

**IMPLEMENTATION OF SHARIA COMPLIANCE AND GOOD CORPORATE GOVERNANCE AT BANK SYARIAH INDONESIA
TEBING TINGGI SUDIRMAN 2 BRANCH OFFICE**

***IMPLEMENTASI KEPATUHAN SYARIAH DAN GOOD CORPORATE GOVERNANCE PADA BANK SYARIAH INDONESIA KCP TEBING
TINGGI SUDIRMAN 2***

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Abstract

Shariah compliance is an integral aspect of the banking sector's sustainability and is closely linked to good corporate governance. This study aims to analyze the implementation of Shariah compliance and good corporate governance, along with the challenges faced in implementing Shariah compliance and GCG principles at Bank Syariah Indonesia KCP Tebing Tinggi Sudirman 2. The research utilizes a qualitative methodology, with data obtained from primary and secondary sources. Primary data includes the Shariah Supervisory Board, Shariah Audit Committee, and Shariah Investment Committee. Secondary data consists of policy and procedural documents from the Islamic bank, as well as previous research and studies on Shariah compliance and GCG implementation in the Islamic banking sector. Data collection techniques employed in this study encompass interviews and documentation. The findings reveal that the principles of Good Corporate Governance (GCG) at Bank Syariah Indonesia KCP Tebing Tinggi Sudirman 2 encompass transparency, accountability, responsibility, independence, and fairness. Bank Syariah Indonesia KCP Tebing Tinggi Sudirman 2 has implemented Shariah compliance in accordance with the rules and principles of Shariah in every transaction, utilizing appropriate contracts such as murabahah, musyarakah, mudarabah, ijarah, rahn, and in fund mobilization, mudarabah and wadi'ah contracts are utilized. The bank's products have received approval from the National Shariah Board-Indonesian Ulama Council (DSN-MUI), the authorized institution for issuing Shariah fatwas. The implementation of Shariah compliance at Bank Syariah Indonesia KCP Tebing Tinggi Sudirman 2 involves transaction procedures based on Shariah principles, internal supervision, collaboration with DSN-MUI, employee training and awareness enhancement, as well as external audits aimed at ensuring the bank's compliance with Shariah principles

Keywords: *shariah compliance, good corporate governance, shariah bank*

Abstrak

Kepatuhan syariah (Shariah Compliance) untuk mempertahankan eksistensi perbankan, tidak dapat dipisahkan dengan tata kelola perusahaan yang baik (Good Corporate Governance). Penelitian ini bertujuan untuk menganalisis pelaksanaan kepatuhan syariah (Shariah Compliance) dan implementasi Good Corporate Governance (GCG) serta kendala yang terjadi dalam pelaksanaan kepatuhan syariah (Shariah Compliance) dan prinsip GCG pada Bank Syariah Indonesia KCP Tebing Tinggi Sudirman 2. Penelitian ini menggunakan metode kualitatif, di mana sumber data diperoleh dari data primer yang meliputi Dewan Pengawas Syariah, Komite Audit Syariah, dan Komite Investasi Syariah dan juga data sekunder; berupa data yang diperoleh dari Bank syariah terkait dokumen kebijakan dan prosedur serta hasil studi dan riset peneliti terdahulu tentang pelaksanaan kepatuhan syariah dan prinsip GCG di sektor perbankan syariah. Teknik pengumpulan data yang digunakan yaitu wawancara dan dokumentasi. Hasil penelitian ini yaitu: Prinsip GCG Bank Syariah Indonesia KCP Tebing Tinggi Sudirman 2 meliputi transparansi, akuntabilitas, responsibilitas, independensi, dan kewajiban. Bank Syariah Indonesia KCP Tebing Tinggi Sudirman 2 telah melaksanakan sharia compliance sesuai dengan aturan dan prinsip syariah dalam setiap transaksi dengan menggunakan akad yang sesuai (pada penyaluran menggunakan akad murābahah, musyārahah, muḍārahah, ijārah, rahn, dan pada penghimpunan menggunakan akad muḍārahah dan wadī'ah). Produk-produk yang ditawarkan telah mendapatkan persetujuan dari Dewan Syariah Nasional-Majelis Ulama Indonesia (DSN-MUI) sebagai lembaga yang berwenang dalam mengeluarkan fatwa syariah. Pelaksanaan sharia compliance di Bank Syariah Indonesia KCP Tebing Tinggi Sudirman 2 melibatkan prosedur transaksi dengan prinsip syariah, pengawasan internal, kolaborasi dengan DSN-MUI, pelatihan dan peningkatan kesadaran karyawan, serta audit eksternal yang bertujuan untuk memastikan kepatuhan bank terhadap prinsip-prinsip syariah.

