



THE EFFECTIVENESS OF DISTRIBUTION OF SUBSIDIZED SHARIA MORTGAGE OF BANK BTN SHARIAH FOR COMMUNITIES WITH LOW INCOME: A CASE STUDY IN KENDAL REGENCY

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Abstract

This study intends to examine the procedures and mechanisms for disbursing subsidized sharia mortgage, as well as the effectiveness of subsidized mortgage distribution at BTN shariah in providing decent housing for low-income people. This study was conducted in BTN Shariah of Kendal Branch. This study used quantitative research by distributing questionnaires to 90 respondents determined through the Slovin method. To investigate the effectiveness of the distribution of subsidized mortgages, the Artificial Neuron Network (ANN) was used. The results showed that the procedures and mechanisms for disbursement of the subsidized mortgage at BTN Shariah of Kendal Branch were following the Standard Operating Procedures (SOP) that had been established by BTN Shariah. However, there was a mismatch between the Regulation of the Minister of The Ministry of Public Works and Housing No. 48/PRT/M/2015 Article 20 paragraph (7) concerning the disbursement of subsidized funds. The results of the questionnaire show 50.5% of customers chose "uncertain" on the indicator of "timeliness of subsidies disbursement" since they thought that the timing of the funds was uncertain. This statement is not in line with the regulation of the Minister for Public Works and Human Settlements that the disbursement is no later than two working days after the documents are received. Meanwhile, based on the results of calculations using the ANN, the distribution of subsidized mortgages has been effective by 0.877 or 87.7%.

Keywords: Effectiveness, Sharia Mortgage, Subsidy, Artificial Neuron Network (ANN)

INTRODUCTION

The house is a *Dharuriyah* need for humans, almost as important as food or clothing. The importance of housing and settlement is one of the basic needs for humans to improve the standard of living. This is in line with the provisions in the 1945 Constitution of the Republic of Indonesia Article 28 H paragraph (1) that stipulates the right of every person to earn a good and healthy living environment. Data from the Indonesian Statistics (2021) showed that the population of Indonesia reaches 271 million. This also has an impact on the increasing demand to own a house within the community. However, the price of houses is increasing over time and becoming unaffordable. To solve this, the government strives to improve the welfare of the community by providing funding assistance as the goal of *Maqasid Shariah* is aimed at human welfare. The Minister for Public Works and Human Settlements (henceforth KEMENPERA) provides subsidies for housing financing for low-income people. This subsidized spurred mortgage ownership (henceforth KPR) will help people with low income or middle to lower class people to be able to get a house. The government provides these subsidized funds by cooperating with the banking sector to provide financing with down payments and low installments as well as a relatively low and fixed-rate margin (*nisbah*).

Table 1. People live in Poverty in Kendal Regency

Poverty Indicators	Poverty		
	2018	2019	2020
Poverty Line (IDR/Regency/Month)	353,127.00	369,769.00	396,691.00
Percentage of People live in Poverty (%)	9.84	9.41	9.99

Source: [https://www.bps.go.id/Kabupaten Kendal](https://www.bps.go.id/Kabupaten%20Kendal) (2021)

The percentage of the middle to lower class or in the poor category in Kendal Regency from 2018 was 9.84%, then decreased in 2019 to 9.41%, but in 2020, it increased again by 9.99% of the total population in Kendal Regency. This shows that there are still many people in the middle to lower class in Kendal Regency. Therefore, the housing development program is very appropriated to be implemented by the KEMENPERA. Thus, the vision of KEMENPERA from 2010 to 2014 is that every Indonesian family occupies a livable house. The Housing Finance Liquidity Facility (FLPP) subsidized mortgage is a subsidy program carried out by the government to provide residential ownership with housing finance liquidity facilities for all Indonesians with low and fixed installments throughout the credit period. The subsidized mortgage is a support program for housing financing for people with low income by executing with banks collaborated with the KEMENPERA in order to provide facilities for ownership of subsidized houses built by developers with the target people of those with low incomes.

