

THE ANALYSIS OF PEOPLE'S INTEREST IN ACEH AGAINST ISLAMIC BANKING PRODUCTS ARE: A CRITICAL STUDY OF THE PROSPECT OF CONVERTING BANK ACEH

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ABSTRACT

This research analyzes the causes of the low interest in the people of Aceh against the Aceh Syariah Bank products, analyzing the causes of the Government's Aceh did not immediately convert the Bank into Aceh Syariah Bank. At the end of the study the authors want to expose some of the bids to the Government of Aceh problem solving to speed up the process of converting Bank to Bank Islamic Aceh. Based on the level of empirical research, these studies include descriptive research (descriptive research). This method is used to describe or analyze interest in the people of Aceh towards Islamic banking products with the scope of research on the prospect of the Bank's conversion. While based the nature and type data included in qualitative research. To obtain an overview of the issues examined, the author obtained the data from the Bank, the Financial Services Authority (OJK), Bank Indonesia and MPU. The data source in this research is the primary data and secondary data. Primary data obtained by the method of interview techniques (interview). While secondary data obtained through literature, expert opinion, the regulation of Bank Indonesia (BI), OJK, Aceh Government Legislation Qanun (UUPA) MPU Aceh in 2012 on the establishment of the Aceh Syariah Banks, the results showed that the low interest in the people of Aceh against the Aceh Syariah Bank products less product his competing Aceh Syariah Bank with conventional banks, administrative procedures are lengthy and less socialization to society. Solutions to the Aceh Government to speed up the conversion process was the need for a Government-owned Islamic bank in Aceh, the blue print of socialization of Syariah Bank and must be the existence of Islamic Finance Institutions Qanun.

Keywords: Interest, Islamic Banks, Conversion, MUI Fatwa, OJK. UUPA

INTRODUCTION

Majority the people of Aceh are Muslim and his bigoted against application of Islamic jurisprudence. The implementation of syariah in Aceh is regulated in Act No. 44/1999 about the specialness of Aceh, then reaffirmed by Act No. 18/2001. After having issued his legislation the Government of Aceh (UUPA) No. 11. In 2006, about the conduct of the Government of Aceh, next in Chapter XVII of the Islamic jurisprudence and the implementation on article 125 which includes about Muamalah.

The people of Aceh have culture and cultures with the concept of Islamic Aceh, nicknamed as the porch of Mecca, which rules apply in Aceh in accordance with Islamic Syariah contained in the UUPA. Its diversity of the people of Aceh who are implementing syariah, the people of Aceh should use an Islamic system in economic activities, including banking activities.

The interest of the people of Aceh towards Islamic banking products are low can be explained through earlier research from Rahmah Yulianti (2015) of the University of the

porch of Mecca, entitled "the influence of the interest of the people of Aceh against the decision of Choosing Islamic banking in the city of Banda Aceh".

The application of Islamic Syariah already 11 years there has not been an Islamic banking in Aceh as amanah UUPA 2016. The community is still posting the perception of Conventional Banks equal to UUS. to change public perception and to improve people's interest against the aceh Syariah Bank. Aceh Government undertook the conversion of the Aceh Syariah Bank Became Bank which is one of the solutions the application of Islamic jurisprudence in the field of Islamic economy.

Interest-Based Banks Conversions Into Islamic Banking

The latest trend is the establishment of Islamic banks through the acquisition and conversion of conventional Banks into Islamic banking. As for the implementation is carried out by three ways:

1. Conventional commercial banks already have UUS a relatively small Bank acquires and then convert them into becoming Syariah and let go and merge his bank with UUS who recently converted.
2. National public Banks which do not have a bank acquires UUS, is relatively small and convert it into Syariah.
3. Is to do a release of UUS and made Public its own Islamic Bank. In order for interest-based banking conversion process into Islamic banking are going well, then any development institution in a society must be based on Islamic Syariah.

