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Application of SNI ISO 31000:2018 For Mitigating Problematic *Murabahah* Financing: A Case Study at BSI Lubuk Sikaping

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ABSTRACT

This study aims to formulate a risk management strategy based on SNI ISO 31000:2018 to reduce the number of problematic *murabahah* financing. The research method used is qualitative with a field research approach. Data collection techniques are carried out through observation, structured interviews, and literature studies. The main informants in this study are the branch managers and the financing risk management department at BSI KCP Lubuk Sikaping. Data were analyzed using a SWOT approach through the IFE (Internal Factor Evaluation) and EFE (External Factor Evaluation) matrices. The results show that BSI KCP Lubuk Sikaping is in quadrant I with an IFE (Internal Factor Evaluation) value of 3.41 and an EFE (External Factor Evaluation) of 3.02, resulting in an SO strategy score of 5.15, the highest compared to other strategies. This indicates that the combination of strengths and opportunities strongly supports an aggressive strategy. The five most relevant SO strategies formulated include: (1) Development of Sharia Financing Products for MSMEs; (2) Digitalization of Risk Management Systems to Support Regional Expansion; (3) Customer-Based Sharia Financial Literacy Program; (4) Improving HR Competence and Accountability in Risk Management; and (5) Strengthening SOPs and Risk Governance Based on SNI ISO 31000:2018. These strategies are expected to reduce the NPF ratio and improve the quality of the *murabahah* financing portfolio at BSI KCP Lubuk Sikaping.

Keywords: BSI KCP Lubuk Sikaping; *Murabahah* Financing; Problematic Financing; Risk Management; SNI ISO 31000:2018; SWOT

INTRODUCTION

The development of Islamic banking in Indonesia has shown an increasingly significant trend in recent years. This growth aligns with the rising public awareness of the importance of a financial system that is not only economically profitable but also compliant with Islamic sharia values (Antonio, 2017). One of the most widely used financing instruments in Islamic banking is *Murabahah*. This contract is a form of sale and purchase transaction in which the Islamic bank first purchases the goods needed by the customer and then resells them at a pre-agreed profit margin. The advantages of *Murabahah* lie in its transparent and straightforward structure, allowing customers to meet their financial needs without violating fundamental sharia principles such as the prohibition of *riba* (usury) and *gharar* (uncertainty) (Amalia, 2021). Furthermore, *Murabahah* offers flexibility and price certainty, making it one of the most stable and predictable financing schemes within Islamic financial systems.

According to Financial Services Authority (OJK) Regulation Number 15/POJK.03/2017, financing classified as problematic includes substandard, doubtful, and non-performing financing. This classification is used to evaluate the quality of banking assets, both in conventional and Islamic financial institutions. Bank Indonesia Circular Letter No. 9/24/DPBs further stipulates that the maximum healthy limit for Non-Performing Financing (NPF) is 5% of total financing (OJK, 2017; Bank Indonesia, 2007). This indicator serves as a key measure of a bank's asset quality and risk management effectiveness. Maintaining this ratio within the safe threshold is critical to ensuring financial stability, regulatory compliance, and sustained public confidence in Islamic financial institutions.

While *Murabahah* provides many advantages, it is not free from risk, particularly credit risk—the potential for customers to fail to fulfill their payment obligations. This risk can negatively affect a bank's performance by reducing net profit, increasing provisions for losses, and decreasing profitability ratios such as Return on Assets (ROA) and Return on Equity (ROE) (Ascarya, 2007). The NPF ratio, which represents the proportion of financing that is not performing relative to total financing, serves as a central indicator in

assessing credit risk management performance. A high NPF ratio signals weak credit control and poor supervision of financing quality (Huda & Nasution, 2018). Thus, maintaining a low NPF ratio is a critical challenge for Islamic banks to ensure sustainable and healthy growth.