The target groups include families or individuals who either have fixed or non-permanent income as well as those who have never owned a house and have never received a housing subsidy, including low-income groups whose maximum monthly income is IDR 4,000,000. In its development, KPR is not only monopolized by conventional banks but also Islamic banks. Bank Tabungan Negara Shariah (BTN Shariah) is a Sharia business unit owned by a conventional Bank Tabungan Negara (BTN) that supports the FLPP program issued by KEMENPERA. It had received the first Best Sharia Bank according to KEMENPERA in implementing the subsidized Sharia mortgage program targeting people who have low income.

Subsidized sharia mortgage is one of the products owned by BTN Shariah adapted to use the Sharia concept in terms of the contract or the transaction. One of the attractions BTN Shariah is the contract of *Musyarakah Mutanaqisab* contract. The contract is a hybrid of *Musyarakah* dan *Ba'i* contracts, which means that the purchase of a house that is used as a collateral mortgage is a shared asset between the bank and the customer with the ownership proportion that has been agreed at the beginning of the contract. In addition, BTN Shariah offers other relief programs for KPR Hits customers, including a small down payments starting from 1% and also affordable installments with two scheme options. The first option is *ujroh* or rent of 7.75% fixed for the first 3 years. Second, *ujroh* of 8.25% fixed for the first 5 years then tiered over the KPR period up to the next 30 years. BTN Shariah has realized financing of around IDR 26 trillion and has booked assets worth IDR 28.5 trillion (Merdeka.com, 2019). In line with BTN's vision of "To become a leading bank in housing finance" and this vision is implemented not only for commercial housing but also for subsidized housing finance. Effective financing distribution can be seen from program success, target success, program decisions, input and output levels, and overall goal achievement (Cambel, 1989). Effectiveness at BTN Shariah can be identified from the implementation of the financing distribution process through opinions by financing customers as well as financing procedures in BTN based on Standard Operating Procedures (SOP) (<https://www.btn.co.id ›ind› GCG-Reports>).

LITERATURE REVIEW

Financing Theory

According to Coleman & Robb (2012), the definition of financing is one of the main tasks in a banking where the provision of facilities for providers of funds used for needs by parties is a unit deficit, meaning that financing is a given party funding to other parties to support investments that have been planned for themselves and the Institution (Coleman & Robb, 2012).

Effectiveness Theory

According to Khalid & Sarea (2021), effectiveness is the ability of a company to achieve goals or final results that have been set precisely which are used as applicable standards to reflect a company that has shown operational effectiveness. Referring Amin (2020), the definition of effectiveness is a match between the person's effort in carrying out the task with the intended target or the comparison between the goal achievement with the plan or a comparison of real results with the results that have been planned. The criteria for evaluating the effectiveness are as follows (Amin, 2020b, 2020a; Kennedy, Juliana, & Suci Aprilliani Utami, 2020):

- a. **Goal Setting**, all plans must be evaluated to find out whether they are clear or not, accurate, real, and concise. The goal setting aimed at the subsidized mortgage program must be right on the. KPR Sejahtera IB financing that has been carried out by BTN Shariah is intended for low-income community. According to KEMENPERA regulation Number 20 Article 7 of 2014, subsidized KPR is only intended for people who have low incomes with a maximum of IDR 4,000,000 per month, who have never owned a house before, and have also never received a subsidized house from the government.
- b. **Timeliness**, by making plans which are adjusted to the changes that are happening (Kennedy et al., 2020). Timeliness according to regulation Number 48/PRT/M/2015 Article 20 paragraph (7) states that the disbursement of the difference in installment fees as referred to in paragraph (4) is made no later than 2 working days after the request for disbursement of fees.
- c. **Accountability**, in which there is responsibility for implementation. Accountability is a program assessed from the responsibility for the implementation of the subsidized mortgage program. In this case, the bank is very obliged to act as an intermediary to distribute subsidized funds provided by the government to customers. The government has the obligation to provide subsidized funds to help people with low income. While customers must live in a subsidized house that has been given by the government and cannot be leased or invested.
- d. **Scope**, it is necessary to pay attention to the principles related to the completeness, consistency, and also coherence. The scope includes the ease of submitting financing requirements as well as the provision of adequate facilities for subsidized houses. People who have low income to apply for KPR financing must be stated in KEMENPERA regulation Number 48/PRT/M/2015 Article 3 paragraph (1).
- e. **Usability**, in order to be useful for management in carrying out its functions, it is necessary to pay attention to a flexible, stable, sustainable, and simple plan. Its purpose is to make it

