

TRANSITION TO SHARIA-COMPLIANT FINANCE IN ACEH: MISCOMMUNICATION, MISPERCEPTIONS, AND RESISTANCE

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ABSTRACT – The implementation of Qanun (Islamic Law) Aceh No. 11 of 2018, mandating all financial institutions in the province of Aceh, Indonesia, to operate solely on Islamic principles from January 4, 2022, sparked protests from certain parties, and thus became a nationwide controversy. Some media reports often depicted the Qanun as causing heightened unemployment and poverty due to the exclusion of conventional banking. This research investigates the discourse contestation surrounding the prohibition of conventional banks in Aceh. Employing a philosophical qualitative approach, the study analyzes instances of miscommunication, misperceptions, and resistance concerning the Qanun's implementation. Primary data collection involved interviews with diverse stakeholders, including grassroots communities, members of the Sharia Economic Society (MES), the Indonesian Association of Islamic Economists (IAEI), Financial Services Authority (OJK) officials, religious leaders, and economists. Researcher observations conducted in 2019 and 2022 in Aceh further enriched the data. Secondary data, comprising online news and relevant documents, supplemented the findings. Through triangulation techniques and an integration-interconnection paradigm, the study revealed that the perceived conflict was largely amplified by media portrayals of protests, often lacking comprehensive and objective analysis. Consequently, this study proposes solutions, strategies, and models to facilitate the effective implementation of the Qanun, aiming to realize its intended benefits and contribute to Aceh's sustainable progress through the advancement of maqashid sharia.

Keywords: Contestation, Conflict, Qanun, Islamic Financial Institutions, Maqashid Sharia

ABSTRAK – *Transisi ke Keuangan Syariah di Aceh: Miskomunikasi, Mispersepsi, dan Resistensi.* Qanun Aceh No. 11 Tahun 2018, yang mewajibkan penerapan prinsip keuangan syariah di seluruh lembaga keuangan di Aceh sejak 4 Januari 2022, memicu berbagai reaksi dan menjadi perbincangan nasional. Media massa kerap mengaitkan Qanun ini dengan peningkatan angka pengangguran dan kemiskinan di Aceh akibat pelarangan operasional perbankan konvensional. Penelitian ini mengkaji kontestasi wacana terkait pelarangan bank konvensional di Aceh menggunakan pendekatan kualitatif filosofis. Penelitian ini menganalisis miskomunikasi, mispersepsi, dan resistensi terkait penerapan Qanun Aceh No. 11 Tahun 2018. Data primer dikumpulkan melalui wawancara dengan berbagai pemangku kepentingan, termasuk komunitas akar rumput, anggota Masyarakat Ekonomi Syariah (MES), Ikatan Ahli Ekonomi Islam (IAEI), pejabat Otoritas Jasa Keuangan (OJK), tokoh agama, dan ekonom. Observasi lapangan juga dilakukan pada tahun 2019 dan 2022. Data sekunder berupa berita online dan dokumen relevan lainnya turut dikaji untuk memperkaya analisis. Teknik triangulasi dan paradigma integrasi-interkoneksi digunakan untuk menganalisis data. Analisis menunjukkan bahwa resistensi terhadap Qanun tersebut sebagian besar disebabkan oleh penggambaran media tanpa analisis yang komprehensif dan objektif, seringkali hanya fokus pada satu atau dua kejadian. Penelitian ini menawarkan beberapa solusi, strategi, dan model untuk memfasilitasi penerapan Qanun yang efektif dan mencapai manfaat yang diinginkan, serta berkontribusi pada kemajuan Aceh yang berkelanjutan melalui pemajuan maqashid syariah.

Kata Kunci: Kontestasi, Konflik, Qanun, Lembaga Keuangan Syariah, Maqashid Syariah

INTRODUCTION

Of 38 provinces in Indonesia, Aceh is the only province in Indonesia that has been granted the right and authority by the central government to implement Islamic law (*Sharia*) in various aspects of life, including faith (*aqidah*), worship (*ibadah*), economy (*muamalah*), ethics (*akhlaq*), education, *da'wah*, defense (*jihad*), criminal law (*jinayat*), marriage (*munakahat*), and inheritance (*mawaris*). As part of its efforts to comprehensively implement Sharia, the Governor of Aceh ratified Qanun (Islamic Law) No. 11 of 2018 concerning Sharia Financial Institutions (*Lembaga Keuangan Syariah – LKS*) on January 4, 2019, which mandates that all financial institutions operating in the province adhere to Sharia principles. The Qanun came into full effect three years after its promulgation, on January 4, 2022.

However, the implementation of the Qanun has faced opposition from some parties who want conventional financial institutions to continue operating in Aceh. They have called for the Qanun to be revised to allow this, but their demands have been rejected by the majority of Acehnese. This contestation over the Qanun is a concerning social issue in Indonesia, the country with the world's largest Muslim population, where there is still debate over the application of Sharia itself. This resistance to Islamic law transcends the domain of finance, manifesting in ideologies such as radicalism and anarchist sentiments. As a nation characterized by its vast scale and multicultural, multilingual, and multi-religious composition, Indonesia requires concrete measures to preemptively address seemingly minor issues before they escalate into widespread concerns disseminated through mass media and social platforms.

