



EFFECTIVENESS OF THE ROLE OF THE SHARIA SUPERVISORY BOARD IN GOOD CORPORATE GOVERNANCE PERFORMANCE

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Abstract: There is little doubt that sound corporate governance is the foundation for the quick rise of Sharia banks. One of Indonesia's most well-known Islamic banks is Bank Muamalat, which has grown significantly in popularity. Bank Muamalat Indonesia needs the Sharia Supervisory Board (DPS) to monitor its activities and ensure they align with sound corporate governance standards. Law No. 21 Article 32 of 2008, which strengthens PBI regulations, and Bank Indonesia Regulation No. 11/33/PBI/2009 are two further regulatory references that DPS uses for oversight. This study evaluates the efficacy of the DPS-implemented rules, namely Law No. 21 Article 32 of 2008 and Bank Indonesia Regulation No. 11/33/PBI/2009. This study uses normative legal research with a research approach using the statute *approach* and a *conceptual approach*. This study shows that due to the legal effectiveness carried out by DPS in its regulations, namely Bank Indonesia Regulation No. 11/33/PBI/2009 and Law No. 21 Article 32 of 2008, DPS has been quite effective in carrying out its duties by laws and regulations. This is evidenced by the implementation and absence of violations committed by DPS while carrying out their duties as supervisors. DPS Education Background is very influential in becoming a member of DPS. Unfortunately, in the GCG report of Bank Muamalat Indonesia, there is no mention of the development made by the institution in improving the competence of the National Supervisory Board.

Keywords: Bank Muamalat, Sharia Supervisory Board, Good Corporate Governance

A. Introduction

The rapid development of global business dynamics compels every country to accelerate progress in various sectors, particularly economic growth and competitiveness. Economics and banking are two things that are interrelated and inseparable (Choiriyah & Fitria, 2019). Not only are the traditional banks that once operated in Indonesia still at the forefront of banking growth, but new banks are also starting to emerge and gain public acceptance. Sharia banks are financial intermediaries, just like any other banks. They gather money from the community and use it for financing or credit. Islamic banks are now acknowledged in Indonesia's financial system thanks to



the passage of Law Number 10 of 1998, which amends Law Number 7 of 1992 on banking (henceforth referred to as the financial law). Concerning Islamic banking, this law provides more opportunities for the development of Islamic banking in Indonesia because this law expressly distinguishes banks based on conventional principles from banks based on Islamic principles (Maradita, 2014).

Banking is one of the sticks for a country's economy due to its very important position. The Islamic banking sector is an important instrument that influences the progress of the Islamic economy. Islamic banking is a banking device that, in sporting out its enterprise, is based totally on the ideas of Islamic Sharia regulation, which refers to the Qur'an and Hadith (Zuliana & Aliamin, 2019). As in step with RI regulation No. 21 of 2008, which pertains to Islamic banking, the goals of Islamic banks encompass aiding the country's development to establish a fair and thriving society founded on economic democracy, as well as crafting an economic structure grounded within the concepts of justice, unity, governance and benefits consistent with sharia law (Fatah et al., 2022).

The operation of Islamic banks is inseparable from the need to implement proper company governance (Maradita, 2014). Excellent corporate governance is used to improve welfare, bring prosperity to stakeholders, and overcome risks within the employer's control. The GCG machine is crucial to ensuring that the company's policies are always monitored and implemented correctly and well. Appropriate company governance is a set of principles that the company follows to maximize the employer's profit, improve the enterprise's overall performance and contribution, and maximize the organization's long-term sustainability. Corporate organizations are required to implement governance policies, which include every registered organization, state corporations, regional cooperatives, and agencies that collect and manage public funds, and require corporations to participate in having an important impact on the environment in the context of implementing good governance (Aji Putra et al., 2023).

According to the Minister of State's Regulation on State-Owned Enterprises (SOEs), GCG is the collection of values as the foundation for a procedure and management framework that enables an organization to comply with the law and business ethics. The purpose of GCG is to optimize the business's value to make it highly competitive on a national and international level, facilitate its long-term operations and growth, and assist the firm in achieving its objectives (Menteri Negara Badan Usaha Milik Negara (BUMN) 2011). The financial institution Indonesia law number 11/33/PBI/2009 addresses the application of sound corporate governance for Sharia business banks and commercial enterprise gadgets. The Financial Institution Indonesia guideline lists five requirements that must be met in order to execute GCG: impartiality, professionalism, accountability, transparency, and responsibility.

