A Model for Minimizing Problems in Salam Financing at Islamic Banks in Indonesia

By Bambang Waluyo

International Review of Management and Marketing

ISSN: 2146-4405

available at http: www.econjournals.com

International Review of Management and Marketing, 2020, 10(2), 1-7.

A Model for Minimizing Problems in Salam Financing at Islamic Banks in Indonesia

Bambang Waluyo*, Sylvia Rozza

Department of Accounting, State Polytechnic of Jakarta, Depok, Indonesia. *Email: bamwaluyo13@gmail.com

Received: 26 December 2019 **Accepted:** 11 February 2020 **DOI:** https://doi.org/10.32479/irmm.9149

ABSTRACT

It has been observed that none of the Islamic banks in Indonesia are involved in Salam financing. This research aims to explore the problems faced by Islamic banks in Indonesia in the development of Salam-based financing products and efforts to minimize it. The study uses a descriptive qualitative exploratory approach. The method of data collecting is documentation. Data is obtained from scientific journals and websites. The example of problems faced in the operation of Salam based financing in Islamic banks are: (1) No capital, (2) lack of knowledge, (3) profit oriented, (4) risk of loss of capital, (5) unkind characters. The result of this study concludes that to minimize the problems, Islamic banks in Indonesia can: (1) Cooperate with agricultural insurance, (2) establish a symbiotic relationship, (3) have a marketing network, (4) innovate Salam products with a hybrid contract, (5) Islamic banks make parallel Salam, (6) Islamic banks can expand the object of Salam financing, (7) provide Salam financing in groups, (8) establish an agricultural bank, (9) screen the farmers who should receive the salam financing, (10) continuous education. It is hoped that Islamic banks can innovate Salam products to help improve the welfare of farmers and the community.

Keywords: Model, Problems, Financing, Parallel Salam, Screening, Education
JEL Classifications: A1, M2, O3

1. INTRODUCTION

Salam is one type of sharia compliance contract. Legality of the Salam agreement in Indonesia is very strong as stated in the Fatwa of National Sharia Council (DSN) and supported by other regulations as stated in the Statement of Financial Accounting Standards (PSAK) 103 regarding Salam Accounting, and Accounting Guidelines for Indonesian Islamic Banking (PAPSI), however in reality it is have not been able to encourage Islamic banks to channel salam-based financing. Regards, in transactions at Islamic financial institutions, are financing services provided in which the goods traded have already identified in advance, however, the goods sold are still deferred their delivery to the buyer. In addition to the goods suspended, payment of the goods must be paid in cash by the buyer when the contract agreed. Salam contracts usually used in financing Sharia Financial Institution (LKS) for the agricultural sector. Agricultural development is one of the main sectors in national development in Indonesia.

Table 1 shows that none of the Islamic banks of Indonesia are involved in Salam financing. Murabahah is the first rank in Indonesian Islamic bank financing, followed by Musharaka, Mudaraba, Ijara, Qard and Istishna." Researches related to financing with the Salam contract have been conducted by several researchers before. Roziq et al. (2014) found that the problems to be encountered in implementing the operationalization of Salam system financing are that there is no capital used to pay cash up-front, risk of loss of capital, lousy character or yields sold to other parties due to an increased price. The Salam financing scheme has not been touched much, especially by Islamic banking. Widiana and Annisa (2017) findings that optimizing the salam contract financing can have a positive impact on farmers, namely on the capital aspect to develop agricultural products, however, in Indonesia, both Islamic banking and Islamic Finance Cooperative (Baitul Maal Wattamwil [BMT]) have not implemented this contract, related to several risks from Salam financing. Meanwhile, Rahmadhani (2017) found several factors that hindered the

Table 1: Financing based on the type of Sharia compliant contract in Islamic bank in Indonesia

No.	Types of financing	Percentage
1.	Mudaraba	4.96
2.	Musharaka	40.49
3.	Murabaha	48.35
4.	Qardh	2.40
5.	Istishna'	0.50
6.	Ijara including leasing receivables	3.31
7.	Salam	0.00
Total		100.00

Source: Indonesia Islamic Banking Statistic, 2018 on www.ojk.go.id

implementation of the Salam agreement in the Sharia Savings and Loan Cooperative (KSPS). These are lack of knowledge of Human Resources (HR), the existence of alternative financing agreements, profit-oriented, no demand, the difficulties to get the financing for KSPS, they do not want to give efforts to get the financing, and make the Salam agreement is not a priority contract to be attempted. These studies generally produce findings that the financing product with the Salam contract has not been applied in Islamic Financial Institutions (LKS) because the LKS faces risks in implementing it, even though the LKS understands that financing with a Salam contract can help farmers. Therefore, this research will explore in more depth in the Indonesian context to create a model so that Salam financing can grow to complement existing Islamic bank products.