At the Lubuk Sikaping Branch Office of Bank Syariah Indonesia (BSI), customer financing quality is assessed through collectibility categories. Customers classified between *collectibility* levels 3 and 5 are categorized as having Non-Performing Financing (NPF). When the NPF ratio exceeds the 3% threshold, the financing is classified as problematic, prompting the bank to implement mitigation actions such as suspending further financing until the NPF returns to acceptable levels. Customers who reach *collectibility* 5, showing no repayment effort, are subjected to a *write-off (WO)* policy. While *write-off* actions remove non-performing accounts from the bank's balance sheet, they do not eliminate the customer's legal obligations (Antonio, 2011). This approach ensures portfolio rationalization and maintains the accuracy of the bank's financial reporting.

The data show fluctuations in the NPF ratio over the past three years. After improving from 3.4% in 2022 to 2.5% in 2023, the ratio rose again to 3.7% in 2024, exceeding the established threshold. This increase reflects a deterioration in financing quality and has the potential to affect the bank's liquidity and public trust (Rahman, 2022). Therefore, controlling the NPF level is a strategic priority that requires a systematic and sustainable risk management approach.

In practice, BSI KCP Lubuk Sikaping employs several preventive and corrective measures, such as issuing warning letters, conducting field visits, initiating collateral auctions, and offering restructuring for customers demonstrating good faith (Hafidhuddin, 2020). However, these measures remain reactive and often implemented after risks materialize. To enhance effectiveness, the adoption of a structured and standardized risk management system is essential.

One promising framework is SNI ISO 31000:2018, which provides international guidelines for risk management. Previous studies (e.g., Setyaningruma & Maria, 2021) have shown that ISO 31000 enhances systematic identification, assessment, and mitigation of risks. Nevertheless, most research on ISO 31000 has focused on information systems or conventional organizations, with limited exploration in Islamic banking contexts. Studies such as Al-Amri (2020) and Salleh & Rahman (2019) emphasize the importance of aligning ISO 31000 with Sharia governance to ensure ethical compliance and operational resilience.

Therefore, this study seeks to fill the literature gap by applying the SNI ISO 31000:2018 framework to the management of problematic *Murabahah* financing at BSI KCP Lubuk Sikaping. Through this integration, the research aims to formulate risk management strategies that not only meet international standards but also reflect Islamic principles of fairness (*'adl*), transparency (*amanah*), and prudence (*hikmah*) (BSN, 2018). This approach is expected to contribute both theoretically by linking ISO 31000 with Sharia governance and practically by offering strategic recommendations to reduce NPF ratios and improve portfolio quality in Islamic banks.

Table 1. Creditworthiness History of Prospective Debtors

BSI KCP Lubuk Sikaping			
Status	Collectibility	NPF	Arrears
Current	Col.1	<2%	0 month
Special Mention	Col.2	2%	1 month
Substandard	Col.3	5%	4 month
Doubtful	Col.4	8%	6 month
Loss	Col.5	>12%	More than 6 months

Source: Secondary Data of BSI Lubuk Sikaping, 2024 (processed in 2025)

Table 2. Murabahah Non-Performing Financing at BSI KCP Lubuk Sikaping
Period 2022–2024

Year	NPF	NPF Limit	Remarks
2022	3,4%	3%	Threshold
2023	2,5%	3%	Safe
2024	3,7%	3%	Threshold

Source: BSI KCP Lubuk Sikaping

METHOD

This study employed a qualitative descriptive approach with a field research design, aiming to deeply understand social and managerial phenomena as they occur in their natural setting. Such an approach allows researchers to explore the meanings, perceptions, and experiences of research subjects directly at the study site (Sugiyono, 2019). The objective of this method is to describe, analyze, and interpret the risk management strategies implemented in handling problematic *Murabahah* financing at Bank Syariah Indonesia (BSI) KCP Lubuk Sikaping. The research was conducted at Bank Syariah Indonesia (BSI) KCP Lubuk Sikaping, located in Pasaman Regency, West Sumatra Province. This location was selected purposively because this branch recorded a relatively high level of problematic *Murabahah* financing compared to other regional branches, making it a suitable object for an in-depth case study. Initially, the research was planned to last one year, from September 2024 to August 2025. However, the data collection and analysis processes were completed earlier, between September 2024 and March 2025, since sufficient and validated data had already been obtained within that timeframe. This adjustment ensures chronological consistency with the finalized analysis and presentation of complete results in this manuscript.

