



## Digital Banking Policies and Regulations For Sharia Banking in Indonesia

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### ABSTRACT

In accordance with current developments in information technology, the services offered by banks are growing and leading to digital services. The demand for digitization of banking operations is also driven by changes in business life which are now dominated by the millennial generation who prefer the convenience of online transactions through digital platforms. The digital banking transformation process is also accelerated by the emergence of new competitors, such as non-bank financial service providers, often called fintech. The purpose of this research is to find out the regulation of digital banking law in Indonesia and the urgency of digital banking regulations for Islamic banking in Indonesia. The method used is descriptive qualitative with a library research approach to track event log data, which is then used by the author to collect data including sources from previous studies. The results and conclusions of this study are that digital banking provisions have been regulated in the Financial Services Authority Regulation No.12/POJK.03/2018 concerning the Implementation of Digital Banking Services by Commercial Banks. The urgency of establishing digital banking regulations for Islamic banking in Indonesia is the rampant mode of digital crime (Cyber crime) which can disrupt the convenience and security of customer data. This is because there are no regulations that strictly regulate such as laws to specifically regulate Islamic digital banking. Digital banking law is only regulated in OJK Regulations, so it has not been able to overcome problems, especially in the implementation of digital banking for Islamic banking given the weak binding force of these Regulations.

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### INTRODUCTION

Technological developments in the current era of the industrial revolution 4.0 have had a considerable impact on human life. Advances in digital technology have

existed since the emergence of sophisticated machines such as computers, robots, cars and cellphones. The use of digital technology in this era is increasingly thick in order to make various human jobs more effective and efficient. This can be seen by the presence of digital platforms in various sectors of life, starting from the health, education, economics and business, socio-political, to religious sectors. In the economic sector, especially in the financial sector, digital technology has changed the behavior of people who are dominated by the millennial generation in meeting their needs. This all-digital public consumption encourages all financial institutions to digitize to meet the demands of customers and investors. For this reason, the banking sector creates various digital innovations such as Internet banking, mobile banking, digital banking, and various other digital innovations to maximize service to customers.<sup>1</sup>

This change in digital transformation has caused the Bank to continue to close its office network. In addition, consumers also reduce cash transactions and switch to electronics. The demand for banking digitalization is strengthened by various factors that encourage the development of digital banks, because the Indonesian economy has the potential to absorb digitalization flows. These driving factors are reflected in 3 (three) main aspects, namely digital opportunities, digital behavior, and digital transactions. Along with banking efforts towards becoming digital banking, as well as the increasing number of fintech (Financial Technology) start-up companies that have emerged offering digitization of banking services. The Covid-19 pandemic has also contributed to the shift in the banking industry, both conventional and sharia, from traditional to digital transactions.<sup>2</sup>

Islamic banks must be able to change the marketing and management model of Islamic banks to implement digital banking services. The challenge faced by Islamic banks in developing digital banking services is customer reluctance caused by bad experiences. Therefore, developing a marketing theory for digital banking requires an understanding of customer preferences from customer satisfaction and loyalty. In addition to management and marketing techniques, what is no less important is the existence of regulations as a guarantee of the legality of Islamic digital banks and operational oversight policies to ensure the safety of its customers. In other words, the law acts as social control so that digital banking activities in Indonesia can be directed and conducive. Given the survey results from McKinsey & Company in 2019, it is known that the enthusiasm of customers in Indonesia for digital banks is high. For this reason, this research will explore the legal basis for implementing Islamic digital banking and oversight of the mechanism for

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<sup>1</sup> Hafizd, "Peran Bank Syariah Mandiri (Bsm) Bagi Perekonomian Indonesia Di Masa Pandemi Covid-19."

