control, and monitoring by consistently applying the 5C principle (Character, Capacity, Capital, Collateral, Condition) from the survey stage to post-realization. The mitigation strategies implemented include preventive measures (strict 5C analysis), curative measures (persuasive and familial approaches, intensive communication), and financing restructuring (rescheduling) for members who meet the criteria. The main factors causing problematic financing are internal factors (weak analysis/monitoring) and external factors, dominantly due to business failure and declining member economy.

**Keywords***: Risk Management, Mitigation, Problematic Financing, Murabahah, BMT*

**Abstract**

Penelitian ini bertujuan untuk menganalisis implementasi manajemen risiko dan strategi mitigasi pembiayaan bermasalah pada akad murabahah di KSPPS BMT Arta Buana Metro Cabang Tulang Bawang, serta mengidentifikasi faktor penyebabnya. Penelitian ini menggunakan metode kualitatif dengan pendekatan fenomenologi. Data dikumpulkan melalui observasi, wawancara mendalam dengan kepala cabang dan staf, serta dokumentasi. Teknik analisis data menggunakan model Miles and Huberman. Hasil penelitian menunjukkan bahwa implementasi manajemen risiko di BMT Arta Buana dilakukan melalui tahap identifikasi, pengukuran, pengendalian, dan monitoring dengan menerapkan prinsip 5C (Character, Capacity, Capital, Collateral, Condition) secara konsisten sejak tahap survei hingga pasca realisasi. Strategi mitigasi yang dilakukan meliputi tindakan preventif (analisis 5C ketat), kuratif (pendekatan persuasif dan kekeluargaan, komunikasi intensif), dan restrukturisasi pembiayaan (*reschedule*) bagi anggota yang memenuhi kriteria. Adapun faktor penyebab pembiayaan bermasalah adalah faktor internal (lemahnya analisis/monitoring) dan faktor eksternal, yang dominan disebabkan oleh kegagalan usaha dan penurunan ekonomi anggota.

**Kata Kunci***: Manajemen Risiko, Mitigasi, Pembiayaan Bermasalah, Murabahah, BMT*

## INTRODUCTION

The development of Islamic financial institutions in Indonesia has experienced significant growth over the past two decades, reflecting both institutional expansion and increasing public trust in sharia-based financial systems.[1] Among the various institutions operating within this sector, Sharia Savings and Loans and Financing Cooperatives (Koperasi Simpan Pinjam dan Pembiayaan Syariah/KSPPS), commonly known as Baitul Maal wat Tamwil (BMT), hold a strategic role in supporting community-based economic development. Unlike conventional financial institutions, BMT integrates commercial and social functions by mobilizing and distributing funds based on the principles of justice, partnership, and mutual assistance (*ta'awun*) in accordance with Islamic law. Through this approach, BMT actively contributes to empowering Micro, Small, and Medium Enterprises (MSMEs), which form the backbone of Indonesia's economy.[2] According to data from the Financial Services Authority (OJK, 2024), the number of KSPPS institutions in Indonesia has exceeded 4,500 units, with total assets reaching approximately IDR 16 trillion, indicating their increasingly significant contribution to national economic stability.[3]

Within the operational framework of BMT, murabahah financing is one of the most dominant and widely used contracts. Murabahah is a cost-plus sale contract in which the seller discloses the acquisition cost of goods and determines a mutually agreed profit margin.[4] This financing model is preferred due to its relatively simple mechanism, transparency in pricing, and compliance with sharia principles, particularly the prohibition of riba. However, despite these advantages, murabahah financing is not free from risk. One of the most critical challenges faced by BMT institutions is the occurrence of problematic financing or non-performing financing (NPF), which arises when customers fail or delay in fulfilling their payment obligations.[5] Such conditions not only affect the liquidity and financial sustainability of the institution but also hinder its role as an effective intermediary in supporting community economic development.

The phenomenon of problematic financing is also evident at KSPPS BMT Arta Buana Metro, Tulang Bawang Branch. Based on preliminary observations conducted in August 2025, a number of murabahah financing accounts were classified as substandard to non-

[1] Jocelyn Grira and Chiraz Labidi, "Banks, Funds, and Risks in Islamic Finance: Literature & Future Research Avenues," *Finance Research Letters* 41 (July 2021): 101815, https://doi.org/10.1016/j.frl.2020.101815.

[2] Edy Syahputra et al., "Perkembangan Koperasi Syariah Di Indonesia," *AL-MUTSLA* 5, no. 2 (2023): 379–89, https://doi.org/10.46870/jstain.v5i2.742.

[3] Otoritas Jasa Keuangan, "Laporan Perkembangan Keuangan Syariah Indonesia 2024," accessed April 3, 2026, https://ojk.go.id/id/kanal/syariah/data-dan-statistik/laporan-perkembangan-keuangan-syariah-indonesia/Pages/Laporan-Perkembangan-Keuangan-Syariah-Indonesia-2024.aspx.

[4] Ficha Melina, "Pembiayaan Murabahah Di Baitul Maal Wat Tamwil (BMT)," *Jurnal Tabarru': Islamic Banking and Finance* 3, no. 2 (2020): 269–80, https://doi.org/10.25299/jtb.2020.vol3(2).5878.

[5] Ahmad Mukhlishin, *Analisis Manajemen Risiko (Kajian Kritis Terhadap Perbankan Syariah Di Era Kontemporer)*, 05 (2018), https://d1wqtxts1xzle7.cloudfront.net/94932475/pdf-libre.pdf?1669592920=&response-content-disposition=inline%3B+filename%3DAnalisa_Manajemen_Risiko_Kajian_Kritis_T.pdf&Expires=1775185529&Signature

performing. This situation indicates a discrepancy between theoretical frameworks of risk management and their practical implementation in the field. While risk management theory emphasizes systematic identification, measurement, monitoring, and control, the realities faced by microfinance institutions such as BMT often involve complex social, behavioral, and economic factors that are not fully captured by formal models. Previous studies on risk management and mitigation of problematic financing in Islamic financial institutions have predominantly focused on large-scale banking institutions and formal regulatory frameworks.[67] These studies tend to emphasize procedural compliance, financial indicators, and macro-level analysis. However, empirical studies that examine risk management practices at the operational level of BMT remain limited. In particular, there is a lack of research that explores how risk mitigation is carried out in real practice within microfinance institutions that rely heavily on social proximity, trust-based relationships, and flexible decision-making mechanisms.