The data in this study consisted of primary and secondary sources. Primary data were collected through in-depth interviews with internal bank officials who are directly involved in risk management activities, while secondary data were obtained from internal bank documents such as collectability reports, NPF data, and policy guidelines, as well as from books, journals, and other relevant scientific literature. Informants were selected using a purposive sampling technique, focusing on individuals who possess direct experience and strategic roles in the management of *Murabahah* financing risks. The three selected informants included the Branch Manager, the Head of Financing Risk Management, and the Financing Supervisor. Although the number of informants was limited, data saturation was achieved because these three key personnel hold comprehensive and complementary insights into both the operational and strategic aspects of risk management. As emphasized by Moleong (2017), in qualitative case studies, validity and richness of information are prioritized over the number of participants. To strengthen the validity of the data, triangulation was carried out through cross-verification between interview results, observation notes, and internal documents.

Data collection was conducted using three main techniques, namely observation, structured interviews, and literature review. Observation was carried out to understand the real implementation of financing supervision and risk mitigation activities within the bank's daily operations. Structured interviews were guided by a semi-open questionnaire, allowing informants to elaborate on their experiences while maintaining a consistent direction of inquiry. Meanwhile, the literature review was conducted to compare field findings with existing theoretical frameworks in Islamic banking and ISO 31000:2018-based risk management.

The collected data were analyzed qualitatively using a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis framework to formulate appropriate strategies for managing *Murabahah* financing risks (Rangkuti, 2017). This analysis helps identify internal and external factors influencing the quality of financing and the effectiveness of risk management practices. To further quantify and prioritize these factors, the Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) matrices were employed (Novita, 2023). The process of determining the weights and ratings in these matrices followed a simplified Delphi approach, involving iterative discussions and consensus-building among the three informants. Each informant provided an independent assessment of the importance and impact of each factor based on their professional experience and supporting internal data. The researchers then averaged these ratings and assigned proportional weights according to the frequency and emphasis of themes emerging in the interviews. This triangulated and consensus-based scoring process ensured that the numerical results in the IFE and EFE matrices were empirically grounded rather than arbitrary.

To maintain methodological rigor, all analysis steps from data condensation and categorization to interpretation were documented systematically. The findings were also validated through a member checking process, allowing informants to review and confirm the accuracy of interpretations drawn from their statements. This comprehensive methodological approach ensures that the results of the study are credible, transparent, and reflective of the real conditions of risk management implementation at BSI KCP Lubuk Sikaping.

RESULT AND DISCUSSION

Result

Internal Factor Evaluation (IFE) Analysis

The Internal Factor Evaluation (IFE) analysis was conducted to assess the internal strengths and weaknesses of Bank Syariah Indonesia (BSI) KCP Lubuk Sikaping in implementing a risk management system based on the SNI ISO 31000:2018 standard. The analysis emphasized three main components risk management principles, framework, and process to obtain a more comprehensive evaluation. The results, as presented in Table 3, show that the total IFE score is 3.41, indicating strong internal conditions, where the strengths score is 3.01 and the weaknesses score is 0.41. This means that the strengths of BSI KCP Lubuk Sikaping significantly outweigh its weaknesses, showing an overall strong internal foundation for risk management.