<sup>2</sup> Siregar, Dinia, and Septiani, "Analisis Manajemen Risiko Terhadap Penggunaan E-Banking (Mobile Banking Dan Internet Banking) Pada Bank Bni Syariah."

implementing Islamic digital banking activities in Indonesia.<sup>3</sup>

## **RESEARCH METHODS**

The research method used in this study is a qualitative research method. Qualitative research is research that stems from an inductive mindset, which is based on participatory objective observation of a social phenomenon (phenomenon). The data collection technique in this research is using the library research method, namely research conducted by studying, studying and examining library materials that have legal relevance to the subject matter being studied. The data used in this study is a type of secondary data, namely data obtained from books, articles, journals, other research results or reports from other organizations. The data extracted in this research is all data relating to digital bank regulations and policies in Indonesia, both in the form of laws and regulations and other regulations.<sup>4</sup>

## **RESULTS AND DISCUSSION**

Before the covid pandemic, banking industry disruption had occurred. A total of 2,400 bank branch offices closed in 2019, and only 1,100 opened new branch offices. This shows that there were 1,300 bank branch offices that disappeared in that year. During a pandemic, Indonesia Banking School's research shows that the banking and financial sector is one of the main sectors, where consumers are changing towards digitalization. In addition, the development of innovation in the field of financial technology has also encouraged the banking sector to change into a more versatile digital form. The term neobank refers to a branchless digital bank that seems to be the answer to the changes that are currently happening. Currently, there are a total of 170 neobanks in the world, of which 36 are in the Asia Pacific region. In Indonesia, this type of bank has started to be pioneered under the name digital bank.<sup>5</sup>

Regulators respond to this innovation to ensure an industrial climate that remains healthy, safe and of course sustainable. The Financial Services Authority (OJK) together with banking associations compiled a digital banking transformation blueprint, covering aspects of data protection, collaboration between financial and non-financial institutions, risk management, technology utilization, and institutional governance (Bisnis.com, April 9 2021). OJK will divide digital banks into two types, namely: new entities that are fully operational as digital banks, and transformation of conventional banks into digital banks (Republika.id, 21 April 2021). This regulation will be in the form of a Financial Services Authority Regulation (POJK), which is targeted to be completed in the first semester of 2021. One of the components regulated in this regulation is related to the requirements for establishing a digital

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<sup>3</sup> Yusuf, Sumarno, and Komarudin, "Bank Digital Syariah Di Indonesia : Telaah Regulasi Dan Perlindungan Nasabah."

<sup>4</sup> Roni and Putro, "J. Sharia Econ."

<sup>5</sup> Irawan, "TINJAUAN HYBRID CONTRACT PERSPEKTIF MAQÂSHID SYARÎ'AH."

bank. To set up a digital bank, OJK will conduct an assessment in terms of business models, technology, corporate and IT governance, IT risk management, HR competencies to business plans.<sup>6</sup>

Bank is a financial institution that has an important role in the Indonesian economy. According to Law Number 7 of 1992 jo. Law Number 10 of 1998 concerning Banking, Chapter 1 Article 1 Paragraph 2 states: "A bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit and or other forms in order to improve the standard of living of the people. Lots". Banks play a role in providing services in response to the rapid development of information technology. Banks are starting to target the market, especially technology users who transact using digital banking services. The main purpose of the services provided by these customers is to meet customer needs in conducting business activities with the bank, and another objective is to expand the existing market share as a bank business.<sup>7</sup>

The rapid development of technology allows banks to continue to improve their services by building digital banking which aims to maximize customer service and improve operational quality. It is hoped that banks will be able to develop digital banking. The ongoing change process must also be supported by the right change strategy to achieve company goals. Customer loyalty is expected to increase if the digital strategy implemented fulfills the wants and needs of customers.<sup>8</sup> Information technology breakthroughs have had a major impact on bank operations and management in supporting the strategies implemented by banks in relocating digital communication devices and services through the establishment of digital banks or changing the status of banks that are already operating, including operations and services provided by banks to their customers through electronic channels by using electronic devices available and owned by the customer. Therefore, one of the objectives and directions for the development of Indonesian banking in 2020-2025 is accelerating banking digital transformation. It is hoped that banks will become more efficient and be able to maximize their services to all levels of society in Indonesia and will ultimately accelerate economic recovery. Through digital transformation, banks are expected to seize opportunities to create resilient, competitive and contributive banking.

