

Financial Technology as a Sharia Banking Transaction Facility in the Perspective of National Banking Regulation

1st Enni Soerjati

Faculty of Law

Universitas Padjadjaran

Jl. Raya Bandung-Sumedang km 21,

Jatinangor-Sumedang

*nsoer@yahoo.com

2nd Renny Supriyatni

Faculty of Law

Universitas Padjadjaran

Jl. Raya Bandung-Sumedang km 21,

Jatinangor-Sumedang

3rd Eman Suparman

Faculty of Law

Universitas Padjadjaran

Jl. Raya Bandung-Sumedang km 21,

Jatinangor-Sumedang

Abstract—The purpose of this article is to describe the role of financial technology (fintech) as a sharia banking transaction facility in the perspective of national banking regulation, through collecting data of banking regulations, which support fintech in sharia banking activities. At present the use of fintech is regulate by Bank Indonesia Regulation Number 19/12/PBI/2017 concerning Financial Technology Organizing and POJK No.13/POJK.02/2018 concerning The Digital Financial Innovation in Financial Services Sector. Fintech is the utilization of information technology development to improve services in financial industry, and used to facilitate services in the sharia finance industry to increase the product of sharia banking services. The problem which in practice is the absence of regulation that regulate fintech in sharia banking. The result of this study will show from the perspective national bank regulation, how important to regulating fintech sharia in Indonesia, especially for now where the need for fintech regulation needed by business actors in the field sharia banking.

Keywords—Financial, Technology, Sharia Banking.

I. INTRODUCTION

Information technology has changed the way transactions and open up new opportunities in business transactions [1], as has happened in the Sharia financial industry. Fintech (financial technology) began to be used in Sharia banking transactions, to facilitate the provision of Sharia Banking product services to the public in accessing the products offered. In this regard, it is necessary to know the basis for the regulation of fintech in Islamic banking, which is issued by the government, in this case Law No. 21/2008 on Sharia Banking, which gives authority to the National Sharia Council-Islamic People's Assembly (DSN-MUI) for issue Fatwas related to bank business activities based on Islamic religious principles. In addition, it is also necessary to look at Bank Indonesia Regulation Number 15/13 / PBI / 2013 concerning Amendments to Bank Indonesia Regulation Number 11/3 / PBI / 2009 concerning Sharia Commercial Banks regulating everything related to Sharia Bank activities.

In the fintech regulation sector, applicable regulations

are Bank Indonesia Regulation Number 19/12/PBI/2017 concerning Financial Technology Implementation, and Regulation of the Financial Services Authority Number 13 / POJK.02 / 2018 concerning Digital Financial Innovation in the Financial Services Sector. Both of these regulations apply to Financial Technology Providers who carry out Financial Technology in the field of payment systems, and the legal entity form of Financial organizers.

The issue to be discussed is how the implementation of fintech as a facility used in facilitating the services of Syariah Bank products offered is seen from the perspective of the National Banking Regulation. This is important to discuss because it is necessary to know clearly the legal basis governing Islamic fintech, because in practice Islamic financial service businesses need clarity of sharia fintech arrangements, so that the use of fintech can be a facility for product transaction services offered by Islamic banks. Can the existing provisions be the basis for the use of fintech in payment services in transactions conducted by Islamic banks?

II. DISCUSSION

A. *The Role of Sharia Fintech as a Facility in Sharia Banking Transaction*

Sharia fintech centered on companies that innovate in financial services with a touch of modern technology. Sharia fintech as one of the new financial service models can be a facility for conducting sharia banking transactions. The use of fintech sharia as a facility in sharia banking transactions can be classified as electronic transactions regulated in Act Number 11 of 2008 concerning Electronic Information and Technology Electronic Transactions are legal actions carried out using computers, computer networks, and/or other electronic media.[2]

Article 17 number 1 Law Number 11 Year 2018 regarding Information and Electronic Technology which states that "Electronic Transaction can be carried out in a public or private sphere." This Act provides an opportunity for the utilization of Information Technology by state

administrators, persons, business entities, and/or the community and the Utilization of Information Technology must be done well in order to obtain the maximum benefit for the community.

Sharia Fintech is a facility that can be used by anyone in conducting electronic transactions as referred to in Article 17 paragraph (1) UU ITE. This affair supported by the Fatwa of the National Sharia Council of the Indonesian Ulema Council (DSN MUI) Number 117/2018 regarding Information Technology-Based Financing Services Based on Sharia Principles. The MUI DSN explained that sharia fintech is a financial service based on sharia principles that bring together or connect financing providers (investors) with financing recipients (borrowers) in the context of entering into financing agreements through an electronic system using the internet network.