To implement the realization of good corporate governance in Islamic banking, it is necessary to have supervision. The Sharia Banking Supervisory Board has several parties: the Board of Commissioners, Bank Indonesia, Bapepam (for Islamic banks that go public), and the Sharia Supervisory Board. All supervisory boards have their functions. A board supervises Sharia banking, namely the Board of Commissioners and the Sharia Enforcement Board. The Board of commissioners is responsible for supervision. However, in the structure of Islamic banking, the Sharia Supervisory Board (DPS) is at the same level as the Board of Commissioners as the supervisor of the Board of Directors. Suppose the commissioner is a supervisor of the bank's management performance. In that case, DPS is

the supervisor of bank management related to its day-to-day operations, so it is always by the Sharia principles fatwa issued by the National Sharia Council (DSN) (Faozan, 2013).

The main difference between Islamic and conventional banking is that Islamic banks must adhere to sharia. Otherwise, the goal of GCG implementation is the same. The Sharia Supervisory Board (DPS) receives submissions about adherence to sharia principles. Because of this, the Sharia Supervisory Board (DPS) is essential to fulfilling its job as an organization that monitors and ensures Islamic banks follow sharia law in all facets of their business (Zuliana & Aliamin, 2019). According to Financial Institution Indonesia legislation variant 11/33/PBI/2009, one of the organizations entrusted with enforcing GCG in Sharia business banks and Sharia enterprise devices is the Sharia Supervisory Board (DPS). It is also mentioned in Article 47, Paragraphs (1) and (2), regarding the duties of the Sharia Supervisory Board (DPS) (Bank Indonesia Regulation No. 11/33/PBI/2009 concerning the Implementation of Good Corporate Governance for Sharia Commercial Banks and Sharia Business Units, 2009).

The Sharia banking regulations of legislation No. 21 of 2008 uphold and strengthen Indonesian financial institution legislation range 11/33/PBI/2009. A conventional commercial financial institution with a USISA must establish a Sharia Supervisory Board in line with Paragraph (1) of Article 32. Paragraph (1) mentions that the Indonesian Ulema Council suggests that the whole assembly of shareholders choose the Sharia Supervisory Board. Section Three As stated in Paragraph (1), the Sharia Supervisory Board is responsible for monitoring the financial institution's activities by Sharia law and providing advice and suggestions to the Board of Directors. Paragraph 4: Extra steps related to establishing the Sharia Supervisory Board mentioned in paragraph 1 are governed by Indonesian financial institution regulations (Law of the Republic of Indonesia Number 21 of 2008 concerning Sharia Banking, 2008).

The general meeting of shareholders (GMS), the Board of Directors, the Sharia Supervisory Board, and committees on the Board of Administrators and Board of Commissioners comprise Bank Muamalat's corporate governance structure. Every one of these components plays its obligations and responsibilities according to its position functions (PT. Bank Muamalat Indonesia, 2023). In contrast to Malaysia, the Sharia Supervisory Board in Indonesia is an inner body that functions similarly to an Islamic bank's Board of commissioners (Heteronom, 2017). The posts of the DPS, the President Director, and the Board of Commissioners are all on the same level and under the GMS in the financial institution Muamalat; however, in autonomous Islamic banks, these three positions are all above the President Director and below the overall assembly of Shareholders (GMS). The financial institution Mega Syariah has a wonderful hierarchy wherein the president, director and the Board of Commissioners are positioned above the DPS (Ilhami, 2012). However, the positions of the DPS, the Board of Commissioners, and administrators below the overall shareholders meeting (GMS) are the same in the 2023 financial institution Muamalat GCG file.

Various empirical studies have highlighted the significant contribution of DPS to the implementation of GCG. Hudayati, Muhamad, and Marfuah assert that the existence of a DPS significantly influences the collection of zakat funds and the effectiveness of Islamic financial institutions. It demonstrates a direct link between the role of a DPS and the principle of social responsibility within the context of GCG (Hudayati et al., 2023). Meanwhile, Haddad and Bouri's research shows that characteristics of DPS members,

such as their level of education, financial experience, and independence, positively affect the financial performance of Islamic banks. These findings suggest that a competent DPS can reinforce accountability and effectiveness in managing Islamic financial institutions (Haddad & Bouri, 2022). However, previous research by Widiyaningrum states that the Islamic Supervisory Board has no significant effect on Islamic banking performance (Widiyaningrum et al., 2022).

However, much of the existing research remains limited to statistical aspects. It has not specifically evaluated the effectiveness of the Sharia Supervisory Board (DPS) within formal regulations, such as Law No. 21 of 2008 and Bank Indonesia Regulation No. 11/33/PBI/2009. Moreover, there is a lack of studies employing legal effectiveness indicators proposed by Soerjono Soekanto. Therefore, this study seeks to fill that gap by assessing the effectiveness of the DPS's role in implementing good corporate governance at Bank Muamalat Indonesia through a normative legal approach.