Kata Kunci: *kepatuhan syariah, good corporate governance, bank syariah*

A. INTRODUCTION

The establishment of Bank Syariah Indonesia (BSI) is a vital component of the government's efforts and commitment to promoting Islamic economics as a fundamental element of the national economy, which also aims to position Indonesia as a prominent Islamic financial center in the long term. BSI was formed through the merger of three state-owned banks: Bank BRI Syariah, Bank BNI Syariah, and Bank Syariah Mandiri, and was officially inaugurated on February 1, 2021.

The merger of these three Islamic banks is an endeavor to create a Sharia-compliant bank that can serve as a source of pride for the Muslim community, stimulate national economic development, and contribute to the welfare of the general public. The establishment of Bank Syariah Indonesia exemplifies the contemporary and globally inclusive nature of Islamic banking in Indonesia, which benefits all segments of society and the environment. Consequently, BSI has become one of the largest Islamic banks in

Indonesia (Alam & Lubis, 2021; Muttaqin et al., 2020).

As a Sharia-compliant bank, BSI is obligated to adhere to Sharia principles in all aspects of its operations and implement Good Corporate Governance (GCG) principles in its management, thereby demonstrating its commitment to conducting business with high ethical standards and integrity. To ensure Sharia compliance, BSI has implemented various mechanisms, such as the Sharia Supervisory Board, which oversees the adherence to Sharia principles in all bank products, services, and operations.

Furthermore, BSI has established a Sharia Audit Committee responsible for examining and evaluating the bank's performance in terms of Sharia compliance. Additionally, a Sharia Investment Committee has been appointed to ensure that all bank investments are in accordance with Sharia principles. These mechanisms highlight BSI's strong dedication to ethical business practices, fostering trust among its customers and the wider community.

In addition to these mechanisms, BSI provides training and development programs to enhance employees' understanding and awareness of Sharia principles. Regarding GCG implementation, BSI has additional mechanisms in place, including: 1) the Board of Commissioners, which oversees and controls the bank's management; 2) the Audit Committee, responsible for ensuring transparency and accountability in the bank's financial reporting; and 3) the Nomination and Remuneration Committee, which selects and determines the salaries of directors and commissioners. BSI also upholds a code of ethics that governs the conduct of employees and bank leaders in carrying out their responsibilities.

BSI demonstrates a firm commitment to Sharia principles and the implementation of GCG in its management. The existing mechanisms and programs at BSI support the bank in ensuring Sharia compliance and enhancing overall company performance (Hasanah et al., 2022; Umam, 2021).

However, despite having established mechanisms and programs to ensure Sharia compliance and GCG implementation, there are common issues that frequently arise during their execution. These issues include: 1) a lack of understanding and awareness among employees, leading to errors in task execution and failure to meet expected Sharia compliance and GCG standards; 2) limited human and technological resources, particularly in underdeveloped areas; 3) pressure to achieve business targets, which may result in the bank overlooking Sharia compliance and GCG principles in its operations;

4) insufficient supervision and control in task implementation, resulting in violations of Sharia compliance and GCG principles; and 5) varying interpretations of Sharia principles by the Sharia Supervisory Board and Sharia Investment Committee, leading to disagreements and inconsistent decisions and actions regarding Sharia compliance.

