



## Sharia Banking Relations in Halal Product Assurance Policy

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### ARTICLE INFO

#### Article history:

Received 2 November 2021

Revised 30 April 2021

Accepted 12 December 2021

Available online

<http://journal.iaialhikmahtuban.ac.id/index.php/JSE>

#### Keywords:

Relations;

Islamic Banking;

Halal Product Guarantee Policy.

#### Turabian style in citing this article: [citation Heading]

Purwanto, Hery. "Sharia Banking Relations in Halal Product Assurance Policy," *Journal of Shari Economics* 3, no. 2 (December 2021): 120-138. 2021. <https://doi.org/10.35896/jse.v3i2.256>

### ABSTRACT

The halal product guarantee policy stipulated in Law Number 33 of 2014 aims to provide legal certainty about the halalness of a product. The policy requires that all products circulating and traded in the territory of Indonesia must be certified halal. The policy concept generally regulates the stages of the halal certification process that must be met by business actors, both large and small industry categories, and it specifically regulates how the halal production process must be carried out to meet halal standards by referring to the Product Assurance System. Halal (SJPH). This study aims to analyze the relationship of Islamic banking in the concept of halal product assurance policy in Indonesia. This research is a literature study through a normative legal approach (statute approach) with data obtained through the relevant literature, where the analysis uses a qualitative descriptive method. The findings in this study are the construction of the Halal Product Guarantee Act does not specifically regulate Islamic financial transactions, which results in halal products produced being doubtful. The relation of Islamic banking to Law Number 33 of 2014 is very relevant and needs to be incorporated into policy provisions, considering that Islamic financial transactions can be realized through financial institutions or Islamic banking.

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## INTRODUCTION

The command to consume halal food and drink in the Qur'an contains at least four letters that form the basis, namely the Qur'an Surah Al-Baqarah verse 168, Qur'an Surah Al-Baqarah verse 172, Qur'an Surah Al-Maidah verse 88, and the Qur'an Surah An-Nahl verse 114. In general, Islamic law contained in the Qur'an emphasizes that all humans are obliged to consume halal food and drink and from halal fortune. Halal food and drink

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question is food and drink that is not forbidden as the word of God in the Qur'an Surah Al-Maidah verse 3. While halal fortune is the concept of fortune which certainly has a comprehensive meaning, how to get it, how to manage it and how to use it, where the fortune in question is in the context of physical property or money. Thus the implementation of the meaning and concept of halal includes at least 2 (two) things, namely halal products and also halal finances.

In-Law Number 33 of 2014 concerning Halal Product Guarantee which requires all products circulating and traded in the territory of Indonesia<sup>1</sup> have legal constructions including implementing agencies, namely the Halal Product Guarantee Agency (BPJPH), the Halal Inspection Agency (LPH), and the Indonesian Ulema Council (MUI), with all the conditions for their establishment as well as their respective duties and functions. Then the contents are the procedures for implementing halal certification and the provisions of the halal production process, the last one is the provision of sanctions. The construction of these regulations is more or less the same in its derivative regulations, which include the Law of the Republic of Indonesia Number 11 of 2020 concerning Job Creation (State Gazette of the Republic of Indonesia of 2020 Number 245, Supplement to the State Gazette of the Republic of Indonesia Number 6573)<sup>2</sup>, Government Regulation Number 39 of 2021 concerning the Implementation of the Halal Product Assurance Sector (State Gazette of the Republic of Indonesia of 2021 Number 49 Supplement to the State Gazette of the Republic of Indonesia Number 6651)<sup>3</sup>, Decree of the Minister of Religion Number 558 of 2021 concerning Halal Certification Services<sup>4</sup>, Government Regulation Number 39 of 2021 concerning the Implementation of the Halal Product Assurance Sector<sup>5</sup>, PMA Number 20 of 2021 concerning Halal Certification for MSME actors<sup>6</sup>.

None of the legal constructions regarding Halal Product Guarantees regulate the provisions of sharia financial transactions and do not mention the role of sharia banking and sharia financial institutions.<sup>7</sup> as a forum for financial management in the halal certification process, there is not a single article that specifically regulates and translates the relationship of sharia financial management in halal certification processes and halal production processes. Whereas in the Qur'an it is clearly stated that food is said to be halal, is food that is sourced from halal food, its substance, process,

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<sup>1</sup> Presiden Republik Indonesia, *UU Nomor 33 Tahun 2014 Tentang Jaminan Produk Halal* (Jakarta: BPJPH, 2014).

<sup>2</sup> Presiden Republik Indonesia, *UU Cipta Kerja* (Jakarta: Menteri Hukum dan Hak Asasi Manusia Republik Indonesia, 2020).

<sup>3</sup> Presiden Republik Indonesia, *PP Nomor 31 Tahun 2019*, 2019.

