REGULASI PERBANKAN SYARIAH
OLEH BANK INDONESIA

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Lembaga Pengembangan Perbankan Indonesia
dan PT. Bank Sinar Mas

Jakarta, 9 Februari 2013
KARAKTER UNIK INDUSTRI PERBANKAN SYARIAH INDONESIA
**UNIQUE VALUES OF THE INDONESIAN IB**

<table>
<thead>
<tr>
<th>Sharia Based with Selected Sharia Compliance contracts.</th>
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<tbody>
<tr>
<td>Real sectors oriented (around 80% financing for SMEs).</td>
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<td>Domestic Orientation (strong domestic demand, market share is still 3.8%).</td>
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<td>Coopetion with Conventional Banks</td>
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<td>An independent National Sharia Board and Fatwa Issuance</td>
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<td>Comprehensive structure of Islamic bank and non bank Financial Institutions</td>
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<td>Social Driven Islamic Banking Development</td>
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<td>More than 200 million are Moslem Population and Support Islamic Banks</td>
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<td>Retail Banking instead of Investment Banking</td>
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<td>A High Annual Growth of Islamic Banking Industry (+/- 40% per year).</td>
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<td>An Average of 101% Financing to Deposit Ratio in the last 2 Decades</td>
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<td>An Increasing Trend of Investment Based Financing</td>
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<td>Robust Domestic Economy (Less Affected by Global Financial Crisis)</td>
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<td>Supportive Social and Political Situation</td>
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</table>
Berbeda dengan Timur Tengah yang digerakkan oleh Petrodollars dan Malaysia oleh Pemerintah/Negara, di Indonesia penggerak utama Perbankan Syariah adalah masyarakat/society (Muslim population)
SMEs Financing is done by:

- Conventional Banks
- Islamic Banks
- Unit Usaha Syariah
- Rural Banks
- Islamic Rural Banks
- New Investors
- Baitul Maal Watamwill (BMT)
MODEL-MODEL LINKAGE

**Executing**
- ICB
  - Based on Mudharaba
- IRB

**Channeling**
- ICB
  - Based on Wakala
- IRB

**Joint Financing**
- ICB
- IRB
  - Based on Musharaka

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**MSMEs**
MODEL-MODEL LINKAGE

**Executing**
- ICB/BPRS
- Based on Mudharaba
- BMT

**Channeling**
- ICB/BPRS
- Based on Wakala
- BMT

**Joint Financing**
- ICB/BPRS
- Based on Musharaka
- BMT

**MSMEs**
FAKTOR-FAKTOR PENDUKUNG INDUSTRI PERBANKAN SYARIAH INDONESIA
• Central Bank Act No. 23 of 1999 (amended by Act No. 3 of 2004).
• Deposit Insurance Act No. 24 of 2004
• Islamic Banking Act No. 21 of 2008.
• Islamic Sovereign Bond (Sukuk) Act No. 19 of 2008.
• Government Law No. 25 of 2009 (income tax for sharia transactions).
• Tax Neutrality in Government Law no. 42 of 2009.
INFRASTRUKTUR BANK SYARIAH

- National Sharia Board
- Islamic Arbitrage
- Fatwas
- Deposit Insurance Corporation
- Regulations: licensing & supervision

- Deposit Insurance Corporation
- Indonesian Institute of Accountants
- Dispute Mediation
- Statement of Financial Accounting Standard

- Indonesian Institute of Accountants
- Certification Institutions for Microfinance Professionals
- Certification for BoD
- A wholesale Apex for Financing MSMEs Projects
- Capacity Building
- TA, advocacy & Participation in Policy Dialogue

BANK INDONESIA

INFRASTRUKTUR BANK SYARIAH
REGULASI BANK INDONESIA UNTUK MENGEMBANGANKAN PERBANKAN SYARIAH
Establishing a strong and sound Islamic Banking System which is consistent towards the implementation of sharia principles in the spirit of justice, general well-being and balanced-living, to promote social prosperity in term of material and spiritual.

