



---

## IMPLEMENTATION OF RISK MANAGEMENT: FINANCING-BASED HAJJ FUND INVESTMENT IN THE HAJJ FINANCIAL MANAGEMENT AGENCY (BPKH)

Molbi Febrio Harsanto<sup>1</sup>, Habibie Muslim<sup>2</sup>, Suratminingsih<sup>3</sup>, Samsul Arifin<sup>4</sup>,  
Guruh Herman Was'an<sup>5</sup>

<sup>1,3,5</sup> STEBIS Bina Mandiri, Bogor, Indonesia

<sup>2,4</sup> Universitas Paramadina, Jakarta, Indonesia

E-mail: molbifebrioharsanto@gmail<sup>1</sup>; [habibiemuslim@gmail.com](mailto:habibiemuslim@gmail.com)<sup>2</sup>;  
[suratminingsih@gmail.com](mailto:suratminingsih@gmail.com)<sup>3</sup>; [samsularifin@gmail.com](mailto:samsularifin@gmail.com)<sup>4</sup>;  
[guruhherman@gmail.com](mailto:guruhherman@gmail.com)<sup>5</sup>

### ABSTRACT

*The Hajj Financial Management Agency (BPKH) is a state institution that manages Hajj finances. The long waiting period for hajj departures and the great desire of the community to perform the hajj pilgrimage make the hajj funds managed by BPKH continue to grow significantly every year. BPKH has a share of 10% of the total managed funds that can be invested in the form of sharia financing. Strong risk management is needed to be able to invest in the form of financing. This study uses a qualitative method with interview and observation techniques to explore the opinions of competent parties. The results of this study show that the role of Risk Management is very vital in the investment activities carried out by BPKH, especially in the Financing Segment. The conclusion of this study is that risk management can help BPKH improve financial performance, and BPKH in general is still not optimally prepared to further participate in the contest with banks in the field of financing. The recommendation from this study is that BPKH should further improve the infrastructure and quality of human resources that carry out risk management analysis because this can provide security for Hajj funds.*

**Keywords:** Risk Management, Financing, Hajj Finance, BPKH

#### **Article Information:**

Submission: 31 - 05 - 2024 Accepted: 27 - 06 - 2024 Published: 28 - 06 - 2024

© 2024 by the authors; This is an Open Access article distributed under the terms of the Creative Commons Attribution-ShareAlike 4.0 International License. (<https://creativecommons.org/licenses/by-sa/4.0/>), which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

## Introduction

Based on data from the Pew Research Center's Forum on Religion & Public Life: Global Religious Landscape, Indonesia is the largest Muslim country in the world. Using estimated 2010 data, the Muslim population in Indonesia was recorded at 209.12 million people, or 13.1% of the total Muslims in the world, totaling 1,598.51 million people, and 21.2% of the total Muslim population in Asia Pacific, totaling 985.53 million people. Increasing people's economic welfare allows them to participate in wider social, economic, and religious activities. One of these activities is the Hajj. Hajj requires participants' independent ability in physical fitness as well as financial sufficiency. Although the preparation for Hajj is quite long and tiring, the number of applicants for Hajj each year can exceed the total quota because Hajj is the highest achievement in worship for Muslims. The number of prospective regular pilgrims who have registered until 2022 is 5.15 million.

The large number of Muslim communities in Indonesia that register for Hajj—the Hajj quota of 231,000 people per year—creates a queue for prospective Indonesian pilgrims. The waiting list for Hajj pilgrims has resulted in the accumulation of Hajj funds. To get a Hajj queue number, also known as a portion number, several requirements are needed, one of which is to open a savings account at a recipient bank with a nominal value determined by the Government. Currently, the initial Hajj deposit is IDR 25 million. With the number of regular Hajj candidates totaling 5.15 million, the estimated value of the initial deposit funds collected until 2022 is IDR 128.95 trillion, not including the accumulation of development funds. The implementation of the Hajj pilgrimage is a series of acts of religious worship that have been guaranteed in the 1945 Constitution of the Republic of Indonesia. Therefore, the state is

responsible for organizing the Hajj as mandated in Article 29 paragraph of the 1945 Constitution of the Republic of Indonesia. Since the issuance of Law No. 17/1999 on the Implementation of Hajj, the government, through the Ministry of Religious Affairs, has acted as the organizer of the Hajj and the manager of the Hajj Operational Costs.

