



MIZAN

Journal of Islamic Law

P-ISSN: 2598-974X. E-ISSN: 2598-6252

Vol. 5 No. 1 (2021), pp. 17-28

DOI: <https://doi.org/10.32507/mizan.v5i1.923>

<https://www.jurnalfai-uikabogor.org/index.php/mizan/index>




Development of Sharia Banking System In Indonesia*

Choiriyah¹, Saprida², Emilia Sari³

^{1, 2} Sekolah Tinggi Ekonomi dan Bisnis Syariah IGM, Palembang

³ STIQ Al-Latifiyyah, Palembang

 <https://doi.org/10.32507/mizan.v5i1.923>

Abstract

Banking in Indonesia now increasingly enlivened by the presence of Islamic banks, which offer financial and investment products in a different way compared to conventional banks. Although it is still considered a newbie, Islamic banking is developing quite rapidly. Understandably, Indonesia is the largest Muslim country in the world and it is clear that banks that use Islamic law and principles will be more desirable. Even conventional banks in Indonesia are now following the trend by establishing Islamic institutions or Islamic business units themselves. This is done to attract more customers who are interested in the benefits of Islamic banks.

Keywords: Development; System; Islamic Banking

Abstrak

Perbankan di Indonesia kini semakin meningkat berkat hadirnya bank syariah yang menawarkan produk keuangan dan investasi dengan cara yang berbeda dibandingkan dengan bank konvensional. Meski masih tergolong newbie, perbankan syariah berkembang cukup pesat. Maklum, Indonesia adalah negara Muslim terbesar di dunia dan jelas bank yang menggunakan hukum dan prinsip Islam akan lebih diminati. Bahkan bank konvensional di Indonesia pun kini mengikuti tren dengan mendirikan lembaga syariah atau unit usaha syariah sendiri. Hal ini dilakukan untuk menarik lebih banyak nasabah yang tertarik dengan keunggulan bank syariah.

Kata Kunci: Pengembangan, Sistem, Perbankan Syariah

* Manuscript received date: 12 January 2021, revised: 16 May 2021, approved for publication: 25 June 2021.

¹ **Choiriyah** is a Lecturer in the Islamic Banking Study Program at the Islamic School of Economics and Business at IGM Palembang. E-mail: choi@stebisigm.ac.id

² **Saprida** is a Lecturer in the Islamic Banking Study Program at the Islamic School of Economics and Business at IGM Palembang. E-mail: saprida@stebisigm.ac.id

³ **Emilia Sari** is a Lecturer at STIQ Al-Latifiyyah Palembang. E-mail: emilia@stiqlatifiyyah.ac.id

A. INTRODUCTION

Islamic economics is an understanding that had developed before Adam Smith and Karl Marx published his book. Rasulullah SAW and Sabahat lived in the 7th century AD had practiced Islamic economics. Even in the era of Umar bin Abdul Aziz's administration it was said that no one had the right or willingness to accept zakat. This means that at that time the economic conditions were so prosperous, although there were still memories of the rich and the poor.

Islamic banks are bank whose activities leave usury problems. Thus, avoidance of interest which is considered usury is one of the challenges facing the Islamic world today. In recent times Muslim economists have devoted great attention to finding ways to replace the interest system in banking and financial transactions that are more in line with Islamic ethics. The Islamic banking system has actually been implemented since the time of the Prophet and has evolved from time to time. Therefore, in this paper we will discuss the development of the Islamic banking system.

B. METHODS

This research use descriptive qualitative approach. Qualitative research is research that intends to understand the phenomenon of what is experienced by the research subject, for example behavior, how to describe it in the form of words and language. In a special context that is natural and by utilizing various natural methods. Data were collected from two sources: primary sources and secondary sources. The author uses two data sources. A systematic and consistent procedure for data collection that is complete, objective, and accountable through observation, interviews, and documentation. Data analysis in this study was conducted by organizing the information obtained from interviews, field notes, and documentation.