Bank Syariah Indonesia Tebing Tinggi Sudirman 2 Branch Office is a sub-branch of Bank Syariah Indonesia's Medan Raya branch and has been operational since February 1, 2021. Since its establishment, BSI Tebing Tinggi Sudirman 2 has experienced significant growth, including the development of its products and collaborations with other institutions, benefiting various types of customers, such as savings account holders, hajj savings account holders, deposit account holders, and other users. This information is essential for researchers seeking to delve deeper into Sharia compliance and the implementation of good corporate governance at Bank Syariah Indonesia Tebing Tinggi Sudirman 2 Branch Office.

This article aims to provide an overview of the establishment of Bank Syariah Indonesia (BSI) as part of the government's efforts and commitment to advancing Islamic economics in Indonesia. It highlights that BSI is the result of a merger between three state-owned banks: Bank BRI Syariah, Bank BNI Syariah, and Bank Syariah Mandiri. The article focuses on discussing the mechanisms of Sharia compliance and the implementation of Good Corporate Governance (GCG) adopted by BSI.

This article differentiates itself from previous articles in several ways. Firstly, it specifically centers on Bank Syariah Indonesia Tebing Tinggi Sudirman 2 Branch Office, which is a sub-branch of Bank Syariah Indonesia's Medan Raya branch. This focused approach enables a more detailed examination of the implementation of Sharia compliance and GCG at this branch. Secondly, the article identifies common issues that frequently arise during the implementation of Sharia compliance and GCG. These issues include a lack of understanding and awareness among employees, limited human and technological resources, pressure to meet business targets, insufficient supervision and control, and variations in the interpretation of Sharia principles.

By highlighting these issues, the article provides fresh perspectives and contributes to a better understanding of the challenges encountered in the implementation of Sharia compliance and GCG. Thus, the article offers relevant and up-to-date information on the implementation of Sharia compliance and GCG at Bank Syariah Indonesia Tebing Tinggi Sudirman 2 Branch Office, while bridging a

knowledge gap by focusing on a specific context and introducing commonly occurring implementation issues.

B. THEORETICAL FRAMEWORK

The findings of this research can be compared to other relevant studies. Faozan emphasizes that the implementation of good corporate governance in Islamic banks should be guided by five principles: transparency, accountability, responsibility, fairness, and alignment with Islamic principles. The role of the Sharia Supervisory Board is crucial in overseeing and ensuring that the bank's operations adhere to Islamic principles, thereby contributing to the implementation of good corporate governance in Islamic banks. (Faozan, 2013). Sharia governance serves as a significant indicator of the overall implementation of good corporate governance. Additionally, Rahmat points out that principles such as transparency, accountability, justice, responsibility, and honesty are universal principles that are also found in conventional corporate governance. (Rahmat, 2017).

On the other hand, Sramawati and Lubis state that the level of Sharia compliance in Indonesian Islamic banks is already quite satisfactory, with a percentage exceeding 50%. This indicates that Islamic banks in Indonesia have made significant progress in ensuring Sharia compliance. (Saramawati & Lubis, 2019). Furthermore, Tikawati argues that the implementation of good corporate governance in Islamic financial institutions is increasingly important as it fosters trust within society and enhances the performance and progress of Islamic banking (Tikawati, 2012).

By incorporating these theoretical perspectives, this research contributes to the understanding of the implementation of good corporate governance and Sharia compliance in the context of Islamic banking.

C. RESEARCH METHOD

The research methodology employed in this study is qualitative descriptive, which aims to provide a detailed, systematic, and comprehensive description of phenomena or events. To achieve this, the researcher conducted direct observations, interviews with relevant parties, and document analysis (Arikunto, 2019; Sugiyono, 2020). These data collection techniques were used to gather information on the establishment and development of Bank Syariah Indonesia.

To examine the Sharia compliance mechanisms of Bank Syariah Indonesia, a qualitative approach was utilized. Data were collected through interactions with members of the Sharia Supervisory Board, the Sharia Audit Committee, and the Sharia Investment Committee, as well as through document and data analysis. The acquired data were then analyzed using Miles, Huberman, and Saldana's data analysis framework, which involves data condensation, data display, and drawing conclusions/verification (Miles, M.B, Huberman, A.M, 2014).