In 2014, the Government issued Law Number 34 of 2014 concerning Hajj Financial Management. Hajj financial management aims to improve the quality of the implementation of the Hajj pilgrimage, rationality and efficiency in the use of BPIH, and benefits for Muslims. Since the establishment of BPKH, the duties, functions, and authority of Hajj fund management have been transferred from the Ministry of Religious Affairs to BPKH. Based on historical data, for Hajj funds previously managed by the Ministry of Religious Affairs, placement and investment were only focused on deposit and sukuk instruments. Then, because it has been managed by BPKH, in accordance with Hajj Financial Management Agency Regulation Number 5 of 2018 concerning Procedures and Forms of Hajj Financial Investment, the form of Hajj Financial Investment must be divided into 4 asset classes, namely securities, gold, direct investment, and other investments.

Until the end of 2021, the hajj funds managed by BPKH were still placed in Islamic Bank deposits, amounting to 28.74% of the total hajj funds, or IDR 45.6 trillion; 69.85% of the total hajj funds, or IDR 110.9 trillion, in sukuk; and 1.31% of the total hajj funds, or IDR 2.22 trillion, in the form of direct and other investments both domestically and abroad. With this scheme, the value of benefits from placements with Islamic Banks amounted to Rp1.7 trillion, or a net profit of 3.55%; Rp8.15 trillion from sukuk, or a net profit of

8.11%; and Rp66.5 billion from direct and other investments, or a net profit of 6.06%. The total return generated from the three instruments amounted to Rp10.01 trillion, or 6.89% of the total placement and investment of Rp158.77 trillion. The growth of hajj funds managed by BPKH is as follow:

Tabel 1 Total Hajj Funds Managed by BPKH for the Period 2019-2021

Type	2019		2020		2021	
	Total	%	Total	%	Total	%
Placement	54,3 T	43,68%	45,33 T	31,28%	45,64 T	28,75%
Investment	70,02 T	56,32%	99,58 T	68,72%	113,13 T	71,25%
Total	124,32 T	100,00%	144,91 T	100,00%	158,77 T	100,00%

Source: BPKH Financial Report 2019-2021

The implementation of strong Risk Management is one of the keys to achieving positive investment results in accordance with investor expectations. So that we can determine the effectiveness of investment in Hajj funds, especially direct investment based on financing, one way is by analyzing the implementation of Risk Management in the direct investment process based on financing at BPKH. Until the end of 2021, hajj funds managed by BPKH were still placed in Islamic Bank deposits, amounting to 28.74% of the total hajj funds, or IDR 45.6 trillion. Meanwhile, based on Ministry of Finance infographic data, the total normal hajj cost per pilgrim in 2018 amounted to IDR 62.92 million. Due to the value of BPKH obligations that must be paid annually, a fund management and development strategy is needed that can optimally cover the existing deficit. With such a large amount of Hajj funds, the Hajj Financial Management Agency is required to generate the maximum value of benefits, minimize risks as much as possible, and be based on sharia principles. To achieve the targets set by the government and also to minimize risks, BPKH, as a Hajj financial management institution, must implement good

management. Not least, to minimize risk, BPKH needs to create appropriate risk management.

## Literature Review

Risk management is the process of identifying, analyzing, evaluating, controlling, and trying to avoid, minimize, or even eliminate unacceptable risks. The risk management process implements the management of risk management policies, processes, and procedures that aim to make good and efficient management decisions. Nadeem and Khalil's (2014) research on Islamic entities stated that risk management and profitability of an entity have a positive relationship; with good risk management, the financial position will be stronger. There are many definitions of the concept of risk management. Risk Management (MR) includes several things related to actions involving risk: planning, assessment (identification and analysis), handling, and monitoring. Risk Management is one of the central aspects of corporate governance and, thus, one of the topics that supervisory boards must oversee. "Risk management is largely an exercise in quantifying uncertainty and then working to find ways to reduce risk beyond the company's risk appetite" (Rossi, 2012). Risk management includes the assessment, mitigation, and monitoring of risks based on a risk strategy (Froot et al., 1993). Optimally, it should cover all risks that the organization faces, such as financial risks, credit risk, operational risk, organizational risk.