<sup>4</sup> Menteri Agama, "KMA No.558 Tahun 2021.Pdf," 2021.

<sup>5</sup> Presiden Republik Indonesia, *Peraturan Pemerintah Nomor 39 Tahun 2021 Tentang Penyelenggaraan Bidang Jaminan Produk Halal*, 2021.

<sup>6</sup> Menteri Agama, *PMA Nomor 20 Tahun 2021*, 2021.

<sup>7</sup> Yasmin Afnan Solekha et al., "Baitul Maal Wa Tamwil Sebagai Lembaga Keuangan Mikro Syariah Pemberdaya Ekonomi Umat (Konsep Dan Teori)," *Journal of Sharia Finance and Banking* 1, no. 1 (2021): 44-58.

and method of obtaining it.<sup>8</sup> Financial management carried out through conventional financial institutions or conventional banking has been clear that the principles in conventional banking are to use the interest system<sup>9</sup>, and flowers in the Qur'an are things or actions that are prohibited in Islam<sup>10</sup>. If so, what about the law on halal products which was built through the construction of the Halal Product Guarantee Law in Indonesia, which does not regulate its financial management obligations according to sharia?

## LITERATURE REVIEW

Several previous studies generally analyzed the position of the Halal Product Assurance Act, the importance of halal certification, and so on, but in particular, there has been no study on the legal construction and relations of Islamic banking in the Halal Product Guarantee Act, therefore the purpose of this research is This study aims to analyze the relationship of Islamic banking in the legal construction of Halal Product Guarantee and its impact. It is hoped that this research will contribute to the development and knowledge of the legal construction of halal product guarantees, which should not only cover institutions, halal certification procedures, and halal production processes but also need to be formulated regarding financial management by Islamic law. For this reason, the research question this time is how is the legal construction of the Halal Product Guarantee stipulated in Law Number 33 of 2014 and why is it important to have Islamic banking relations in the implementation of the Act.

Several previous studies related to the analysis of legal construction in Law Number 33 of 2014 such as K.M. Ridho El-Razy et al<sup>11</sup> concluded that in a historical review, the establishment of Law Number 33 of 2014 concerning Guaranteed Halal Products in the perspective of Legal Politics is to ensure halal consumption by the public by installing a uniform halal label from an official agency. National Legal Politics towards the formation of Law number 33 of 2014 concerning Halal Product Guarantee uses an authoritarian legal political configuration, it seems that the relevant institutions that handle this matter have not been synchronized. It is different from this research which analyzes the legal construction in the Halal Product Guarantee Act which is related to the role of Islamic banking and its impact.

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<sup>8</sup> Abdul Ghofur Muhammad Aziz, Ahmad Rofiq, "Regulasi Penyelenggaraan Jaminan Produk Halal Di Indonesia Perspektif Statute Approach" 14, no. 1 (2019): 151-70.

<sup>9</sup> Emilius Galariotis, Panagiota Makrichoriti, and Spyros Spyrou, "The Impact of Conventional and Unconventional Monetary Policy on Expectations and Sentiment," *Journal of Banking & Finance* 86 (January 2018): 1-20, <https://doi.org/10.1016/j.jbankfin.2017.08.014>.

<sup>10</sup> Sri Ulina and M. Shabri Abd. Majid, "A Comparative Analysis of Resilience of Islamic and Conventional Banks in Indonesia," *Muqtasid: Jurnal Ekonomi Dan Perbankan Syariah* 11, no. 2 (2020): 88-103, <https://doi.org/10.18326/muqtasid.v11i2.88-103>.

<sup>11</sup> Romli S.A. K.M. Ridho El-Razy, "Politik Hukum Undang-Undang Nomor 33 Tahun 2014 Tentang Jaminan Produk Halal," *Muamalah* 1, no. 1 (2019): 75-90.

Another research is about the Legal Analysis of Fulfillment of Consumer Rights to Information on Halal Products written by Nurlela et al<sup>12</sup> who found that the implementation of the fulfillment of consumer rights regarding halal products had been carried out although not optimally, this was due to the lack of guidance and supervision by BPJPH. This research is limited in scope to the Makassar area which focuses on the public openness system regarding consumer rights to goods consumed but does not analyze how the legal construction in the composition of Law Number 33 of 2014 concerning Halal Product Guarantees is related to Islamic banking. , so there are quite basic differences with this research.

Panji Adam in his article entitled *The Position of Halal Certification in the National Legal System as an Effort to Protect Consumers in Islamic Law*<sup>13</sup> concluded that the position of halal certification in the national legal system in Indonesia has a central position, because halal certification is enshrined in Law Number 33 of 2014 concerning Guaranteed Halal Products which in the legal system is part of the legal system, namely legal substance that has legal force and legal certainty and imperative. And this is an effort to protect consumers in Islamic law. However, this study does not examine the depth of content of Law Number 33 of 2014 especially analyzing the role of Islamic banking in the certification process and halal production process.