Bank on the fact that bridges the intermediation agencies are simply the savers with investors. Useful when the savings are invested, while depositors are not expected to use his ability to do business, then no doubt the bank can perform functions that benefit the community. Many people are confused interdiction Qur'an about riba and seemingly helpless.

When levy interest charged on loans for productive purposes, should at least consider some of the principles that is contrary to justice. Compared to the Islamic banking system, the interest-based banking system has some weaknesses, as follows:

1. Interest-based Transactions violate the fairness or reasonableness of the business. In business, the results of each company always uncertain.
2. His inflexible interest-based transaction system caused the bankruptcy. This led to the loss of productive potential of society as a whole, in line with the majority of unemployed people, the debt burden was further complicate economic recovery efforts and aggravating the suffering of all the people.
3. The bank's Commitment to maintaining the security of the money depositors following the flower to make a staple and return anxious bank interest.
4. The interest-based transaction system deters the emergence of innovation by small businesses. Large businesses can place the risk to try new products and techniques as it has reserve funds as a backrest when it turned out that his new idea was not successful in contrast, small businesses are not able to try new ideas because for that they had to borrow funds from banks of flowering. In the system of interest, the bank will not be interested in a partnership effort unless there are guarantees the certainty of repayment of capital and interest income they.

GENERAL CONVERSION PROCEDURES

The establishment of the Islamic Bank with acquisitions and Conversions

Acquisition in – number 40 of 2007 on limited liability company and Legislation – Act number 21 of 2008 about Islamic banking is known by the term takeover, while in Law – Law No. 10 of 1998 about changes to the Law – Law number 7 of 1992 about banking still used the term acquisition also contained in the rules of its implementation, namely the Government Regulation Number 28 in 1999 about the Merger.

Mulyadi Nurdin (2010) researching on "expansion of the Islamic banking." This research aims to want to analyze why the expansion of the Islamic banking in Aceh is running slow and very limited. The results of his research mentioned that the reason is because the owner of the Islamic banking is not interested in developing its business in Aceh. The low demand for Syariah-compliant banking services offer Islamic banking services causes low. Therefore the owners of the banks prefer to extend conventional bank chain established its operational system than the system offers Islamic banking which is relatively new and not so well known especially in rural communities. The low demand for banking services is also caused due to the awareness of the Islamic community in Aceh is very strong. Many scientists criticized the practice of Islamic banking are minded individuals in their financial transactions ribawi.

Badruddin (2009) investigated about "Aceh and Syariah Bank". This research aims to want to analyse the function and purpose of syariah bank because the bank is part of the implementation of the Syariah Islamic jurisprudence related to the economic empowerment of the people.

Fatma Ahmed and Khaled Hussainey from the University of Alexandria of Egypt (2015) initiated the Convert to Bank Syariah: Yuri prudensi, Economics and Terms of AAOIFI, European Journal Of Islamic Finance, concluded that the conversion process is influenced by religious motives (Change Conventional to Islamic law) and the motivation of financial , as well as the process of following the conversion of conventional banks to Islamic Banks must comply with the procedures and standards are Clear. The standard used in this study is the AAOIFI standards.

Ching Wing Lo and Chee Seng Leow (2014), the International Trade and Finance Journal Vol. 5(6), December 2014, conducting Islamic banking in Malaysia: a Sustainable Growth Of the consumer market, concluded that the existing Islamic banks in Malaysia should be able to understand and capitalize on the consumer market, where Islamic banks before deciding to do the marketing strategy of the product to the consumer, Islamic banks should conduct empirical studies about customer perception towards Islamic banking , where most customers are customers who are Muslim or Muslim customers.

The Julianti (2015) examines "the influence of people's interest in Aceh against the decision of Choosing Islamic banking in the city of Banda Aceh", Journal of accounting and business Dynamics, where the conclusions of the research is there are some Islamic banks in Aceh less doing socialization towards Syariah banking products, so that people's interest in Banda Aceh for saving in syariah bank is becoming increasingly lower. In other words the better implementation of Islamic banking products in the community, it will be increasingly consider to choose Islamic banking products. The results of this research is that religious motives of influential positive against variable customer consideration in choosing Islamic banking products.