B. Method

The research method employed in this study is normative legal research. This method was chosen because the primary focus of the study lies in the analysis of statutory regulations and legal concepts related to the role of the Sharia Supervisory Board (DPS) in implementing Good Corporate Governance (GCG) within Islamic banking institutions. This research adopts two main approaches. First is the statutory approach, which examines applicable positive laws, such as Law Number 21 of 2008 concerning Islamic Banking and Bank Indonesia Regulation Number 11/33/PBI/2009 concerning implementing Good Corporate Governance for Islamic Commercial Banks and Sharia Business Units. Second, the conceptual approach is employed when explicit legal provisions are unavailable, whereby the analysis refers to the opinions of legal scholars as the normative basis. This study uses secondary data, including legal documents, the 2023 Good Corporate Governance (GCG) report of Bank Muamalat Indonesia, and other relevant regulatory frameworks. These data were analyzed to evaluate the extent to which the role of the Sharia Supervisory Board (DPS) has been effectively implemented in ensuring compliance with Sharia principles and sound corporate governance practices.

C. Result and Discussion

This study aims to analyze the effectiveness of the role of the Sharia Supervisory Board (DPS) in supporting the implementation of Good Corporate Governance (GCG) at Bank Muamalat Indonesia concerning Law Number 21 of 2008 and Bank Indonesia Regulation Number 11/33/PBI/2009. Based on a normative review of the 2023 GCG report of Bank Muamalat and the legal effectiveness framework developed by Soerjono Soekanto, several key findings have been identified as follows.

Effectiveness of the Implementation of the Duties of the Sharia Supervisory Board (DPS)

The DPS of Bank Muamalat has demonstrably carried out its duties effectively by the mandates outlined in the relevant regulations. This is evidenced by the absence of any violations of Sharia principles in the bank's fund-raising products, financing activities, and financial services under its supervision. The supervision is conducted periodically and is documented in semi-annual reports submitted to the Financial Services Authority (OJK), the National Sharia Council-Indonesian Ulema Council (DSN-MUI), and the bank's

management. These findings indicate high compliance with DSN-MUI fatwas and the strong application of transparency and accountability principles within the bank's GCG structure.

The DPS supervision mission at the financial institution Muamalat is assisted by the compliance officer, who is within the compliance work unit. The Sharia compliance officer functions as a liaison officer and is in place administratively to nicely record the details of DPS's work reports into the supervision paintings paper. The operating paper turned into an outline inside the Sharia Supervisory Board Supervisory document, which was then submitted to the Board of Administrators of Bank Muamalat Indonesia, DSN-MUI, and the Monetary Services Authority on a semi-annual basis (PT. Bank Muamalat Indonesia, 2023). The Sharia Supervisory Board can push the government to beautify the implementation of the Islamic monetary device to, in the long run, allow the conclusion of the Islamic economic master plan owned by the Indonesian nation by the use of the sharia compliance technique inside the performance of its obligations (Latifah & Fika, 2022).

Every six (six) months, the management of Bank Muamalat, DSN-MUI, and financial services authorities receive the submission of the Sharia supervisory board oversight report. No later than two (two) months following the semester report period, the OJK received the report on the outcomes of the DPS monitoring. Letter No. 152/B/CDR-SRT/VIII/2023, dated August 28, 2023, was used to submit the report for the first semester 2023 to the OJK on August 31, 2023. On February 29, 2023, the DPS supervision report for the second semester of 2022 was submitted to the OJK. The Sharia Supervisory Board's oversight of Bank Muamalat's commercial operations involves monitoring sharia principles applied to fund distribution, service provision, and fundraising initiatives. The Sharia Supervisory Board oversees the application of Sharia principles in fundraising, service delivery, and other operations in 2023.

The Sharia Supervisory Board has supervised Bank Muamalat Indonesia's fundraising products and conducted a study on the suitability of fundraising products with the DSN-MUI fatwa. From this supervision, no fundraising products challenge the DSN-MUI fatwa. There are four fundraising products at Bank Muamalat: savings, current accounts, time deposits, and pension funds. Saving savings are iB Hijrah Savings, iB Hijrah Hajj Savings, iB Hijrah Plan Savings, iB Hijrah Hajj Savings for Great Children, iB Hijrah Savings for foreign currencies, iB Hijrah Payroll Savings, iB Muamalat Friends Savings, My iB Savings, Simple iB Savings, and Prima Prizes Savings. The second type of product is the Giro, which has product names, namely Giro iB Hijrah, Giro iB Hijrah Ultima, Giro Ultima USD with Prizes, Giro iB Hijrah Saudi Arabian Riyal (SAR), and Giro iB Hijrah Ultima-Foreign Exchange Results of Natural Resources Export (DHE SDA). The second product type is deposits, with product names Ib Hijrah Deposits, Ib Hijrah Online Deposits, and Ib Hijrah Natural Resources Derivatives (DHE SDA) Foreign Exchange Deposits. The fourth product type is the pension fund, which has product names, namely the Muamalat Islamic Financial Institution Pension Fund.

