



Impact of transfer of conventional bank customers to Indonesian sharia bank on implementation aceh qanun number 11 of 2018 about sharia financial institutions

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Abstract

Sharia Financial Institutions aim to improve the economic empowerment of the Acehese people based on Islamic economic principles. The purpose of the study is to understand how the Impact of Conventional Bank Customer Switching to Indonesian Islamic Banks on the implementation of Aceh Qanun Number 11 of 2018 and the obstacles to its implementation. Qualitative research approach, data collection techniques of observation, interviews, and documentation, data analysis techniques of data reduction, data verification, and drawing conclusions. The results of the study indicate that the impact of the conversion of conventional bank customers to Indonesian Islamic banks on the implementation of the LKS Qanun has not been effective and efficient yet can not be felt optimally by bank customers. Barriers to the Switching of Conventional Bank Customers to Indonesian Sharia Banks on the implementation of the LKS Qanun on internal banking financial institutions operating in Aceh. Banks are unprepared for changes in systems, programs and services provided by existing banks to customers which results in low service delivery, most of which are related to cash withdrawals and transfers at automated teller machines (ATMs). Other things, such as a slow network, empty ATMs, become obstacles for customers. External barriers are caused by the lack of socialization of the LKS Qanun from the Aceh Government. It is hoped that all banking financial institutions can immediately adjust their banking programs in accordance with Islamic sharia principles that have been stipulated in the Aceh Qanun, so that the implementation of the LKS Qanun can be effective and efficient in its application, and it is hoped that the Government can provide optimal socialization of the LKS Qanun to the public.

Keywords: public policy, implementation, islamic financial institutions

Introduction

The Aceh Government issues (Aceh Qanun Number 11 of 2018 concerning Islamic Financial Institutions). Two years later, the Aceh government required all banks in Aceh to shift the operations of conventional banks to Islamic banks. There is coercion for banking business actors who do not want to follow Qanun number 11 of 2018 they are forced to close their banking business because the Aceh government provides a choice of closing their business or switching to Sharia.

During the transition to sharia-based financial institutions, several problems emerged related to customer status, customer savings funds, customer credit transfers, cash withdrawals and transfers at automated teller machines (ATMs). Other things, such as a slow network, empty ATMs, difficult transactions with partners outside Aceh, who generally use conventional bank accounts, become obstacles for customers.

The transition from conventional bank customers to Islamic banks is still not optimal in all series of activities and programs towards Islamic financial institutions seem to only change the cover, not in line with the expectations of the Qanun. The purpose of this study is to understand how the Impact of Conventional Bank Customer Switching to Indonesian Islamic Banks on the implementation of Aceh Qanun Number 11 of 2018 and the obstacles to its implementation.

Research conducted by (Dudi Badruzaman, 2019) ^[3] Implementation of Sharia Economic Law in Sharia Financial Institutions. The results show that there are still discrepancies in banking practices and LKS that are not in accordance with the DSN fatwa or not according to sharia, doing hilah or tricks to take usury.

Research conducted by (Ulumi, 2019) ^[12] Implementation of Sharia Economic Law in Sharia Financial Institutions. The theory used is the theory of policy implementation. The results of the study indicate that in reality there are still some financial institutions that have not implemented their operational implementation with sharia principles to the fullest.

Research conducted by (Budiono, 2017) ^[1] Application of Sharia Principles in Islamic Financial Institutions. The results of the study indicate that LKS Operators are required to have not only a business vision an sich that aims to make the highest profit by ignoring sharia but also to have a sharia vision.

Research conducted by (mursal) Jurnal, 2015) ^[7] Implementation of Islamic Economic Principles; Alternatives to Realizing Equitable Welfare. The results show that the principle of justice is a must in the enforcement of Islamic law.

Research conducted by (itang) (Jurnal, 2014) ^[5] Government Policy on Islamic Financial Institutions in the Reformation Era. The results of the study indicate that the driving factor for the process of forming Islamic financial institution policies is the support from policy makers, the banking community, socio-cultural and juridical.