C. RESULTS AND DISCUSSION

1. Banking Practices in the Age of the Prophet Muhammad SAW and His Companion R.A

In general, a bank is an institution that carries out three main functions, namely accepting money deposits, lending money, and providing money transfer services. In the history of the Islamic economy, financing made in accordance with sharia-compliant agreements has been part of Muslim traditions since the time of the Prophet. These practices have been prevalent since the time of the Prophet⁴. Thus, the main functions of modern banking, namely receiving deposits, channeling funds, and transferring funds have become an inseparable part of the lives of Muslims, even since the time of the Prophet.⁵

⁴ Adiwarman A Karim. 2007. *Bank Islam Analisis Fiqih dan Keuangan*. Jakarta. PT. Raja Grafindo Persada.

⁵ Nofinawati, Jurnal Juris Volume 14 Nomor 2 (Juli-Desember 2015) hlm. 169

Rasulullah SAW. what is known by the nickname *Al-Amin* is believed by the Makkah society to receive a deposit of wealth, so that at the last moment before moving to Medina, he asked Ali bin Abi Talib R.A. to return all the deposits to their owners. In this concept, the entrusted party cannot make use of the deposited assets. A companion of the Prophet. Zubair bin al-Awwam R.A. choose not to receive a deposit of assets. He prefers to receive it in the form of a loan. Zubair's actions have different implications, namely first, by taking the money as a loan, he has the right to use it and second, because it is a loan, it is obliged to return it in full. In another narration mentioned, Ibn Abbas R.A sent money from Makkah to his brother Mis'ab bin R.A who lived in Iraq⁶.

Thus, it is clear that there were individuals who had carried out banking functions during the time of the Prophet. Although the individual does not carry out all banking functions. There are friends who carry out the function of receiving deposits, there are friends who carry out the function of borrowing and borrowing money, there are those who carry out the function of sending money, and some are providing working capital. Some modern banking terms even originate from the realm of *fiqh*, such as the terms credit taken from the term *qard*. Credit in English means lending money on the basis of trust. Similarly, the terms check is taken from the term *suq*. *Suq* in Arabic means market, while check is a payment instrument commonly used in the market.⁷

2. History of Sharia Banking in the International World

Islam is the religion of *rahmatan lil' alamin* or being a *rahmah* for the universe. Every aspect of life in Islam globally has been regulated by Allah, as stated in the Qur'an. Further arrangements can be found in various other sources of Islamic law, namely the Hadith of the prophet, *ijma' ulama*, and *qiyas*. Nevertheless, it turns out that human development is so fast that sometimes the law is left behind. For this reason, it takes the ability and courage of every Muslim to explore the laws that are in the Qur'an, Hadith, *ijma'* and existing *qiyas* to be applied in the current concrete situation. Courage to do *jihad* is not in the context of absolute *ijtihad* or *ijtihad mazhab*, but *ijtihad* at the level of fatwa carried out either individually by a *mufti* or *jama'i* by fatwa institutions. In Indonesia we know the National Sharia Council - the Indonesian Ulema Council (DSN-MUI). In addition to fatwa institutions known in Islamic organizations such as the *Bahsul Masail* (Nahdlatul Ulama) and the *Tarjih Council* (Muhammadiyah).

The basics of a contract which is a pillar in sharia banking operations have actually been regulated. however, human action is still needed so that the existing concepts can be implemented. One example of major progress in terms of muamalah is the emergence of the desire of some Muslims to carry out their religion (Islam) *kaffah*,

⁶ Adiwarman A, Karim. *Bank Islam Analisis Fiqih dan Keuangan*, Raja Grafindo Persada, Jakarta, 2014. Hlm. 18-19

⁷ Ibid. hlm. 19

including in the field of Islamic economics. This is evident in the banking world which bases its business operations based on sharia principles, so that we are familiar with the existence of Islamic banks, Islamic banks or other names.⁸

Initial efforts to implement a profit and loss sharing system were recorded in Pakistan and Malaysia around the 1940s, namely the efforts to manage pilgrim funds in a non-conventional manner. However, the history of Islamic banking first took place in Cairo, Egypt with the establishment of the Islamic Rural Bank in the village of Mit Ghamr in 1963.

