Debt and Repayment System for Chili Traders based on an Islamic Economic Perspective in Kerongkong Village, Lombok Timur

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Abstract. This research aims to determine the debt and repayment system carried out by chili traders according to Islamic economics in Kerongkong Village, Suralaga District, East Lombok Regency. This research uses a qualitative approach with a case study method. Data collection techniques in this research used observation techniques, in-depth interviews, and documentation. Data collection and determination of each informant was carried out using purposive and snowball techniques. The data sources used in this research are primary and secondary data. Data inspection or validation uses triangulation techniques, namely source triangulation and method triangulation. The results of this research show that according to Islamic economics, the debt and repayment system implemented by chili traders in Kerongkong Village, Suralaga District, East Lombok Regency is not optimal, this is proven by violations of some of the etiquette in debt and Islamic economic principles in the implementation of the debt system. This research also shows that chili traders in Kerongkong Village still do not know and understand what debt procedures are permitted and what are prohibited in Islam.

Keywords: Debt, Chili Traders, Islamic Economics.

A. INTRODUCTION

In everyday life, every human being needs interaction with other humans in order to fulfill their needs and to help each other. Because of this, understanding is needed regarding ways of interacting that are in accordance with Islamic law, namely social interaction with fellow humans, which in Islam is called *muamalah* [1]. Asni [2], states that *muamalah* is a science that regulates the exchange of assets for assets and benefits between people by means of exchange and commitment (binding on something). In modern times like this, one form of *muamalah* that is definitely carried out is business or trade. Business In the Qur'an, it is usually used with the word *al-tijarah*. The word *al-tijarah*, in Arabic *tijarah*, comes from the basic words *tjr*, *tajara*, *tajran wa tijarat*, trade or commerce [3].

Entrepreneurs are reminded by Islamic teachings that their pursuits should not solely prioritize maximizing profits but should also seek pleasure and blessings from the good fortune bestowed by Allah SWT. It's imperative for them to refrain from using unjust means to pursue personal gain without considering the potential harm to others. As stated in Q.S. An-Nisa verse 29, believers are urged not to unlawfully consume each other’s wealth except through mutually agreed-upon trade, and to avoid harming themselves, as Allah SWT is merciful towards them [4]. Based on the verse above, the Al-Qur’an places trade or business activities as one of the recommended businesses, but you still have to follow the methods approved by the Al-Qur’an. Thus, the business venture carried out will have worship value if it is carried out in accordance with the provisions and guidance of the Al-Qur’an [5].
In doing business or trading, the main problem often faced is a lack of capital to start a business. To overcome this problem, various methods are often used to obtain business capital without paying attention to Islamic law. In trading practices (tijarah), practices often occur that are not in accordance with Islamic economic law, for example in the way of obtaining and returning debts that are used as business capital for trading [6]. There are many ways to obtain business capital for trading and one of them is by taking debt. Debt is the quickest way to meet all human needs when facing all difficulties. Not only urban communities, even rural communities currently need capital to carry out trade, although the scale of capital used is not as large as urban communities, but still rural communities also need capital [7]. The practice of debt in modern times often deviates from Islamic teachings, such as the many practices of usury carried out by people who take on debt without realizing that they have committed usury. This happens because of a lack of understanding of usury among the community, especially in village communities where basically knowledge about debts and receivables and usury is still lacking.

In Islam, debts and receivables (qardh) are a contract that occurs because of an agreement between both parties, namely between the person lending and the person giving the loan. This means that everyone can carry out these transactions as long as the contract that occurs does not harm either party. Lenders may lend money or goods they own with the agreement that the person borrowing the loan can repay the loan within the time specified by the lender, and the lender may not ask the borrower for additional principal [8]. The accounts payable and receivable contract is not a means of making a profit but rather a means of helping each other [9]. When helping someone from their difficulties, it should be noted that providing assistance is a noble act in the sight of Allah SWT. The debt and receivable contract is intended to show love to fellow human beings, help them from all economic difficulties and ease any life difficulties they experience.

Based on the various explanations above regarding trade and accounts payable, this is in accordance with the phenomenon that occurs in Kerongkong Village, Suralaga District, East Lombok Regency. In Kerongkong Village, many people are traders and take out loans as initial capital to run their businesses, and the most dominant in this village are chili traders. This happens because in Kerongkong Village almost every year farmers orderly schedule planting, including in this case chili plants, so that the harvest is what traders sell. Chili is the main income for the people in Kerongkong Village and Kerongkong Village is one of the chili producing centers in East Lombok. Chili is one of the agricultural businesses that has promising prospects. Apart from being a cooking ingredient that is always needed in the kitchen, chilies also have quite high economic value. According to the latest data from the Central Statistics Agency for East Lombok district, the area of chili plants in East Lombok in 2019 was 7,177 hectares. According to the latest data from the West Nusa Tenggara Province Central Statistics Agency in 2020, the total production of chili plants in East Lombok Regency was 1,010,193 tons or the highest among the 10 other districts in NTB.