Thus, from the findings of the previous research above, there are many differences with this research, both in terms of concepts, methodology, theory, content as well as goals and contributions, so that this research is research that finds novelty or novelty, especially those related to the legal construction of the Act. Number 33 of 2014 concerning Halal Product Guarantee and its relation to Islamic banking.

## **METHOD**

This research is library research<sup>14</sup> through a normative legal approach (statute approach), the type of data used is secondary data, namely finished data in the form of Law Number 33 of 2014 and other data relevant to this research obtained through literature search, where the data analysis technique uses qualitative descriptive analysis techniques.

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<sup>12</sup> Abd. Hamid Haris Nurlela, Andi Muhammad Arfah Pattenreng, "Analisis Hukum Pemenuhan Hak Konsumen Atas Informasi Produk Halal Pada Restoran Di Kota Makassar Legal Analysis of Fulfilling Consumer Rights to Information on Halal Products at Restaurants in Makassar City" 2, no. 2 (2020): 104–12.

<sup>13</sup> Panji Adam Agus, "Kedudukan Sertifikasi Halal Dalam Sistem Hukum Nasional Sebagai Upaya Perlindungan Konsumen Dalam Hukum Islam," *Amwaluna: Jurnal Ekonomi Dan Keuangan Syariah* 1, no. 1 (2017): 150–65, <https://doi.org/10.29313/amwaluna.v1i1.2172>.

<sup>14</sup> Mary W. George, *Library Research.*, ed. Zora Neale Hurston, *Journal of AHIMA / American Health Information Management Association*, vol. 64 (New Jersey: Princeton University Press, 41 William Street, Princeton, 2008), [https://doi.org/10.1007/978-1-349-19936-5\\_3](https://doi.org/10.1007/978-1-349-19936-5_3).

**RESULTS**

Main points or construction of legislation<sup>15</sup> in the Law on Halal Product Assurance as stipulated in Law Number 33 of 2014 and its derivatives at least consist of implementing institutions for halal certification, procedures for implementing halal certification, and halal production processes. The part of the organizers of the institutionalized Halal Product Guarantee can be seen in the following table :

**Table 1.** Institutions Implementing Law 33 of 2014

| Name of Institution                              | Duties and Functions  |
|--|---|
| Agency Organizer Product Guarantee Halal (BPJPH) | <ol style="list-style-type: none"><li>a. Formulate and establish JPH policies;</li><li>b. Establish JPH norms, standards, procedures, and criteria;</li><li>c. Issuing and revoking Halal Certificates and Halal Labels on Products;</li><li>d. Registering Halal Certificates on Foreign Products;</li><li>e. Conducting socialization, education, and publication of Halal Products;</li><li>f. Accrediting LPH;</li><li>g. Registering Halal Auditor;</li><li>h. Supervise JPH;</li><li>i. Conducting training for Halal Auditors; and</li><li>j. Cooperating with domestic and foreign institutions in the field of JPH implementation.</li></ol> |
| Institution Halal Inspector (LPH)                | <ol style="list-style-type: none"><li>a. Checking and reviewing the materials used;</li><li>b. Checking and reviewing the Product processing process;</li><li>c. Check and review the slaughter system;</li><li>d. Researching the location of the Product;</li><li>e. Researching equipment, production room, and storage;</li><li>f. Checking the distribution and presentation of Products;</li><li>g. Checking the halal assurance system for business actors; and</li><li>h. Report the results of the inspection and/or testing to LPH.</li></ol>   |

<sup>15</sup> Presiden Republik Indonesia, *Undang-Undang Republik Indonesia Nomor 12 Tahun 2011, JDIH BPK RI* (Jakarta: JDIH BPK RI, 2011), [https://jdih.bapeten.go.id/unggah/dokumen/peraturan/75-4\\_\(PERATURAN\)-1557808595.pdf](https://jdih.bapeten.go.id/unggah/dokumen/peraturan/75-4_(PERATURAN)-1557808595.pdf).