easy for the public to reach a subsidized house in terms of income and ease in the procedure for applying for the subsidized mortgage. The government has intervened through the KEMENPERA in the form of providing a mortgage for the low-income communities.

- f. **Cost-Effectiveness**, in carrying out all its activities, it is necessary to pay attention to cost-effectiveness regarding time, emotional flow, and effort (Amin, 2020b). Margin determination, in this case, must be following the regulation of KEMENPERA Number 48/PRT/M/2015 Article 3 paragraph (1) as much as 5%. Therefore the payment of customer installments will be given convenience in installments and within a long period between 15 and 20 years. Thus, it is very easy for customers.

Subsidized Mortgage

Definition of Subsidized Mortgage

According to Hardjono (2008) and Kennedy et al. (2020), KPR or commonly referred to as House Ownership Credit is a type of service that can be provided by banks to customers who need a special loan to buy or renovate a house. KPR emerged due to a need to own a house is getting more expensive with no match with people purchasing power. KPR Sharia is financing that is used to purchase a house on credit and is in accordance with the Islamic *shariat*, which is superior, safer, and free from usury and there are no party disadvantages.

Legal Basis for Subsidized Sharia Mortgage

Subsidized mortgage Financing is a housing financing facility provided by the government which refers to the Regulation of PERMENPERA Number 20/PRT/M/2014 namely Housing Finance Liquidity Facility to buy a house by means of credit for people who have low incomes. Article 1 paragraph (1) has stated that the FLPP is a support provided by the Ministry of Public Works and Public Housing. Article 1 paragraph (2) states that subsidized KPR, also known as KPR Sejahtera, is house financing which includes KPR Sejahtera Tapak and KPR Sejahtera Susun that has been issued by banks Sharia or conventional.

METHOD

Research Design

This study used library research and field research. Library research is collecting data regarding theories about some of the concepts needed to solve a problem while field research is direct data collection to the intended object of research to obtain the data. This study used a quantitative approach through data in the form of numbers. Data in the form of numbers is analyzed and conclusions are drawn (Sugiyono, 2018). Sources of data used were primary and

secondary data. Primary data was obtained directly from respondents, which are customers of the subsidized sharia mortgage of bank BTN syariah of Kendal Branch using questionnaires and interviews. Meanwhile, secondary data was in the form of the number of customers and archives as well as literature as a reference in this study.

Samples and Sampling Techniques

The sample is a part of the population sorted by certain characteristics. The sample in this study was the number of 100 customers who took subsidized sharia mortgage of bank BTN syariah. The sampling technique used was the non-probability sampling technique by taking samples that do not provide the same opportunity for each element or member of the population chosen to be the sample (Ferdinand, 2014).

Data Collection

Questionnaires

A questionnaire consists of written questions that are used to obtain information from respondents in the sense of personal reports or things related to respondents (Sugiyono, 2018, 2016). Questionnaires were distributed to customers who took subsidized sharia mortgage of bank BTN syariah.

Interview

An interview is a conversation to seeking information by asking questions (Sugiyono, 2014) to parties or staff of BTN Syariah of Kendal Branch.

Literature Study

Literature study relates to data collection related to research problems by using books, articles, or scientific papers (Sugiyono, 2018, 2016).

Data Analysis

Validity Test

The validity test is the accuracy of the tool used to measure the validity of the research instrument, therefore the instrument used must have a good level of validity (Ghozali, 2012; Hair, Black, Babin, & Anderson, 2010).