The high annual production of chili plants compared to other plants in Kerongkong Village means that the results of this chili harvest have great potential to be used as a business. Because of this potential, many farmers have difficulty finding a place to sell their crops, which is why many chili traders have appeared in this village in line with the increasing chili harvest. To expand the chili business, traders export to various regions in Indonesia. In buying and selling chilies, traders in Kerongkong Village need capital to start their business. Based on initial observations and information I obtained, in Kerongkong Village there are many people who are in debt, either to official financial institutions such as banks or to individuals ranging from cooperatives, private banks, loan sharks, and various other banks. Basically, borrowing money from banks, especially conventional banks, has the practice of usury in it, which over time will result in someone being in
debt. Likewise, if you owe a debt to another institution, the contract between the debtor and the debtor may not be in accordance with Islamic economic principles.

Based on the background of the problem above, the aim of this research is to determine the system of debt and repayment carried out by chili traders in Kerongkong Village, Suralaga District, East Lombok Regency according to an Islamic economic review.

B. METHOD

This research approach is qualitative, which produces descriptive data in the form of written or spoken words from people and observable behavior. It aims to understand the phenomenon holistically and uses the case study method. The research design used is an in-depth case study, which explores the loan and debt repayment system of chili traders in Kerongkong Village by collecting data from various sources. Data collection was carried out through observation, interviews and documentation studies. Direct observations were made of chili traders, while open interviews were used to obtain information from them. Documentation is also used to complement data obtained from observations and interviews. The validity of the data is tested through triangulation techniques, which include extending observations, increasing accuracy in research, triangulating sources, techniques, and time, analyzing negative cases, using reference materials, and member checking. The transferability test is used to evaluate the extent to which research results can be applied to different populations. Dependability testing is used to ensure that research will produce consistent results if it is carried out again. Confirmability tests are used to ensure that research can be repeated with consistent results by other researchers.

C. RESULT AND DISCUSSION

Results of Analysis of the Debt System and Repayment by Chili Traders in Kerongkong Village, Suralaga District, East Lombok Regency

Table 1 Characteristics of Informants

<table>
<thead>
<tr>
<th>No</th>
<th>Code</th>
<th>Informant's Name</th>
<th>Gender (M/F)</th>
<th>Age (Years)</th>
<th>Last education</th>
<th>Informant Status</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>HM</td>
<td>H. Muin</td>
<td>L</td>
<td>57</td>
<td>S1</td>
<td>Key Informant</td>
<td>Religious Figure and Village Head</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>Dayan Bara Hamlet Chili Trader</td>
</tr>
<tr>
<td>2</td>
<td>LS</td>
<td>Then Sardi Wijaya</td>
<td>L</td>
<td>42</td>
<td>S1</td>
<td>Main Informant</td>
<td>Dayan Bara Hamlet Chili Trader</td>
</tr>
<tr>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>Bongkemalik Hamlet Chili Trader</td>
</tr>
<tr>
<td>3</td>
<td>WS</td>
<td>Wawan Sudi Hartono</td>
<td>L</td>
<td>44</td>
<td>S1</td>
<td>Main Informant</td>
<td>Bongkemalik Hamlet Chili Trader</td>
</tr>
<tr>
<td>4</td>
<td>SZ</td>
<td>Saepul Zohri</td>
<td>L</td>
<td>44</td>
<td>SMA</td>
<td>Main Informant</td>
<td>Bongkemalik Hamlet Chili Trader</td>
</tr>
<tr>
<td>5</td>
<td>HS</td>
<td>H. Subhan</td>
<td>L</td>
<td>51</td>
<td>SMA</td>
<td>Main Informant</td>
<td>Bongkemalik Hamlet Chili Trader</td>
</tr>
<tr>
<td>6</td>
<td>SM</td>
<td>Sumiati</td>
<td>P</td>
<td>40</td>
<td>SMP</td>
<td>Additional Informants</td>
<td>Chili Sorting Worker</td>
</tr>
<tr>
<td>7</td>
<td>WR</td>
<td>Wirdaeni</td>
<td>P</td>
<td>35</td>
<td>SMP</td>
<td>Additional Informants</td>
<td>Chili Sorting Worker</td>
</tr>
</tbody>
</table>
From the table above it is known that the age of the informants in this study ranged from 35-57 years. If we look at the educational background and age of the informants, the key informant in this research is someone with an education, namely Bachelor’s level so that the researcher can receive information that is easy to understand and the key informant has knowledge and understands the conditions or phenomena related to a good debt system according to Islamic economics. Meanwhile, the main informants in this research had various levels of education, namely undergraduate and high school levels. Then additional informants had a final education level of junior high school. Accounts payable and receivable are activities that cannot be separated from household and community life in Indonesia. The reason is that debt is the easiest solution when someone is in an emergency and urgent situation, but if it is not thought about properly and maturely, it will then become a burden when someone is unable to pay their debt on time.

Fulfilling the needs of daily life is something that must be done and when pressed to get money, a person will tend to justify any means and without thinking long will take the easiest way to overcome the problem and often debt is the solution to all the problems being faced. So debt activities are very embedded in the lives of people in Indonesia, both those living in urban and rural areas. Likewise what happened in one of the villages in East Lombok Regency, namely Kerongkong Village. In this village, the practice of debts and receivables is commonly carried out by the community, especially by chili traders or entrepreneurs in this village. As we know, as traders or entrepreneurs, you need a lot of capital to start your business. Because trading from an economic perspective is considered to be rotating capital to produce and increase better income.

