

## THE PROSPECT OF MUSYARAKAH FINANCE IN ISLAMIC BANK FOR FACING ASEAN ECONOMIC COMMUNITY (AEC)

**Ahmad Supriyadi**

STAIN Kudus, Central Java, Indonesia

*supriyadi515@yahoo.com*

### **Abstract**

*In the era of Dutch colonial, the majority of entrepreneurs in Central Java and Yogyakarta come from the students. But after Indonesian independence, the students did not show up in the business world because of political policy. Nowadays the entrepreneur students bounced back with Islamic banks that one of its products is a Musharakah finance. Musharakah finance deal with the birth of the free market, namely the ASEAN Economic Community so that the question arises how the prospect Musharakah finance in Indonesian Islamic banks of facing the ASEAN Economic Community (AEC). This paper aims to describe the prospect of Musharakah finance to face AEC. The results showed that the Musharakah finance has a lot of prospects such as financing products that can be performed well and have a competitive value because it has a solid legal basis. From the network side, Islamic banks have been supported by a network offices that much better at home and abroad with excellent quality customer service. In addition, the presence Bank Indonesia blueprint of the Islamic banking institution can strengthen the*

*Musharakah finance products so that can be applied in the ASEAN Economic Community (AEC).*

**Keywords:** *Financing, Musyarakah, Islamic Bank, Asean Economic Community.*

### **Abstrak**

*Pada zaman kolonial Belanda, pengusaha di daerah Jawa Tengah dan Yogyakarta mayoritas berasal dari kalangan santri. Namun setelah Indonesia merdeka para santri tidak muncul lagi dalam dunia usaha karena kebijakan politik. Pada masa sekarang ini para pengusaha santri bangkit kembali dengan bank syariah yang salah satu produknya adalah pembiayaan Musyarakah. Pembiayaan musyarakah lahir berhadapan dengan pasar bebas yaitu Masyarakat Ekonomi Asean sehingga muncul pertanyaan bagaimana prospek pembiayaan Musyarakah di bank syariah Indonesia dalam menghadapi masyarakat ekonomi Asean (MEA). Tulisan ini bertujuan untuk menjelaskan prospek pembiayaan musyarakah dalam menghadapi MEA. Hasil kajian menunjukkan bahwa pembiayaan Musyarakah memiliki banyak prospek diantaranya sebagai produk pembiayaan yang dapat dilaksanakan dengan baik dan memiliki nilai kompetitif karena memiliki dasar hukum yang kuat. Dari sisi jaringan, bank syariah telah didukung dengan jaringan kantor yang sangat banyak baik di tanah air maupun di luar negeri dengan kualitas pelayanan kepada nasabah yang sangat baik. Selain itu, dengan adanya cetak biru Bank Indonesia terhadap lembaga perbankan syariah, maka dapat menguatkan produk pembiayaan Musyarakah bisa diterapkan dalam menghadapi Masyarakat Ekonomi Asean (MEA).*

**Kata Kunci:** *Pembiayaan, Akad Musyarakah, Bank Syariah, MEA.*

### **A. Introduction**

Prosperity and welfare are always yearning to every human being including the nation of Indonesia, because country's prosperity is shared ideals. Country is like a big family which has hundreds of millions of human beings as members, then the prosperity and welfare of a family neither be achieved by itself, nor a gift that falls from the sky freely, but they must be

reached by cooperation, hard work and effort in earnest and persevering of all components of family members or public.

The hard work and effort in gaining prosperity and welfare depend very much on partnership or Musyarakah and work ethic. A research by Sunyoto Usman about the link between full comprehension and excitement in economic life finds that there is a significant correlation between them. Certain groups who run Islamic Sharia more earnestly in their social life and personality seem capable of adapting more in economic life. The historical record shows that in the colonial Netherlands era, cigarettes businessmen in Central Java generally came from the circle of Islamic students, so did businessmen of batik and silver in Yogyakarta.<sup>1</sup>

According to Sunyoto Usman, now this inclination is no longer exist because political policies have changed the economic order of our society since Indonesia's Independence Day. Especially since the early of 1970s, the government system appeared as an agent of economic development that made the possibility for all members of society to engage in economic activities open widely. As a result, the correlation between depth of religious comprehension and excitement in economic life now lives as a mere stereotype.<sup>2</sup>

This correlation effects some fundamental questions related to work ethic, why did the groups that ran Islam Sharia seriously at that time seem capable of adapting better in the colonial economic life? Did this tendency happen by chance? If not, is there any thing in the religion that makes them formidable in overcoming Netherlands colonial economic?<sup>3</sup>

The Questions by Usman Sunyoto are answered with the products of Musyarakah in Islamic banking in Indonesia. The

---

<sup>1</sup> Sunyoto Usman, *Pembangunan dan Pemberdayaan Masyarakat* (Yogyakarta: Pustaka Pelajar, 1998), p. 99.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*, p. 100.

previous businessmen succeeded because they had implemented Sharia principles in running their business. Although it could not be said to be Sharia, Islamic values have been running and flowing in everyday trade.