By employing the qualitative descriptive method, the researcher aims to provide a clear overview of the establishment and development of Bank Syariah Indonesia, as well as its Sharia compliance mechanisms. The results of this research are expected to provide valuable information for various stakeholders, including the general public, customers, regulators, and other relevant parties, to enhance their understanding of the development of the Islamic banking industry in Indonesia.

D. RESULT AND DISCUSSION

Vision, Mission, and Structure of BSI Tebing Tinggi Sudirman 2 Branch Office

The vision of BSI Tebing Tinggi Sudirman 2 Branch Office is to become a "Top 10 Global Islamic Bank." The mission of BSI includes:

1. Providing access to Sharia financial solutions in Indonesia, serving more than 20 million customers, being among the top 5 banks based on assets (500+T) and a book value of 50T by 2025.
2. BSI also aims to be one of the top 5 most profitable banks in Indonesia with a strong valuation (PB>2).
3. to be the preferred company for talented individuals, empowering society and committing to employee development with a performance-based culture.

The vision and mission of BSI Tebing Tinggi Sudirman 2 Branch Office reflect its commitment, long-term objectives, and action plans to become the best and most trusted Sharia bank. They emphasize sustainable growth, value creation for shareholders and society, and employee development through a performance-based work culture.

To achieve the vision and mission, BSI Tebing Tinggi Sudirman 2 Branch Office has established a strong and effective organizational structure. An efficient organizational structure plays a crucial role in maximizing performance and realizing

the company's vision and mission (Aditama, 2020; Gammahendra et al., 2014; James L. Gibson, 1990). This can be achieved by forming divisions aligned with their respective tasks and responsibilities, establishing efficient workflows, and ensuring appropriate employee placement.

A strong organizational structure creates a supportive and conducive work environment, enhancing employee performance and enabling them to meet customer needs and organizational goals. Additionally, a well-designed organizational structure facilitates effective issue identification and resolution (Ruky, 2022). BSI Tebing Tinggi Sudirman 2 Branch Office aims to develop a flexible and adaptive organizational structure to respond to rapid changes in the business environment, as illustrated in Figure 1.

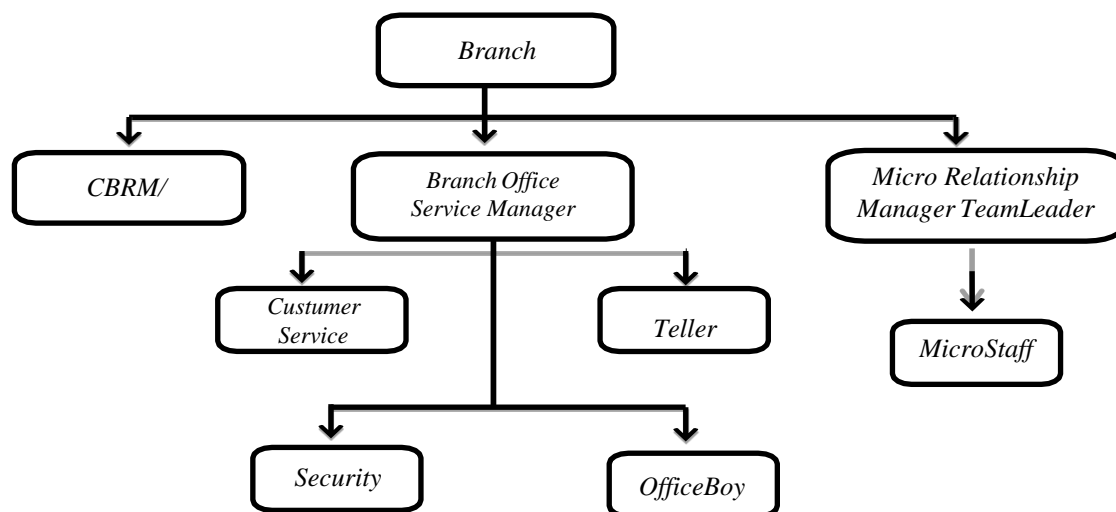


Figure 1. Organizational structure of BSI Tebing Tinggi Sudirman 2 Branch Office

Implementation of Sharia Compliance at BSI Tebing Tinggi Sudirman 2 Branch Office

In this study, interviews were conducted with key informants, including the leaders and the Branch Office Service Manager (BOSM) of BSI Tebing Tinggi Sudirman 2 Branch Office in January 21, 2022, and February 22, 2022. The research data obtained were analyzed based on the research questions.