In Kerongkong Village the practice of trading has been going on for a long time, where often a child continues his parents' business and develops it. Judging from the background in this village, most of the people make their living as farmers and many are also farmers and also trade. If we look at the background, this is because some people who are farmers prefer to sell their own crops to the market directly rather than having to go through intermediaries or middlemen, which they feel results in their income decreasing because the price offered is lower than the usual price in the market. Because of this, many new chili traders appeared in this village. The longer the business is carried out, the higher the capital required, so it is not half-hearted that many of them take on debt to increase capital so that their business continues to run and develop.

The general picture of the practice of debts and receivables in Kerongkong Village can be seen from the daily lives of the people, namely the frequent parties who collect debts from people's homes, both from official and non-official financial institutions. Kerongkong Village is known as one of the chili producing centers in East Lombok Regency. This was proven by making Kerongkong Village one of the villages in East Lombok visited by the Indonesian Minister of Agriculture, Prof. Dr.H. Syahrul Yasin Limpo, SH, M.Sc., M.H. in September 2023. In Kerongkong Village, many new chili entrepreneurs have emerged who want to improve the economic conditions of their families, because in this village, on average, those who have become chili entrepreneurs have experienced much better economic improvements than before or the income they earn has increased from their usual income so that This further convinces new entrepreneurs of their intention to start a business in the chili sector.

In running a chili business, people in Kerongkong Village mostly use loan capital to start their business. As the results of the researcher's interview with one of the chili traders, namely Mr. LS, who is 42 years old and is an elementary school teacher in Kerongkong Village and is also currently running a business sending chilies out of town. Based on the results of the interview with Mr. LS, he has been a chili trader since 2015, and the capital used to start his business at that time was personal capital amounting to Rp. 500,000, in 2015 when he started his business the marketing reach of his
business was still narrow because he didn’t send it outside the area, he only resold it in traditional markets and even then the capital used was immediately replaced with goods so that every time he succeeded in selling chilies, the income would be turned back into running his business.

After feeling that his business was growing, Mr. LS decided to take out a loan from BRI Bank by utilizing the facilities offered by the bank, namely KUR (People's Business Credit). Mr. LS explained that he took out KUR (People's Business Credit) loans 3 times, the first time amounting to 10 million, then the next loan increased to 15 million and the third loan increased again to 25 million, so the total debt that has been taken so far by Mr. LS is 50 million. He explained that this was done so that more chilies could be bought from the public or taken from Java so that more could be sent out of town. He explained more clearly that the loan enabled his business to expand its marketing reach, which previously only sold in traditional market in Lombok but has grown to include deliveries to the cities of Batam, Surabaya, Tanjung Pinang, Palembang and several other cities on the island of Sumatra. Apart from that, when making a loan, there is collateral that must be fulfilled as a condition put forward by the bank, namely in the form of a motorbike BPKB and before the bank decides to give a loan to Mr. LS, there is a survey of business activities and economic status directly at his house which is carried out by the bank. He also explained that when conducting the survey there were 2 men who came to his house and the gap between the survey and the disbursement of loan funds was 3 days after the survey.

Based on the results of the interview with Mr. LS, he stated:

“cara pembayaran hutang yang telah dipinjam dari pihak bank dilakukan dengan cara membayar secara angsuran perbulan sebesar 750 ribu selama 3 tahun, setelah peneliti menghitung terdapat tambahan pembayaran hutang sebanyak 2 juta di pinjaman terakhir sehingga total pembayaran beserta pinjaman 25 juta yang dilakukan setelah dikalkulasikan naik menjadi 27 juta.”

After the researcher asked what he thought about the additional loan in the form of debt interest, he answered that the additional amount was not too big so it did not burden him when making debt payments because up to now he had always been on time to pay debts to the bank and was never late in paying, the debt. He also explained that when you are late in paying a debt, there will be consequences from the bank that must be accepted, namely fines in the form of additional loan repayments and also damage to your good name which means that when you make another loan, the bank will think twice about providing a loan. Belau also explained that in running a chili business, he sometimes experiences losses if unexpected or predicted things happen, such as when he has stocked a lot of chilies to be sent but in the destination city it turns out there is an abundant stock of chilies so that sometimes the goods that were sent are cheap because of excess stock even though he I bought the chilies first hand at a higher price than the usual price.

“Untung rugi itu biasa dalam melakukan usaha, kalau tidak mau rugi maka jangan melakukan bisnis karena itu merupakan resiko yang harus dialami oleh seorang pengusaha. Pendapatan yang saya dapatkan dari usaha cabai ini bisa menutupi hutang yang dipinjam dari bank sehingga usahanya tetap bisa berjalan hingga sekarang. Pendapatan bersih per malam setelah dikurangi biaya-biaya yang dikeluarkan yang didapatkan Bapak LS berkisar antara 500 ribu sampai dengan 3 juta. Terdapat beberapa biaya yang dikeluarkan seperti biaya pekerja yang bekerja tiap malam untuk menyortir cabai dan beberapa supir yang harus mengantar barang ke pelabuhan setiap kali melakukan pengiriman ke luar kota”.

He also added that:
“Setelah usahanya ini berjalan kurang lebih selama 8 tahun, beliau sudah bisa membayar lunas hutang-hutangnya yang dipinjam di bank dan juga sudah punya mobil pick up milik sendiri untuk mengantar barang yang akan dikirim ke luar kota, beliau bercerita karena dulunya awal mulai usaha cabai ini masih menyewa mobil. Bapak LS berharap bahwa usahanya akan tetap berjalan lancar karena profesi sebagai seorang guru SD ternayata tidak bisa menutupi kebutuhan dirinya dan keluarganya yang terus meningkat setiap hari, beliau menjelaskan beliau memiliki 2 orang anak perempuan yang satunya baru masuk SMP dan yang satunya lagi masih berumur 5 tahun yang dimana kebutuhan setiap harinya terus bertambah dan juga harus punya tabungan untuk kebutuhan kedepannya”.