Currently, Indonesia through the Financial Services Authority has provided guidelines for the implementation of digital banking as outlined in OJK Regulation No.12/POJK.03/2018 concerning the Implementation of Digital Banking Services by Commercial Banks. This regulation was initiated to encourage efficiency and

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<sup>6</sup> Irawan, Roni, and Putro, "Islamic Business Ethics: How to Apply It on the Supply Chain Management?"

<sup>7</sup> Irawan, "Analisis Kualitas Produk Untuk Meningkatkan Kepuasan Nasabah."

<sup>8</sup> Irawan, "Penerapan Etika Bisnis Islam Terhadap Kelangsungan Pembiayaan SPBU Mini Di KSPPS Bina Syariah Ummah Jawa Timur."

effectiveness as well as create consistency in customer service. In addition, banks must also improve their compatibility, after which business strategies must be aligned in the right direction and information technology development must be used more optimally.<sup>9</sup>

The implementation of digital banking services at Islamic banks is based on Law of the Republic of Indonesia Number 21 of 2008 concerning Islamic Banking article 20 paragraph (1) point f of the Islamic Banking Law which states that carrying out bank activities or products based on Sharia Principles by using electronic means. The second paragraph of point d of the article explains that organizing bank activities or products based on Sharia Principles by using electronic means. While the operational principle must refer to the Fatwa of the National Sharia Council- Indonesian Ulema Council (DSN-MUI). And for supervision of the implementation of Islamic banking activities, the DSN-MUI has formed a Sharia supervisory institution known as the Sharia Supervisory Board (DPS).

The Sharia Supervisory Board, formed by the Indonesian Ulema Council (MUI) has the duty and authority to issue fatwas regarding products and services in bank business activities to carry out business activities based on sharia principles. DPS acts as a supervisor of Islamic financial institutions that oversees every operational activity of Islamic banking, be it Islamic banks, Islamic insurance, Islamic capital markets and so on, so that all Islamic financial institutions can operate in accordance with the demands of Islamic law. However, DPS is not directly involved in the management of Islamic financial institutions, because this is a direct responsibility under the authority of the Board of Directors of an Islamic financial institution. DPS is only entitled to provide input to the implementers of Islamic financial institutions.<sup>10</sup>

DPS has an important and strategic role in the application of sharia principles in sharia banking. DPS is responsible for ensuring that all sharia bank products and procedures comply with sharia principles. Due to the importance of the DPS role, two laws in Indonesia state the necessity of having a DPS in sharia companies and sharia banking institutions, namely law number 40 of 2007 concerning limited liability companies and law number 21 of 2008 concerning sharia banking. Based on the decision of the MUI leadership regarding the composition of the DSN-MUI board number Kep-98/MUI/III/2001, the DPS carries out the following functions: 1) As an adviser and adviser to the directors, heads of sharia branch offices regarding matters relating to sharia aspects. 2) As a mediator between the bank and the DSN in communicating suggestions and suggestions for the development of bank products and services, it requires studies and fatwas from the DSN. 3) As a DSN representative placed at Islamic banks.

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<sup>9</sup> Irawan, "Inovasi Pembiayaan SPBU Mini Sebagai Solusi Meningkatkan Kesejahteraan Anggota."

<sup>10</sup> Khoir and Lamongan, "Transaksi : Jurnal Penelitian Ilmu Ekonomi Transaksi : Jurnal Penelitian Ilmu Ekonomi."

In its efforts to improve Islamic digital banking services, the DSN-MUI has issued several fatwas regarding the implementation of information technology-based Islamic banks, including Fatwa Number: 116/DSN-MUI/IX/2017 concerning Sharia Electronic Money, Fatwa Number: 117/DSN-MUI/II /2018 concerning Information Technology-Based Financing Services Based on Sharia Principles and Fatwa Number: 140/DSN-MUI/VIII/2021 concerning Sharia Securities Offerings Through Information Technology-Based Crowdfunding Services Based on Sharia Principles (Islamic Securities Crowd Funding). However, as a basis for monitoring the application of sharia principles, so far the DSN-MUI has not issued a specific fatwa for the application of digital banking.<sup>11</sup>

Overall, almost all Islamic banking laws refer to the general regulations of the Financial Services Authority, but these regulations do not detail the development of Islamic banking in digital banking. Therefore, it is necessary to explain the mechanism for implementing digital Islamic banking to differentiate Islamic banks from conventional banks. This is because it influences the development of Islamic banking, especially in Indonesia where the majority of the population is Muslim.