Table 3. Results of IFE (Internal Factor Evaluation) specifically for the SNI ISO 31000:2018-Based Risk Management Strategy at BSI KCP Lubuk Sikaping

No	Internal Factors	Amount	Rate	Weight	Score (Weight X Rating)
Internal strength					
1	Risk management is a shared responsibility of the entire organization.	25	4	0,032	0,127
2	The risk management process is clear and defined.	23	4	0,029	0,117
3	Risk is assessed from various sources (financial, operational, legal, etc.).	25	3	0,032	0,095
4	BSI prohibits the practice of usury (riba) in its operations.	25	4	0,032	0,127
5	The principle of fairness is applied in operational activities.	25	4	0,032	0,127
6	The elements of <i>gharar</i> and <i>maysir</i> are avoided in transactions.	25	4	0,032	0,127
7	Employees understand the risks and their impact on the company.	24	4	0,030	0,122
8	BSI monitors and evaluates risks regularly.	24	4	0,030	0,122
9	Risk information is updated and remains relevant.	24	4	0,030	0,122
10	Leaders apply sharia principles in risk management.	24	3	0,030	0,091
11	Employees have sufficient knowledge of sharia principle	22	4	0,028	0,112
12	Employees carry out their duties responsibly.	25	4	0,032	0,127
13	The Bank regularly evaluates the effectiveness of risk management.	25	4	0,032	0,127
14	Integration of risk management into organizational governance	25	4	0,030	0,127
15	Designing a framework appropriate to the organizational context	24	4	0,030	0,127
16	Developing risk management policies and processes.	23	4	0,029	0,122
17	Adequate resource allocation.	25	4	0,032	0,117
18	Capacity and competency enhancement.	25	4	0,032	0,127
19	Continuous communication and consultation.	23	4	0,029	0,127
20	Monitoring, evaluation, and continuous improvement.	25	4	0,032	0,117
21	Determining the risk context.	25	4	0,032	0,127
22	Risk identification.	23	4	0,029	0,117
23	Risk analysis.	23	4	0,029	0,117
24	Risk evaluation.	25	4	0,032	0,127
25	Risk management.	23	4	0,029	0,117
26	Risk reporting is conducted openly and transparently.	23	4	0,029	0,117
Total Strength		628		0,796	3,01
Weaknesses					

1	Risk management is not yet integrated throughout the organization.	23	2	0,029	0,058
2	Risk management does not yet encompass all processes (IT, HR, and marketing).	23	2	0,029	0,058
3	Regular risk management training is not available.	23	2	0,029	0,058
4	Risk documentation is not yet optimal.	23	2	0,029	0,058
5	Not all units understand ISO 31000.	23	2	0,029	0,058
6	Lack of a reward/punishment system for risk compliance.	23	2	0,029	0,058
7	Risk management is not yet systematically documented.	23	2	0,029	0,058
Total Weaknesses		161		0,204	0,41
Total Strengths + Weaknesses		789		1,000	3,41

The qualitative data collected during interviews confirm these numerical results. According to Informant 1 (Branch Manager), *"risk management here is everyone's responsibility; each unit, from tellers to financing officers, must recognize potential risk in their duties."* This statement aligns with Table 3, where the item *"Risk management is a shared responsibility of the entire organization"* received one of the highest scores (weight 0.032, rating 4, score 0.127). Similarly, Informant 2 (Head of Financing Risk) emphasized that *"we strictly avoid transactions that may contain elements of riba, gharar, or maysir; sharia compliance is always checked before any approval."* This confirms the high weighting of indicators such as *"BSI prohibits the practice of usury (riba)"* and *"The elements of gharar and maysir are avoided in transactions,"* both scoring 0.127, signifying strong commitment to sharia compliance and ISO 31000 ethical principles.

Other internal strengths identified include regular risk monitoring, periodic evaluation, strong leadership commitment, and continuous employee training. Informant 3 (Financing Supervisor) mentioned that *"we hold internal refreshment sessions every quarter to remind staff about risk procedures and early warning indicators."* This corresponds with the item *"BSI monitors and evaluates risks regularly"* (weight 0.030, score 0.122) and *"Employees understand the risks and their impact on the company"* (score 0.122).