So based on the results of the interview with Mr. LS, becoming a chili trader really helped his life in terms of improving the economy. The results of the two researchers’ interviews with Mr WS who is 44 years old and is also a teacher. He stated that:

“Usaha cabai telah beliau mulai sejak tahun 2010. Saat itu beliau menjelaskan masih tidak terlalu banyak pengusaha cabai yang ada di Desa Kerongkong saat beliau memulai usahanya. Modal awal yang saya gunakan adalah modal yang dipinjam dari bank, modal awal yang digunakan sebesar 25 juta yang juga dipinjam dari bank BRI. Saya sudah melakukan pinjaman di bank sebagai modal usaha sebanyak 4 kali, yang pertama modal awal sebesar 25 juta kemudian pinjaman kedua naik menjadi 150 juta, lalu pinjaman ketiga naik lagi menjadi 250 juta, dan terakhir pinjaman ke empat sebesar 500 juta, sehingga total pinjaman yang selama ini saya pinjam sebanyak 950 juta. Pinjaman tersebut saya alokasikan untuk usaha cabai dan migas yaitu usaha gas LPJ 3 KG dan pendirian pertashop di Desa Kerongkong”.

In the beginning, he felt that the actions he took were reckless because according to some of his family, the loans he took were too big with big risks too, but for him to start a business, he had to be willing to accept any risks in the future, of course the aim was to minimize the risks involved. will occur to avoid losses and gain profits. As collateral for borrowing from the bank, he used a certificate for the house and rice fields he owned. If you look at the collateral used, it was also quite heavy, namely a house certificate, where if he was unable to pay the debt, the house where he lived with his family would be confiscated by the bank. However, he assured his family that the loans were for productive activities, not for consumptive activities, namely as business capital.

The return or payment of the debt to the bank with the last loan of 500 million was carried out by Mr. WS in monthly installments of 11 million per month for 4 years. If calculated, the total that must be paid for 4 years with installments of 11 million per month is 528 million, where there are additional payments amounting to 28 million. He explained that when the bank conducted a survey of business activities and economic status who came to his house directly from the head of his own bank branch, he felt that perhaps because the number of loans taken was quite large, the branch head directly carried out the survey. After conducting a survey and answering several questions, the bank finally approved the loan proposed by Mr. WS. When the researcher asked about additional payments in the form of debt interest, Mr. WS explained that the loan taken was in the form of KUR (People's Business Credit) which was the same as the previous informant, namely Mr. LS. He explained that the interest on the KUR loan was not too big and he also needed business capital so he agreed to this.

Regarding late debt repayments, he explained that there would be fines and penalties from the bank to the borrower. He explained that in the previous months he had always been on time when paying debts to the bank and often paid them before the specified time. However, during the corona pandemic since 2020, his chili business experienced a setback, this was a result of government policy, namely the lockdown policy which made it difficult to send goods outside the region and also limited activities and interactions made sending goods difficult and rare at that time. As a result, he
stated that his income was decreasing and did not meet the income target that it should have, as a result this had a big impact on the income he earned and his ability to pay his debts to the bank.

As the corona pandemic at that time became more and more rampant, it turned out that he explained that it was not only himself who was experiencing the problem of being unable to pay debts, but other people were also experiencing the same thing. Even the news on television and the internet reported that it was difficult for entrepreneurs or traders to recover during the pandemic. Finally, he also stated that thanks to the government's policy which made banks in Indonesia provide relief to borrowers, namely only paying loan interest during the pandemic and post-pandemic around 2 years ago. According to Mr. WS, this really helped him to stay afloat during the pandemic and post-pandemic, so he no longer had difficulty thinking about how to pay off such a large debt while deliveries out of town had to be stopped and he himself explained that at that time he didn't know how long the pandemic would last. This will end while the debt must still be paid. He is very grateful that the policy of only paying interest which was set by the government has helped him and other entrepreneurs, although of course paying interest alone also requires income to pay for it, but at least not as much as would otherwise have to be paid. Apart from that, loss for Mr WS is also a very normal thing and is often experienced, but for him it is the science of business that when you want more than other people you have to be willing to take bigger risks than other people take.

When the researcher asked what Mr WS thought about the additional payment in the form of debt interest of 28 million which had to be paid outside the principal loan, the answer given was almost the same as the previous informant, namely that:

“saya melakukan pinjaman KUR yang dimana diantara produk bank yang lain bunga yang ditetapkan untuk pinjaman KUR paling rendah, sehingga bagi saya hal ini sudah membantu meringankan dirinya untuk mendapatkan modal dan memulai usahanya. 2 tahun terakhir pasca pandemi covid beliau memang kesulitan membayar pinjaman namun perlahan tapi pasti saya yakin badai yang dilalui pasti akan segera berakhir dan usahanya mampu bangkit lagi seperti sebelumnya”.