Based on the Financial Services Authority Regulation No. 12/POJK.03/2018 article 2 paragraph (1) explains that "Implementation of Electronic Banking Services or Digital Banking Services is one of the Bank's efforts to play an active role in expanding public financial access". With the help of information technology, it is expected that banks can provide services to customers without limitations on location, time and minimal costs, so as to provide maximum convenience according to customer preferences. In addition, banks can offer digital banking services in accordance with POJK. Banks can provide electronic banking services or digital banking services that must pay attention to risk management and prudential principles in order to comply with the provisions of the Financial Services Authority.

The existence of risk management in the implementation of Islamic digital banking is intended to be able to minimize various digital crimes (Cyber crime) and various other risks. For this reason, it is very important to protect customers, considering the many modes of cybercrime, such as the most common crime, namely identity theft or phishing. Phishing (password harvesting fishing) is a crime of fraud by utilizing fake e-mails or fake websites that aim to trick other users. The use of fake emails or fake websites is intended to obtain user data. The use of user data is often to send emails that appear to come from an official company, for example a bank with the aim of obtaining someone's personal data, for example User ID, PIN, account number, credit card number and so on.<sup>12</sup>

Referring to Law Number 21 of 2008 concerning Sharia Banking, article 35 paragraph 1 states that: "Sharia banks and UUS are required to apply the

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<sup>11</sup> Irawan, Putro, and S, "Pengentasan Kemiskinan Di Badan Amil Zakat Nasional ( Baznas )."

<sup>12</sup> Husni Shabri, "Transformasi Digital Industri Perbankan Syariah Indonesia."

precautionary principle in carrying out their business activities." The link between the cases above and Islamic banking is the scope of the precautionary principle, which of course covers many aspects of both governance and customer security. This is in line with OJK Regulation No.12/POJK.03/2018 contained in article 21 paragraph (1) where "Banks providing Electronic Banking Services or Digital Banking Services are required to apply the principle of consumer protection as referred to in the provisions of laws and regulations regarding consumer protection in the financial services sector".

In article 21 paragraph (1) it is explained that what is included in the principle of consumer protection includes transparency, fair treatment, reliability, confidentiality and security of consumer data/information and handling complaints and resolving consumer disputes in a simple, fast and affordable way. In general, this regulation can be implemented in the mechanism of implementing banking activities by both conventional banks and Islamic banks. The Financial Services Authority sees that there are several things that need attention for the development of digital banking services, namely: 1) The importance of using a singlet identity (eg e-KTP) for banking as a customer database. 2) Banking needs to prepare reliable information technology infrastructure and other infrastructure, apply good risk management and business capital according to customer needs in the case of banks entering the digital banking business. 3) It is necessary to standardize and improve discipline in the implementation of telco SOPs, especially when changing a customer's SIM card to support digital banking services. 4) Increased security. The application of digital banking causes the entry point for cyber crime to become more open, so that one of the safeguards is through a digital certificate from a certificate authority and the application of adequate security standards for bank partners according to the bank's risk appetite. 5) The Financial Services Authority will make adjustments to a number of regulations, including those related to face-to-face meetings when opening an account at a bank, with reference to the basic principles of identifying, verifying and monitoring customer financial transactions.

From these several things, there are several ways that Islamic banks can do in an effort to develop digital banking, among the steps that can be taken are: 1) User friendly, this must be done by digital banking companies, especially Islamic banking, where companies must give their best impression to consumers when using their services. This of course will be very influential because it makes it easier for consumers to turn to other companies if they feel disadvantaged both in terms of service or facilities provided. 2) Cyber security, of course this is the main benchmark in the banking world, where banks must be able to work together with the government in providing maximum security to customers when they make transactions. 3) Database, banking companies must have clear, official and detailed customer data so that later they can analyze the data according to the needs,

behavior and desires of consumers in using banking services. 4) Integration, banking companies must be able to connect online and offline needs and this is what supports the implementation of digital banking for Islamic banking in Indonesia. 5) Digital DNA, banking companies must have started to build a digital DNA ecosystem to validate data because of course in the implementation of digital banking services customers and banks do not meet face to face in making transactions. It also aims as a security tool for the validity of the owner's data.

