

The Nature of Conventional and Sharia Banking Operational Systems in South Sulawesi

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Abstract

The research aims to find out the nature of the operational system of conventional and Islamic banks. The research also aims to analyze and find the nature of the operational system of conventional and Islamic banking in South Sulawesi. This research design uses a quantitative approach, with the type of research being normative empirical. The results showed that the nature of conventional and Islamic banking operations in terms of philosophical, juridical and sociological aspects does not reflect ideal values because Islamic banks in practice are still found deviations, especially in matters related to sharia compliance. The operational system used by conventional banks is to use a credit or loan interest calculation system (invest note), the high and low interest rates in the community are influenced by various factors, namely: public liquidity, expectations, and inflation, The amount of domestic interest rates and Expectations of exchange rate changes and premiums for risk, While Sharia Banks are operationally based on the concept of Islamic *Muamalah* in accordance with the lines that have been determined in the Al-Qur'an and As-Sunnah, banks that operate in accordance with Islamic sharia principles. Some of the obstacles and problems faced in the development of Islamic Banks in South Sulawesi can be overcome by the role of educational institutions which in this case do play a role as human resource creators, the development of Islamic bank office networks is also needed to expand the reach of services to the community.

Keywords: Operational System, Conventional Bank, Islamic Bank, Interest System, and Profit-Sharing System.

Introduction

Managing an account as one of the monetary teach contains a vital esteem within the economy of a nation. The institution is expecting as an middle person between parties who have abundance stores and parties who need stores. Money related teach, specifically banks, are locked in in credit exercises, and the different administrations given by banks serve financing needs and dispatch installment framework instruments for all financial components (Djumnana, 1993). Managing an account as a business-oriented monetary institution carries out different

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exchanges. The most managing an account exchanges are raising stores (subsidizing and channeling reserves (loaning) in expansion to other managing an account exchanges in arrange to back the exercises of raising and channeling stores is to supply other bank administrations (administrations) (Usanti, 2013).

The managing an account framework in Indonesia is called the double managing an account framework, the reason of the double managing an account framework is the usage of two managing an account frameworks (ordinary and sharia) side by side whose execution is directed in different pertinent laws and controls. Commercial banks based on sharia standards don't conduct business activities ordinarily. The most arrangements stipulated by Bank Indonesia incorporate, among others: (Sjahdeini, 1999).

1. Business activities and bank products based on sharia principles
2. Establishment and duties of the Sharia Supervisory Board.
3. Requirements for opening a branch office that conducts business activities conventionally to conduct business activities based on sharia principles.

At show, numerous huge banks from America and Europe have an Islamic window. In other words, they moreover carry out Islamic keeping money commerce exercises in expansion to routine businesses. In Indonesia, the presence of Islamic keeping money could be a appearance of the want of Muslim communities who require a keeping money framework that gives managing an account administrations that meet Sharia Standards, which are free from usury. The ancient managing an account law, Law Number 14 of 1967 concerning Managing an account Standards, did not control trade exercises based on sharia standards. The number of Muslim populace in Indonesia recorded at 87% has the potential to contribute to the Islamic economy in Indonesia. (Ilmiah, 2019)

With a huge Muslim populace within the world, the potential improvement of Islamic Monetary Educate in Indonesia ought to be indeed faster, uncovering that Islamic managing an account is an elective budgetary service provider in expanding the whole financing of venture ventures for businesspeople who as it were utilize sharia-based monetary administrations. With the development and opening of modern commerce arrive through Islamic keeping money financing, it is trusted that the increasing speed of the financial wheel in Indonesia. Sharia standards are standards that agree with the rules in Islamic law which forbid usury, maisir, gharar, haram, and zalim in Islamic managing an account trade exercise. The values of equity, fellowship, value and advantage are the standards of financial democracy. While the guideline of judiciousness requires the bank to continuously watch out in carrying out its trade exercises. The guideline of equity itself is inferred in QS An-Nahl 90: Meaning: Verily, Allah orders equity and kindness, and giving to one's family, and Allah prohibits fiendish deeds, wrongdoing and enmity. He gives you instructions so that you simply may learn. Islam clarifies that equity could be a shape of adjust between rights and commitments that must be satisfied. The presence of equity is to progress the welfare of the community, by emphasizing harmony in Harmony. There are no more nitty gritty arrangements with respect to

banks conducting commerce exercises based on Sharia Standards in Law Number 7 of 1992 concerning Keeping money.