In 2023, the Sharia Supervisory Board oversaw Bank Muamalat Indonesia's fund distribution products and investigated whether these products complied with the DSN-MUI fatwa. According to this oversight, no financial distribution goods go against the DSN-MUI fatwa. The money distribution products offered by Bank Muamalat are described below. KPR iB Hijrah, Multipurpose iB Hijrah, iB Asset Refinance Hijrah, iB Investment Hijrah, iB Property Business Hijrah, iB Working Capital Hijrah Development, iB Working

Capital Hijrah Developer Contribution, iB Working Capital LKS Hijrah, iB Hijrah Sharia Current Account Financing, iB Hijrah consumer segment cooperative, iB Multifinance Hijrah, and iB Hijrah Pension are the different categories of financing products offered by Bank Muamalat.

In 2023, the Sharia Supervisory Board supervised Bank Muamalat Indonesia's services and researched their compatibility with the DSN-MUI fatwa. No services under this control violate the DSN-MUI Fatwa. Product categories include remittance, trade finance, corporate services, e-banking, 24-hour services, treasury services, investment services, and wealth management.

Supervision of new product proposals or activities is The Sharia Supervisory Board, through the liaison officer (Sharia Compliance), has conducted studies and discussions on new product/pastime proposals during 2023, specifically biometric liveness services at MDIN, the addition of the Commodity Murabaha Kuala Lumpur branch each day, deposit term characteristics, and financing with the Salam alternate iB scheme. To carry out the supervisory characteristic over the financial institution's commercial enterprise sports, the Sharia Supervisory Board conducts a choosing check. The Sharia Supervisory Board visits, observes, and/or has meetings with the body of workers' members at various financial institutions in Muamalat Indonesia department workplaces to be able to conduct the pattern check. The Sharia Supervisory Board also reviews transaction documentation to ensure that sharia standards have been observed. As the liaison officer of the Sharia Supervisory Board, the sharia compliance unit aided in carrying out the inspection using a sampling check approach. Following the methodology of the previous year, the decision to check changed to administering a combination of in-person and online assessments in 2023.

The picking test conducted by DPS was carried out in the first semester of 2023, from June 19 to August 23, 2023. Meanwhile, the second semester of 2023 will be from November 6, 2023, to February 16, 2024. The sampling test was conducted in the first semester at eight Bank Muamalat branch offices, including the Muamalat Main Samarinda Branch Office, the Karawang Main Branch Office, the Cilegon Main Branch Office, the Batu Malang Sub-Branch Office, the Ponorogo Sub-Branch Office, the Padang Sidempuan Main Branch Office, the Gorontalo Main Branch Office, and the Kramat Raya Main Branch Office. Meanwhile, in the second semester, the test was conducted on three work units, namely the Retail Funding & Transaction Work Unit (KPNO), the Global Market Work Unit (KPNO), and the Transaction Banking Work Unit (KPNO).

In 2023, the Sharia Supervisory Board tested and authorized Bank Muamalat's rules and practices to ensure they adhered to DSN-MUI fatwas, relevant legislation, and Syariah concepts. The Sharia Compliance segment helped with this procedure. The Sharia Supervisory Board is worried about several rules and preferred operating techniques (SOPs), along with those touching on the implementation of anti-money laundering packages, the prevention of funding for terrorism, the prohibition of funding for the profiling of guns of mass destruction, and various SOPs for financing and refinancing contracts. The fine of the Sharia Supervisory Board is not always the intention. However, suppose the Sharia Supervisory Board has negative pleasantries. In that case, this can additionally be a component that lets in for the incidence of result management, manipulation, the purpose of opportunistic behavior, and, most significantly, a strong

effect on the overall economic performance of Islamic industrial banks (Haddad & Bouri, 2022).

Standardization of the Academic Background of the Sharia Supervisory Board (DPS)

The Sharia Supervisory Board (DPS) members of Bank Muamalat possess adequate academic backgrounds in *fiqh muamalah*, Islamic economics, and banking. It follows the provisions outlined in the Financial Services Authority Regulation (POJK) and Bank Muamalat's internal guidelines. These academic qualifications support the effective execution of the DPS's role as supervisors, advisors, and reviewers in ensuring the implementation of Sharia principles across all operational aspects of the bank. However, the 2023 Good Corporate Governance (GCG) Report does not include any information regarding capacity-building programs for DPS members, which are crucial for maintaining the relevance and quality of supervision, especially in the context of the accelerating digital transformation of banking services.

The educational background of the DPS has an impact on how they supervise Islamic banks as well. Dr. H. Sholahudin Al Aiyubi, the chairman; Hj. Siti Haniatunnisa, LLB., MH, a member, and Dr. H. Agung Danarto, M.Ag., a member, make up the three DPS members at Muamalat Bank. The scientific expertise of the three DPS of Bank Muamalat facilitates their performance as the Sharia Supervisory Board. For instance, Dr. H. Sholahudin Al Aiyubi, the chairman of the DPS at Bank Muamalat Indonesia, graduated from the University of Indonesia with a degree in Islamic Economics and Finance Education.

