

# Islamic Economic Analysis Reviews: the Transparency of Top-up Banking

**Rahma Yudi Astuti**

Management Study Program,  
Faculty of Economics and Management  
Universitas Darussalam Gontor  
Email: [rahmayudi67@unida.gontor.ac.id](mailto:rahmayudi67@unida.gontor.ac.id)

**Dhika Amalia Kurniawan**

Management Study Program,  
Faculty of Economics and Management  
Universitas Darussalam Gontor  
Email: [dhika.amalia@unida.gontor.ac.id](mailto:dhika.amalia@unida.gontor.ac.id)

## **Abstract**

*Writing this paper is based on customers who are trapped with the facilities provided by the bank, called "top up". Customers do not need to pay off the remaining loans, customers will receive a new schedule and a new loan ceiling. This is based on many problems experienced by bank customers. The extent to which transparency is applied by banks in accordance with PBI. No. 7/6/2005 is the aim of this study. This research is qualitative research with an evaluative-normative approach. From these problems, the bank in delivering it to customers about Top Up information has not conveyed transparently what should be conveyed to customers. Transparency to customers is very important in accordance with an Islamic economy based on sharia values and principles that can be applied in all aspects of business life and transactions of the Ummah Compliance with regulations issued by the government, namely PBI no. 7/6 / PBI / 2005 which is not yet fully operational in banking in general. With transparency being applied in Islamic economics, customers will know what their rights and obligations are. Transparency to customers is very important to prevent misunderstandings that can cause harm to customers.*

**Keywords:** *Transparency, Top Up, Banking, PBI / 7/6/2015.*

## **Abstrak**

*Penulisan Penelitian ini dilatarbelakangi adanya nasabah yang terjebak dengan fasilitas yang disediakan oleh pihak bank yaitu top up. Dimana nasabah tidak perlu melunasi sisa pinjaman Nasabah akan menerima jadwal baru dan plafond pinjaman baru. Ini didasarkan pada banyak masalah yang dialami oleh nasabah bank. Sejauh mana transparansi diterapkan oleh Bank sesuai dengan PBI no. 7/6/2005 adalah tujuan dari dari penelitian ini . Peneliti ini merupakan penelitian kuitatif dengan pendekatan evaliatif-normatif. Dari permasalahan ini bank dalam memberikan informasi keadaan nasabah tentang top up belum menyampaikan secara transparan yang seharusnya disampaikan kepada nasabah. Transparansi kepada pihak nasabah sangat penting sesuai dengan ekonomi Islam yang berbasis nilai-nilai dan prinsip syariah dapat diterapkan dalam segenap aspek kehidupan bisnis dan transaksi ummat. Kepatuhan terhadap peraturan yang dikeluarkan oleh pemerintah yaitu PBI no. 7/6/PBI/2005 yang belum sepenuhnya berjalan di perbankan pada umumnya. Dengan adanya transparansi yang diterapkan dalam ekonomi Islam nasabah akan mengetahui apa hak dan kewajibannya. Transparansi kepada nasabah sangat penting untuk mencegah terjadinya kesalahpahaman yang dapat menyebabkan kerugian kepada nasabah.*

**Kata Kunci:** *Transparansi, Top Up, Perbankan, PBI/7/6/2005.*

## **A. INTRODUCTION**

Community trust (fiduciary relations) is the existence required by an institution which in this case is called a bank. Banks as trustworthy institutions are required to provide transparent product information for their customers in accordance with PBI 7/6 / PBI 2005 which contains banks must provide complete and clear written information in Indonesian about the characteristics of bank products. In writing, verbally delivered to the customer and the information submitted is not misleading and misconduct. The background of this study is the existence of customers who are trapped by the facilities provided by the bank, namely top up (additional loans) where the customer does not need to pay off the remaining loan that should be repaid, the repayment fund is bailed out by the bank first, the customer will receive a new schedule and a new loan ceiling.

Of course, the bank will choose the criteria for customers who will be given a top-up facility (additional loans) including the history of installment payments classified as smooth. Precisely, this is the base of the problems experienced by many customers who do not understand about the addition of loans (top up) offered by the bank or the customer himself, which ends disastrous for customers.

