

Implementation of Minimum Mandatory Giro (Gwm) in Sharia Banking Perspective Analysis of Siyasah Syar'iyah Maliyyahtitle

Arfa Gunawan

Syarif Hidayatullah State Islamic University (UIN), Indonesia

Coresspondent : arfagunawan@yahoo.com

Received : August 20, 2023

Accepted : September 30, 2023

Published : October 4, 2023

Citation : Gunawan, A. (2023).
Implementation of Mandatory
Minimum Reserves (Gwm) in Sharia
Banking Perspective Analysis of Siyasah
Syar'iyah Maliyyahtitle. Legalis :
Journal of Law Review, 1(1), 71-88

ABSTRACT: This research analyzesthe implementation of Mandatory Reserve Requirement (GWM) in Islamic banking in Indonesia, with a focus on the duplication of money resulting from the implementation of GWM in Islamic banking, the regulation of GWM in Islamic banking in the view of Siyasah Syar'iyah Maliyyah, and finding a more just system solution for GWM regulation in Islamic banking in Indonesia. In this research, the researcher used a qualitative research method with a library research type and a philosophical approach. The results of this research show that GWM is a monetary instrument applied by the central bank to ensure the liquidity and solvency level of banks in the financial system. The purpose of implementing GWM is to ensure that banks have enough funds to handle their liquidity needs and to ensure the stability of the overall financial system. Then, the perspective of Siyasah Syariyyah Maliyyah shows that the implementation of Islamic economics in Indonesiamust be practiced according to the socio-cultural conditions in Indonesia. Currently, GWM is something that cannot be avoided, and there is still no new system that can replace it for Islamic banks. Therefore, GWM in Islamic banking is one of the monetary instruments that can control inflation. The existence of GWM in Islamic banking in the concept of Maslahah is at the level of tahsiniyat (tertiary). The debate over the existence of GWM in Islamic banking presents several solutions to provide justice for all parties, including changing the fractional reserve banking system to Narrow Banking, which clearly distinguishes between savings and deposits, emphasizes the principle of amanah, and separates profit-making activities in banking through cooperation with separate affiliate organizations from the bank itself. Because the fractional reserve banking system has been challenged in Switzerland, the solution to GWM gharar is the sovereign money system, which is similar to full reserve coverage, but goes further by giving full control over deposits seen by the central bank. So there is no gharar element. In other words, existing savings "create" loans.

Keywords: Reserve Requirements, Islamic Banking, Siyasah Syar'iyah Maliyyah



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INTRODUCTION

The instrument used by Bank Indonesia to control financial variables including interest rates and the amount of money in circulation is known as monetary policy. (Jannah, 2020) Maintaining the stability of the value of money regarding internal and external variables is something we want to do. Value stability ultimately refers to achieving prices that will have an impact on achieving a country's economic goals, including meeting basic needs, equitable development, increased employment opportunities and economic growth.

In the 21st century, the regulatory structure has been accompanied by strict rules, especially in regulating capital adequacy. As a result, a number of researchers have highlighted the role of regulation in supporting banking development. As a result, this causes economic growth and an increase in the economic crisis. ((Murinde, 2012),p.110-136) This research highlights the special features of banks in the economy. Therefore, there is a need to maintain bank stability, and as a result, the banking industry is closely regulated and supervised by International bodies such as the International Monetary Fund, World Bank, Bank for International Affairs. (B Santoso, 2012)

The Settlement and Islamic Financial Services Council have created many checklists on best practices in running banks and they encourage all countries to use them.(Murinde, 2012),292-302) Therefore, all countries should use these practices to provide timely, effective and cohesive response to financial difficulties during the crisis. However, as stated by Zhang, Wang, and Qu that proper stakeholder protection can also be guaranteed if the regulatory framework is well developed .(Zhang et al., 2012),p.284-295) In addition, this framework it is critical to maintain trust at the institutional level and in the financial system as a whole.