Sharia compliance is a fundamental principle in Islamic banking, distinguishing it from conventional banking. The implementation of sharia compliance at BSI Tebing

Tinggi Sudirman 2 Branch Office aligns with banking regulations that incorporate sharia principles. The use of "*akad*" (contract) in every transaction ensures that banking operations comply with the rules and sharia principles. The leaders of BSI Tebing Tinggi Sudirman 2 Branch Office stated: "*The sharia principles are implemented through the presence of the 'akad' indicator in every transaction. Therefore, all transactions must utilize 'akad' to ensure compliance with the existing rules and sharia principles.*"

Regarding the products offered by BSI Tebing Tinggi Sudirman 2 Branch Office, data obtained from interviews with the Branch Office Service Manager indicated that all new products have received approval from DSN-MUI, the authorized institution for issuing sharia fatwas. The manager stated: "*In the process of fund distribution and collection, all products used in BSI Tebing Tinggi Sudirman 2 Branch Office have obtained halal (permissible) fatwas from DSN-MUI.*"

Sharia compliance has implications for all aspects of the Islamic banking industry, particularly sharia-compliant products. Principles related to Islamic banking products include the avoidance of *ribā* (interest), *garār* (uncertainty), *maisīr* (gambling), and *ḥarām* (forbidden) products. The implementation of sharia compliance at Bank Syariah Indonesia KCP Tebing Tinggi Sudirman 2 was further supported by observations and document studies. The gathered data led to the following conclusions, as presented in the table:

Tabel 1. Implementation of Shariah Compliance at BSI
Tebing Tinggi Sudirman 2 Branch Office

Implementation Aspect	Description
Transaction Procedures with Sharia Principles	In financing transactions, each customer must follow the contract procedure in accordance with sharia principles before financing is approved and funds are disbursed.
Internal Supervision	There is a regular supervision, audit and evaluation unit to ensure that all bank activities are in line with sharia principles.
Collaboration with the National Sharia Council-Majelis Ulama Indonesia (DSN-MUI)	Before introducing a new product, the bank ensures that it has been approved by the DSN-MUI as the institution authorized to issue sharia fatwas.
Training and Awareness	Employees are given an in-depth understanding of sharia

Implementation Aspect	Description
Raising	principles, including the prohibition of riba, garar and maisir. This aims to increase employees' awareness and understanding in applying sharia principles in every aspect of their work.
External Audit	In addition to internal supervision, BSI Tebing Tinggi Sudirman 2 Branch Office also involves independent external auditors to conduct periodic audits. This audit aims to verify the bank's compliance with sharia principles and provide assurance for customers that bank activities are carried out in accordance with sharia principles.

Source: Research Findings

Implementation of Good Corporate Governance

Good Corporate Governance (GCG) is a corporate management system that reflects the synergistic relationship between management and various stakeholders such as shareholders, creditors, government, suppliers, and the community. Bank Syariah Indonesia (BSI) has a responsibility towards multiple parties, including customers, shareholders, employees, and the community.

The application of GCG principles in financial institutions is crucial as it provides rules and systems to manage and operate a financial institution in accordance with applicable regulations. The implementation of GCG principles at BSI Tebing Tinggi Sudirman 2 Branch Office includes the following:

1. Transparency

BSI ensures open, timely, clear, and comparable information disclosure regarding its financial condition, corporate management, operational performance, and ownership. This includes disclosing material information about financials, corporate objectives, the board of commissioners and their remuneration, and future risk factors. Information should be prepared, audited, and disclosed according to high-quality standards in accounting, financial and non-financial disclosures, and auditing. The channels used for information dissemination should reflect fairness, timeliness, and cost efficiency to ensure the relevance of the information generated. BSI Tebing Tinggi Sudirman 2 Branch Office prepares and publishes financial reports on a monthly, quarterly, annual, and continuous

basis to enhance transparency in financial reporting.