Mr. WS’s net income should normally be 25 million per month, but currently, as he said previously, post-pandemic has caused his income to decline further, where his net income is now around 10 million. With an income of that amount, it is not enough to pay the debt to the bank, but because his business is not only chili but also an oil and gas business, this can be an addition to paying the debt at the bank. He also has several workers who work every night to sort the chilies so they are ready to be sent and also has a driver to send goods who must still be paid. The destination cities where he usually sends chilies are Jakarta, Surabaya, Batam, Pekan Baru, Jambi, Palembang, and also several other cities on the island of Sumatra.

Based on recommendations from the two previous informants, the researcher was finally directed again to interview another chili trader, namely the third informant, Mr. SZ, who was 44 years old. Mr. SZ has started his chili business since 2013. He also explained that the initial capital used came from a BRI bank loan of 500 million. As collateral for borrowing he used his house certificate. Just like the two previous informants, before being approved for a loan, there was a business survey and economic activity survey from BRI bank to his house. He also explained that the 500 million borrowed money was not only allocated for the chili business, but also before that he also ran a car business and opened a showroom.

Mr SZ explained that his income per night was calculated based on the number of chilies sent, usually the number of chilies sent was around 5 tons per night. From these 5 tons he earns an income ranging from 5 to 10 million per night. The destination he usually goes to for chili exports is the city of Jakarta, namely the Keramat Jati Main Market and several other cities on the island of Sumatra.
However, Mr. SZ explained that over the last 2 years his chili business has been rare and not very intensive in sending out of town, this is because since the 2020 corona pandemic the impact has caused his business to stagnate or stop at that time, so this has continued and had an impact until At the moment.

When the researcher asked the bank about the debt payment system, he explained that:

“Selama ini saya hanya membayar bunga hutang atau istilah yang disebut sebagai rekening koran. Dengan membayar bunga saja, saya merasa dipermudah oleh pihak bank”.

Then the researcher interviewed the fourth informant, namely Mr. HS. Mr HS is one of the famous chili entrepreneurs in Kerongkong Village because he can be said to have been a pioneer in sending chilies out of town in Kerongkong Village. Mr. HS is 51 years old and has been in the chili business since 1998 until now. He was also considered young when he started the business, namely when he was 25 years old. When the researcher asked how much initial capital was used when he first started the chili business, he explained that the initial capital used was 2.5 billion. He explained that he had taken out loans 3 times with a fairly large loan amount, namely up to billions.


Mr HS explained that he had made a loan to Bank BRI with collateral in the form of a rice field certificate. The way to pay debts is by paying only the principal interest and he also calls it a checking account. When the researcher asked about debt interest, his answer was almost the same as the three previous informants, namely that the debt interest that had to be paid was relatively low, he stated that it was only around 12% per year. If you do not pay your debt on time, you will be subject to a fine by the bank. The net income earned per night is at least 5 million and the chilies are sent to markets around Jabodetabek.

Based on the results of the researcher’s interviews with the four informants above, they showed the same answers regarding their views regarding the debt taken as business capital for trading chilies, namely by making loans to conventional banks, which in this case is BRI Bank. Based on the results of interviews with the 4 main informants, it shows that the knowledge of chili traders in Kerongkong Village regarding debt, let alone its connection according to Islam, is that they have no knowledge of this matter, so taking out debt that is subject to interest for them is a normal thing to do. Moreover, in Kerongkong Village, the majority of people make loans at Bank BRI, which is clearly a conventional bank that applies an interest system in repaying or paying debts.

Based on the official BRI bank website, Bank BRI is the largest KUR disbursing bank among other banks in Indonesia, which is why people make more loans at BRI Bank. The requirements for prospective debtors for KUR loans at BRI Bank are individuals who are running a productive and viable business, have been actively doing business for at least 6 months, and are not currently receiving credit from banks except consumer credit such as KPR, KKB and Credit Cards. The administrative requirements that must be fulfilled by prospective debtors are identity in the form of KTP, Family Card (KK), and business license.
Before the KUR loan is approved and disbursed by the bank, there are several processes that the chili trader as a debtor must go through, namely after submitting a request to the bank regarding the loan to be made, the bank will carry out a data verification process and survey business conditions directly. Based on other sources, the requirements that must be met when taking out a KUR loan are that the business carried out has a NPWP, has a business proposal, the ability to pay installments, the guarantee requested from the bank is fulfilled, and has a BRI account.

The first survey from the bank is usually carried out by bank managers, bank analysts and marketing. The three of them will survey as usual to see the type of business being run by the prospective debtor and also see the guarantees provided. Apart from that, the bank will also ask questions regarding the KUR submitted to the debtor. After the first survey a second survey will be carried out, usually the distance between the first survey and the second survey is between 2-3 days, usually for surveys of both parties the branch head is also present. When all the data has been successfully verified and approved by the bank, the prospective debtor, in this case the chili trader, will be contacted by the bank for the process of disbursing funds. Before disbursing funds, there are several files that must be signed and approved by the prospective debtor, one of which is important: debt acknowledgment letter. A debt acknowledgment letter is a debt instrument that is made legally binding. It includes a statement regarding the amount of debt, period and guarantee or collateral. This letter is prepared in the interests of debtors and creditors.

Based on previous research conducted by Toorajipour et al. [10] was found that the practice of payables and receivables was carried out by retail traders who obtained goods by going into debt. However, when making payments or returning debts to creditors, several problems arise. Some of these are incidents where the party who owes the debt deliberately removes proof of the debt note, does not pay off the debt according to the initial agreement, and even disappears when the debt has accumulated. As a result, the party providing the debt experiences significant financial losses, even reaching tens of millions of rupiah.

