



Juridical and Sociological Foundations of Institutionalizing Sharia Economics in Indonesia

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Abstract. Throughout the history of Islamic economics, economic freedom has been guaranteed by various traditions of society and by its legal system. In Indonesia, the concept of Islamic economics was born in the 1980s but was introduced to the public in 1991 when Bank Muamalat Indonesia was established, which was then followed by other financial institutions. Discussions on the future prospects of the Islamic economy in Indonesia should ideally begin by placing the legal basis as formal legality. Starting from Law No. 7 of 1992 concerning Banking, Government Regulation No. 72 of 1992 concerning Banks Based on Profit Sharing Principles, Law No. 10 of 1998 concerning Amendments to Law No. 7 of 1992 concerning Banking, then strengthened through Law No. 23 of 1999 concerning Bank Indonesia (BI), until the promulgation of Law No. 21 of 2008 concerning Sharia Banking, it seems very clear that the sharia economic system, especially in the banking system in Indonesia, already has legal legitimacy and legal certainty in a formal juridical manner. The sociological foundation of sharia economics in Indonesia can be seen from the community's support and the development of sharia economics in Indonesia. The main reason that causes Islamic bank customers to become conventional bank customers still is rational reasons in the ease of financial transactions. They hope that the network of Islamic banks can be expanded and that Islamic banks can improve services and products that can accommodate their needs in financial transactions. Paying attention to this, in fact, the prospects for the Islamic economy are very promising in the future. From the description above, it can be understood that the future prospects of the Islamic economy in Indonesia are very bright and promising, both in the context of the juridical basis and in the context of its philosophical foundation.

Keywords: Mortgage Registration, Mechanism, Legal Protection, Sharia Economics



Abstrak. *Sepanjang sejarah ekonomi Islam, kebebasan ekonomi telah dijamin oleh berbagai tradisi masyarakat dan sistem hukumnya. Di Indonesia, konsep ekonomi Islam lahir pada tahun 1980-an namun diperkenalkan ke masyarakat pada tahun 1991 ketika Bank Muamalat Indonesia didirikan yang kemudian diikuti oleh lembaga keuangan lainnya. Pembahasan prospek ekonomi syariah di Indonesia ke depan idealnya dimulai dengan menempatkan landasan hukum sebagai legalitas formal. Berawal dari Undang-Undang No. 7 Tahun 1992 tentang Perbankan, Peraturan Pemerintah No. 72 Tahun 1992 tentang Bank Berdasarkan Prinsip Bagi Hasil, Undang-Undang No. 10 Tahun 1998 tentang Perubahan atas Undang-Undang No. 7 Tahun 1992 tentang Perbankan, kemudian diperkuat melalui Undang-Undang No. 23 Tahun 1999 tentang BI, sampai dengan diundangkannya Undang-Undang No. 21 Tahun 2008 tentang Perbankan Syariah, nampak sangat jelas bahwa sistem ekonomi syariah khususnya pada sistem perbankan di Indonesia sudah memiliki legitimasi hukum dan kepastian hukum secara yuridis formal. Landasan sosiologis ekonomi syariah di Indonesia dapat dilihat dari dukungan masyarakat dan perkembangan ekonomi syariah di Indonesia. Alasan utama yang menyebabkan nasabah bank syariah masih menjadi nasabah bank konvensional adalah karena alasan rasional dalam kemudahan transaksi keuangan. Mereka sangat berharap agar jaringan bank syariah dapat diperluas dan bank syariah dapat meningkatkan layanan dan produk yang dapat mengakomodir kebutuhan mereka dalam bertransaksi keuangan. Mencermati hal tersebut, sebenarnya prospek ekonomi syariah sangat menjanjikan di masa depan. Dari uraian di atas dapat dipahami bahwa prospek ekonomi syariah di Indonesia ke depan sangat cerah dan menjanjikan, baik dalam konteks landasan yuridis maupun konteks landasan filosofisnya.*

Kata kunci: *Pendaftaran Hipotek, Mekanisme, Perlindungan Hukum, Sharia Economics*

1. Introduction

Economic development goes hand in hand with human development and technological knowledge. As a Muslim, you should believe that the Qur'an and Hadith have set the path of economic life, and to realize economic life, Allah SWT has provided His resources and invited humans to use them. In fact, the world economic system is controlled by a conventional economic system which is much more developed than the Islamic economic system. Even Muslims themselves are more familiar with and familiar with conventional economic procedures with all their advantages and disadvantages. Therefore, as a Muslim, it is required to apply Islam in all aspects of life, including the economic aspect.¹

