

# PROBLEM FINANCING PREVENTION STRATEGY TO OPTIMIZE RISK MANAGEMENT AND FINANCING PERFORMANCE AT BANK SUMUT KISARAN SYARIAH BRANCH

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**Abstract.** Non-Performing Financing (NPF) is a serious challenge in the Islamic banking industry as it directly impacts financial stability and the financing performance of banks. This study aims to analyze the strategy for preventing problematic financing through the 7P approach (Personality, Purpose, Prospect, Payment, Party, Profitability, and Protection) implemented by Bank Sumut KCP Syariah Kisaran, as well as to evaluate its effectiveness in optimizing risk management and maintaining healthy financing performance in accordance with Sharia principles. This research uses a qualitative descriptive approach with a case study method. Data were collected through in-depth interviews and open-ended questionnaires filled out by bank leaders, account officers, surveyors, marketing staff, and customers of Bank Sumut KCP Syariah Kisaran. Data analysis was conducted through data reduction, data presentation, and drawing conclusions using triangulation techniques for validity. The results show that the implementation of the 7P strategy (Personality, Purpose, Prospect, Payment, Party, Profitability, and Protection) at Bank Sumut KCP Syariah Kisaran has proven effective in reducing non-performing financing (NPF). The initially high NPF of 10.99% in 2020 was successfully reduced to 1.16% in 2023, although it slightly increased again to 1.8% in 2024. This strategy was applied through comprehensive customer assessment stages, ranging from interviews, feasibility analysis, to post-disbursement monitoring. The bank's main focus was on analyzing the customer's repayment ability (Payment) and collateral feasibility assessment (Protection). To optimize risk management and financing performance at Bank Sumut KCP Syariah Kisaran, the bank also conducts periodic evaluations and post-disbursement maintenance activities to support the effectiveness of the strategy.

**Keywords:** Problematic Financing, 7P Strategy, Risk Mitigation

## I. INTRODUCTION

Islamic banking plays a crucial role in supporting the economy through Sharia-compliant financing. However, one of the main challenges faced is the risk of non-performing loans (NPF) in Islamic banking, which can impact financial stability and bank performance. Therefore, effective strategies are needed to prevent non-performing loans/problem financing. To mitigate this potential problem, companies need to carefully assess potential customers.[1]

Bank Sumut Syariah KCP Kisaran, as one of the Islamic banking institutions in North Sumatra, also faces challenges in managing its financing to maintain soundness and prudent banking practices. High NPF can impact bank liquidity, reduce customer confidence, and hinder regional economic growth. At Bank Sumut KCP Syariah Kisaran, problematic financing occurs due to several factors, including a lack of public awareness regarding loan installment payments and economic instability.

In recent years, the following is data on financing distribution at Bank Sumut KCP Syariah Kisaran.

**Table 1.1**  
*Financing Distribution and NPF of Bank Sumut KCP Syariah Kisaran 2020-2024*

Year	Total Financing	Total Problematic Financing	NPF
2020	68,000,000,000	7,400,000,000	10.99%
2021	89,000,000,000	6,586,000,000	7.4%
2022	106,000,000,000	3,211,000,000	3.03%
2023	127,000,000,000	1,473,000,000	1.16%
2024	156,000,000,000	2,808,000,000	1.8%

Source: PT. Bank Sumut KCP Syariah Kisaran

In 2020, Bank Sumut KCP Syariah Kisaran recorded a very high NPF figure of 10.99%, far above the ideal threshold for Islamic banking set by the regulator (a maximum of 5%). Based on financing data from 2020 to 2024, total financing

disbursement increased significantly from IDR 68 billion to IDR 156 billion. However, the NPF trend showed fluctuations, with the NPF at 10.99% in 2020, then decreasing to 7.4% in 2021, 3.03% in 2022, and 1.16% in 2023. Although it rose again to 1.8% in 2024, this figure remains below the healthy threshold for Islamic banking set by the regulator. This indicates improvements in financing risk management and a more effective strategy to mitigate problem financing at Bank Sumut KCP Syariah Kisaran.

