

Maqhashid Sharia in Clean Water Financing Business Model at Islamic Bank

Willy Arafah¹, Lucky Nugroho²

¹ Management Department, Trisakti University, Jl Kyai Tapa No.1, Po-Box 11440, Jakarta-Indonesia,

² Accounting Department, Trisakti University, Jl Kyai Tapa No.1, Po-Box 11440, Jakarta-Indonesia,

Abstract: *The aim of paper is to find out the effectiveness of feasibility financing intervention without collateral at clean water financing business model at Islamic Bank. The method on this paper uses a qualitative approach which support by quantitative data of water financing during period June 2013 till July 2015. Nevertheless, discussion on this paper limited by questions: (i) What the links between Islamic banking with microfinance; (ii) What clean water financing Business Model at Islamic Bank?; (iii) What the risk management required for expand clean water financing portfolio?; (iv) How many the clean water financing has been realizing and the qualities of the financing among June 2013 until July 2015?. The role of Islamic Bank as the organization which has a mission not only achieve financial performance, but also social performance, therefore, Islamic Bank provides clean water financing to poor people with appropriate risk management (“al-ghorm bill ghonm” and “al-kharaj bill Daman”). Feasibility financing analysis for clean water financing needs the intervention to give solution for the poor people whose don't have collateral as the financing required. The most important in the feasibility analysis for clean water financing is the character of the candidate which can access through credit bureau tools of central Bank. The findings of this research are with intervention feasibility analysis approach for clean water financing, the disbursement of clean water financing in the period June 2013 till July 2015 has reached 2281 clients with outstanding Rp2.296.579.363,- and have good quality which means no arrears of installment. In addition, to achieving massive impact for clean water financing needs the role of government to provide financing insurance as the mandatory facilities in clean water financing business model.*

Keywords: *Intervention analysis, collateral, water financing, poor people, Islamic bank, role of government.*

JEL Classification: *G02, G14, G21*

I. INTRODUCTION

Water is a vital resource for humans to sustain their life in the future. The benefits of water for human life are very vital such as used as drinking water, cooking food, washing, bathing, and toilet. The access clean water for people in urban and rural areas is one of the targets of the Millennium Development Goals (MDGs). The MDGs are a global development paradigm with eighteen goals. Targets relating to the access to clean water included in those goals, which aim to decreasing half the proportion of people without access to fulfill the basic need such as safety water to concept and sustainable of clean water supply as well as the availability of sanitation facilities for all society (UNDP, 2004). Availability and access to clean water became one of the problems faced by the government and society in Indonesia. Some of the factors which causing the difficulties clean water access in developing countries or third world countries included in Indonesia cases are as follows (Lenton and Wright, 2004):

- a. Political factors, in developing countries the water and sanitation sector are not a priority in government development policies;
- b. The financial capacity of society is lower because of the most population in developing countries are low-income communities. So clean water is not their priority;
- c. Technical factors (e.g. spreading of the house).

Nevertheless, from the above factors, the great influence to access clean water supply is poverty (CGI, 2000). Based on the condition of poor people, Islamic banks made micro financing business model with special treatment (intervention) for feasibility analysis of micro financing as an alternative solution. The objective of intervention is help poor people get funding to buy the water connection at affordable cost. The basic principles of microfinance by Muhammad Yunus as the founder of the Grameen Bank in Bangladesh and the recipient of the Nobel Prize for peace in 2006 was access to financial services is a human right. The same things also stated by several researchers that originality of microfinance objective, it's to achieve the double bottom line. It's mean microfinance institutions objective not only to achieve financial performance but also by social performance (Armendariz and Labie 2011). Furthermore, the main objective of microfinance is to help the poor become economically independent, not be dependent on government assistance or a burdened state (Rahim, 2010).

Microfinance can also devote and dedicated to the people who have not been able to provide collateral for financing because collateral as the required to get financing for protecting from the risk of loss if there is a failure to pay installments which mean collateral objective to protected of creditor or bank interest (Abu and Rafique, 2009).

Concern for financial inclusion related to accessibility financial services for the poor also inherent with Islamic banks mission which Islamic bank should be creates well-being for the whole community (ummah) such as social justice, fair distribution of income to support sustainable economic development (Ashraf, 2008). Therefore, Islamic bank very concern to engage in microfinance programs to meet the needs of poor people and low-income people who can't give collateral for financing application (not bankable) (Al Harran, 1990, 1996, 1999; Akhtar, 1996, 1998; Dhumale and Shapcanin, 1998; Ahmed, 2001; El-Gamal, 2006).