In expansion, Islamic banks too have a social work as stipulated in Article 4 passage (2), (3) and (4) of the Islamic Keeping money Law, that Islamic banks and Islamic Commerce Units can carry out social capacities within the shape of baitulmal teach, specifically accepting stores from zakat, infaq, sadaqah, awards, or other social reserves and channeling them to zakat administration organizations. Islamic banks and Sharia Trade Units can collect social stores determined from cash waqf and convey them to waqf supervisors (nazhir) in agreement with the will of the waqf provider (wakif). Other social fundsimplies, among others, bank incomes inferred from customers (ta'zin). Sharia Bank could be a Bank that conducts its trade exercises based on Sharia Standards. Sharia standards are the standards of Islamic law in keeping money exercises based on fatwas issued by teach that have the specialist to decide fatwas within the field of sharia. In quintessence, Islamic banks are the same as other commercial banks that already exist in Indonesia. Both run keeping money commerce hones in common such as keeping stores within the shape of reserve funds and stores, as well as channeling bank credits. The distinction between the two lies within the operationalization framework. Islamic banks utilize sharia standards whereas other commercial banks utilize ordinary keeping money frameworks (Yusmad, 2018).

Efforts to develop Islamic banking in Indonesia are actually not only a juridical consequence of the Banking Law and Bank Indonesia Law, but are an integral part of efforts to restructure the conventional banking system aimed at increasing the resilience of the National economy. In subsequent developments, the sharia banking sector received serious attention, especially and banking authorities in Indonesia, in this case Bank Indonesia, various promotions and socialization to the public, the aim of strengthening an efficient banking system and supporting stable monetary sector policies in improving the national economy after the crisis. The presence of these banking institutions is in line with the increasing awareness of Muslims towards Islamic rules and Shariah. This increase in understanding is usually said directly or indirectly as a result of development, especially in the field of religion. This phenomenon shows a change in the transformation of Islam, especially in the economy which is based on changing the institution of interest by establishing the principle of profit sharing in order to comply with the teachings of the Qur'an, which is then realized by the establishment of Islamic banks or Shari'ah banks as stipulated in the Qur'an and Hadith (Zuhri, 1996).

Indonesia has the most Sharia Banks in the world. According to OJK data in Sharia Banking Statistics (SPS) as of June 2019, the number of Sharia Commercial Banks (BUS) in Indonesia is currently 14 banks, and the number of conventional banks that have Sharia Business Units (UUS) is 20 UUS. The number of Sharia Commercial Bank (BUS) and Sharia Business Unit (UUS) offices as of June 2019 was 2,332 offices, with a total workforce of 55,209 people. Coupled with the Sharia People's Financing Bank (BPRS) of 162 banks, with a total of 622 offices, with a workforce of 6,738 people. So, the total number of Islamic Banks in Indonesia as of June 2019 was 196 banks. The global economic recovery continued

in the first quarter of 2023 which was characterized by improved financial sector growth, including the Islamic banking sector.

Islamic banking assets in March 2023 amounted to Rp.814 trillion, growing 17.69% (yoy) compared to the previous year's position of Rp. 692 trillion. This growth was stable and increased from the previous year by 14.25% (yoy). The growth of Islamic banking assets in the first quarter of 2023 was also the highest asset growth over the past two years. The significant increase in assets in the third quarter and fourth quarter of 2022 also continued in the first quarter of 2023. With the Indonesian economy continuing to improve, it is expected to accelerate the growth of Islamic banking assets in the future.

The improvement of Islamic money related teach is additionally demonstrated by the tall number of BMT (Baitul Maal Wat Tamwil) which is right now assessed to reach 4500 pieces. BMT itself is an Islamic monetary institution that gives Islamic financing administrations to smaller scale businesses for its individuals. The presence of BMT is vital, particularly to reach provincial regions (rural division and casual segment). The improvement of the Islamic economy is additionally apparent with the establishment of the Micro Waqf Bank, which capacities to supply administrations to supply access to financing for individuals who have not been associated to formal money related educate, particularly within the Islamic boarding school environment. As of Walk 2023, OJK recorded that 41 Small scale Waqf Banks have been built up in Indonesia. The administration of Zakat and waqf has too advanced. Endeavors to fortify Zakat Administration proceed to be made by the government, for the case with the issuance of Law No. 23 Year 2011 on Zakat Administration. The reason for the issuance of the law is to extend the adequacy and proficiency of administration within the administration of zakat and increment the benefits of zakat to realize community welfare and destitution diminishment. In connection with Waqf administration, the government has issued Law No. 41/2004 on Waqf. The law makes a modern worldview of waqf administration in Indonesia, particularly cash waqf administration. This changes the open worldview that the question of waqf property isn't as it were arrive, but moreover incorporates mobile products, such as cash and other securities (Antonio, 2001). These advances cannot be separated from the development of Islamic philanthropy in Indonesia. According to Hilman Latief's analysis, the emergence of Islamic philanthropy in Indonesia is a phenomenon of the concern of the upper middle class Muslim community for humanitarian issues.