Furthermore, existing literature often treats risk management as a purely technical process, with limited attention to informal and relational aspects such as character assessment, community-based verification, and emotional engagement in financing relationships. In reality, these elements play a crucial role in determining financing outcomes in microfinance settings.[8] The absence of such perspectives in previous studies creates a gap in understanding how risk management is actually implemented in institutions like BMT, where social dynamics and ethical considerations are deeply intertwined with financial decision-making.[9]

Therefore, a significant research gap exists in understanding how formal risk management frameworks interact with informal, value-based approaches in mitigating problematic financing within BMT institutions. This gap becomes increasingly relevant considering that external factors—such as business instability, economic fluctuations, and customer behavior—often dominate the causes of financing problems in microfinance contexts. Addressing this gap requires an in-depth, context-specific analysis that captures both the procedural and relational dimensions of risk management.

This study offers several novelties that distinguish it from previous research. First, it integrates formal risk management analysis with informal and social dimensions, particularly the role of familial and persuasive approaches in handling problematic financing. Second, this research introduces an empirical understanding of a hybrid risk management model that

[6] Mohammad Haikal et al., "Sharia Principles In Risk Management In Islamic Banking: A Literature Review," *AT-TIJARAH: Jurnal Penelitian Keuangan Dan Perbankan Syariah* 6, no. 2 (2024): 44–63, https://doi.org/10.52490/at-tijarah.v6i2.3411.

[7] Muhammad Rizky Mahvi and Muhammad Habibi Siregar, "Strategi Mitigasi Pembiayaan Bermasalah Pada BSI RFO Medan," *Jurnal EMT KITA* 9, no. 1 (2025): 258–68, https://doi.org/10.35870/emt.v9i1.3563.

[8] Adel K. Alghamati et al., "A Bibliometric Analysis and Mapping Study of Risk Management in Islamic Financial Institutions," *Journal of Islamic Monetary Economics and Finance* 10, no. 4 (2024): 787–810, 2024-2025, Malaysia, https://doi.org/10.21098/jimf.v10i4.2270.

[9] Agus Susilo and Ika Trisnawati, "Pencegahan Pembiayaan Bermasalah Melalui Komite Pembiayaan," *Jurnal Mahkamah : Kajian Ilmu Hukum Dan Hukum Islam*, December 31, 2018, 283–98, https://doi.org/10.25217/jm.v3i2.379.

combines the 5C principle with contextual and behavioral assessments, including field verification and interpersonal engagement. Third, this study provides a context-specific analysis of risk management practices at the microfinance level, focusing on BMT institutions that are often underrepresented in academic discourse. By examining the case of KSPPS BMT Arta Buana Metro, this research highlights the practical realities and adaptive strategies employed in managing financing risk within a localized setting.

Based on these considerations, this study aims to analyze: (1) the implementation of risk management in murabahah financing, (2) the factors causing problematic financing, and (3) the mitigation strategies applied at KSPPS BMT Arta Buana Metro, Tulang Bawang Branch. The findings of this study are expected to contribute both practically and academically. Practically, the results may provide insights for BMT practitioners in improving risk management systems and mitigation strategies. Academically, this research contributes to the development of Islamic microfinance literature by offering a more comprehensive understanding of how risk management is implemented in practice, particularly through the integration of formal procedures and socio-cultural approaches.

## THEORETICAL FOUNDATIONS

### 1. Risk Theory Frank H. Knight

The risk theory put forward by Frank H. Knight in his work *Risk, Uncertainty, and Profit* (1921) is an important foundation in the study of risk management to this day. Knight makes a clear distinction between *risk* and *uncertainty*. Risk refers to a situation where the probability of an outcome of a decision can be calculated or estimated based on historical data, thus being measurable (*measurable uncertainty*). In contrast, pure uncertainty is a situation where the probability of an outcome cannot be known due to inadequate data or unique and non-repetitive situations.[10] In the context of financial institutions, including BMT, this theory emphasizes the importance of risk management as a systematic effort to transform various uncertainties into measurable risks. Thus, potential losses can be anticipated and minimized through appropriate policies and procedures.[11] In the perspective of Islamic economics, Knight's theory is in line with the fiqh rules of *Al-Ghunmu bi al-Ghurmi* (the right to profit is always closely related to the readiness to bear risk) and *Al-Khiraj bi al-Dhaman* (the results of business appear with the responsibility of bearing losses).[12]

### 2. Risk Management in Islamic Financial Institutions

Risk management is defined as a systematic process to identify, measure, monitor, and control risks arising from business activities.[13] The objectives of risk management include maintaining institutional stability, increasing stakeholder confidence, and ensuring

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[10] Frank H. Knight, Risk, Uncertainty and Profit (FB&C Limited, 1921), https://books.google.co.id/books/about/Risk_Uncertainty_and_Profit.html?hl=id&id=lV67zQEACAAJ&redir_esc=y.

[11] John C. Hull, Risk Management and Financial Institutions (John Wiley & Sons, 2023).

[12] Nurul Ichsan, "Akad Bank Syariah," Asy-Syir'ah: Jurnal Ilmu Syari'ah dan Hukum 50, no. 2 (2016): 399–423, https://doi.org/10.14421/ajish.v50i2.237.

[13] Mukhlishin, Analisis Manajemen Risiko (Kajian Kritis Terhadap Perbankan Syariah Di Era Kontemporer).

compliance with sharia principles.[14] Several main types of risks faced by BMT include financing risk, liquidity risk, operational risk, and sharia compliance risk.[15][16]

The stages of risk management generally include: risk identification, risk assessment and ranking, risk control, and response to significant risks.[17] In the context of BMT, the application of risk management has its own characteristics due to limitations in human resources and technology, but proximity to customers is an advantage in the monitoring process and personal approach.[18]

### 3. Murabahah Contract and Its Characteristics

*Murabahah* contract is a sale and purchase transaction of goods by stating the acquisition price and the agreed profit (margin) between the seller and the buyer. The National Sharia Council of the Indonesian Ulema Council (DSN-MUI) through Fatwa No. 04/DSN-MUI/IV/2000 stipulates that *murabahah* is selling an item by stating the purchase price to the buyer and the buyer pays at a higher price as profit.