The recommendations and guidelines of the Sharia Supervisory Board of financial institution Muamalat take note of the Financial Services Authority regulation variety 17 of 2023 regarding the implementation of governance for business banks, the Financial Offerings Authority law (PJOK) variety 16/POJK.03/2022 regarding Sharia commercial banks, and the Board manual of financial institution Muamalat No. CPL.KBJ.013.2016. The requirements for the bank's Sharia Supervisory Board members are based on the guidelines in Article 60 of PJOK number 16/POJK.03/2022 on Sharia business banks. They are designated in the Board manual financial institution Muamalat No.cpl.kbj.013.2016. The most important prerequisite, in particular, is having good morals.

Secondly, it is dedicated to abiding by the rules and regulations of Islamic banking. Thirdly, it is very committed to building a strong and long-lasting bank. Fourth, according to the rules of Bank Indonesia and/or the financial services authorities, it is not listed as Not Passed. Fifth, being knowledgeable about muamalah fiqh. Sixth, DPS members can have competence other than fiqh muamalah, but they also need to have experience inside the banking industry and/or with Islamic financial establishments. They must also have understanding and experience in the field of sharia muamalah and expertise in the banking industry and/or finance. To carry out the guardianship, DPS must have integral scientific qualifications, namely the science of muamalah fiqh and modern Islamic financial economics, and not due to his aura and recognition in the middle of the network (Darsono, 2022). Seventh, a member of the Board of Administrators observed responsible for causing an organization to be declared bankrupt within the previous 5 years prior to nomination; not on the list of terrible loans or financing; and by no means declared bankrupt or have become a shareholder. These are the DPS standards that Bank Muamalat established.

Independence and Integrity of the Sharia Supervisory Board (DPS)

All members of the Sharia Supervisory Board (DPS) at Bank Muamalat perform their duties independently, without any shareholding interests, political affiliations, or financial ties with the bank's entity. The composition of the DPS also complies with the maximum number of concurrent positions as stipulated in Financial Services Authority Regulation (POJK) No. 16/POJK.03/2022. This independent stance serves as a crucial indicator of the effectiveness of internal oversight. It ensures that the functions of the DPS remain free from the influence of management or shareholders' interests.

In carrying out its supervisory responsibilities, DPS Bank Muamalat is dedicated to acting independently of the Sharia Supervisory Board, always putting sharia compliance first, putting the bank's interests ahead of personal interests, and being unaffected by other forces. Every member of DPS Bank Muamalat is an independent party with no connection to the company, the Board of directors, the Board of commissioners, or the shareholders. They are also unrelated to management, ownership, and/or financial links. Additionally, until the end of 2023, none of the relevant shares of DPS Bank Muamalat will be owned. This is one of the ways that the bank is independent (PT. Bank Muamalat Indonesia, 2023). Thus, there is no *conflict of interest* in the supervision process. The *Accounting and Auditing Organization of Islamic Financial Institutions* (AAOIFI) and IFSB demand that DPS must be independent of its institution and not subject to management, and the Board of Sharia Supervisory not only acts in the interests of banks but also investors (Munir, 2020). DPS at Bank Muamalat does not serve as an administrator of political parties, officials, and the government.

The take a look at and balance of the running courting between the Sharia Supervisory Board, the Board of Commissioners and the Board of Administrators created by the financial institution has several final objectives, particularly for the progress of the financial institution, the implementation of the financial institution's business and operational sports by sharia ideas, and the fulfillment of relevant policies and regulations, together with the implementation of GCG in it. In keeping with their respective capabilities, the Sharia Supervisory Board, the Board of Commissioners and the Board of Administrators are accountable for maintaining the commercial enterprise continuity of financial institution Muamalat in the long time, which displays the health of financial institution Muamalat Indonesia by the principle of prudence and compliance with Islamic sharia principles in addition to relevant guidelines and regulation, the implementation of internal manipulate and danger control), the safety of the interests of Shareholders and Stakeholders in an inexpensive way, the fulfillment of the implementation of suitable company Governance, and the implementation of management succession and management continuity in all strains of the agency (PT. bank Muamalat Indonesia, 2023).

Since Islamic banking has a Sharia Supervisory Board (DPS) in place to guarantee Sharia compliance, its governance differs from that of conventional banking. The overarching company governance is within the purview of the Board of administrators. Islamic banks must employ governance to perform greater popular goals, including social and economic objectives (Hudayati et al., 2023). The Board of Commissioners has a responsibility to ensure that the Board of Administrators has acted upon the audit findings and/or pointers from the outcomes of financial organization Indonesia's supervision, inner auditors, the Sharia Supervisory Board, and/or outside auditors, as in

keeping with financial institution Indonesia law (PBI) wide variety 11/33/PBI/2009. The Sharia Supervisory Board's job is to recommend and counsel the Board of Administrators throughout the period in between. The Board of Directors, the Sharia Supervisory Board, and the Board of Commissioners are the three elements that facilitate and promote the implementation of sound governance practices in Islamic banking.

