

## SHARIA BANKING CSR DURING THE COVID-19 PANDEMIC

**Afida Tiya Istiqomah**  
Master of Management  
Ahmad Dahlan University  
Yogyakarta

### Abstract

The COVID-19 pandemic has greatly affected the world, especially in the economic sector. One of them is banking, in this case the banking industry suffers losses because in order to reduce the spread of the virus the government makes regulations to stay at home, so the economy cannot run well. Many companies fire their employees because the company is no longer able to finance their salaries. CSR is a concept or action taken by the company as a responsibility CSR is a continuing commitment by the business world to act ethically and contribute to the economic development of the local community and society at large, along with improving the standard of living of their work and their entire family. Many companies have done CSR well, including Islamic banking in Indonesia. They help each other by providing food assistance, special policies so as not to make it difficult for customers, etc.

**Keywords:** Pandemic, Coronavirus Diseases, Banking, Social Responsibility

### BACKGROUND

The Covid-19 pandemic or corona virus that has been going on since the beginning of 2020 has greatly impacted human life, in addition to the social and cultural sector, it also has an impact on the economic sector. Coronavirus Diseases 2019 (Covid-19) is a new type of disease that has emerged and has never been previously identified in humans (Dewi, 2021). The Corona Virus Disease 2019 (Covid-19) pandemic is an ongoing or ongoing problem in more than 200 countries in the world (Setiati, 2020).

Many layoffs occurred on a large scale because the company experienced a decline in demand due to the declining purchasing power of the people. The financial sector also cannot be separated from the impact of COVID-19, not only conventional banks, Islamic banks are also experiencing the impact that occurred in this situation. The losses caused by the COVID-19 pandemic have occurred in all economic sectors which will definitely take a long time to recover as before. Lockdown activities are part of the laws and regulations contained in Law Number 6 of 2018 concerning Health Quarantine which discusses Health Quarantine at Entrances and in areas carried out through observation of a disease and Public Health Risk Factors for transportation means, people, goods, and/or the environment, as well as responses to Public Health Emergencies in the form of Health Quarantine actions (Yunus, 2020). Because their

industry is not running, so that income has decreased, when a company has a loan or credit at a Sharia Bank, it will especially experience congestion. So that it will have an impact on the bank that gives loans to the company.

## METHOD

The method used is descriptive qualitative method. Qualitative research method is a research method to reveal or explain a fact or event, situation, phenomenon, variable and situation that occurred during the research by presenting what actually happened. Qualitative descriptive is used to understand and provide a clear picture of the problems related to this research, and analytical methods are used so that the authors can arrange this research in a systematic form.

This study uses secondary data as the source. Secondary data is data obtained from existing sources. In collecting data, researchers used library research techniques (library studies). This technique seeks to collect data related to the problems discussed in this study through various literatures. Examples of secondary data include; books, journals, news, company financial reports, magazines, and so on. So the references in this study were taken from books and journals (Sugiyono, 2017).

## IMPACT OF PANDEMIC ON BANKING

In this latest situation, where the Covid-19 pandemic is sweeping the world and affecting the joints of human life, in other words, consumers' need for higher levels of social behavior and self-actualization will be more fulfilled by their responsible and prosocial behavior as consumers. The Covid-19 pandemic is an event that can cause stress, physical and emotional harm to consumers, hampering the realization of investment. High uncertainty in the midst of the Covid-19 outbreak is likely to force investors to postpone or even cancel some of their investment plans in 2020. Investors who plan to invest in sharia businesses are no exception. For example, last year there were widely heard of investment plans for the development of halal industrial areas in various regions. With the outbreak of Covid-19, it seems re The plan will be delayed, at least for the next few months. Covid-19 has had a significant impact on the development of the world economy. The Covid-19 pandemic has become a challenge for the business world, including the banking financial services industry. The company's paradigm has shifted from just maximizing profit which is an economic aspect, to being concerned with social and environmental aspects (Sumadi, 2020). This is known as corporate social responsibility (CSR). The implementation of CSR carried out by each company is very dependent on the mission, risk profile, environment, and culture, as well as the operational conditions of each company (Sirait, 2020).

Social responsibility includes many things such as responsibilities to employees, the surrounding community, the environment, and various other parties. In general, the scope is social and environmental aspects so it is often also referred to as social and environmental responsibility (Burhani et al, 2017). The condition of Islamic finance, especially Islamic microfinance institutions, there are ten Islamic finance sectors dominated by 2 parts, namely banking and capital markets and compared to these two, the superior ones are Islamic financial institutions which are directly related to the real sector where the concern is Islamic microfinance institutions. (Sumami, 2020). The business activities of Islamic banks are more varied or varied compared to conventional banks, because Islamic banks are not only based on a profit-sharing

system (mudharabah) but also a buying and selling system (murābahah), leasing, and providing other services as long as they do not conflict with sharia principles or Islamic principles (Supriyatni, 2017).

### **UNDERSTANDING SOCIAL RESPONSIBILITY**

CSR is a concept or action taken by the company as a responsibility CSR is a continuing commitment by the business world to act ethically and contribute to the economic development of the local community and society at large, along with improving the standard of living of their work and their entire family. The implementation of corporate social responsibility has benefits for the company, the community, the environment, the state, and other stakeholders (Fauziah, 2013). CSR is a demand from the community as stakeholders, so that the company does not only run for the benefit of the shareholders, but they also have to prioritize and pay attention to only the shareholders, but they must also prioritize and pay attention to the interests of the community as stakeholders in their business practices. Stakeholders here include trade unions, government, local communities, the environment, Non-Governmental Organizations (NGOs), consumers, and the poor/dhuafa (Muchlis, 2015).