The advancement of Islamic financial matters on the one hand makes energy over the good faith of the longer term of Islamic financial matters as an 'alternative financial system'. But on the other hand, it presents unused challenges for quality change. The development of Islamic economics should not as it were dependent on the money related division but should be fortified within the real segment. The portfolio of Islamic managing an account item that energize the growth of the real sector, such as mudharabah and musyarakah financing, should be expanded. back. Foundations, sharia open monetary teach too got to be overseen to form cooperative energy and harmonization. In this way, the improvement of

Islamic financial matters will be delighted in by the more extensive community, particularly the destitute (Efendi, 2019).

A prospect that shariah banks can develop as universal banks, namely commercial banks and banks that conduct business/investment activities (investment banking). (Sitompul, 2002) There are two legal regulations Law No. 7 of 1992 and Government Regulation No. 1972, where sharia banks are understood as banks that apply the principle of profit sharing, and the rest must comply with conventional-based general banking regulations. As a result, many banking products and management adopted convention banking that was shari'ahized, so that shari'ah banking lost its meaning and identity as a shari'ah bank and the needs of the community were not accommodated, and the existing products were not competitive. Seeing this phenomenon, the government set a policy by issuing Law Number 10 of 1998 concerning Banking.

The nearness of Law No. 10 of 1998 appears that the government through Bank Indonesia gives the largest conceivable opportunity for the community to set up a bank based on shari'ah standards and at the same time suit the yearnings and needs of the Muslim community who have been needing a shari'ah bank. In expansion, it too opens to tradition banks to open particularly sharia department workplaces by not blending working capital and bookkeeping. In expansion, it moreover gives openings for remote banks to take after the sharia framework in Indonesia, which reinforces the presence of sharia managing an account is the issuance of Law Number 21 of 2008 concerning Sharia Keeping money. The merger between 3 Islamic banks claimed by state-owned backups, to be specific Bank Syariah Mandiri (BSM), BNI Syariah (BNIS), and BRI Syariah (BRIS) into PT Bank Syariah Indonesia Tbk (BSI), which has been effectively working since February 1, 2021, is one of the government arrangements actualized as an effort to be able to form all-inclusive steady Islamic economy by giving total administrations, extending reach and certainly in understanding with Muslim standards.

According to Dadan Muttaqien, conventional banking is based on unfair interest and Islamic banking is based on fair profit sharing. Although sharia banking has begun to operate, the enforcement of its implementation still has problems such as what happens to banks that apply dual banking systems, where banks run on conventional methods and sharia principles. (Muhammad, 2002) Legal issues can be seen where the bank may violate the applicable banking regulations and also the health level of the bank concerned, and in terms of its operations, legal problems can occur, for example, such as tax transactions on sales and purchase contracts that result in a double taxation system, namely taxes arising from sales made by customers in addition to income tax (Iska, 2012).

This reduces the competitiveness of shari'ah banks, as only financing contracts are perceived as borrowing, the bank may not ask for compensation except for administrative costs. However, in the operation of the sharia bank, this contract is subject to a tax charged to the borrower (qaradh recipient). This implementation removes the social meaning of Islam, which is mutual aid, a sense of justice, voluntarism and equality. The implementation of banking operations shows that

sharia banks are temporarily considered incapable and powerless to eliminate usury interest. If there is no action and supervision of Bank Indonesia, it will add to the bad image of sharia banks which are considered as Islamic labeling only.

Research Methods

This research applies to normative empirical research methods. This method is a very suitable instrument for parsing the problems in this dissertation. The research objects in this study are conventional banks and Islamic banks. Data The data analysis technique used in this research is qualitative data analysis technique by means of context analysis from literature review and statement analysis from the results of interviews from informants (Sugiyono, 2017).

Discussion

Conventional Banks a Theoretical Study Between Systems and Operations

Bank comes from the Italian word “Banco” which means a piece of board for a table-like book. It was expanded to denote a money changer, to showcase money and functioned by lenders and currency traders in medieval Europe (Muslehuddin, 1994). Agreeing to G.M. Verryn Stuart, a bank is an substance that points to fulfill credit needs either with its claim implies of installment or with cash gotten from others or by circulating modern implies of trade with chiral In Law No. 14 of 1967 article 1 Bank can be deciphered as a budgetary institution whose primary trade is to supply credit and administrations in installment activity and cash circulation. Moreover in Law No.7 of 1992 Chapter 1 Area 1.1. That the bank may be a commerce substance that collects reserves from the open within the shape of stores and conveys them to the open in arrange to progress the standard of living of numerous.