Nowadays, the Islamic values that have been inserted into legislation in Indonesia will certainly be implemented well and Indonesians in the face of ASEAN Economic Community (AEC) will be more capable and able to be active in various fields through the Musyarakah banking products. Therefore, this paper is written to uncover Musyarakah finance prospects in Islamic banking in the face of ASEAN Economic Community (AEC).

## **B. Discussion**

Musyarakah finance in Islamic bank is one of the banking products that is intended for the customers who will develop or expand their business to be more advanced. Because of this big benefit for the corporate world, it needs to be explained in detail about Musyarakah.

### **1. Definition of Musyarakah**

The word “musyarakah” is derived from the root word *syaraka* which means participation or partnership that is an alliance of capital to be managed together.<sup>4</sup> According to Abdurrahman al-Jaziri, Musyarakah is often called *syirkah*, property joint between two parties that cannot be separated.<sup>5</sup> As stated by Zainul Arifin, Musyarakah is a partnership between two or more parties to run a certain business where each party contributes capital funds with the agreement that the benefits and risks will be borne along

---

<sup>4</sup> Hans Wehr, *Mu'jam al-Lughah al-'Arabiyah al-Mu'ashirah* (Beirut: Maktabah Libanon, 1974), p. 400.

<sup>5</sup> Abdurrahman al-Jaziri, *Kitab al-Fiqh 'ala al-Mazahib al-Arba'ah*, juz III (Beirut: Dar al-Fikr, tt.), p. 63-85.

based on the amount of capital contribution.<sup>6</sup> According to Saad Abdul Sattar Al-Harran, Musyarakah is a covenant of partnership between two or more parties to undertake certain business in which each party contributes funds with the terms; benefit and risks will be borne along in accordance with the amount of contribution or agreement.<sup>7</sup>

Muhammad Syafi'i Antonio interprets Musyarakah as *syarikah*, which means cooperation contract between two or more parties to establish certain business, where each party contributes funds with the terms that benefits and risks will be borne by the joint contributions of the fund included.<sup>8</sup> Abdul Saeed defines Musyarakah as partnership.<sup>9</sup> Musyarakah can be defined as inclusion or equity participation, which means the joint venture cooperation contract between two parties or more of capital owners to finance a business which profits are divided in accordance with the agreed ratio.<sup>10</sup>

Mahsin Hj. Mansoor argues that Musyarakah is a merger agreement between the shareholders to finance a project and profits are shared in proportion to each partner's share of capital, while the losses are being charged to the shareholders in proportion to each partner's share of capital.<sup>11</sup> Saad Abdul Sattar Harron states that Musyarakah can be defined as a form of partnership where two or more persons combine either their capital or labor together, to share the profits, enjoying

---

<sup>6</sup> Zainul Arifin, *Pelatihan Aspek Hukum dalam Perbankan Syari'ah* (Paper unpublished, 2001), p. 11.

<sup>7</sup> Saad Abdul Sattar al-Harran, *Islamic Finance Partnership Finance*, (Selangor: Pelanduk Publication (M) Sdn. Bhd., 1993), p. 2.

<sup>8</sup> Muhammad Syafi'i Antonio, *Bank Syari'ah dari Teori ke Praktik* (Jakarta: Gema Insani Press, 2001), p. 90.

<sup>9</sup> Abdullah Saeed, *Islamic Banking and Interest: a Study of The Prohibition of Riba and its Contemporary Interpretation* (Leiden: Koln Brill, 1996), hlm. 62.

<sup>10</sup> Fatimah Akhyar, *Aplikasi Hukum Perikatan dalam Kontrak Pembiayaan*, (Paper unpublished, 2001), p. 10.