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|                                   |   |  |
|-----------------------------------|---|--|
| Indonesian Council of Ulama (MUI) | - | Determination of product halalness                                 |
| PPH Assistance                    | - | Verification and validation of halal statements by business actors |

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Source: Law 33 of 2014 and PP No. 39 the Year 2021, processed, 2021

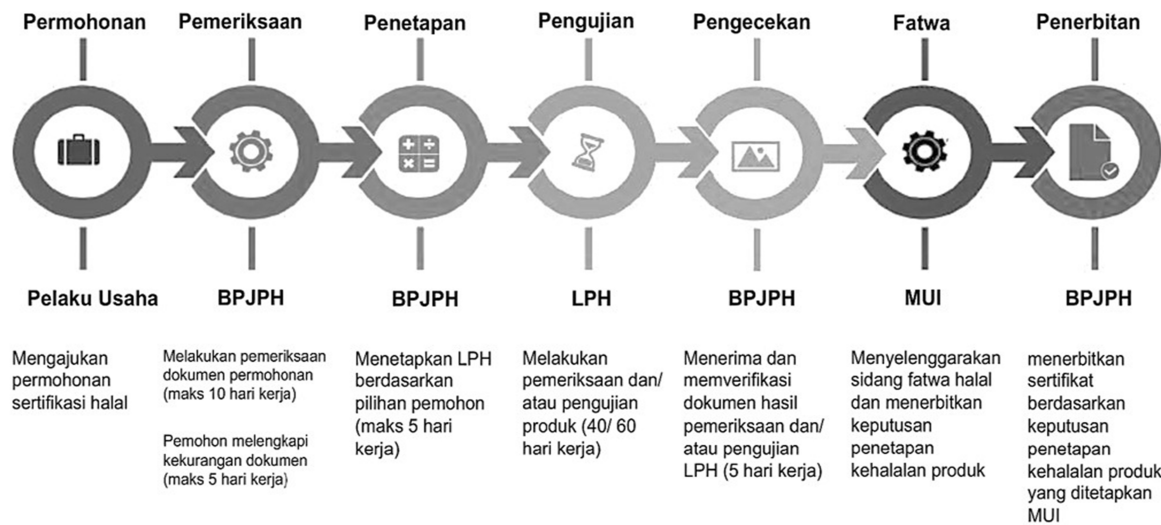
The table is a finding from the search results on Law Number 33 of 2014 which was later translated into Government Regulation Number 39 of 2021 which shows that there are at least 4 (four) institutions that provide Halal Product Assurance, consisting of BPJPH itself, LPH, MUI, and PPH Companion. Each has different duties and authorities.

The table is a finding from the search results on Law Number 33 of 2014 which was later translated into Government Regulation Number 39 of 2021 which shows that there are at least 4 (four) institutions that provide Halal Product Assurance, consisting of BPJPH itself, LPH, MUI, and PPH Companion. Each has different duties and authorities.<sup>16</sup> The procedure in question is a mechanism for applying for halal certification which contains the procedures and requirements for obtaining halal certification<sup>17</sup>. Gambar berikut merupakan mekanisme tata cara memperoleh sertifikat halal ;

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<sup>16</sup> Hayyun Durrotul Faridah, "Halal Certification in Indonesia; History, Development, and Implementation," *Journal of Halal Product and Research* 2, no. 2 (2019): 68-78, <https://doi.org/10.20473/jhpr.vol.2-issue.2.68-78>.

<sup>17</sup> Drs H Amrullah Kamsari, "Mekanisme Pengajuan Sertifikasi Halal Dan Fasilitasi Halal Bagi UMK" (Jakarta: Badan Penyelenggara Jaminan Produk Halal, 2020), 28, [http://halal.go.id/cms/assets/files/Materi\\_Pak\\_Amru\\_compressed.pdf](http://halal.go.id/cms/assets/files/Materi_Pak_Amru_compressed.pdf).



**Image 1.** Procedures for obtaining a halal certificate

The picture shows how business actors apply for halal certification for the products they produce, starting from submitting to BPJPH with complete documents that must be prepared by business actors, including business actor data, name and type of product, list of products and materials used, product processing process; and a halal product guarantee system. The LPH will then carry out an inspection which includes the production process, after which the inspection document is sent to BPJPH, then a fatwa trial will be held by the MUI, and if it passes, a halal certificate will be issued by BPJPH. More details regarding the completeness of the documents in question can be seen in the following table <sup>18</sup>:

**Table 2.** Documents for completing the application for halal certification

| No. | Document Name                         | Completeness/Description   |
|-----|---------------------------------------|--|
| 1   | Business actor data                   | Evidenced by a business registration number or other business license documents.   |
| 2   | Product Name and Type                 | The name and type of product must match the name and type of product to be certified halal.  |
| 3   | List of products and ingredients used | The list of products and materials used are halal products and materials as evidenced by a Halal Certificate, unless the ingredients come from nature without going through a processing process, or are categorized as not at risk of containing prohibited |

<sup>18</sup> Kamsari.