From the several definitions of banks above, what is meant by a conventional bank is a type of financial institution that provides services, such as collecting funds from the public, channeling funds to the public in the form of credit, and facilitating trade transactions using an interest calculation system (Interest Forgone). The National Commercial Bank experienced a rapid increase so that it opened II branch networks in various cities, since 1954 it received permission to operate as an overseas foreign exchange bank and correspondence with international banks. As a foreign exchange bank, the board of directors actively went abroad to build relationships with correspondence banks in order to improve the bank. For example, at present, the management system of business mission banks is often colored by political elements.

The operational framework utilized by routine banks is to utilize a credit or credit intrigued calculation framework (contribute note), whereas what is implied by intrigued is as a expense given by banks to clients for buying or offering their items, or in other words that intrigued is the cost to be paid to clients for having stores and the cost to be paid by clients to banks since clients are borrowers or indebted individuals. With respect to the tall and moo intrigued rates within the community since it is impacted by different components, specifically: Open liquidity, Desires, Expansion, The sum of residential intrigued rates and Desires of trade rate changes and premiums for hazard (Bank Indonesia, 1990).

Islamic Bank A Theoretical Study Between System and Operations

Islamic banks are banks whose operations are based on the concept of Islamic muamalah in agreement with the lines that have been decided within the Al-Qur'an and As-Sunnah. The definition of Islamic Bank could be a bank that works in understanding with Islamic sharia standards, in other words, a bank whose working framework alludes to the arrangements decided by the Qur'an and the hadith of the witness. There are moreover those who interpret that Islamic banks are money related teach whose fundamental trade is to supply credit and administrations in installment and circulation of cash whose operations are balanced to the standards of Islamic sharia (Hoeve, 1994).

Within the direction of the Government of the Republic of Indonesia No. 72 of 1992 that banks based on the concept of benefit sharing based on sharia are used by a bank within the to begin with case, deciding the rewards that will be given to the open. In association with the utilize of open stores endowed to him. Moment, deciding the rewards that will be given in association with the arrangement of stores to the open within the frame of financing both for venture and working capital purposes (Afif, 1996).

The primary step to set up an Islamic bank in Indonesia, beginning from the workshop Bank Intrigued and Banking held by MUI on 18-19 in Bogor and reaffirmed in munas IV MUI at inn sahid Jakarta on 22-25 Admirable 1990. not all of them marked the deed of foundation of PT. Bank Muamalah Indonesia on 1 November 1991 at inn syahid some time recently legal official Yudo paripurno SH, with notarial deed No. 1 dated 1 November 1991 (Serve of Equity Allow No. C 2. 2413. H I 01.01. dated 21 Walk 1992 No. 34. (Harahap, 1997) Commitments for shares had already begun to emerge totalling Rp. 84 billion. Two days later, the people of West Java were invited by Mr Suharto to the Bogor Palace for a gathering with the people of West Java to sell shares in the establishment of an Islamic bank.

Islamic keeping money has teach that are to some degree distinctive from routine managing an account. In Islamic managing an account, banks are separated into Islamic commercial banks, Islamic commerce units, and Islamic BPRs. Exterior the bank there's the National Sharia Board, Sharia Supervisory Board, National Sharia Intervention Board, Bank Indonesia and the Money related Administrations Specialist. Based on the concept, the operation of Islamic Banks comprises of five frameworks, specifically: (1) Unadulterated store framework (2) Profit sharing framework within the conveyance of Islamic bank stores. (3) Deal and buy framework and benefit edge. (4) Rental framework (al-ijarah) (5) Charge system (services). Pure store framework or al-wadiah could be an office given by Islamic banks to supply opportunities for parties who are in abundance and to store their stores within the bank. This facility isn't the reason for speculation (Warkom Sumitro, Jakarta, 2004). In dialect al wadiah could be a store, which could be a unadulterated store from one party to another, both people and lawful substances, which must be watched and returned at whatever point the depositor wishes (Ahmad, 2016).