In 2023, the bank's Sharia Supervisory Board participants might be 3 human beings, specifically Drs. H. Sholahudin Al Aiyubi, M.Si, Hj. Siti Haniatunnisa, LLB., MH., and Dr. H. Agung Danarto, M.Ag. Drs. It is by the Economic Services Authority Law (POJK) Wide Variety 2 of 2024, Article 10, Paragraph (1), which states that banks are required to have DPS individuals with a minimal range of 3 (three) humans and a maximum of 50% (fifty percent) of the range of individuals of the Board (OJK, 2024). H. Sholahudin Al Aiyubi, M.Si, who holds the placement of chairman, GMS, was appointed on December sixteen, 2019, with the approval of the well-known okay letter No. SR.2/PB.thirteen/2017, dated February 2, 2017. The powerful date is February 2, 2017, and the appointment is on December 16, 2019, with an undertaking duration of 2019 to 2024. The second one, DPS, is Hj. Siti Haniatunnisa, LLB., MH, who is a member. The appointment GMS was held on December 16, 2019, with the approval of the right letter No. S-thirteen/PB.1/2021 dated January 22, 2021. The powerful date of responsibility is January 22, 2021, with a project length of 2019 to 2024. The 1/3 DPS is Dr. H. Agung Danarto,g., who is a member. The Appointment GMS was hung on August 30, 2021, with the approval of thet-in-all-right letter No. SR-eight/PB.1/2022, dated July 7, 2022. The powerful duty date is July 7, 2022, with a project length from 2021 to 2024.

Clause fifty-nine, Paragraph (four) of POJK wide variety 16/POJK.03/2022 regarding Sharia business banks, specifies that members of the Sharia Supervisory Board may most effectively concurrently keep positions as contributors of the Sharia Supervisory Board at a maximum of 4 (4) different Islamic financial establishments, is the source of the availability for dual DPS positions. Regarding dual roles, Bank Muamalat has complied, meaning that DPS Bank Muamalat is not protecting concurrent positions in more than 4 (four) other Islamic monetary establishments. The Sharia Supervisory Board members are required to disclose in GCG reports their concurrent positions as Sharia Supervisory Board participants in different Islamic economic institutions, according to Indonesian financial institution law (PBI) number 11/33/PBI/2009, article 50, regarding the transparency element of the Sharia Supervisory Board. Drs. H. Sholahudin Al Aiyu, M.Si., the Sharia Supervisory Board (DPS) who concurrently holds positions at Indo Mobil Finance Indonesia Syariah, PT Reasuransi Syariah Indonesia (ReINDO Syariah), BP TAPERA, and financial institution Aladin Syariah, is the info of the concurrent positions of DPS financial institution Muamalat, as a Sharia Supervisory Board (DPS), Hj. Sita Haniantunnisa, LLB., MH, is hired concurrently by PT BNI Life Insurance, DPLK Syariah Muamalat, PT Asuransi Jasindo Syariah, and PT Asuransi BRI Existence. Meanwhile, Dr. H. Agung Danarto, M.Ag., a member of the financial institution Muamalat's Sharia Supervisory Board (DPS), holds no different positions in any monetary company.

Evaluation Based on Legal Effectiveness Theory

The efficacy of law enforcement has a direct bearing on its success. When analyzing the features of two connected variables, the dimensions and qualities of the target object and the discussion of the law's efficiency are unquestionably inextricably linked. The

degree to which the majority of the targets who are subject to the law's obedience obey it is the first necessary condition for determining the effectiveness of the law. Only then can the effectiveness of the law be attained (Farida Azzahra, 2023).

Soerjono Soekanto proposed a set of factors that can be used as a benchmark for evaluating the efficacy of a rule. These factors include the legal factor itself, the law enforcement factor (i.e., the party that drafts and enforces the law), the facilities or facilities that support the performance of law enforcement, the community in which the law is applied, and the cultural factor (i.e., creative work and a sense based on human karma in life association). These components lead one to conclude that the law itself determines the supporting aspects that determine whether law enforcement is effective or not. It concerns the penalties a law threatens to impose if its regulations are not followed. The efficacy with which the law's regulations are applied is also impacted by the involvement of the disputing parties.

The first factor that affects the effectiveness of the law is the legal factor itself, namely the law. In this first point, the essence of the law is a rule that can be a consideration. Rules or laws are the main consideration in deciding a case so that the essence of the law becomes a form of justice. The law, the substance or basis for enacting a law, is the most important thing in the rules.