However, the study also revealed several weaknesses that, although minor, require improvement. The total weakness score of 0.41 (weight 0.204) shows that integration and documentation issues remain. Informant 2 noted, *"documentation of risk incidents is still fragmented; not every unit updates its record systematically."* This qualitative statement supports the item *"Risk documentation is not yet optimal"* (weight 0.029, score 0.058). Moreover, some divisions particularly IT, HR, and marketing have not fully adopted the ISO 31000 framework. Informant 1 admitted, *"most training focuses on financing staff; other departments rarely join risk management workshops."* These findings validate the lower-rated factors such as *"Risk management is not yet integrated throughout the organization"* and *"Regular risk management training is not available,"* both scoring 0.058.

Overall, the IFE analysis demonstrates that BSI KCP Lubuk Sikaping possesses strong internal capacities especially in sharia-based governance and leadership commitment while its key challenge lies in ending risk awareness and documentation practices across all operational units.

External Factor Evaluation (EFE) Analysis

The External Factor Evaluation (EFE) analysis was used to assess opportunities and threats influencing the effectiveness of ISO 31000:2018-based risk management at BSI KCP Lubuk Sikaping. The total EFE score reached 3.02, consisting of opportunities = 2.14 (weight 0.561) and threats = 0.88 (weight 0.439), which is above the average benchmark of 2.50. This indicates that the branch can effectively utilize external opportunities while managing emerging threats.

Opportunities are primarily derived from customer loyalty, favorable market conditions, and the large number of MSMEs and non-MSMEs that still lack access to financing. Informant 1 stated, *"our customers are very loyal; most of them have been with us for over five years, and they rarely default."* This justifies the high rating (4) for the item *"Customers have high loyalty"* (weight 0.117, score 0.468). Similarly, Informant 3 highlighted, *"the Lubuk Sikaping area still has many small businesses that are not bankable yet; that's our chance to expand financing responsibly."* This matches the highest-weighted opportunity factor, *"A relatively large number of MSMEs and non-MSMEs still do not have access to financing,"* (weight 0.121, score 0.484).

Table 4. Results of the External Factor Evaluation (EFE) of the SNI ISO 31000:2018 Risk Management Strategy

No	Internal Factors	Total	Rating	Weight	Score (Weight X Rating)
1	Customers have high loyalty	25	4	0,117	
2	Good Work Area	24	4	0,112	
3	The need for financing will be higher	23	4	0,107	
4	Customers' active role in providing suggestions and input	22	3	0,103	
5	A relatively large number of MSMEs and non-MSMEs still do not have access to financing from banks and financial institutions	26	4	0,121	
Total		120		0,561	2,14
Threats					
1	Competition from fintech companies	20	2	0,093	
2	Economic crisis and market instability	19	2	0,089	
3	Competitors' products are more attractive	18	2	0,084	
4	Competition in financing for MSMEs, both from conventional banks and Islamic banks	19	2	0,089	
5	National economic conditions such as tight liquidity, rising inflation, and changes in government and global economic policies that affect the quality of funding provision	18	2	0,084	
Total		94		0,439	0,88
Total (Opportunities + Threats)		214		1,00	3,02

Meanwhile, several external threats remain substantial. Competition from fintech firms, economic instability, and market volatility were frequently mentioned by informants. Informant 2 explained that “fintech companies can approve loans within hours; customers sometimes move there because of speed, even though they pay higher interest.” This perception supports the relatively low-rated item “Competition from fintech companies” (weight 0.093, score 0.186). Moreover, macroeconomic challenges such as inflation and liquidity tightening have affected customers’ repayment capacity. Informant 1 added, “during economic shocks, small traders often delay payments, which directly impacts our NPF.”

Therefore, the EFE results indicate that BSI KCP Lubuk Sikaping can leverage external opportunities especially MSME financing potential and customer trust while preparing adaptive responses to mitigate fintech competition and economic risk.

SWOT Matrix

The combined data show that BSI KCP Lubuk Sikaping has a dominant strength–opportunity (SO) position with the highest composite score of 5.15, indicating an aggressive or growth-oriented strategic posture (Quadrant I). This position reflects the branch’s strong internal resources and favorable external environment, allowing it to pursue expansion while maintaining prudent risk management.