There are three types of Islamic bank deposits, namely: Mudharabah Savings, Mudharabah Deposits and Wadiah Current Accounts. The definition of

Mudharabah is a form of cooperation between the customer and the manager to run a business that produces profit. This mudharabah savings is a third-party savings as *sahibul mall* and the bank as *mudharib*. This profit is shared according to a mutually agreed profit ratio. The provisions are regulated by the bank concerned. (Assyaf, n.d.) That is, it cannot be done using a cheque. While the types of mudharabah savings are: mudharabah savings (TABAH), trendy savings, hajj savings, qurban savings, and umat savings. And the facilities obtained in savings include ATMs, Phone Banking, and Accident Insurance without premium fees. (Sударsono, 2012)

Mudharabah deposits are third-party deposits in banks in rupiah or foreign currencies whose withdrawals can only be made at maturity, according to the time. Likewise, the operational principle is that the customer acts as the owner of capital (*sohibul mal*), and the bank acts as an entrepreneur (*mudharib*). *Giro wadiah*, is a third-party deposit to the Bank whose withdrawal can be said at any time by using cheque, *bilyet giro* or book transfer. While the operational principle is that the customer as a depositor (in terms of funds) and the bank as a trustee who is allowed to use and be responsible for using and being responsible for the deposit of funds (Assyaf, n.d.).

Benefit sharing framework, this framework may be a strategy for sharing commerce that comes about between support suppliers and support supervisors, which occurs between banks and finance investors, this may take the shape of mudharabah and musyarakah. Musyarakah in Islamic keeping money is characterized as a organization between two or more parties in a extend, where each party is entitled to all benefits and is dependable for all misfortunes caused in agreement with their particular articulations.

Islamic banks in financing activities carry out the following provisions First, Islamic bank financing funds with their customers cooperate by providing funds (the source of funds comes from both parties, namely *shahibul mal* and *mudharib*). Second, in using the funds the *shahibul mal* (bank) 'may' participate in borrowing *mudharib*. Third, *Shohibul mal* (Bank) 'may' ask for collateral, Fourth, financing activities carried out by Islamic banks based on musyarakah in the form of L/C and Join Financial (Sumitro, 2005).

Mudharabah from the point of view of the financial specialist can be deciphered as an association between the two parties, where the primary party (*Shohibul Mal*) gives the reserves, and the moment party (*mudharib*) is dependable for overseeing the trade. Benefits are shared concurring to a commonly agreed profit proportion. Progress. Within the occasion of a misfortune, *shahibul mal* will lose in return for difficult work and administrative abilities amid the extend (Sumitro, 2005). The Sale and Buy Framework and Benefit Edge may be a framework that applies a deal and buy strategy where the bank will purchase the products required in development or designate the client as an specialist and the client in his capacity as a bank makes buys of products on sake of the bank, at that point the bank offers the products to the client at the buy cost furthermore benefit (Sumitro, 2005).

The Lease System (al-Ijarah/al-Ta'jiri) is an agreement to transfer the right to use (benefits) of an asset or service while the ownership of the asset remains with the leaser. Conversely, the tenant or service user has the obligation to pay rent or wages (Nurhayati, 2014). There are two lease systems in Islamic banks: al-Jarah and al-Ta'jiri. Al-ijarah is a self-service agreement that gives the tenant the opportunity to use the leased goods in exchange for rent in accordance with the agreement, after the lease period ends the goods will be returned to the owner (Ascarya, 2011).

While al-Ta'jiri is a lease contract agreement that is the same as al-jarah, but after the lease period ends the owner of the leased goods to the tenant at an agreed price. Fee System (Services) This system is a system of activities covering all non-division services provided by banks, forms of services based on this concept are: a. providing guarantees with the basic concept of al-kafalah, namely banks can provide guarantees or customer requests to guarantee the implementation of projects to fulfil certain obligations by guaranteed parties, and keving incaso and c. providing transfers.

Law No. 10 of 1998 was a breath of fresh air for the Islamic banking industry. Since the enactment of the law, the number of Islamic banking office networks has grown very rapidly. Whereas in 1991 there was only one main office (BMI only) and only one branch office, the current position (November 2004) of the Islamic banking office network has reached 18 Islamic head offices/business units, 146 operational branch offices, 50 sub-branch offices, and 130 cash offices (BSI, 2023).

The business network and operating areas of Bank Syariah Indonesia (BSI) are supported by regional offices to functional operating offices, which by 2023 are detailed below.

Table 1: Business network and operating areas of Bank Syariah Indonesia (BSI) in the form of regional offices to functional operating offices 2021-2023

This rapid growth is partly due to the expansion of Bank Syariah Indonesia.

| No | Jenis Kantor | 2023 | 2022 | 2021 |
|----|----------------------------------|-------|-------|-------|
| 1 | Kantor Wilayah | 10 | 10 | 10 |
| 2 | Kantor Cabang (KC) | 153 | 153 | 272 |
| 3 | Kantor Cabang Luar Negeri (KCLN) | 1 | 0 | 0 |
| 4 | Kantor Cabang Pembantu (KCP) | 886 | 959 | 985 |
| 5 | KCP Mobile (dhi: MKK) | 60 | 60 | 0 |
| 6 | Kantor Fungsional (KF) | 91 | 96 | 34 |
| 7 | Kantor Kas (KK) | 0 | 0 | 74 |
| 8 | Payment Point (PP) | 0 | 0 | 179 |
| 9 | Konter Layanan Priority | 20 | 16 | 11 |
| 10 | Anjungan Tunai Mandiri (ATM) | 2.571 | 2.548 | 2.618 |