These efforts are certainly in line with the concept of *maslahah mursalah* if they are truly implemented for the public interest, and are in line with the principles of achieving benefit and rejecting harm. With this, Islamic banking pays attention to loopholes and uses the basis of *maslahah mursalah* to carry out public interests, especially in the field of digital banking for Islamic banking in Indonesia.

### **The Urgency of Digital Banking Regulations for Sharia Banking in Indonesia**

OJK Regulation No.12/POJK.03/2018 states that banks that can carry out digital banking services are commercial banks mentioned in Law Number 10 of 1998 concerning Banking and Sharia Commercial Banks as referred to in Law Number 21 of 2018. 2008 concerning Sharia Banking. Indonesia as part of a country that approves of digital banking needs to look at the characteristics of digital banking itself so that it can be known who has the authority to regulate, where the regulations are located, and then what regulations this digital banking will comply with. The characteristics of digital banking are first, digital banking no longer requires branch offices, second, digital banking is more than just a banking application, and third, digital banking based on Indonesian e-KTP biometrics. Digital banking in Indonesia is supervised and regulated by the Financial Services Authority.<sup>13</sup>

The function of the Financial Services Authority, as stipulated in Article 5 of Law Number 21 of 2011 concerning the Financial Services Authority, is to administer an integrated regulatory and supervisory system for all activities in the financial services sector. In this regard, digital banking is part of financial services in the banking sector. The Financial Services Authority stated that digital banking can be carried out according to the needs (customer experience) and carried out completely independently by customers with due regard to the security aspect. Of course, in the implementation of digital banking services, several requirements must be met as follows: first, have a risk profile rating of 1 or rating 2 based on the assessment of the soundness level of the bank for the last assessment period, second, having adequate information technology infrastructure and management of technology infrastructure management, and third, included in the commercial bank group based on business activities that can at least carry out electronic banking service business activities as stipulated in the provisions of the Authority Financial Services. Islamic banking operations are in several corridors of principles, namely first, fairness, profit

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<sup>13</sup> Irawan, "TINJAUAN HYBRID CONTRACT PERSPEKTIF MAQÂSHID SYARÎ'AH."

sharing on the basis of real sales according to the contribution and risk of each party. Second, partnership, which means that the position of investors (fund depositors) and users of funds, as well as the financial institutions themselves, are equal as business partners who synergize with each other to gain profits. Third, transparency, Islamic banking will provide financial reports openly and continuously so that investor customers can find out the condition of their funds. And fourth, universal, which means that it does not discriminate between ethnicity, religion, race and class in society according to Islamic principles as rahmatan lil alamin.

The review of the Sharia Banking Law shows that various problems that have not been covered by previous regulations have been responded to in the form of more detailed arrangements. However, there are also many aspects of the regulations contained in this law that actually existed in various previous laws and regulations, which were later raised in this law. Of course this is done for the purpose of reinforcement. Some important aspects that are quite prominent in the law include the requirements for establishment, banking business/operations, conversion, prudential aspects, sharia supervision, and dispute resolution (partly canceled by the Constitutional Court of the Republic of Indonesia). When compared to the previous rules, the Sharia Banking Law is clearly far more comprehensive. However, current issues related to digital banking have not been regulated in detail in this law.