Maulida and Yunani (2017) recommends the application of the concept of financing for ranchers through the Islamic Finance Cooperative or Baitul Maal bi Tamwil (BMT) utilizing the salam contract with a "group" framework. Rasheed and Mudassar (2010) proposed a model involving middleman as an agent of a bank (financier). Middleman, as the agent of the bank, sells the crop in the market and charges his agency fee. Ehsan and Shahzad (2015) had an option of a procedure stream of the proposed Salam contract: (1). Application for financing, (2). MOU/contract, (3). Full payment of Salam contract, (4). Technical and managerial assistance, (5). Delivery of goods on maturity.

This research aims to find out the Salam financing model in the Indonesian context. Previous research related to efforts to minimize problems in Salam financing, but did not pay attention to aspects of farmer's behavior such as honesty, which can be done through screening attributes of farmers. This research will include the screening of farmers' attributes in the model to minimize problems in Salam financing.

2. LITERATURE REVIEW

2.1. Understanding Salam Financing

Islamic Banking Law (Undang-Undang Perbankan Syariah) No. 21/2008, states that financing can do through profit-sharing transactions, leasing transactions, buying and selling transactions, borrowing and lending transactions, and service leasing transactions. In financing, one party will surrender economic value with the hope of getting it back later. Financing must be accompanied by a trust between the parties involved in it that arises because of the agreement between them. A fee accompanies the financing by a fee from the recipient of the financing to the party providing the financing. The economic activities of the community will be optimal with funding from banks. People who have the business capability but are limited in the capital, are certainly greatly helped by the existence of funding from banks because for banking the giving activities can also encourage for the development of community economic activities while also generating income. Bank financing can increase the productivity of people who can try (entrepreneurial spirit) but have constraints in terms of capital.

In Salam, payment is the spot, but the delivery is deferred (Shaikh, 2010). A buyer pays in advance for a specified quantity and quality of a commodity, deliverable on a specific date, at an agreed price (Khattak and Hussain, 2006). The technique of Salam financing, similar to a futures or forward-purchase contract. Salam is particularly applicable to seasonal agricultural purchases, but it can also be used to buy other goods in cases where the seller needs working capital before he can deliver.

The Bai Salam contract is a Muajjal (deferred) contract with the Al-Musallam Fihi for a commodity being paid upfront and the delivery being deferred to a later date (Ajmal et al., 2017). The Al-Musallim is the owner of capital who have excess funds and who will be buying the commodity. The seller, Al-Musallam Alayhi, takes the money from the buyer and will deliver the goods at a future date. In terms of the scholars of Fiqh, the definition of Bai As-Salam is an agreement to make something with certain characteristics by paying the price first, while the goods are handed over later. The Salam is very different from the normal bai (sales) contract. A Salam is a hybrid contract involving both a selling and buying process and a borrowing and lending process. A Salam is a hybrid contract involving both a selling and buying process and a borrowing and lending process.

Bai Al-Salam/Istisna is like a fates contract where the purchaser and dealer consent to value, quality, amount and conveyance date. Bai Al Salam is structured for commodities, while Istisna is for manufactured goods. The notion of Salam is also defined in the Fatwa National Sharia Council (DSN) and Indonesia Central Bank regulations. According to the National Sharia Council (DSN), Salam is the sale and purchase of goods by way of ordering and payment of prices in advance with certain conditions. Indonesia Central Bank defines; Salam is a contract of buying and selling ordered goods (Muslam Fiih) between the buyer (Muslam) and the seller (Muslam Ilaih). Specifications and price orders are agreed at the beginning of the contract and payment is made in advance. If the bank acts as a Muslam and then orders another party to provide goods (Muslam Fiih) then this is called a parallel Salam. Parallel Salam carries out two Bai As-Salam transactions between banks and customers and between banks and suppliers (suppliers) or other third parties simultaneously. Parallel Salam is permitted on condition that the second contract is separate from, and not related to, the first contract (National Sharia Council [DSN] Fatwa No. 05/DSN-MUI/IV/2000).