Lack of transparency is applied from the bank to the customer (which is generally minimal knowledge), so that many customers bear the losses caused by the top up. There is no explanation from the bank transparently where the customer borrows funds (credit) about what will be done in the future by the customer after the top up (additional funds). From these problems transparency to the customer is very important because the customer will know what their rights and obligations are, which in general most customers do not know what the top up is (additional loans). Transparency of the bank to the customer is important to avoid the occurrence of misunderstanding of the customer and the bank which results in detrimental to both parties, especially to the customer.

From these problems, banks should comply with PBI. No. 7/6/2005 which includes margin, profit, profit sharing and interest. The basis of Islamic economics is sharia principles and values that can be applied in business life, the Ummah transaction. The full application of Islam is in accordance with *al Baqarah 85*, and Law No. 21 2008, every transaction in Islam is based on inter-Islamic principles and does not contain usury, *maisir*, *gharar*, haram and *dzalim*. They must have the same information that does not result in other parties being cheated because there are conditions that are unknown to one party or *tadlis*.

The main problem in this study is lack of customer understanding of the application of new loan top-up facilities. Transparency to customers by banks, implementing PBI no. 7/6/2005 which is about transparency of bank products and transparency practices in terms of Islamic economics. Therefore, aim of this is to examine how far the application of PBI no. 7/6 / PBI / 2005 which contains transparency on bank products and how transparency in the Islamic Economy applied in the banking transaction.

The benefit of this research is to produce an analysis of Islamic economics reviewing the practice of transparency top up (additional loans) in banks. The importance of this research is to analyze the application of transparency in implementing PBI no. 7/6/2005 and how the application of transparency Top up in terms of Islamic economics.

## **B. LITERATURE REVIEW**

### **1. Previous studies**

In this literature review will describe the results of other previous studies that have links with the author's research topic:

- a. Ramadhan (2018) studied about Principles of Transparency in the Context of Legal Protection for Customers in Islamic Banks. Similar to conventional banks that raise funds and channel back to the public, Likewise, the risk in sharia banking can cause bank losses at any time. In banking operations, there is always a risk and service trade-off. Therefore, the legislation in the financial services sector, Islamic banks have an obligation to protect customers from risks that are likely to arise. From this research, the results can be seen that the application of the principle of

transparency must be applied by Islamic banks, especially information about the possibility of risks arising in connection with transactions offered to customers, this is done to protect the interests of customers while preventing the risks that might arise in the future, and if the customer suffers a loss due to negligence by the Islamic bank, the Islamic bank is obliged to take responsibility. In addition, as an institution that oversees the financial services sector, the Financial Services Authority and Bank Indonesia may impose administrative sanctions on Islamic banks.

- b. Justitia & Aidi (2017) studied about Legal Protection of Banks as New Creditors in Top Up Transfer of Mortgage Receivables. The purpose of this study is to find out and analyze the risks of banks that act as new creditors to mortgages due to the transfer of receivables (top up). The next discussion is the existence of safeguards for banks to transfer receivables by top up. The results showed that the transfer of receivables (top up) was equal to new customers in opening credit (new). The results showed that the legal protection for banks as new lenders (new creditors) in the implementation of the transfer is preventive legal protection with caution, and the transfer stage so that the rights and obligations of the parties are fulfilled. Agreement (subrogation) as a complement, which is useful to release collateral from the previous mortgage agreement.
- c. Irianto & Ispriyarso (2016) examined openness of Public Information in Banking. The spirit of increasing the public's role in information in order to realize clean governance. So, the government together with legislators issues a law. No. 14. 2008 which contains the Openness of Public Information for the protection of Citizens in accessing information with constitutional guarantees. The research problem lies in the application of the law on information disclosure in banks and the application of risk management in the application of public information disclosure in banks and the three ideal public information disclosures in banks. The research method uses an empirical juridical approach. Based on the research results, it is known that banks have practiced partial information disclosure practices before the issuance of Law No. 14 of 2008 concerning Public Information Openness. This legal product for public information disclosure is contrary to ethical principles in banking (especially limited information) and other legal products.