*Murabahah* financing has its own appeal for BMT members. Besides being profitable and easy to implement, this product also has a level of risk that is relatively easier to calculate. Members receive certainty of a fixed monthly installment amount until the financing period ends, without being affected by market interest rate fluctuations or uncertain economic conditions.[19] The main characteristic of the *murabahah* contract is price transparency, where the seller informs the cost of goods to the buyer along with the agreed profit margin. This distinguishes it from ordinary buying and selling which does not require transparency of the cost price.[20]

### 4. Problematic Financing and Mitigation Strategies

Problematic financing is defined as financing in which the customer cannot fulfill the terms agreed upon in the contract, both regarding the payment schedule and other requirements, thus potentially causing losses to the financial institution.[21] Based on Bank

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[14] Bank Indonesia, "Peraturan Bank Indonesia No. 13/13/PBI/2011 tentang Penilaian Kualitas Aktiva Produktif.," 2011, https://www.google.com/search?q=Peraturan+Bank+Indonesia+No.+13%2F13%2FPBI%2F2011+tentang+Penilaian

[15] Ichsan, "Akad Bank Syariah."

[16] Eka Melinda and Segaf Segaf, "Implementation of Risk Management in Murabahah Financing At Bmt UGT Nusantara Nusantara Pasuruan," Enrichment : Journal of Management 13, no. 2 (2023): 914–20, https://doi.org/10.35335/enrichment.v13i2.1439.

[17] Hastin Nuraini, "Manajemen Risiko Untuk Meminimalisir Masalah Perusahaan," OPTIMAL Jurnal Ekonomi Dan Manajemen 2, no. 3 (2022): 339–50, https://doi.org/10.55606/optimal.v2i3.1366.

[18] Mahvi and Siregar, "Strategi Mitigasi Pembiayaan Bermasalah Pada BSI RFO Medan."

[19] Susilo and Trisnawati, "Pencegahan Pembiayaan Bermasalah Melalui Komite Pembiayaan."

[20] Nilam Sari et al., "Managing Financing Risk Of Islamic Banking Products In Indonesia: A Value At Risk Approach," Jurnal Ilmiah Islam Futura 24, no. 1 (2024): 213–40, https://doi.org/10.22373/jiif.v24i1.17693.

[21] Elmiliyani Wahyuni and Sri Maulidia, "Analisis Penanganan Pembiayaan Murabahah Non Performing Financing (NPF) Dengan Mitigation Of Risk In Islamic Financial Institutions Di KJKS BMT Al-Makmur Cubadak Lima Kaum Kab. Tanah Datar," ISTIKHLAF: Jurnal Ekonomi, Perbankan Dan Manajemen Syariah 2, no. 1 (2020): 14–35, https://doi.org/10.51311/istikhlaf.v2i1.219.

Indonesia Regulation No. 13/13/PBI/2011 concerning Assessment of Productive Asset Quality, the quality of financing is classified into five categories: pass, special mention, substandard, doubtful, and loss.[22] The factors causing problematic financing can be broadly grouped into two, namely internal factors (institutional weaknesses in analysis and monitoring) and external factors (customer character, business failure, natural disasters, government policies).[23][24] Mitigation strategies for problematic financing can be divided into three main approaches:[25]

1. Preventive Strategy: applied before financing is disbursed through feasibility analysis using the 5C principle (Character, Capacity, Capital, Collateral, Condition), field surveys, and strong collateral binding.
2. Curative Strategy: carried out when customers begin to show signs of default through a persuasive approach, intensive communication, staged warning letters (SP1, SP2, SP3), and direct visits.
3. Financing Restructuring: improvement efforts through rescheduling (rescheduling) in accordance with OJK Regulations and DSN-MUI Fatwas.

Susilo and Trisnawati found that the financing committee plays an important role in filtering ineligible prospective customers and supervising financing that has been disbursed. The effectiveness of problematic financing mitigation does not only depend on preventive and curative strategies but also on a financing governance system that involves an independent committee as an internal supervisor.[26]

## METHOD

This study employs a field research design using a qualitative approach with a phenomenological orientation. The selection of a qualitative phenomenological approach is grounded in the objective of capturing and interpreting the lived experiences, perceptions, and practices of actors directly involved in the implementation of risk management and mitigation of problematic financing within the context of Islamic microfinance institutions. Phenomenology is particularly relevant in this research because it allows the researcher to explore deeply the meanings behind actions, decisions, and interactions that occur in real-life settings, especially those that cannot be fully explained through quantitative measurements alone. Through this approach, the study seeks not only to describe observable

[22] Bank Indonesia, "Peraturan Bank Indonesia No. 13/13/PBI/2011 Tentang Penilaian Kualitas Aktiva Produktif."

[23] Pani Akhiruddin Siregar et al., "Faktor Makroekonomi dan Mikroekonomi dalam Pembiayaan Bermasalah Bank Syariah di Indonesia," Equilibrium: Jurnal Ekonomi Syariah 8, no. 1 (2020): 89, https://doi.org/10.21043/equilibrium.v8i1.6091.

[24] Sarmini Anggelia, "Analisis Strategi Penanganan Pembiayaan Bermasalah (NPF) pada Pembiayaan Murabahah (Studi Kasus Baitut Tamwil Muhammadiyah Cabang Sungai Rumbai)" (sarjana, Universitas Islam Negeri Sjech M. Djamil Djambek Bukittinggi, 2025), https://repository.uinbukittinggi.ac.id/1312/.

[25] Mahvi and Siregar, "Strategi Mitigasi Pembiayaan Bermasalah Pada BSI RFO Medan."

[26] Susilo and Trisnawati, "Pencegahan Pembiayaan Bermasalah Melalui Komite Pembiayaan."

practices but also to understand how those practices are perceived, rationalized, and implemented by individuals within the institution.[27]

The sources of data in this study are divided into primary and secondary data. Primary data constitute the main source of information and were obtained directly from individuals who are actively involved in the operational and managerial aspects of the institution. These include the Branch Head, Mr. Eko Sulistiono, S.Pd., as well as several staff members responsible for financing activities. The selection of these informants was based on purposive sampling, where individuals are chosen based on their knowledge, experience, and relevance to the research topic. Through this method, the researcher ensures that the data collected are rich, detailed, and directly related to the phenomena being studied. Secondary data, on the other hand, were collected from various supporting sources, including internal institutional documents, official reports, academic journals, books, and relevant online resources. These data serve to complement and validate the findings obtained from primary sources, as well as to provide a broader theoretical and contextual framework for analysis.