From the definitions above, buying and selling are categorized as a Bai As-Salam if it meets the following elements:

a. Buying and selling are done by order
b. Specifications of the ordered goods are clear criteria
c. Payment is made at the time of the contract/upfront in full, and the
d. Goods are handed over at a later time.

2.2. Role of Product Innovation in Islamic Banking

Key to the development of a business (including Islamic financial institutions) is innovation. Institutions that are late in innovating are almost certainly lagging than those that always innovate. The right innovation must be done otherwise, all efforts and energy will be wasted. In Islamic banking, product innovation can be the key to be more useful, competitive and develop faster according to the needs of the community. The development of sharia financial product innovation in Islamic banking must be designed by full international stowing standards (Lewis and Algaoud, 2007).

The innovations made must also refer to the formulation of sharia banking development strategies by looking at the domestic market in Indonesia. Product innovations are developed, adjusted to product quality, reliability of HR, service facilities and technology as well as service network expansion, guided by the MUI fatwa set by the National Sharia Council (DSN). Innovation in Islamic finance is parallel Salam.

A parallel Salam option is also available to financial institutions (Ajmal et al., 2017). One possibility is that the bank enters into the parallel Salam with its original client, the seller and the bank chooses another client who wants to buy and enter into a Salam contract. This time the bank will take the position of a seller (UNCTAD, 2006). The former is impermissible by some schools as it may require that the two Salam contracts to be co-dependent on each other, which is void (Ahmed, 2007). Salam should not be a near replica of speculative and risky future contracts (al-Fijawi, 2016).

2.3. Problems in Salam Financing

In Salam, the bank will advance cash to the farmers on the conclusion of the contract for the delivery of crops during the harvest period (future date) (Teacher and Law, 2013). Salam financing can help the farmer to move away from informal financing means such as moneylenders, whereby they are charged with a heavy interest on a compounding basis. However, many problems accompanying Islamic bank in Salam financing.

Research conducted by Roziq et al. (2014) found that the problems to be encountered in the operationalization of the Salam system financing are:
a. No capital is used to pay cash in advance
b. There is a risk of loss of capital
c. Unkind characters or yields are sold to other parties due to price increases.

Meanwhile, Rahmadhani (2017) found several factors that hinder the implementation of the Salam agreement in the Sharia Savings and Loan Cooperative (KSPS) are:
a. Lack of knowledge of HR
b. Existence of alternative financing agreement
c. Profit oriented
d. Absence of demand
e. Salam agreement is not a priority
f. KSPS does not want to be bothered.

Widiana and Annisa (2017) found that optimizing the Salam contract financing can have a positive impact on farmers, namely on the capital aspect to develop agricultural products. However, in Indonesia, both Islamic banking and Baitul Maal Wattamwil (BMT) have not implemented this contract, related to several risks from Salam financing. Ajmal et al. (2017) say that of the uncertainties in Salam, banks do not provide the Salam financing product.

Based on these studies, problems in the distribution of Salam financing can be classified based on the source, namely internal factors, and external factors. Problems that arise from internal factors are:
a. No capital is used to pay cash in advance
b. Lack of knowledge of HR
c. The existence of an alternative financing agreement
d. Profit oriented
e. The Salam agreement is not a prioritized contract
f. Islamic financial institutions do not want to be bothered.

The problems that can be classified into external factors are:
a. There is a risk of loss of capital
b. Unkind characters or yields are sold to other parties due to price increases
c. Absence of demand.

Despite many problems in Salam financing, on the sides many opportunities to create Islamic bank product based on Salam contract. In the current, Salam used in currency trade as an alternative for the bill of exchange discounting and in agriculture financing (Shaikh, 2010). Widiana and Anisa (2017) state that in theory, it takes seriousness in implementing the Salam contract because it is very risky when the crop failure happens which impacts the sharia financial institutions (LKS).