Aceh's distinction as the sole Indonesian province vested with the right to implement Sharia law, encompassing Sharia finance, is further underscored by its pioneering implementation of the Qanun on Sharia Financial Institutions. This implementation is unparalleled, as no other province in Indonesia, nor any other city or country globally, has enforced Islamic law to the extent witnessed in Aceh. The implementation of the Qanun, while guided by the noble objective of realizing Sharia ideals, has elicited both commendation and opposition from citizens (Anggriani, 2011; Kurnia, 2023; Mufti, 2023; Sanola, 2022).

Previous studies on Qanun No. 11 of 2018 have examined its impact on the development of Micro, Small and Medium Enterprises (MSMEs) through



Sharia-compliant financial products (Zulfahmi, 2021), the need for a sociological approach in the Qanun's formation (Fadillah & Kusuma, 2021), the challenges faced by conventional banks in converting to Sharia-compliant systems (Safitri, Anzaikhan, & Anzely, 2021), the lack of understanding and implementation of the Qanun among some communities (Sanola, 2022), and the need for clear government actions to address issues arising from the Qanun's implementation (Kurnia, 2023). However, there has been no research thus far on the discourse contestation regarding the rejection of revisions to the Qanun. This study aims to fill this gap by investigating the discourse at various levels, including macro and micro policy stakeholders, Sharia financial institution practitioners, the People's Representative Council, Islamic financial organizations, and the community.

Moreover, research has identified customer trust as a formidable challenge in the conversion process, often compelling customers to transition their financial dealings to Bank Aceh Syariah, the Aceh province-owned bank recognized for its longstanding implementation of Islamic banking principles (Safitri, Anzaikhan, & Anzely, 2021). Further investigation has revealed a lack of comprehensive understanding and implementation of the Qanun among residents of Alue Dawah Village in Aceh (Sanola, 2022). These findings underscore the imperative for unambiguous and quantifiable government actions designed to mitigate the constraints arising from the Qanun's implementation (Kurnia, 2023). However, it is noteworthy that existing research pertaining to the Qanun, particularly in the context of Sharia financial institutions, predominantly centers on observing its implementation. This highlights a gap in research exploring the discourse contestations surrounding the resistance to Qanun revisions. This study attempts to address this gap by thoroughly examining the discourse contestation regarding the prohibition of conventional banks stemming from the implementation of Qanun No. 11 of 2018 in Aceh, Indonesia.

This research digs into interview contestations originating from various levels, encompassing macro and micro policy stakeholders, practitioners within Sharia financial institutions, the People's Representative Council, Islamic Financial Organizations, and the broader community. It presents empirically grounded findings on the perceived advantages and disadvantages of implementing the Qanun in Aceh, drawing upon a spectrum of viewpoints and perceptions. This multifaceted approach is crucial, as challenges often stem from misunderstandings, divergent thought processes, and the conviction that one's



perspective holds absolute veracity. This research seeks to foster reconciliation among these diverse perspectives, laying the groundwork for policy formulation and constructive dialogue among stakeholders to effectively realize *maqashid sharia* in Aceh.

This research distinguishes itself through its unique examination of the discourse contestation surrounding the rejection of the Qanun revision. It meticulously analyzes the responses to this rejection across three distinct layers: government reports, public reports, and media representations. Through this multi-layered analysis, the research aims to elucidate the interplay of misperception, miscommunication, moderation, and religiosity within the context of the Qanun implementation.

The objectives of this study are as follows:

1. To provide a comprehensive explanation of the historical context surrounding the implementation of Qanun No. 11 of 2018 concerning Sharia Financial Institutions in Aceh, Indonesia.
2. To conduct a thorough investigation into the discourse contestation surrounding Qanun No. 11 of 2018 concerning Sharia Financial Institutions in Indonesia.
3. To facilitate reconciliation among stakeholders, communities, and organizations regarding conflicts arising from the implementation of Qanun No. 11 of 2018 concerning Sharia Financial Institutions, with the ultimate goal of promoting Islamic finance and contributing to the formulation of effective public policies.

The researchers believe that the rejection of the Aceh Qanun pertaining to the implementation of Islamic financial institutions in Aceh may be intertwined with political and personal interests. The establishment of financial institutions inherently carries strategic and political ramifications. Consequently, this study aims to conduct an in-depth examination of the complexities and resistance surrounding the revision of Aceh Qanun No. 11 of 2018.

The findings of this research are expected to make a significant contribution to the scholarly understanding and practical implementation of Sharia finance in Aceh, Indonesia. By providing insights into the multifaceted dynamics of perceptions emanating from various stakeholder groups, this research aims to facilitate a process of reconciliation. It is hoped to provide a holistic comprehension of the divergent viewpoints, addressing both the merits and



drawbacks that have surfaced, ultimately contributing to the prevention of conflict in Aceh. From a practical standpoint, this research aspires to serve as a valuable resource for policymakers tasked with formulating policies that ensure the sustained and robust implementation of the Qanun, thereby enabling Aceh to realize its vision of comprehensive Islamic law implementation.

LITERATURE REVIEW

Conflict

The conceptualization of conflict, from a psychological perspective, implies a state of discomfort. However, this discomfort can serve as a catalyst for resolving social problems (Mas'udi, 2015). Conflict emerges as a dynamic state resulting from differences in compromise that disrupt a previously established equilibrium. These disparities often give rise to conflicts that can create opportunities for change in pursuit of specific objectives.