<sup>11</sup> Mahsin Hj. Mansoor, *Konsep Syariah dalam Bank Islam*, (Malaysia: Nurin Interprise Berhad, t.t), p. 55.

similar and liabilities.<sup>12</sup> Abdullah Saeed states, Musyarakah is the participation or the bank and the syeeker of finance forgiven project and ultimately participation in the profit or loss sharing.<sup>13</sup>

According to M. Nejatullah Siddiqi, Musyarakah is cooperation agreement between two or more persons in running a certain business by entering a number of capitals that has been established because of an agreement, as for sharing of profits and losses are determined in accordance with the capital included.<sup>14</sup>

The conclusion of the various understandings about the Musyarakah is legal relationship between two or more people to perform a certain business based on Sharia principles by entering certain amounts of capital within a certain period, as for profits and losses are shared in proportion to each partner's share of capital. Therefore the staple elements contained in cooperation Musyarakah are:

- a. the presence of two or more allies
- b. the presence of certain business based on Sharia principle
- c. each of the allies enters a venture capital in certain amount
- d. the existence of the alliance objects exchanged within a certain period
- e. the existence of sharing of risks and benefits of the alliance.

## 2. Musyarakah Legal Basis

According to Abdullah Saeed, the basic law of Musyarakah principle can be found in the Qur'an from the word *syaraka* 170 times, although none of them means cooperation in banking

---

<sup>12</sup>Sattar Al-Harran, *Islamic Finance Partnership*, p. 74.

<sup>13</sup>Saeed, *Islamic Banking*, p. 76.

<sup>14</sup>M. Nejatullah Siddiqi, *Partnership and Profit Sharing in Islamic Law*, translated by Fakhriyah Mumtuhani (Yogyakarta: Dhana Bakti Prima Yasa, 1996), p. 8.

business.<sup>15</sup> The principles of the Qur'an about Musyarakah can be used as guidelines in conducting business in Islamic banking, it is said in Shaad and An-Nisa'.

*Daud said: "Surely he has been unjust to you in demanding your ewe (to add) to his own ewes; and most surely most of the partners act wrongfully towards one another, save those who believe and do good, and very few are they; and Daud was sure that We had tried him, so he sought the protection of his Lord and he fell down bowing and turned time after time (to Him)."* (QS. Shaad [38]: 24).

*... they shall be sharers in the third ...* (QS. an-Nisa [4]: 12)

Abu Hurayrah said that: The Prophet SAW said: Allah says: *I am the third (partner) of the two partners as long as they do not betray each other. When one of them betrays the other, I depart from them*". (Sunan Abu Daud) (Fatwa DSN-MUI)<sup>16</sup>

### 3. Musyarakah Types

According to Saad Abdul Sattar al-Harran, Musyarakah is divided into two parts:<sup>17</sup> *Syirkah al-milk* or non-contractual partnership and *Syirkah al-uqaad* or contractual.

*Syirkah al-milk* (non-contractual partnership) is formed due to the natural factor that makes the parties have ownership rights of an asset. For example, syirkah which is formed because of inheritance. A will causes one asset can be owned by two or more persons. They share in a real asset and the profit as well. This definition of *Syirkah al-milk* is taken from the economic point of view, but from the juridical stand point all syirkah starts with agreement.

While *Syirkah al-uqaad* is syirkah that is formed because of a treaty or agreement in which two or more persons agree that each of them gives musyarakah capital and they also agree to share profits and losses.

---

<sup>15</sup> Saeed, *Islamic Banking*, p. 59.

<sup>16</sup> Fatwa Dewan Syariah Nasional Nomor: 08/DSN-MUI/IV/2000 tentang Musyarakah

<sup>17</sup> Sattar Al-Harran, *Islamic Finance Partnership*, p. 75.

According to the Fiqh, the contract of Musyarakah is divided into:<sup>18</sup>

a. *Syirkah mufawadhah* (full authority and obligation)

*Syirkah mufawadhah* is a partnership contract between two or more persons in which each of the parties gives one part of the overall fund and participates in the work.

b. *Syirkah inan* (restricted authority and obligation)

*Syirkah inan* is a contract between two or more persons in which each party gives a part of the overall fund and participates in the work. Each part is not always the same, it depends on the agreement. For example, the share ownership in a Limited Liability Company (PT).

c. *Syirkah al-abdan* (labour, skill and management)

*Syirkah al-abdan* is a partnership contract of two or more people who have the same job and then they work together and share the benefits from the work, for example, some architects who work on the same project.

d. *Syirkah wujuh* (good will, credit worthiness and contracts)

*Syirkah wujuh* is a contract between two or more persons who are expert in the business. They buy items by credit and then sell them in cash. Furthermore they share the profits and losses based on the guarantees to suppliers provided by each partner.