However, on the other hand, the Salam financing contract is still not widely applied to Islamic financial institutions. This is also an opportunity for LKS who wants to focus on the application of Salam financing. Supported by the natural conditions of Indonesia's fertile land, the development of Salam financing has a great chance of success. For the Indonesian economy, Salam financing will have a positive impact, because Indonesia is a rice barn for meeting domestic needs. As a rice barn, there is no need to import rice from other countries to fulfill rice needs. Also, the agricultural sector is a workplace for a very broad community, especially for rural communities. Therefore, the government should intensely support Salam financing as a solution for farmers.

3. METHODOLGY

This research uses a descriptive qualitative exploratory approach. In qualitative research, non-statistical analysis procedures are put forward (Straus and Corbin, 2017). Discussions and conclusions are made qualitatively. A descriptive study in this study aims to describe the aspects of Salam financing, its problems, and efforts to minimize them. These aspects get from scientific journals and websites. Problems in regards to Salam financing and efforts to minimize then grouped so that researchers can conclude matters related to efforts to minimize that have not been implemented. The explorative study of this research is an effort to better understand the nature of the problem when some facts are known, namely the absence of Salam-based financing in Islamic banks, but more information is needed to dig deeper so that it can be explored comprehensively and efforts can be made to minimize the problem.

4. RESULTS AND DISCUSSION

4.1. Model to Minimize Problems in Salam Financing

The inherent risks in Salam financing are the possibility of farmers failing to harvest so that they cannot ship agricultural products ordered by the buyer. Islamic banks are required to be able to diversify their financing and begin to look at Salam-based products, but the risk of the Salam products has caused Islamic banks in Indonesia to date have not sold Salam-based products. To overcome the risks of banking in channeling financing, it is necessary to take certain steps.

Based on the researcher's observation, in the Indonesian context, there is an additional solution that can be suggested other than those that have been found in the last researches in this regard to minimize the problems. As far as the researcher's knowledge, this aspect has yet to be considered as one of the solutions. The following are steps that can be a model to minimize the problems in channeling Salam financing:

1. Banks can collaborate with agricultural insurance to cover capital costs that cannot be paid by farmers when there is a crop failure
2. Establishing a symbiotic relationship between upstream and downstream products
3. Having a network that is used for marketing agricultural products after the harvest arrives so that it can help farmers in distributing harvests
4. Islamic banks can innovate Salam products with a hybrid contract between Salam with Wakalah
5. Islamic banks make parallel Salam
6. Islamic banks can expand the object of Salam financing towards non-agricultural activities such as cattle and poultry farming
7. Salam financing can be given in groups with a contract at the beginning of the agreement with the joint responsibility system
8. Establish an agricultural bank
9. Screen the farmers/owners of agricultural businesses that can be financed
10. Continuous education.

Step number 9 and 10 is the new solution proposed in this research. Therefore, it can be put in the new solution model.

In the next Figure 1, a model in this regard in the Indonesian context will be illustrated.

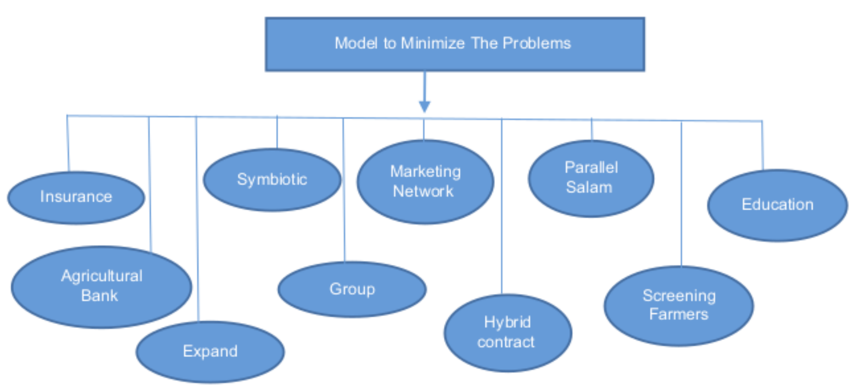
Following is an explanation of each of the efforts that can be made to minimize problems in regards to the financing:

4.1.1. Collaborate with agricultural insurance

Muhammad et al. (2017) provide an alternative to the implementation of the Salam financing agreement for agriculture in sharia banking. The research carries the concept of optimizing the Salam contract in Islamic banking to overcome capital problems in the agricultural sector, by working together with agricultural insurance to cover capital costs that cannot be paid by farmers when crop failure occurs. This is certainly a breath of fresh air for the application of the Salam in Islamic financial institutions which have so far been carried out due to the risks they have to face. Islamic insurance or takaful will provide coverage for the risks that arise in each process of Salam financing. Thus, the bank will avoid the risk of loss arising from the Salam financing contract given to farmers.

Farmers or customers who come to Islamic financial institutions to get financing with a Salam contract will make and sign a transaction as well as an agreement which includes insurance. Therefore, in addition to the cost of goods and profits, which needs to be taken into account is the insurance value of the goods being traded.

Figure 1: Development model to minimize the problem of Salam Financing in Islamic Banks



Source: Researcher Exploration

Islam does not permit selfishness profit maximization (Aziz and Osman, 2016). Hence, although Islamic bank will be motivated by profit, just the same as any general business, it has to be by the basic principles of Islam, such as practicing "non-interest-based transactions," maintaining the competitors' rights and consumers' rights, and ensuring corporate social responsibility (fair-trade, environment-friendly production, labor rights). Eventually, the profit from the business will help to eradicate social problems including poverty. Salam financing by Islamic banks is expected to help farmers improve their welfare.

4.1.2. Establish a symbiotic relationship between upstream and downstream products

In addition to cooperating with agricultural insurance, the effective application of the concept of salam for Islamic banks is to establish a symbiotic relationship between upstream and downstream products. Islamic bank maps the production chain and becomes a bridge in it. Starting from seed producers, fertilizer producers, producers of agricultural equipment, to direct consumers or consumers who are ready to make agricultural products as processed products.

4.1.3. Develop a marketing network

Islamic banks should have a network that is used for marketing agricultural products after the harvest arrives so that it can help farmers in distributing the yields so that the financing capital turnover will be fast-moving. In theory, seriousness is needed in implementing the Salam contract because the Salam contract is very risky for the Islamic bank if there is a failure of the harvest. It will also have an impact on the Islamic bank. However, on the other hand, financing of Salam contracts is still not widely applied to Islamic financial institutions. This is also an opportunity for LKS who wants to focus on the application of Salam financing. The natural condition of Indonesia's fertile land, the development of greetings financing has a great chance of success.

4.1.4. Salam product innovation with hybrid contract between salam and wakalah

Muneeza et al. (2011) state that the right Islamic banking financing product for farmers is Salam financing. A Salam is a hybrid contract involving both a selling and buying process and a borrowing and lending process (Ajmal et al., 2017). Salam product innovation here is the form of a hybrid contract between Salam and Wakalah. The bank makes an agency contract separately/independently with the farmer, where the farmer acts as a bank agent to sell the products. Farmers are looking for customers to sell products by obtaining approval from the bank. The farmer sends the product constructively to the bank and by his position as a bank agent, the farmer immediately sells the product to his customers. If something unexpected happens, if the farmer fails to produce according to the amount requested, the farmer will buy from the market to fulfill it. The farmer gives the sale proceeds to the bank and the bank pays Ujroh or wages to the farmer for his work.

4.1.5. Do parallel salam

Parallel Salam option is also available to the financial institutions (Ajmal et al., 2017). Salam is a contract of buying and selling ordered items (Al-Musallam Fihi) between buyer (Musallam) and seller who sells the product (Al-Musallam Alayhi). When a bank acts as a Musallam and then orders another party to provide goods (Al-Musallam Fihi) then this is called a parallel Salam. Parallel Salam carries out two Bai As-Salam transactions between banks and customers and between banks and suppliers (suppliers) or other third parties simultaneously. Parallel Salam is permitted on condition that the second contract is separate from, and not related to, the first contract (Sharia National Council Fatwa No. 05/DSN-MUI/IV/2000).