In terms of data collection techniques, this study utilizes a combination of participatory observation, semi-structured interviews, and documentation. Participatory observation was conducted by directly engaging with the activities of the institution, allowing the researcher to observe firsthand how risk management practices are implemented in daily operations. This method provides valuable insights into actual behaviors and practices that may not always be fully articulated in interviews.[28] Semi-structured interviews were carried out using a flexible interview guide, enabling the researcher to explore key themes while still allowing informants to express their views freely and in depth. This approach is particularly effective in uncovering nuanced information, such as personal experiences, institutional challenges, and decision-making processes.[29] Documentation techniques involve the collection and analysis of written materials, such as financing records, internal reports, policy documents, and other relevant archives. These documents provide objective evidence that supports the data obtained through observation and interviews.[30]

To ensure the credibility and validity of the data, this study applies several validation techniques commonly used in qualitative research. One of the primary strategies is prolonged engagement, which involves extending the duration of observation to gain a deeper understanding of the research context and to build trust with informants. In addition, increased persistence is employed to enhance the accuracy of observations by focusing on relevant aspects of the phenomenon over time. Source triangulation is also utilized as a key

[27] M. Syaiful Anwar et al., "Mitigasi Risiko Pembiayaan Mudharabah Studi BMT Assyafiiyah Berkah Nasional Kotagajah Perspektif Veithzal Rivai Tahun 2024," Moderasi : Journal of Islamic Studies 5, no. 1 (2025): 41–58, https://doi.org/10.54471/moderasi.v5i1.89.

[28] M. Afifuddin, "Strategi Pemasaran Syariah Dalam Mempertahankan Eksistensi Lembaga Keuangan Syariah Ditengah Pandemi Covid-19," Margin: Jurnal Bisnis Islam Dan Perbankan Syariah, August 7, 2023, 105–14, https://doi.org/10.58561/margin.v2i2.89.

[29] Lexy J. Moleong, "Metodologi Penelitian Kualitatif, Cet," XI. Bandung: PT Remaja Rosdakarya, 2018.

[30] Sugiono, "Metode Penelitian Kunatitatif Kualitatif Dan R&D," Alfabeta, Bandung, 2016, https://www.researchgate.net/profile/Hery-Purnomo/publication/377469385_Metode_Penelitian_Kuantitatif_Kualitatif_Dan_Rd/

validation method, whereby data obtained from different informants are compared and cross-checked to ensure consistency and reliability. Through triangulation, the researcher is able to minimize bias and strengthen the trustworthiness of the findings.

The data collected in this study are analyzed using the interactive model developed by Miles and Huberman, which consists of three main stages: data reduction, data display, and conclusion drawing. Data reduction involves the process of selecting, simplifying, and organizing raw data into a more manageable form, focusing on information that is relevant to the research objectives[31]. This stage is crucial in qualitative research, as it helps the researcher to identify key patterns and themes from a large volume of data. Data display refers to the presentation of data in an organized and systematic manner, often in the form of narrative descriptions, tables, or diagrams, which facilitate the interpretation of findings. Finally, conclusion drawing involves the process of interpreting the data, identifying relationships between variables, and formulating insights that answer the research questions. These conclusions are continuously verified throughout the research process to ensure their validity and consistency with the data.

This study pays careful attention to ethical considerations in the research process. Informants were informed about the purpose of the study and their consent was obtained prior to data collection. Confidentiality and anonymity were maintained to protect the identity of participants and to ensure that the information provided is used solely for academic purposes. This ethical approach not only safeguards the rights of participants but also contributes to the integrity and credibility of the research.

## RESULTS AND DISCUSSION

### Findings

### 1. Implementation of Murabahah Financing Risk Management

### Risk Identification Through the 5C Principle

BMT Arta Buana Metro systematically implements risk identification at the initial stage of financing applications through the comprehensive application of the 5C principle, which includes Character, Capacity, Capital, Collateral, and Condition. This principle is not merely applied as a formal administrative requirement but is deeply embedded as an integrated assessment framework to evaluate the feasibility of prospective members. The findings indicate that each component of the 5C principle is treated as an interconnected and inseparable unit, where the fulfillment of all elements becomes a prerequisite for financing approval.[32]

In practice, the institution does not prioritize one aspect over another; instead, it adopts a holistic evaluation approach. This means that even if a prospective customer demonstrates strong financial capacity, sufficient capital, and favorable business conditions,

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[31] Mathew B. Miles et al., *Analisis Data Kualitatif: Buku Sumber Tentang Metode Metode Baru* (Penerbit Universitas Indonesia (UI-Press), 1992).

[32] Siti Khadijah Ab Manan and Muhammad Hakimi Bin Mohd Shafiai, "Risk Management of Islamic Microfinance (IMF) Product by Financial Institutions in Malaysia," *Procedia Economics and Finance*, International Accounting and Business Conference 2015, IABC 2015, vol. 31 (January 2015): 83–90, https://doi.org/10.1016/S2212-5671(15)01134-X.

the financing application may still be rejected if other aspects such as collateral adequacy or personal character do not meet the required standards. The study reveals that decision-making at BMT Arta Buana Metro is highly selective and adaptive, taking into account not only the formal criteria but also the alignment between the applicant's business needs, financial capacity, and risk profile. This approach reflects a careful balancing between prudential principles and contextual considerations in financing decisions.

Furthermore, the implementation of the 5C principle is supported by rigorous field verification processes. Rather than relying solely on administrative documents or self-reported information from applicants, BMT conducts direct field assessments to ensure the accuracy and validity of the data provided. This includes site visits to business locations, detailed inquiries into the scale and nature of the applicant's business activities, and thorough documentation of how the financing funds will be utilized. For example, in the case of agricultural financing, the institution carefully examines the size of cultivated land, the estimated funding requirements, and the specific allocation of funds for operational needs such as seeds, fertilizers, or equipment. All of this information is systematically recorded and analyzed as part of the financing evaluation process.