Throughout the history of Islamic economics, economic freedom has been guaranteed by various traditions of society and by its legal system. The Prophet Muhammad was not willing to set prices even when they skyrocketed. After the time of the Prophet Muhammad and throughout the course of Islamic history, Muslims have maintained the principle of freedom which has always been practiced. After the second world war, interesting symptoms appeared in Islamic countries or countries where the population is predominantly Muslim, namely the tendency to see their potential by looking at Islamic values so that they can be used in regulating their lives and lives in society and the state, including in its economic policy.²

¹ Islamic economics by offering the concept of Islamic banking is proven to be able to bring this banking institution as a financial institution that exists and is not affected by the pace of the economy and the economic crisis. Islamic banks in the midst of the monetary crisis remained healthy. This is what then led the government to look at the Islamic banking system which provides alternative solutions to the monetary crisis and opens the widest possible opportunities for the implementation of the Islamic banking system in Indonesia by making changes to banking world policies through Amendments to Law No. 7 of 1992 on 1998. See, Gemala Dewi. *Aspek-aspek Hukum dalam Perbankan dan Perasuransian Syariah di Indonesia*. Jakarta: Kencana, 2008, p. 192; Mohamed Branine and David Pollard. "Human resource management with Islamic management principles: A dialectic for a reverse diffusion in management." *Personnel Review* 39, no. 6 (2010): 712-727; Samir Ahmad Abuznaid. "Business ethics in Islam: the glaring gap in practice." *International Journal of Islamic and Middle Eastern Finance and Management* 2, no. 4 (2009): 278-288.

² Daromir Rudnycky. *Spiritual economics: Islam, globalization, and the afterlife of development*. Cornell University Press, 2011; Siti Khasinah. "Hakikat manusia menurut pandangan islam dan barat." *Jurnal Ilmiah Didaktika: Media Ilmiah Pendidikan dan Pengajaran* 13, no. 2 (2013), p. 296; Sami

In this context, since the early 1970s, Muslim scholars have tried to explore Islamic values that were covered by other values during the Western colonial period or, for some reason, could not be used. Then in 1977, London held the International Economic Conference on the Muslim World and the future Economic Order.³ Among the topics studied is the Islamic conception of the structure of the world economy.

In Indonesia, the concept of Islamic economics⁴ was born in the 1980s. Still, it was introduced to the public in 1991 when Bank Muamalat Indonesia was established, followed by other financial institutions. Each Islamic financial institution started the Islamic economy's socialization at that time. In addition, an important moment recorded in the development of the Islamic economy in Indonesia is the experience during the economic crisis that occurred in the period 1997 to 1998's.⁵ The facts show that sharia banking was not swept away by the

M. Abbasi, Kenneth W. Hollman, and Joe H. Murrey. "Islamic economics: Foundations and practices." *International Journal of Social Economics* 16, no. 5, ((1989): 5-17.

³ Asad Zaman. "Islamic economics: A survey of the literature." *Islamic Studies* 49, no. 1 (2010): 37-63; Asad Zaman. "Islamic Economics: A survey of the literature: II." *Islamic Studies* 48, no. 4 (2009): 525-566; Hossein Askari, Zamir Iqbal, and Abbas Mirakhor. *Introduction to Islamic economics: Theory and application*. John Wiley & Sons, 2014; Irawan Fakhruddin Mahalzikri. "Perpaduan antara Pandangan Ekonomi Kovenasional Dengan Ekonomi Syariah Melahirkan Sebuah Paham Ekonomi Yang Baru Dari Sebuah Sistem Yang Telah Ada." *Iqtisbaduna: Jurnal Ilmiah Ekonomi Kita* 7, no. 1 (2018), p. 2.

⁴ The definition of sharia principles in general can be seen in Article 1 of Law No. 10 of 1998 which explains that sharia principles are the rules of agreements based on Islam between banks and other parties for depositing funds and/or financing business activities, or other activities declared in accordance with sharia, including financing based on the principle of profit sharing (*mudharabah*), the principle of buying and selling goods with a profit (*murabahah*), or financing of capital goods based on the principle of pure lease without choice (*ijarah*), or with the option of transferring ownership of the goods rented from the third party. bank by another party (*ijarah wa iqtina*). See: Kasmir. *Manajemen Perbankan*. Jakarta: RajaGrafindo Persada, 2012, p. 247.