Research conducted by (Vebriani) (Jurnal 2021) Analysis of Aceh regional regulations/qanun no. 11 of 2018 concerning Islamic financial institutions in the context of credit transfer from Conventional Banks to Islamic Banks. The results of the study show that there are no provisions regarding the procedure for transferring credit from conventional banks to Islamic banks.

Research conducted by (Maria Sanola). (Jurnal 2022) Implementation of Aceh Qanun number 11 of 2018 Closure of Conventional banks without Sharia Business Units will leave and close offices in Aceh in June 2022.

Research conducted by (Cut Savinatun Naza). (Jurnal 2020), The results show that legal protection for customers who choose to remain conventional is automatically transferred to the nearest bank branch outside Aceh.

Research conducted by (Rozana) (journal 2020) The results show that the process of transferring depositors from Conventional Banks to Islamic Banks that to pursue the 1-year target in accordance with the policies provided by the Financial Services Authority (OJK) can be carried out by means of negative confirmation where if the customer within the specified period does not respond to notifications and offers by the bank, the bank will automatically act in changing the customer's account from a conventional to a sharia-based one unilaterally.

Research conducted by (Nurul Kamaly1) (Jurnal 2020) Malikussaleh University1, Aceh Tamiang Islamic College 2 Implementation of Qanun number 11 of 2018 concerning Islamic Financial Institutions at State-Owned Banks in Lhokseumawe City. After converting from conventional PT Bank Aceh to PT Bank Aceh Syariah, the operational and product changes changed, where savings products from those managed by funds using the interest system changed to the mudharabah system, current accounts using the wadiah system.

Research conducted by (Ichsan) (2016) ^[8] While the environmental variables for policy implementation include:

Research Results and Discussion

A. Contents of Policy

The content of the policy is one of the conditions for the success of a policy to be implemented according to Grindle. The policy in this study is the impact of the transition from conventional banks to Islamic banks on the implementation of Aceh Qanun Number 11 of 2018 concerning Islamic Financial Institutions. The Qanun contains regulations that require financial institutions in Aceh to change the system from conventional to sharia system. The implementation of the policy must be applied throughout Aceh.

Based on the results of the researcher's interview with Dr. Hafas Furqani, M.Sc as an expert in Islamic economics from the State Islamic University stated that:

“The conversion process of Conventional Banks to Sharia is currently getting support from various groups, the issuance of the 2018 Sharia Financial Institutions Qanun (LKS) requires that financial institutions operating in Aceh must adhere to Sharia principles, this Qanun is the basis for closing banks conventional. Because the legal basis is strong, the OJK (Financial Services Authority) does not prohibit it. In fact, they actually help and make it easier” (Interview, 10 October 2022).

Safaruddin, SH from the Indonesian Advocates Association (IKADIN) stated that

“That basically there is no problem with the LKS Qanun. Qanun is part of the specialty of Aceh. It's just that currently in the field there are many complaints from the public related to the conversion of conventional banks to Sharia. For example, if a conventional bank in Aceh is closed, if an ATM is damaged, then having to go to Medan to replace it will cost a lot of money. In addition, it also conveys the need for justice for non-Muslim parties so that for them there is still a choice of conventional aceh banks. (Interview, October 11, 2022)

Still with Mr. Safaruddin, SH from the Indonesian Advocates Association (IKADIN) stated that:

"In a review of the legal basis as stated in Article 6 paragraph 2 it is stated that non-Muslim citizens can submit themselves to this qanun. The word "can" means optional. That means he may or may not. But the problem is when there are no conventional banks in Aceh. So this is against the principle of justice," (Interview, 10 August 2021)

Other target groups addressed in the policy content of the LKS Qanun are people who use banking services, as stated in the LKS Qanun, among others, increasing access to funding and business for the community, helping to increase economic empowerment and community productivity, and helping increase community income and welfare.