Because of the political classification in Egypt, in 1967 under Gamal Abdul Naser's time, Mit Ghamr was taken over by the State and carried out its business operations conventionally. Only then in 1971 during President Anwar Sadat, he resumed activities based on sharia principles and was renamed Nasser Social Bank and the aim was more social than commercial. Then the first private Islamic bank was the Dubai Islamic Bank, which was founded in 1975 by a group of Muslim businessmen from various countries. In 1977 two Islamic banks were established under the name Faysal Islamic Bank in Egypt and Sudan, and in the same year the Kuwait Finance House was established.⁹ The development of Islamic banks internationally began with a Foreign Minister's Session held by the Organization of the Islamic Conference (OIC) in Karachi, Pakistan, December 1970.¹⁰

The development of Islamic banking, which has gained momentum since the 1970s in the international world, generally takes two patterns. First, establishing Islamic banks side by side with conventional banks (two banking systems) as happened in Egypt, Malaysia, Saudi Arabia, Jordan, Kuwait Bahrian, Bangladesh and Indonesia. Second, restructuring the banking system as a whole in accordance with Islamic sharia (full fledged Islamic financial system) as happened in Sudan, Iran and Pakistan.

To help establish Islamic banks in various countries, the Islamic Development Bank (IDB) established a research and training institute for research development for the development of research and training in Islamic economics, both in banking and finance in general. This institution is known as the Islamic Research and Training Institute (IRTI). Concisely, we can draw the conclusion that universally the development of Islamic banks so far adheres to the first two patterns, specifically for Islamic countries such as the Middle East, the pattern of establishment of Islamic banks tends to be pure Islamic banks, meaning that all products provided by a bank is based on sharia only and no one is based on existing provisions in conventional banks.

Even so, not all countries in the Middle East region apply pure sharia principles. Whereas the second pattern, through what is called the banking system, is a bank has a Sharia Business Units through an Islamic window, while also continuing to run a conventional bank business. This second pattern is justified legally, if the

⁸ Budi Utomo, Khotibul Umam, *Perbankan Syariah Dasar-dasar dan Dinamika Perkembangannya di Indonesia*, Rawali Pers, Jakarta, 2016. Hlm. 20-26

⁹ Suryani. *Jurnal Maqasid* Volume 3 Nomor 1. Juli 2012. Hlm. 115

¹⁰ M. Syafi'I Antonio. *Bank Syariah Suatu Pengenalan Umum*. Jakarta. *Gema Insani*. 1999. Hlm. 232

management between the two is separate to prevent the mixing of assets. This second pattern is used by most banks in secular countries, such as in European and American countries, including the State of Indonesia.¹¹

The Islamic Development Bank (IDB) has institutionally cooperated with other international institutions such as the IMF. Then, to accelerate the strengthening of Islamic infrastructure and financial systems internationally, 7 (seven) institutions were established, namely, Accounting and Organizations for Islamic Financial Institutions (AAOIFI), Islamic Financial Services Board (IFSB), International Islamic Financial Market (IIFM), Liquidity Management Center (LMC), Islamic International Rating Agency (IIRA), General Council of Islamic Banks and Financial Institutions (GCIBFI), Arbitration and Reconciliation Center for Islamic Financial Institutions (ARCIFI)¹².

Thus, factually, efforts are made internationally both legally and institutionally to continuously develop financial institutions that are based on sharia principles. Indonesia as a country that is developing Islamic banking should follow and learn the practices of Islamic banking from other countries as a comparison.

3. History of Islamic Banking in Indonesia

Indonesia as a country with the largest Muslim population in the world at the end of the 20th century has banks that base their management on sharia principles¹³. At the beginning of the establishment of the State of Indonesia, banking still adhered to the conventional system or the bank interest system (interest system). In 1983 a policy package was issued relating to the graduation of determining interest rates, including zero interest. This continued until at least the October 1988 policy package (Pakto 88) was issued as a deregulation policy in the banking sector that allowed the establishment of new banks.¹⁴

Institutionally, the first Islamic bank that was established in Indonesia was PT Bank Muamalat Indonesia (BMI), and then only other banks opened Islamic windows in carrying out their business activities. Through this Islamic window, conventional banks can provide Islamic financing services to their customers through products that are free from usury, gharar (uncertainty), and speculative by first forming a Sharia Business Unit (UUS). UUS is a work unit at a conventional commercial bank head office that functions as the parent office of a sharia cabaang office and/or sharia unit.