In Nurani et al. [11], it was emphasized that giving debt was done with the voluntary intention to help without expecting profit, only based on trust without asking for collateral for the debt given. However, this practice causes distrust in debt providers, encouraging them not to provide debt to the same party again. The current research also examines accounts payable and receivable practices, but on a different subject, namely chili traders in Kerongkong Village who borrow from conventional banks. In this case, there is additional interest and conditions that must be met before being approved for debt. However, these chili traders pay their debts according to the time period agreed with the bank.

Another difference is in the accounts payable and receivable contracts. In Nurhayati’s research, the trust-based contract was without written documentation, whereas in this research, there are official documents and requirements set by the bank as a form of collateral for the debt given. However, in both studies, there were problems in the debt repayment process, where the debtor did not fulfill the promise of payment according to the agreement.

**Islamic Economic Review of the Debt System and Repayment by Chili Traders in Kerongkong Village, Suralaga District, East Lombok Regency**

In Islam, debts and receivables have been explained in the Al-Qur’an, hadith, and according to the opinions of scholars. Debts and receivables in Islam are called *Qardh*. In Islam, the practice of debts and receivables (*Qardh*) is regulated so that there are no problems in its implementation, such as not harming either party, not containing elements of fraud, and not containing elements of usury in its implementation so that Islam has provided guidelines regarding the good, correct and correct implementation of debts and receivables. *maslahah.*
Apart from that, in the Al-Qur’an surah Al-Maidah verse 2 explains that the practice of debt and receivables, the motivation for its implementation is mutual help (ta’awun) between fellow humans because basically humans cannot live alone and need the help of other people so that in its implementation must comply with the applicable provisions in Islamic religious guidance as in the paragraph below:

وَتَعَاوَنُوْا عَلَى الْبِرِّ وَالْبِرَّةِ وَلَا تَعَاوَنُوْا عَلَى الْأَثْمِ وَالْعَدْوَانِ وَاتَّقُوا اللَّهَ ۚ إِنَّ اللَّهَ شَدِيدُ العقاب

Meaning: Tolong-menolonglah kamu dalam (mengerjakan) kebajikan dan takwa, dan jangan tolong-menolong dalam berbuat dosa dan permusuhan. Bertakwalah kepada Allah, sesungguhnya Allah sangat berat siksa-Nya. (Q.S Al-Maidah ayat 2)

Rasulullah Shalallahu ‘alaihi Wasallam also received pleasant news when he saw an article about the virtues of giving loans written above the door of heaven. That is the narrative of Rasulullah Sallallahu ‘alaihi Wasallam which was received by friend Anas ibn Malik [12].

زَارْتُ لَيْلَةَ أُسِّرِي بِي عَلَى بَابِ الْجَنَّةِ مَكْتُوبًا: الصَّدَقَةُ بِعَشْرِ أَمْثَالِهَا، وَالْقَرْضُ بِثَمَانِيَةَ عَشَرَ، فَقُلْتُ: يَا جِبْرِيلُ مَا بَالُ الْقَرْضِ أَفْضَلُ مِنَ الصَّدَقَةِ؟ قَالَ: لَيْسَ السَّائِلُ يَسْأَلُ وَعِنْدَهُ، وَالْمُسْتَقْرِضُ لَيْسَ يَسْتَقْرِضُ إِلَّا مِنْ حَاجَة


The hadith above explains that giving debt with good transactions, maslahah, and providing benefits and without any element of usury in it is more important than shodaqoh, because someone who is in debt basically does not really have the assets to meet their needs, whereas someone who is given shodaqoh does not necessarily require what is given and can still be categorized as a person who still has the ability to meet the minimum standard of living needs.

The legal basis for debts and receivables (Al-qardh) is sourced from the Al-Qur’an, hadith, ijma and fiqqiyah rules. The law on debts and receivables is flexible depending on the situation and conditions, basically the legal qardh is permissible (may be done), based on the hadith of the Prophet SAW and ijma, in the hadith it is stated [12]:

عن ابي مسعود أن النبي صلى الله عليه وسلم قال لما من مسلم يفرض مسلمًا فرضًا مرتين إلا كان كصداقتهما مره قال

It means: Dari Ibnu Mas’ud berkata, “Sesungguhnya Nabi shallallahu ‘alaihi wa sallam bersabda, “Tidaklah seorang muslim memberi pinjaman kepada orang lain dua kali, kecuali seperti sedekahnya yang pertama.” (Hadis hasan HR. Ibnu Majah)

So that the debt and receivable transactions that are carried out are approved by Allah Subhanahu Wa Ta’ala, they cannot be separated from the norms of Islamic law by strictly adhering to the pillars and conditions in their implementation, the aim is to bring benefit to human life. According to several sources, there are several things that must be fulfilled so that the practice of accounts payable and receivable is carried out in accordance with Islamic economics, namely fulfilling the pillars of debt, debt requirements, debt etiquette, according to Islamic economic principles, and other provisions regulated by the Islamic religion. If the pillars, terms, manners, principles and provisions according to Islamic economics have been implemented then the debt and repayment system can be said to be appropriate and valid according to Islamic economics. (add source)
Rukun is an element that is an inseparable part of an act or institution that determines whether the act is legal or not and whether something exists or not. Meanwhile, a condition is something that depends on the truth of Sharia law and is outside the law itself, the absence of which means that the law does not exist [13]. Qardh is considered valid if it is done on goods that are permissible in sharia', apart from that, qardh is also considered valid after there is an agreement and qabul, such as buying and selling and gifts. Islamic teachings have implemented several pillars and conditions that must be fulfilled in qardh transactions. If one of the conditions and pillars is not fulfilled, then this qardh contract will be invalid. Thus, debts and receivables are considered to have occurred if the terms and conditions of the debts and receivables themselves have been fulfilled [14]. Qardh comes from Arabic which means lending money on the basis of trust. These words were then adopted in conventional economics to become the word credit, which has the same meaning, namely a loan based on trust [15].