The existence of fractional reserve banking in commercial banks in Western countries and other worlds is very dependent on supervision from the central bank in the country concerned. A concrete form of central bank supervision is the implementation of a reserve ratio, namely the Reserve Requirement Ratio (RRR) or Minimum Statutory Reserve requirement (GWM). 16 This is usually in the form of fiat currency which is stored in a bank vault (cash vault), or within the central bank. 25 For example, in the US, the reserve ratio applied is 10%, China 16%, Malaysia 1%, Pakistan 5% and Switzerland 2.5%. 26 If $RRR = 10\%$, then from each additional unit of deposit, 10% must be deposited with the central bank as GWM. Therefore, if a commercial bank receives a deposit of IDR 100, what can be disbursed as a loan is IDR 90, while what must be deposited to the central bank is IDR 10. From this simple example, it can be said that if the RRR is smaller, the bank's credit expansion power will be greater, and vice versa. This is what is meant by an inverted temple. It can be concluded that fractional reserve banking is a modern banking system that is fraught with the risk of economic recession, because it was built as a pseudo-financial platform and has implications for a bubble economy. So in looking at this phenomenon, Islamic economic thought and Austrian school of economic thought together contribute constructive thinking to the banking monetary system, namely in the form of fractional reserve free-banking. Because according to these two thoughts, the source of modern economic instability currently lies in the fractional reserve banking system that is applied in commercial banking throughout the world through the ability to create money, so that the money supply shifts from its balance point (Ayief Fathurrahman, 2012)

Moreover, the existence of the Mandatory Minimum Reserve, which is often referred to as fractional reserve banking or Minimum Statutory Reserve in America, is generally recognized in almost all banking systems, including the sharia banking system in Indonesia. Minimum Statutory Reserve (GWM) is a minimum amount of money that must be kept as a reserve by BUK (Conventional Commercial Bank), BUS (Sharia Commercial Bank), and UUS (Sharia Business

Unit) whose amount is determined by Bank Indonesia at a certain proportion of DPK (Funds). Third Party) BUK or DPK, BUS, and UUS. (BPK RI, 2018)

The practice of fractional reserve banking can reduce the contract structure in sharia banking. So far, funding funds collected from the community belong to the community. In other words, Islamic banks still have an obligation to customers to ensure that customers' money remains safe and customers even receive incentives (from wadiah, usually known as bonuses). The role of Islamic law as a normative step to develop strategies for developing Islamic economics, finance and banking that are integrated with contemporary facts and realities.

The presence of monetary instruments, namely the current minimum Statutory Reserves in sharia banking, requires further research in accordance with the analysis of the *Siyāsah Syar'iyah Māliyyah* concept, especially benefits, namely there are 3 levels of needs, namely *dharuriyyat* (primary), *hajiyyat* needs (secondary) and *tahsiniyat* (tertiary) needs. .39 So it needs to be deepened further so that the implementation of the GWM does not tend to lead to social welfare, although currently there is no system that can replace it.

The existence of this alternative thinking provides momentum for Islamic thinkers to create an alternative path to the current banking system or even a new economic path that is beneficial. Thus, crisis after crisis resulting in inflation and recession can be avoided and Islam is at the forefront in contributing to preventing these crises. In this way, the aim of the existence of the existing system, namely benefit, can be achieved, this is of course in line with the aim of *siyāsah syar'iyah māliyyah* which prioritizes benefit in all existing policies.

The problem in this research is what is the perspective of *Siyāsah Syar'iyah Māliyyah* regarding the duplication of money as a result of the implementation of the Mandatory Minimum Reserve (GWM) for Sharia Banking in Indonesia?

This research aims to analyze *Siyāsah Syar'iyah Māliyyah* in the regulation of Statutory Reserves (GWM) in sharia banking in Indonesia; as well as to explain the solution to the Statutory Minimum Reserve (GWM) regulations in sharia banking in Indonesia.

Below there is some research related to the Implementation of Minimum Statutory Reserves (GWM) in Sharia Banking, Analysis of the *Siyāsah Syar'iyah Māliyyah* Perspective. In general, not much other research has been carried out, but there are several studies found that are related to this theme, namely:

Kornitasari with research entitled *The Effect of Fee Based Income and Minimum Statutory Reserves on Return On Assets of Sharia Commercial Banks in Indonesia 2018-2022*. This research shows the results that it is proven that fee-based income has a significant impact on Return On Assets (ROA) in Sharia Banks. Apart from increasing profitability, Islamic banks also have problems, namely not being able to use funds saved in the form of Minimum Statutory Reserves (GWM). This causes the bank to be unable to channel funds, which results in the bank not being able to achieve maximum profits. (Kornitasari, 2023)