The implementation of Musyarakah in Islamic bank to shares purchasing of the company, Islamic bank, is allowed to invest in ownership by giving capital or purchasing some shares owned by a company. Investing is carried out for a specific period and after that he (the owner) can divest or sell his own shares, either briefly or gradually. By using this Musyarakah scheme, clients can be business partners for the company by entering the capital, sharing profits and losses agreed by the parties.

---

<sup>18</sup> *Ibid.*, p. 4-5.



#### 4. Musyarakah Benefits

Muhammad Syafi'i Antonio says that Musyarakah has several benefits as follows:<sup>19</sup>

- a. Additional capital funds from Islamic bank will be given to customer of partner company.
- b. Companies have considerable leeway in the payment to Islamic bank, because they do not have to pay every month, but it is adjusted with income or corporate business results, so that the company will never experience a negative spread.
- c. Repayment of main finance is adjusted to cash flow.

#### 5. Musyarakah Finance Prospects in Islamic Banks in the Face of ASEAN Economic Community (AEC)

Musyarakah finance practice in Islamic banking comprises:

- a. Permanent Musyarakah is a Musyarakah which has an amount of fixed capital till the end of Musyarakah then the profits and losses are shared every month.
- b. Mutanaqisah musyarakah (decreased Musyarakah) is a Musyarakah which the amount of capital gradually decreases because it is purchased by business partner. Parts of the bank capital switch gradually to the partner and in the end of their contract partner, it will belong to the partner.

Based on these two types of Musyarakah finance practices in Islamic bank, clients can use it to develop their business. There are two mutual benefits with the introduction of ASEAN Economic Community (AEC). The first, Islamic banks which have large capital of collected fund need the business world and so do clients. Clients (businessmen), to develop their business to face AEC, need large amount of money. Therefore,

---

<sup>19</sup>Syafi'i Antonio, *Bank Syari'ah*, p. 93.

with this Musyarakah finance product, both Islamic banks and clients can make their relationship in a synergy.

Regarding Musyarakah products, according to Alamsyah, based on his research result, generally Islamic banks give benefit in increasing the welfare of society. This indication can be seen from (a) underlying transaction; (b) no speculative nature; and (c) profit sharing system.<sup>20</sup> The profit sharing system conducted is based on the Musyarakah principles and becomes new finance pattern that is required by businessmen with mutual benefit and no cheating.

Islamic banks with the Musyarakah products offered in the real sector give visible impact, that is to encourage economic growth. The economy will be more passionate and able to compete when AEC is performed because the real economy is capable of moving the economic sectors of all aspects and directions, so that the society become more prosperous.

There is no speculative nature for Islamic bank in running its products. So that the Islamic banks in the resilience of economy will be stronger than conventional banks that run their credit in speculative venture.

Profit sharing system owned by Islamic bank products is Musyarakah finance. This finance emphasis more on sharing profits and losses, so that the customers who are going to take finance do not feel worried about monthly payment.<sup>21</sup>

Clients who utilize this Musyarakah finance are not only personal or company but also state, because of its characteristic clients do not have to pay every month by credit, but they could also make a payment agreement to pay it in the end of

---

<sup>20</sup> Halim Alamsyah, *Perkembangan dan Prospek Perbankan Syariah Indonesia: Tantangan Dalam Menyongsong MEA 2015*, Presented in Ikatan Ahli Ekonomi Islam (IAEI), 8th Anniversary, 13 April 2012.

<sup>21</sup> Hayat, "Globalisasi Perbankan Syariah: Tinjauan Teoritis dan Praktis dalam Menghadapi Masyarakat Ekonomi ASEAN 2015", *Humafa: Jurnal Studia Islamika*, Vol. 11, No. 2, December 2014, p. 293-314.

each year with the division of dividends. The utilization of this Musyarakah principle of either customer or Islamic banks, the finance must follow the National Sharia Council law as follows:<sup>22</sup>

- a. Customer and Islamic bank make an agreement with the statement of offer and acceptance with attention to:
  - 1) Offer and acceptance should indicate the contract purpose explicitly
  - 2) Offer and acceptance are done at the time of the contract
  - 3) Contract is written, by correspondence or by using modern means of communication.
- b. Partners who make a legal agreement should be good at law and pay attention to:
  - 1) They are competent in giving or being given powers of representation.
  - 2) Each partner should provide funds and jobs, and undertake the work as representative
  - 3) Each partner has the rights to set up Musyarakah asset in the process of normal business
  - 4) Each partner authorizes another partner to manage asset and each is considered to have been given the authority to implement Musyarakah without doing a deliberate omission and error.
  - 5) A partner is not allowed to withdraw or invest funds for his personal interest.
- c. Profit sharing
  - 1) Each partner's profit must be shared proportionately on the basis of the entire profits and there is no amount determined in advance for a partner.
  - 2) A partner may propose that if profits exceed a certain amount, the percentage or the excess is his.