This empirical finding is consistent with the study conducted by Billah and Hidayati (2025), which emphasizes that the effectiveness of risk mitigation in murabahah financing is strongly influenced by the strict and consistent application of the 5C principle at the initial stage. By integrating comprehensive assessment with direct field verification, BMT Arta Buana Metro is able to minimize potential risks before financing is disbursed, thereby strengthening the overall quality of its financing portfolio.[33]

**Risk Measurement and Assessment**

Risk measurement at BMT Arta Buana Metro is conducted through a comprehensive evaluation of the customer's repayment capacity, primarily based on business projections and the stability of income streams. This process involves assessing the feasibility of the applicant's business activities, estimating potential revenues, and determining whether the expected income is sufficient to meet the agreed installment obligations. In this regard, financial capability is not viewed solely from a numerical perspective but is also interpreted within the broader context of business sustainability and economic resilience.

In addition to financial assessment, BMT places significant emphasis on evaluating the character of prospective customers. Character assessment is carried out through direct observation as well as informal verification processes involving neighbors, community members, or other related parties who are familiar with the applicant's personal and social behavior. This approach reflects the institution's reliance on social-based information networks, which are considered highly relevant in the context of microfinance institutions where personal trust and reputation play a crucial role in determining creditworthiness.

Geographical considerations also form an integral part of the risk measurement process. The findings indicate that BMT applies a spatial feasibility assessment, particularly

[33] A'azzah Billah and Nurul Hidayati, "Mitigasi Risiko Dan Efektivitas Prinsip 5C Dalam Pemberian Pembiayaan Murabahah Di KSPPS BMT NU Jawa Timur Cabang Rubaru," *Jurnal Masharif Al-Syariah: Jurnal Ekonomi Dan Perbankan Syariah* 10, no. 3 (2025), https://doi.org/10.30651/jms.v10i3.27084.

in relation to the distance between the customer's residence and business location. For applicants whose business activities are located far from their place of residence or outside the operational reach of the institution, BMT tends to apply stricter verification procedures. This includes validating the accuracy of identity and domicile data, as well as assessing the practicality of conducting monitoring and follow-up visits.

The study reveals that BMT Arta Buana Metro prioritizes financing for businesses that are located within a manageable and accessible radius from the customer's residence. This policy is based on practical considerations related to supervision, communication, and risk control. By focusing on geographically accessible businesses, the institution is able to enhance the effectiveness of monitoring activities and reduce potential risks associated with limited oversight. Conversely, financing applications involving distant or less accessible locations are approached with greater caution, as they may hinder the institution's ability to conduct regular supervision and early detection of potential problems.

**Risk Monitoring and Control**

Following the disbursement of financing, BMT Arta Buana Metro implements a structured monitoring mechanism through periodic return visits, commonly referred to as *witansi*. This post-disbursement supervision is designed to ensure that the utilization of funds remains consistent with the initial agreement outlined in the financing contract. Rather than relying solely on trust, the institution actively verifies the actual use of funds by requesting supporting evidence, such as purchase receipts and proof of expenditure, which are then cross-checked during field visits.

The findings indicate that BMT conducts direct verification of financed activities to confirm whether the funds have been allocated in accordance with their intended purpose. For instance, in cases where financing is provided for specific business needs such as agricultural inputs the institution evaluates whether the purchased goods align with the planned expenditures. If discrepancies are identified, such as the absence of expected inventory or indications that the funds have been diverted for unrelated purposes, this is interpreted as a form of fund misappropriation or *side streaming*. Such practices are considered significant risk indicators, as they directly affect the customer's ability to generate income and fulfill repayment obligations.

This monitoring process plays a crucial role as an early warning system in identifying potential problematic financing. The study reveals several key indicators that are closely observed by BMT during the monitoring phase. These include fluctuations or declines in business turnover, increasing difficulty in maintaining communication with customers, and inconsistencies between reported information and actual field conditions. These signs are treated as initial signals of financial distress or potential default, prompting the institution to take preventive or corrective actions at an early stage.

The implementation of post-disbursement monitoring at BMT Arta Buana Metro reflects a proactive and control-oriented approach to risk management. By combining administrative verification with direct field observation, the institution is able to detect irregularities at an early stage, thereby reducing the likelihood of financing deterioration. This approach not only strengthens internal control mechanisms but also enhances the effectiveness of risk mitigation strategies in maintaining the quality of the financing portfolio.

**2. Factors Causing Problematic Financing**

The study identified two main categories of causes of problematic financing at BMT Arta Buana Metro:

**Internal Institutional Factors**

Internal factors contributing to problematic financing primarily include weaknesses in the feasibility analysis process, particularly when field surveys are not conducted in a thorough and comprehensive manner, as well as suboptimal monitoring after financing disbursement. Inadequate initial assessment may lead to inaccurate evaluation of customer capacity, business viability, and risk exposure, which ultimately increases the likelihood of financing failure. Similarly, insufficient post-disbursement monitoring can delay the detection of irregularities, such as declining business performance or deviations in fund utilization, thereby limiting the institution's ability to take timely corrective action.

However, the findings of this study indicate that BMT Arta Buana Metro has made significant efforts to minimize the impact of these internal weaknesses through the implementation of strict and standardized operational procedures. The institution emphasizes the importance of detailed field surveys, structured verification processes, and consistent application of financing assessment criteria to ensure that each financing decision is based on accurate and reliable data. In addition, BMT has strengthened its monitoring mechanisms by conducting routine follow-up visits and maintaining active communication with customers, which enables early identification of potential risks.

These efforts reflect a proactive institutional commitment to improving internal control systems and enhancing the overall effectiveness of risk management practices. By continuously refining its procedures and reinforcing compliance with established standards, BMT seeks to reduce internal vulnerabilities and ensure that financing activities are conducted in a more prudent, accountable, and sustainable manner.