2. Accountability

Accountability refers to the principles governing the roles and responsibilities of management in managing the company, ensuring their accountability, and supporting efforts to balance the interests of management and shareholders under the oversight of the board of commissioners. BSI defines the functions, rights, responsibilities, and obligations of each corporate organ and communicates them to all relevant parties. Clear responsibilities are established for each bank organ, aligned with the organizational structure and BSI's mission. Adherence to the Job Description List (JDL) specific to each position is required at BSI Tebing Tinggi Sudirman 2 Branch Office to ensure clarity of roles and responsibilities. Deviation from the JDL is not permitted, as it serves as a guide for employees to perform their tasks and align with the company's objectives.

3. Responsibility

BSI ensures corporate management by complying with regulations and applicable provisions, reflecting corporate responsibility as a good corporate citizen. The company aims to establish partnerships with stakeholders within the boundaries of laws, regulations, and ethical business practices. Decision-making at BSI Tebing Tinggi Sudirman 2 Branch Office is free from external pressures and conducted objectively, without any influence or intervention that contradicts applicable regulations.

4. Independence

Independence is essential for corporate organs to perform their duties effectively and make sound decisions. Each corporate organ at BSI operates in accordance with applicable laws and GCG principles, and no external party should interfere with the management of the company. BSI is responsible for compliance with applicable regulations, including tax matters, industrial relations, workplace health and safety, environmental protection, maintaining a conducive business environment with the community, and addressing customer complaints. BSI recognizes its accountability to stakeholders in its operational activities.

5. Fairness

BSI considers the interests of shareholders and stakeholders based on the principles of equality and fairness in its activities. All shareholders, including

foreign investors and minority shareholders, are treated equally. Shareholders of the same class receive equal treatment. Fulfilling stakeholders' rights is based on agreements and applicable laws and regulations, promoting fair treatment among various interests within the company. BSI Tebing Tinggi Sudirman 2 Branch Office provides fair services to all customers, ensuring they receive good and adequate service. Stakeholders are also provided with opportunities to express their opinions and provide input.

BSI Tebing Tinggi Sudirman 2 Branch Office adheres to the five principles of Good Corporate Governance (GCG): fairness, transparency, responsibility, independence, and accountability. The implementation of GCG principles is discussed in Bank Indonesia Regulation No. 11/33/PBI/2009, which focuses on GCG implementation for Islamic Commercial Banks and Islamic Business Units, specifically in Article 1.

The implementation of GCG at BSI is based on Islamic Banking Law No. 21 of 2008, Bank Indonesia Regulation No. 11/33/PBI/2009, Bank Indonesia Circular Letter No. 12/13/DPbS regarding GCG implementation for Islamic Commercial Banks and Islamic Business Units, as well as the Financial Services Authority Regulation No. 8/POJK.03/2014 and Financial Services Authority Circular Letter No. 10/SEOJK.03/2014, which provide guidelines for assessing the soundness level of Islamic Commercial Banks and Islamic Business Units.

In accordance with these regulations, Bank Syariah Indonesia conducts self-assessments every semester and year to evaluate the governance structure, processes, and results, and reports them to the Financial Services Authority. This ensures ongoing compliance with GCG principles at Bank Syariah Indonesia.

Proper and consistent implementation of GCG offers several benefits, including protecting stakeholders' interests, directing BSI towards a balanced authority necessary for business continuity and accountability to stakeholders, and providing strategic direction to support the achievement of BSI's vision and mission..

Based on interviews conducted with the management of BSI Tebing Tinggi Sudirman 2 Branch Office regarding the implementation of GCG, it was stated:

“... that these principles have been applied since the establishment of Bank Syariah Indonesia KCP Tebing Tinggi Sudirman 2, although challenges exist. For example, there is a need to improve professionalism among all employees. While

employees should prioritize common interests over personal interests, some employees may prioritize personal interests within the scope of the institution.”