Financial theory has made a major contribution to the advancement of risk management by developing more testable and practically relevant theories and tools, as well as portfolio theory in general. Particularly for hedging mechanisms and insurance applications, this is very helpful as it makes it

possible to quantify the return on risk relationships that are essential for decision-making, such as whether or not to enter a market or transaction, as well as to adequately price the imputed risk. However, a major element of risk assessment depends on the "correct" estimation of the probabilities that these tools can support, but apparently cannot replace human experience and judgment (yet)."Both financial and non-financial companies face a similar range of risks that need to be managed, including operational, strategic, and market risks. However, for financial firms, the volatility of risks tends to be greater, requiring more of their efforts to manage risks." This assessment by the OECD (2009:8f) underlines the importance of risk management in financial institutions but at the same time implies that a concerted focus on credit risk management may be harmful as all risk factors—including, for example, reputational risk—need to be safeguarded and managed according to the firm's risk appetite and resulting risk strategy. Risk planning is the process of developing and documenting strategies and methods to identify and track risk issues, develop risk handling plans, conduct ongoing risk analysis to find out how risks have changed, and assign adequate resources. A risk management plan includes information about stakeholders, planning processes, project tools, and metrics and states RM standards and objectives for a project (Duffie & Lando, 2000).

Risk management is a process that identifies, evaluates, selects, and implements options to set risks at an acceptable level within given program constraints and objectives. It includes specifics on what to do, when it should be completed, who is responsible, and the associated costs and timelines. "Risk handling options include assumption, avoidance, control (also known as mitigation), and transfer. The most desirable handling option is selected, and

specific approaches are then developed for this option (Roszbach & Jacobson, 1998).

Risk monitoring is a process that systematically tracks and evaluates the performance of risk-handling measures throughout the acquisition process and provides input to update risk-handling strategies as appropriate. RM is never just about looking ahead. Learning lessons from projects of all types, even some very distant examples, can help avoid problems on new projects (Duffie & Lando, 2000).

The risks inherent in a bank's core activities, i.e., those concerning its own balance sheet and its core business of lending and borrowing, are not all borne by the bank itself. In many cases, the institution will eliminate or reduce the risk associated with the transaction through appropriate business practices, while in other cases, it will transfer the risk to other parties through a combination of pricing and product design. The banking industry recognizes that, with respect to minimum regulatory capital, institutions need not engage in business in a manner that incurs unnecessary risk, nor should they absorb risk that can be efficiently transferred to other participants. Instead, it should only manage risks at the firm level that are more efficiently managed there than by the market itself or by its owners in their own portfolios. It should accept only those risks that are uniquely part of the bank's suite of services". According to Oldfield and Santomero (Oldfield & Santomero, 1995), the risks facing all financial banks can be divided into three separate types from a management perspective. Namely: risks that can be eliminated or avoided by simple business practices; risks that can be transferred to other participants; and risks that must be actively managed by the firm.

Financial and non-financial companies invest heavily in developing risk management systems and strategies to professionally manage the risks associated with their business and investment transactions. However, the outcome remains dependent on the results of human input, and a number of tasks still have to be performed by humans, such as risk assessment, which involves the identification and description of company or project risks. Indeed, as Jorion highlights as the first lesson learned from the financial crisis, experienced risk managers should be in charged of risk management. It must be driven by humans, not machines (Jorion 2009:930).

All human actions entail some risk. Some are risk seekers or takers by temperament, while others are risk averse. There is even evidence that the elimination of some risks will cause people to deliberately subject themselves to new risks, suggesting that they seek some kind of unspecified risk balance in their lives. Risk is an elusive element in most decisions, mainly because it is so hard to pin down. Moreover, there will always be risks associated with developing and maintaining mitigation strategies (Jappelli, 2006).