**External Customer Factors**

External factors are identified as the dominant contributors to problematic financing at BMT Arta Buana Metro. These factors largely originate from conditions beyond the direct control of the institution, particularly those related to the economic and behavioral characteristics of customers. The findings of this study categorize external causes into three main aspects: business failure, customer character, and fund misappropriation (*side streaming*).

a. Business failure emerges as the most significant factor contributing to financing problems. The study reveals that many customers experience financial difficulties due to unstable or declining business performance. This is often influenced by external conditions such as crop failure in agricultural sectors, reduced market demand, or broader economic downturns that negatively affect income generation. As a result, customers are unable to maintain consistent cash flow, which ultimately disrupts their ability to meet installment obligations. This indicates that the sustainability of the customer's business plays a central role in determining the success or failure of financing.

b. Customer character is found to be a crucial determinant that does not always correlate directly with economic capacity. The findings highlight that individuals with relatively stable or even strong financial conditions may still demonstrate low commitment in fulfilling their payment obligations. Conversely, customers with limited economic resources may exhibit a higher level of responsibility and discipline in repaying their financing. This suggests that moral integrity, personal responsibility, and payment commitment are essential qualitative factors that significantly influence financing performance. Therefore, character assessment remains a critical component in evaluating financing risk, particularly within the context of microfinance institutions where personal trust and social reputation are highly valued.
c. Fund misappropriation, commonly referred to as *side streaming*, represents another major external factor contributing to problematic financing. This occurs when customers utilize the disbursed funds for purposes that deviate from the agreed financing plan. As a consequence, the intended business activities fail to operate as projected, resulting in the absence of expected income streams needed to support repayment. The misuse of funds not only undermines the feasibility of the financed business but also increases the likelihood of default, as there is no productive output to sustain the repayment cycle.

These findings are consistent with previous studies conducted by Sodik and Sopian (2022) as well as Ningsih et al. (2023), which emphasize that external factors tend to have a more dominant influence on the occurrence of problematic financing compared to internal institutional factors. This reinforces the argument that effective risk management in Islamic microfinance institutions must not only focus on internal procedures but also consider the dynamic and often unpredictable external conditions faced by customers.[34]

### 3. Problematic Financing Mitigation Strategies

**Preventive Strategy**

The preventive strategy at BMT Arta Buana Metro is implemented prior to the disbursement of financing through a comprehensive and multi-layered assessment process. This strategy emphasizes the rigorous application of the 5C principle, complemented by direct field surveys and systematic data verification. Through this approach, the institution seeks to ensure that only eligible and feasible financing proposals are approved, thereby minimizing potential risks at the earliest stage. In addition, BMT strengthens its risk control mechanism by requiring appropriate collateral binding, which varies depending on the financing value. These forms of collateral include movable assets such as vehicle ownership certificates (BPKB), as well as immovable property documents such as Sale and Purchase Deeds (AJB) and Deeds of Granting Mortgage Rights (APHT) for larger financing amounts.

[34] Muhammad Sodik and Ahmad Ali Sopian, "Strategi Penyelesaian Pembiayaan Bermasalah Pada Akad Murabahah Bil Wakalah Di BMT Purwakarta Amanah Sejahtera," *JAMMIAH (Jurnal Ilmiah Mahasiswa Ekonomi Syariah)* 2, no. 2 (2022): 148–61, https://doi.org/10.37726/jammiah.v2i2.302.

This layered system reflects the institution's commitment to maintaining prudential standards while safeguarding its financial sustainability.[35]

An important finding of this study reveals the existence of a specific internal policy related to financing within a single household. BMT does not allow both spouses within the same family unit to receive financing simultaneously for separate applications. Instead, the institution requires a selective approach in which only one party within the household is eligible to obtain financing at a given time. This policy is based on risk considerations, particularly the potential accumulation of financial obligations within one family if both financing activities fail. By limiting exposure at the household level, BMT aims to reduce the likelihood of collective default, which could significantly increase institutional risk. This practice demonstrates a contextual adaptation of risk management strategies tailored to the socio-economic characteristics of its members.[36]

When financing begins to show signs of potential default, BMT applies a curative strategy that emphasizes a persuasive and familial approach. Rather than immediately resorting to formal or coercive measures, the institution prioritizes emotional engagement and constructive dialogue with customers. The findings indicate that BMT seeks to identify the root causes of payment difficulties by engaging in direct communication with customers and collaboratively exploring possible solutions. In cases where financial difficulties arise from business failure or declining income, the institution provides alternatives such as restructuring or rescheduling of payment obligations, adjusted to the customer's current financial capacity.

This approach reflects not only a pragmatic risk management strategy but also adherence to Islamic ethical principles, particularly as outlined in QS. Al-Baqarah: 280, which encourages leniency and compassion towards individuals facing financial hardship. In practice, BMT implements a gradual and structured collection process that begins with informal communication, followed by direct visits, and, if necessary, the issuance of formal warning letters in stages (SP1, SP2, and SP3). This tiered approach allows the institution to balance firmness in enforcing contractual obligations with flexibility and empathy in addressing customer difficulties.

The combination of preventive and curative strategies at BMT Arta Buana Metro illustrates a holistic approach to risk mitigation. The preventive measures focus on minimizing risk exposure before financing is granted, while the curative measures aim to manage and resolve emerging problems in a manner that is both effective and aligned with sharia principles. This dual strategy underscores the institution's effort to maintain financial discipline without neglecting the social and ethical dimensions inherent in Islamic microfinance practices.

[35] Devi Aprilia Ningsih et al., "Analisis Restrukturisasi Sebagai Penyelesaian Pembiayaan Murabahah Bermasalah (Studi Kasus Pt. Bank Sumut Kantor Cabang Pembantu Syariah Binjai)," Masyrif : Jurnal Ekonomi, Bisnis Dan Manajemen 4, no. 1 (2023): 84–100, https://doi.org/10.28944/masyrif.v4i1.1044.

[36] "Interview with Branch Head of BMT Arta Buana Metro," January 12, 2026.

**Curative Strategy**

When customers begin to exhibit early indications of default, BMT Arta Buana Metro adopts a curative strategy that prioritizes a persuasive and familial approach. Rather than immediately enforcing rigid or punitive measures, the institution emphasizes emotional engagement and interpersonal communication as a first response. The findings suggest that BMT seeks to understand the underlying causes of payment difficulties by engaging customers in a dialogical process, aiming to identify specific constraints faced by the customer—whether related to business decline, financial mismanagement, or external economic pressures. Through this approach, solutions are formulated collaboratively, reflecting a problem-solving orientation rather than a purely enforcement-based mechanism.

In situations where the source of difficulty is linked to business failure or declining income, BMT provides adaptive solutions in the form of financing restructuring or rescheduling of payment obligations. These adjustments are tailored to the customer's current financial capacity, allowing for a more realistic and manageable repayment structure. This indicates that the institution does not merely focus on debt recovery but also considers the sustainability of the customer's economic condition as part of its mitigation strategy.