---

<sup>22</sup> Fatwa Dewan Syariah Nasional Nomor: 08/DSN-MUI/IV/2000 Tentang Musyarakah.

- 3) Profit sharing system should be written clearly in the contract.
- d. Loss sharing
  - 1) Loss should be shared between the partners proportionally according to their proportion shares in the capital.
  - 2) Operational cost is charged to join capital.

Example:

- a. Project finance: *al-Musyarakah* is usually applied to project finance in which client and bank both provide funds to finance the project. After the project is done, the client returns the funds with the agreed profit sharing to the bank.
- b. Venture capital: in special financial institutions that are allowed to invest in the company ownership, *al-Musyarakah* is applied in venture capital scheme. Investing is carried out for a specific period and then bank divests or sells part of its share, either briefly or gradually.

With this system Islamic banks hold a partnership with customer for a limited period to a project. Both bank and customer enter capital in different amount and agree with a profit ratio set before. The system is also based on the principle to reduce the possibility of participation that leads to a final possession by customer, by giving the rights to business to pay back bank shares gradually from a portion of net income.

The profit sharing agreement with the regulated *Musyarakah* principle is about business organization, the contribution of each is determined by the amount of capital given. Each party is free to contribute in the capital.<sup>23</sup>

*Musyarakah* has special characteristics that usually begin with an agreement to make a legal entity to run business or project which is agreed upon in written or notaries act (Act No.

---

<sup>23</sup> Saeed, *Islamic Banking*, p. 60.

1 year 1995 article 7 verse (1) about Limited Liability Company (PT)) and according to Abdullah Saeed, there is a term that the shareholders could sell their shares to others or company.<sup>24</sup>

The main things discussed in profit sharing finance based on *Musyarakah* principle are:<sup>25</sup>

a. Finance type

It is profit sharing finance based on Musyarakah principles.

b. Business type

Businesses type includes business' place, products, characteristics and quality.

c. Venture business

A business that is financed by Islamic bank must meet the full requirements of among others:

- 1) It does not conflict with Islamic Sharia
- 2) It is not prohibited by law, general provisions and decency
- 3) The business is productive and grows steadily.

c. Capital amount

Each party gives capital based on will and agreement of the parties. Capital could be movable items for instance cars in transportation business or ground with the building as a business place.

d. Finance period of time for profit sharing is based on Musyarakah principle.

A defined period of time depends on the agreement of the parties. It can be one year, two years, or more.

e. Nisbah (Profit Sharing)

Nisbah regulation, each party will get nisbah as the capital given as shared possession.

---

<sup>24</sup> *Ibid.*

<sup>25</sup> Ascarya, *Akad dan Produk Bank Syariah* (Jakarta: Raja Grafindo Persada, 2007), p. 53-58.

f. How to refund

Refund is specified, by paying it in the nearest Islamic bank.

g. Insurance item

Insurance item is used to pay off the losses caused by debtor. It is usually in the form of item worth with the amount of funds that is issued by the bank.

h. Deed cost

It is charged to customer, because the nature of bank is to help customer ,not to incur the deed cost.

i. Losses liability

Losses liability is borne along in accordance with a given contribution.

j. Other requirements that must be fulfilled by the debtor customer as requirements described above include legal aspects, liability of the customer to give financial balance sheet reports and share the profits based on the agreement.

k. Dispute settlement clause

A clause says that the bank has the rights to withdraw or stop financing if customer does not use and manage funds as the agreement. The bank has the rights to stop financing if it is known that the business is loss and all disputes will be resolved with deliberation and if it does not reach an agreement it will be resolved at Indonesian Muamalah Board of Arbitration (BAMUI).

The percentage of capital that must be inserted into the shared possession in an alliance is free. It depends on the will of the parties. Usually the total assets owned by the customer and the shortage of capital for the business are totaled first. For the shortage, bank provides finance by investing funds on the business that has run. Here, each of the capital owners has the rights to participate in deciding the policy of the business

which is run and can transfer ownership or be replaced by another party. Owner of capital is considered terminating partnership if:

- a. withdraw from alliance
- b. pass away
- c. become incapable of law or in a state of bankruptcy

In management with Musyarakah principle, the bank is represented by an executive board appointed by bank director. Because the capital amount entered by allies is free as the level and willingness of each, so that the risk of losses is borne in accordance with the contribution of capital.