The principle of responsibility was identified as the most dominant principle in the implementation of GCG and emphasized for every member of Bank Syariah Indonesia. Developing a sense of responsibility for one's work is seen as a trait that can be applied to other GCG principles.

Similarly, these principles have been applied at BSI Tebing Tinggi Sudirman 2 Branch Office since its establishment, despite obstacles. For instance, the lack of professionalism that should be possessed by all employees may lead to some individuals prioritizing personal interests over the public interest, which still falls within the institution's scope. Emphasizing the principle of responsibility is crucial, as it fosters a sense of responsibility among employees and supports the implementation of other GCG principles.

Efforts to Overcome Constraints in Sharia Compliance and Good Corporate Governance

Based on interviews with the management of BSI Tebing Tinggi Sudirman 2 Branch Office, several efforts are being made to overcome constraints in the implementation of Sharia compliance and Good Corporate Governance (GCG) at BSI. These efforts include:

1. Strengthening product knowledge training

This training aims to provide employees, especially those directly involved with customers or clients, with the necessary knowledge to develop and manage the products to be sold. The training focuses on information about the brand, price, trust in the product, and other related knowledge.

Employees' understanding of product characteristics is crucial in providing necessary information to customers, particularly when customers have limited knowledge about the products. This helps employees serve customers effectively and accurately, thereby enhancing customer trust in the products.

Furthermore, strengthening product knowledge training has several benefits, including improving employees' sales capabilities, fostering better relationships and trust between employees and customers, enabling professional execution of tasks in line

with Sharia principles (Huda et al., 2017), such as being meticulous, fast, accurate, and friendly. It also enhances employees' competency in providing customer service.

The types of product knowledge covered in BSI Tebing Tinggi Sudirman 2 Branch Office include: (a) knowledge of product benefits, (b) knowledge of product characteristics or specifications, and (c) knowledge of customer satisfaction related to the offered products.

2. Formation of Supervisory Team

Violations of Sharia compliance that go unnoticed by the Sharia Supervisory Board can damage the image and credibility of Islamic banks, potentially reducing public trust in them. As collectors and distributors of public funds, Islamic banks must have high levels of trust from the community and the business world.

To address this, the role of the Sharia Supervisory Board must be optimized. The qualifications for becoming a member of the board should be strengthened, and the formalization of their role in Islamic banks should be realized. The Sharia Supervisory Board plays an important and strategic role in ensuring Sharia compliance in Islamic banking. They are responsible for ensuring that all products and procedures of Islamic banks comply with Sharia principles. Juridically, the Sharia Supervisory Board in BSI holds a very strong position due to its crucial and strategic presence.

Optimizing the role of the Sharia Supervisory Board is vital to ensure that every transaction adheres to Sharia principles based on the Qur'an, Sunnah, and fatwas issued by the National Sharia Council of the Indonesian Ulema Council. As stated by the Head of BSI Tebing Tinggi Sudirman 2 Branch Office, the function of the Sharia Supervisory Board is to oversee the bank's daily operations to ensure compliance with Sharia principles, examine and make recommendations for new products required by the bank. The Sharia Supervisory Board actively monitors all transactions at BSI to rectify any mistakes that occur in Islamic banking operations, following the guidance of the National Sharia Council.

Discussion

Implementation of Sharia Compliance at BSI Tebing Tinggi Sudirman 2 Branch Office

Based on the results, it can be concluded that the implementation of Sharia

compliance at BSI Tebing Tinggi Sudirman 2 Branch Office has been carried out by utilizing existing contracts (*akad*). Therefore, every transaction must involve a contract, such as *murābahah*, *musyārahah*, *muḍārahah*, *ijārah*, *rahn*, and *wadī'ah*.

The operational system at BSI Tebing Tinggi Sudirman 2 Branch Office aligns with Sharia principles. These principles have been applied to the contracts used in every product offered by BSI Tebing Tinggi Sudirman 2 Branch Office. The products used in fund distribution and collection processes have obtained approval from DSN-MUI (National Sharia Council of the Indonesian Ulema Council).