(Lilhidayah and Kurniasari, 2022) in their research entitled *The Influence of Credit Risk, Inflation and Statutory Reserves on the Profitability of Commercial Banks in Indonesia*. The results of this research show that in the first analysis, in the long term the credit risk variable has a significant negative effect on the profitability of conventional commercial banks. However, in the short term the negative effects are not significant. The inflation variable has a significant negative influence in the long term, and is not significantly positive in the short term. Meanwhile, the reserve requirement variable has a significant positive effect in the long term and an insignificant positive effect in the short term. Then in the second analysis, in the long term and short term the financing risk variable has a significant negative effect on the profitability of Sharia Commercial Banks. The inflation variable has an insignificant negative influence in the long term and a significant positive effect in the short term. Reserve requirements have significant positive effects in the long term and negative in the short term (Lilhidayah and Kurniasari, 2022)

(Hubara et al., 2021) in his research entitled *Implementation of Islamic Monetary Policy in the Indonesian Economic System*.⁴⁵ In his research he explained that "the aim of monetary policy is to achieve and maintain stability in the value of the rupiah as stated in Law no. 3 of 2004 article 7 concerning Bank Indonesia". Sharia financial monetary instruments are Sharia law, the presence of the Minimum Statutory Reserve as a monetary policy instrument in implementing sharia banking based on the principles contained in *Siyāsah Syar'iyah Māliyyah*.

Abdurrahman in his research entitled *the maqashid al-Syatibi theory and its relation to basic human needs according to Abraham Maslow*. He found that the theory of motivation or the Hierarchy of Human Needs Theory formulated by Maslow has been used by many groups in the fields of education, economics, politics and so on. The fundamental weakness of this theory is that it does not include religious motives, spiritual motives or the transcendence needs. However, the facts show that religious motives are very important, especially in providing encouragement to carry out activities and produce the best things. Maqashid theory basically also highlights the same thing as existing motivation theories, namely human needs. In the aspect of human benefit, the presence of the Minimum Statutory Reserve is believed to be one of the solutions to maintaining the country's monetary stability so that the conclusions from this research are very relevant to the implementation of the Minimum Statutory Reserve in Indonesia. (Abdurrahman, 2020)

(Ibrahim and Ismail, 2020) in their research entitled *Do Regulation, Maqasid Shariah and Institutional Parameters Improve Islamic Bank Efficiency?*. This study has examined how bank regulations and the Maqasid Syariah index affect bank efficiency by considering 16 Islamic banks in Malaysia from 2008 to 2013. The results of this study support the 'public interest' view, which explains that the government acts as an agent to protect the public interest through the process of regulation of banking activities, which indirectly increases bank efficiency and subsequently solves the problem of market failure. This situation also proves that Islamic banks that perform positively and carry out activities that are in line with Maqasid Syariah will contribute to a high level of efficiency. Furthermore, the results of activity restrictions (ARC) also show that there is a significant positive relationship with technical efficiency. So the presence of the Mandatory

Minimum Reserve for banks must be accompanied by the public interest or in accordance with the *Siyāsah Syar'iyah Māliyyah* review.

Furthermore, the results of activity restrictions (ARC) also show that there is a significant positive relationship with technical efficiency. These results indicate that restrictions on banking activities will increase the level of efficiency of sharia banking. This finding is in accordance with the concept of sharia banking where every activity or transaction in a sharia bank must comply with *maqashid* requirements. (Ibrahim and Ismail, 2015)

(Irawan, 2018) in his research entitled *Political and Legal Economics of Sharia in the Development of Sharia Financial Institutions in Indonesia*. The results of the research found that the role of legal politics is carried out by the government through creating regulations as checks and balances, such as making policies that can support economic activities and sharia economic growth both institutionally and systemically so that they remain focused. The government's political will is able to accelerate the realization of the sharia economic order as an economic system that is just and applies sharia principles, thus creating a good growth atmosphere. An indicator of the achievement of the political role of sharia economic law is shown by the increasing number of sharia financial institutions established in Indonesia. So far there are differences of opinion among the ulama regarding the Statutory Minimum Reserve, but most of the *Jumhur Ulama* state that the Minimum Statutory Reserve is usury, but of course it needs an in-depth study, namely through *Siyāsah Syar'iyah Māliyyah*, namely the extent to which the existence of the GWM as an instrument in monetary policy is beneficial. (Irawan, 2018)

(Saharudin, 2019), in his research entitled *Capitulation and Siyasah Syar'iyah al-Maliyah Impact on Economic Stability of the 18th & 19th Ottoman Turks*. The results of his research found that free trade and foreign investment which characterize the 21st century trade and business model do not benefit all parties, especially Islamic countries. Only those with a well-established economic system and large capital benefit the most.