To create a conducive environment for developing competitive and efficient Islamic Banking which complies to sharia principles and prudential standards, as well as which has capability of supporting real economic sector through the implementation of share-based financing and trades with real underlying transactions to promote national economic growth.
• **Expansive and prudent** ➔ preparing conducive regulation in supporting growth with effective supervision

• **Innovative, educative and comprehensive** ➔ provide financial services to community through product development with intense public education

• **Internationally qualified and domestic oriented** ➔ directing domestic dominance with international operational quality

• **Selected open** ➔ supporting national economy by inviting international investor beside domestic investor concern to justice and equality

• **Human capital investment** ➔ supporting human capital development who has capability, competency and good faith
1. Directed Market Driven ➔ directing market preference to build Islamic Banking industry which sound, strong, and consistency in Islamic principle
2. Fair Treatment ➔ building fair competition in Islamic Banking industry
3. Gradual & Sustainable Approach ➔ priority and development focus based on situation and condition, also building in stages and continuity.
4. Sharia Compliance ➔ Industry regulation and infrastructure development suitable with Islamic Principle
5. Professional ➔ Each development effort based on expertise consideration and good governance
Mewujudkan perbankan syariah yang handal, efisien dan menjadi pilihan utama masyarakat yang mampu mendorong pertumbuhan ekonomi secara berkesinambungan (visi 2020)

**7 Pilar Pengembangan**

1. SDM berkualitas tinggi
2. Aliansi strategis yang sinergis
3. Infrastruktur yang mendukung
4. Pengembangan Produk dan Pasar
5. Regulasi dan Supervisir yg efektif
6. Struktur Perbankan yang efektif
7. Pemberdayaan nasabah yang efektif

Legal foundations, related regulatory standards, standard setting, and fatwas

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<tr>
<th>Syariah</th>
<th>Akhlaq</th>
<th>Ukhuwah</th>
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**Aqidah**
Economic growth & real sector, reducing poverty and unemployment

Sound and strong Islamic banking which supporting the creation of stable, sound, and efficient financial system

Operational & Products of Islamic banking

Verdicts & Islamic Principles

Prudential Banking Regulations

Islamic Banking Development based on Blue Print

National 10 Years Master Plan

Shariah Supervision

Prudential Supervision

Indonesia’s Financial and Banking Architecture

FRAMEWORK OF ISLAMIC BANKING & REGULATORY DEVELOPMENT
**LEGAL BASIS OF THE REGULATIONS**

**Article 8, Act No. 23/1999 concerning BI amended By Act No. 3/2004 & Act. No. 6 Thn 2009:**

BI’s Task:
- a. Monetary;
- b. Payment System;
- c. Bank Regulation and Supervision

**Article 29 (1), Act No.7 /1992 concerning Banking as amended by Act No. 10/1998:**

Bank’s Guidance and Supervision conducted by Bank Indonesia

**Article 50, Act No. 21/2008 concerning Islamic Banking:**

The Guidance and Supervision of Islamic Bank and Islamic banking unit conducted by Bank Indonesia

Bank Indonesia is the authority of banking regulation and supervision in Indonesia (included for Islamic banking)

Financial Service Authority (OJK) is the New Financial Sector Authority (2013-future)
In order to fulfill the task of banking regulation and supervision, BI has authorities to:

- issue regulation
- give licenses to Islamic banks and operations
- supervise
- impose sanction

Sound banking and financial system
1. To maintain banking and financial stability (macro prudential) and bank’s going concern (micro prudential).

2. To protect customers ➔ especially small customers and public community.

3. To optimize banking institution as sources of funds to support economic development program.

4. To anticipate banking fraud.
REFERENCES OF ISLAMIC BANKING REGULATION

• **International i.e. :**
  - IFSB (*Islamic Financial Services Board*) and International Islamic Liquidity Management (IILM) ➔ Kuala Lumpur (Malaysia)
  - AAOIFI (Accounting and Auditing Organization for Islamic Financial Institution) and International Islamic Financial Market (IIFM) ➔ (Bahrain)
  - BIS (Bank for International Settlements) ➔ (Switzerland)

• **National i.e. :**
  - Standard of the Conventional Banking Regulations
  - Verdicts / Fatwas of the National Sharia Board (DSN)
  - National Accounting Standard
  - Inputs from the Islamic banking industry (market players)
I. Islamic Banking Institution → new products need to have BI’s approval (if it is not covered in a codification book), bank establishment, bank’s management and ownership

II. Prudential → asset quality, minimum capital, bank rating

III. Payment System/ Financial market/ Monetary → Bank Indonesia Islamic Certificate (SBIS), interbank Islamic money market, statutory reserve (GWM)

IV. Accounting Standard & Reporting → Islamic Banking Accounting Standards from the Indonesian Account Association (IAI).
Establishment of an Islamic Bank or UUS must obtain a permission from Bank Indonesia with regard to:
- the organization structure and management;
- capital;
- ownership;
- expertise in the field of Islamic Banking; and
- business feasibility.