According to Diamond (1991) to asses of feasibility to get microcredit, the most important factor is a good character and reputation (Diamond, 1991) and the second is the availability of sufficient capital or collateral for repayment in case of default (Holmstrom and Tirole, 1993). Nevertheless, the availability of capital or collateral element is an important barrier for the poor, especially for the poor to access micro-finance services. The poor are stamped by the banks as a high-risk borrower due to financial difficulties inherent in their lives, so it would be difficult to qualify for the assessment of creditworthiness related to their inability to provide collateral which aims to protect potential future risks (Ashraf, 2008). The aim and contribution of this paper are to explain the participation of Islamic Bank in implementing sharia rules, which is the achievement of the objectives of Islamic (sharia maqashid). The purpose of sharia is to create social well-being can be distributed to whole society (Ibn Ashur, 2006, Choudhury, 2009). Moreover, according to Jumantoro et.al (2005), and Nugroho (^b2014) goals Shari'a (maqashid sharia) is to create a human well-being (maslahah):

خَيْرُ النَّاسِ أَنْفَعُهُمْ لِلنَّاسِ

Meaning: "The best man is the most beneficial for others." Based on the benefits principle, Bank Syariah Mandiri (BSM) makes the business model for the distribution of micro-financing for clean water pipe connections for the poor.

1.1 Limitation of Research

The empirical case on this paper is based on observations of clean water financing disbursement at Bank Syariah Mandiri Kudus branch (Central Java-Indonesia) during June 2013 till July 2015. Therefore, the limitation in this empirical case studies is the location and the duration of observation. Furthermore, the business model clean water financing is unsecured (without collateral) loan for poor people, therefore, need the special approach to managing the risk will appear in future.

1.2 Objectives and Contributions

The aim of this paper is to find out the unsecured (without collateral) financing performance in clean water financing at Islamic Bank which covers by Islamic risk management. The Islamic risk management principles in financing are ("al-ghorm bil ghom" and "al-kharaj bil daman") which mean the disbursement of clean water financing must be manage full responsibility and accountability to reduce the risk possibility appear in future. Islamic Bank based on the Islamic ethical principle which operates based forbidden: maysir (speculation and gambling), gharar (uncertainty transaction) and riba (interest) must be given positive impact to the whole community (maslahah). Therefore, the business model of clean water financing for poor very important to be adapted for another purpose in micro financing. Nevertheless, this paper also shown the urgency of government role to succeed the clean water financing at Islamic Bank.

II. METHODOLOGY

Empirical studies on this research using secondary data of disbursement clean water financing. The object has been disbursement of clean water financing at Bank Syariah Mandiri Kudus Branch since January 2014 to November 2014. The method of this paper is qualitative research which support by quantitative data analysis. The discussion in this paper divided as:

- a. What the links between Islamic banking with microfinance?;
- b. What clean water financing Business Model at Islamic Bank?;
- c. What the Islamic risk management required for expand clean water financing portfolio?;
- d. How many the clean water financing has been realizing and the qualities of the financing among June 2013 until July 2015?;
- e. Conclusions.

III. DISCUSSIONS

a. The links Islamic banking with microfinance

The link between the Islamic bank and microfinance has similarity mission. The link is not based on the interest (riba) point of view but based on the ideological and practical terms of microfinance. The originality of microfinance objective, it's to achieve the double bottom line. That is mean microfinance institutions objectives not only of financial performance but also by social performance. Econometric analysis is used to assess financial performance, and guidance which purpose to provide extending the analysis of social performance indicators or MFIs have a double aspect: financial and not-for-profit. Therefore, appropriate tool to assess MFIs performance is not only of financial ratios, but also should supporting by social indicators (Frank, 2008; Armendariz and Labie, 2011; Hudon, 2011; Stuart, 2011; Balkenhol and Hudon, 2011; Cinca et al, 2011). In another word the MFIs also designed to serve unbanked people. it's seen by some as a magic wand against poverty that is supposed to solve it all (Armendariz and Labie, 2011), but microfinance neither a panacea nor a magic bullet, and it can't be expected to work everywhere or for everyone (Armendariz and Morduch, 2010). Related to the purposes of microfinance, there is a strong similarity with Islamic bank, the inherent purposes of microfinance with Islamic bank are social performance and poverty alleviation. Although the practice of Islamic Bank base on the belief that money is not a productive asset and all the Islamic Bank activities not only in term give benefit in the world but also hereafter. Furthermore, to carry out maqhasid sharia, the activities of Islamic banks must emphasize factors such as ethical, moral, social, and religious to promote equality and justice for kindness the community (ummah). Principles encouraging risk sharing, individuals rights and obligations, property rights and purity of contracts are part of the universal values as underlie the Islamic banking system (Dhumale and Sapcanin, 1998).

According to Nugroho (^b2014 and 2015), Islamic Banking should have a microfinance services and products which should commit to the social issues such as environmental, low-income community (poor people), disabilities persons and gender. The environmental damaged was happening in Indonesia conditions is certainly contrary to the principles of Islam which the most of the Indonesian population are Muslim. Islam is not only a religion but also also the way of life. Islam is a religion that upholds values of civilization and humanity that combine aspects of the material and the spiritual, world and eternity. Therefore, the environmental damage was not due to religion but because of ignorance and low levels of education as the most community in developing countries like Indonesia. According to Nugroho (^a2014) Islam emphasizes of science and knowledge to humans or the people who studying becomes a mandatory. One of the tangible evidence of the glory of science in Islam is the first verse revealed by God to the Prophet Muhammad related to science (QS. Al-'Alaq: 3-5) as follows:

أَقْرَأْ وَرَبُّكَ الْأَكْرَمُ ﴿٣﴾ الَّذِي عَلَّمَ بِالْقَلَمِ ﴿٤﴾ عَلَّمَ الْإِنْسَانَ مَا لَمْ يَعْلَمِ ﴿٥﴾