## 2. Theory

**a. Islamic economics** is an economic system based on the *Qur'an* and *Hadith*. Islamic Economics is another term for Islamic economics. Islamic Economic Principles:

1. Benefit Principle: Humans are allowed to enjoy the gifts of God to the extent that they benefit, but may not exceed the limits. All things that Allah has created have the benefit of being used by his servant (man)
2. Middle Principle: No shortage, no excess is an Islamic principle, humans should be in a moderate state in carrying out economic activities (producing & consuming)
3. The principle of freedom Humans have the freedom to own wealth which is the property of personal property and property. But all have restrictions in the form of *halal* and *haram*.
4. The Principle of Justice, Justice in Islamic economics is the basic ethics of all forms of economic activity. The practice of exploitation is not justified in Islamic economics.

**b. Transparency** is a case that is clear, real, and open and can be justified in terms of its existence. In the words of transparency is a form of action or attitude done by a group or someone to other parties who are interested in something they do. Top Up (additional loans) is one of the facilities provided by banks to customers who have become bank debtors.

**c. Top up** (addition of loan) is one of the facilities provided by Bank to its customers who have become the bank debtor. Top up is the process of giving a loan that aims to increase the credit amount of a borrower. The addition of the loan (Top Up) is the facility that the bank provides and relates directly to the customer's loan history. Each bank has different criteria and provisions in the provision of top up facilities for debtors. Regulation No. 7/6/2005 which explains the openness (transparency) to the information of the bank's product, explained that the disclosure of information on the bank is an effort to improve the good governance in the banking industry and empowerment Customer. Providing clear transparency of information to the bank product to the customer is indispensable especially related to the benefits and risks of bank products. The importance of

transparency arrangement of bank product information, in a Bank Indonesia regulation.

**d. PBI regarding transparency of product information Bank. Bank is a marketing agency for products & banking services** where not only products & banking services are marketed but also include products & Services LKBB (financial institution not Bank). Other parties are the parties outside the bank, but not restricted to the parties in a business group with the bank.

**e. Explanation of PBI No. 7/6/2005. About Bank product information transparency.**

The selection of bank products from customers is more based on aspects of information about the benefits that will be obtained from the product of the bank. This is on the one hand because in general information about the bank products provided by the Bank has not explained the balanced benefits, risks and costs inherent in a bank product. Therefore, there is often a dispute between customers and banks due to gaps in the information about the characteristics of the bank's products offered to customers by the bank because of that, it is not uncommon to arise disputes between banks with Customers are caused by the gap in information about the characteristics of bank products offered to customers. Consequently, the rights of the customer to obtain complete, accurate, current, and intact information are not met.

### **C. RESEARCH METHODS**

The method of study used is a qualitative method with an evaluative-normative approach. The evaluative approach is the determination of the value of some policies. While the normative approaches are used to suggest the direction of action that can solve policy problems.

- a. A. Source of research Data: the main data source of this research is the entire research object consisting of human resources, objects, documents, conventional bank customers in Ponorogo, practitioner Bank, which is supported by opinions, photographs, and documents Related to the transparency of Top Up in banks where customers transact.
- b. The research Data uses three research instruments as follows: 1. Interviews: Interviews conducted against conventional bank customers in Ponorogo. 2. Observation observation is used to review the extent of the level of transparency applied by conventional banks to customers as the subject of this research. 3. Documentation is a document that forms an event that is recorded and captured either through images, videos, or writings. Researchers use this documentation, to know the activities while the research took place while with customers in the region Ponorogo.
- c. Data Analysis in qualitative research is stated to be valid when there is no difference between existing data in the field with the reported data of researchers. The validity check is done for valid data obtained using the validity technique of 1. Triangulation Data 2. Examination of research results 3. Detailed description.

### **E. DISCUSSION**

**a. PBI conformance. No. 7/6/2005 regarding transparency of information on Bank products.**

The customer is a party that uses the services of the bank, and has no account but uses the Bank's services to transact finances. While the bank products are products and services including banking products and services from financial institutions are not marketed by banks (marketing agencies). Customer selection of the product will be based on information on the benefits that will be obtained from the bank products provided, Banks do not accurately describe the risks, benefits, and costs involved in the bank's products

Consequently, there is often a dispute between the customer and the bank that resulted from the gap in information about the characteristics of the bank product offered to the customer. Consequently, the rights of the customer to obtain complete, intact, accurate, current information become unfulfilled.