Musyarakah finance prospect can be applied well in the face of MEA because it has the factors of competitive value of musyarakah finance product in Islamic bank of Indonesia. Musyarakah finance product in Islamic bank of Indonesia has advantages among others.

- a. Musyarakah Finance has a strong legal basis, not only on the side of Sharia law but also the law of Indonesia. From the side of Sharia, Musyarakah finance has been arranged in the Qur'an, Surah Shaad [38]: 24 which states that we are prohibited to be unjust in the Musyarakah, then in Surah an-Nisa [4]: 12 which states that Allah is the third [partner] of the two partners as long as they do not betray each other. When one of them betrays the other, I depart from them (Sunan Abu Daud, classed as Saheeh by Al-Hakim from Abu Hurayrah) (Fatwa DSN).<sup>26</sup> It is also stated in national legal basis especially in Act No. 9 of 2008. Through this Act, Musyarakah finance gets enough legal guarantees. Another legal basis that strengthens Musyarakah finance is the existence of the Fatwa Institution of National Sharia Board which is centered in Indonesian Ulama Council (MUI), so that in

---

<sup>26</sup> Fatwa Dewan Syariah Nasional Nomor: 08/DSN-MUI/IV/2000 Tentang Musyarakah.

applying Musyarakah there will be no difference among Islamic banks all over Indonesia.

- b. Musyarkah finance is supported by a large number of Islamic banking office networks in this country. These networks will facilitate the customer to have partnership with Islamic banks and take care of the needed requirements so that between customer and Islamic bank there is no more difficulty experienced.
- c. Musyarakah finance product is supported by the Islamic banking programs which perform education program and socialize extensively about Islamic banking products and services owned by Islamic banks.
- d. Musyarakah finance product is supported by the effort of Islamic banks in improving the quality of service to customers.
- e. Musyarakah finance product is supported by a number of Muslim societies in Indonesia which requires the enactment of sharia principles that share profits and losses in a partnership with the Islamic bank.

This Musyarakah finance products have been prepared by Bank Indonesia to be implemented well through the Islamic banking Bureau of Bank Indonesia with development blueprint of Indonesia Islamic banking, with the target to the year 2011 Bank Indonesia in the blueprint targets the development of Islamic banks in Indonesia as follows: <sup>27</sup>

- a. Islamic Banks in Indonesia have high competitive power but they still stick to Islamic values; According to the author, the high competitiveness of Islamic banks should stick to Islamic values and it has become the *sine qua non* or necessity, but should also hold on to the values of the nation, Indonesia.
- b. Islamic banks have a significant role in the system of the national economy and the improvement of people's

---

<sup>27</sup> Bank Indonesia, *Cetak Biru Perbankan Syariah Indonesia*, 2002.



welfare. It means that Islamic banks are expected to be Indonesians' welfare agencies.

- c. Islamic banks have the ability to compete globally with the fulfillment of International financial operation standards.

The blueprint that becomes the concentration of Bank Indonesia is the development targets of Islamic banking and its strategic stages up to the year 2011, as follows:<sup>28</sup>

**a. Bank Indonesia determines the development targets of Islamic banking until the year 2011. They are:**

- 1) To satisfy sharia principles in banking operations, which are characterized by:
  - a) The existence of basic standard of general Islamic finance norms;
  - b) Already has an efficient working mechanism for the supervision of sharia principles in banking operations (both instruments and associated agency);
  - c) Minimize people's complaints concerning the application of sharia principles in each transaction.
- 2) To implement the Sharia principle of prudence in Islamic banking operations marked with:
  - a) The realization of arrangement framework and risk-based supervision that suit its character and supported by reliable human resources;
  - b) The Implementation of the good corporate governance concept in Islamic banking operations;
  - c) The implementing efficient exit and entry policies;
  - d) The Realization of real time supervision;
  - e) The realization of self-regulatory system.

---

<sup>28</sup> *Ibid.*

- 3) To create a competitive and efficient Islamic banking system which is characterized by:
  - a) The creation of competent businessmen globally;
  - b) The realization of an effective strategic alliance;
  - c) The realization of cooperation mechanism with the supporting institutions.
- 4) To create systemic stability and to realize the benefit for society, which are characterized by:
  - a) Making the safety net which is unity with a careful banking operations concept;
  - b) Satisfying the needs of a society who wants Islamic banking services in all areas of Indonesia with market share target of 5% of the total national banking assets;
  - c) Realizing of the *kaffah* Islamic banking functions and being able to serve all segments of the community;
  - d) Increasing the finance pattern proportion with profit sharing.