Based on the results of observations, it is known that the community has experienced difficulties during the transition from conventional banks to Islamic banks so that the intended targets or targets are still not optimally implemented as expected. In addition, Abu Yazid stated that:

Even though it is not fully sharia, the presence of a Sharia bank that is converted from a conventional bank should be grateful for and give our appreciation because to make sharia banking requires a big effort” (Interview 11 August 2021)

Siti Sarah as one of the entrepreneurs in Aceh Province stated the same thing that:

...for now the contents of the Qanun policy are more about changing banking institutions to a sharia system, for us as entrepreneurs who have savings in conventional banks and are accustomed to profiting from savings results in the form of interest, in this sharia system there is no, yes, if you say losses, it includes a loss, because the old system can no longer be used, especially during a transition period like this and we have to follow the existing system otherwise our account can be deactivated and cannot be used anymore. (Interview 11 August 2021)

It can be concluded that the target group targeted in the contents of this Qanun LKS policy are financial institutions operating in Aceh Province which must change their banking system from conventional to sharia system and the next target is the community. However, it is known that during the transition period following the policy content of the LKS Qanun, many people experienced several problems related to customer status, customer savings funds, customer credit transfers, cash withdrawals and transfers at automated teller machines (ATMs). Other things, such as a slow network, empty ATMs, difficult transactions with partners outside Aceh, who generally use conventional bank accounts, become obstacles for customers. so that the implementation of the LKS Qanun is still not particularly effective in the early years of its implementation in 2020.

The type of benefits received by the target group is the next indicator in the content of the policy according to Grindle, the benefits to be felt when the LKS Qanun is implemented by banking financial institutions in Aceh and Aceh Provinces in particular are contained in Article 5 of the LKS Qanun which states that the purpose of this Qanun is to can be useful in an Islamic economy, drive economic growth, provide funding support based on sharia principles, increase local revenue including districts/cities, utilize religious assets for the benefit of the people based on sharia principles, increase access to funding, economic empowerment and community productivity, as well as to help improve the welfare of the community.

Based on the results of the researcher's observations, it is known that these types of benefits are currently not being felt by the public, especially users of banking financial services who are in the transition period from conventional to Islamic systems. Likewise, these benefits are still not able to be provided by the organizers of Islamic financial institutions.

Alhadi, SHI as a representative of civil servants who use services from banking financial institutions in Aceh Province stated that:

"For those of us who are taking loans at the Bank, perhaps the presence of LKS in Aceh Province promises to provide collateral and lower interest rates, but for now we have not felt the benefits of this, because the Bank is also in a transition period, and we hope that LKS is not just a label. but really the sharia principles are applied. (Interview, 10 August 2021)

It can be concluded that there are several types of benefits from the ratification of the LKS Qanun, but these benefits are currently still not being felt by the people of Aceh Province as a whole, because the transition period that is being carried out means that not all sharia-based programs have been launched by the bank.

In banks that have implemented sharia principles, customer savings are changed using contracts with Islamic economic principles, with profit sharing, not based on interest, with this policy many people are actually reluctant to replace their savings with the sharia banking system, this generally occurs in entrepreneurs who have large amounts of savings.

The policy is expected to be able to provide real changes, especially in accordance with the objectives and expectations of the ratification of a Qanun. LKS Policy expects changes in banking financial transactions that have been carried out conventionally to turn into a sharia-based financial system, and use sharia principles in accordance with the peculiarities and specificities of the banking system. Islamic sharia in Aceh Province. Ahyar Subhan, who is the Regional Business Control BSI for the Aceh Region, apologizes for the inconvenience that has occurred so far, stating the following:

"We apologize for what has happened so far, we have a lot of problems to solve. This all happened because of the slowness of the system at the time of conversion from conventional banks to sharia, then from sharia again to BSI, all because of the regulatory process that took effect at the end of the year, so it was very difficult and not enough time was given, Currently there are many conventional systems that must be migrated to the sharia system. So later we will all migrate our Islamic bank accounts to BSI, both from BRIS, BNIS, and BSM" (Interview, 11 August 2021)

The President Director of Bank Syariah Indonesia, Hery Gunardi, stated that

explain each customer and their transactions from the old entity, they will switch to BSI. The customer transfer will be carried out in stages until October 2021. In this merger, BSI maintains the technology owned by Bank Syariah Mandiri, so that the bank's customers will automatically switch. (Interview, 10 August 2021)

It can be concluded that currently Aceh Province is still unable to feel the expected changes from the LKS Qanun because in essence the LKS Qanun has just been implemented by several banking financial institutions, and it still takes time for them to adapt programs based on Islamic sharia principles. and Islamic economics as described in the Qanun LKS.