RESEARCH METHOD

This research is qualitative research, in accordance with the theory of Suharsimi Arikunto, i.e., research based on the top four philosophy: first phenomenology second, symbolic interaction, the third human cultivation and the fourth focus of discussion is closely related to human activities both in historical as well as normative. The hallmark characteristics of qualitative research, among others, has the nature of the inductive i.e. concept development is based on the above data, the following flexible design research in accordance with the context. Sample research this research took on three (3) places which are: Aceh Syariah Banks, BI and OJK. The third selection this place to get a solution to solving the Aceh Syariah bank in question.

Data Sources and Methods of Data collection

The data source of this research is to combine data acquisition through Library research and field research. Called field research because the research data was collected directly from the source (primary data). Primary data was collected through interviews with setting up the instrument by setting up data collection questionnaire (questionnaire). Questionnaire submitted through individual discussion (in-depth interviews).

This research was qualitative in nature, are also done through library research, where data that is taken is the data available on third parties (secondary). Secondary data obtained from the results of reading books, journals, papers, newspapers, expert opinions, existing regulations on Bank Indonesia (BI), the financial services authority (OJK) law, the Government of Aceh (UUPA), Qanun Ulama consultative Assembly (MPU), and the National Assembly Council of Islamic fatwas of the scholars Indonesia (DSN-MUI) relating to Islamic banking products.

Test Technique Validity of Data

For the sake of ensuring the accuracy of the data can be used by three methods: 1) Descriptive, 2) Interpretation, 3) theory in qualitative research. Of the three types of theoretical validity of the data, the authors will examine the validity of data by uncovering and analyzing the problems that made the object of research.

DISCUSSION

Analysis of Acehese Interests to Aceh Syariah Banking Products

Low Interest Societies Aceh Syariah Banking Products

The people of Aceh are Muslim majority society. in the province of Aceh apply Islamic law was enacted through Act No. 11 of 2006 on Aceh Government which include: Worship, Ahwal Al-Syakhshiyah, Tenets, Jinayah, MT, Da'wa, and Qada '. The existence of UUPA 11 Year 2006 is also wanted Islamic banking. One indicator to carry out the implementation of Syariah economics, there should be an emergency in the Islamic banking institution owned by the Government of Aceh in order to regulate all activities in the financial sector, especially banks relating to Islamic banking. But until now, have not realized the existence of an Islamic bank owned by the Government of Aceh. Islamic banks is currently owned by the Government of Aceh is only at the level of Syariah (UUS) only. Though based on the regulation on the establishment of Islamic Banks or the conversion from conventional to Syariah has been wide open since the Law No. 21 of 2008.

In addition to concerns for the Acehese to the implementation of Islamic law, now people crave an Islamic bank owned by the Government of Aceh. Pursuant to regulations supported by Qanun-Qanun and the Law on Governing Aceh, Aceh Province has excellent prospects to

develop Islamic banking, in particular Islamic bank owned by the Government of Aceh. Islamic bank is a bank for the results, the development of Islamic banks should be dominated by the contribution to the results. It is necessary for the holding of the Islamic muamalah approach on the pattern of how the contract for the results in accordance with Indonesian culture without leaving religious texts, so that will produce Islamic bank in accordance with Islam and the culture of the people of Indonesia. Because based on historical data the Islamic banking system practiced in Indonesia is a result of the adoption of Islamic banking in Malaysia.

To speed up the conversion process, the need for firmness and seriousness of the Government of Aceh given the insistence by formal institutions such as the MPU, parliament, the academia, and other institutions that aims to accelerate the conversion of the Bank to Bank Aceh Aceh Syariah.