Islamic teachings have implemented several pillars and conditions that must be fulfilled in al-qardh transactions. Debts and receivables are transactions in the Islamic economy that have pillars that must be fulfilled and also have their own benefits in carrying out these loans and borrowings. As for the pillars of debt and receivables that must be fulfilled by both parties, if one of the pillars is not fulfilled, then the al-qardh contract will be invalid, the pillars of debt and receivable are as follows [16], [17]:

1. **Shigat**

   Shigat is consent and acceptance. There is no difference between the jurisprudence that the consent is valid and the wording of debt and all the wording that shows its meaning, such as the words "I give you a debt or I owe you". Likewise, kabul is valid with all the words that show all willingness, such as "I owe or I accept and I am pleased" and so on. Debts and receivables are also invalid if there is no consent and acceptance, because it is a form of granting ownership rights so they are not valid without an agreement and acceptance, like buying and selling and gifts.

2. **Aqidain**

   Aqidain are the two parties carrying out the transaction or the debtor and the debtor. The requirements for debtors are independence, maturity, common sense and intelligence (rashid, being able to differentiate between good and bad).

3. **Assets owed**

   Assets owed encompass various forms, each with distinct characteristics and implications. They include assets that an individual possesses outright, assets where both their levels and nature are clearly identified, and assets that must manifest in tangible forms, rather than being solely in the form of benefits or services [17]. Understanding the nature and composition of assets owed is crucial in fostering integrity, fairness, and compliance with Islamic principles in financial interactions.

   As for every transaction or contract including debts and receivables, certain conditions must first be met so that the lending and borrowing transaction becomes valid and recognized by the syara'. The conditions for the debts and receivables contract that must be fulfilled in the transaction are as follows:

   1. **Ma’qud alaih (Object of Law)**

      In this case, ma’qud alaih is an object that is made into a contract whose form remains and is visible. These goods can be in the form of assets such as merchandise or benefits from these goods, as is the case in a rental agreement. The conditions for the object of accounts receivable or ma’qud alaih [18]. The concept of loans (al-qardh) in Islamic finance entails specific conditions to ensure
adherence to Sharia principles. These conditions include the requirement that the amount of the loan must be known through scales, measures, or specific amounts, ensuring transparency in the transaction. Additionally, if the loan is in the form of an animal, its nature and description must be known to facilitate proper handling. Loans are not valid from individuals lacking the ability to borrow or of unsound mind. Moreover, the object of the debt (ma’qud alaih) must meet certain criteria: it must be a valuable object with similarities, ownable, capable of being handed over to the borrower, and existing at the time of the agreement. These conditions aim to uphold fairness, transparency, and accountability in loan transactions, in accordance with Islamic principles of justice and ethical conduct in financial dealings.

2. **Aqid (Legal Subject)**

In a debt and receivable transaction, there are two parties who are directly involved as Aqid or legal subjects, namely the debtor (muqrid) and the person who owes the debt (muqtarid). According to Sabiq (2009), the requirements for people entering into debt and receivable contracts are like the requirements for people entering into contracts for buying and selling, namely people who are sensible and people who can differentiate (choose). Crazy people, drunk people and small children who cannot differentiate (choose) to enter into debt and receivable contracts are not legally valid.

According to the Shafi’iyah school of thought, the conditions for muqridh (the lender) in Islamic finance include ahl iyyah, which is the ability to perform tabarruk, meaning the capacity to bless or benefit others through lending, and mukhtar, which denotes having choices and autonomy in decision-making regarding loans. Meanwhile, muqtarid (the borrower) is required to possess expertise or skills in financial transactions, including maturity, sensibility, and freedom from undue influence. The legal subject (Aqid) requirements in debt and receivable transactions entail being sensible, capable (tabarruk), and having freedom of choice (mukhtar), as outlined in a Hadith narrated by Imam Abu Daud and Aisyah. This Hadith elucidates that Allah absolves responsibility from three individuals: the sleeper until they wake, the insane until they regain sanity, and the child until they reach puberty. These conditions aim to ensure fairness, transparency, and ethical conduct in financial dealings in accordance with Islamic principles.

3. **Sighat (Consent to Kabul)**

*Al-qardh* is a contract of ownership of property. Therefore, the contract is not valid unless there is an agreement and acceptance. Ijab Kabul is an element of a debt and receivable agreement, both of which are called Sighat, Ijab is a statement from the party giving the debt and Kabul is acceptance from the debtor [19]. In Islamic contract law, scholars emphasize the importance of clarity and harmony in consent and acceptance. Clarity ensures that both parties understand the terms and implications of the contract, minimizing the risk of misunderstandings. Harmony between consent and acceptance requires both parties to continuously express their agreement to the terms, either in the same location if physically present or in a known location if not. These principles are vital for fostering transparency, trust, and adherence to Islamic principles in contractual relationships.