Conflicts can be categorized across various societal dimensions, including familial, religious, and ethnic lines (Rasyad, 2021; Kamri et al., 2014). They manifest in diverse forms, such as disputes related to social class, social structure, economic systems, and social relations. The genesis of conflict often lies in the pursuit of interests, where the desired outcome possesses both positive and negative implications (Ulfa, 2021; Ibrahim & Kamri, 2017). On a more individual level, conflict can also arise internally when discrepancies emerge between one's thoughts, emotions, and actions.

Qanun

Qanun represents Islamic laws, regulations, statutes, and norms. Etymologically, the Arabic word "Qanun" signifies Islamic law, custom, or tradition. Therefore, Qanun can be understood as a statutory regulation or legal rule applicable within a specific jurisdiction, in this case, Aceh. Within Acehnese society, the term "Qanun" has long been employed to denote a rule of law or the designation of a custom, becoming deeply ingrained in Acehnese customs and culture. Historically, numerous legal and customary rules enacted by the Kingdom of Aceh were termed "Qanun." These Qanun typically embody Sharia principles adapted to align with Acehnese customs (Anggriani, 2011).

Theoretically, the Aceh Qanun finds grounding in the framework proposed by Hans Nawiasky in his seminal work, *"Allgemeine Rechtslehre als System."*



Nawiasky classifies legal norms into four distinct groups: *Staatsfundamentalnorm* (Group I), *Staatsgrundgesetz* (Group II), *Formell Gesetz* (Group III), and *Autonome Satzung* (Group IV). Applying this theory to contextualize the Aceh Qanun within the hierarchy of special autonomy law, as defined by Law No. 11 of 2006 concerning the Governance of Aceh, yields the following alignment: Group I corresponds to *Pancasila* (the national foundational philosophy), Group II to UUD 1945 (the national constitution), Group III to TAP MPR (People Consultative Assembly decree), and Group IV to the Law on Governing Aceh (Nurdin & Ridwansyah, 2020). This research will specifically examine the contestation arising from interviews regarding conflicts surrounding the implementation of the Qanun on Sharia Financial Institutions (Group IV), which seemingly remains a point of contention and lack of understanding among certain segments of the Acehnese population (Sanola, 2022).

Islamic Financial Institutions

Islamic financial institutions represent a distinct category of financial service providers, meticulously structured in accordance with Sharia law and principles (Tatiana, Igor, & Liliya, 2015). These institutions have significantly contributed to broader economic development through various avenues, including fundraising products, financing mechanisms, and the facilitation of payment flows (Nursabna, et al., 2023). Islamic financial institutions manifest in diverse forms, encompassing Islamic banks, Islamic capital markets, Islamic insurance, Islamic pawnshops, Islamic cooperatives, and other similar entities (Rahmati & Ibrahim, 2022).

The overarching aim of these diverse Islamic financial institutions is to provide societal benefit through Sharia-compliant financial products. The marketing of such products transcends mere profit-seeking, aspiring to attain blessings and pleasure from Allah SWT (Nadia et al., 2019). The fundamental distinction between Islamic and conventional finance lies in their operational methodologies and contractual agreements. A key differentiating principle is the concept of profit and loss sharing, inherent to Islamic finance (Tatiana et al., 2015).

Qanun Aceh No. 11/2018 on Sharia Financial Institutions

Qanun Aceh No. 11 of 2018 on Sharia Financial Institutions is a provincial law enacted to regulate the activities of financial institutions, with the overarching



goal of establishing an Acehese economy firmly grounded in Sharia principles. This Qanun serves as a legal extension of Aceh Qanun No. 8 of 2014 concerning the Principles of Islamic Law, which unequivocally mandates that all financial institutions operating within Aceh must adhere to Sharia principles.

Qanun No. 11 of 2018 concerning Sharia Financial Institutions represents a concerted effort by the Aceh Government and the Aceh People's Representative Council to refine and strengthen existing legal frameworks. The Qanun is founded upon the principles of justice, trust, brotherhood, profit, transparency, independence, cooperation, convenience, openness, continuity, and universality (Qanun Aceh, 2018). Its stated objectives are:

1. To establish an Islamic economic system in Aceh.
2. To serve as a catalyst and driving force for economic growth in Aceh.
3. To mobilize and provide funding support, as well as execute the functions of financial institutions, in accordance with Sharia principles.
4. To fulfill other social functions, including the utilization of religious assets for the betterment of the people, based on Sharia principles.
5. To contribute to the enhancement of Aceh's revenue streams.
6. To expand access to funding and business opportunities for the community.
7. To foster economic empowerment and enhance community productivity.
8. To contribute to increased income and improved community welfare.

The implementation of the Qanun extends to all Muslim individuals residing in Aceh, as well as legal entities conducting financial transactions within the province. Non-Muslim individuals conducting transactions in Aceh have the option to voluntarily submit to the provisions of this Qanun. Additionally, the Qanun applies to all non-Muslim individuals, business entities, and legal entities engaging in financial transactions with the Aceh Government and Regency/City Governments. Furthermore, it governs the operations of Islamic Financial Institutions conducting business in Aceh, as well as those located outside Aceh but headquartered within the province.



METHODOLOGY

Research Design

This research addresses the conflict arising from the rejection of revisions to the Qanun in Aceh, specifically regarding the prohibition of usury-based financial institutions. The study aims to provide a clear and comprehensive understanding of the implementation of the Qanun in Aceh, with the intention of benefiting the broader community. This research examines the discourse contestation from various societal levels in response to the Qanun of Sharia Financial Institutions in Aceh, Indonesia.