⁵ When Indonesia experienced the economic crisis in 1997 and 1998, the deposit interest rate ranged from 50 percent to 65 percent at which time banks had difficulty channeling their funds at a loan interest rate above the deposit rate. Conventional banks that were overdrawn, mismatched, and negative spreads at that time were common symptoms. See: Wirdayaningsih, dkk., *Bank dan Asuransi Islam di Indonesia*, Kencana Prenada Media, Jakarta, 2005, hlm. 156. At that time, banking institutions became paralyzed and even powerless to deal with spreads that occurred due to changes in the dollar exchange rate against the rupiah, while Islamic banks were not affected by the crisis. See: Fathurrahman Djamil. "Lembaga Keuangan Syariah." In *Kapita Selekta Perbankan Syariah Menyongsong Berlakunya UU. No. 3 Tahun 2006 Tentang Perubahan UU. No. 7 Tahun 1989 Perluasan*

storm of the crisis and became one of the banking sectors that did not need to be recapped by the government.

Based on this description, Islamic banking is a new activity in the legal world that is not widely known by the public. Many still wonder what Islamic banking is and how legal it is in Indonesia. The question arises with the lack of community affiliated with Islamic banks when measured by the ratio of the ratio between the number of Muslim customers of Islamic banks and those who are not. Many Muslims still have not become customers of Islamic banks compared to those who have become customers.⁶ This fact is very concerning, but it does not solve the problem, so it is necessary to look for the truth of Islamic banks from the juridical and sociological sides.

2. Research Results and Discussion

2.1. Juridical Basis of Sharia Economics in Indonesia

Discussions on the future prospects of the Islamic economy in Indonesia should ideally begin by placing the legal backing as formal legality. The position of the Islamic economy in the national economic system got a strong foothold after the deregulation of the banking sector in 1983, giving financial institutions the freedom to bank, including determining interest rates and even removing the interest system.⁷ Based on this, in a formal juridical manner, the recognition of sharia economic principles has been accommodated in various national laws and regulations.

Starting from the promulgation of Law No. 7 of 1992 concerning Banking, Government Regulation No. 72 of 1992 concerning Banks Based on Profit Sharing Principles, Law No. 10 of 1998 concerning Amendments to Law No. 7 of 1992 concerning Banking, then strengthened through law No. Law No. 23 of 1999

Wevenang Peradilan Agama. Jakarta: Mahkamah Agung, 2007, p. 113. Another impact of the monetary crisis was that 63 banks were closed, 14 banks were taken over, and 9 other banks had to be recapitulated at a cost of hundreds of trillions of rupiah. See: Muhammad Syafi'i Antonio. *Bank Syariah; dari teori ke praktik*. Jakarta: Gema Insani, 2001, p. viii.

⁶ Ahmad Supriyadi. "Bank Syariah Dalam Perspektif Filosofis, Yuridis Dan Sosiologis Bangsa Indonesia." *Malia: Journal of Islamic Banking and Finance* 1, no. 1 (2018), p. 1.

⁷ Eka Sakti Habibullah. "Hukum Ekonomi Syariah dalam Tatanan Hukum Nasional." *Al-Mashlahab Jurnal Hukum Islam dan Pranata Sosial* 5, no. 09 (2017), p. 196.

concerning BI, until the promulgation of Law No. 21 of 2008 concerning Sharia Banking, it seems very clear that the sharia economic system, especially in the banking system in Indonesia, already has legal legitimacy and legal certainty in a formal juridical manner.

This juridical perspective implies that the institutionalization of sharia principles is a form of concretization of the process of transforming the Islamic legal sub-system into an integral part of the national positive legal system and into a set of rules that exclusively regulate the operational system of banking business activities, which in turn strengthens the authority of Islamic law in operational concepts and Islamic economic systems.⁸ In this sense, the existence and authority of Islamic law have received a formal juridical regulation, its application in the legal order of banking business activities, and even in economic business activities.