On the other hand, insufficient information about the bank product can result in a deviation to the business activities in the banking that could harm the customer therefore the importance of openness (transparency) of product information Bank and to improve the banking of good governance, the Bank is obliged to apply transparency of bank product information.

In the application of transparency of product information, the Bank is obliged to establish policies and to have written procedures. The Bank's directors are responsible for implementing the transparency policy and procedures for information on the bank's products.

## **B. Transparency on bank products.**

After obtaining information from the customer in the field of the problem faced is the less clear information that the bank disclosed to the customer. This concerns the issue of adding a loan (top up) that has not been explained to the customer.

This issue as stated by customer A who explained "I got a loan from the bank with a period approved 24 months after the nod of twelve months of the installment on time I added again (additional loan) without me Spend money to close the remaining loan even I added money but I feel there is covered up by the bank because the rest of my loan principal is still a lot of it. "

The same is the case with customer B who also said almost similar things that transact in different banks. The rise of top up facilities that occur without the clarity (transparency) of the bank is very detrimental to customers. The client C reveals something similar to the customer's previous client. That "the addition of a loan is highly incriminated customer information that is incomplete, inaccurate and as if there is a description that is closed cover".

PBI No. 7/6/2005 which discusses the transparency of the bank's products and also the requirements of the rulings which must be free from fraud and *gharar*. Regarding the transparency of the bank is obliged to give information in writing (Bahasa Indonesia) complete, clear about the characteristics of each type of bank product.

The information as intended is required to convey to the customer in written or verbal manner. The information provided is prohibited to be misleading and unethical. The information on the Bank's product characteristics in article 4 includes: name, product type, risk & the benefits contained in the product, terms and procedures in the use of bank products, fees charged to the bank product, calculation of the revenue share or Interest and margin, the period of time on the Bank products.

The issuer of the bank's product is obliged to notify the customer of any changes, additions, reductions in characteristics of the Bank product. Notification must be provided, submitted to the customer who is utilizing the bank product at least 7 working days prior to the validity of the change, addition and deduction on the characteristics of the Bank's products.

The bank should not include information and descriptions of the characteristics of the Bank's products, which are difficult to see and can be read clearly and that the disclosure is difficult to understand.

## **C. Transparency is reviewed from the Islamic economy.**

Islamic Economics requires openness or transparency in *muamalah* and does not contain elements as mentioned in the explanation of article 2 of law no 21 of 2008, namely: unauthorized income addition.

*Maisir* is a transaction that depends on a situation of uncertainty and is chancy. *Gharar*, is a type of transaction where the object of the transaction is unclear, and its whereabouts are unknown. *Haram* is a type of transaction that the motorcycle is banned in *Sharia*. *Zalim* is a type of transaction that resulted injustice to other parties.

## **F. CLOSING**

### **1. Conclusion**

Based on the discussion that has been done, it can be concluded as follows:

- a. The application of the principle of transparency by the Bank in general not in accordance with PBI No. 7/6/2005 regarding the transparency of the bank's product information, the addition of loans (Top Up) in delivery to the customer has not delivered transparently what should be communicated to customers so that the customer is not harmed.
- b. Lack of customer's knowledge will be the TOP Up facility offered by the bank that they must

understand when dealing with the bank. Principles of transparency in PBI. No. 7/6/2005 regarding transparency of the bank's products is in accordance with Islamic economics with the basis of values and Sharia principles.

## **2. Suggestion:**

- a. Any changes, additions, reductions to the characteristics of the bank's product, the bank is obliged to inform the customer. Notice obligation must be submitted to the customer who is utilizing the bank product at least seven days (weekdays) prior to the application of change, addition, reduction of the product characteristics of the bank.
- b. Notification. The bank should not provide information about the characteristics on the Bank product where the location or shape is difficult to see and cannot be read clearly or difficult to understand.

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