The study employs a qualitative approach, utilizing a case study strategy to investigate the rejection of Qanun No. 11 of 2018 on Sharia Financial Institutions in Aceh, Indonesia. The researcher seeks to derive meaning from participants, focusing on a single concept or phenomenon. This research involves collaboration among various units and human resources to gain a comprehensive understanding of the situation. The objective is to provide appropriate recommendations for policy formulation by examining the unique circumstances surrounding the issue.

Data Collection Technique

Data collection was conducted using the snowball sampling technique. Primary data were gathered through interviews with a diverse range of stakeholders, including members of the grassroots community (specifically, coffee shop patrons), representatives from the Sharia Economic Society (*Masyarakat Ekonomi Syariah - MES*), members of the Indonesian Association of Islamic Economists (*Ikatan Ahli Ekonomi Islam - IAEI*), officers from the Financial Services Authority (*Otoritas Jasa Keuangan - OJK*), religious figures, and economists. Additionally, the researcher conducted field observations in Aceh in 2019 and 2022. In-depth interview questions were posed to both experts and members of the public, exploring the background, implementation process, and perceived advantages and disadvantages of the Qanun. Secondary data, comprising online news articles and relevant documents, were also collected to enrich the findings. Triangulation techniques, guided by the integration-interconnection paradigm, were employed to analyze the data and discuss the findings.



Data Analysis Technique

The data collection process commenced with a comprehensive desk review, followed by field observations and open dialogues. The data analysis was conducted using the Miles and Huberman interactive data analysis technique, which consists of three distinct yet interconnected processes: data reduction, data display, and conclusion drawing/verification (Miles & Huberman, 1994).

RESULTS AND DISCUSSION

Aceh Province, Indonesia, with its unique characteristics, has demonstrated a strong commitment to implementing the Qanun on Sharia Financial Institutions. These efforts have yielded numerous positive impacts on the province, including the successful persistence of the Qanun's implementation despite ongoing protests from various parties.

The protests advocating for the reintroduction of conventional financial institutions have met with significant opposition. The resulting pros and cons constitute an important historical journey in regulatory breakthroughs aimed at fostering sustainable prosperity.

Table 1. Aceh Economy: Pre and Post Qanun No. 11/2018

Indicator	Before	After
Economic Players	Many economic actors still use non-sharia rules, so they are not relevant to the special rules in Aceh Province	Economic actors are only allowed to use Islamic financial products/instruments so that any institution, institution or community must apply sharia rules to carry out economic activities
Situation and condition	Causing a lot of anxiety among Muslims with the rise of institutions that still implement Riba	It raises pros and cons for various parties because some parties feel disadvantaged, but this does not reduce the enthusiasm of the community and scholars in implementing sharia rules
Importance and Benefit Values	Beneficial to society, but detrimental to Muslims. Because the sin of usury has an impact not only on the perpetrator but on the wider community.	The values of justice, trust, brotherhood, profit, transparency, independence, cooperation, convenience, openness, continuity and universality can be felt because of implementing sharia rules
The Significance and Significance of Events	Society experiences losses in the usury system	The community's economy grows, economic growth in various aspects can develop and progress



Comparison of Sharia Financial Institutions in Aceh: Pre and Post Qanun

Qanun No. 11 of 2018 concerning Sharia Financial Institutions was promulgated on January 4, 2019, and took full effect on January 4, 2022. This timeline provided financial institutions in Aceh with three years to fully adapt their operations to the Qanun. The gradual but comprehensive implementation allowed ample time for necessary preparations.

Table 2 illustrates the growth in the number of Islamic banking institutions in Aceh, Indonesia, before and after the Qanun's implementation. The number of Head Operational Offices/Branch Offices increased from 36 units before the Qanun to 47 units after its full implementation. Similarly, the number of Sub-Branch Offices/Sharia Services Units rose from approximately 100 units to over 250 units. The presence of the Qanun fostered a conducive environment for the abundant growth and widespread expansion of Islamic banking institutions throughout Aceh.

Table 2. Number of Islamic Banking Institutions in Aceh, 2016-2024

Year	Number (Unit)	
	Head Operational Office/Branch Office	Sub-Branch Office/Sharia Services Unit
2016	37	101
2017	36	102
2018	36	104
2019	36	117
2020	49	244
2021	57	272
2022	47	272
2023	47	274
March 2024*	48	274

(Source: OJK, 2024)

To accelerate the Qanun implementation, various stakeholders, including Bank Indonesia, OJK, the Ministry of Finance (MoF), local government, banking institutions, and the National Committee for Sharia Economics and Finance (*Komite Nasional Ekonomi dan Keuangan Syariah – KNEKS*), have conducted numerous programs. Table 3 details these activities, their purposes, and the organizing bodies.

The Aceh Financial Services Authority (OJK) reported that as of June 2023, Sharia banking in Aceh accounted for 6.87 percent of the total financing disbursed by national Sharia banks. This indicates a gradual increase in the role



of Sharia commercial banks in Aceh, necessitating continued efforts to enhance their national participation. As illustrated in Table 2, the Aceh Sharia financial industry has experienced growth, with a 30.56% increase in Head Operational Offices/Branch Offices and a 163.4% increase in Sub-Branch Offices/Sharia Services Units. This progress reflects an expansion in the number of Sharia bank offices available to serve the community, supporting the implementation of the Aceh Qanun regarding Sharia Financial Institutions.