There are four main steps in the risk management process as follows:

1. Risk Identification, to be able to implement the risk management process, at the initial stage, it must correctly identify risks by recognizing and understanding all existing risks (inherent risks) and those that may arise from a new business, including risks originating from related companies and other affiliates. The implementation of the risk identification analysis process is at least based on the characteristics of the risks inherent in the company based on the company's losses that have occurred.
2. Risk Measurement, after accurate risk identification, carry out risk measurement. The risk measurement is intended to be able to calculate the

inherent risk exposure inherent in its business activities so that it can estimate its impact on the capital that should be maintained in order to support business activities. The measurement and quantification of risk will depend on the characteristics of the risk. The following table summarizes the different types of risks and their measurement techniques.

3. Risk Monitoring, meanwhile, in order to carry out risk monitoring, it must evaluate risk exposures, especially those that are material and or that have an impact on capital.
4. Risk Control, furthermore, based on the monitoring results, adequate risk control is carried out by referring to the established policies and procedures. Risk control can be carried out, among others, by hedging and other risk mitigation methods such as the issuance of guarantees, asset securitization, and credit derivatives, as well as additional capital to absorb potential losses.

According to Adiwarmar Karim (Karim, 2007), the target of risk management policy is to identify, measure, monitor, and control the course of business activities of financial institutions with a reasonable level of risk in a directed, integrated, and balanced manner, so that risk management functions as a filter or early warning system for the business activities of financial institutions. The objectives of risk management itself are as follows:

1. Provide information about risk to regulators.
2. Ensure that financial institutions do not experience unacceptable losses.
3. Minimizing losses from various uncontrolled risks
4. Measuring exposure and concentration of risk
5. Allocate capital and limit risk

The risks faced by financial institutions can be divided into financial risks and non-financial risks. Financial risk can be further divided into market risk and credit risk. Non-financial risks include operational risk, regulatory risk, and legal risk. The nature of some risks is as follows:

1. Market Risk is the risk derived from market-traded instruments and assets. Market risk can come from macro and micro sources. Systematic market risk results from price movements and overall economic policy. Unsystematic market risk arises when the price of a particular asset or instrument changes due to events related to that instrument or asset.
2. Interest Rate Risk is the exposure of a bank's financial condition to movements in interest rates. Interest rate risk can arise from various sources. Repricing risk arises due to timing differences in the maturity and repricing of assets, liabilities, and administrative account items.
3. Credit Risk is the risk that a counterparty will fail to fulfill its obligations on time and in accordance with the agreed terms. This risk can occur in the banking and trading books of banks. In the banking world, loan credit risk arises when a counterparty fails to fulfill its loan obligations in full within the stipulated time. This risk is related to asset quality and other contingencies. Due to this risk, there is uncertainty in net income and the market value of equity arising from non-payment and delayed payment of principal and interest.
4. Liquidity Risk arises due to insufficient liquidity for normal operations, which reduces the bank's ability to meet its obligations as they fall due. This risk may result from difficulties in obtaining cash at a reasonable cost from borrowing (funding or financing liquidity risk) or asset sales. One aspect of

asset-liability management in the banking business is to minimize liquidity risk.

5. Operational Risk is not a well-defined concept and may arise from human and technical errors or accidents. It is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people, and technology or from external events.
6. Legal Risk relates to the risk of the unenforceability of financial contracts. It relates to laws, rules, and regulations that affect the fulfillment of contracts and transactions. This risk can be external (such as regulations affecting certain types of business activities) or internal, related to management or employees (such as fraud, violations of laws and regulations, etc.).

## **Method**

### **Sources and Methods of Data Collection**

This research is a qualitative descriptive research study on the Hajj Financial Management Agency (BPKH). According to Schindler and Cooper (2014), qualitative descriptive research aims to describe and analyze data related to the current situation or views in a unit or organization.

In this research, the techniques used include interviews and observation to explore the opinions of competent parties and find out what the Implementation of Risk Management: Financing-Based Hajj Fund Investment at BPKH is like. Interviews will use semi-structured techniques by asking questions according to a list of questions that have been prepared, and then the interview process will be developed based on the answers of the interviewees.

This interview process is carried out face-to-face, and audio recording of the questions and answer process in the interview.