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|   |                                |   |
|---|--------------------------------|---|
|   |                                | materials.  |
| 4 | Product processing             | Product processing documents contain information regarding the purchase, receipt, storage of materials used, processing, packaging, storage of finished products, and distribution. |
| 5 | Halal Product Assurance System | Halal product guarantee system established by BPJPH.  |

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Source: BPJPH, 2020

The next part in the construction of the Halal Product Guarantee law is the halal production process. The halal production process is a procedure and stipulation for processing a product from raw materials, processing it to become a finished product to the presentation and distribution by the provisions of Islamic law.<sup>19</sup> The halal production process in the provisions of the Halal Product Assurance regulation is an activity to guarantee the halalness of the product which includes the provision of materials, processing, storage, packaging, distribution, sales, and product presentation about the Halal Product Assurance System issued by BPJPH<sup>20</sup>. The halal product assurance system (SJPH) includes 5 criteria, the first criterion is commitment and responsibility, the second criterion is materials, the third criterion is the process of halal products, the fourth criterion is the product and the fifth criterion is monitoring and evaluation. The following is a table of 5 (five) SJPH criteria :

**Table 3.** Criteria for Halal Product Assurance System

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| No. | Criteria     | Indicator   |
|-----|--------------|---|
| 1   | - Commitment | <ul style="list-style-type: none"> <li>- Halal policy in the form of a commitment statement from the company.</li> <li>- Socialization of Halal Policy</li> <li>- The company keeps and maintains records/records of evidence of the results of the Halal Policy Socialization to all related parties.</li> <li>- Placing halal policy posters and halal education in offices, production areas, and</li> </ul> |

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<sup>19</sup> Hery Purwanto, Ahmad Rofiq, and Mashudi Mashudi, "Halal Assurance System (HAS) 23000 Perspective George Robert Terry," *International Journal of Islamic Business and Economics (IJIBEC)* 4, no. 2 (2020): 63–80, <https://doi.org/10.28918/ijibec.v4i2.2988>.

<sup>20</sup> Kepala BPJPH, *Keputusan Kepala Badan Penyelenggara Jaminan Produk Halal Nomor 57 Tahun 2021 Tentang Kriteria Sistem Jaminan Produk Halal*, (JDIH Kementerian Agama RI, 2021).

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- Responsibility
    - Availability of adequate resources in the implementation of PPH in the company.
    - Assurance and assurance of halal integrity from all personal di Perusahaan.
    - Determination of the halal management team and/or halal supervisor as well as their duties and responsibilities.
  - Human Resources Development
    - Business owners or company leaders guide training and/or competence in the halal field as needed.
- 2 Ingredients
- Using all types of halal materials (raw materials, additional materials, and auxiliary materials) as evidenced by a halal certificate except for non-critical materials by the Decree of the Director of LPPOM MUI Number 12/Dir/LPPOM MUI/VI/2020;
  - Using materials that meet safety and health aspects by applicable laws and regulations;
  - Compile a list of halal ingredients that have been approved by BPJPH and LPH. If there is a change, it is mandatory to report it to BPJPH and LPH.
  - Purchase and use materials with names, brands, and manufacturers by those listed in the List of Halal Materials that have been approved by BPJPH and LPH;
  - Maintain Material Purchase Records/proof of purchase of materials (receipt/receipt/receipt/etc.) and samples of packaging labels (if any) during the validity period of the halal certificate, except for materials that are rarely purchased, the latest proof of purchase is kept.
  - If you want to use new materials outside the Halal Material List (including old materials with new producers), you must ask BPJPH and LPH for approval to use these materials. New materials can be used only after obtaining written approval from BPJPH and
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LPH. Proof of approval for the use of new materials must be kept during the validity period of the halal certificate.

- Checking material labels on each purchase or receipt of materials to ensure the suitability of the material name, producer name, and producer country with those listed in the List of Halal Ingredients. Materials that may be used are only materials whose name, producer name, and country of manufacture are by the List of Halal Ingredients.
- Create formulas/prescriptions for raw products that will become references/references for the production department in producing products (for products that have formulas).
- Carry out production using only ingredients listed in the List of Halal Ingredients.
- If there is already use of materials that are not listed in the List of Halal Ingredients, the resulting product will not be sold to consumers. The product will then be destroyed and evidence of product destruction must be kept.
- Monitor and maintain material supporting documents including validity period and validity.