At the beginning of the establishment of the number of mobile sub-branches there were no branches, but within one year the number reached 60 branch offices, pawn

services from 530 to 765 offices in 2023, priority service offices increased from 11 offices to 20 service offices. While those that experienced a decrease were among others the number of branch offices from 272 to 153 offices, sub-branch offices from 985 to 886 offices and the elimination of cash offices and payment points.

For the Asset Development of Bank Syariah Indonesia from 2021 to 2023, it can be seen in the following table:

Table 2: Development of Islamic banks in terms of financial ratios in 2021-2023

| Uraian | 20 | 20 | 20 |
|--|-------------|-------------|-------------|
| | 23 | 22 | 21 |
| Giro Mudharabah. | 32.353.865 | 22.723.088 | 13.281.319 |
| Tabungan Mudharabah | 77.700.070 | 72.269.706 | 64.538.367 |
| Deposito Mudharabah | 115.848.096 | 100.485.930 | 98.183.782 |
| Jumlah Dana Syirkah Temporer Bukan Bank | 225.902.031 | 195.478.724 | 176.003.46 |
| Dana Syirkah Temporer Bank | 780.203 | 933.938 | 1.010.20 |
| Sukuk Mudharabah Subordinasi | 200.000 | 1.375.000 | 1.375.000 |
| Sukuk mudharabah yang diterbitkan | 3.608 | - | - |
| | | | |
| Pembiayaan yang Diterima | 776.250 | 778.375 | - |
| JUMLAH DANA SYIRKAH TEMPORE R | 227.662.092 | 198.566.037 | 178.388.671 |

Source: Laporan Tahunan BSI, tahun 2024

Based on the table, the position of mudharabah current accounts in 2023 reached Rp32.35 trillion, an increase of 42.38% or Rp9.63 trillion compared to 2022 which amounted to Rp22.72 trillion. The increase was mainly from mudharabah current accounts denominated in foreign currencies. Mudharabah savings in 2023 reached Rp77.70 trillion, an increase of 7.51% or Rp5.43 trillion compared to 2022 of Rp72.27 trillion. The increase was mainly from rupiah-denominated mudharabah savings.

Mudharabah deposits in 2023 reached Rp115.85 trillion, an increase of 15.29% compared to 2022 of Rp100.49 trillion. The increase was mainly from rupiah-denominated mudharabah deposits. Bank Temporary Syirkah Funds In 2023 the amount of bank temporary syirkah funds was recorded at Rp780.20 billion, a decrease of 16.46% or Rp153.74 billion compared to 2022 which amounted to Rp933.94 billion. The decrease was dominated by bank deposits amounting to Rp137.72 billion. Subordinated Mudharabah Sukuk In 2023 there was a subordinated mudharabah sukuk maturing amounting to Rp1.38 trillion. On 15 December 2023, Bank BSI re-issued subordinated sukuk mudharabah amounting to Rp200 billion with a maturity period of 5 years (BSI, 2023).

The Nature of Conventional and Sharia Banking Operational Systems in South Sulawesi

The nature of conventional and Islamic banking operational systems in terms of three aspects, namely, philosophical aspects, juridical aspects, and sociological aspects are as follows:

a. Philosophical Aspects

Philosophically, Islamic banking is a financial institution that is in accordance with the ideology of the Indonesian nation, namely Pancasila and the opening of the 1945 Constitution (Mustaghfirin, 2006). Pancasila, which provides a foundation of values ranging from the first precept 'Belief in One God, to the fifth precept 'Social Justice for All Indonesian People", none of the five precepts contradict Islamic banking which applies sharia principles of sharing profits and losses. Likewise, Islamic banking is in accordance with the preamble of the 1945 Constitution which outlines an ideal as a just and prosperous Indonesian state, which is also one of the objectives of the Islamic banking legal system in Indonesia.

Indonesia, which has a majority Muslim population, Islamic banks are philosophically not only based on Pancasila and the 1945 Constitution but also have a solid foundation based on Islamic law, namely in accordance with the Qur'an and Hadith, especially in terms of the prohibition of running the economy with usury for Muslims. Muamalah that has been based on the Qur'an and Hadith according to the theory of shahadah that every Muslim who has made ayahadat to embrace Islam has a logical consequence of being obliged to carry out Islamic sharia, as required in the Qur'an letter 1 (5), letter 2 (179), letter 3 (7), letter 4 verses (13, 14, 49, 63, 69 and 109), letter 5 (44, 45, 47, 48, 49 and 50).