The parallel Salam scheme is very beneficial for Islamic banks, considering that the buyer has handed over the money in advance. Thus, the risk of default on the debt is non-existent. Although this transaction creates new risks, namely the failure to deliver goods, the experience and network of farmers owned by the bank, this risk should not be difficult for Islamic banks to overcome. Salam financing agreement will benefit the Islamic bank if the quality and quantity of the goods are by the initial agreement even though in reality the quality and quantity of the goods provided may differ.

Parallel Salam contracts in the Malaysian Banking System implemented by Islamic business consumers or producers of a certain commodity-like good can buy or sell Salam contracts on the good and then reassess that position over time (Teacher and Law, 2013). If the price outlook shifts, they can reverse their positions by undertaking a new set of Salam contracts that are opposite in effect to the first set but are otherwise unrelated.

4.1.6. Expand objects of salam financing

Islam prohibits interest as a source of income or profit. Kaleem and Rana (2009) have researched to explore the possibility of applying the Bai Salam contract (forward sale agreement) as an alternative financial instrument in the agricultural sector in Pakistan. According to him, the concept of Salam can be extended towards non-agricultural activities such as cattle and poultry farming. Based on Kaleem's research, the object of Salam financing actually can be extended to the field of animal husbandry which in Indonesia also has the potential to develop.

4.1.7. Do group salam financing

Maulida and Yunani (2017) recommends the need to apply the concept of financing to farmers through the Islamic Finance Cooperative or Baitul Maal bi Tamwil (BMT) using the Bai' Salam contract with the "Group" system. BMT is a microfinance institution in Indonesia.

The government needs to make policies that can encourage the development of agricultural finance by increasing information or financial inclusion. Islamic banks push to distribute their funds to the microfinance institutions. The distribution of Islamic bank funds to microfinance institutions can be utilized to develop agricultural financing using the Bai' Salam contract. If there is a crop failure of one of the farmers, joint responsibility can be applied, meaning that when one member experiences difficulties, the other members also help in fulfilling the goods by the agreement with BMT.

4.1.8. Establish an agricultural bank

According to Wahyudi (2011), the characteristics of agricultural businesses that contain a lot of risks make the intention of banking institutions to fund this sector is relatively low. The low banking alignments in the agriculture sector have become one of the causes of the slow-moving forward of the agricultural business sector. Farmers still find it difficult to develop their farming businesses due to limited capital from banks.

Based on the Study of the Sharia Banking Business Model published by the Directorate of Sharia Banking of Bank of Indonesia (2012), one of the sharia bank business models is the agricultural bank. Agricultural banks are one of the Development Financial Institutions appointed or mandated by the government to provide loans/funding in the agricultural sector to support national food security.

4.1.9. Do tight screening upon the farmers/owners of agricultural businesses

To finance the agricultural businesses, Islamic banks should screen the owners/farmers based on criteria set by the banks. They should have skills in doing their jobs as farmers, they should be hard-workers, be honest, and be achievers. To assess the farmers, the banks could interview the candidates in the fields, or hire experts to predict and measure the potential success of their harvests by relating it with the natural condition. Farmer's moral hazard must be minimized by the bank system.

4.1.10. Continuous education

Lack of society's understandings of Islamic banking is a challenge in Islamic banking development in Indonesia (Waluyo et al., 2018). Education about Islamic banking must be a continues program by Islamic banking stakeholders in Indonesia. The object of educations is society and Islamic bank employees. One of the problems from an internal factor in Salam financing is the lack of knowledge of HR. HRs in Islamic banks must upgrade their knowledge about Islamic bank products and how to innovate for the sustainable and implementable product especially Salam financing.

Do tight screening upon the farmers/owners of agricultural businesses and continuous education to minimize internal and external problems in Salam financing are the novelty of the research. Previous research concentrates to minimize the external problem in Salam financing. However, in this research, both internal and external problems in Salam financing are to be minimized by proposed a model to minimize it. The model expects to encourage implementation Salam in Islamic Banking in Indonesia.