Based on the development targets of Islamic banking determined by Bank Indonesia until 2011, there are four things: (1) satisfying the Sharia principles in banking operations (2) implementing Sharia principles of prudence in Islamic banking operations (3) creating competitive and efficient Islamic banking system (4) creating of systemic stability and realizing benefit to the wider community.<sup>29</sup> If the target is connected to Musyarakah finance, finance with the Musyarakah finance is attempted to meet the Islamic principles, the principle of prudence, and have benefits value and competitive for society at large.

This Musyarakah finance for ASEAN Economic Community (MEA) is a product of Islamic banks in Indonesia

---

<sup>29</sup> *Ibid.*

which becomes pre-eminent and competitive, because it has already satisfied all foundations required by community. It can be seen from the strategic initiative built by Bank Indonesia in order to achieve progress for Islamic banking and could compete in MEA, among others:

**b. Strategic Initiative Phase I (2002-2004)<sup>30</sup>**

Strategic initiative phase I is focused on the establishment of basic framework of setting system suited to the characteristics of healthy Islamic banking operations, as follows:

- 1) Compliance with Sharia principles:
  - a) Improving the understanding of Islamic finance concept;
  - b) Encouraging and facilitating the preparation of Islamic finance norms;
  - c) Conducting a study about mechanism, setting system and integrated supervision.
- 2) Terms of prudence:
  - a) Refining the basic terms of prudence and good corporate governance;
  - b) Refining the terms of office network;
  - c) Examining the feedback mechanisms in the design of banking arrangement;
  - d) Examining the application of real time supervision.
- 3) Improvement of operational efficiency and high competitiveness:
  - a) Encouraging the achievement of economies of scope and economies of scale;
  - b) Encouraging the improvement of the human resources quality;
  - c) Cooperating with related agencies;

---

<sup>30</sup> *Ibid.*

- d) Encouraging the improvement of the function effectiveness and the role of Sharia Arbitration Board.
- 4) The stability of Sharia banking system and the benefit for economy:
  - a) Supporting the formation of Islamic banking development communication forum (FKPPS/ Communication Board);
  - b) Conducting a study of the application and the benefits of profit sharing concept.

**c. Strategic Initiative phase II (2004-2008)**

The second phase, initiatives implementation is undertaken including:

- 1) Compliance with Sharia principles:
  - a) Encouraging the improvement of supervision effectiveness
  - b) Developing the incentives concept for compliance with Sharia principles
- 2) Terms of prudence:
  - a) Developing setting framework and risk-based supervision;
  - b) Developing setting concept for exit and entry policy;
  - c) Developing real time supervision;
- 3) Improvement of operational efficiency and high competitiveness:
  - a) Encouraging the implementation of strategic alliances;
  - b) Realizing cooperation for the construction of related institutions;

- 4) Stabilitas sistem perbankan syariah dan kemanfaatan bagi perekonomian Stability of Islamic banking system and benefit for the economy:
  - a) Encouraging the implementation of Islamic banking development communication forum and feedback mechanisms;
  - b) Encouraging the involvement of rating agency in banking activities;
  - c) Arranging the concept of *takaful* that can minimize the potential costs resulting from the failure of banking activities;
  - d) Conducting a study for alternative sources of funds from the social financial sector;
  - e) Encouraging the enhancement of profit sharing finance role.

**d. Strategic Initiative Phase III (2008-2011)**

The third stage of the strategic Initiative is conducted finalization of Islamic banking system expected to meet the standards of finance and quality of international service, among others:

- 1) Compliance with the Sharia principles by realizing the concept of integrated banking rating between Sharia and finance side.
- 2) Term of prudence is realized by creating incentive-based setting system.
- 3) Improvement of operational efficiency and a high competitiveness are realized by encouraging of making people have a global-scale and international competitive power
- 4) Stability of Islamic banking system and benefit for the economy are realized by encouraging the realization of the *kaffah* Islamic finance system.

Based on the description above, it is understood that Islamic banking in the face of ASEAN Economic Community (MEA) has been prepared by Bank Indonesia with the blueprint so that its products, especially Musyarakah product, can be applied to the maximum because there has been a strong foundation both in the laws namely Sharia principles and also in the Act No. 21 of 2008 about Islamic banking which regulates the Musyarakah finance for customers.