Table 3 illustrates the government and stakeholders' efforts to support the acceleration of Sharia financial literacy and inclusion in Aceh. Field observations confirm that Aceh Province has embraced the Sharia financial system.

Table 3. Activities to Accelerate the Progress of Sharia Finance in Aceh

Event Date	Activity	Purpose	Organizer
June 30, 2022	Socialization of Digital Financial Literacy at UIN Ar-Raniry Aceh	To encourage the acceleration of digital financial literacy and inclusion in Indonesia	OJK
July 11, 2022	Construction of the Lhokseumawe State Polytechnic ICT Integrated Lecture Building, Aceh through Sukuk Financing	To serve as a creative and innovative source of financing in Indonesia	Government
August 4-6, 2022	Islamic Economics Event, 'Festival Ekonomi Syariah' (FESyar) 2022	To provide education and increase public literacy regarding Sharia economics and finance	Bank Indonesia and KNEKS
August 6, 2022	Launching digital platforms, Aceh Sharia Funding Aggregator (ASIFA)	To bridge fund owners who wish to distribute Infaq, Alms, and Waqf (ISWAF) or investment	Bank Indonesia
August 16, 2022	Socialization of Sharia IKNB with the Academic Community of Syiah Kuala University, Aceh	To promote Sharia financial socialization and education	OJK, BI, Ministry of Finance, KNEKS
August 18, 2022	Sharia Multi-finance Online Roadshow 2022	To socialize the various types of contracts used by Sharia finance companies to the public	MES and Adira Finance Syariah
November 30, 2022	Conversion of BPR Artha Aceh Sejahtera to BPRS	To establish a Sharia Financial Ecosystem	BPR Artha Aceh

(Source: Indonesian Sharia Financial Development Report 2022)

As a unique province, Aceh holds the authority to design and promote Sharia finance within its jurisdiction. Although resistance and minor disturbances have been encountered during the Qanun's implementation, such challenges are



viewed by academics as natural occurrences. Certain parties, however, attribute the weak economic system in Aceh to the enforcement of Islamic financial regulations (Jalaluddin, 2023).

According to Jalaluddin, a member of the Sharia Economic Community (*Masyarakat Ekonomi Syariah – MES*) in Aceh:

If the reason is that with the implementation of this Qanun, Aceh economy is going down, and so on. That is the opposite; you can see how much people business credit is allocated. There may be a few obstacles because, in the past, it was channeled through state-owned banks, which were still conventional, so there were a few obstacles. That's all. It can be resolved. The ripples are certain, even from academics and debate organizations, and the exchange of views provides each other with facts.

Several justifications for the implementation of Qanun No. 11 of 2018 have been presented, with some academics and government officials advocating for a revision (Yolandha, 2023). A revision would not imply a complete overhaul but rather technical improvements to meet current needs. These regulations are dynamic and open to revision and refinement, provided such changes are objective and appropriate.

To support and solidify the foundation for Sharia finance in Aceh, accelerated efforts are necessary. According to Sharia economic experts in Aceh, several steps are required to encourage the Qanun's implementation (Jalaluddin, 2023):

1. Engaging regional governments with all stakeholders to address issues collectively.
2. Determining priority scales and identifying sources of problems.
3. Optimizing the role of Sharia financial institutions.
4. Increasing the variety of Sharia banking or financial institutions to provide unlimited options for the populace.

Discourse Contestation on the Qanun Revision

The widespread media coverage of the rejection of Qanun No. 11 of 2018 contrasts sharply with field observations, revealing miscommunication, misconceptions, misinterpretations, and contradictions. Table 4 highlights the pros and cons of the Qanun's implementation in Aceh, Indonesia.



Table 4. Pros and Cons of the Implementation of Qanun in Aceh

Pros	Cons
Ordinary People	Politician
Scholars	Chairman, the House of Representatives of Aceh
Regulators	OJK
Ulama Consultative Assembly (<i>Majelis Permusyawaratan Ulama – MPU</i>), Aceh	
Students from the Faculty of Islamic Economics and Business, UIN Ar-Raniry Banda Aceh	

(Sources: Collected from various sources)

The peak of implementation issues for Qanun No. 11 of 2018 occurred when Bank Syariah Indonesia (BSI) experienced significant errors in its online banking services. This problem had a considerable impact on Aceh, which had limited banking alternatives outside Sharia banks. Inspections revealed operational challenges with ATMs, exacerbating the situation (Jafaruddin, 2023). Sudirman, a member of regional representative council stated that:

Replacing this system must, of course, be prepared with a temporary replacement tool that doesn't cause problems. So, this has to be professional, and indeed, we admit that the problem with banking transactions in Aceh is really Sharia banking because the alternative in Aceh is only Sharia banking, so Aceh has the most significant impact on this condition. In other areas, the effect may be insignificant because you can still run to the bank. other banks'.

The chairman of the Aceh People Representative Council (*Dewan Perwakilan Rakyat Aceh - DPRA*), Saiful Bahri, also stated that:

This Qanun LKS must be reviewed so that conventional banks can continue to operate in Aceh. The book can be an example of education in Aceh, there is something called 'Dayah', a place of education, and there are also public schools. Let the people choose whether they want to go to conventional or sharia, let this person, the people are free to choose, whether they want to go to hell or heaven, let it be their right. No need for the government crew to act as if this is heaven, this is hell, don't like it. Let us know what hell is like, what heaven is like, so people have the right to go wherever they like. He wants to go to the fire, please go to hell, he wants to go to a cold place/heaven, please go to heaven. There is no term to say that there will be some kind of monopoly in the Aceh government governance system.