In the context of the totality of the banking legal system, the principle of sharia as a “rule of agreement based on Islamic law” is a specification of the rules of *ahkâm al-mu’âmalah* in Islam, especially a set of rules of *ahkâm al-iqtisâdiyyah wa al-mâliyah* which has been activated legally formally and transformed into a positive sub-system law. The application of sharia principles as a form of development of the principle of profit sharing based on sharia, or the principle of *mu’amalah* based on sharia in the operations of banking business activities,⁹ is basically a basis for the pattern of bank relationships with customers in the operational system of banking business activities.

Constitutionally, the legal basis of sharia economics is based on Pancasila as the basis of the state and the 1945 Constitution Article 29 paragraph (1) which reads, that “The state is based on the One Godhead; and (2) The state guarantees the freedom of each resident to embrace his own religion and to worship according to his religion and belief.” The formal legal provisions governing the implementation of sharia economic activities in Indonesia are all provisions that have gone through a positivization process by the state.

In simple terms, it can be said that as a logical consequence of the coherence of the Qur’an and Sunnah as a form of consistency in the principle of the One

⁸ Fauzy Akbar. “Tinjauan Kesiapan Lembaga Peradilan Agama dalam menyambut kewenangan baru tentang penyelesaian perkara ekonomi syariah.” *Undergraduate thesis*. Universitas Islam Negeri Alauddin Makassar, 2014.

⁹ Siti Aisyah. “Regulasi Prinsip-Prinsip Syari’ah Dan Good Corporate Governance Pada Perbankan Syari’ah.” *Progresif: Media Publikasi Ilmiah* 1, no. 2 (2013), p. 34.

Godhead as referred to in the Preamble to the 1945 Constitution, then: (1) the sharia economic system as an integral part of the totality of the Indonesian economic law system. In contemporary times, the basic legal sources are formally legal including Pancasila, as stated in the Preamble to the 1945 Constitution as a source of basic law, and the 1945 Constitution, which is written sources of basic law; (2) the economic system as a sub-system of Islamic *mu'amalah* law which is based on the normative provisions of the Qur'an and Sunnah as the main and first source of fundamental law, is essentially a consistency and real embodiment of the nature of "the State based on the One Godhead" as referred to in Article 29 paragraph (1) of the 1945 Constitution.

Thus, the source of written basic law as the most important and first source of sharia economic support in the contemporary Indonesian legal system is the provisions of Article 29 of the 1945 Constitution, No. 10 of 1998, with all the products of implementing regulations in the form of Government Regulations (PP), Bank Indonesia Regulations (PBI) or Bank Indonesia Decrees (KBI) and so on. The written legal sources in the form of PBI or KBI, apart from being based on the direct provisions of Law No. 10 of 1998, have also been strengthened by the provisions of Article 4 of MPR Decree No. III/MPR/2000. Written legal sources in the form of Government Regulation products that were in effect prior to the promulgation of Law No. 10 of 1998 and which directly became the basis for the operational system of bank business activities based on sharia principles include PP No. 72 of 1992. In addition, of course, all products, laws and regulations that apply as a written source of law, either directly or indirectly related to the operation of economic business activities, can also be a written source of law for the operational system of the sharia economy, as long as it does not conflict with the principles of Islamic sharia law. In this case, the fatwa of the National Sharia Council (DSN) can be categorized as a legal source and a written source of law.

Regarding regulation, in the application of the Indonesian banking system, for legal legitimacy and legal certainty in a formal juridical manner, no less than ten articles in Law No. 10 of 1998 have determined that the BI authorities fully authorize banking policy regulations. On the other hand, the authorized regulation in the form of a PP contains only five articles. In fact, regulatory products at the technical juridical level, apart from PP and BI decision products, are also in the form of DSN fatwas. In Law No. 23 of 1999, as amended by Law No. 3 of 2004, the product of operational law in the form of PBI is mentioned no less than 12 times and is spread over 11 articles.

Regarding supervision, *mu'amalah* activities in the field of sharia economics (commercial and non-commercial) are controlled by private institutions (not state institutions), namely the Indonesian Ulema Council (MUI). In this context, MUI has three related institutions, namely the National Sharia Council (DSN), Sharia Supervisory Board (DPS), and the National Sharia Arbitration Board (Basyarnas). The guidelines for sharia economic activities are based on the DSN fatwa, the DPS supervises LKS economic practices, and sharia economic disputes are resolved in Basyarnas. Thus, the role of MUI in the development of the sharia economy is represented through three related institutions, DSN, DPS, and Basyarnas, each of which has its own complementary tasks and roles.