### 3 Halal Product Process Locations, Places, and Tools

- Determine the location of the halal product process that is far from pig farms or their processing activities, to prevent contamination through employees and equipment.
  - Prepare production facilities that are free from pork (statement of the pork-free facility) supported by a Pork Free Declaration
  - Designing production sites to facilitate proper cleaning and supervision processes, as well as ensuring locations and places where halal products are processed are clean
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|                           |   |
|---------------------------|---|
| - PPH equipment and tools | and hygienic, free from najis, pets, wild animals, and non-halal materials.<br>- Separating the places and tools used to process halal products<br>- Separating equipment and devices used to process halal and non-halal products.<br>- Maintain and ensure that the halal product processing equipment is clean and hygienic, free from unclean and non-halal ingredients.<br>- Using equipment, devices, and machines that are in direct contact with the halal product process not made of non-halal materials, as well as ensuring the use of maintenance materials and auxiliaries are not made of non-halal materials.   |
| - PPH Procedure           | - Using equipment for sampling does not alternate between halal and non-halal materials and/or products.<br>- Completing production facility documents for halal-certified products, if the production facilities are also used to produce products that are not halal-certified unless the material comes from prohibited materials.<br>- Establish, implement and maintain PPH procedures<br>- Purification of production facilities according to Islamic law.<br>- Material arrival check<br>- Production process<br>- Transportation and distribution of materials and products<br>- Halal traceability<br>- Handling of products that do not meet the halal criteria.<br>- Product launch/sale<br>- Product formulation/new product development. |
| 4 Product                 | - Halal-certified products are products registered with BPJPH and approved by the Halal Inspection Agency.  |

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- Produce products from halal ingredients and processed according to requirements
- The facilities used and the products produced are not mixed with the production process and products that are not halal/not registered with BPJPH.
- The resulting product does not contain the name, shape, and sensory characteristics/profiles that lead to haram products and/or products that are declared non-halal based on Fatwa provisions;
- Produce products or materials that are safe for consumption.
- The implementation of the product packaging process is carried out by paying attention to using clean and free of impurities, as well as packaging designs, signs, symbols, logos, names, and product packaging images that are not misleading and do not lead to something that is forbidden, and the inclusion of a halal logo is only for product packaging that is certified.
- If there are additions and/or product developments other than those that have been registered with halal certification, these must be reported to BPJPH;
- Ensuring traceability of product halalness, that the product comes from materials that meet material criteria, criteria for using new materials, and are produced in facilities that meet facility criteria (eg records of material purchases, production records, and sales records).
- Registering every new retail product (retail) with the same brand to be certified halal before being marketed.
- Ensuring halal products do not use names that refer to something that is forbidden or worship that is not by Islamic sharia, and does not have a tendency to smell or taste that leads to haram products.

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|   |                           |   |
|---|---------------------------|---|
| 5 | Monitoring and Evaluation | <ul style="list-style-type: none"><li>- Conduct monitoring and evaluation using internal audit procedures and management reviews.</li><li>- Have and maintain evidence of the implementation of internal audits and management reviews.</li><li>- If the internal audit finds discrepancies in the implementation of SJPH by business actors with the SJPH criteria and certification requirements (policies and procedures), corrective action will be taken immediately. Evidence of non-conformance correction must be kept for the duration of the validity of the halal certificate.</li><li>- Reporting the results of internal audits and management reviews to BPJPH and the Halal Inspection Agency.</li></ul> |
|---|---------------------------|---|

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Source: BPJPH, 2021

The table is a provision for the Halal Production Process as set out in the Halal Product Assurance System (SJPH) set by BPJPH. Every business actor who will apply for halal certification must carry out production procedures according to SJPH<sup>21</sup>. The Halal Product Assurance System as one of the requirements in the halal certification process aims to ensure that business actors always maintain the consistency and continuity of the production of halal products in a good, systematic, organized manner and at the same time as an effort to supervise the implementation of the sustainability of halal products.<sup>22</sup>

## DISCUSSION

From the construction of the Halal Product Assurance regulation as contained in Law Number 33 of 2014 which substantially contains the agency administering the halal certification, the procedure for implementing the halal certification, and the halal production process as described above, it can be seen that there is no single rule that

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<sup>21</sup> Juni Ekowati et al., "Increasing Community Empowerment through the Promotion of Halal Lifestyle and the Critical Point of Halal Food in the Young Generation," *Journal of Halal Product and Research* 3, no. 1 (2020): 43–50, <https://doi.org/10.20473/jhpr.vol.3-issue.1.43-50>.

<sup>22</sup> Hery Purwanto et al., "Developing Model of Halal Food Purchase Intention among Indonesian Non-Muslim Consumers: An Explanatory Sequential Mixed Methods Research," *Systematic Reviews in Pharmacy* 11, no. 10 (2020): 396–407.

states or contained in the financial system that must be implemented by business actors who will register halal certification for their products. The financial system, both in financial management, financial transactions, and financial governance procedures, specifically mentions sharia-compliant financial management. The financial management in the construction of the regulation is at least one part of the halal certification process and the halal production process. The financial system in the halal certification process can be placed in several parts, such as in the halal certification process and the existing halal production process as mentioned in table 2 and table 3 in the first document, namely data on business actors. Business actor data containing name, address, type of business, product name, and so on need to be determined regarding the ownership of the account used for financial transactions of business actors, namely accounts from sharia financial institutions or sharia banking, and also to carry out the administrative process of payment for registration of halal certification and transactions. other finance. This is important considering that sharia financial management will provide legal certainty regarding all sharia-based financial transactions that are not mixed with the legal consequences of conventional or non-sharia-based financial transactions.<sup>23</sup>. These indicators can be seen in the following table :