### **Research Framework**

The management of Hajj funds must be based on the principle of trust and managed as well as possible in order to produce optimal fund development to cover the subsidy of Hajj operational costs per person. The implementation of the Hajj is a series of acts of religious worship that have been guaranteed in the 1945 Constitution of the Republic of Indonesia. Therefore, the state is responsible for organizing the Hajj pilgrimage as mandated in Article 29 paragraph of the 1945 Constitution of the Republic of Indonesia. The implementation of strong Risk Management is one of the keys to achieving positive investment results in accordance with investor expectations.

So that we can determine the effectiveness of investment in Hajj funds, especially direct investment based on financing, one way is by analyzing the implementation of Risk Management in the process of direct investment based on financing at BPKH. In applying risk management, it is necessary to know the types of financial risks contained in the Hajj financial management agency. These types of risks are market risk, credit risk, and operational risk. Based on these known types of risks, researchers can find out the implementation of risk management in the form of implementation, programs implemented, and target groups. Risk Management not only serves to ensure that Hajj funds are managed and invested in Shariah-compliant and safe investment instruments but must also be able to provide maximum returns.

Since 2021, BPKH has started to make financing-based investments, where this type of investment is expected to provide better returns than placements and investments in securities instruments, but it should be noted

that the risks in these investments are quite large and require a fairly strict monitoring process.

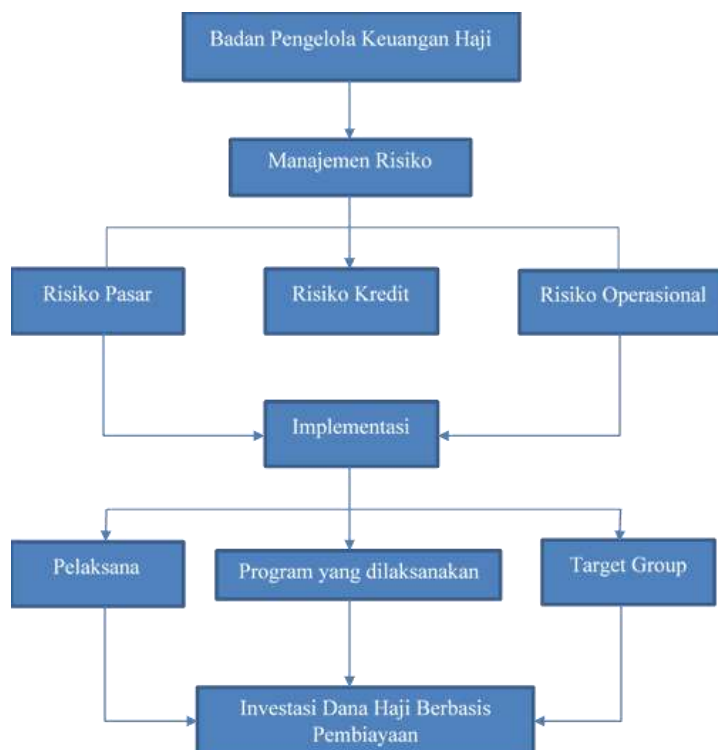


Figure 1 Research Framework

### Research Results And Discussion

The Hajj Financial Management Agency has its own duties and functions; besides that, BPKH also has the authority to place and invest Hajj finances in accordance with the principles of sharia, prudence, security, value of benefits, and liquidity. BPKH is also authorized to cooperate with other institutions. In carrying out its duties and functions, BPKH is obliged to manage Hajj finances in a transparent and accountable manner for the benefit of Hajj pilgrims and Muslims.

The task of the Hajj Financial Management Agency is to manage Hajj finance, which includes:

1. Revenue,
2. Development,
3. Expenditure, and
4. Hajj Financial Accountability

In addition to the functions described above, there is risk identification in managing fund investments through risk management. This is to be able to provide financial control so that it can be in accordance with the objectives to be achieved.

In carrying out the duties referred to in Article 22, BPKH carries out the following functions:

1. Planning for the receipt, development, and expenditure of Hajj Finance
2. Implementation of revenue, development, and expenditure of Hajj Finance,
3. Controlling and supervising the acceptance, development, and expenditure of Hajj Finance, and
4. Reporting and accountability for the implementation of revenue, development, and expenditure of Hajj Finance.

