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## Implementation And Urgency Qanun About Financial Institution in Aceh

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## Abstract

Islamic banks and their existence in Indonesia are an inseparable unit in this case because Indonesia is one of the countries with the largest Muslim population in the world; this journal discusses the application of Islamic banks and other financial institutions, especially in the province of Aceh as a province with special autonomy. Which carry out sharia law, and all its legal products in this journal's context are qanuns. The discussion on implementation and the urgency of implementing Sharia finance in Aceh are discussed in depth and detail to produce academic writings high in intellectuality. They do not forget to examine the halal values contained in the qanun.

## Keywords

*Banks, Qanun, Mudharabah, Riba*

## DOI

## 1. Introduction

Indonesia, as a country with the largest Muslim population in the world, has its uniqueness; this also impacts social needs that must be met in daily life; halal values must be contained in every aspect of life. Therefore, the government is intensively optimizing the halal industry so that in the future it can bring widespread economic change in Indonesia, Aceh as one of the provinces in Indonesia that has the flexibility to carry out special autonomy in its region chooses to implement Sharia law based on the basic principles of sharia law. -Based on Islamic law, Sharia special autonomy implemented in Aceh also produces legal products such as Qanun. The term qanun in Arabic is the verb form of qanna. This is explained by Ridwan; in Arabic, the verb qanun is qanna which means to make law (to make law, to legislate). In its development, the word qanun means law (law), regulation (rule, regulation), and law (statute, code). Aceh Qanun, which is realized today, where this Qanun is a local product of the Acehnese people in making policies based on the special autonomy granted by the government of the Republic of Indonesia (Ananda, 2020).

As for what Islamic banking means, according to law Sharia Banking No. 21 the Year 2008 states that Islamic banking is everything related to bank sharia and sharia business units, including institutions, business activities, and methods and processes in carrying out its business activities. Islamic banks are banks that run their business activities based on sharia principles and by type consist of commercial banks sharia (BUS), sharia business unit (UUS), and Islamic People's Financing Bank (BPRS). With the Islamic banking initiative going public, banking stocks sharia can be a separate consideration for investors, especially religious ones Islam, because it can invest in companies in the finance sector/finance provide consistent returns and systems. Its operations use the sharia system. Law No.44 of 1999, concerning the implementation of the privileges of the special province of Aceh, was subsequently ratified

through Law No. 18 of 2001 which was later replaced by Law No. 11 of 2006 concerning the government. Aceh in which it says that the government of the Republic of Indonesia provides freedom in terms of government, flexibility in regulating and managing matters related to government and the interests of the Acehnese people themselves (Article 1 paragraph 2 of Law No. 11 of 2006) One of the products of the Qanun in Aceh is Qanun No. 11 of 2018 which discusses Sharia Financial Institutions in Aceh. From an economic point of view, the need to use law as an institution in society also determines the economic policies that will be taken. Both laws function to provide legal certainty and legal protection in economic development. Third, the legal provisions function to regulate and limit various economic activities in the hope that economic development does not ignore the rights and interests of the community based on Islam, involving the role of Islamic and Sharia economists and answering that Islamic banks are still in a dual financial system. So, in this article, we will describe how the characteristics of the Acehnese community, who are predominantly Muslim, agree that their lives are regulated by Qanun, in this case, the LKS (Sharia Financial Institution).

## **2. Discussions**

### **A. The Urgency and Implementation Of Qanun No 11 2018**

The essence of article no 11 of 2018 concerning the LKS Qanun is: That in the context of realizing a just and prosperous Acehnese economy under the auspices of Islamic law requires the services of sharia financial institutions. The Acehnese people need Islamic financial institutions as their implementation. Aceh is a provincial area which is a legal community unit that is special and is given special authority to regulate and manage government affairs and the interests of the local community following the provisions of the laws and regulations in the system and principles of the Unitary State of the Republic of Indonesia based on the 1945 Constitution. The Government of Aceh is an element of the administration of the Aceh government consisting of the governor and Aceh regional apparatus, regency, and city administration, the Aceh People's Legislative Council (DPRA), the Regency/City People's Representative Council and institutional institutions or institutions in which there are a set of norms, values -values, and beliefs that are in touch with various social needs, economics, and finance regularly and regularly. Islamic financial institutions in the banking and non-Islamic banking sectors.