The existence of sharia fintech can help Sharia banks in the speed and ease in processing business operating data and marketing products issued by Sharia banking, such as consumer, retail and working capital credit products. Consumer credit is financing provided for consumptive purchases.³ Retail financing is financing provided to individuals or business entities and is used to carry out business activities.⁴ Lastly, working capital financing, which is financing provided to help business working capital needs or business customers' financing turnover.⁵ The intended customer financing is financing for investment trading and bailouts.⁶ Transactions conducted in Sharia banking use contracts such as qard, ijarah, kafalah, and musyarkah/mudharabah.

The application of information systems in the banking industry has a tremendous impact considering the banking industry is one of the industries with the highest level of dependence on the activities of gathering, processing, analyzing and delivering reports (information) needed to meet the needs of its customers.^[7] Synergy between the sharia banking industry and sharia fintech companies is very profitable and fintech is not a threat. Banks will instead work together or hold fintech companies to expand their business and reach many customers.^[8]

The sharia financial system is a financial system that bridges between those who need funds and those who have excess funds through financial products and services that are in accordance with Sharia principles.^[9] Sharia fintech as an installing support system has an important role in developing sharia banking transactions. Technological developments in financial transactions make sharia banking must continue to move in order to meet the needs of the public in conducting transactions effectively and efficiently and Sharia fintech plays an important role in realizing this.

B. The Government's Role in Supporting the Use of Sharia Fintech in Sharia Banking Transaction

Digital economic growth in Indonesia shows a rapid increase. The highest growth was dominated by transactions through smartph³⁸³one applications, which grew by 383% since 2013.^[10] Based on BPS calculations, the contribution of the digital economy to the Indonesian economy continues to increase. The percentage increased 3.61% in 2016 and then increased to 4% in 2017.^[11] The growth is predicted to increase in the years to come in line

with the number of fintech companies, especially sharia fintech.

The increase in digital economic growth makes the Government needs to play a role in regulating this through Bank Indonesia and the Financial Services Authority (OJK).^[12] The scope of regulation and supervision of Sharia banking is currently one of the tasks that has shifted from Bank Indonesia to OJK. The same thing applies to the existence of Sharia fintech. Bank Indonesia regulates fintech in general, including sharia fintech in Bank Indonesia Regulation Number 19/12/PBI/2017 Concerning Financial Technology Implementation. The regulation regulates the operation and classification of fintech types, as well as those related to electronic money. Bank Indonesia regulates the implementation of financial technology to encourage innovation in the financial sector by applying the principles of consumer protection and risk management and prudence in order to maintain monetary stability, financial system stability, and payment systems that are efficient, smooth, safe and reliable.^[13]

OJK published the Financial Services Authority Regulation (POJK) No. 77/POJK.01/ 2016 concerning Information Technology-Based Money Lending and Borrowing Services that regulates fintech implementation in the community and oversees information technology-based lending and borrowing services and regulates every type of P2P lending fintech, including Sharia fintech regarding fintech business registration and licensing. There are eight sharia fintechs that have business licenses from OJK such as Investree, Ammana, Danasyariah, alamisharia, syarfi, DuhaSyariah, azwa.id, and bsalam.^[14]

Modern technology will increasingly rapid development of various IT-based transactions such as Sharia fintech. OJK has prepared a Road Map for the development of Sharia finance 2017-2019, viz.:^[15]

- Increase institutional capacity and availability of sharia financial industry products that are more competitive and efficient;
- Expanding access to financial products and services to meet the needs of the community; and
- Increasing the inclusion of Sharia financial products and coordinating with stakeholders to increase the share of the Sharia financial market.

The second strategic target relating to the information technology era that will color Sharia financial transactions going forward, i.e.:^[16]

- Utilization of fintech in the context of expanding access to Sharia finance;
- Providing legal instruments for the use of fintech in providing Sharia financial services; and
- Expansion of the network of Sharia financial services (Banking, Capital Markets and Non-Bank Sharia Finance).

These regulations and road maps are the Government's role in supporting the use of sharia fintech in sharia banking transactions today. Fintech Syariah as an information technology-based service in sharia banking transactions is expected to meet the needs of the community in a quick, easy, and efficient way.