Hajj financial placement must fulfill all aspects that have been determined. The placement of Hajj finance in current accounts, deposits, and savings products can be carried out in the form of:

1. Overnight: Hajj financial placement that has a maturity of 1 to 12 days following,
2. Deposit on call: Hajj financial placement that can be withdrawn with prior notice or in accordance with the agreement, and

3. Time deposit: Hajj financial placement that can be withdrawn on the due date or in accordance with the agreement.

Hajj's financial investments in securities include:

1. State sharia securities issued by the central government
2. State sharia securities issued by Bank Indonesia, and
3. Sharia securities are regulated and supervised by the Financial Services Authority.

Until 2019, securities investments made by BPKH were still in the form of State Sharia Securities (SBSN), also commonly referred to as Indonesian Hajj Fund Sukuk (SDHI). The security aspect is a consideration for investment in SBSN and SDHI sukuk, which are guaranteed by the government on investment placement in SBSN. SDHI also has low risk and has moderate and even favorable returns, including timely payment of returns and a full return of principal.

BPKH began to reduce the portion of investment in banks until 2018, meaning that existing investments in deposits and current accounts will be moved to securities instruments. The most prioritized instruments are SBSN, Corporate Sukuk, and Sharia Shares under the supervision of the OJK. In the next investment activity, BPKH will invest more in the capital market because the portion of investment in securities is most in accordance with Government Regulation Number 5 of 2018 and BPKH Regulation Number 5 of 2018. It is stated that the investment of Hajj finance in the form of securities is the remainder of the total placement of Hajj finance after deducting the amount of investment in gold, direct investment, and other investments. Investment of Hajj funds in the form of securities in the form of sharia securities that are

regulated and supervised by OJK, including sharia stocks listed on the stock exchange, sukuk, sharia mutual funds, sharia asset-backed securities, sharia real estate investment funds, other sharia securities.

Investment in gold is at most 5% of the total Hajj financial placement and investment. Direct investment can be done through owning a business, equity participation, investment cooperation, and other direct investments. For example, investment in factories, fisheries, plantations, and other business fields. So direct investment is made in the infrastructure sector or the Hajj ecosystem, such as hotels, Hajj clothing, and transportation.

In this direct investment, the maximum is only 20% of the placement and investment of Hajj Finance. Other investments account for a maximum of only 10% of the total placement and investment of Hajj finances. Other investments are investments that are not included in the sharia securities investment group, gold investments, and direct investments. Investments in the money market, capital market, or in activities related to the implementation of Hajj, including investments in the form of multi-year contracts and/or related to Hajj financial management, including investment in business services.

With the use of contracts and management methods that do not conflict with sharia principles, it can be said that the placement and investment of Hajj funds carried out by BPKH are guaranteed legality because they have been carried out properly. All investment returns that have been managed into useful value by BPKH will be directly channeled to meet the needs of organizing the Hajj pilgrimage. The agreement used is in accordance with the investment instrument purchased, including BPKH using an ijarah agreement and a mudharabah agreement.

Investments made by BPKH as described above vary and have many benefits. However, because of the many investments, it is necessary to have good management in implementing risk management so that investment funds can be managed optimally

Direct investment can be done through owning a business, equity participation, investment cooperation, and other direct investments. For example, investment in factories, fisheries, plantations, and other business fields So direct investment is made in the infrastructure sector or the Hajj ecosystem, such as hotels, Hajj clothing, and transportation. In this direct investment, the maximum is only 20% of the placement and investment of Hajj Finance.

Other investments account for a maximum of only 10% of the total placement and investment of Hajj finances. Other investments are investments that are not included in the sharia securities investment group, gold investments, and direct investments. Investments in the money market, capital market, or in activities related to the implementation of Hajj, including investments in the form of multi-year contracts and/or related to Hajj financial management, including investment in business services, The risk-based method uses a risk rating system, where an investment is evaluated and rated based on the rating.

The parameter is that the investment can be made if the company to be invested in belongs to an investment grade, for example, BBB or above BBB according to Standard & Poor's rating or Baa or above in Moody's rating. The security aspect is a consideration for investment in SBSN and SDHI sukuk, which are guaranteed by the government on investment placement in SBSN.