2.2. Sociological Basis of Islamic Economy in Indonesia

The sociological foundation of sharia economics in Indonesia can be seen from the community's support and the development of sharia economics in Indonesia. Since the birth of an interest-free bank in 1991, which preceded the enactment of Law No. 7 of 1992 concerning Banking and was amended by Law No. 10 of 1998. The opportunity to socialize the Islamic economy is getting bigger, this condition should encourage and spur the introduction of Islamic economic design made by Islamic economists about how Islamic economics in Indonesia should run.

There are several reasons why conventional financial institutions are starting to look at the sharia system, including the potential market because the majority of the Indonesian population is Muslim and their awareness to behave in an Islamic way. This potential becomes the capital for the economic development of the people in the future. In addition, it is proven that economic institutions that apply sharia principles can survive amid the economic crisis that hit Indonesia.

In the banking sector alone, for example, until 2015, the number of branch offices of Islamic banks had reached 586 branches and 1,508 sub-branches.¹⁰ The prospect of Islamic banking in the future is also expected to be brighter. This was stated by the Governor of Bank Indonesia when led by Burhanudin Abdullah, who said that existing banks could take advantage of the policy by eliminating the Minimum Lending Limit (LLL) to invest in other banks. This is a good opportunity for banks to open sharia units. For example, bank A, which is a conventional bank, will be able to make investments in sharia banks without being limited by the LLL.

¹⁰ Amran Suadi. *Penyelesaian Sengketa Ekonomi Syariah Teori dan Praktik*. Jakarta: Kencana, 2017.

In addition to banking, sharia insurance is another sharia economic sector that is also starting to develop.¹¹ In essence, the principle of sharia insurance is clarity of funds and does not contain gambling, usury, or interest. Similar to Islamic banking, seeing the potential of Muslims in Indonesia, the prospect of Islamic insurance is very promising. In the next ten years, it is estimated that Indonesia will become the country with the largest insurance market in the world. A CEO of a sharia insurance company from Malaysia, Syed Moheeb emphasized that in 2008 sharia insurance could reach 10 percent of the market share of conventional insurance.¹²

Data from the Sharia Insurance Association in Indonesia states that the sharia economic growth rate over the last five years has reached 40 percent, while conventional insurance is only 22.7 percent. Banking and insurance, is only one of the Islamic finance industries currently growing rapidly. In the end, the sharia economic system will have an impact on the birth of business actors who are not only entrepreneurial but also have Islamic behavior, be honest, set fair wages and maintain harmonious relations between superiors and subordinates. You can imagine the welfare that the people can enjoy if the implementation of sharia economics already covers all economic activities in Indonesia, the opportunity for the implementation of sharia economics is still wide open.¹³

The Islamic economy in Indonesia is developing very fast, especially in the field of Islamic banking. Activities in the form of sharia businesses have sprung up everywhere, such as sharia hotels, sharia travel, sharia workshops, sharia karaoke, and sharia supermarkets. The dynamic development of the sharia-based economy is also continuously supported by good regulations, including the fatwa of the

¹¹ Basically, the presence of sharia insurance in Indonesia is late compared to the emergence of sharia insurance abroad, such as Saudi Arabia, Tunisia, Oman, Brunei, and Malaysia. See: Muhammad Syafi'i Antonio. *Lembaga Ekonomi Syariah*. Yogyakarta: Graha Ilmu, 2007, p. 82. Also see: A. Hasan Ali. *Asuransi Asuransi dalam Perspektif Hukum Islam: Suatu Tinjauan Analisis Historis, Teoretis, dan Praktis*. Jakarta: Prenada Media, 2005, p. 71.

¹² Irawan Fakhruddin Mahalizikri. "Strategi Integrating Brand Dan Nilai Komunikasi Produk Asuransi Syariah Dalam Meningkatkan Market Share." *Iqtishaduna: Jurnal Ilmiah Ekonomi Kita* 5, no. 1 (2016), p. 37.

¹³ It is also hoped that conventional insurance companies in their operations do not only want profit and benefit, but are willing to shift their operations to sharia principles which base their operations on the principles of mutual help and perfect honesty. See, Abdul Manan. *Hukum Ekonomi Syariah dalam Perspektif Kewenangan Peradilan Agama*. Jakarta: Kencana, 2012, p. 245.