The contracts utilized in the fund distribution process include *murābahah*, *musyārahah*, *ijārah*, and *rahn*. In the fund collection process, the contracts employed are *muḍārahah* and *wadī'ah*, which are adjusted according to the chosen savings type. These contracts are implemented in accordance with Sharia banking rules, and there are no specific conditions imposed as everything adheres to Sharia principles.

Furthermore, it is mandatory to record every transaction through financial statements for all fund distribution and collection activities (Anshori, 2018; Rahmawati, 2015). Therefore, it can be concluded that the products utilized by BSI Tebing Tinggi Sudirman 2 Branch Office are honest, fair, and transparent.

Implementation of Good Corporate Governance at BSI Tebing Tinggi Sudirman 2 Branch Office

The principles of Good Corporate Governance (GCG) have been applied at BSI Tebing Tinggi Sudirman 2 Branch Office since its establishment. However, there are still challenges in its implementation, as mentioned by the management during the interview:

"While the principles of GCG have been implemented since the establishment of BSI, there are inevitable challenges in their implementation. One of the challenges is the lack of professionalism that should be exhibited by all employees. Employees should prioritize collective interests over personal interests, but there are still some employees who prioritize personal interests over the common interests."

Moreover, he added:

"In the implementation of GCG, some employees still lack awareness and

understanding of GCG principles, resulting in ineffective implementation. Additionally, there are challenges arising from external factors, such as the accountability of customers who fail to fulfill agreements or commitments."

The implementation of GCG is crucial for Islamic banks as it demonstrates their accountability to the community by ensuring that the bank is managed well, professionally, and responsibly while considering the interests of stakeholders (Rini, 2019; Usanti & Shomad, 2022). Therefore, various efforts are necessary to address the existing challenges.

Efforts to Address the Implementation of Sharia Compliance and Good Corporate Governance at BSI Tebing Tinggi Sudirman 2 Branch Office

Based on the Based on the interview results with the management of BSI Tebing Tinggi Sudirman 2 Branch Office, several efforts have been made to address the challenges in the implementation of Sharia compliance and Good Corporate Governance (GCG). BSI Tebing Tinggi Sudirman 2 Branch Office has conducted various training programs to enhance employees' product knowledge and established a supervisory team.

In order to improve GCG, continuous and consistent efforts are made to enhance the principles (Romdhoni, 2015; Setyani, 2012), thereby increasing employee responsibility. These improvements have a positive impact on service quality and prompt problem-solving, ensuring that customer complaints are addressed, and the bank's reputation is maintained. Transparency is promoted through monthly controls in the form of published financial reports. Additionally, there is an increased focus on access to data for service purposes, and regular Internal Bank Audits are conducted to ensure compliance and identify areas for improvement.

E. CONCLUSION

Based on the research findings, it can be concluded that BSI Tebing Tinggi Sudirman 2 Branch Office has successfully implemented Sharia compliance in accordance with Sharia rules and principles. The bank applies Sharia principles in every transaction by utilizing appropriate contracts (akad). The products offered by BSI Tebing Tinggi Sudirman 2 Branch Office have received approval from the National

Sharia Council-Indonesian Ulama Council (DSN-MUI), the authorized institution for issuing Sharia rulings. This ensures adherence to Sharia principles in fund distribution and collection activities.

The implementation of Sharia compliance at BSI Tebing Tinggi Sudirman 2 Branch Office encompasses transaction procedures based on Sharia principles, internal supervision, collaboration with DSN-MUI, employee training and awareness programs, as well as external audits. These measures aim to ensure the bank's compliance with Sharia principles throughout its operations.

Furthermore, Bank Syariah Indonesia (BSI) Tebing Tinggi Sudirman 2 Branch Office upholds the principles of Good Corporate Governance (GCG), which reflect the synergistic relationship between management and other stakeholders. The applied principles of GCG include transparency, accountability, responsibility, independence, and fairness. Therefore, BSI Tebing Tinggi Sudirman 2 Branch Office demonstrates its commitment to both Sharia compliance and Good Corporate Governance, ensuring that the bank operates in accordance with Sharia rules and principles while maintaining strong relationships with stakeholders.

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