Whereas legally at the level of the law began in 1992 with the enactment of Law Number 7 of 1992 concerning banking which contains provisions that explicitly obtain bank managers based on profit and loss sharing principles. This was confirmed by government regulation Number 72 of 1992 concerning Banks based on the profit-sharing principle. Then emphasized again through Act Number 10 of 1998 which is an

¹¹ Ibid. hlm. 21

¹² Muhamad, *Manajemen Dana Bank Syariah*, Raja Grafindo Persada, Jakarta, 2015. Hlm. 20

¹³ Suryani. *Jurnal Maqasid* Volume 3 Nomor 1. Juli 2012. Hlm. 117

¹⁴ Budi Utomo, Khotibul Umam, *Perbankan Syariah Dasar-dasar dan Dinamika Perkembangannya di Indonesia*, Rawali Pers, Jakarta, 2016. Hlm. 26-27

amendment of Act Number 7 of 1992. In Act Number 10 of 1998 expressly differentiates banks based on their management consisting of conventional banks and Islamic banks, both banks public and people's credit banks. The existence of this law also eliminates Article 6 PP No. 72 of 1992 which prohibits the dual banking system¹⁵.

4. Modern Islamic Banking

Because interest in jurisprudence is categorized as usury which means haram, in a number of Islamic countries and predominantly Muslim populations, efforts have begun to establish alternative non-ribawi bank institutions. This happened especially after the Muslim nations gained their independence from European colonizers. The first modern attempt to establish a bank without interest was first made in Malaysia in the mid-1940s, but this effort was not successful. Another experiment was carried out in Pakistan in the late 1950s where an interest-free credit institution was established in the country's countryside.

However, the most successful and innovative experimental establishment of Islamic banks in modern times was carried out in Egypt in 1963, with the founding of Mit Ghamr Local Saving Bank. The bank received a warm welcome in Egypt, especially from farmers and rural communities. The number of depositors of this bank increased tremendously from 17,560 in the first year (1963/1964) to 251,152 in 1996/1967. But unfortunately, due to political turmoil in Egypt, Mit Ghamr began to decline, so that the operation was taken over by the National Bank Egypt and the Egyptian central bank in 1967. Finally, the concept of non-interest was revived during the Sadat regime through the founding of the Nasser Social Bank. The purpose of this bank is to run a business based on the concept that has been practiced by Mit Ghamr.¹⁶

The success of Mit Ghamr has inspired Muslims around the world, so that there arises an awareness that Islamic principles can still be applied in modern business. When OKI finally formed a series of international conferences began, which one of the economic agendas was the establishment of an Islamic bank. Finally, the Islamic Development Bank (IDB) was formed in October 1975 which consisted of 22 (twenty-two) founding Islamic countries. This bank provides financial assistance for the development of its member countries, helps them to establish Islamic banks in their respective countries, and Islamic finance. Now, the bank which is based in Jeddah-Saudi Arabia already has more than 43 (fourty three) member countries.

In subsequent developments in the 1970s efforts to establish Islamic banks began to spread to many countries. Some countries such as Pakistan, Iran and Sudan, even changed the entire financial system in the country to a non-interest system, so that all financial institutions in the country operate without using interest. In other Islamic countries such as Malaysia and Indonesia, non-interest banks operate side by side with conventional banks.

¹⁵ Ibid. hlm. 27

¹⁶ Karim A. Adiwarmarman, *Bank Islam Analisis Fiqih dan Keuangan*, Raja Grafindo Persada, Jakarta, 2014. Hlm. 22-25

Islamic banking has experienced a fairly rapid development and spread to many countries, even to Western countries. The Islamic Bank International of Denmark is listed as the first Islamic bank operating in Europe, namely in 1983 in Denmark. Now, big banks from western countries, such as Citibank, ANZ Bank, Chase Manhattan Bank and Jardine Fleming have also opened Islamic Window so that they can provide banking services in accordance with Islamic Sharia. One example is about giving a brief map of the evolution of banking activities practiced by Muslim societies throughout history. So, in terms of the evolutionary process, the embryo of banking activities in an Islamic society is carried out by an individual for one banking function.