The 7P approach is one method applied in risk mitigation strategies to analyze financing feasibility. This concept encompasses aspects of customer personality (Personality), purpose of fund use (Purpose), business prospects (Prospect), repayment capacity (Payment), customer grouping (Party), customer profitability (Profitability), and risk protection and mitigation (Protection).

According to previous research conducted by (Sugianto, 2022) The study, entitled "A Strategy Model for Financing Prevention and Resolution in Islamic Banks," explains that preventing and resolving problematic financing in Islamic banks requires a comprehensive approach encompassing legal, human resources (HR), customer, and management aspects. Strengthening regulations, establishing a resolution institution, and improving human resource quality through training and moral development are key factors. Furthermore, the study's findings also suggest that effective collection strategies and sound risk management are necessary to reduce non-performing loans. Internal factors such as default and financial pressure, as well as external factors such as inflation and economic instability, contribute to this problem.

Meanwhile, from the results of research conducted by [3] The study entitled "Analysis of the Implementation of the 7P Concept in Minimizing Non-Performing Loans at BPR Nur Semesta Indah, Jember Branch Office" shows that the implementation of the 7Ps has proven effective in assessing creditworthiness and reducing the risk of non-performing loans. However, obstacles such as the lack of in-depth surveys by Account Officers and negative reactions from customers during collection remain challenges. To overcome these challenges, the author analyzes that solutions such as training for Account Officers, a family-oriented approach, and adjustments to financing contracts and collection systems have been implemented to optimize credit management.

In practice, Bank Sumut Syariah KCP Kisaran, as one of the Sharia-based financial institutions in Indonesia, has adopted a strategy to prevent problematic financing through the implementation of the 7P approach. Therefore, this study aims to analyze the effectiveness of this strategy in optimizing risk and financing performance at regional banks such as Bank Sumut KCP Syariah Kisaran. Through this research, it is hoped that a deeper understanding of the implementation of the 7P approach in risk mitigation will be gained and recommendations for strengthening risk management in Sharia banking will be provided.

#### **Bad Credit/Problem Financing**

Kasimir's research (2003:101) suggests that credit comes from the Latin word "credere," meaning to believe. In the banking context, this trust refers to the belief that the money lent will be returned on time, as agreed in the credit agreement between the two parties.[4]

The distribution of funds by financial institutions plays a crucial role in supporting the economic growth of the community. According to Bank Indonesia (1998), in Law No. 10 of 1998, which amended Law No. 7 of 1992 concerning banking, "credit is the provision of funds mutually agreed upon between a prospective customer and a financial institution." Providing credit or loans is nothing new in Indonesia; in fact, almost all regions in Indonesia have institutions specifically providing loans to individuals in need.[5]

According to Bank Indonesia Regulation No. 7/2/PBI/2005 concerning the Asset Quality Assessment of Commercial Banks (hereinafter referred to as PBI 7/2005), Article 1, number 5, credit is defined as the provision of money or equivalent receivables, granted based on a loan agreement between the bank and another party. This agreement requires the borrower to repay the debt within a specified period with interest.[6]

In Islamic banking, credit is better known as financing. Islamic financing is the provision of funds to customers based on an agreed-upon contract, whether based on the principles of sale and purchase, profit sharing, or leasing.[7]. In a broader sense, financing refers to funds disbursed to support planned investments, whether undertaken independently or by another party. In practice, Islamic banks provide empowerment to the community. Empowerment in Islamic banking is a financial institution's effort to provide the community with the power, effort, and ability to manage their finances in accordance with Islamic principles.[8]

Sharia banks not only serve as financial service providers but also empower customers through fair, contract-based financing and support small and medium-sized enterprises (SMEs) to grow without interest. Thus, Sharia banks are able to positively influence the economic well-being of the community in a sustainable manner. In banking, financing/credit is a primary source of revenue, such as fee-based income. Therefore, a smooth financing system is crucial for the bank's continued stability.