Implementing this Qanun provides practical benefits which can then be applied directly; the people of Aceh can create a banking dynamic that is Islamic and far from usury, with the implementation of this qanun also makes banks that can operate in Aceh-only Islamic banks. However, in this qanun, what is regulated is not only banking financial institutions. There are also non-banking financial institutions, such as cooperatives which are regulated in this qanun, so you can say that this qanun is a comprehensive legal product. and touching than financial institutions in Aceh.

The urgency of issuing this qanun is because this is a draft rather than a regulation desired from previous years, but it can only be implemented or published in 2018. Many polemics have arisen from the implementation of this qanun, many parties argue that this qanun will make it difficult for banks because they were forced to move from Aceh, but this actually made the bureaucracy or arrangements regarding banks in Aceh easier because the scope became smaller and could be more focused. So this qanun offers an up-to-date solution, namely an Indonesian Sharia bank; this bank is a combination of various Islamic banks in Indonesia so that banking practices become easier and more centralized, and most importantly, does not leave Sharia and halal values that have always been

the guide. stronger than the local people of Aceh. From the point of view of lending to banks, the existence of this qanun is better because there is no longer bank interest which is burdensome than prospective borrowers of funds at Islamic banks, the principle of Syariah mudharabah itself means that contracts are agreed by both parties where the benefits derived from the agreement divided according to agreement.

Mudharabah has its own terms and conditions for the sake of guaranteeing the rights and obligations of the parties to the agreement, such as shigah mudharabah which means that the agreement must be made in writing, then there are also mudharib conditions which mean the parties concerned must be in a state of common sense and not in custodial, the object of mudharabah itself must be an object that is lawful and does not conflict with Islamic law.

## **B. The Practice Of Usury Under The Guise of Cooperation in Aceh**

In this case, as is widely known, it is widely known that Aceh is an area known as the Veranda of Mecca because the laws and customs of the people are closely related to Islamic law (Qanun). However, there are still many contradictory practices in Islamic law in Aceh, in terms of a sharia-based economy, one of which is the practice of usury under the guise of a cooperative. There are people who are trapped in the circle of usury for various reasons and this factor is also strengthened by the many people who have not been deterred by the sanctions given. In this case, the government has actually made efforts to eliminate usury practices in the Aceh region, whether it be fighting or arresting the perpetrators or individuals who provide these loan services, the government has also regulated the law on the practice of moneylenders, this clearly violates the law on cooperatives and Aceh Qanun No. 11 In 2018 regarding Sharia Financial Institutions (LKS), even though the qanun clearly regulates the activities of financial institutions to create a just and prosperous Acehnese economy under Islamic law, they do not carry out Islamic mudharabah economic patterns or profit sharing, the government has also provided accurate solutions in this case so that people have other solutions. When in a difficult situation, one is creating a sharia-based banking business. The practice of usury is very detrimental to the economic life of the community because they are forced to pay debts exceeding the initial loan; many victims are from the lower middle class because the ease tempts them to the process of getting or borrowing the money and also the lure of easy loan installments. So the cooperatives/moneylenders are not that easy to keep their initial agreement as much as possible, looking for ways to get big profits in this activity by trapping customers or victims.

## **3. Conclusion**

The application of this qanun is a good thing and also has an effective impact on economic life in Aceh; in this context, it is the halal industry, therefore optimizing the implementation of this qanun must be carried out correctly so that a syar'i economic dynamic is formed and also following Islamic law. Qanun no 11 of 2018, which discusses Islamic Financial Institutions in Aceh. It is a legal product that understands the times and the urgency of creating a sharia economy free of usury.

## **4. Authors' Contributions**

A.A Conceived of the presented idea. A.A and P.A.K developed the theory and supervised the project. All authors discussed the results and contributed to the final manuscript.

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