ANALYSIS OF THE ROLE AND RESPONSIBILITY OF SHARIA SUPERVISORY BOARD (DPS) ON SHARIA COMPLIANCE SUPERVISION IN ISLAMIC BANKS IN INDONESIA

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ABSTRACT

Islamic banks are banks that operate using Sharia principles, namely the principles of Islamic law in banking activities. Sharia principles must be implemented in all banking activities supervised by the Sharia Supervisory Board (DPS). DPS has the responsibility to ensure Sharia compliance with Islamic banks. The purpose of this article is to analyze the roles and responsibilities of SSB in supervising Sharia compliance with Islamic Banks. The research method in this article is a descriptive analysis with a normative juridical approach. While the data sources in this article are primary data obtained from the results of the FGD (Focus Group Discussion) at the UNISBA Postgraduate Building on May 15, 2018 which was attended by representatives of the OJK, Islamic Banks, DPS, Academics, MES, Asbisindo and the Religious Courts. From this article, it can be concluded that the roles and responsibilities of DPS in supervising Sharia compliance in Islamic Banks are not optimal due to the quality of integrity problems and the competence of DPS. Based on this, DPS can be subject to sanctions from aspects of civil law and consumer protection law. If the DPS does not carry out its obligations, it can be subject to sanctions from the aspect of civil law, namely responsibility on the basis of an error known as unlawful acts (onrechtmatigedaad). Whereas, according to the law, consumer protection is a professional responsibility or professional liability and criminal liability. However, the Sharia Banking Act stipulates as administrative liability.

Keywords: Supervision, Sharia Compliance, DPS, Responsibility and Islamic Banks.

INTRODUCTION

The practice of Islamic finance is believed to be a potential alternative for the development of a more applicable and sustainable economic system (Sakti, 2017). The development of Islamic banking has shown changes and dynamics of rapid growth. Some developed countries, such as the United States, United Kingdom, European Union, Canada, and Singapore have implemented the Islamic financial system. Islamic financial instruments can be accepted globally, due to the impact and consequences of economic globalization and the financial crisis that has occurred in the world in recent years (Sukardi, 2013).

Initially, the development of Islamic finance moved in Muslim-oriented countries but gradually reached non-Muslim countries. The number of Islamic financial institutions has increased to more than 300 institutions in 75 countries. Islamic financial innovation has been