The prevailing legal framework carries out the duties and authorities of the Sharia Supervisory Board (SSB), particularly Article 32 of Law Number 21 of 2008 concerning Sharia Banking, along with its implementing regulations. Article 32 of Law Number 21 of 2008 outlines four main provisions: First, a Sharia Supervisory Board must be established in conventional commercial banks and Islamic banks that operate a Sharia Business Unit (UUS); second, the Sharia Supervisory Board, as referred to in the first provision, shall be appointed by the General Meeting of Shareholders based on the recommendation of the Indonesian Ulema Council (MUI); third, the Sharia Supervisory Board is responsible for overseeing the bank's operations to ensure compliance with Sharia principles and for providing advice and recommendations to the Board of directors; fourth, further provisions regarding the procedures for establishing the Sharia Supervisory Board are governed by Bank Indonesia regulations.

Last but not least, the software of accurate company governance for Islamic commercial enterprise units and Sharia business banks is covered by Indonesian financial institution legislation number 11/33/PBI/2009. The Financial Institution Indonesia Law's Article 2 has a provision stating that banks must follow correct company governance (GCG) for all enterprise sports across all organizational levels. The Sharia Supervisory Board's application of responsibilities and duties related to BUS is one tool employed. The economic institutions of Indonesian law range 11/33/PBI/2009's Article 47 outlines the duties and functions of the Sharia Supervisory Board. These consist of supplying guidance to the Board of directors, tracking the bank's activities to ensure they adhere to Sharia regulations, and monitoring, supervising, reviewing, and submitting reports to Bank Indonesia.

The countrywide Sharia Council-Indonesian Ulema Council (DSN-MUI) Fatwa is a rule that has the power to supervise Sharia banks further to Regulation No. 21 of 2008 and Bank Indonesia Rule No. 11/33/PBI/2009. A fatwa regarding the activities of Islamic banks was released with the aid of DSN-MUI. Contracts are how those fatwas are

expressed. Subsequently, DSN-MUI suggested that DPS oversee and ensure Islamic banks' adherence to sharia. The general meeting of shareholders (GMS) appoints the DPS that DSN-MUI recommends.

If considered within a constructive felony context, the MUI FATWA (DSN-MUI) lacks legally enforceable authority. A fatwa, however, might also be considered legally enforceable if it is further strengthened by valid country contraptions, which include laws, government rules (PP), Bank Indonesia policies (PBI), and the like. Regulation No. 21 of 2008 on Islamic Banking is one of the legal foundations that can be utilized to remodel the DSN-MUI Fatwa into a high-quality law. This regulation calls for Bank Indonesia to create a Sharia Banking Committee, which is responsible for decoding the DSN-MUI Fatwa (the PPP's obligations as outlined in Financial Institution Indonesia Law No. 10/32/PBI/2008 regarding the Islamic Banking Committee) in order for it to be declared a PBI. As a result, financial institutions in Indonesia have the authority to penalize Islamic banks or Islamic business entities that fail to carry out the PBI's directives once a fatwa has been transformed into a PBI (Hasanah, 2017).

The second factor that affects the law's effectiveness is the law enforcement involved in their respective fields. The position of a law enforcer is a forum that must play a role. The supposed role and the actual role must have a balance. If the role is not balanced, what happens is a role gap. A conflict will likely occur if there is a gap in the role. In this case, the Sharia Supervisory Board (DPS) has a significant role. Even though DPS/DSN-MUI is not a law enforcement institution, its role is very important. Because the DPS has been included in Law No. 21, article 32 of 2008, and Bank Indonesia regulation No. 11/33/PBI/2009, the DPS recommended by DSN-MUI plays an important role in the internal supervision of Islamic banking. DPS can reprimand certain Islamic banks if they deviate from Sharia principles. If the institution concerned does not heed the reprimand, DPS can submit a recommendation to the institution with the authority to provide legal sanctions.

Supporting facilities and facilities is the third factor that influences the effectiveness of the applicable law. In Soerjano Soekanto's opinion, law enforcement officials cannot do their duties effectively if they lack cars and personal communication devices. Consequently, amenities have a crucial role. In order to fulfill its mandate by Regulation No. 21 of 2008 and Financial Institution Indonesia Law No. 11/33/PBI/2009, the Sharia Supervisory Board (DPS) must use centers that facilitate the execution of law enforcement itself. The efforts given to DPS in carrying out its responsibilities as one of the GCG implementers at Bank Muamalat are as follows: First, DPS plays the role of supervisor, meaning that DPS carries out the functions and duties of direct supervision of sharia compliance and the implementation of DSN fatwas on Bank Muamalat's operational procedures. Second, DPS as an advisor means that DPS provides direction, inspiration, advice, thoughts, and suggestions and is a consultant, especially to the Board of directors at Bank Muamalat. Third, DPS as a reviewer means that DPS inspects, evaluates, and provides recommendations related to Bank Muamalat's compliance with sharia principles and applicable regulations.