The orientation of Islamic banking in Indonesia is not limited to the pursuit of profit, but there is a social mission that is always pursued by Islamic banking to support good social life, and of course liberate all elements of usury which so far has been claimed that conventional banks apply the principle of usury. If you look at this explanation, it can be interpreted that there is a legal position that has an understanding of the legal subject or legal object that exists. By having a position, legal subjects or legal objects can take action and authority according to their status. In Latin terms, the legal position is called *locus standi* which means that a situation when a legal subject or legal object is considered to meet the requirements to submit an application for the settlement of a dispute that occurs. The legal position is usually shown in the following ways, first, a legal subject is harmed by a regulation and then causes an event that becomes a problem. This event will disappear when the court intervenes. Second, a legal subject or legal object is given legal standing to carry out actions mandated by law.

The explanation above shows that OJK Regulation No.12/POJK.03/2018 and Law Number 21 of 2008 have the same legal standing in terms of implementing digital banking for Islamic banking, but there is still a need to further understand a number of matters related to its development. . In the process of implementing digital banking, Islamic banks certainly experience obstacles and challenges including: first, the limited supply of Islamic products. Second, limited access to Islamic financial products. Third, the level of Islamic financial literacy and utility level of Islamic

financial products is not yet optimal. Fourth, limited human resources. Fifth, the need for optimizing coordination with stakeholders. Sixth, the need for financial services policies that are aligned and can mutually support the development of the entire sharia financial steering wheel. The process of digitizing Islamic banking is a necessity so the anticipation is a legacy to survive. On the other hand, the conditions of Islamic banking that encourage the use of digital technology include the difference between the concept and the Islamic banking system as explained above regarding Islamic banking principles, which in the end the public will perceive that the Islamic banking system is unprofitable.

compared to conventional banks.

This statement is in line with Abdus Salam Dz who explains that people need literacy in order to have an easy and correct understanding that the Islamic banking system is more profitable than conventional systems. This is because literacy is a series of processes or activities to increase knowledge and add insight, confidence and skills to consumers and the general public so that they are able to manage their finances better. Another statement was explained by the Financial Services Authority, which stated that there were at least three challenges faced by banks in Indonesia in digital banking services, namely service trial evaluation, Bank Indonesia digital banking (BI) related to bank information systems, and network availability and education. as well as consumer protection. 32 In addition to the challenges related to digital banking above, in practice digital banking also faces various obstacles that disrupt the development of the digital banking economy, especially for sharia banking in Indonesia, namely, first, the network infrastructure is less extensive so that it cannot be accessible to everyone, secondly, there is still low interest from the Indonesian people in carrying out digital economic activities, only around 35% of the Indonesian people are conducting digital financial transactions. Business contribution in the sector digital is still minimal to Gross Domestic Product (GDP). Third, for bank CEOs, this occurs while taking the lead for the development and implementation of a comprehensive change program that simultaneously addresses the culture, systems, and capabilities required.

Increasingly sophisticated technological developments make security problems and constraints a significant complaint, for example when a customer transfers money but the money doesn't arrive or hasn't reached the intended customer. This of course contains an element of uncertainty or ambiguity (*gharar*) which is certainly contrary to the principles of Islamic banking. In addition, the most common crime that occurs is identity theft or phishing. Phishing (password harvesting fishing) is a crime of fraud by utilizing fake e-mails or fake websites that aim to trick other users. The use of fake emails or fake websites is intended to obtain user data. The use of user data is often to send emails that appear to come from an official company, for example a bank with the aim of obtaining someone's personal

data, for example User ID, PIN, account number, credit card number and so on.<sup>14</sup>

Some examples of cases in the implementation of digital banking, namely, the digital account breach experienced by a customer of PT Bank BTPN Tbk, namely by using a genius account. 35 A customer named Anggita Wahyuningtyas experienced a burglary with an amount over Rp. 50,000,000.00. The burglary started with a phone call from a fraudster who pretended to be a Jenius call center about 2 weeks earlier, on September 7, 2020 to be precise. The contents of the call mentioned a system update and an ATM card replacement, which in the end the victim provided data. himself. In just a matter of minutes, the perpetrator was able to suck up the victim's money and then transfer it to an account that was also Jenius's name in the name of Lutfi Putri Mardiana. After being traced, it turned out that the owner of the account lived in Lampung and admitted that his account was being hacked by an unknown person. On the same day, Angguta's stolen money was transferred to two other accounts. The victim has reported this to BTPN, the Financial Services Authority (OJK), and the police. However, the perpetrator has not been able to trace his whereabouts.