Meaning: "Recite, and your Lord is the most Generous-Who taught by the pen-Taught man who which he knew not." The Islamic perspective on science is very important because knowledge as a means of strategic and effective in lifting the human dignity of the downturn, as happened in the era Jahiliyya. The explanation is the human knowledge will give in his job, opportunity and a promising opportunity in the future, full of confidence, and not easily manipulated. Inherent with this, the Qur'an insists on important of intellectual responsibility in performing various activities. In this regard, the Qur'an besides teaching humans to lifelong learning requires someone to work with the support of knowledge, ability and skills held for the benefit of the Ummah. The work without the support of knowledge, ability and skills considered invalid and will bring destruction.

b. The Clean Water Financing Business Model of Bank Syariah Mandiri (BSM) Kudus Branch

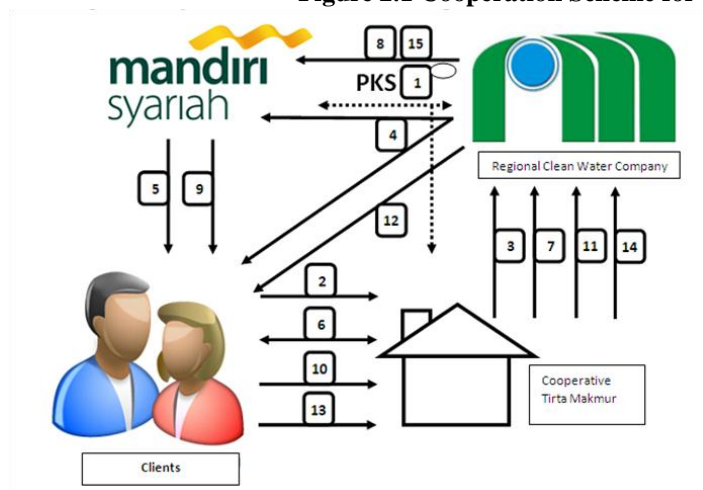
Islamic banking is one of the Islamic financial systems must able to give benefits to economic development in Indonesia. Islamic banking as an institution and as ethical sharia-based intermediaries also has the potential to support income distribution and financial stability which function to increase access to financial services to all levels of the community, including the poor who have the potential to improve their economic level (Muljaman, 2013). Based on this, clean water financing business model that provided by Islamic bank is a part of Islamic Bank commitment. Nevertheless, water is very important for human, it's also explicitly stated in Qur'an, Al Anbya verses 30, meaning: "Have those who disbelieved not considered that the heavens and the earth were a joined entity, and we separated them and made from water every living thing? Then will they not believe?." According to Al Anbya verses 30, its suggest that if we want to live more healthy, we should consume enough amounts of water, both to drink, or to cleanse themselves and the environment, as well as to do ablutions (water as sources of life). First of all, there is an important question related to clean water financing business model, why water connection financing is important?. The answer because of the limitation of poor people to pay in cash for clean water connection and water is basic need for human life to survive. Furthermore, in cases in the

Kudus region of Indonesia, regional clean water company want to focus on the technical side of clean water production, in addition, regional water company of Kudus also has cooperative employees. Because of this condition, the business model of clean water financing at Kudus Branch, involving several parties as follows:

- a. Bank Syariah Mandiri (BSM) Kudus Branch;
- b. Regional Clean Water Company (PDAM) Tirta Kudus Dharma;
- c. Employees Cooperative Tirta Makmur Kudus (Cooperative Employees PDAM Tirta Dharma).

Based on this cooperation, the scheme can describe as follows:

Figure 2.1 Cooperation Scheme for Clean Water Financing



Source: Small and Micro Division of Bank Syariah Mandiri (BSM)

According to figure 2.1, the mechanism of new connection for new customer as follows:

1. Make a Cooperation Agreement between Tirta Makmur cooperatives and regional water company;
2. Potential customers of the regional companies propose financing of clean water connections through Cooperative Tirta Makmur;
3. Cooperative Tirta Makmur forwarding submission connection clean water to regional water company;
4. Then the regional water company performs a feasibility analysis of potential customers who meet the criteria for financing micro-plumbing. Potential customers are eligible will then be processed by PT Bank Syariah Mandiri to analyze the history of the loan with the credit bureau system (BI-Bank Central Indonesia);
5. PT Bank Syariah Mandiri to process analysis based Checking data/identity that has been given by the customer;
6. If the results of the analysis of a prospective customer credit bureau feasible, then the approval of the provision of financing and the contract will be directly done by the prospective customer and cooperatives (representing PT Bank Syariah Mandiri);
7. Cooperative confirm the regional water company related to new customers;
8. The regional water company confirmed to PT Bank Syariah Mandiri to immediately execute disburse funds for the cost of connecting to the water;
9. PT Bank Syariah Mandiri make disbursements to the customer's account;
10. With the transfer authorization letter from the customer, the funds for the financing to transferred to the account of the Cooperative Tirta Cooperative Tirta Makmur will confirm to the regional water company to install water connections;
11. Cooperative Tirta Makmur confirm to the regional water company to install water connections;
12. Regional water company water installing water connection to the customer;
13. Installment payments are including in the payment slip of water each month. So in this cooperation there are two payments, the first payment of water use and the second for installment payments for the connection of clean water;
14. Submit installment payments to the regional water company;
15. Submit installment payment to PT Bank Syariah Mandiri.