Besides BI’s permission, an Islamic Bank or UUS must have Sharia Supervisory Board (SSB/DPS).
ENTRY GATE FOR ISLAMIC BANKS

- Establishing a New Islamic Bank (Rp. 1 trillion)
- Conversion of Conventional Bank to Islamic Bank (Rp. 100 Billion)
- Dual System Bank (Islamic Banking Unit/UUS) (Rp. 100 Billion)
- Spin off UUS to Islamic Bank (Rp. 500 Billion → Rp. 1 Trillion in 10 years)
Islamic banking units (UUS) may become an independent Islamic Bank (BUS):

- after obtaining the permission from Bank Indonesia or,

- In the event that an UUS in a Conventional Bank already has total assets of at least 50% (fifty percent) of the total assets of its Parent Bank or, UUS has operated for 15 (fifteen) years.

By 2023, all UUS have to become Islamic banks (BUS).
Banking Supervisory Principles

- **Power to License**
  - Valuing moral aspects of the owner or bank management
  - Ability to fulfill required capital
  - Seriousness of the owner and management to operate the bank

- **Power to Regulate**
  - Determining banking regulations to create a robust Islamic banking industry

- **Power to Control**
  - Conducting banking supervisory within the authority and responsibility of the central bank

- **Power to Impose Sanction**
  - Imposing sanction to any misconduct or violating or banking regulations
A. Indirect Supervision (Off-site supervision)
   - Focusing on regular banking reports including other required information

B. Direct Supervision (On-site supervision)
   - Direct investigation to the bank.
   - Testing the reliability of the banking reports
   - Searching for other facts and information
SSB/DPS should be formed in an Islamic Bank or Islamic Business Unit (UUS).

SSB/DPS is appointed by shareholders meeting based on approval from the Indonesian Council of Ulama.

SSB/DPS tasks and responsibilities are to advise and suggest Islamic banks/UUS to keep complying with Sharia Principle.

Further rules on SSB/DPS are regulated in Bank Indonesia regulation, at least consist of:

- Scope, tasks and functions
- Members of SSB/DPS
- Period of the SSB
- Composition of expertise
- Maximum concurrent position
- Reporting
BANKING SUPERVISION

- Supervision of Islamic Bank and UUS IS conducted by Bank Indonesia.
- Islamic Bank and UUS must maintain the soundness level particularly: capital adequacy, asset liquidity, rentability, solvability, managerial, and compliance to Sharia Principle.
- Islamic Bank and UUS must be open for auditing of their book and files including assistance to obtain the truth of all statements, documents, and report.
- In the framework of executing the supervising task, BI can:
  - examine and take data/document from any place related to the bank
  - examine and take data/document and information from any party who has an influence on the Bank, and
  - order the Bank to block certain accounts, either Deposit account or financing account.
Islamic banking activities and/or products and services, must comply with the Sharia Principles from the National Sharia Board (DSN).

Any fatwa needs to be transformed and applied in Islamic Banking Regulations.

As such, Bank Indonesia appoints an Islamic Banking Committee (KPS).
Settlement of disputes of Islamic Banking is conducted by a court in the Religious Court.

In the case that the parties have already agreed the settlement of disputes besides Religious Court, the dispute settlement shall be according to the Akad content, and may not be contrary to the Sharia Principle.

Settlement of dispute is done according to an Akad content is defined as the following efforts:

- mutual understanding;
- banking mediation;
- through the National Sharia Arbitration Board (Basyarnas) or other arbitration institution; and/or
- through a commercial court.
OUTLOOK INDUSTRI PERBANKAN SYARIAH
ARAH KEBIJAKAN 2013

✓ Pembiayaan Perbankan Syariah yang Lebih Mengarah kepada Sektor Ekonomi Produktif dan Masyarakat yang Lebih Luas.

✓ Pengembangan Produk yang Lebih Memenuhi Kebutuhan Masyarakat dan Sektor Produktif

✓ Transisi Pengawasan yang Tetap Menjaga Kesinambungan Pengembangan Perbankan Syariah

✓ Revitalisasi Peningkatan Sinergi Dengan Bank Induk

✓ Peningkatan Edukasi dan Komunikasi dengan Terus Mendorong Peningkatan Kapasitas Perbankan Syariah pada Sektor Produktif serta Komunikasi “parity” dan “distinctiveness” Produk Perbankan Syariah
Associate Prof. Dr. Rifki Ismal is both a central banker and lecturer. He earned bachelor degree in economics from University of Indonesia, master in economics from University of Michigan, Ann Arbor (USA) and PhD in Islamic economics and Finance from Durham University (England). An Associate Professor in Islamic Banking and Finance is from the Australian Government (Australian Center for Islamic Financial Studies).
AKHIR PRESENTASI

berbagi kebaikan dalam ketulusan
perbankan syariah, adil berbagi manfaat

Terima kasih atas perhatian anda