Qualitative evidence from the field reinforces this interpretation. Informant 1 emphasized that “our biggest strength is customer trust; as long as we maintain transparency and sharia compliance, we can grow while keeping risks low.” Similarly, Informant 2 observed that “digital monitoring tools from the head office have helped us identify potential defaults earlier.” These insights support the SO strategy, which focuses on leveraging internal strengths such as sharia-based governance, well-structured risk procedures, and high customer loyalty to exploit external opportunities through digitalization and MSME market expansion.

Table 5. SWOT Score Weights

IFE/EFE	Strength	Weaknesses
Opportunities	Strategy (S+O) Score : 3,01 + 2,14 = 5,15	Strategy (W+O) Score : 0,41 + 2,14
Threats	Strategy (S+T) Score : 3,01 + 0,88 = 3,89	Strategy (W+T) Score : 0,41 + 0,88 = 1,02

The ST (Strength–Threat) strategy, with a score of 3.89, seeks to use strong internal systems to overcome challenges from fintech competition and macroeconomic volatility. The WO (Weakness–Opportunity) strategy, with a score of 2.55, emphasizes integrating risk management across all divisions and enhancing human-resource competencies to maximize external potential. Lastly, the WT (Weakness–Threat) strategy, with a score of 1.29, acts as a preventive approach, focusing on documentation improvements and internal controls to maintain resilience amid external pressures.

Overall, the SWOT synthesis demonstrates that BSI KCP Lubuk Sikaping possesses the capacity and opportunity to implement an ISO 31000:2018-based risk management strategy that is both sharia-compliant and forward-looking. By addressing minor internal gaps particularly in documentation, training, and cross-unit integration the institution can strengthen its risk governance framework and sustain long-term growth in *murabahah* financing performance.

Strategy Formulation

Based on Diagram which displays the SWOT Matrix of Risk Management Strategy at BSI KCP Lubuk Sikaping, the organization's strategic position is in Quadrant I, which supports the implementation of an aggressive (growth-oriented) strategy. This is indicated by the highest combined score between internal strengths (Strength) of 3.01 and external opportunities (Opportunities) of 2.14, resulting in a total SO (Strength-Opportunities) strategy score of 5.15. This position reflects BSI KCP Lubuk Sikaping's strong internal strengths to capitalize on various available external opportunities, particularly in strengthening risk management based on SNI ISO 31000:2018, which aligns with Sharia principles.

These strengths include the organization's awareness of collective responsibility in risk management, the application of the principle of fairness and the prohibition of usury, and the integration of Sharia values into corporate governance. Opportunities that can be exploited include increased industry awareness of the importance of risk management, regulatory support for the implementation of ISO standards, and the potential use of technology for more effective and efficient risk management. In this context, the most appropriate strategy is to encourage strengthening of the risk management system through digitalization, continuous training for employees, and improving suboptimal risk documentation.

Other strategy scores, such as Strength-Threats (ST) of 3.89, Weakness-Opportunities (WO) of 2.28, and Weakness-Threats (WT) of 1.29, indicate that internal weaknesses are not significant and can be addressed by maximizing existing strengths. Therefore, BSI KCP Lubuk Sikaping is in an advantageous position to develop a proactive and comprehensive risk management strategy. Strategic decision-making should focus on enhancing internal capabilities to respond to external dynamics, in order to establish a resilient, adaptive, and sharia-compliant risk management system.



Figure 1. SWOT Matrix

Discussion

The findings of this study indicate that BSI KCP Lubuk Sikaping has successfully implemented most of the risk management principles outlined in SNI ISO 31000:2018, with 13 of the 15 core principles applied consistently. This strong adoption demonstrates not only technical compliance but also the bank's internalization of risk awareness as part of its organizational culture. This aligns with the findings of Setyaningrum and Maria (2021), who emphasized that institutions implementing ISO 31000 tend to demonstrate higher organizational resilience and a more structured response to emerging risks. The integration of risk identification, analysis, evaluation, and treatment reflects a proactive and continuous improvement approach consistent with ISO standards. From a Sharia perspective, this structure reinforces the ethical dimensions of risk management such as transparency (*amanah*), fairness (*'adl*), and avoidance of *riba*, *gharar*, and *maysir* which together ensure that risk governance aligns with Islamic legal and moral values.