Non-Performing Loans (NPLs), also known as Non-Performing Financing (NPF) in Islamic banking, occur when a customer fails to fulfill their obligations as agreed upon in a loan agreement. Non-performing financing (NPF) is an indicator of problematic financing that must be monitored due to its fluctuating and uncertain nature. The higher the NPF ratio, the greater the likelihood of problematic financing or problematic financing being disbursed, or it may indicate poor bank financing management.[9]

To assess a bank's health, Indonesian banks have set a tolerance threshold of 5% for gross non-performing loans (NPF). If the NPF exceeds 5%, the bank is considered unhealthy because it can reduce its profits. According to Bank Indonesia regulations, banks or Financial Services Cooperatives (KJK) with good performance may not record non-performing loans exceeding 5%. This figure corresponds to the NPF threshold set by BI. Banks assess loan applications based on five categories of financing collectibility, as stated in Bank Indonesia Regulation (BI) No. 7/2/PBI/2005.[10]

1. Collectibility 1 with Current status means that the debtor always pays his debt on time or the credit is in a current condition (performing financing).

2. Collectibility 2 with Special Attention (DPK) status, means the debtor is starting to show problems with payments.
3. Collectibility 3 with Substandard status means the debtor is late in paying installments or debt for 91-120 days.
4. Collectibility 4 with Doubtful status means the debtor is late in paying installments or debt for 121-180 days.
5. Collectibility 5 with default status means the debtor is late in paying installments or debts for more than 180 days.

In research conducted by [11] Factors causing problematic financing can be divided into internal and external factors. Internal factors originate from within the company, such as:

- a. Weak supervision of financing members
- b. Lack of communication
- c. Decreasing quality of financing analysis.

Meanwhile, external factors come from outside the company, such as:

- a. Failure of business carried out by customers
- b. Customers who are difficult to collect
- c. The number of customer liabilities
- d. Customer income is lower than expenses
- e. Customers who have difficulty paying installments.

#### **Risk Mitigation**

Mitigation is an effort made to reduce or even eliminate potential risks and losses. Therefore, mitigation focuses on preventative measures taken before the risk actually occurs. [12] In the context of Islamic banking, this mitigation is crucial to anticipate various risks that may arise, both internally and externally, to ensure that bank operations remain in accordance with Islamic principles. Typically, mitigation measures are implemented by management and all relevant parties before the risks impact the bank's performance and reputation.

According to Hussen (2011:56), the aim of risk mitigation is to handle and manage identified risks, so that appropriate solutions can be found and who is responsible for the risk. [13]

Risk is an integral part of life and various human activities. Many experts have offered definitions of risk, although they essentially have similar meanings. One definition, according to Kasidi, is the possibility of a deviation from expectations, which could result in losses for an organization. [14]

Based on OJK Regulation No. 18/POJK.03/2016, there are eight types of risks that must be evaluated: credit, market, operational, liquidity, legal, strategic, compliance, and reputational risks. These risks need to be managed through an integrated and comprehensive system, which aims to help companies or organizations manage the risks they face to improve overall effectiveness and performance. [15]

Thus, risk mitigation in Islamic banking is a crucial step in identifying, managing, and controlling potential losses. Through the implementation of appropriate risk mitigation strategies—such as regular risk assessments, the application of prudential principles, and compliance with Islamic regulations and financial authorities—Islamic banks can operate more stably, securely, and in line with Islamic principles. These strategies not only strengthen banks'

resilience to potential disruptions but also enhance customer trust and support sustainable growth.

#### **7P Analysis Strategy**

The 7Ps method in credit/financing analysis is a growing approach in the banking and financial world, particularly in financing risk assessment. The 7Ps analysis was developed as a refinement of the 5Cs (Character, Capacity, Capital, Collateral, and Condition) method previously used in the banking industry. As the banking world evolved and lending complexity increased, several additional elements were introduced to improve the accuracy of credit analysis.

This method is applied in various types of financial institutions, including Commercial Banks, Rural Credit Banks (BPR), and microfinance institutions to reduce the risk of problematic financing, including sharia-based financial institutions.