4.2. Implementation of the Research Results

Model to minimize the risks in the distribution of Salam-based financing is expected to be able to help Islamic banking in overcoming the problems that have been faced when it will channel the financing. Islamic banks should start aiming at Salam based financing as a product so that they can accelerate Islamic bank development and will be able to show that Islamic banks are not only profit-oriented but also carry a social mission with their willingness to help farmers who have been struggling to get capital from banks. The development of the agricultural sector with real support from Islamic banks means that it will support the availability of food nationally. The adoption of Salam finance will improve the supply of agricultural output, create more employment opportunities and improve local and modern industries and commerce (Mohammed et al., 2016).

Thus, if Islamic banking wants to look at Salam products, it will directly contribute to creating public welfare. The development of Salam products must also have the support of regulators such as the Authorized Financial Services (OJK) by issuing rules that make it easier for Islamic banks to create Salam product innovations, for example regarding the risks of financing Salam products that may be managed separately because this product is directly related to natural conditions. The government must also encourage the availability of funding that can support farmers to be more productive.

5. CONCLUSIONS

To minimize problems in the distribution of Islamic bank Salam financing some actions should be taken. The additional solution should be suggested other than those that have been given in the result of some researches in this context. The Banks can collaborate with agricultural insurance, and establish a symbiotic relationship between upstream and downstream products. They can also set a marketing network of agricultural products, and innovate alternative Salam product with a hybrid contract between Salam and Wakalah. Islamic banks can also make parallel Salam, and extend Salam financing object towards non-agricultural business types such as cattle and poultry farming. Salam financing can be given in groups with a joint responsibility system, and establish an agricultural bank. Especially in the Indonesian context, the banks should screen the farmers based on criteria set by the banks to anticipate the failure of channeling Salam financing. Continuous education to society and HRs in Islamic banking to upgrade their knowledge about Islamic bank products.

REFERENCES

Accounting Guidelines for Indonesian Islamic Banking (PAPSI). (2013), Available from: https://www.ojk.go.id/id/kanal/perbankan/documents/pages/pedoman-akuntansi-perbankan-indonesia-28papi%29/pedoman%20akuntansi%20perbankan%20syariah%20indonesia%20%28papsi%29.pdf. [Last accessed on 2019 May 02].

Ahmed, A.G. (2007), Sharia Opinion (Fatwa) on Istisna Contracting and Salam. Europe: Al-Baraka Banking Group Department of Research and Development.

Ajmal, M.M., Rafay, A., Sadiq, R. (2017), Pricing of Bai Salam: An analytical perspective. International Journal of Business and Society, 18, 167-176.

Al-Fijawi, M.F.A. (2016), Salam (Forward Sale) and Istirnan (manufacture contract) in modern applications: A Maqorid Al-Sharia perspective. International Journal of Business, Economics, and Law, 9(5), 65-73.

Aziz, M.N., Osman, B.M. (2016), Islamic social business to alleviate poverty and social inequality. International Journal of Social Economics, 43(6), 573-592.

Bank of Indonesia. (2012), Kajian Model Bisnis Perbankan Syariah.