**Table 4.** Instrument Indicators

| Factor | Indicator                     |
|--------|-------------------------------|
| Y      | Halal Products                |
| X1     | Organizing Agency             |
| X2     | Halal Certification Procedure |
| X3     | Halal Production Proses       |

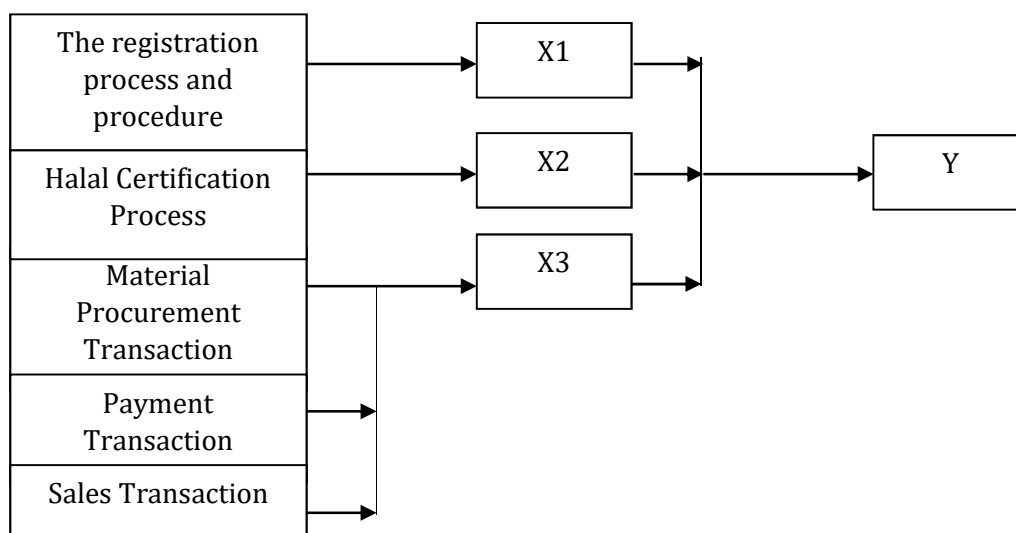
Source: Data processed, 2021

Table 4 explains that factor Y (Halal Products) is simultaneously or simultaneously influenced by factors X1 (Organizing Institution), X2 (Halal Certification

<sup>23</sup> Nur Kholis and Amir Mu'allim, *Transaksi Dalam Ekonomi Islam* (Yogyakarta: Program Pascasarjana FIAI Universitas Islam Indonesia, 2018), [https://dspace.uui.ac.id/bitstream/handle/123456789/25051/Transaksi dalam Ekonomi oke.pdf?sequence=1&isAllowed=y](https://dspace.uui.ac.id/bitstream/handle/123456789/25051/Transaksi%20dalam%20Ekonomi%20Islam.pdf?sequence=1&isAllowed=y).

Procedure), and X3 (Halal Production Process). If one of them does not meet the rules of sharia law, it can be suspected or stated that the Y factor (Halal Product) should be doubted as halal.

In the halal certification process and the halal production process, there is a financial transaction process. In Islamic economic law, it is clear that there are two types of financial transaction law, namely halal transactions and non-halal transactions. Halal transactions are all transactions permitted by sharia, and vice versa. Two things can determine whether or not the transaction law is lawful according to Islamic sharia, namely, the object used for the transaction and the transaction method. Basic Principles of Sharia Transactions All forms of muamalah may be performed unless there is an argument that forbids it. The freedom to make contracts based on mutual agreement (tjaratan'an taradhiminkum) and the obligation to fulfill the contract must look at the principle, first, all forms of muamalah may be carried out unless there is an argument that forbids it. Second, the freedom to make contracts based on mutual agreement (tjaratan'an taradhim minkum) and the obligation to fulfill the contract (aqd). Third, the prohibition and avoidance of Riba, Maysir, and Gharar. Fourth, ethics (morals) in transactions. And fifth is documentation (writing agreement/contract) for non-cash transactions. Halal transactions in halal product certification can be seen in the following picture :



**Image 2.** Transactions in the JPH Law

The picture clearly shows that in the construction of the Halal Product Guarantee Act there are transactions, especially in terms of financial transactions that can be translated into the certification process and the halal production process. Therefore, financial transactions can also be used as a critical point in the halal production process. The critical point is an activity in which there is doubt about the halalness of the

product resulting from the halal production process<sup>24</sup>. Financial transactions that are by sharia and Islamic law are financial transactions that are not in contact with matters related to usury. as already mentioned in Q.S. Ali Imron Verse 130, usury is an additional form of value that is forbidden by Allah because it is harmful, and usury in Islamic law is prohibited, so humans are ordered to avoid it.<sup>25</sup>