This analysis method assesses the creditworthiness of prospective debtors based on seven main aspects: [16]

1. **Personality** or **personality** is an assessment used to assess the character of a potential customer. In this case, the assessment focuses more on the customer's personality.
2. **Purpose**, This involves analyzing the intended use of the financing funds. Generally, there are three purposes for applying for a loan: first, for productive business; second, for personal (consumptive) needs; and third, for trade. The assessment of these three purposes differs, making it important to ensure that the bank's credit is not misused by the customer.
3. **Prospect**, refers to an assessment of future prospects, particularly regarding the financing object being financed. The desired outcome is a bright outlook. Businesses with poor prospects, such as those entering a period of saturation, should be postponed, as this can create difficulties for both the bank and the customer.
4. **Payment**, namely measuring the customer's ability to make payments whether from income (salary) or from the object being financed.
5. **Party**, This means that when distributing financing, banks divide and group it into several categories. This allows banks to focus on financing, such as for small, medium, or large businesses, or by region, such as rural or urban areas, or specific business sectors like livestock, industry, and so on.
6. **Profitability**, An analysis of whether bank financing benefits both the bank and the customer. The bank's profits come from interest or profit sharing, while the customer's profits come from the development of the financed business, which ultimately results in profits and additional capital.
7. **Protection**, This analysis provides protection not only to customers through guarantees/collateral given to the bank, but the bank must also provide protection to the assets being financed.

## **II. RESEARCH METHODS**

This research uses a qualitative descriptive approach with a case study method to analyze the strategy for preventing problematic financing through the 7P approach at

Bank Sumut Syariah KCP Kisaran. The research data used primary data, namely data obtained by the researcher through direct observation at Bank Sumut KCP Syariah Kisaran.

The subjects of this study were bank management, surveyors, marketing staff, and customers of Bank Sumut KCP Syariah Kisaran. Informants included individuals and institutions related to the topic under study. Data collection techniques included interviews and an open-ended questionnaire structured using the 5W+1H method related to problematic financing.

The data analysis technique used thematic analysis, which included data reduction, data presentation, and conclusion drawing. Source triangulation and member checking were used to ensure data validity.[17]This research is expected to provide insight into the effectiveness of the 7P Approach in reducing problematic financing and improving financing performance in Islamic banking.

### III. RESULTS AND DISCUSSION

#### Implementation of the 7P Approach Strategy at Bank Sumut KCP Syariah Kisaran



**Figure 1 Financing Procedures for Bank Sumut KCP Syariah Kisaran**

#### Flowchart of Financing Procedures for Bank Sumut KCP Syariah Kisaran

Based on research findings on strategies for preventing problematic financing at Bank Sumut KCP Syariah Kisaran, it is clear that the application of the 7P principle (Personality, Party, Purpose, Prospect, Payment, Profitability, and Protection) has become the primary basis for analyzing financing feasibility to optimize risk mitigation. In an interview with Mr. Hebat Marbun, the bank's head, he stated:

*".. banks provide financing with a more prudent principle, meaning that they carry out more risk mitigation, for example, we analyze the customer, such as through the OJK, the customer's personal character, their ability to pay, their underline is correct or not, for example, the use of funds is clear or not, especially as we are a sharia bank. In practice, yes... it must be in accordance with the 7Ps, for example, in terms of correspondence, customer data and the legality of*

*collateral, we must check the collateral owner thoroughly, interview the customer, in grouping it depends on the customer's financing needs, such as murabahah, for home purchases there is KPR, etc...."*

The interview explained that the bank provides financing based on a prudent principle, meaning it carefully implements risk mitigation measures. This process includes a thorough analysis of the customer, such as checking information with the Financial Services Authority (OJK), assessing the customer's personal character, and ensuring the customer's repayment capacity and the validity of the collateral used. Furthermore, the customer's use of funds must be clear and in accordance with the financing objectives. This practice has adopted the 7P principle, with other checks, such as carefully reviewing documents, customer data, and the legality of the collateral, also key. Interviews with customers are also necessary to understand the type of financing desired, whether it is murabahah financing for a home purchase through a mortgage or other types of financing.