National Sharia Council-Indonesian Ulema Council (DSN-MUI), which can be the basis for other sharia economic activities and products. Based on the DSN fatwa, the provisions that are held in running the sharia economy in Indonesia have been widely adopted into Bank Indonesia Regulations (PBI). The National Sharia Council is an institution in charge of reviewing, exploring and formulating the values and principles of Islamic law (sharia), in the form of a fatwa to be used as a guideline in transaction activities in the Islamic finance industry. This task is increasingly needed in order to accelerate the acceleration of development of the sharia economy.

Basically, Islamic economics or Islamic economics, in its development, has contributed a lot to the development of the world economy. Many Islamic economic concepts have been imitated by the West, including *syirkah* (lost profit sharing), *sufitaja* (bills of exchange), *hivalab* (letters of credit), *fundug* (specialized large-scale commercial institutions and markets which developed into virtual stock exchanges), Which has a large scale and developed market in the real stock exchange. Likewise, according to the capitalist economic system, the market price should not be set by the government or interfered with by certain parties.

Islamic economics seems to be still in the process of forming itself independently as a scientific discipline. Nevertheless, Islamic economics has succeeded in giving birth to the operating system of modern economic institutions such as banks and insurance. In practice, the operational system of Islamic banks and insurance can compete with similar institutions under the conventional system. This can be seen from the sharia economic ideas that are currently being developed that have a direct impact on society, especially the Muslim community so that they can improve their standard of living in eliminating the problems of underdevelopment that occur in society. Therefore, Islamic economics is expected to be able to create a new world order that is fair and not hegemonistic in nature and can also create a fair and equitable distribution system of wealth and income at every level.

Specifically, regarding the prospects for Islamic banking in Indonesia, the fact is that Bank Indonesia and other involved stakeholders believe that the development of Islamic banks is considered to still have high prospects if network constraints can be overcome. This is believed to be due to the great opportunity and can be seen from the following:

- 1) Enthusiastic public response in carrying out economic activities using sharia principles;

- 2) Positive trends in the non-financial/economic sector, such as the education system, law and others that support the development of the national sharia economy;
- 3) Development of Islamic financial instruments which are expected to attract more investors/business players to enter and expand the national Islamic banking industry; and
- 4) Investment potential from Middle Eastern countries in the national Islamic banking industry.

Although the growth of Islamic banks slowed down somewhat in 2005, Bank Indonesia as well as stakeholders involved in economic development and Islamic banking still have confidence that Islamic banks will continue to grow in 2006 and in the following years as economic applications based on Islamic banking develop sharia principles in Indonesia.¹⁴ Bank Indonesia's attention to the development of Islamic banks has increased more than ever, as evidenced by the involvement of other directorates at Bank Indonesia in developing Islamic banks, in addition to the Directorate of Sharia Banking, such as the Directorate of Monetary Management and the Center for Education and Central Banking Studies. Foreign investors began to be interested in investing in the development of Islamic finance in Indonesia.

Based on a study on an Islamic bank on about 3,200 customers throughout Indonesia, it is known that more than 70 percent of customers choose Islamic banks in conducting banking transactions for the main reason according to religious beliefs.¹⁵ This shows that there are still many people who wish that financial transactions do not conflict with religious beliefs.

Another main reason that causes customers to choose Islamic banks is because of the fast and satisfactory service of Islamic banks by 38 percent and because of the strategic location of bank offices by 30 percent,¹⁶ in addition to other rational

¹⁴ M. Fauzan and Dedi Suhendro. "Peran Pasar Modal Syariah Dalam Mendorong Laju Pertumbuhan Ekonomi di Indonesia." *Human Falah: Jurnal Studi Ekonomi dan Bisnis Islam* (2018), p. 521.

¹⁵ Riska Riska Indasari. "Peran Produk Bni Syariah Terhadap Tingkat Kepuasan Nasabah (Studi Pada Bni Syariah Masamba)." *Undergraduate thesis*. Institut agama islam Negeri (IAIN Palopo), 2020.

¹⁶ Aprilia Wahyu Dini. "Analisis preferensi nasabah bank syariah di kota Surakarta." *Undergraduate thesis*. Universitas Sebelas Maret, (2007).

reasons. It can also be seen that at this time, based on this research, almost 66 percent of the customers of these Islamic banks still use conventional banks in addition to transacting with Islamic banks.