Islamic financial institutions or Islamic banking that have implemented Islamic sharia principles are important in the halal certification process. Islamic banking products and contracts used in financial implementation have been formulated by Islamic law<sup>26</sup>. So in fact, Islamic banking is certainly very relevant if it is used as a relation in the construction of the Halal Product Guarantee Act. Islamic banking has an important role in sharia and halal transactions so that the halal certification process and halal production process become clearer about the halalness of a product. On a national scale, the development of Islamic banks in Indonesia is quite rapid and has an important role in the Indonesian economy. Moreover, Indonesia is currently ranked first in the Islamic Finance Country Index (IFCI) in the Global Islamic Finance Report 2021<sup>27</sup>. A long history proves that Islamic banking in Indonesia has the resilience to macroeconomic conditions. Islamic banks have also developed and their distribution is quite even in the territory of Indonesia<sup>28</sup> This certainly can support the implementation of a national halal certification policy. It's just a matter of how to socialize and facilitate implementation which is the authority of the provider of Halal Product Assurance, namely BPJPH.

## CONCLUSION

The findings and discussion in this study on the problems and research questions about how the law of halal products is built through the construction of the Halal Product Guarantee Act in Indonesia which does not regulate its financial management obligations according to sharia conclude that halal products are produced based on processes and procedures. Halal certification by the provisions of Law Number 33 of 2014 there are still doubts about its halalness, where one factor that is not fulfilled is

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<sup>24</sup> Hery Purwanto, "Problematika Penetapan Hukum Pada Poin Kritis Bahan Olahan Dan Laboratorium Produk Halal," *Syariat: Jurnal Studi Al-Qur'an Dan Hukum* 4, no. 2 (2018): 191-201, <https://ojs.unsiq.ac.id/index.php/syariat/article/view/1176>.

<sup>25</sup> Zainur, "Islamic Finance and Economic Development: The Impact of the Islamic Finance Sector on Indonesia's Economic Development" 3, no. 1 (2020): 52-63, <http://dx.doi.org/10.35896/jse>.

<sup>26</sup> Yusuf Dinc et al., "Islamic Financial Literacy Scale: An Amendment in the Sphere of Contemporary Financial Literacy," *ISRA International Journal of Islamic Finance* 13, no. 2 (2021): 251-63, <https://doi.org/10.1108/IJIF-07-2020-0156>.

<sup>27</sup> Bank Indonesia, "Indonesia Raih Peringkat Pertama Islamic Finance Country Index (IFCI) Pada Global Islamic Finance Report 2021," Departemen Komunikasi, 2021, [https://www.bi.go.id/id/publikasi/ruang-media/news-release/Pages/sp\\_2328321.aspx](https://www.bi.go.id/id/publikasi/ruang-media/news-release/Pages/sp_2328321.aspx).

<sup>28</sup> Andrew Shandy Utama, "Perkembangan Perbankan Syariah Di Indonesia," *UNES Law Review* 2, no. 3 (2020): 290-98, <https://doi.org/10.31933/unesrev.v2i3.121>.

the factor of the provisions of financial transactions. In the construction of the Law, both aspects of the implementing agency, certification process, and halal production process, other factors are not stipulated and this is a critical point category, namely the factor of sharia or halal financial transactions. Therefore, the law of halal products can be reflected in the formulation of factors such as in the discussion, namely  $Y = X1 + X2 + X3$ , meaning that the organizer factor (X1), the certification process factor (X2), and the halal production process factor (X3) must be together or simultaneously fulfill all the halal elements including sharia financial transactions so that they will produce halal products (Y).

The relationship between sharia banking and sharia financial institutions to the construction of the Halal Product Guarantee Act is very relevant and deserves to be included in the derivative provisions of Law Number 33 of 2014 so that the goal of guaranteeing halal products can be realized in sharia. Thus, this research is expected to contribute to policymakers so that they can pay attention to one of the important factors, namely the provisions and provisions in the implementation of sharia transactions through financial institutions or sharia banking which can be stated in the Regulations or Decrees of the Head of the Halal Product Guarantee Agency. In addition, this research can also be used as a scientific reference that Law Number 33 of 2014 concerning Halal Product Guarantee and its derivatives still needs other completeness, namely the provisions of sharia financial transactions. This research certainly has many limitations, for that it is hoped that in the future research can be carried out that discusses the right contracts in the halal certification process, as well as other financial analysis in the implementation of the Halal Product Guarantee Act.

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