Jakarta: Direktorat Perbankan Syariah.
Contitution (Undang-Undang) No. 21/2008 about Islamic Banking. (2008), Available from: https://www.ojk.go.id/waspada-investasi/id/regulasai/Pages/Undang-Undang-Nomor-21-Tahun-2008-Tentang-Perbankan-Syariah.aspx. [Last accessed on 2019 Jul 10].
Ehsan, A., Shahzad, M.A. (2015), Bay Salam: A proposed model for Shariâ, compliant agriculture financing. Business and Economic Review, 7(1), 67-80.
Kaleem, A., Rana, A.W. (2009), Application of Islamic banking instrument (Bai Salam) for agriculture financing in Pakistan. British Food Journal, 111(3), 275-292.
Khattak, N.R.K., Hussain, A.H. (2006), A Review of the Principles of Islamic Banking System for Agriculture Credit, MPRA Paper, No. 42038. Germany: University Library of Munich.
Lewis, M.K., Algaoud, L.M. (2007), Perbankan Syariah: Prinsip, Praktik dan Prospek, Jakarta: PT Serambi Ilmu Semesta.
Maulida, S., Yunani, A. (2017), Masalah dan Solusi Model Pengembangan Pembiayaan Pertanian Dari Aspek Keuangan Syari'ah, Cakrawala. Jurnal Studi Islam, 12, 1677.
Mohammed, A.I., Ogunbado, A.F., Bashir, A. (2016), The viability of Salam finance in the growth of agricultural production in Kano State, Nigeria. Asian Journal of Multidisciplinary Studies, 4(12), 8-12.
Muhammad, B., Stiabudi, R., Ashar, M. (2017), Paper Salam Plus: Inovasi Produk Akad Salam pada Perbankan Syariah Untuk Meningkatkan Produktivitas Pertanian Indonesia. Syariah Economy Week. Yogyakarta: UMY Yogyakarta.
Muneeza, A., Yusuf, N., Atiqah, N.N., Rusni, H. (2011), The possibility of application of Salam in Malaysian Islamic Banking System. Humanomics, 27(2), 138-147.
National Sharia Council Fatwa (DSN) No. 05/DSN-MUI/IV. (2000), Sales and Purchase Salam. Available from: https://www.dsnmui.or.id/kategori/fatwa. [Last accessed on 2019 Jul 07].
Rahmadhani, A.F. (2017), Analisis Akad Salam di Koperasi Simpan Pinjam Syariah (KSPS) Sarana Aneka Jasa Cabang Pengging, SARANA, Thesis. Surakarta: IAIN Surakarta.
Rasheed, H., Mudassar, M. (2010), Research on Innovative Models of Islamic Banking Products for Pakistani Farmers. Proceedings of the 7th International Conference on Innovation and Management.
Roziq, A., Hisamudi, N., Wahyuni, N.I., Purnamawati, I. (2014), Model pembiayaan salam pada petani singkong dan usaha kecil berbahan singkong di kabupaten Jember. Jurnal Akuntansi Universitas Jember, 12(2), 43-57.
Shaikh, S.A. (2010), Brief Review and Introduction to Practiced Islamic Banking and Finance. Available from: http://www.ssrn.com/abstract=1536943.
Sharia Islamic Bank Statistic. (2018), Available from: https://www.ojk.go.id/id/kanal/syariah/data-dan-statistik/statistik-perbankan-syariah/pages/statistik-perbankan-syariah---desember-2018.aspx. [Last accessed on 2019 Jul 10].
Statement of Financial Accounting Standards (PSAK). (2019), No. 103 about Salam Accounting. Available from: http://www.iaiglobal.or.id/v03/standar-akuntansi-keuangan/pernyataan-sas-66-psak-103-akuntansi-salam. [Last accessed on 2019 Mar 10].
Straus, A., Corbin, J. (2017), Dasar-Dasar Penelitian Kualitatif: Tatalangkah dan Teknik-Teknik Teoritisasi Data, Terj., Cetakan V. Yogyakarta: Pustaka Pelajar.
Teacher, Law. (2013), Application of Salam in Malaysian Banking System. Available from: https://www.lawteacher.net/free-law-essays/contract-law/application-of-salam-in-malaysian-banking-system-contract-law-essay.php?vref=1.
UNCTAD. (2006), Islamic Finance and Structured Commodity Finance Techniques: Where the Twain can Meet. Switzerland: United Nation Conference on Trade and Development.
Wahyudi, A.F. (2011), BMT untuk Sektor Pertanian. Iqtishodia: Jurnal Ekonomi Islam Republika. p24.
Waluyo, B., Rozza, S., Sujarwo, S. (2018), Model edukasi berdasarkan segmentasi konsumen untuk membangun minat masyarakat pada perbankan syariah. Sosiohumaniora, 20(3), 260-268.
Widiana, W., Annisa, A.A. (2017), Menilik urgensi penerapan pembiayaan akad salam pada bidang pertanian di lembaga keuangan syariah di Indonesia. Jurnal Muqtasid, 8(2), 88-101.

A Model for Minimizing Problems in Salam Financing at Islamic Banks in Indonesia

ORIGINALITY REPORT

7%

SIMILARITY INDEX

PRIMARY SOURCES

1	www.ijbs.unimas.my Internet	232 words —	4%
2	www.lawteacher.net Internet	112 words —	2%

EXCLUDE QUOTES	OFF	EXCLUDE MATCHES	< 2%
EXCLUDE BIBLIOGRAPHY	ON		