The consent can be done by using the word *al-qardh* (debt or loan), or by using the word which means ownership. For example: I give you this item, with the condition that you must return it to me. The use of the word property here does not mean that it is given for free, but rather that it is a debt that must be paid. Consent also does not have to be verbal but can also be written and can even be done with signs for mute people. Apart from these conditions, *al-qardh* is considered perfect if the assets are already in hand or handed over to the recipient of the debt [16].

The debt pillars and debt requirements, borrowing from banking institutions carried out by chili traders in Kerongkong Village has mostly fulfilled the debt pillars and requirements, namely
that there are parties who carry out debt and receivable transactions (Agidain), namely banking institutions as muqrid (the party providing the loan) and the chili trader as the muqtarid (the party making the loan), then the assets owed are clear, namely in the form of money and there is Shigat, namely the consent and acceptance which is also done in writing. However, based on debt etiquette and its provisions according to Islamic economic principles, carrying out debt to banks violates several etiquette and principles in Islamic economics. This happens because there is the application of debt interest in debt repayment which indicates that there is an agreement for additional payments at the beginning of the agreement. In Islam, additional debt payments or debt interest are called usury.

Based on the explanation above regarding the provisions on debts and receivables from an Islamic perspective along with the normative rules that must be followed so that the activities to be carried out are a blessing to undertake because they do not violate the rules that have been established in muamalah according to the Islamic religion. However, in reality, data findings in the field based on the results of research conducted by researchers in this thesis show that debts and receivables made by chili traders in Kerongkong Village apparently still contain elements of usury. This happens because they make loans from conventional banks which apply the principle of debt interest in their implementation. Even though the chili traders feel that the interest set for the loans they make is relatively small compared to borrowing elsewhere, the additional amount agreed upon in advance is still prohibited in Islam.

Usury, which is known as an addition that is not accompanied by an exchange of compensation, is prohibited in the Koran. The Qur'an itself has explained in detail the stages of prohibiting usury. The first stage simply illustrates the negative elements in usury described in the QS. Ar-Rum verse 39. Then followed by a signal about the prohibition of usury by conveying a condemnation of Jews who practice usury in the QS. An-Nisa verse 161. The interpretation presented on Samad and Sugeng [20], regarding this verse explains the practice of usury as a transaction that involves taking or receiving excess capital from a party who needs it, by exploiting or taking advantage of that need. This is likened to a condition of losing one's mind, like someone who is possessed by a demon because he is crazy. They live in anxiety, their souls are not at peace, they are always confused and in uncertainty, because their minds and hearts are always focused on material things and their additions. As a consequence, in this world they will experience anxiety, while in the afterlife they will be resurrected in a confused state, not knowing the direction they are going, and will suffer a painful punishment.

This verse also emphasizes the difference between buying and selling which is permitted by Allah and usury which is prohibited by Him. Usury is characterized by unfair additions, while buying and selling provides benefits for both parties. Whoever has been warned about usury and stops this practice, then what he has earned before the prohibition remains his. However, if someone returns to carrying out usury transactions after being warned, then he will be an inhabitant of hell forever. In terms of terms, usury is defined by scholars as an unfair addition or excess in transactions, without any reasonable compensation. The main principle in usury is disproportionate addition. In Islam, debt and receivables is the practice of giving something to another person in need, with an agreement to return the same amount at a specified time.

In Kerongkong Village, where the majority of the population is Muslim and is known for its Islamic organizations, there are still violations of Islamic rules regarding debts and receivables. This happens because chili traders in the village often take out debt from conventional financial institutions which apply the principle of interest or usury. Research shows that chili traders prefer
to take debt from conventional banks such as Bank BRI because it is considered the easiest way to get additional business capital.

D. CONCLUSION

The conclusion of this research is that the practice of accounts receivable is carried out by taking loans from conventional financial institutions, especially banks. Chili traders do this to increase their business capital in trading. The reason they choose to borrow money from conventional banks is because the procedures are easy and they can get loans in quite large amounts. As a result, chili traders’ businesses developed and their income increased. Not only chili traders benefit, but also the local community who get additional income from working as chili sorters. From an Islamic economic perspective, this practice violates several principles and adat in Islam, especially regarding the additional interest in repaying debts. This happens because chili traders do not understand in depth the Islamic prohibition against the practice of usury in loans. Furthermore, chili traders should choose loans that are in accordance with Islamic economic principles and that are permitted in Islam. They should switch to sharia financial institutions that use profit sharing agreements. Borrowing from conventional financial institutions that implement usury practices can reduce the blessings of their income.

E. AUTHOR DECLARATION

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F. REFERENCES


Appendix 1

Interview Questions:

1. When did you start your chili business?
2. How much initial capital did you use?
3. Did you use a loan or your own capital?
4. Were there any guarantees when borrowing from the bank?
5. How many times did you make installment payments to the bank?
6. Over how many years did you make these payments?
7. What are the consequences if you fail to repay the loan on time?
8. What is your monthly income from the chili business?
9. What about the interest on the loan?
10. What are the consequences if you are late in repaying the loan?
11. Have you ever experienced losses in running this chili business?
12. Can your income from the chili business cover all your debts at the bank?
13. What is your current monthly income?
14. Where do you send your goods?
15. Do you have employees working every night for this chili business?

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