Then the jibbiz profession developed, namely an individual performing all three banking functions. Then the activity was adopted by medieval European society, and its management was carried out by an institution, but its activities began to be carried out on an interest basis. Because of the decline of Muslim civilization and the occupation of Western nations against Muslim countries, the evolution of sharia-compliant banking practices stalled for several centuries. Only in the 20th century, when the Muslim nation began to be independent, formed a modern Islamic bank in a number of countries and innsyaallah will continue to experience growth.¹⁷

5. Evolution of Banking Activities in Islamic Communities

The evolution of banking activities practiced by Muslim societies throughout history. So, in terms of the evolutionary process, embiro banking activities in an Islamic society carried out by an individual for one banking function. Then the jibbiz profession developed, namely an individual performing all three banking functions. Then the activity was adopted by medieval European society, and its management was carried out by an institution, but its activities began to be carried out on an interest basis. Because of the decline of Muslim civilization, the evolution of sharia-compliant banking practices stalled for several centuries. It was only in the 20th century when the Muslim nation began to be independent that modern Islamic banks were formed in a number of countries and God willing, would continue to experience growth.¹⁸

6. Prospects for Sharia Banking Development in Indonesia

After the amendment to the Charge Law marked by the issuance of Law No.10/1998, and the establishment of the Sharia Banking Development Team (1999), to date (2011), there have been 11 (eleven) Sharia Commercial Banks, 23 (twenty-three) Sharia Business Unit, and 153 (one hundred and fifty-three) Islamic People's Financing Banks. With network coverage increasing 184 percent in the last five years with an average growth of 27 percent or an average of 9.5 percent per year.¹⁹

¹⁷ Ibid. hlm. 24

¹⁸ Ibid. hlm. 25

¹⁹ Surani. Jurnal Maqasid Volume 3 Nomor 1. Juli 2012. Hlm. 124

But actually, if you look back at the Grand Strategy for the development of Sharia banking, Bank Indonesia plans to target Sharia banking in Indonesia to become the leading Sharia banking in ASEAN, with the achievement of a target asset of Rp. 124 trillion with industry growth of 81 percent in 2010. In addition, the Sharia banking market share in the country until now was only able to reach 3.3 percent of the national banking market share. Thus, the rapid development of this Sharia Bank can also be seen from the spread of Sharia banking office networks that have reached the community in 33 Provinces and in many districts/cities.²⁰

7. Characteristics of Islamic Banks

Islamic sharia principles in asset management emphasize the balance between individual and community interests. Assets must be used for productive things, especially investment activities which are the basis of economic activity in society. Not every person is able to directly invest his wealth to make a profit. Therefore, we need an intermediary institution that connects the community that owns the funds and entrepreneurs who need funds (the fund manager). One form of an intermediary institution is a bank whose business activities are based on sharia principles.

An Islamic bank is a bank based on, among others, the principles of partnership, justice, transparency and universalism and conducting business activities based on sharia principles. The activities of Islamic banks are the implementation of Islamic economic principles with characteristics, among others, namely the prohibition of usury in various forms, do not recognize the concept of time value of money, the concept of money as a medium of exchange rather than as a commodity, is not permitted to conduct activities which are speculative in nature, are not permitted to use two prices for one item and two transactions are not allowed in one contract.

Islamic banks operate on the basis of the concept of profit sharing. Islamic banks do not use interest as a tool to earn income or charge interest on the use of funds and loans because interest is an unlawful usury. Unlike non-Islamic banks, Islamic banks do not clearly distinguish between the monetary sector and the real sector, such as buying and selling and renting. In addition, Islamic banks can also conduct business activities to obtain compensation for other banking services that are not in conflict with Islamic principles.