The main reason that causes Islamic bank customers to still become conventional bank customers is for rational reasons in the ease of financial transactions. They really hope that the network of Islamic banks can be expanded and Islamic banks can improve services and products that can accommodate their needs in financial transactions. They really hope that the network of Islamic banks can be expanded and Islamic banks can improve services and products that can accommodate their needs in financial transactions. In terms of education, more than two-thirds of Islamic bank customers are university graduates. From the results of this study, it can be concluded that a person becomes a customer of a sharia bank not only because of emotional factors, but also because of rationality in banking and other economic needs without leaving religious beliefs.

Taking into account the above, in fact, the prospect of Islamic economics is very promising in the future. This is due to the awareness of some people, especially those with higher education, to carry out socio-economic life without abandoning Islamic values.¹⁷ This condition must be anticipated with the readiness of facilities and infrastructure to support optimal economic development in the future. These facilities and infrastructure are not only material, non-material, and an education system that accommodates these needs, to create human resources who can build and develop the sharia economy in the future. If this is not anticipated properly, the future prospects of the Islamic economy in Indonesia will lose momentum.

In the period of several years since the issuance of Law No. 7 of 1992 concerning Banking which provides opportunities for the establishment of Islamic banks, so far it is still considered not optimal. So efforts to develop Islamic banks need to be carried out by taking into account that the Indonesian Muslim community is looking forward to a healthy and reliable Islamic banking system that is in accordance with sharia principles. Then with the issuance of Law No. 10 of 1998, Islamic banking has received wider opportunities to conduct its business, including the opportunity for conventional commercial banks to open branch

¹⁷ Nancy J. Davis and Robert V. Robinson. "The egalitarian face of Islamic orthodoxy: Support for Islamic law and economic justice in seven Muslim-majority nations." *American Sociological Review* 71, no. 2 (2006): 167-190.

banks that specifically carry out activities based on Islamic banking principles, this is an effort to improve the Islamic banking network. carried out by empowering Islamic banking.

Basically, the development of Islamic banking to date still shows growth that has not been maximized, when compared comprehensively with the growth of conventional banks, it is shown by the population of Islamic banks which is still small. There are many challenges and problems faced in the development of Islamic banking, especially regarding implementing a new system of roles. A system that has a different basis from the old system used in Indonesia.

Some of the problems faced by the Islamic economy in welcoming the future prospects of the Islamic economy in Indonesia are as follows:

- 1) The public's understanding that is not right about the operational activities of Islamic banking, the difference in product characteristics of conventional banks and Islamic banks has led to a reluctance for users of banking services. funds in Islamic banks will get more profitable profits;
- 2) The prevailing banking regulations have not fully accommodated the operations of Islamic banks;
- 3) The network of sharia bank officials is not yet extensive, this development is necessary to expand the range of services to the community; and
- 4) Human resources who have expertise in Islamic banking are still relatively few, this is because this system has not been developed for a long time.

The Indonesian government has taken steps to rebuild a sound banking system in support of the national economic recovery and empowerment program, in addition to banking restructuring is also the development of the sharia banking system, the objectives of sharia development are to:

- 1) The need for banking services for people who cannot accept the concept of bank interest;¹⁸
- 2) Financing opportunities for business development based on the principle of partnership; and

¹⁸ Significant differences in businesses and businesses that are financed, in Islamic banks, businesses and businesses that are carried out cannot be separated from sharia filters, therefore, Islamic banks will not be able to finance businesses that contain forbidden things such as interest. See: Muhammad Syafi'i Antonio. *Bank Syariah; dari teori ke praktik*. Jakarta: Gema Insani, 2001, p. 29-34.

- 3) The need for superior banking products and services.

