Micro Financing Regulation in Sharia Banks Connected with the Bank Function as Financial Intermediary Institution

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Abstract: A bank, as a financial intermediary institution, collects funds from fund surplus party (excess funds) and distributes to fund minus party (lack of funds). As an agent of development,it distributes funds through microfinance distributed to micro enterprises aimed at improving the level of people's incomes to overcome income gap problems. Micro small enterprises need to get support for strengthening technology, information, marketing, capital, access to financial resources, and access to good markets as well as big enterprises. The institutional role has not been maximally overcome the gap problems seen from the lack of Sharia Bank issued micro finance products. Meanwhile, sharia cooperatives and BMTs given attention to UMKMs face the problem of bad financing and sharia compliance in its implementation. Therefore, this research is conducted to know the regulation of micro financing in sharia banks connected with the function of banks as the Financial Intermediary Institution and the constraints faced in implementation. The method used is descriptive analysis with normative juridical approach. Data type consists of secondary data and primary data. The data is collected by literature study and interview.

1 INTRODUCTION

Sharia banking has an important role in encouraging the growth and equity of the national economy through its intermediary role of collecting funds from people who have excess property with those who have lack of funds for both consumptive and capital and business development. It has a characteristic as multi finance of financial institution and a function to bridge economic problems such as economic disparities, unemployment, etc. Indonesia is one of the countries whose current economic gap is quite worrisome because of the unbalanced of poverty and wealth rate. It is proven by Bank Indonesia recorded about the increasing economic gap (Gini Ratio) of 0.41% from 2012 to 2013 and the lowest Indonesia's ratio in 2008 of 0.35%.

Poverty level in March 2014 was 11.25% or decreasing 0.11% compared to March 2013. This decline was followed by gini ratio in which, since 2011, it became increasingly slower. Absolutely, it was decreasing less than 1 million of poor society each year because of present poverty conditions that have reached chronic step and yet optimum macroeconomic conditions. Disparity among provinces has been happening in which the poverty level in provinces in eastern Indonesia is relatively higher than western Indonesia. In other parties, Gini Coefficient was increasing until 0.42 in 2013 (Rahma, 2014). According to Syamsyuddin (2011), inequality tended to increase in 2009-2010 and needed a local justice formula to muffle enhancement rate of GINI ratio magnitude coefficient. This poses a challenge to Bank Indonesia to help reducing the poverty rate and the level of disparities in Indonesia.

In March 2017, the Central Bureau of Statistics (BPS) noted the level of inequality of Indonesian population expenditure as measured by gini ratio is 0.393. The GINI ratio decreased 0.001 points from 0.394 in September 2016. Meanwhile, it decreased 0.004 points from 0.397 in March 2016. The gini ratio in urban areas in March 2017 of 0.407 decreased from 0.409 in September 2016 and 0.410 in March 2016. Meanwhile, gini ratio in rural areas in March 2017 of 0.320 increased from 0.316 in September 2016 and 0.327 in March 2016. While the Gini Ratio in rural areas in March 2017 was 0.320, it was 0.316 in September 2016 and 0.327 in March 2016. It is also revealed that Indonesia's gini ratio experienced fluctuations nationally and ranging from March 2015 to March 2017 began to decline as

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