The philosophy of the existence of Islamic banks in Indonesia, which is based on the Qur'an and hadith, is implemented in the principle of sharing profits and losses that are fair to all parties, both for customers and for Islamic banking institutions. Based on this philosophy, Islamic banking is an ideal institution for the Indonesian people, so its implementation should also be in accordance with the underlying philosophy. This philosophy positions Islamic banking institutions to have a very important role and function in the life of the Indonesian people. As a developing country that is actively carrying out development in all fields with the aim of realising a just and prosperous society based on Pancasila and the 1945 Constitution (Hasan, 2000).

The role of Islamic banking for the Indonesian nation is to solve economic, social, cultural, educational and political problems. (Nafis, 2011) The role and function of banks in the business context is as a financial intermediary between fund owners and entrepreneurs who manage funds, as well as having an important role in two things, namely implementing the mandate of the 1945 Constitution on economic equality for the community and supporting the country's economic development. Therefore, the banking business is often called the heart of the driving force of a country's economy, so if banking is destroyed in a country, as a result, the country's economy will also collapse as experienced by Indonesia. (Juwana, 1998) Nowadays, there is almost no one who does not deal with banks either as savers or borrowers of funds, so it cannot be denied that banks are currently a primary need as well. The facts that surround us with the use of banking services are electricity payments, PAM and tuition payments, all of which require bank services in financial services related to payments.

Based on this solid philosophy, the ideal Islamic banking function was also born with Islamic banking products that apply profit and loss sharing. Based on its function, the bank has three functions, namely the function of collecting funds, the function of channeling funds and the function of facilitating payment traffic. In addition to these three functions, Islamic banking adds one function, namely the social function related to the collection of zakat, infaq, sadaqah funds and channeling them to the rightful ones.

b. Juridical Aspects

The position of Islamic financial law within the lawful framework in Indonesia juridically has picked up authenticity and legitimate certainty formally. In this case, Islamic financial matters in a juridical point of view implies that the regulate of Islamic financial law is one of the concrete shapes of the change prepare of the Islamic financial law sub-system to gotten to be a fundamentally portion of the national legitimate framework and gotten to be a set of rules administering the operational framework of Islamic financial exercises. In turn, it fortifies the authority of Islamic law within the operation of Islamic financial concepts and frameworks. In this sense, the presence and authorization of Islamic law specialist has gotten formal juridical direction within the legitimate arrange of keeping money commerce exercises and indeed in Islamic financial exercises. Naturally, the lawful

premise of Islamic financial matters too rests on section 1 of Pancasila and the 1945 Structure as the premise of the state. As the arrangements of Article 29 passage (1) of the 1945 Structure which peruses. The state is based on God All-powerful; and (2) The state ensures the flexibility of each citizen to grasp their individual religions and to adore agreeing to their religion and beliefs. These juridical arrangements open up space for the usage of sharia financial exercises in Indonesia which are suited by the state (Candra, 2016).

The legitimacy of Islamic financial law has moreover been obliged in different national laws and controls. Among them are Law No. 7 of 1992 on Keeping money, Government Direction No. 72 of 1992 on Banks based on Benefit Sharing Standards, Law No. 10 of 1998 on Corrections to Law No. 7 of 1992 on Managing an account. At that point, it was fortified through Law Number 23 of 1999 concerning Bank Indonesia, until the sanctioning of Law Number 21 of 2008 concerning Islamic Managing an account. This appears that the position of Islamic financial law within the legitimate system in Indonesia, particularly within the keeping money framework in Indonesia, has picked up authenticity and lawful certainty in a formal juridical way (Habibullah, 2017).

Law No. 21 of 2008 seen from a formalistic juridical approach with a legal umbrella (Law No. 3 of 2006, Law No. 4 of 2004) is certainly an understanding of the law in the context of the changing life of Indonesian society, increasingly diverse and complex needs are the reality of the demands of legal needs and the law is not just to be studied logically rationally but the law is made to be implemented. The realisation of the goals, values or ideas contained in legal regulations is an activity that does not stand alone, but has a close reciprocal relationship with society (Rahardjo, 2007).