Based on these objectives, the sharia bank development strategy is directed to improve business competencies that are parallel to the conventional banking system, which is carried out comprehensively by referring to the analysis of the strengths and weaknesses of sharia banking in Indonesia, the main focus of the sharia banking system development strategy includes the following :

- 1) Completing the provisions, the efforts made are the adjustment of the central bank apparatus, banking laws and the preparation of the provisions supporting the operational activities of sharia banks. In Law No. 10 of 1998 concerning Banking, articles have been applied that open up wider development opportunities for Islamic banks. The article in the law will then be stated in a letter from the board of directors of Bank Indonesia which regulates all operational activities of Islamic banks;
- 2) The development of a sharia bank network aims to provide wider access to the public to obtain sharia bank services. The development of this network is carried out by, First, improving the quality of Islamic commercial banks and Sharia Rural Banks (BPRS) that have been operating. Second, changes in the business activities of conventional banks that have good business conditions and are interested in conducting bank business activities based on sharia principles. Third, the opening of sharia branch officers for conventional banks that have bank business conditions based on sharia principles;
- 3) The development of currency security, it aims to assist the development of the Islamic interbank money market; and
- 4) Implementation of socialization of sharia banking, this effort is carried out to provide complete and correct information regarding sharia banking business activities to the public.

Apart from being an economic institution that exists to overcome the economic crisis, Islamic banking also has the main objective of encouraging and accelerating the economic progress of a society by conducting banking, financial, commercial, and investment activities in accordance with Islamic principles

(*muamalah*). The Islamic principle (*muamalah*) referred to is *halal*, both *halal* in terms of the object (*halal liẓatibi*) and *halal* in terms of the process (*halal liḡhoiribi*).¹⁹

As mentioned above, the initiative to establish a new Islamic bank was carried out in Indonesia in 1990.²⁰ The emergence of Islamic banks with the establishment of Bank Muamalah Indonesia (BMI) at that time is from the name, and it seems that Islamic banks are devoted to Muslims. However, based on reality, it turns out that the existing Islamic banks are also in demand by people other than Islam; this means that the emergence of Islamic banking has also attracted the attention of the public in general and also directly acts as a support for economic improvement and improvement in Indonesia.

As the majority religion embraced by the Indonesian population develops sharia economic principles, including sharia banking, with all its advantages and disadvantages, Islam has contributed to developing the nation's economy. In addition, in line with the growth and development of Islamic banking, it turns out that the existence of Islamic banking in Indonesia does not rule out and still maintains the existence of conventional banking that already exists in Indonesia.²¹

The Indonesian people should be proud because the growth and development of Islamic economic institutions are quite encouraging. These Islamic economic institutions have been running on the basic framework of sharia; even now, they have penetrated into the capital market and multilevel marketing sectors. The growth and development of the Islamic economy in Indonesia have entered a new phase. The Islamic economy has transformed from simply introducing an alternative economic practice, increasing to how it has positioned itself as a major player in the economic arena in the country. Islamic economics has great potential to become the first and foremost choice for policymakers and economic actors in transactions. It is indicated by the acceleration of growth and development, as well as the prospect of the Islamic economy in Indonesia.

¹⁹ Amran Suadi and Mardi Candra. *Politik bukum: Perspektif bukum perdata dan pidana islam serta ekonomi syariah*. Jakarta: Kencana Prenada Media, 2016, p. 432

²⁰ Mustafa Edwin Nasution, Budi Setyanto, Nurul Huda, M. Arief Mufraeni, and Bey Septa Utama. *Pengenalan Eksklusif Ekonomi Islam*. Jakarta: Kencana, 2006, p. 294.

²¹ Muh. Nasikhin. *Perbankan Syariah dan Sistem Penyelesaian Sengketanya*. Semarang: Fatawa Publishing, 2010, p. 5.

3. Conclusion

From the description above, it can be understood that the prospects of the Islamic economy in Indonesia are very bright and promising, both in the context of the juridical basis and in the context of its philosophical foundation. In formal juridical terms, the recognition of sharia economic principles has been accommodated in various national laws and regulations so that the legal basis is very strong for moving forward. Philosophically, sharia economics is supported by halal beliefs and adherence to religious rules. However, it turns out that many non-Muslims become customers of Islamic banks. The main reason that causes Islamic bank customers to become conventional bank customers still is rational reasons in the ease of financial transactions. They hope that the network of Islamic banks can be expanded and that Islamic banks can improve services and products that can accommodate their needs in financial transactions. Therefore, access to the Islamic economy must be facilitated and smooth. Based on this understanding, the role of the sharia economy should be optimized and maximally supported, especially for Muslims. Because the sharia economic system provides material benefits, the most important thing is to carry out charity according to the instructions of religious teachings. With a sharia economic system, Muslims in Indonesia can develop a new thought about sharia economics, both as a system and as a scientific discipline.

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