This is in line with what was also conveyed by the Account Officer of Bank Sumut KCP Syariah Kisaran, Mr. Muhammad Andri Syahputra. In his interview, the researcher asked whether Bank Sumut KCP Syariah uses the 7P analysis in assessing the suitability of potential customers to mitigate risk. He replied:

*"...Yes, when analyzing potential customers using the 7P approach, the first important thing to ask is their source of income, as that source of income is used to pay installments to the bank. The second option is to assess collateral, which is also assessed based on, for example, their business and loan ratio. For example, if the customer is an employee, their salary is assessed. Then, other factors, such as personality, are assessed, including those involved, such as their family."*

This interview explained that in analyzing potential customers, the bank uses a 7P approach, focusing primarily on the customer's source of income, as this determines their ability to repay installments, such as business or employee salaries. Furthermore, the bank also assesses collateral and examines the customer's personal aspects through related parties, such as family. This aligns with previous interviews that emphasized the importance of a comprehensive analysis of the customer's character, repayment capacity, and collateral legality to mitigate risks in providing financing.

**Table 1.2 Interview Results Table**

The following is a table obtained from the results of the interviews conducted:

7P aspects	SS	S	CS	TS
Personality	50%	50%	-	-
Purpose	50%	-	50%	-
Prospect	-	100%	-	-
Payment	100%	-	-	-
Party	-	50%	50%	-
Profitability	-	100%	-	-
Protection	100%	-	-	-

Source: Data processed by the author

Overall, the results of this study indicate that banks, particularly Bank Sumut KCP Syariah Kisaran, prioritize the

principle of prudence in the financing process by implementing the 7P approach. The table obtained from the interviews shows that the Payment and Protection aspects received full attention (100%) by respondents, while Prospect and Profitability were also primary considerations for respondents. Several aspects such as Personality, Purpose, and Party were also considered quite important with a weighting of 50% in several respondent categories. This indicates that an in-depth analysis is carried out on prospective customers, involving an examination of income sources, proposed collateral, and the character and repayment capacity of the customer according to the implemented strategy, with a primary focus on the customer's income sources (payment) and the bank's assessment of the suitability of the collateral (protection). In addition, other factors such as interviews with customers and related parties, such as family, are also part of the risk mitigation process. This aims to ensure that the financing provided is safe, on target, and in accordance with prudential principles, as well as reducing potential risks for the bank.

#### **Effectiveness of the 7P Approach Strategy at Bank Sumut KCP Syariah Kisaran**

The implementation of the 7P approach strategy at Bank Sumut KCP Syariah Kisaran has demonstrated effective risk mitigation and improved financing performance. However, this success is also supported by several other factors, as evidenced by data obtained in an interview with the bank's head, Mr. Hebat Marbun, on March 6, 2025. He stated,

*"In its implementation, the analysis strategy applied in financing risk prevention management is perfect, it just needs to be implemented well and optimally."* He also said, "To maintain this, the bank conducts monthly evaluations through meetings. We meet at our branch office in Tebing Tinggi to evaluate our office's performance. To maintain maximum effectiveness, we must be more stringent and thorough in our initial analysis of the 7Ps of customers, followed by maintenance. Once disbursement is made, the customer must be monitored and maintained. Because sometimes if customers are not maintained, they will become negligent."

In the interview, it was explained that the strategy employed by Bank Sumut KCP Syariah Kisaran to mitigate financing risks was already quite sound and nearly perfect. However, what now needed to be done was to ensure that the strategy was implemented more effectively and optimally. The bank holds a monthly evaluation meeting at the Tebing Tinggi branch office to assess its performance and effectiveness.

Mr. Hebat Marbun stated that banks must be more thorough in analyzing customers early in the process using the 7P approach. After financing is approved, customers must be continuously monitored to ensure they do not default on payments. If customers are not monitored, they may neglect their obligations, making it crucial to maintain good relationships and provide customer care. This also aligns with Mr. Andri's statement.