Reliability Test

Reliability is an index to see the extent to which measuring instruments can be trusted or relied upon. The reliability test can only be done on question points that have met the validity test, it can be said to be consistent if it can be done repeatedly and the instrument shows the same results and in the same conditions (Ghozali, 2012; Hair et al., 2010).

Artificial Neuron Network (ANN)

Artificial Neuron Network is used to measure the progress or retreat of a program. It can also be used to examine the learning process related to input, process, or output. Therefore, to assess the effectiveness of a program, it is necessary to know its output, and output can be obtained from the interaction of various inputs after several processes (Herdinata, 2010; Prathama, 2018).

RESULTS AND DISCUSSION

Respondent's Characteristics

The questionnaire was distributed to 90 respondents as follows:

Table 1. Characteristics of Respondents based on Gender

Gender	Frequency
Male	54
Female	36
Total	100

Source: Data Processed (SPSS 21.0 for Windows)

Based on Table 1, male customers dominate the financing of subsidized mortgages of 54 customers. While female customers are 36 customers of 90 total respondents in the study.

Table 2. Characteristics of Respondents based on Age

Age	Frequency
18-25 Years Old	42
26-40 Years Old	38
41-60 Years Old	10
Total	90

Source: Data Processed (SPSS 21.0 for Windows)

Table 2 shows that the age of the respondents is divided into 3 groups, namely 18-25 years old of 42 respondents, 26-40 years old of 38 respondents, and 41-60 years old of 10 respondents. The total respondents in the study are 90 respondents

Table 3. Characteristics of Respondents based on Level of Education

Level of Education	Frequency
Elementary-Junior High School	7
Senior High School	33
Diploma	21
Bachelor's/ Master's Degree	29
Total	90

Source: Data Processed (SPSS 21.0 for Windows)

Table 3 shows that the education level of the respondents is divided into 4 groups. First, Elementary-Junior High School of 7 respondents, the second is Senior High School of 33

respondents. The third is Diploma of 21 respondents, and the fourth is Bachelor's/ Master's Degree of 29 respondents. The total number of respondents in the study were 90 respondents

Table 4. Respondent's Characteristics based on Occupation

Occupation	Frequency
Civil Servant	28
Private Employee	22
Entrepreneur	34
Housewife	6
Total	90

Source: Data Processed (SPSS 21.0 for Windows)

Table 4 shows that the respondent's occupation is sorted into 4 groups. Civil servants was 28 respondents, private employees was 22 respondents, the entrepreneur was 34 respondents, and housewife of 6 respondents. The total respondents in the study were 90 respondents.

Table 5. Respondent's Characteristics based on Monthly Income

Income per Month	Frequency
< IDR 1.000.000	30
IDR 1,000,000 – Rp 2,000,000	22
IDR 2,000,000 – Rp 3,000,000	20
IDR 3,000,000 – Rp 4,000,000	18
Total	90

Source: Data Processed (SPSS 21.0 for Windows)

Table 5 shows that the monthly income of the respondents is divided into 4 groups. First, the total monthly income of <IDR 1,000,000 with 30 respondents. Second, the total monthly income of IDR 1,000,000-IDR 2,000,000 with 22 respondents. Third, the total monthly income of IDR 2,000,000-IDR 3,000,000 of 20 respondents. Fourth, the monthly income of IDR 3,000,000-IDR. 4,000,000 of 18 respondents. The total number of respondents in the study was 90 respondents.

Validity Test and Reliability Test

The validity and reliability tests were conducted on 90 respondents by asking 21 question items. To see the level of validity, it is necessary to test the significance by comparing the value of r_{table} with the r_{value} of r_{count} . Observing from the degree of freedom ($df = n - k$) of the entire number of samples and k is the number of constructs. It resulted that $90 - 2$ or $df = 88$ with an alpha of 0.05 or 5%, then the r_{table} is 0.204. If the r_{count} is greater than the r_{table} and the value of r is positive, then the question item can be said to be valid. Determining the validity by looking at each question item was done by comparing the r_{table} with the output corrected item-total correlation