The IFE score of 3.41 highlights BSI KCP Lubuk Sikaping's solid internal foundation. Strengths such as consistent rejection of *riba*, adherence to fairness, and staff competence in Sharia-compliant financial operations are central to maintaining trust and long-term portfolio quality. These findings are consistent with Ascarya (2007) and Huda & Nasution (2018), who note that Islamic banks with strong Sharia governance and staff literacy tend to have lower Non-Performing Financing (NPF) ratios. However, the identified weaknesses particularly in documentation, cross-unit integration, and limited training indicate that risk management has not yet been fully institutionalized across all operational areas. Similar patterns were observed by Rahman (2022) in his study of BSI Padang Branch, where strong front-office compliance coexisted with administrative gaps in IT and HR divisions, which later contributed to inconsistencies in NPF reporting and monitoring.

The EFE score of 3.02 suggests that BSI KCP Lubuk Sikaping is externally well-positioned to utilize market opportunities while addressing potential threats. The branch benefits from high customer loyalty and a large MSME segment, offering a strategic opportunity to expand *Murabahah* financing responsibly. This finding echoes the study by Amalia (2021), who found that customer loyalty and product familiarity are critical external factors sustaining Islamic banks' financing growth. However, fintech competition and macroeconomic pressures pose tangible threats. During 2022–2024, the national economy experienced inflationary pressures and interest rate adjustments that influenced liquidity in the Islamic finance sector, which likely contributed to the fluctuation in NPF rising from 2.5% in 2023 to 3.7% in 2024. Similar fluctuations were reported in other BSI branches across Sumatera Barat, indicating that NPF trends are not solely local phenomena but also responses to broader economic conditions and shifts in customer repayment capacity.

The SWOT matrix places BSI KCP Lubuk Sikaping in Quadrant I (aggressive growth position), reflecting its strong internal capacity and favourable external environment. Compared to findings from Hasanah and Ridwan (2020) who analyzed risk strategies in BNI Syariah Yogyakarta, positioned in Quadrant II (conservative/competitive) BSI Lubuk Sikaping's position suggests a more proactive stance, allowing it to pursue growth while maintaining stability. This difference can be attributed to its stronger sharia governance culture and more adaptive customer engagement strategy. The high SO score (5.15) demonstrates potential for innovation through digitalization and MSME-based financing expansion. Integrating digital systems with ISO 31000 procedures would not only improve monitoring efficiency but also enable predictive risk analysis, aligning with the technological risk framework proposed by BSN (2018).

The ST strategy (score 3.89) emphasizes strengthening internal systems to withstand external threats such as fintech competition and macroeconomic shocks. This is crucial, as Rahman (2022) highlighted that branches without adaptive governance are more vulnerable to external liquidity shocks. Meanwhile, the WO strategy (2.55) and WT strategy (1.29) remain vital for addressing structural weaknesses, especially in human resource training and systematic documentation. By strengthening these internal processes, BSI can ensure sustainability and consistency in ISO-based risk governance.

From a strategic management perspective, these results have several implications. First, the consistent application of ISO 31000:2018 fosters organizational discipline and measurable risk accountability, enhancing BSI's credibility in the Islamic financial market. Second, aligning ISO principles with Sharia values such as justice, transparency, and prohibition of speculation positions BSI Lubuk Sikaping as a model for ethical governance in Islamic banking. Third, addressing the identified internal weaknesses (e.g., through capacity building and integrated IT systems) will be essential for reducing

operational risk and maintaining low NPF ratios. Finally, continuous adaptation to external changes particularly digital competition and macroeconomic fluctuations will determine whether the branch can sustain its Quadrant I position in the long term.