Within the setting of the totality of the managing an account legitimate framework, sharia standards as a run the show of understanding based on Islamic law are a detail of the rules of *ahkam almu'amalah* in Islam, particularly a set of rules of *ahkam al- iqtisadiyyah wa al-maliyah* that have been legitimately actuated and changed into a positive legitimate sub-system. The application of sharia standards as a frame of advancement of the guideline of benefit sharing based on sharia, or the guideline of *muamalah* based on sharia within the operation of keeping money commerce exercises, is basically a establishment for the design of bank relations with clients within the operational framework of managing an account commerce exercises (Tutik, 2016). The national banking system that is transforming from a single banking system to a dual banking system certainly requires the readiness of the government to be responsive to the availability of supporting tools such as infrastructure, human resources and most importantly the completeness of legal instruments in the form of regulations stipulated in the laws and regulations on Islamic banking in a hierarchical manner in accordance with regulatory functions.

Islamic banking in Indonesia has two legal bases, namely sources of Islamic law and sources of positive law. Islamic law sources include legal sources and agree legal arguments such as the Quran, Hadith, *qiyas*, *ijma* and legal arguments that are not agreed upon such as *maslahah mursalah*, *istihsan* and so on. The sources of

positive law incorporate Law No. 21 of 2008 concerning Islamic Keeping money and passed laws. Legitimate sources that can be utilized as a juridical premise for Islamic keeping money in Indonesia can be classified in two angles, specifically standardizing law and positive law. Standardizing law implies the lawful premise that comes from Islamic standards, specifically the Qur'an and Hadith. This incorporates the Fatwa of the National Sharia Chamber of the Indonesian Ulama Committee (DSN-MUI) and the Compilation of Sharia Financial Law (KHES). Positive law means the legal basis derived from banking laws, Bank Indonesia Law, Bank Indonesia Regulations (PBI) or other legal basis that can be categorised as positive law (Dahlan, 2012).

c. Sociological Aspects

Sociologically, Islamic managing an account is additionally in agreement with desires of Indonesian society. Firstly, the larger part of the Indonesian populace are Muslims who require a bank that's in agreement with Islamic standards, to be specific sharing benefits and misfortunes, furthermore, the hone of profit-sharing Islamic keeping money is as of now portion of the culture of the Indonesian individuals who in different economic activities continuously apply in terms of exchange, horticulture, marine conjointly creature cultivation (Muttaqien, 2007). So, agreeing to Dadan Muttaqien, Islamic managing an account has gotten to be a sine quanon of its presence in Indonesia, since it agrees with the culture of the country and the trade exercises carried out by the Indonesian individuals.

The ideal development of Islamic banking law in fact still has weaknesses, especially in terms of achieving the goals of justice coveted by the Indonesian people in forming Islamic banking institutions (Kristianti, 2020). Whereas the age of Islamic banking is now more than 23 years old, starting from Law No. 7 of 1992 which regulates profit sharing, until now in 2015. It is quite a long age because when measured by human development, 23 years is the age for teenagers who have entered adulthood and maturity. It is fitting that Islamic banking law has reached an establishment that applies justice in the practice of the principle of sharing profits and losses.

Justice is the commander in the implementation of Islamic banking in accordance with the mandate of Law Number 21 of 2008 concerning Islamic Banking, because the true existence of Islamic banking is to implement justice in the economic field. This is in accordance with the purpose of law based on the theory that:

1. Ethical theory. According to the ethical theory, the law aims to implement ethical human beliefs, namely justice.
2. Utilitarian theory. According to utilitis theory, the law is to ensure the greatest happiness for humans, so the law is seen in terms of its usefulness for humans, namely to provide comfort and happiness for humans.
3. Mixed theory. According to the mixed theory adopted by Mochtar Kusumaatmadja, the purpose of law is order. Order is the main need of society, but in addition to order, the law is also to achieve justice (Mertokusumo, 1999).

Conclusion

The nature of ordinary and Islamic keeping money operations in terms of philosophical, juridical and sociological angles does not reflect perfect values since Islamic banks in here are still found deviations, particularly in things related to sharia compliance. The operational framework utilized by customary banks is to utilize a credit or advance intrigued calculation framework (contribute note), the tall and moo intrigued rates within the community are impacted by different variables, to be specific: Open liquidity, Desires, Swelling, The sum of household intrigued rates and Desires of trade rate changes and premiums for hazard, Whereas Sharia Banks are operationally based on the concept of Islamic muamalah in agreement with the lines that have been decided within the Al-Qur'an and As-Sunnah, banks that work in understanding with Islamic sharia standards, to be specific murabahah based on sharia standards. The deterrents confronted within the improvement of Islamic Banks in South Sulawesi can be overcome by the part of instructive educate which in this case do play a role as human asset makers, the improvement of Islamic bank office systems is additionally required in arrange to grow the extend of administrations to the community.

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