In the next investment activity, BPKH will invest more in the capital market because the portion of investment in securities is most in accordance with Government Regulation Number 5 of 2018 and BPKH Regulation Number 5 of 2018. It is stated that the investment of Hajj finance in the form of securities is the remainder of the total placement of Hajj finance after deducting the amount of investment in gold, direct investment, and other investments.

The functions and authorities possessed by the executive body and supervisory board are very important in realizing the system and governance of Hajj finance based on the principles of sharia, prudence, benefits, non-profit, transparency, and accountability. So that the quality of the implementation of the Hajj pilgrimage can be achieved in terms of service and efficiency in the use of BPKH, which provides benefits for the benefit of Muslims.

The aspect of beneficial value means that Hajj financial management must be able to provide benefits or *maslahat* for Hajj pilgrims and Muslims. The value of these benefits comes from the results of the development of Hajj finances through placement and investment.

The prudential aspect means that the financial management of Hajj must be carried out in a careful, thorough, safe, and orderly manner and consider financial risk aspects.

The security aspect is that Hajj financial management must prioritize security when anticipating the risk of loss. Similarly, investments must consider the risk of default, reputation, market, and operations.

In the liquidity aspect, BPKH must consider the ability and smoothness of payment for the ongoing and future Hajj pilgrimage. BPKH is required to prepare Hajj finances equivalent to the needs of two times the cost of organizing

the Hajj pilgrimage each year. In essence, the Hajj Financial Management Agency (BPKH) is also known as the representative of prospective pilgrims. So that BPKH can carry out its role and function as a representative who regulates Hajj finance in managing the Hajj fund. The transfer of authority to develop Hajj funds from the Ministry of Religious Affairs to BPKH has been proven by managed funds that always increase every year.

Hajj financial management is carried out by taking into account the investment period adjusted to the needs of Hajj operational financing. Short-term investments are made to maintain liquidity, and long-term investments are made to optimize the value of benefits. This provides an opportunity to use Hajj financial funds for long-term investments, including infrastructure.

Novianti Novianti (2011) states that infrastructure financing requires a large amount of funds and a long payback period and is influenced by a country's macroeconomic factors. Therefore, investment in infrastructure needs to pay more attention to the risk aspects that may arise for potential investors, including operational risk, legal risk, credit risk, compliance risk, and reputation risk. Article 48 paragraph (1) in Law No. 34 of 2014 allows the investment of Hajj finance in direct and other investments, including infrastructure, so that the government's need for national infrastructure financing can be met through one source, namely Hajj finance.

## Conclusion

Based on the data analysis that has been carried out by researchers, it is concluded that risk management can help BPKH improve financial performance, encourage innovation, and achieve the targets set in the RENSTRA and RKAT. Risk management also has an important role in the management of BPKH in the field of financing or investment. Although in its implementation, BPKH is still not maximally ready to further compete with banks in the field of financing. Within BPKH, a team has been created that focuses on conducting risk analysis called the risk commission, but apart from that, the implementing agency also participates in conducting risk analysis so that the results of the analysis are obtained with good risk management in the financing or investment process. Hajj financial management is carried out by taking the investment period into account and tailoring it to the financing needs of Hajj operations. Short-term investments are made to maintain liquidity, and long-term investments are made to optimize the value of benefits. This provides an opportunity to use Hajj financial funds for long-term investments, including infrastructure.

The suggestions that the author gives, namely: To the BPKH management to further improve the quality of human resources who carry out risk management analysis because this can provide security and hajj. To the BPKH management to carry out financing in accordance with the laws that have been determined and regulated in the implementation of Hajj fund financing. For further researchers, it would be nice to examine further the forms of financing contained in BPKH so that they can find out in depth and detail.

In managing Hajj funds, BPKH has a role as a Hajj financial institution that is trusted to provide value for pilgrims and the people and improve the

quality of Hajj services. The process of providing this beneficial value can be done through the Indonesian Hajj Sukuk Fund (SDHI), and currently BPKH has also made direct investments such as securities, shares, etc. As for the benefit of the people, there are six means that become the goal, namely for worship infrastructure, Hajj services, education and da'wah, health, the people's economy, and social religion.