The continuity between the cases above and Islamic banking is the scope of the precautionary principle, which is regulated in Article 35 paragraph (1) of the Sharia Banking Law, which of course involves many aspects here, both in governance and in security for customers. This is in line with Article 21 of OJK Regulation No.12/POJK.03/2018 which explains that, (1) Banks providing electronic banking services or digital banking services are required to apply the principle of consumer protection as referred to in the provisions of laws and regulations concerning consumer protection in the consumer sector. financial services, (2) Banks providing digital banking services must have a function and mechanism for handling any questions and/or complaints from customers that operate 24 (twenty four) hours a day, (3) Mechanisms and procedures for implementing the principles of consumer protection refers to the provisions of laws and regulations regarding consumer protection in the financial services sector.<sup>15</sup>

In the implementation of digital banking, of course there are still many gaps that can be abused by irresponsible parties. The Financial Services Authority will never allow this action. To oversee the digital banking implementation process, the Financial Services Authority has formed a Digital Banking Taskforce team to conduct a review of digital banking and in due course will submit recommendations regarding guidelines regarding digital banking opinions by Indonesian banks. The Financial Services Authority sees several things that need attention for the development of

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<sup>14</sup> Nasir Tajul Aripin, Nur Fatwa, and Mulawarman Hannase, "Layanan Digital Bank Syariah Sebagai Faktor Pendorong Indeks Literasi Dan Inklusi Keuangan Syariah."

<sup>15</sup> Fauzi and Anjani, "Kebijakan Peraturan OJK Terhadap Perbankan Syariah Dalam Menghadapi Wabah Covid-19 Di Era New Normal."

digital banking services, namely: First, the importance of using a singlet identity (eg e-KTP) for banks as a customer database. Second, banks need to prepare reliable information technology infrastructure and other infrastructure, apply good risk management and business capital according to customer needs in the case of banks entering the digital banking business.<sup>16</sup> Third, it is necessary to standardize and improve discipline in implementing telco SOPs, especially when changing a customer's SIM card to support digital banking services. Fourth, increased security. The application of digital banking causes the entry point for cyber crime to become more open, so that one of the safeguards is through a digital certificate from a certificate authority and the application of adequate security standards for bank partners according to the bank's risk appetite. Fifth, Service Authority Finance will make adjustments to a number of regulations, including those related to the obligation to meet face to face when opening an account at a bank, with reference to the basic principles of identifying, verifying and monitoring customer financial transactions.<sup>17</sup>

Based on the description of the data above, there are at least a number of steps that can be taken by Islamic banking as an endeavor to then be able to develop digital banking, these steps are important, namely: user friendly, this of course must be carried out by digital banking companies, especially Islamic banking, where companies must give the best impression to consumers when using their services. This of course will be very influential because it makes it easier for consumers to turn to other companies if they feel disadvantaged both in terms of service or facilities provided. Cybersecurity, of course, is the main benchmark in the banking world, where banks must be able to work with the government in providing maximum security to customers when they make transactions. Database, banking companies must have clear, official and detailed customer data so that later they can analyze the data according to the needs, behavior and desires of consumers in using banking services. Integration, banking companies must be able to connect online and offline needs and this is what to support the implementation of digital banking for Islamic banking in Indonesia. Digital DNA, banking companies must have started to build a digital DNA ecosystem to validate data because of course in the implementation of digital banking services customers and banks do not meet face to face in making transactions. It also aims as a security tool for the validity of the owner's data. Such a situation, of course this will be in line with the concept of *maslahahmursalah* if it is really implemented for the public interest. This is in line

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<sup>16</sup> Utama, "Digitalisasi Bank Konvensional Dan Bank Syariah."