In this cooperation there is obliging of each party as follows:

- a. Regional water company obligations:
 - 1) As early warning system in arrears payment before the clients pay off their clean water financing.
 - 2) If there is arrears from the clients, regional water company should pay arrears to the BSM, related to customers who fail to pay.
- b. Islamic Bank obligations:
 - 1) Disbursement clean water clean financing (for customers who need/poor people) to regional water company/PDAM clients through cooperatives for new customers who have obtained approval (feasible) from the regional clean water company and Islamic Bank/BSM.
 - 2) Provide a report to the cooperative and regional clean water company related to status of payments by the customer recipient micro-finance facilities.

Explanation of sharia perspective, the concept of microfinance Bank Syariah Mandiri is very different from the concept of the conventional bank, Bank Syariah Mandiri applies murabaha, the concept of buying and selling (trade) with the margin system, because the conventional micro financing to apply the system of interest. Furthermore, the mechanism of murabaha in this business model, Bank Syariah Mandiri buy a water extension package (clean water connection) from regional clean water company and sell the package to customers who can't pay cash the clean water connection through the Cooperative Tirta Makmur that designated as intermediary of regional clean water and as a representative of BSM to the customer. Nevertheless, micro-finance in this program will be successful if there is a strong encouragement of customers (willingness) to pay this installment. The encouragements from customers to have clean water connection as follows:

- a. Customers live in areas which have trouble with groundwater;
- b. The use of clean water will cut household expenditure according to GTZ study that conserves water payment expenditure by 25 fold, according to the data sample from Perpamsi (associations of water companies all over Indonesia), the average requirement per month per household is 10 m³, then poor households will pay Rp500.000,- per month for the use of water from private water sellers. Nevertheless of using clean water from regional clean water households only pay Rp20.000,-. Its mean the poor people can save Rp480.000. Furthermore, the gap between using clean water from private water sellers with using clean water from regional clean water is Rp480.000,- can use for pay the installment of clean water connection;
- c. Health awareness, low-income people generally have low levels of education are less concerned the quality of the water used and will caused the disease to their families. This ignorance will interfere with their daily activities that impact reduces productivity.

c. The Islamic risk management required for the expansion of microfinance portfolio of clean water connection

Feasibility analysis is commonly used to determine the prospective clients of micro financing feasible or not to obtain a loan are 5C's analysis. The 5 C's analysis can be divided into two pillars:

- a. The first pillar, associated with willingness associated with characters that include responsibility, honesty, seriousness in the business, the customer wish to pay off the entire loan;
- b. The second pillar, associated with skills related to capacity, capital, condition and collateral.

Nevertheless, the most important in the analysis of feasibility of micro-finance is a character (Diamond, 1991) and collateral (Holmstrom and Tirole, 1993). Available collateral is an obstacle for low-income communities or poorer households. Based on the difficulty of providing collateral constraints (collateral) by low-income people and poor households. Related to intervention understanding in clean water financing is Islamic Bank (Bank Syariah Mandiri) using only the first pillar that is a willingness to pay related to the character. Furthermore, feasibility analysis based on the results of BI checking (credit bureau) the prospective customer. If the customer has a checking BI positive result, then a borrower is eligible to get micro-finance facilities clean water connection. The intervention analysis in clean water financing business model for low-income communities or poor people is very important, because low income and poor people cannot pay in cash to buy clean water connection from the regional clean water company.

Risk management in Islamic perspective is to realize maqashid sharia protect the welfare of humanity. Choudhury (2009) defining maqasid al-shari'ah as "promotion of social well-being, which lies in keeping their faith (din), their self (nafs), their intellect ('aql), their lineage (nasl) and their wealth (mal) ". Islam as the human way of life also gives instructions to manage different types of risks faced by humans in carrying out in activities (muamalah) including anticipation of investment risk, business risk and others. Water is a basic need, thus business model clean water financing for the poor is an implementation of the *maslahah ummah* or *maqhasid sharia*, which is also one of the important pillars of Islamic economics and Islamic finance (Beik, 2013). This action as a part of prudential banking implementation because even though the business model addressing for the poor people but Bank Syariah Mandiri keep the choice not all of them



qualify, but those who have a sense of responsibility (willing to pay) and have consciousness for their debt. Islamic perspective on debt is a treasure when we obtain through debt (debt money and then buy the goods, for example), then it is our obligation to pay off that debt as soon as possible according with the agreement. Furthermore, in the case of debt, it is recommended to be very careful and reasonable also appropriately with the needs and tailored to your ability to pay at later. Therefore, the debt not to burden the debtor. Borrowers who have been able to pay its debts must not procrastinate, while for borrowers who have not been able to pay it off should be given the opportunity to afford to pay off the debt. Debts must be paid so that people who do not willing to pay debt be sinning, even neglecting debt payments are also included persecution. The act of persecution is one sin. Prophet Muhammad said:

(مسلم و البخارواه) ظلم الغني مظل

Meaning: "The rich who neglect debt obligations are persecuting" (Hadith: Bukhari Muslim)."