Musyarakah finance prospects from the total population of Indonesia even ASEAN countries, they are predominantly muslims. At least judging from the composition of the ASEAN countries there are three countries that the majority of the population is muslim, namely Indonesia, Malaysia and Brunei Darussalam, then the implementation Musyarakah product for customers in ASEAN will be able to exist and can be utilized by the nations in ASEAN countries.

Musyarakah finance prospects in ASEAN countries from the side of Islamic banking numbers also have a competitive because there are some in country members of ASEAN: Indonesia, Malaysia, Thailand, Singapore, and Brunei Darussalam.<sup>31</sup> Seeing the existence of the many Islamic banks in ASEAN countries, then the product of Musyarakah finance has very good and competitive prospect.

### **C. Conclusion**

Musyarakah finance prospects in Islamic banks in facing ASEAN Economic Community (AEC) is one of the finance products in Islamic banks that can be implemented well because it has competitive values as follows; *first*: It has strong legal basis in the running of Sharia principles which are based on Qur'an and Hadith and a fatwa institution that centralized in Indonesian Ulama Council (MUI) so that there

---

<sup>31</sup> Alamsyah, *Perkembangan dan Prospek*, p. 11.

is no difference in the application of the Sharia principles in all Islamic banking institutions in Indonesia. Musyarakah finance has also been stated in Act No. 21 of 2008, so there is no doubt in the implementation of it. *Second*, It is supported by network of Islamic bank offices throughout Indonesia and abroad. *Third*, There have been education and socialization intensively that done by Islamic banking program for community. *Fourth*, There are some efforts to improve the quality of Islamic banking service to the customer. *Fifth*, There is a big support from Indonesians who are mostly Muslims. *Sixth*, There is a big support from the blueprint of Bank Indonesia for Islamic banking institutions so that it strengthens Musyarakah finance product and can be applied for facing ASEAN Economic Community (MEA).

## REFERENCE

- Akhyar, Fatimah, *Aplikasi Hukum Perikatan dalam Kontrak Pembiayaan*, Paper Unpublished, 2001.
- Alamsyah, Halim, *Perkembangan dan Prospek Perbankan Syariah Indonesia: Tantangan Dalam Menyongsong MEA 2015*, Paper presented in Ikatan Ahli Ekonomi Islam (IAEI), 8th Anniversary, 13 April 2012.
- Antonio, Muhammad Syafi'i, *Bank Syari'ah dari Teori ke Praktik*, Jakarta: Gema Insani Press, 2001.
- Ascarya, *Akad dan Produk Bank Syariah*, Jakarta: Raja Grafindo Persada, 2007.
- Bank Indonesia, *Cetak Biru Perbankan Syariah Indonesia*, 2002
- Fatwa Dewan Syariah Nasional Nomor: 08/DSN-MUI/IV/2000 tentang Musyarakah.
- al-Harran, Saad Abdul Sattar , *Islamic Finance and Partnership Finance*, Selangor: Pelanduk Publication (M) Sdn. Bhd., 1993.
- Hayat, "Globalisasi Perbankan Syariah: Tinjauan Teoritis dan Praktis dalam Menghadapi Masyarakat Ekonomi ASEAN 2015", *Hunafa: Jurnal Studia Islamika*, Vol. 11, No. 2, December 2014.
- al-Jaziri, Abdurrahman al-, *Kitab al-Fiqh 'ala Mazahib al-Arba'ah*, juz III, Beirut: Dar al-Fikr, tt.
- Mansor, Mahsin, *Konsep Syariah dalam Bank Islam*, Malaysia: Nurin Interprise Berhad, 1995.
- Saeed, Abdullah, *Islamic Banking and Interest: a Study of the Prohibition of Riba and its Contemporary Interpretation*, Leiden: Koln Brill, 1996.



- Siddiqi, M. Nejatullah, *Partnership and Profit Sharing in Islamic Law*, translated by Fakhriyah Mumtihan, Yogyakarta: Dhana Bakti Prima Yasa, 1996.
- Usman, Sunyoto, *Pembangunan dan Pemberdayaan Masyarakat*, Yogyakarta: Pustaka Pelajar, 1998.
- Wehr, Hans, *Mu'jam al-Lughah al-'Arabiyah al-Mu'ashirah*, Beirut: Maktabah Libanon, 1974.

*Halaman ini tidak sengaja untuk dikosongkan*