The implementation of this approach is closely aligned with Islamic ethical principles, particularly as articulated in QS. Al-Baqarah: 280, which encourages granting relief or leniency to debtors experiencing hardship. This normative foundation reinforces the moral dimension of financial practices within BMT, where compassion and justice are integrated into operational decision-making. Consequently, the handling of problematic financing is not solely driven by institutional interests but also reflects broader values of social responsibility and mutual assistance.[37]

In practical terms, BMT applies a gradual and structured collection mechanism. The process begins with informal communication aimed at maintaining positive relationships and encouraging voluntary compliance. If the situation does not improve, the institution proceeds with direct visits to gain a clearer understanding of the customer's condition and to reinforce communication. As a final step, formal warning letters are issued in stages (SP1, SP2, and SP3), serving as a structured escalation of enforcement while still allowing room for resolution.

This curative strategy demonstrates a balanced approach that integrates firmness with flexibility. By combining emotional engagement, ethical considerations, and procedural enforcement, BMT Arta Buana Metro is able to address problematic financing in a manner that is both effective and consistent with the principles of Islamic microfinance.

**Financing Restructuring**

Financing restructuring at BMT Arta Buana Metro is implemented through a rescheduling mechanism that follows strict and well-defined procedural stages. The findings indicate that restructuring is not automatically granted to all customers experiencing financing difficulties. Instead, each case undergoes a selective evaluation process to determine whether the customer meets the eligibility criteria for restructuring. This process

[37] "Interview with Branch Head of BMT Arta Buana Metro."

involves an internal assessment conducted by the financing committee, which functions as a key decision-making body responsible for evaluating the feasibility and risk implications of restructuring proposals. Only after passing this evaluative stage is the restructuring decision formally approved and communicated to the customer.[38]

In practice, the most common form of restructuring applied by BMT is the adjustment of installment amounts based on the customer's current financial capacity. This typically involves reducing the monthly payment to a more manageable level, thereby allowing the customer to continue fulfilling their obligations under revised terms. Such adjustments reflect a flexible and adaptive approach, aimed at maintaining the continuity of repayment while accommodating the customer's economic condition. This indicates that restructuring is not merely a corrective measure but also a strategic effort to sustain the financing relationship and prevent further deterioration of asset quality.

However, the study also reveals that restructuring is not always successful in resolving problematic financing. In cases where customers remain unable to meet their obligations even after rescheduling, BMT may proceed to the settlement of collateral as a final measure. Despite this, the institution continues to prioritize communication and negotiation, ensuring that the resolution process is conducted in a gradual and humane manner. The emphasis on extended procedures and ongoing dialogue demonstrates that even in enforcement stages, BMT seeks to balance institutional interests with ethical considerations and social sensitivity.

These findings are consistent with the study conducted by Susilo and Trisnawati (2018), which highlights the critical role of the financing committee in preventing and managing problematic financing in murabahah contracts. The financing committee acts as an internal control mechanism that not only filters prospective customers at the initial stage but also oversees financing performance and evaluates restructuring decisions. This alignment between empirical findings and previous research reinforces the importance of institutional governance in ensuring the effectiveness of risk mitigation strategies.

### 4. The Role of Management in Risk Mitigation

Management at BMT Arta Buana Metro plays a central and active role in all stages of financing risk mitigation, encompassing supervision, periodic evaluation, and decision-making processes related to restructuring. This involvement reflects a strong governance structure in which managerial oversight is not limited to administrative control but extends to strategic and operational dimensions of risk management. The findings indicate that management continuously monitors financing performance, evaluates emerging risks, and ensures that appropriate mitigation measures are implemented in a timely and effective manner. Such active engagement is crucial in maintaining the quality of the financing portfolio and preventing the escalation of non-performing financing (NPF).[39]

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[38] "Interview with Branch Head of BMT Arta Buana Metro."

[39] Sholeh Wafi and Helmi Muhammad, "Risk Management of Islamic Microfinance Institutions: Unique Practices at Crucial Risks," International Journal of Business Ecosystem & Strategy (2687-2293) 5, no. 3 (2023): 42–50, https://doi.org/10.36096/ijbes.v5i3.417.

This result is consistent with the findings of Mahvi and Siregar (2025), who emphasize that effective managerial involvement significantly contributes to the reduction of financing risk and the stabilization of institutional performance. In this context, management functions not only as a supervisory authority but also as a key driver in shaping policies, ensuring compliance, and coordinating mitigation strategies across different levels of the institution.

In addition to managerial and technical considerations, the study reveals that BMT Arta Buana Metro places strong emphasis on maintaining compliance with sharia principles in every stage of the mitigation process. Management ensures that all financed business activities align with Islamic ethical and legal standards, explicitly avoiding sectors or activities that are prohibited, such as gambling, alcohol, or other non-halal businesses. This commitment to sharia compliance is not merely a formal requirement but is integrated into decision-making practices, particularly when addressing problematic financing.[40]

When irregularities or deviations from sharia-compliant activities are identified, the institution tends to avoid continuing such financing arrangements. Instead, management prefers to pursue restructuring or other corrective measures that align with ethical considerations. This approach reflects a value-based orientation in which financial decisions are guided not only by economic rationality but also by moral accountability. By prioritizing sharia compliance, BMT demonstrates its commitment to upholding the integrity of Islamic financial principles, even in situations involving financial risk or potential loss.

## Analysis/Discussion

The findings of this study indicate that the implementation of risk management at BMT Arta Buana Metro has been carried out in a structured and systematic manner, encompassing the stages of identification, measurement, monitoring, and control. However, beyond mere procedural compliance, the results reveal that risk management practices at BMT are highly adaptive and context-driven, reflecting the unique characteristics of Islamic microfinance institutions. This suggests that the effectiveness of risk management is not solely determined by adherence to formal frameworks, but also by the institution's ability to integrate contextual and relational dimensions into its operational practices.