*"The current strategy has been effective. This is also due to the existing mitigation strategies, namely debt collection and restructuring..."*

This statement explains that the current strategy is considered to be working well and effectively. This success is

also supported by the mitigation measures, namely debt collection and restructuring. With these two steps, the implemented strategy has become more successful in addressing existing problems. This also aligns with the results reported by customers in their interviews. One customer said, "The bank will collect by phone or by visiting their home if payments are late." This proves that what the bank employees convey is in line with what customers experience.

From this statement, it can be concluded that the 7P approach strategy implemented in financing risk management has been effective and successful in optimizing risk mitigation, but its implementation still needs to be carried out better and optimally. The Bank conducts routine monthly evaluations to ensure the strategy's effectiveness, with a focus on in-depth customer analysis in the initial stages and maintenance after disbursement of funds. Collection and restructuring are also important steps in maintaining smooth financing. Proper customer monitoring is essential to avoid negligence that could impact financing performance.

In its implementation, Bank Sumut KCP Syariah Kisaran has provided financing with prudential banking principles, the bank has taken careful risk mitigation steps.[18]One way to optimize risk is by implementing the 7P approach. This research shows that the implementation of the 7P principles at Bank Sumut KCP Syariah Kisaran aligns with the concept of sharia economics, which emphasizes prudence, fairness, and transparency in transactions. The 7P principles, such as customer personality assessment and clear financing objectives, ensure sustainable financing without elements of gharar or usury. Risk protection and management aspects also reflect the prudential principle in sharia economics, ensuring financing is in line with fair and sustainable sharia values.

From the results of interviews and data collection with the bank, the following is a discussion regarding the implementation of each 7P element:

1. **Personality (Customer Personality Assessment)**, Bank Sumut Syariah KCP Kisaran assesses the personality of prospective customers based on their financial history, background, and moral character. In practice, officers (AO) conduct direct interviews and field surveys to ensure that customers have good character and are responsible in carrying out payment obligations. To ensure the data obtained is appropriate, the bank will also check customer financial reports through the OJK and BI Checking, personal reports on customer financial history, customer social media which can also be a platform for checking the status of problematic customers, and others.
2. **Purpose (Financing Purpose)**, The purpose of financing is a key consideration in financing analysis. This is especially true given that Sharia-compliant banks require clear objectives and avoid any potential harm.
3. **Prospect (Business Prospect)** Business prospect analysis is conducted by considering market potential, competitiveness, and the customer's business sustainability. Bank Sumut Syariah KCP Kisaran conducts market surveys and studies before providing financing to ensure business feasibility. The prospects for financing must be positive and ensure future profitability and sustainability. Therefore, the assessment must be thorough and precise to mitigate future risks.

4. **Payment (Ability to Pay)** At Bank Sumut KCP Syariah, a customer's repayment capacity is assessed based on cash flow, business income, and personal financial capabilities, such as checking their pay slips and analyzing their financial well-being to determine whether they can afford to repay the loan. Banks typically set an installment-to-income ratio to ensure customers can make timely payments.
5. **Party (Customer Classification)**, Bank Sumut Syariah KCP Kisaran divides customers based on financing categories to facilitate risk management and the implementation of more targeted problem financing prevention strategies. Financing is divided based on the type of financing needed, the required capital, and the agreement. At Bank Sumut KCP Syariah Kisaran, customers are most easily classified based on the product they wish to choose, which already covers the customer's interests and capital requirements. For example, for investment and capital financing or purchasing goods, they are classified based on the murabahah contract with products offered such as multipurpose financing, murabahah IB multipurpose and other products, or cooperation contracts in the purchase of goods or businesses using the musyarakah MMQ product, or simply for the purchase of an asset, the products that can be selected at Bank Sumut KCP Syariah Kisaran include the provision of FLPP KPR home financing which is the most popular and is the bank's current flagship product. This is done to facilitate the bank in managing its customers.
6. **Profitability (Profit Level)**, In this case, the bank evaluates how the customer can generate profits to guarantee their ability to repay the financing. In practice, Bank Sumut Syariah KCP Kisaran tends to prioritize businesses with stable profit margins and good long-term prospects.
7. **Protection (Guarantee/Protection)**, As part of their financing security strategy, banks require collateral in the form of assets or collateral from customers. This collateral is intended to mitigate the risk of default. In return, the bank also protects the business or financing provided, providing protection not only for the bank but also for the customer. This is a form of risk mitigation implemented by banks.