Government officials and regulatory bodies have acknowledged the need to review Qanun No. 11 of 2018 to allow conventional banks to operate in Aceh once again (Mufti, 2023).

Moreover, the Chairman of the Aceh People Representative Council stated:

Previously, we also received a lot of complaints, especially from the people themselves who were laid off due to the prohibition of operating conventional banks in Aceh; the number, if I'm not mistaken, reached 6,000 people who previously worked in traditional banks, with the end of using conventional banks in Aceh. This person was automatically laid off because there was no place to work anymore, so it was the same as the condition of Aceh, which was published in the media, namely that Aceh was the poorest and had a lot of unemployment, especially with the end of conventional banks in Aceh.

The Chief Executive of Banking Supervision at OJK, Dian Ediana Rae, emphasized the importance of a dual banking system, allowing people to choose between conventional and Sharia banks (Halim & Prasetya, 2023):

Indonesia adheres to a dual banking system where conventional banks and sharia banks develop side by side, and the law does not limit people in an area from using only one type of bank. Let people choose to use conventional banks or sharia banks. It will feel strange that "In a country if there is one province, it may prohibit conventional banks from operating, while there are other provinces that prohibit Islamic banks from operating.

Contrary to media portrayals, Aceh is a safe and peaceful region. The BSI issue, which was magnified to suggest a need for regulatory changes, was an isolated incident. Observations indicate that the transition to Sharia banking was well-prepared and executed without significant disruptions. According to Nadirah (2023), a bank officer, there was no conflict or opposition from the public regarding the transition to Sharia banking in Aceh. The situation was handled professionally, with adequate preparation time provided for the transition process. Specific institutions, such as Bank BTPN, the pension bank, chose not to adopt Sharia principles and consequently ceased operations in Aceh. However, other banks, including Bank Aceh Syariah (BAS), embraced the Sharia system. The transition occurred smoothly, as a three-month preparatory period was allocated before the closure of conventional banking operations. Subsequently, all banking activities in Aceh adhered to Sharia principles without significant disruptions or commotion from the public or employees.



Nadirah (2023) observed: "There was no conflict; people did not object. Bank BTPN, the pension bank, did not want to operate under Sharia principles, so they ceased operations in Aceh, and our bank transitioned to Sharia. Now, everything is Sharia-based, even though at Bank Aceh Syariah (BSA), we were already Sharia-compliant. There was no fuss because, before closing, we had prepared the transition process for three months, after which we moved. There were no significant disruptions."

The noise surrounding the rejection of the Qanun was not a fuss; specific institutions like BTPN chose not to adopt Sharia principles and ceased operations in Aceh. However, the staff members were accommodated, with some relocating to higher positions while others opted to discontinue their employment. The transition to Sharia banking in Aceh occurred without significant upheaval or opposition from the public or employees.

The Media Portrayal and Reality of Social Issues in Aceh

The widespread media coverage regarding the rejection of the Aceh Qanun on Sharia Financial Institutions has undoubtedly had an indirect effect and carries the potential to instigate conflict. However, in reality, the situation is not as severe as portrayed in the media, as evidenced by the aforementioned statements. Social issues that arise in Aceh, such as poverty, unemployment (Bayumi & Jaya, 2018), and failures in the banking system experienced by BSI, need to be examined individually. It is inaccurate to generalize that the implementation of Qanun No. 11 of 2018 is the sole cause of these social problems.

Prior to the emergence of the BSI issue, Aceh Province was already one of the poorest provinces in Indonesia, grappling with prevalent unemployment challenges. Interestingly, the observable facts regarding poverty and unemployment in Aceh appear to contradict the apparent prosperity exhibited by the Acehnese people. There is a local adage, '*Som Gasien Peuleumah Kaya*,' which translates to 'hiding poverty while displaying wealth,' implying that the Acehnese do not outwardly show their impoverished state but rather portray an image of affluence (Jalaluddin, 2023). This lifestyle is considered one of the contributing factors to poverty in Aceh.

The OJK Aceh Representative Office remains committed to continuously supporting the government's efforts to develop the community economy in Aceh Province by providing opportunities for financial guarantee institutions



to conduct business activities in accordance with their respective business plans (OJK, 2020). However, despite the various pros and cons, a contradiction has emerged, as the Chief Executive of Banking Supervision at the OJK now supports the return of conventional banks to Aceh (OJK, 2023).

The issue of rejecting and advocating for the revision of the Qanun on Sharia Financial Institutions is fundamentally significant. From a religious perspective, the practice of usury is considered a major sin. Aceh's unique position should be supported, and its success should serve as a model for other provinces. Furthermore, the emergence of Islamic banks does not harm non-Muslim communities. The BSI online services error is not exclusive to Aceh but occurs across Indonesia. Unemployment is not solely attributable to layoffs from conventional banks ceasing operations in Aceh but is also a consequence of employees' lack of preparation for the Qanun's implementation, compounded by the global economic impact of COVID-19. As of February 2023, Indonesia ranks 11th globally in terms of unemployment (Katadata, 2023).

Qanun No. 11 of 2018 was meticulously planned and implemented over an extended period and is not a sudden policy. However, the discourse surrounding its implementation has created the impression of causing significant chaos and problems in Aceh.