From a theoretical perspective, the application of the 5C principle demonstrates alignment with conventional risk management frameworks, particularly in transforming uncertainty into measurable risk as proposed by Knight's theory. Nevertheless, this study extends the theoretical understanding by showing that the implementation of 5C in BMT is not purely technical. Instead, it is reinforced by informal mechanisms such as direct field verification, community-based information gathering, and character-based judgment. This indicates that risk measurement in microfinance settings tends to be more holistic, combining quantitative assessment with qualitative evaluation. Such findings highlight a limitation in

[40] "Interview with Branch Head of BMT Arta Buana Metro."

existing theories, which often assume that risk can be fully quantified, whereas in practice—especially in microfinance—risk is deeply embedded in social and behavioral contexts.[41]

Furthermore, the study reveals that the familial and persuasive approach adopted by BMT plays a significant role in mitigating problematic financing. Unlike conventional financial institutions that rely heavily on formal enforcement mechanisms, BMT prioritizes relational engagement and emotional communication as part of its curative strategy. This approach not only aligns with Islamic ethical principles, particularly QS. Al-Baqarah: 280, but also demonstrates practical effectiveness in maintaining customer relationships and encouraging repayment compliance. In this regard, the study provides empirical evidence that ethical and relational dimensions can function as complementary tools in risk mitigation, rather than being merely normative or symbolic elements.

However, this study also identifies several critical challenges that require further attention. The dominance of external factors, such as business failure and economic instability, indicates that risk management in BMT is highly vulnerable to conditions beyond institutional control. This finding confirms the argument of Siregar et al. (2020) that macroeconomic and microeconomic variables significantly influence non-performing financing. Nevertheless, the study also reveals that internal factors—such as fund misappropriation (*side streaming*) and limitations in early detection mechanisms—continue to contribute to financing problems. This suggests that while external risks are unavoidable, the institution still has room to strengthen its internal control systems, particularly in enhancing monitoring effectiveness and developing a more responsive early warning system.

Another important insight emerging from this study is the strategic role of institutional governance, particularly the financing committee, in ensuring the effectiveness of risk mitigation. The requirement that all restructuring decisions must pass through the financing committee reflects a strong internal control mechanism that enhances accountability and reduces the risk of subjective decision-making. This finding supports the study of Susilo and Trisnawati (2018), which emphasizes that the financing committee functions not only as a filter at the initial stage but also as a supervisory body throughout the financing lifecycle. In this context, the presence of a structured decision-making body becomes a key factor in maintaining the quality and sustainability of financing portfolios.

In addition, the study highlights the importance of geographical considerations in risk management, particularly in limiting financing to areas within operational reach. This finding introduces a practical dimension that is often overlooked in theoretical discussions. By restricting financing to accessible locations, BMT enhances its ability to conduct effective monitoring and reduce information asymmetry. This suggests that spatial factors should be considered as part of risk assessment models, especially in microfinance institutions where direct interaction and supervision are essential.

Overall, the analysis demonstrates that risk management at BMT Arta Buana Metro is characterized by a hybrid model that integrates formal procedures with informal, relational, and contextual approaches. While this model shows strong effectiveness in mitigating

[41] Nabilah Rozzani et al., "Risk Management Process: Profiling of Islamic Microfinance Providers," *Research in International Business and Finance* 41 (October 2017): 20–27, https://doi.org/10.1016/j.ribaf.2017.04.009.

financing risks, it also requires continuous refinement, particularly in strengthening internal monitoring systems and adapting to external economic dynamics. The study therefore contributes not only to confirming existing theories but also to expanding them by incorporating social and contextual dimensions that are critical in Islamic microfinance practices.[42]

Based on the findings of this study, a conceptual model of risk management in murabahah financing at BMT Arta Buana Metro can be formulated as a hybrid model that integrates formal and informal mechanisms within a unified framework. This model begins with the input stage, which consists of the 5C principle, customer data, and external economic conditions that influence financing feasibility.

At the core of the model lies the risk management process, which operates through two interconnected dimensions. The first dimension is the formal mechanism, which includes structured procedures such as 5C analysis, administrative and field verification, and decision-making through the financing committee. This dimension reflects the institution's adherence to prudential principles and systematic risk assessment. The second dimension is the informal or relational mechanism, which involves familial approaches, social observation, and interpersonal communication. This dimension captures the social and behavioral aspects of risk that cannot be fully measured through formal analysis. The integration of these two mechanisms forms a hybrid approach, where technical evaluation is complemented by contextual and relational understanding.

The model is further strengthened by a control system that includes continuous monitoring through *witansi*, early detection of risk indicators, and periodic evaluation. This control function acts as a feedback loop that ensures the effectiveness of both formal and informal mechanisms in managing financing risk.[43] The output of this model is reflected in improved financing decisions, more effective risk mitigation, and the potential reduction of non-performing financing (NPF). This model demonstrates that risk management in BMT is not solely a technical process but a dynamic system that integrates financial analysis, social interaction, and ethical considerations.[44]

## CONCLUSION

Based on the research results and discussion, it can be concluded that the implementation of risk management at KSPPS BMT Arta Buana Metro, Tulang Bawang Branch is carried out systematically through risk identification using the strict and integrated 5C principle, measurement of customers' repayment ability, post-disbursement monitoring through field visits and receipt verification, and risk control through continuous surveys and verification. Problematic financing is mostly caused by external factors, including business failure, crop failure, declining turnover, irresponsible customer character, and fund misappropriation or side streaming. Meanwhile, internal factors such as weak initial analysis

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[42] Haikal et al., "Sharia Principles In Risk Management In Islamic Banking."

[43] Adiyes Putra et al., "Strengthening Resilience through Risk Management in Islamic Microfinance Institutions: A Case Study of BPRS in Riau," Journal of Finance and Islamic Banking 8, no. 1 (2025): 65–78, https://doi.org/10.22515/jfib.v8i1.11799.

[44] Ikatan Bankir Indonesia, Manajemen Risiko 1 (Gramedia Pustaka Utama, 2015).

remain a concern, although their occurrence is relatively limited because BMT has implemented strict standard operating procedures.

The mitigation strategies applied by BMT consist of preventive, curative, and restructuring approaches. Preventive efforts are conducted through 5C analysis and field surveys, while curative efforts are carried out through a familial approach, intensive communication, and gradual warning letters. Restructuring is implemented through rescheduling with procedures and approval from the financing committee. The emotional and familial approach becomes a distinctive characteristic of BMT in handling problematic customers because it aligns with sharia principles that emphasize justice, deliberation, and mutual assistance. In line with Susilo and Trisnawati (2018), the active role of the financing committee is an important element in the success of financing risk mitigation. Further research is recommended to quantitatively measure the effectiveness of these mitigation strategies in reducing the NPF ratio and to compare risk management practices among several BMTs in the Lampung region.

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