The most recent indicator of policy content, according to Grindle, is the location of a program, whether it is appropriate or not in its implementation. Aceh Province is one of the provinces that implement Islamic sharia. So that the LKS Qanun can be said to have been properly implemented in Aceh Province considering that Islamic

sharia in Aceh Province has also been carried out in line with those carried out by the Aceh Government and other districts/cities.

Based on the results of the researcher's observations, it is known that the public actually agrees with the change from conventional financial institutions to Islamic financial institutions, especially for banking financial institutions such as banks operating in Aceh Province. It's just that the expectations of the community, especially for entrepreneurs, sharia-based programs must also be superior and provide benefits for them as customers.

It can be concluded that the LKS Qanun as a whole can be accepted by the people in Aceh Province, because it is in accordance with Islamic sharia principles which have become a specialty in Aceh Province so far. Based on the results of the research obtained, it is known that the content of the policy in implementing Qanun LKS in Islamic banking financial institutions in Aceh Province is still not effective and efficient in its application, because banking financial institutions in Aceh Province are still in the process of transitioning programs from the conventional system to the sharia system and have not all banking financial institutions implement the sharia system.

B. Policy Implementation Environment

According to Grindle, the policy implementation environment determines the success of a policy being implemented. In the policy implementation environment, there are several indicators including the power, interests and strategies possessed in policy implementation, the characteristics of the institutions and regimes that are in power, and the level of compliance and responsiveness of the target group.

The environment for implementing the LKS Qanun policy is the Province of Aceh. The implementation of the LKS Qanun in Islamic financial institutions has not yet been maximally implemented in Aceh Province. As is known, there are only four banks operating in Aceh Province, and of the four, namely Bank Aceh, which has implemented the LKS Qanun as a whole from 2018 and Bank BNI Syariah, BRI Syariah and Bank Mandiri Syariah which have started operating in Aceh Province since July 2020 Then came out a new policy of merger or the merger of 3 Islamic banks into one, namely Bank Syariah Indonesia (BSI). This shows that in a short time only Bank Aceh Syariah and Bank BSI have high responsiveness and have a high level of compliance in implementing the LKS Qanun.

Habibullah, SE, as the Operational Witness of the Aceh Sharia Bank of Aceh Province stated that:

...Bank Aceh as a whole has changed to a sharia bank since 2016 as a model for other banks in Aceh, because as the Aceh government bank we must first implement the LKS Qanun and then other banks can follow suit. (Interview, 10 August 2021)

Muhammad Antonio Gayo, SE, as Branch Manager Operations of Bank Mandiri Aceh Province stated that:

...we are in a transition period and need a little longer time than other banks, because we have to first merge with the Mandiri Syariah Bank, and adjust the programs and customers of Bank Mandiri to Bank Mandiri Syariah due to differences in the basic program. (Interview, 10 August 2021)

Chandra Alsa as the Marketing Section of Bank BRI Aceh Province stated that

...it's not that we don't comply with the Qanun, but we as a bank operating in Aceh were given time by the government to change the conventional banking system to sharia within 3 years, so during that time we are still making the transition process, both programs and customers. -our customers. (Interview, 10 Aug 2021)

Based on the results of the interview, it is known that the responsiveness of the operational banks in Aceh Province is different in implementing the LKS Qanun. Due to the difference Bank ownership that affects the level of responsiveness owned. Bank Aceh is owned by the Aceh government and must first provide examples of the implementation of the LKS Qanun for other banks, then Bank Mandiri, BRI Bank, and BNI Bank already have banks with sharia systems and also conventional in general, so they must first carry out merger or merger of the two banks by uniting the programs and customers they have.