In managing Hajj funds, BPKH is a public legal entity that is independent and accountable to the president through the minister. The establishment of BPKH itself was carried out by the Ministry of Religious Affairs with Commission VIII of the House of Representatives, which has considered Law Number 34 of 2014 concerning Hajj Financial Management on the basis of: The increasing number of Indonesian Muslim pilgrims who register to perform the Hajj pilgrimage continues to increase, while the Hajj quota is limited and the number of waiting list pilgrims is increasing. Resulting in the accumulation of Hajj funds that have a high potential value of benefits to support the implementation of quality Hajj through financial management that is effective, efficient, transparent, accountable, and in accordance with the provisions of laws and regulations. To ensure effective, efficient, transparent, and accountable Hajj financial management, a strong legal umbrella is needed.

In application or practice, Hajj fund governance is a set of internal arrangements within an institution that define the relationship between managers and stakeholders. Among the applications of the five principles of governance are: Implementation of the duties and responsibilities of the supervisory board and executive body; Completeness and implementation of the duties of the committee and internal control unit; Implementation of the

compliance function and internal auditors; Implementation of comprehensive risk management; Provision of large funds; Strategic plan (Renstra); and Transparency of Hajj financial and non-financial conditions.

BPKH's efforts in realizing a higher-quality Hajj implementation through Hajj financial management that is effective, efficient, transparent, accountable, and in accordance with laws and regulations The BPKH Supervisory Board is specifically able to realize the vision and mission as an institution capable of encouraging, maintaining, and overseeing reliable, fair, professional, independent, transparent, and accountable sharia-based Hajj financial management. Thus, BPKH will become a trusted Hajj financial management institution.

## References

- Badan Pemeriksa Keuangan. Mei 2018. <https://bpkh.go.id/> diakses pada 10 Juni 2023 pukul 19:00
- Duffie, D., & Lando, D. (2001). Term Structures of Credit Spreads with Incomplete Accounting Information. *Econometrica*, 69(3), 633-664.
- Froot, K. A., & Stein, J. C. (1998). Risk Management, Capital Budgeting, And Capital Structure Policy for Financial Institutions: An Integrated Approach. *Journal Of Financial Economics*, 47(1), 55-82.
- Jappelli, T., & Pagano, M. (2006). 10 The Role and Effects of Credit Information Sharing. *The Economics of Consumer Credit*, 347.
- Jorion, P. (2009). Risk management lessons from the credit crisis. *European Financial Management*, 15(5), 923-933.
- Jorion, P. (2009). Risk Management Lessons from The Credit Crisis. *European Financial Management*, 15(5), 923-933.
- Jappelli, B. (2006). *Progress Analysis in Risk Management*. Mc Graw-Hill
- Kementerian Agama RI, (2011). *Al-Qaf Al-Qur'an Dan Terjemahnya*, Bandung: Kementerian Agama RI.
- Karim, Adiwarman, *Bank Islam: Analisis Fiqih dan Keuangan*, Jakarta: Raja Grafindo Persada, 2007.
- Nadeem, M. E. dan Khalil, B. (2014). "A Review of Risk Management Theory in Commercial and Islamic Banks". *International Journal of Management and Organisastional Studies*, Vol. 3 (4), h. 34-38
- Novianti, T. (2011). Pemodelan Risiko Pendapatan Proyek Infrastruktur Jalan Tol Dengan Pendekatan Fault Tree Analysis. *Teknik dan Manajemen Industri*, 6(2), 138-149.

Oldfield, G. S., & Santomero, A. M. (1995). *The Place of Risk Management in Financial Institutions* (Vol. 39). Wharton School, University of Pennsylvania.

Otoritas Jasa Keuangan. (2018). *Statistik Perbankan Syariah*. Jakarta: Departemen Perizinan dan Informasi Perbankan.

Witjaksono, B., Harto, P. P., Wibowo, H., & Suprpto, E. (2019). *Apa & Bagaimana Investasi Keuangan Haji BPKH*. Jakarta: Badan Pengelola Keuangan Haji (BPKH)

<https://www.pewresearch.org/> diakses pada 10 Juni 2023 pukul 19:00

<https://bpkh.go.id/> diakses pada 10 Juni 2023 pukul 19:00

<https://www.investopedia.com/> diakses pada 10 Juni 2023 pukul 20:00