Bank Syariah Aceh is Aceh Government Bank performing the functions of the other banks, both conventional and Islamic. Islamic banking products are marketed have ratified / difatwakan by the Indonesian Ulama Council through the National Islamic Council. In fact, products of Aceh Syariah Bank offered to the community, lack of public response.

Converting Prospects Aceh Bank into Bank Syariah Aceh

Bank Aceh conversion into Islamic banks is something that should be appreciated by all the people of Aceh. Although a bit late, at least when referring to the year 2001 as a benchmark formalization of Islamic law in Aceh, but the conversion process in Aceh Bank to Commercial Bank Syariah if materialized the first in Indonesia as a regional bank. Bank Syariah Aceh will become Islamic Banks Into -5 in Indonesia, after (1). Bank Muamalat Indonesia (1991), (2). Bank Syariah Mandiri (BSM) 1999 (3). Bank Mega Syariah (2004), (4). Bank BNI Syariah (2010).

Bank's presence in Aceh Syariah Islamic Banks will have a double impact: one side of the addition of national Islamic bank assets, on the other national banking asset reduction of approximately Rp 20 trillion. With the contribution of these assets, landscape national market share of Islamic banks will also change. certainly encouraging because many of the already over five years the market share of Islamic banks is still below 5%. Even market share had dropped in 2015 by 4.6% the previous 4.8% in 2014. The presence of Aceh Syariah Bank will also change the national political Islamic Bank, because during the BPD in many areas still wait and see the desire to do a total conversion to Islamic bank.

Prudence is reasonable because of various concerns such as the unpreparedness of stakeholders and resources, fears of a rush of customers of the bank before the change either conversion or spin off. The success of the conversion of Bank Syariah Aceh later bound to trigger the desire of other BPD in the country to do the same.

Bank Syariah Aceh conversion process carried out in at least three stages, namely:

- a. a. converting conventional transaction-based transactions obedient usury to syariah.ini done by converting all customer funds and financing made by the Bank of Aceh over the years, into a new contract in the contract-as determined by the Syariah. The process is somewhat complicated because of the history of Aceh long Operational Bank, in addition to the need for notification and approval of the customer to change the transaction.
- b. Bank Aceh Syariah to start operating by following Islamic Syariah rules in Muamalah aspect Maliyah. Just like a new Islamic Banks operate. Bank Syariah Aceh must ensure that all its activities in raising funds (funding), and financing (Financing),

investment and other business in accordance with Syariah rules, in this case the Syariah supervisory board (DPS) will ensure all operational aspects of Aceh Syariah Bank Syariah adherent.

- c. Challenges after the conversion is not only Bank Syariah Aceh, but also other Islamic banks, after conversion should ensure Practices Aceh Syariah Bank in accordance with the values, principles and objectives of Shari'a. In other words, the Islamic banks do not obey Syariah terms akadnya formality, but must bring the values, mission and goals of the Shari'a. In line with this thinking, the Bank Aceh Syariah agenda is not only transforming the operational practices based bank interest (riba) with various contract deals obedient Syariah alone. But more than that, Islamic banks are expected to give hope to the people against the unjust system, which cares for people, concern about the real sector and not caught in paraktek exploitation of customers as in the practice of riba-based bank (interest).

Syariah banks are expected to provide fundamental changes, from an economic system that suck, care to shareholders only, into the economic system is building, participatory, sharing and caring for people. Rate the provision of financing example of which is only concerned with the ability of borrowers to repay their loans, and taking the value of business and potential business to be done by the customer, even if not backed up with great grace. Although it cannot be denied bahrwa Bank Syariah Aceh is still a commercial enterprise with a profit becomes the goal, but Syariah requires the practice should be consistent with the objectives of Syariah. There are other expectations that are put people to Bank Syariah Aceh that has not been found in conventional banking practices. Admittedly, the differentiation of Islamic Banking and Conventional Banks, is still vigorous at the level of differentiation of the contract, while the differentiation in values, philosophy, spirit and purpose of Islamic banks which distinguishes it from conventional banks are not so visible. The actual Spirit also wants to be seen and perceived by the public. Conversion contract (transaction) comply with Syariah, not so with the impact, if not accompanied by conversion in accordance with the spirit of the philosophy, values and goals of syariah.