III. CONCLUSIONS AND SUGGESTIONS

Sharia fintech as a transaction facility in sharia banking is an effective and efficient tool for developing the sharia banking industry. The synergy between both sharia bank and sharia fintechs facilitates access and transactions made by the community. The Government through Bank Indonesia and OJK has played a role by issuing regulations and road maps that can support the development of the sharia banking industry that can synergize with sharia fintech. Therefore, the use of Sharia fintech as a payment transaction facility in sharia banking must be more socialized to the public so that in addition to the public understanding, the sharia fintech also could attract public interest in utilizing the fintech facilities provided by sharia banking. The public can easily access various types of products offered by sharia banking in applications provided by sharia fintech.

REFERENCES

- [1] Andri Soemitra, *Bank Dan Lembaga Keuangan Syariah*, Kencana, Jakarta, 2010; Darsono, Ali Sakti, Ascarya, DKK, *Perbankan Syariah di Indonesia: Kelembagaan Dan Kebijakan Serta Tantangan Ke Depan*, Rajagrafindo Persada, Jakarta, 2018;
- [2] Haris Faulidi Asnawi, *Transaksi Bisnis E-Commerce Perspektif Islam*, Magistra Insania Press, Yogyakarta, 2004;
- [3] Ikatan Bankir Indonesia, *Mengelola Bisnis Pembiayaan Bank Syariah*, Gramedia Pustaka Utama, Jakarta, 2015;
- [4] Kementerian Perencanaan Pembangunan Nasional/ Badan Perencanaan Pembangunan Nasional, *Masterplan Ekonomi Syariah Indonesia 2019-2024: Hasil Kajian Analisis Ekonomi Syariah di Indonesia*, Kementerian Perencanaan Pembangunan Nasional/ Badan Perencanaan Pembangunan Nasional, Jakarta, 2018;
- [5] Khotibul Imam, Setiawan Budi Utomo, *Perbankan Syariah: Dasar-Dasar Dan Dinamika Perkembangannya di Indonesia*, Rajagrafindo Persada, Jakarta, 2017.
- [6] Supriyadi, Kurnia & Masjono, "Pengaruh hubungan pemanfaatan aplikasi core banking system terhadap kinerja individu karyawan PT. Bank BRI Syariah", *Jurnal Akuntansi, Keuangan dan Perbankan* Volume 1 No.3, 2015.
- [7] Undang-Undang Nomor 11 Tahun 2008 Tentang Informasi Dan Transaksi Elektronik;
- [8] Fatwa Dewan Syariah Nasional Majelis Ulama Indonesia Nomor 117/2018 tentang Layanan Pembiayaan Berbasis Teknologi Informasi Berdasarkan Prinsip Syariah;
- [9] Peraturan Otoritas Jasa Keuangan Nomor 77/POJK.01/2016 tentang Layanan Pinjam Meminjam Uang Berbasis Teknologi Informasi;
- [10] Peraturan Bank Indonesia Nomor 19/12/PBI/2017 Tentang Penyelenggaraan Teknologi Finansial;
- [11] Otoritas Jasa keuangan, "Roadmap Pengembangan Keuangan Syariah Indonesia, 2017- 2019", hlm. 56-61, pada <https://www.ojk.go.id/id/kanal/syariah/berita-dan-kegiatan/publikasi/Pages/Roadmap-Pengembangan-Kuangan-Syariah-Indonesia-2017-2019.aspx>. Accessed on 24 November 2019 at 17.31 WIB;
- [12] Otoritas Jasa Keuangan, "Penyelenggara Fintech Terdaftar dan Berizin di OJK per 7 Agustus 2019" pada https://www.ojk.go.id/id/berita-dan-kegiatan/publikasi/Documents/Pages/Penyelenggara-Fintech-Terdaftar-dan-Berizin-di-OJK-per-7-Agustus-2019/Penyelenggara_Fintech_berizin_dan_terdaftar_di_OJK_per_7_Agustus_2019.pdf. Accessed 25 November 2019 at 15.22 WIB;
- [13] Safrezi Fitra, "Perbankan dan Fintech Pembayaran, Bukan Lawan tapi Kawan", <https://katadata.co.id/berita/2019/10/07/perbankan-dan-fintech-pembayaran-bukan-lawan-tapi-kawan>. Accessed on 24 November 2019 at 20.23 WIB.