The discussion confirms that the implementation of SNI ISO 31000:2018 at BSI KCP Lubuk Sikaping not only strengthens internal governance but also enhances its resilience against external risks. Compared to other Islamic banks with similar profiles, this branch demonstrates a more advanced level of risk awareness and institutional readiness. However, sustaining this advantage will require ongoing digital transformation, cross-functional integration, and proactive risk culture reinforcement. If these aspects are consistently improved, BSI Lubuk Sikaping can maintain low NPF levels, expand its *Murabahah* portfolio sustainably, and serve as a benchmark for effective risk management in Indonesia's Islamic banking sector.

CONCLUSION

This study examined the implementation of SNI ISO 31000:2018-based risk management addressing problematic *Murabahah* financing at Bank Syariah Indonesia (BSI) KCP Lubuk Sikaping. The results of the Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) analyses revealed that the branch possesses strong internal capacity and a favourable external environment for sustaining Sharia-compliant risk management practices. The IFE score of 3.41, with a strength component of 3.01 and a weakness component of 0.41, indicates that internal strengths such as collective risk awareness, compliance with Sharia values, and structured risk governance far outweigh existing weaknesses. Meanwhile, the EFE score of 3.02, composed of an opportunity value of 2.14 and a threat value of 0.88, shows that BSI KCP Lubuk Sikaping has significant potential to capitalize on market opportunities such as high customer loyalty and MSME financing expansion, while remaining capable of mitigating external threats, particularly competition from fintech firms and macroeconomic volatility. The SWOT analysis positions the branch in Quadrant I (Aggressive Growth), reflecting a condition in which both internal strength and external opportunity are dominant. This position signifies that BSI KCP Lubuk Sikaping can pursue a proactive growth strategy focused on product innovation, digital transformation, and the strengthening of cross-functional human resources capacity, while maintaining its adherence to Sharia governance and ISO-based risk management standards.

Theoretically, this study contributes to the growing body of literature by integrating the ISO 31000 framework with Sharia governance principles at the branch level of an Islamic bank. The findings provide empirical evidence that ISO-based risk management can reinforce ethical and religious compliance in financial institutions, serving as a bridge between modern governance standards and Islamic values such as fairness (*‘adl*), trust (*amanah*), and the avoidance of *riba*, *gharar*, and *maysir*. Practically, the study offers an applied framework that can serve as a model for Islamic banks seeking to reduce Non-Performing Financing (NPF) levels through structured documentation, digitalized monitoring, and competency-based training. These strategies ensure that risk control is both technically effective and ethically consistent with Islamic principles, thereby enhancing public trust and the sustainability of *Murabahah* financing operations.

Despite its contributions, this study has several limitations. It focuses on a single branch and relies on data from only three purposively selected informants, which may limit the generalizability of the findings to other contexts. Although triangulation and member checking were employed to ensure data validity, the small sample size and single-location scope restrict the ability to fully represent the diversity of practices across BSI's network. Furthermore, as the research timeline concluded in early 2025, the long-term impact of the implemented strategies could not be observed in full. These constraints open up avenues for future research to adopt multi-branch or comparative approaches that include larger and more varied samples. Future studies could also employ mixed methods to quantitatively measure the relationship between ISO 31000 implementation, NPF ratios, and profitability across different Islamic financial institutions. Moreover, longitudinal studies could investigate the long-term effects of digital risk monitoring tools and explore behavioral aspects of MSME customers in relation to repayment discipline under Sharia-compliant financing schemes.

Overall, the study concludes that the integration of SNI ISO 31000:2018 within Sharia governance provides a comprehensive and adaptive framework for managing financing risk in Islamic banking. By maintaining a balance between technical rigor and ethical integrity, BSI KCP Lubuk Sikaping has established a strong foundation for sustainable performance, reduced financing risk, and strengthened customer confidence. Moving forward, continuous digitalization, cross-unit integration, and proactive risk culture enhancement will be essential to sustaining this positive trajectory and positioning the branch as a

benchmark for effective, Sharia-compliant risk management practices in Indonesia's Islamic banking sector.

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