Accelerate Regulation, Qanun, and Supporting Regulations, Infrastructure, Human Resources to Strengthen Bank Capital Increase conversion results.

Speeding Regulation (Qanun, and regulations concerning the Islamic financial institutions (LKS) to accelerate the conversion of Bank Syariah Aceh Aceh Become Bank) Application of Islamic Law in Aceh since 2002, the practice of application of Islamic law in Aceh has not completely happy because there is no uniformity in the enforcement of Islamic law in Aceh made by all districts of the city, not to mention talk about the prevention of problems that violate the law itself. Aceh province is one of the provinces that have the Law on Governing Aceh (LOGA), many features contained in the UUPA one of which is the application of economic Islamic, which is one of parts of Islamic law, to minimize the practice of capitalist economies are identical to usury, then governments are hard pressed issued / published Qanun of Islamic Financial Institutions. Aceh government to immediately issue a Qanun Islamic Financial Institutions (LKS)

Socialization Conversion From Bank to Bank Aceh Aceh Syariah Through Ulama, Academics and Other Institutions.

Socialization is defined as a lifelong process of how one studies the habits that include a way of life, values and social norms contained in the community to be accepted by society. According Soejono Soekanto Socialization is the process of communicating to the public the new culture. Definition of socialization at Bank Syariah can be defined by the activities

carried out by the Islamic banking which was helped by community organizations, and scholars in communicating about Islamic banking. Excellence and the differences with conventional banks lies in operational activities, products which exist in Islamic banking and so forth so that the public understand and comprehend.

CONCLUSIONS

1. Low interest of the Acehnese to Aceh Syariah banking products for:
 - a. Less than competing products Aceh Syariah Bank compared to conventional bank products operating in Aceh, so that people who think pragmatically will not turn to the Islamic Bank.
 - b. Lack of socialization on Aceh Syariah banking products to the public. This is due to lack of funds available for the program socialization. Therefore, the Bank's product Aceh Syariah lack of response in the community and the business world.
2. The Government of Aceh does not immediately convert the Bank into Bank Aceh Aceh Syariah because until now there is no Qanun on Islamic Financial Institutions.
3. Solving the problems that are offered to the Aceh government to accelerate the conversion of the Bank to Bank Aceh Aceh Syariah are as follows:
 - a. Aceh province is one of the provinces in Indonesia which has the Law on Governing Aceh (LOGA) No. 11 of 2006, concerning the government of Aceh where in the UUPA is also set on muamalah that is running the economy in accordance with Islamic economics, so it is appropriate that requires the presence of an institution Government-owned Islamic banking Aceh who will perform the functions of the bank is fully compliant with Islamic Syariah.
 - b. The government needs to issue Qanun Aceh Islamic Financial Institutions (LKS) as the initial legal basis for the establishment of Bank Syariah Aceh.
 - c. In terms of supervision, the practice of Islamic banking in addition supervised by a Syariah Supervisory Board (DPS), the government should also involve the Ulama Consultative Assembly (MPU) as an independent watchdog.

RECOMMENDATIONS

1. Where the conversion of Bank of Aceh, the Aceh Bank will become Islamic Banks (BUS) which is the first local government-owned bank and will become BUS ranked fifth nationally which has assets of over 20 trillion.
2. Where the conversion of Bank Aceh goes well, it will be followed by other regional banks to perform the conversion.
3. The Bank of Aceh should be more pro-active in the dissemination of the existence of Islamic banking and its products to the general public to remote rural areas.
4. Management of the Bank of Aceh should hire employees who mastered the science of Islamic banking and finance as the power of human resources (HR).

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