The practice of CSR in Islamic banking institutions, in fact, cannot be separated from the religious principles that are the reference for the development of the Islamic bank itself. This is an indication that there are fundamental differences between CSR practices and objectives in Islamic financial institutions, when compared to conventional institutions or conventional banks. Rasulullah SAW passed on his characteristics to his friends, there were those who created jobs, paid the debts of the poor who were unable to pay off their debts and so on. In an Islamic perspective, CSR here includes business ethics, where Islam recommends that when we do business it must be followed by social responsibility to others so that the business being run does not harm the people around and is beneficial to the people around (Fitria, 2010). Humans as khalifatul fil ardh and abd Allah, where humans are responsible to Allah as the highest owner and humans are also responsible to fellow creatures (humans, animals and the environment) (Triyonwono, 2003).

Most of the people in Indonesia are Muslims who have the right to know various information on the activities of companies and organizations carried out, to see and observe whether they have achieved the goals set and have been in accordance with the sharia corridor as stated (Hadinata, 2018). During a pandemic situation like this, many parties are moving to tackle the Covid-19 virus pandemic (Akbar, 2020). Companies in Indonesia are no exception to their CSR, many companies in Indonesia have slightly changed the direction of their corporate social responsibility to help those who are affected and in efforts to prevent the Covid-19 virus pandemic. In implementing their social responsibilities, companies must still be able to carry out their planned social responsibilities in the midst of an uncontrolled situation in the midst of a pandemic like this, because the beneficiaries of social responsibility during the Covid-19 pandemic situation are becoming increasingly widespread.

### **SOCIAL EXAMPLE R ESPONSIBILITY**

An example of the phenomenon of implementing Social Responsibility (CSR) in the first Islamic Bank is Bank Syariah Mandiri. Bank Syariah Mandiri has a CSR program in the form of the National Amil Zakat Institution to Build Prosperous Partners for the People (LAZNAS BSM)

(Damayanti, 2020). Corporate Social Responsibility (CSR) refers to a relationship that occurs between the company and all stakeholders in the company itself including customers, employees, communities, owners, government, suppliers and even competitors. Activities carried out by BSM continue to be pursued to be in accordance with the basic concept of CSR, which is to help overcome or reduce problems that occur in the community, seek to change people's behavior, and strive to achieve the welfare of people's lives (Nurlaila, 2017).

According to Mardhiyaturrositaningsi and Muhammad (2020) the impact of the pandemic on the First Mandiri Syariah Bank, Mandiri Syariah Mobile (MSM). Where Mandiri Syariah Mobile is an application that can not only carry out financial transactions but also offers additional features such as payment features for alms, zakat, waqf, and worship through the convenience of getting prayer schedules, Qibla direction, mosque locations, juz amma, hadith quotes, and others. Mandiri Syariah Mobile (MSM) can also be used for e-commerce transactions, hajj payments, e-wallet top-ups (e-money, gopay, ovo). Second, QRIS or Quick Response Code Indonesia Standard. Transactions using smartphones where you can make transactions with gadgets and technology. Third, National Economic Stimulus Policy No.11/POJK.03/ 2020. Banks are loosening financing facilities for customers affected by the Covid-19 pandemic in the form of delays in payments and or reduced margins or profit sharing for a certain period of time and the requirements are adjusted to the economic sector, criteria, and customer conditions while still referring to OJK regulations for customers, especially SMEs.

Then there is the Syaruah Bank Bukopin. For the impact of the pandemic on the First Bukopin Sharia Bank, Savings with prizes, Bukopin Sharia Bank Offers Savings with Direct Prizes. Customers can choose Alms themselves as a form of concern for the impact of the Covid-19 pandemic. How to get prizes, namely, customers open an iB SiAga or iB SiAga Bisnis savings account starting from Rp. 25 million, customers can give alms and determine the distribution location and can also determine the form such as Donation of Personal Protective Equipment (PPE), vitamins, Handsanitizer, and Food. Customers get ATM cards, passbooks and can use BSB Mobile (M-Banking) facilities. Second, restrictions on bank operational services. The limitation of Bukopin Sharia Bank service activities to prevent the spread of the Corona Virus (Covid-19) is cash service at 08.00 - 14.00 and office services open from 08.00 - 15.00. Third, the National Economic Stimulus Policy, namely No.11/POJK.03/2020. Banks are loosening financing facilities for customers affected by the Covid-19 pandemic in the form of delays in payments and/or reduced margins or profit sharing for a certain period of time and the requirements are adjusted to the economic sector. , criteria and conditions of customers while still referring to the provisions of the OJK for customers, especially SMEs. Fourth, the Bukopin Islamic Bank Program Cares for the Covid-19 Pandemic. Bank Syariah Bukopin carries out social activities in the form of direct food assistance to the underprivileged or those directly affected by the COVID-19 pandemic around the offices of Bank Syariah Bukopin. This direct aid consists of packages of staple foods such as rice, oil, granulated sugar, cooking oil, and others.

## **CONCLUSION**

The COVID-19 pandemic has greatly affected the world, especially in the economic sector. One of them is banking, in this case the banking industry suffers losses because in order to reduce the spread of the virus the government makes regulations to stay at home, so the economy cannot

run well. Many companies fire their employees because the company is no longer able to finance their salaries. CSR is a concept or action taken by the company as a responsibility CSR is a continuing commitment by the business world to act ethically and contribute to the economic development of the local community and society at large, along with improving the standard of living of their work and their entire family. Many companies have done CSR well, including Islamic banking in Indonesia. They help each other by providing food assistance, special policies so as not to make it difficult for customers, etc.

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