Implementation Barriers

Based on the results of the researcher's observations, it is known that the obstacles arise from internal banking financial institutions in Aceh Province, namely the unpreparedness of changes in programs and services provided to customers. Siti Sarah as one of the entrepreneurs in Aceh Province stated the same thing that:

...it seems that the banks in Aceh Province lacked socialization regarding the change to Islamic banks, so suddenly we had to replace bank savings which were previously considered unable to operate in Aceh Province anymore, should have been notified long ago so that not impromptu. (Interview 11 August 2021)

Sudiyarto as Head of Bank BNI 46 Aceh Province stated that

...it was some time ago that there was a system error in the service of this transition period, atm requests for confirmation of date of birth for customers who use conventional bank accounts, those who already use sharia banks are not asked for confirmation again, we will improve these services in the future by providing socialization to the public, especially customers. (Interview 11 August 2021)

Chandra Alsa as the Marketing Section of Bank BRI Aceh Province stated that

...for Bank BRI, we have provided socialization through banners and pamphlets in front of the branch offices for all customers to immediately replace their savings with BRI Syariah banks, but maybe during service with

customers related to changes in savings and credit programs there are some who experience obstacles due to the transition period this. (Interview, 10 Aug 2021)

It can be concluded that the internal obstacles that arise from financial banking institutions in Aceh Province in implementing the Qanun LKS lie in the unpreparedness of changes to systems, programs and services provided by existing banks to customers which results in low service during the transition period to customers in Indonesia. Aceh Province.

External barriers to banking financial institutions, namely the lack of socialization from the Government to the wider community regarding the implementation of a sharia banking financial system which requires the public as customers of banking financial institutions to change transactions from conventional banks to Islamic banks.

Syakya, a bank customer said that

"Complained about failed transactions at a number of ATM machines, since Thursday, July 28, 2022. Several times he wanted to withdraw cash from BSI's ATM machines, he was often disappointed. Since yesterday I have not been able to make cash withdrawals at a number of BSI ATMs. The description that always appears on the screen: 'Exceeded the Daily Limit'. While some other customers can make cash withdrawals normally. Even though yesterday I never made any transactions, the obstacle "has exceeded the daily limit" experienced by BSI customers ex-Bank Syariah Mandiri, BNI Syariah, BRI Syariah, all of which have been converted to the BSI system" (interview, October 15, 2022)

Further BSI Management says

Information received from the management of BSI, customers who received information that "had exceeded the daily limit" were old card holders of BSI merger members (namely BSM, etc.) is not replaced, the transaction features will gradually be lowered, so that transactions cannot be made. We ask these customers to come to the nearest BSI branch and replace the ATM card," said BSI management. (interview, 15 October 2022)

Based on the results of the interview, it can be understood that the banking financial institutions in Aceh are experiencing external obstacles in the form of a lack of socialization from the provincial and district/city governments which do not explicitly provide information regarding the existence of a Qanun on Islamic Financial Institutions which requires the existence of changes in all financial transactions of all banks operating in Aceh to shift the conventional system to the sharia system and implement the sharia banking system in accordance with Islamic economic principles.

Conclusion

The transition of conventional bank customers to Islamic banks towards the implementation of the LKS Qanun in Aceh Province has not been effective and efficient because banking financial institutions operating in Aceh Province are still finding some problems from the conventional system to the sharia system, so that the implementation and efforts to achieve the objectives of the LKS Qanun are still not effective. optimally perceived by the community. Barriers to the implementation of the LKS Qanun in banking financial institutions in Aceh Province stem from internal banking financial institutions operating in Aceh Province.

Whereas banks are unprepared for changes in systems, programs and services provided by existing banks to their customers, which results in low services during the transition period to customers in Aceh Province.

External barriers are caused by the lack of socialization by the Government regarding the existence of the LKS Qanun which requires all financial institutions to change customer banking transactions from the conventional system to the Sharia system.

Based on the research results and conclusions, it is recommended that all banking financial institutions in Aceh Province can immediately adjust their banking programs in accordance with Islamic sharia principles that have been stipulated in the Aceh Qanun Concerning Islamic Financial Institutions so that the implementation of the LKS Qanun can be effective and efficient.

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