This is in line with the theory put forward by [16] about the analysis method for assessing the creditworthiness of prospective debtors based on these seven main aspects [16].

From the data obtained, it is clear that the 7P approach strategy at Bank Sumut KCP Syariah Kisaran has succeeded in reducing non-performing financing. Financing distribution at Bank Sumut KCP Syariah Kisaran, which initially experienced a significant upward trend from 2020 to 2024, with a continuously decreasing NPF rate, although it did increase in 2024. However, this is still considered normal due to the increasing amount of financing, where total financing increased from IDR 68 billion in 2020 to IDR 156 billion in 2024. Although it must be acknowledged that this increase was also accompanied by fluctuations in the non-performing financing (NPF) ratio. In 2020, the NPF ratio was recorded

quite high at 10.99% due to the impact of economic instability and the pandemic, which caused many customers to have difficulty paying their obligations. This condition began to improve in the following years, where the NPF ratio fell to 3.03% in 2022 and reached its lowest point at 1.16% in 2023. However, in 2024, the NPF ratio increased again to 1.80% due to increased external risks, such as rising prices of basic commodities and declining purchasing power.

This study also shows that the monitoring and feasibility analysis process based on the 7P principles is effective and has helped banks manage financing risks. This is also in line with previous research, namely the study [3] which states that the 7P analysis is effective in assessing creditworthiness and reducing the risk of non-performing loans. The results of this study concluded that personality and payment ability are the most influential factors. If a customer has a good character and a smooth payment history, the risk of non-performing loans tends to be lower. Furthermore, business prospects and collateral/security (protection) are also key factors in assessing loan eligibility. If a customer's business has high market potential and is capable of generating stable profits, the possibility of non-performing loans can be reduced. However, even though the 7P principle has been implemented effectively, several obstacles still arise. Unstable economic conditions and the customer's inability to manage their finances are the main causes of non-performing loans. Furthermore, post-disbursement monitoring remains a crucial aspect that must be continuously addressed.

Interviews with internal parties, such as bank leaders and Account Officers (AO), revealed that in addition to early prevention using the 7P approach, the bank has also implemented various strategies to address problem financing. Bank Sumut KCP Syariah Kisaran routinely conducts monthly performance monitoring and evaluations at the Tebing Tinggi Branch Office to detect potential default risks early and assess the bank's performance prospects. When early signs such as late payments are discovered, the bank immediately contacts the customer to determine the cause and offers solutions such as installment restructuring, tenor extensions, or even payment rescheduling. In the initial stages of customer analysis, during customer interviews and the 7P analysis process, stricter and more in-depth procedures are required. Furthermore, in the customer monitoring process after financing is disbursed, a maintenance system must be implemented for customers. Customers must be continuously monitored because if not maintained, they will neglect their obligations. He believes that maintenance is an important thing that must be carried out even for customers who are smooth, this can be done through visits or the bank must continue to communicate with customers.

#### IV. CONCLUSIONS

This study concludes that the implementation of the 7P principles (Personality, Party, Purpose, Prospect, Payment, Profitability, and Protection) at Bank Sumut KCP Syariah Kisaran has proven effective in managing financing risks and reducing non-performing financing. These principles were applied comprehensively in the financing feasibility analysis

process, which resulted in a decrease in the Non-Performing Financing (NPF) ratio, despite experiencing fluctuations due to external factors such as unstable economic conditions. The key factors for the success of this strategy are the analysis of customer repayment ability (protection) and the assessment of collateral feasibility (protection). With post-disbursement supervision and maintaining good relationships with customers, Bank Sumut KCP Syariah Kisaran has succeeded in reducing the NPF rate that occurred, making this strategy effective in preventing non-performing financing in optimizing financing performance and risk management at Bank Sumut KCP Syariah Kisaran.

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