The implementation of the Qanun necessitated that all conventional financial institutions in Aceh either relocate or convert to Sharia financial institutions. While some parties, including the government, have reservations, academic perspectives strongly support the full implementation of Sharia Financial Institutions in Aceh to achieve *falah* through fulfilling the *maqashid of Sharia*

Reconciliation among Stakeholders in Promoting Islamic Finance

The pros and cons of implementing the Qanun for Sharia Financial Institutions are a normal process. Everything takes time to get used to. Moreover, this 'coercion' aims to protect society from committing sins. The people of Aceh should be proud because they are fully supported by the Aceh People's Representative Council and the Governor in organizing the Sharia economy through Qanun.

Figure 1 illustrates the research framework underlying Sharia financial institutions and Sharia economics. Leaders must comprehend Islamic business ethics to recognize that the implementation of Islamic financial institutions is



not intended to hinder progress or the economy in Aceh. The performance of Sharia financial institutions in Aceh, based on Qanun No. 11 of 2018, can serve as a solid foundation for creating prosperity in the region.

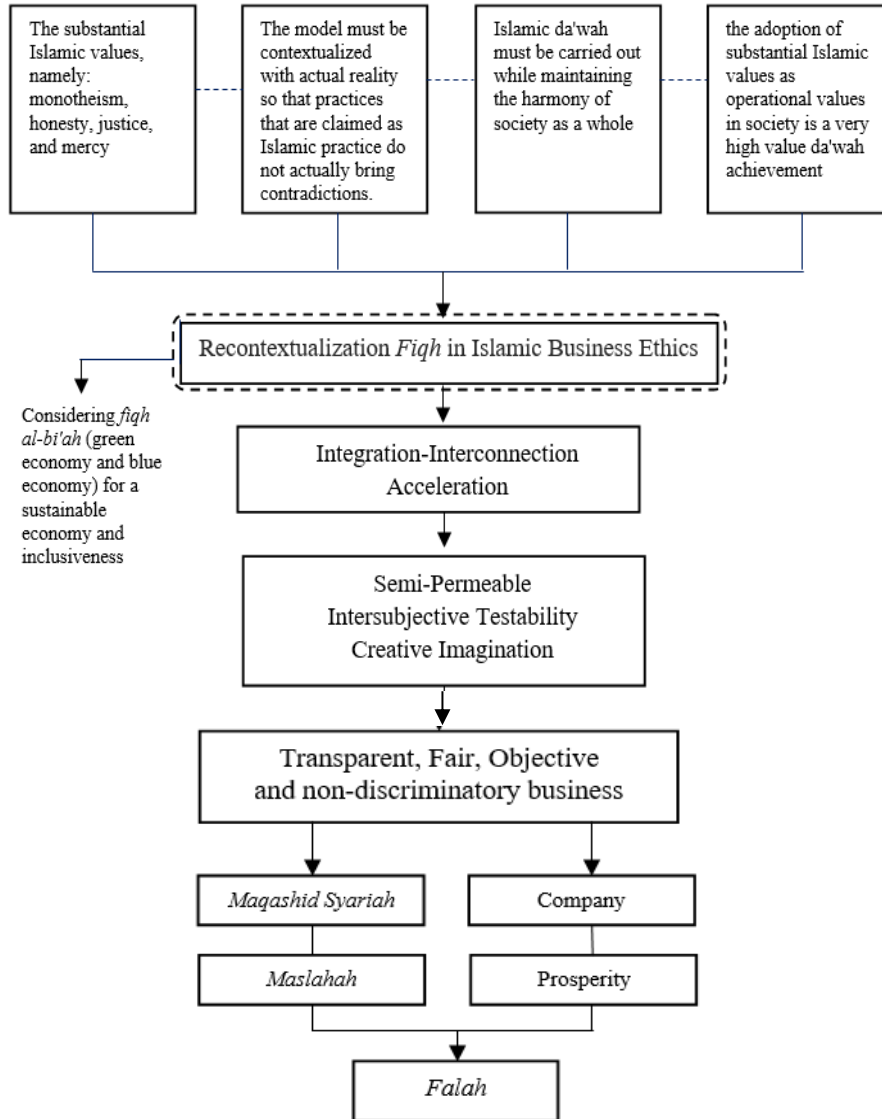


Figure 1. Recontextualization *Fiqh* of Islamic Business Ethics
 (Source: Adapted from Bayumi, 2022; Bayumi & Jaya, 2018; Qoumas, 2021)

The reconciliation process to support the Sharia Financial Institutions Qanun is by sitting together and deliberating with all stakeholders, government, organizations and communities to perfect Qanun No. 11 of 2018. So far, it has just been left alone without any follow-up. Qanun which relies on the Al-Quran and Sunnah should be maintained and controlled in their implementation



because Aceh has enormous potential to become a role model in pioneering sharia finance in Indonesia.

An important thing that needs to be considered is strengthening the role of the media to straighten out and promote Aceh from a development economic perspective. The Aceh People's Representative Council, as the party that jointly formulates the Qanun with the Governor, needs to sit together and not issue statements that could actually increase the problem. Qanun that is revised for unreasonable reasons will directly weaken the Aceh government itself.

Aceh must maintain its privileges by implementing Islamic law in Indonesia without reducing and harming non-Muslim communities. The conflict that occurs is a dynamic situation that arises because of differences in compromise with the previous case. These differences often give rise to matches which can provide opportunities for changes to specific goals. There needs to be reconciliation to explain and gain understanding so that misperceptions and miscommunication do not occur.