The sustainability factor affecting the law's effectiveness is the community factor. The community factor is influenced by the background of a society, where the law is used, and the extent to which the community responds positively and negatively (Simanjuntak & Amboro, 2022). One of the roles of DPS inside the DSN-MUI Fatwa is to socialize and

educate the general public about Islamic banks via the media running within the community, together with sermons, Salim assemblies, and research. With this role, the community will know more about Bank Muamalat through the role of DPS in the community. The more customers of Bank Muamalat and the community know about it, the more the DPS will succeed in carrying out its duties in the community. In addition, Bank Muamalat launched a digital service that makes it easier for customers to access Bank Muamalat. For example, PT Bank Muamalat Indonesia Tbk's mobile banking application, Muamalat DIN, has managed to break through the number of half a million active users (Sayekti, n.d.). Customer onboarding through the DIN (Digital Islamic Network) tool is an online account opening service feature that can be done independently through the DIN service.

The cultural component is the sixth element that influences how successful the legislation is. In essence, culture consists of the abstract notions of what is good (so long as it is obeyed) and evil (so long as it is avoided) that form the basis of the relevant law (Simanjuntak & Amboro, 2022). Regarding the cultural component, the Sharia Supervisory Board, which oversees Islamic banks' operations to ensure that they adhere to sharia principles, has established a work culture governed by its laws. A Sharia compliance officer who oversees administrative tasks such as accurately recording DPS activity details on the supervisory worksheet supports Bank Muamalat's DPS during its implementation. This allows the Sharia Supervisory Board to fulfill its oversight responsibilities over the bank's operations.

Most of the 5 factors that affect the legal effectiveness performed by using the Sharia Supervisory Board could be explained in terms of legal effectiveness: the Sharia Supervisory Board has correctly carried out its responsibilities as a supervisory board in realizing proper company governance at the financial institution Muamalat. This is evidenced through Bank Muamalat's GCG document in³, which states that DPS is crucial in determining desirable governance—the obligations and responsibilities of DPS in Bank Indonesia Law No. Eleven/33/PBI/2009 and Regulation No. 21 of 2008 have been completely applied with the aid of the Sharia Supervisory Board at the financial institution Muamalat.

While Bank Indonesia Regulation Number 11/33/PBI/2009 and Law No. 21 of 2008 have governed the efficiency of DPS at Bank Muamalat Indonesia, DPS also needs banks' development and debriefing, particularly DPS employed by Bank Muamalat. The competency development policy complies with the guidelines set out by the Financial Services Authority (POJK) for improving the caliber of human resources in commercial banks. The bank is responsible for improving the caliber of its human resources (Commissioner & Services, 2022). The development in question entails enhancing abilities in leadership, non-technical, and technical domains. Regretfully, the growth of DPS skills is not included in the 2023 Bank Muamalat GCG report. Although Bank Muamalat has introduced digital features to aid in public awareness of the bank, this presents both an opportunity and a challenge for supervision. As such, the DPS's competency must be enhanced to oversee the digital features that Bank Muamalat has introduced effectively.

D. Conclusion

Primarily based on the theory of legal effectiveness, several elements affect fulfillment as a benchmark for implementing Indonesian financial institution law No. Eleven/33/PBI/2009 and law No. 21 of 2008 at financial institution Muamalat Indonesia with the manager of the Sharia Supervisory Board are the felony component itself (law), law enforcement elements, centers and facilities, society, and subculture. The prison effectiveness achieved via the position of the Sharia Supervisory Board has been effective in enforcing rules, especially financial institution Indonesia law number 11/33/PBI/2009. This is evidenced by the GCG document of the financial institution Muamalat Indonesia, which states that DPS consists of its obligations and roles. DPS does not violate the guidelines stated in Indonesian financial institution law No. 11/33/PBI/2009 from the predetermined concurrent positions and supervises and reviews DSN-MUI and reports to Indonesian financial institutions.

The educational and scientific background of DPS at Bank Muamalat Indonesia is by the rules or regulations regarding science that DPS Oleg must possess. DPS members at Bank Muamalat Indonesia not only have basic religious provisions or knowledge but DPS members at Bank Muamalat also know the fields of economics and finance. However, the 2023 Bank Muamalat GCG Report does not mention the development of DPS competencies to support supervision in banking. The Financial Services Authority Regulation (POJK) states that to develop the human resources of commercial banks, banks must develop the quality of human resources. DPS, one of the influential human resources in realizing GCG, should get competency development. This is because Bank Muamalat also launched digital features such as Muamalat DIN (Digital Islamic Network), which the DPS must also supervise.

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