<sup>17</sup> Dewi, "LEGALITAS PENGGUNAAN JASA LAYANAN GOPAY DALAM TENTANG UANG ELEKTRONIK SYARIAH DAN PERATURAN BANK SKRIPSI Diajukan Kepada Institut Agama Islam Negeri Jember Untuk Memenuhi Salah Satu Persyaratan Memperoleh Gelar Sarjana Hukum ( S . H ) Fakultas Syari ' Ah Jurusan Hukum Ekonomi Program Studi Hukum Ekonomi Syari ' Ah TITA RISKIANA DEWI INSTITUT AGAMA ISLAM NEGERI JEMBER FAKULTAS SYARIAH JUNI 2019."

with the principle of achieving benefit and rejecting harm. In addition, this is also in line with the principle that syara' attention to prohibitions is greater than syara' attention to what is considered. If in a case there is visible benefit, but there is also mafsadah in it, then the mafsadah or damage must be eliminated first, because the damage can spread and spread everywhere, resulting in greater damage. There are certain criteria that must be used as a measure in limiting reason in using this concept, especially in the implementation of digital banking for Islamic banking in Indonesia, among other things, namely that the problem must be ma'qul (reasonable) and relevant (munasib) with legal cases that have already been determined by nusus.<sup>18</sup>

Implementation of regulations must be proper and appropriate, meaning that it provides a clear picture in a regulation for implementing digital banking for Islamic banking in Indonesia in order to suppress the occurrence of new cases. Masalah must be acceptable to rational thinking. In its application, a law must be able to be accepted by the wider community so that later it does not give rise to a new interpretation which can lead to misunderstandings in its implementation. The masalah must be in accordance with the syar'i' intention in establishing the law and must not conflict with the nusus, either with textual arguments or substantial rationale. This explanation shows that Islamic banking pays attention to the gaps that occur and uses the basis of masalah mursalah to carry out public interests, especially in the realm of digital banking for Islamic banking in Indonesia.<sup>19</sup>

## **CONCLUSION**

The implementation of digital banking for Islamic banking in Indonesia is based on the Financial Services Authority Regulation No. 12/POJK.03/2018 concerning Implementation of Digital Financing Services by Commercial Banks. However, the operational principles of Islamic banks must still refer to the fatwa of the National Sharia Council-Indonesian Ulema Council (DSN-MUI) and to carry out supervision of the implementation of Islamic banking DSN-MUI establishes a sharia supervisory institution known as the Sharia Supervisory Board (DPS) to ensure operational sharia financial institutions so that they can run in accordance with the demands of Islamic law. Until now, the DSN-MUI has not issued a fatwa that specifically regulates the application of digital banking to Islamic banks. The rise of digital crime (Cybercrime) that occurs among customers such as search or phishing and various other modes of crime certainly needs serious attention, bearing in mind that the implementation of digital banking services must apply the principle of consumer protection and the precautionary principle. For this reason, the establishment of regulations governing Sharia digital banking services is very

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<sup>18</sup> Belakang, "Ali Murdiat. Perlindungan Hukum Nasabah Pengguna Elektronik Banking Dalam Sistem Hukum Indonesia, Vol. 1, 1 April-Juni 2013, Hlm. 57."

<sup>19</sup> Amrillah, "Urgensi Pembentukan Undang-Undang Digital Banking Bagi Perbankan Syariah Di Indonesia."

important considering that POJK No.12/POJK.03/2018 is not sufficient as a basis for reference for implementing digital banking services for Islamic banking in Indonesia.

The urgency of establishing digital banking regulations for Islamic banking in Indonesia in the form of laws can be viewed from the following aspects. First, the philosophical aspect, namely special regulations related to digital banking for Islamic banking in Indonesia are mandated in Article 33 paragraphs (1) and (4). ) The 1945 Constitution, bearing in mind the rapid development of information technology that can be used to develop the financial industry, can encourage the growth of alternative banking services on a massive scale. Second, the sociological aspect, namely the existence of a digital account burglary case experienced by one of the customers as a result of the absence of strong regulations such as laws governing digital banking, especially for Islamic banking in Indonesia. Third, the juridical aspect, that is legally digital banking is only regulated in the OJK Regulation so that it has not been able to overcome the risk problems that occur, especially in the implementation of digital banking for Islamic banking given the weak binding force of the Regulation.

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