Figure 2 demonstrates how Islamic business ethics in Sharia financial institutions directly support sustainable development goals. The values in Islamic business ethics have both worldly and afterlife impacts (Bayumi & Diem, 2023).

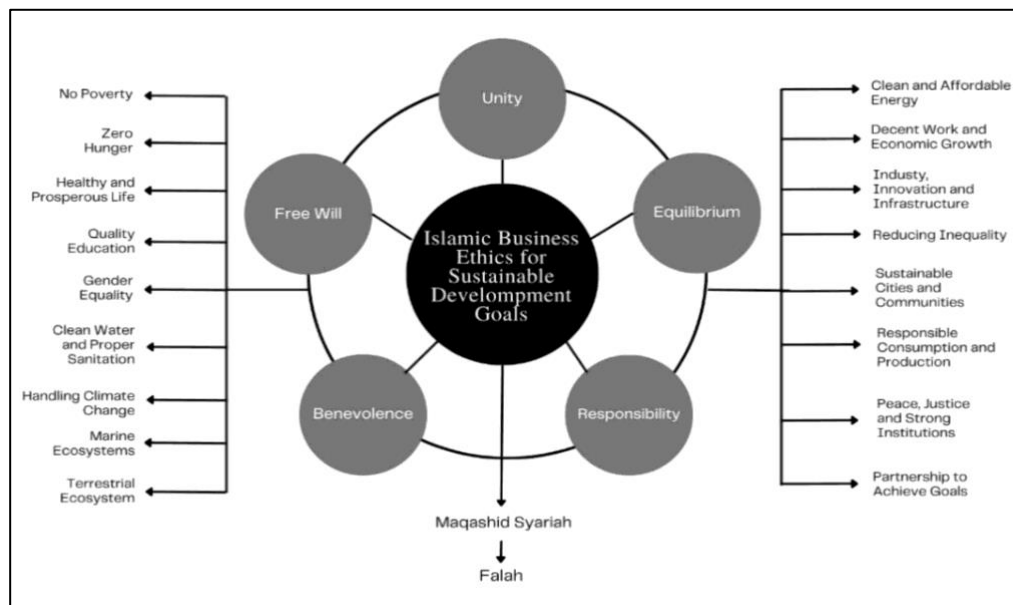


Figure 2. Islamic Business Ethics Goals
(Source: Bayumi, 2023)



Several public policies that must be formulated to create a civilized and Islamic Aceh regarding Sharia Financial Institutions are:

1. People's business financing or credit products, where in financing there is guidance or development of the community in developing their business. For example, in preparing financial reports, such as income and expenses, which are very necessary in applying for financing and also as material for consideration by financial institutions to determine the funding that will be provided (Jalaluddin, 2023).
2. Providing Sharia financial literacy activities to the public related to Sharia-based financial institution products. Moreover, currently, there are regulations from the Ministry of Religion for Micro-Small- and Medium-Enterprises (MSMEs) to be halal-certified in every business, whether in the services or goods sectors. So, every activity and business process carried out by the community must be in accordance with Sharia principles.
3. There needs to be an evaluation of the business activities that have been carried out by Small and Medium Enterprises. This means that there must be assistance for small business actors to be able to survive and also develop their business, not just being let go in the middle of the road without any help, which makes micro business actors confused and not knowing how to find a way out in overcoming the problem of business uncertainty which causes losses. With the evaluation and assistance carried out by financial institutions, MSMEs can provide solutions to optimize their income. For example, financial institutions or parties who have a role in developing Small and Medium Enterprises can collaborate by holding events or programs that involve a lot of time to empower Small and Medium Enterprises to support their business activities.
4. Building integration, the roles of the government and stakeholders in making policies to support community economic growth, especially in creating a sharia economic and financial ecosystem.
5. Building integration and interconnection involving various economic elements to solve social problems (Bayumi & Jaya, 2018). This can be achieved by implementing semipermeable stages between various parties, intersubjective testability in scientific disciplines, and creative imagination.



CONCLUSION

This research analyzed the miscommunication, misperceptions, and resistance concerning the implementation of Qanun No. 11 of 2018 regarding Sharia Financial Institutions using a philosophical qualitative approach. The Qanun required all financial institutions in Aceh, Indonesia, to operate based on Islamic principles.

The findings of this research conclude that the discourse contestation described and investigated provides a positive perspective and reveals that the conflict heard in Aceh regarding the Qanun on Sharia Financial Institutions is not as severe as portrayed by the media. This issue is concerning because the media's role should be echoed by more than one party. Based on the results of observations, several interviews, and Sharia banking statistics from various parties, the issue of implementing this Qanun actually signifies progress for Sharia financial institutions through Qanun No. 11 of 2018.

This research also confirms that the implementation of the Qanun for Sharia Financial Institutions is the appropriate strategy to support the advancement of Sharia finance. Furthermore, this research affirms that inviting conventional banks back to Aceh is inappropriate. The fact is that Sharia financial institutions in Aceh have experienced significant growth.

The limitations of this research lie in the scope of the study, which has yet to fully accommodate and describe the practices of Sharia financial institutions in Aceh with their various obstacles. This is because the process of implementing the Qanun as a whole is a new endeavor in Aceh. Recommendations for future research include the need for quantitative analysis to examine public and organizational perceptions regarding the existence of the Qanun. Since the implementation of the Qanun is a positive development and does not conflict with human values, it needs to be supported and continuously refined to realize the practices of Islamic economic activities for the welfare of the Acehese society.



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