A transaction is in accordance with sharia principles if it has fulfilled 6 conditions including transactions that do not contain the element of wrongdoing, not usury, do not endanger the parties themselves or other parties, there is no fraud (*gharar*), do not contain prohibited materials, and do not contain gambling elements (*maisyr*). So, in the operations of Islamic banks need to pay attention to things that are already regulated by sharia or Islamic teachings relating to assets, money, buying and selling, and other economic transactions.²¹

²⁰ Statistik Perbankan Syariah, www.bi.go.id

²¹ Muhamad. *Manajemen Dana Bank Syariah*, Jakarta. PT. Raja Grafindo Persada 2015. hlm 4-6

8. The Role of Islamic Banks

The Financial Institution System, or more specifically referred to as the rules concerning financial aspects in a country's financial mechanism system, has become an important instrument in facilitating the development of a nation. Indonesia, which is predominantly Muslim, of course demands a standard system that regulates its life activities. Including financial activities carried out by every people. This is that the standard system is included in the economic system. However, in the course of human life, it has now been shackled in a secular economic system. Specifically in the banking sector, history has recorded, since the establishment of De Javache Bank in 1872. It has instilled the values of the banking system which until now has been inherited and even ingrained in Indonesian society, with no exception to Muslims. It seems difficult to eliminate such traditions, but whether it will continue, what efforts might be used as an alternative solution.

A progress which is quite encouraging, towards the twentieth century there was a revival of Muslims in all aspects. In the financial system, developing thoughts that lead to the reorientation of the financial system, namely by removing the main instrument, namely interest. The effort is carried out with the aim of achieving conformity in implementing the principles of Islamic teachings that contain the foundations of justice, honesty and policy.²²

The existence of Islamic banking in the country has gained a solid foothold after the birth of Banking Law No. 7 of 1992 which was revised through Act Number 10 of 1998, which expressly acknowledges the existence and functioning of the Islamic profit-sharing banks or Islamic banks. Thus, this bank is operating with the principle of profit sharing. Profit sharing is the principle of *muamalah* based on sharia in conducting bank business activities.

Talking about the role of something, cannot be separated from the function and position of something. Among the roles of Islamic banks, are (1) purifying Islamic banking operations so as to further enhance public trust, (2) increase Islamic sharia awareness so as to expand the segment and market share of Islamic banking, (3) establish cooperation with ulemas because after all the role of the ulema, especially in Indonesia, is very dominant in the lives of Muslims.²³

Some research results indicate that bank and non-bank financial institutions that are formal and operate in rural areas, generally do not reach the strata of the people from the middle to lower economic class. The incapacity is mainly in terms of risk management and operating costs, also in the identification of businesses and monitoring the use of credit worthy of business. The inability of financial institutions is the cause of the vacancy in the financial market segment in rural areas. As a result, 70% to 90% of this vacancy is filled by non-formal financial institutions, including those involved in operating money lenders by charging high interest rates.

²² Ibid. hlm. 9

²³ Ibid. hlm. 10

To cope with events like this, there needs to be an institution that is able to become a middle ground. The real form is to increase operationality of profit-sharing financial institutions, namely Sharia Commercial Banks, BPR Syariah, BMT. The existence of Islamic banks is expected to contribute to the economic growth of society through financing issued by Islamic banks. Through this payment, Islamic banks can become partners with customers, so that the relationship between Islamic banks and customers is no longer a creditor and a customer, but rather a partnership.

Specifically the role of Islamic banks can be manifested in the following aspects, which are the glue of new nationalism, meaning that Islamic banks can be active facilitators for the formation of a populist economic business network, empowering the economy of the people and operating transparently, opening better returns, encouraging decreased speculation on the financial market, encouraging equal income means that Islamic banks not only collect third party funds, but can collect Zakat, Infaq and Sadaqah (ZIS) funds, increasing the efficiency of fund mobilization means that there is an *al-muqayyadah* product meaning that there is freedom for banks to invest funds submitted to investors, the Islamic bank as a financial arranger, the bank gets a commission or profit share, not because of the spread of interest. And as Uswah Hasanah, the implementation of morals in conducting bank business. One reason for the crisis is the existence of corruption, collusion and nepotism. Islamic banks because of their nature as banks based on sharia principles must position themselves as *uswatun hasanah* in implementing moral and correct business ethics or implementing religious ethics and morals in economic activities.²⁴