Table 6. Results of Validity Test

Variable	Item	Corrected Item	r_{tabel}
Effectiveness of Financing Distribution (Y)	Y1	0.686	0.26
	Y2	0.678	0.26
	Y3	0.641	0.26
	Y4	0.594	0.26
Cost Effectiveness (X ₁)	X1	0.647	0.26
	X2	0.456	0.26
	X3	0.762	0.26
Goal Setting (X ₂)	X4	0.323	0.26
	X5	0.764	0.26
	X6	0.696	0.26
Timeliness (X ₃)	X7	0.716	0.26
	X8	0.576	0.26
	X9	0.581	0.26
	X10	0.669	0.26
	X11	0.647	0.26
Accountability (X ₄)	X12	0.511	0.26
	X12	0.588	0.26
Usability (X ₅)	X14	0.764	0.26
	X15	0.696	0.26
	X16	0.716	0.26
	X17	0.576	0.26
Scope (X ₆)	X18	0.594	0.26
	X19	0.641	0.26
	X20	0.678	0.26
	X21	0.686	0.26

Source: Data Processed (SPSS 21.0 for Windows)

Table 6 explains that each question item has a value of $r_{\text{count}} > r_{\text{tabel}}$ (0.206) and is also positive. 21 items in this study can be said to be valid because they have a calculated $r_{\text{count}} > r_{\text{tabel}}$. Meanwhile, a reliability test was done using the Alpha Cronbach. It can be said that reliability criteria are first, alpha coefficient close to 1 is very good, second, alpha coefficient above 0.7 is good/reliable, and third, alpha coefficient below 0.6 is not good/unreliable.

Table 7. Reliability Statistics

<i>Alpha Cronbach</i>	N of Item
.743	21

Source: Data Processed (SPSS 21.0 for Windows)

Table 7 indicates that the reliability test results have a Cronbach Alpha value of 0.743 or less than 0.6 and thereby instrument in this research can be said to be reliable.

The Effectiveness of Subsidized Sharia Mortgage for Communities with Low Income

Table 8. Results of the ANN of the Effectiveness of the Distribution of Subsidized Sharia Mortgage of Bank BTN Shariah for Communities with Low Income

<i>Average</i>	X ₁	X ₂	X ₃	X ₄	X ₅	X ₆	$\sum (X_n \cdot W_n)$	Effectiveness $Y^T = [1/(1+e^{-y})]$
	0.33	0.34	0.32	0.31	0.33	0.33	1.97	0.8773

Source: Data Processed (SPSS 21.0 for Windows)

Indicators of effectiveness in this study include cost-effectiveness, target setting, timeliness, accountability, usability, and scope of the distribution of subsidized mortgage financing which can be explained as whole effectiveness by measuring some of these aspects by using the ANN. The effectiveness is in the range of 0 to 1. If the value is closer to 1, the more effective it is. On the other hand, if the value is close to 0, it means the less effective it is. Meanwhile, obtained using the ANN, the effectiveness value was 0.877 or 87.7% and the value was close to 1. This means that it shows the distribution of subsidized mortgage financing distributed by BTN Shariah of Kendal Branch is declared effective and the rest 12.3% is explained by other factors outside the indicators of effectiveness in this study. This distribution needs to be continued so that in the future it can produce an even better level of effectiveness in distributing subsidized mortgage financing that can help the needs of low-income people to have decent and affordable housing.

CONCLUSION

The results ANN showed an effectiveness level of 0.877 or 87.7% and is close to 1 of the effectiveness level of subsidized mortgage financing for the low-income communities at BTN Shariah of Kendal Branch. This shows the distribution of Subsidized mortgage financing distributes by BTN Shariah of Kendal Branch distributed to customers of the community with low income is declared effective of 87.7% and the rest is 12.3% is explained by other factors outside the indicator of effectiveness in this study. This shows that the distribution of subsidized mortgage financing mediated by the BTN Shariah of Kendal Branch is quite effective and in line with standard operating procedures established by KEMENPERA.

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