Risk mitigation in Islamic Bank also has important while risk is inherent in all businesses, an effective management of risk is a core competence within a bank. While the legal maxim, "with profit comes risk" (al-ghorm bil ghomn) confirms that fact that a business cannot expect to make profit without assuming potential loss or risk in its undertakings, it does not mean simply letting its fingers burnt in the taking of risk. An Islamic bank relies on the risk management values to efficiently manage its risks including: credit risk, market risk, liquidity risk, operational risk and Shariah non-compliance risk. Nevertheless Islamic Bank is based on the principles of "al-ghorm bil ghomn" and "al-kharaj bil daman" which indicates that risk-taking must be pursued with full responsibility and accountability to the outcome of business decisions. Aggressive risk-behavior that is devoid of accountability to the consequences business decision, will only pave the path towards the destruction (fasad) of the financial system. In addition related to risk management in the provide micro financing for clean water connection, with this program, the expenses for clean water by poor households became decreasing, it's shown in the below table:

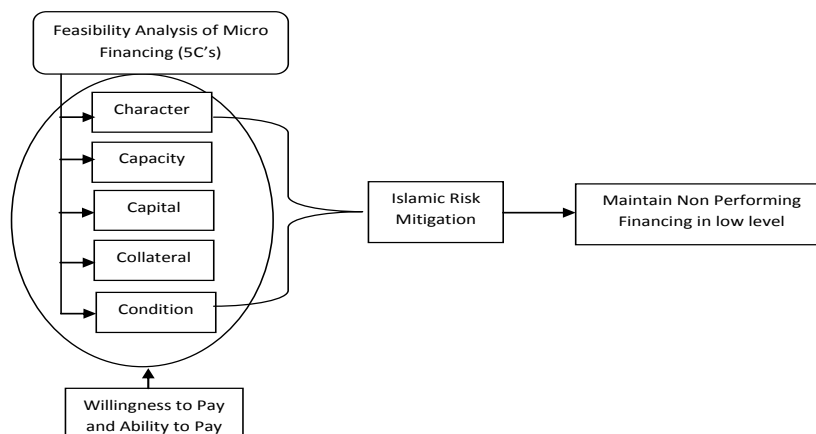
Table 2.1 Expenditure of Poor Households for Clean Water

 <p>Non PDAM</p>	<p>Quality not guaranteed</p>	<p>Price per tin water = Rp 1.000 1 liter = Rp 50</p>
	<p>Secured Clean Water Quality</p>	<p>Price 1 M3 = Rp 2.000 1 liter = Rp 2</p>
 <p>PDAM</p>		

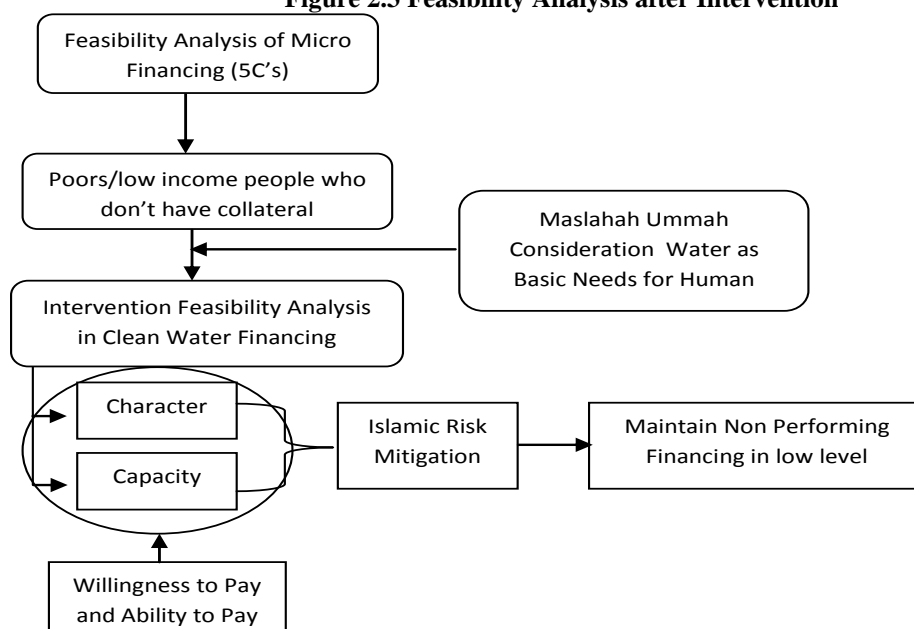
Sources: Iuwash Publication

According to the table 2.1 above, using the water from (PDAM) can be more efficiency till 25 fold, this gap very useful for the poor because of the gap could be allocated for pay water financing installment to the Islamic Bank and regional clean water. The benefit of using clean water from regional water company not only decreasing poor household expenditure but also for health purposes, etc. In Islamic Bank side the gap of expenditure between using clean water from private company (non PDAM) with increasing of repayment capacity from poor household, it will reduce the default risk of financing payment. The mechanism of clean water financing can be illustrate as follow:

Figure 2.2 Feasibility Analysis Without Intervention



Source: Small and Micro Division of Bank Syariah Mandiri (BSM)

Figure 2.3 Feasibility Analysis after Intervention

Source: Small and Micro Division of Bank Syariah Mandiri (BSM)

According to in figure 2.2 and 2.3 the main cause micro financing feasibility analysis intervention is the limitation from the collateral of the poor people. The clean water financing business model is the financial feasibility based on the results of Bank Indonesia checking (credit bureau) that can represent a character and reduce the cost expenses for clean water consumption, therefore, it can use for feasibility analysis because can be representative of the willingness to pay and the ability of pay the candidate of clients. Character associated with the violation of moral (moral hazard), which is the tendency of a person's intentionally distorting the authority and capacity for self-interest. Furthermore, the definition of capacity is the ability of prospective customers or clients to pay installment and payoff their loans or financing. In addition, for anticipation of credit (financing) risk in clean water financing business model need micro financing insurance to cover the risk in future. In addition, to expand *maslahah* (benefit to the community) from clean water financing benefit, the role of government is essential to support the success of this program (Nugroho, ^a2014). The role and function of government in distributing micro-financing for clean water connections are as follows:

a. Capacity Building

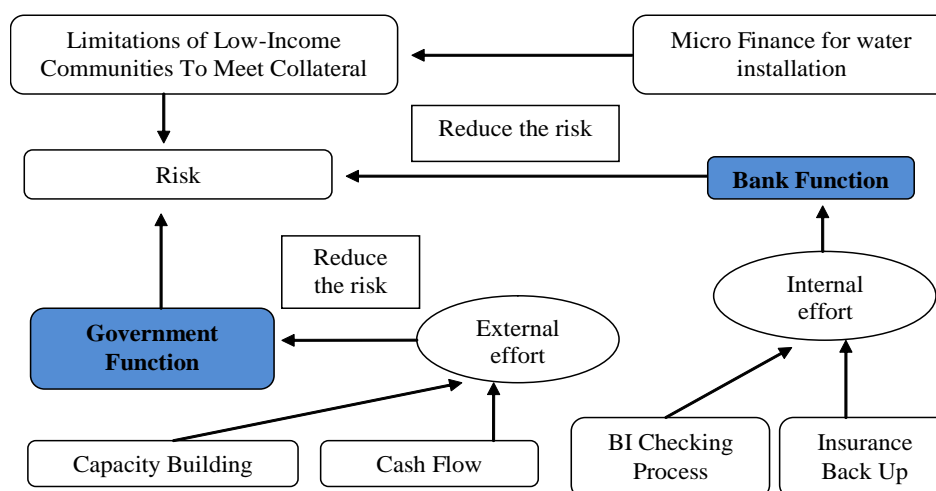
- 1) Government as an agent of change contributes to change people's habits in the use of water, which aims to keep up their health. Therefore, socialization functions related importance of clean water to support their health undertaken by government officials in the regional area is necessary, so that people are aware and have a dependency on the use of clean water;
- 2) Government as agent of development, served to increase the public knowledge of significance to using clean water, and its effects can lower the expenditure of the household of the community, if the people get sick due dirty water coming from river or ground water, then impact to household expenditure will increase also;
- 3) Islamic banking has limited ability to spread out of clean water financing business model, because in the process of cooperation with the (PDAM) needed standardization of perception, associated with a scheme of cooperation and benefits. Based on the role of the government is require to provide standardization scheme of cooperation between the Islamic Bank with officials.

b. Cash Flow

- 1) The government provides subsidies related to operating costs, the scheme is placement of third-party funds with low margin in Islamic Bank. Regarding to the government placement funds, can support Islamic Bank to execution of clean water financing business model with affordable margin for poor people;
- 2) The government made cooperation with Islamic Bank to reduce risk in clean water financing business model with insurance (financing, insurance) which premium expenses covered by the government. However to avoid moral hazard of clients, the government does not need to expose the program. Nevertheless, this program as a part of an agreement between the government with Islamic Bank.

Based on this scheme, the aspects of the collateral can be replaced by government role. The role of government will be giving benefit to the community (maslahah) if the government also takes a part in the clean water financing mechanism because the function of government to create the social well-being (Choudhury, 2009). Based on the role of government in reducing risk at the clean water business model, the scheme can be described in figure 2.4 as follows:

Figure 2.4 The Scheme of Clean Water Financing Business Model with Government Support



Source: Small and Micro Division of Bank Syariah Mandiri (BSM)

The existence of Islamic Bank should give impact of maslahah to ummah because the ultimate goals of activities in Islamic perspective are Maslahah. Maslahah is is all activities should give benefits and refusing all activities that harm nature or bring damage. Nevertheless, according to Nugroho (^a2014) the existing human in the world should give a positive contribution to others not only for human life but for all the elements. Furthermore, regarding to Nugroho (2015) maslahah inherent with maqhasid sharia and the principles of maqhasid sharia according to Bahsoan (2011) and Nugroho (2015) as follows:

- a. First, Maintaining Faith (din). Humans require absolute faith or religion. Without religion, there is no point in life, even religion is the most important of all basic needs. Religion ranks first because it is in the Qur'an and Hadith of a man driven to believe in Allah, and that is set up way of life;
- b. Second, self or preserving life (nafs). Nourishes the soul is intended to keep the right to live in dignity and nourishes the soul to avoid acts of persecution in the form of murder, as well as actions that hurt includes eating foods that can damage the body or excessive in taking it;
- c. Third, Maintain Intellect ('aql). Sharia sees the human intellect or mind as a gift of Allah, which is very important. With the human mind can discern what is good and what is bad. With the human mind assigned to worship Because of that mind must be maintained and protected. For this reason, Islamic law forbids drugs, alcohol and all kinds that can kill the creativity of the human and degrade of morale;
- d. Fourth, Maintaining lineage or descendants (nasl). Descendants very important to protect discontinuity of population from one generation to another generation. Therefore, Islam regulates marriage and forbid adultery, assigns anyone who may marry the ordinance of marriage and terms, and the regulation that must be met. These made for preserving obvious and healthy descendants in a serene and peaceful atmosphere;
- e. Fifth, maintain the wealth or property (mal). Although essentially all of the property belongs to Allah, but Islam recognizes an individual's personal right. Islam requires that regulations concerning activity such as purchase, lease, borrow or lend and so on, but prohibits fraud and practicing usury. Maintaining a well-understood property set up the activity system on the basis of fairness and willingness;
- f. Six, Maintain the environmental, QS. Ar-Rum verse 41 stated:

ظَهَرَ الْفَسَادُ فِي الْبَرِّ وَالْبَحْرِ بِمَا كَسَبَتْ أَيْدِي النَّاسِ لِيُذِيقَهُمْ بَعْضَ الَّذِي عَمِلُوا لَعَلَّهُمْ
يَرْجِعُونَ ﴿٤١﴾

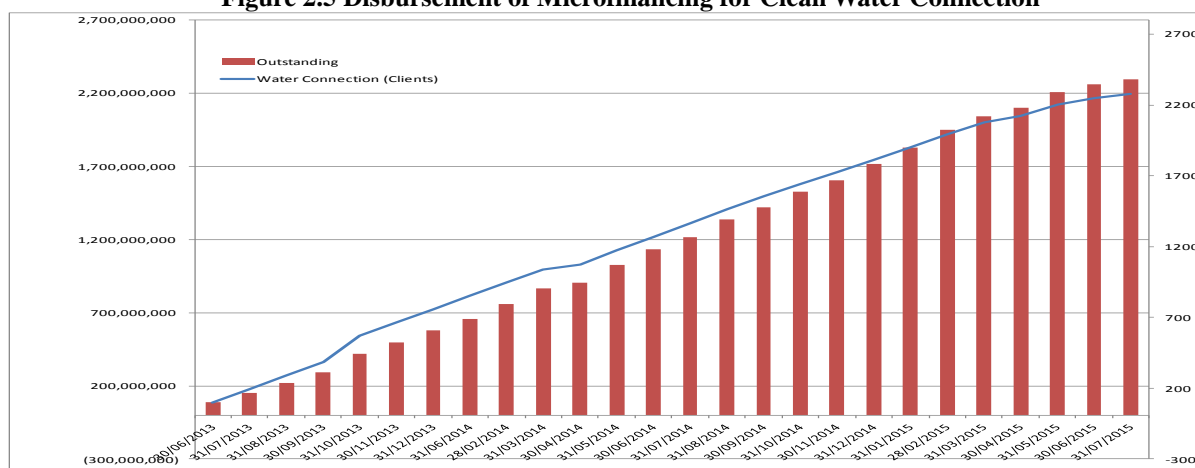
”Corruption has appeared throughout the land and the sea by [reason of] what the hands of people have earned so He may let them taste a part of [the consequence of] what they have done that perhaps they will

return [to righteousness]”. In this verse, Allah revealed the emergence of the environmental damage caused by human activities, and people will accept the consequences. Because of environmental damage would threaten human existence, especially our future descendants.”

d. Analyzing the data distribution and micro-financing installment payments clean water connection from January 2014 until November 2014

Implementation of the clean water financing business model at Bank Syariah Mandiri (Kudus branch) since January 2014, until November 2015, have been distributed to 2.281 low-income people or poor people with a total distribution clean water financing in absolute are Rp2.885.892.000. Chart and table the distribution of micro financing for clean water connection per month are as follows:

Figure 2.5 Disbursement of Microfinancing for Clean Water Connection



Sources: Disbursement Reports Microfinance Bank Syariah Mandiri Kudus Branch

Table 2.2 Disbursement of Microfinancing for Clean Water Connection

Batch	Disbursement Date	Water Connection (Clients)	Outstanding	Disbursement per batch	Outstanding	Quality Installment
Batch 1	30/06/2013	98	86,232,940	125,694,000	86,232,940	1
Batch 2	31/07/2013	193	151,387,616	94,934,000	151,387,616	1
Batch 3	31/08/2013	290	217,234,042	97,029,000	217,234,042	1
Batch 4	30/09/2013	385	290,243,598	102,672,000	290,243,598	1
Batch 5	31/10/2013	572	419,743,075	182,117,000	419,743,075	1
Batch 6	30/11/2013	668	498,163,643	106,527,000	498,163,643	1
Batch 7	31/12/2013	757	579,437,532	110,519,000	579,437,532	1
Batch 8	31/06/2014	851	658,792,026	104,358,000	658,792,026	1
Batch 9	28/02/2014	947	760,201,346	133,362,000	760,201,346	1
Batch 10	31/03/2014	1036	864,894,649	133,500,000	864,894,649	1
Batch 11	30/04/2014	1071	906,066,173	52,500,000	906,066,173	1
Batch 12	31/05/2014	1172	1,028,383,084	151,500,000	1,028,383,084	1
Batch 13	30/06/2014	1271	1,131,333,197	127,476,000	1,131,333,197	1
Batch 14	31/07/2014	1367	1,217,081,348	106,176,000	1,217,081,348	1
Batch 15	31/08/2014	1465	1,339,174,737	147,000,000	1,339,174,737	1
Batch 16	30/09/2014	1555	1,421,849,403	99,540,000	1,421,849,403	1
Batch 17	31/10/2014	1642	1,528,992,581	130,500,000	1,528,992,581	1
Batch 18	30/11/2014	1725	1,606,218,726	92,980,000	1,606,218,726	1
Batch 19	31/12/2014	1812	1,717,550,526	130,500,000	1,717,550,526	1
Batch 20	31/01/2015	1900	1,830,162,002	132,000,000	1,830,162,002	1
Batch 21	28/02/2015	1993	1,952,260,945	139,500,000	1,952,260,945	1
Batch 22	31/03/2015	2080	2,043,032,538	103,708,000	2,043,032,538	1
Batch 23	30/04/2015	2124	2,102,202,354	66,000,000	2,102,202,354	1
Batch 24	31/05/2015	2206	2,206,879,433	116,696,000	2,206,879,433	1
Batch 25	30/06/2015	2247	2,262,045,337	61,500,000	2,262,045,337	1
Batch 26	31/07/2015	2281	2,296,579,363	37,604,000	2,296,579,363	1
Total		2281	2,296,579,363	2,885,892,000	2,296,579,363	

Sources: Disbursement Reports Microfinance Bank Syariah Mandiri Kudus Branch

Based on figure 2.5 and table 2.2 at the above, the average distribution per month (June 2014 until November 2014) is 207 or 8 people every day, if using a financing clean water business model and support with intervention feasibility analysis. If we use commonly feasibility which not been using 5 C's aspects the amount of disbursement 207 people per month will be difficult to meet, due to requiring a visit to home each prospective customer, and the impact process analysis will take a time. Thus, the clean water financing business model which supports intervention feasibility analysis in Bank Syariah Mandiri gives benefits to the community. According to the internal report of Bank Syariah Mandiri, the distribution of clean water financing business model (Disbursement Reports Microfinance Bank Syariah Mandiri Kudus Branch, 2014) has good quality, which means that there is no arrears installment payment from customers whereas they are low-income people/poor. In a period of 26 months, Bank Syariah Mandiri has disbursed clean water financing portfolio to 2.281 low-income communities with an average ceiling financing Rp1.265.187 and the average installment Rp54.404, 50 per month.

IV. Conclusion

Regarding to the analysis of the distribution of clean water financing business model with the intervention of feasibility analysis to poor or low-income communities can close the following matters:

- a. Government support is very important in order to optimize, clean water financing business model, especially for low-income communities or poor, who want to improve their quality of life and economic level in the future. The program is also inherent with Millenium Development Goals program;
- b. Microfinance is apart the Islamic banking products, one of the product is clean water financing business model which supports with intervention feasibility analysis. This business model created to consider of the needs of the poor to access clean water;
- c. The financial risk in the clean water financing business model have been mitigated by the client character analysis through BI checking (credit bureau) and insurance (credit insurance). However, there are limitations of capital's ability of Islamic banking risks will arise and a number of human resources if it is implemented massively throughout Indonesia without government support;
- d. The program can have a wide impact in communities across Indonesia if government involving, therefore, government support is needed to enhance capacity building and cash flow. With the support of the government, the risk of clean water financing disbursement for poor people will decrease;
- e. Need technology to supported interventtion feasibility analysis with the credit bureau for checking the applicants financing histories. Furtermore, related to the credit bureau, all the outlets of Islamic Bank should have information technology that connects with the central bank database.

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About the Author: Willy Arafah, graduated from Faculty of Economic and Master of Management, Trisakti University. Doctorate program from Jakarta State University and San Beda Graduate School of Business, Philippines (Manila), currently working as a permanent lecturer at Faculty of Economic and Secretary at Doctorate Program in Economics, Trisakti University, Jakarta. **Lucky Nugroho** is student Doctorate Program in Islamic Economic and Finance, Trisakti University and also staff in Bank Syariah Mandiri (Islamic Bank) at Jakarta-Indonesia. Beside as practitioner He also as a permanent lecturer at Accounting Department of Faculty Economics Trisakti University.