In carrying out this role, Islamic banks will be more reality if the Islamic banks are able to carry out their activities optimally. Sharia bank activities include as an investment manager who manages investments in customer funds using *mudharabah* contracts or as investment agents, investors who invest their funds and customer funds entrusted to them by using investment tools that are in accordance with sharia principles and share the results obtained according to the agreed ratio between banks and fund owners, financial service providers and payment traffic such as non-sharia banks as long as they do not conflict with sharia principles, and carry out social functions in the form of zakat fund management, infaq, sadaqah and policy loans (*qardhul hasan*) in accordance with applicable provision.²⁵

9. Sharia Bank Organizational Structure

Islamic banking in Indonesia is now entering a period of development marked by new Islamic banks. This is made possible by the existence of a clear legal basis namely Law No. 7 of 1992 concerning banking and its implementing regulations. Based on the new banking law, it is possible to develop a sharia bank through the establishment of a new sharia bank, a change in conventional bank business activities to a sharia bank and the implementation of banking activities based on sharia

²⁴ Ibid. hlm. 11

²⁵ Ibid

principles by conventional banks. With the development of sharia banking, it is necessary to have banking provisions and central bank facilities that are in accordance with sharia principles, due to business activities with conventional banks. This is needed so that Islamic banking operates in a healthy manner and can explain Islamic principles correctly.²⁶

The development of sharia banking must of course also be supported by adequate human resources, both in terms of quality and quantity. However, the reality shows that there are still many human resources who have been involved in Islamic institutions, neither having academic nor practical experience in Islamic Banking. Of course, this condition significantly affects the productivity and professionalism of sharia banking itself. This is what really has to get the attention of all of us, which is to print human resources that are able to practice the shariah economy on all fronts because a good system is impossible to run if it is not supported by good human resources.²⁷

D. CONCLUSIONS

Islamic banking is a new phenomenon in the modern economic world, its emergence along with the intense efforts made by Islamic experts in supporting Islamic economics which is believed to be able to replace and improve the conventional economic system based on interest. For this reason, the development of Islamic banking in Indonesia has become a benchmark for the success of Islamic economic existence. The first Islamic bank in Indonesia is Bank Muamalat Indonesia (BMI), which was established on November 1, 1991 and began operating on May 1, 1992. In its development until March 2013, BMI became a pioneer for other Islamic banks, and has already implemented this system in the middle the mushrooming of conventional banks.

REFERENCES:

- Budi Utomo dan Khotibul Umam, 2016. *Perbankan Syariah Dasar-dasar dan Dinamika Perkembangannya di Indonesia*, Jakarta. Rawali Pers.
- Karim, Adiwarmanto A. 2014. *Bank Islam Analisis Fiqih dan Keuangan*. Jakarta PT. Raja Grafindo Persada.
- Karim, Adiwarmanto A. 2007. *Bank Islam Analisis Fiqih dan Keuangan*. Jakarta. PT. Raja Grafindo Persada.
- M. Syafi'i Antonio. 1999. *Bank Syariah Suatu Pengenalan Umum*. Jakarta. Gema Insani.
- Muhamad, 2015. *Manajemen Dana Bank Syariah*, Jakarta. PT. Raja Grafindo Persada.
- Mujahidin, Akhmad. 2016. *Hukum Perbankan Syariah*, Jakarta. Rawali Pers.

²⁶ Muhamad. *Manajemen Dana Bank Syariah*, Jakarta. PT. Raja Grafindo Persada. 2015. Hlm. 11-12

²⁷ Karim, Adiwarmanto A. *Bank Islam Analisis Fiqih dan Keuangan*. Jakarta PT. Raja Grafindo Persada. 2014. Hlm. 76-79

Choiriyah, Saprida, Emilia Sari

Statistik Perbankan Syariah, www.bi.go.id

Suryani. *Jurnal Maqasid* Volume 3 Nomor 1. Juli 2012.

Nofinawati, *Jurnal Juris* Volume 14 Nomor 2 (Juli-Desember) 2015

Undang-Undang Nomor 7 tahun 1992 tentang Perbankan