From the relevant previous research above, no one has examined the Implementation of the Mandatory Minimum Reserve (GWM) in Sharia Banking. Analysis of the *Siyāsah Syar'iyah Māliyyah* Perspective. The difference between this research and previous research is that this research will examine the perspective of *Siyāsah Syar'iyah Māliyyah* regarding duplication of money as a result of the implementation of the Mandatory Minimum Reserve (GWM) in Sharia banking in Indonesia, how the Minimum Statutory Reserve (GWM) is regulated in Islamic banking in Indonesia, and what the regulatory solution for the Mandatory Minimum Reserve (GWM) is like in sharia banking in Indonesia.

Siyāsah Syar'iyah Māliyyah

Political Jurisprudence (*bad' al-F*) is *tarkībal-idāfi* (two words that have one meaning) or compound sentences consisting of two words, namely *fiqh* (*H°Q F*) and *al-siyāsī* (*bad' A°Y'Q the'*). Etymologically, *fiqh* is a form of *mashdar* (gerund) from the word *faqīha-yafqahu-fikhan*

which means understanding. Fiqh means a deep and accurate understanding so as to be able to understand the purpose of certain speech and or actions. (Wahbah al-Zuhayli, 2001)

Siyasah comes from the Arabic language **س-ي-س** **س-ي-س** And **ي-س-ي** **ي-س-ي** which means to organize, manage and rule. 3 **س-ي-س** also means government and politics, or demanding wisdom. **س-ي-س** can also be interpreted as administration and management. So siyasah according to language contains several meanings, namely to organize, administer, command, lead, make government and political policies. This means, organizing, managing and making policies on something political to achieve a goal. (Abdul Wahab Khallaf, 1977)

Abd al-Wahab Khallaf defines siyasah as laws that are put in place to maintain order and welfare and regulate the situation. Fiqh siyasah is also known as **س-ي-س** **س-ي-س**. **س-ي-س** **س-ي-س** in terms has various meanings:

Imam Ibn 'Abidin: Benefits for people by showing it to the path that saves, both in this world and in the afterlife. **س-ي-س** comes from the Prophet, both specifically and generally, both physically and mentally. In terms of birth, **س-ي-س** comes from the sultans (government), not others. Meanwhile, internally, siyasah comes from the ulama as the heirs of the Prophet, not from the holders of power. (Ibn 'Abidin, 1987)

The qiyas and maslahat mursalah approach is a siyasah that is often used in the field of ijtihadi. As a result, although the method used to uphold the law is not explicitly stated in the Qur'an or Sunnah, the existence of siyasah Shar'iyah is primarily based on the belief that Islamic law was revealed for the benefit of mankind in this world and the hereafter by upholding the law as just-fair. (Hasan, 2014) **س-ي-س** **س-ي-س** in a scientific sense is a branch of science that studies problems related to the control of public and state affairs through laws, regulations, and policies made by those who hold power over the state in accordance with the spirit and basic principles of Islamic law for the benefit of society. (az-Zuhaili, 1986).

METHOD

This research uses a qualitative approach. Qualitative approach to research topics. Scientific, using humans as instruments, utilizing qualitative methods, inductive data analysis, descriptive, emphasizing process over results, focus, data validity criteria, temporary research design, and negotiated and mutually agreed results are just some of the characteristics of qualitative research. The Perspective of **س-ي-س** **س-ي-س** **س-ي-س** on Duplication of Money Due to the Implementation of the Mandatory Minimum Reserve (GWM) in Indonesian Sharia Banking will be described and analyzed extensively and thoroughly in this research. There are no numerical measurements in this research.

This research is a type of library research. The library method is a type of qualitative research method where the location and place of research is carried out in libraries, documents, archives, and the like. In Nyoman Kutha Ratna's words, the library method is a research method in which

data collection is carried out through places where research results are stored, namely libraries. (Andi Prastowo, 2016)

The process of collecting library information, reading and taking notes, and processing research materials is part of library study. The literature study in this research was to conduct a review of the literature on money duplication, the impact of the Mandatory Minimum Reserve (GWM) in the Siyāsah Syar'iyah Māliyyah perspective.

The stages that the author must take in library research are as follows:

- a. Collect research materials. Because this research is library research, the material collected is in the form of information or empirical data sourced from books, journals, results of official and scientific research reports and other literature that supports the theme of this research.
- b. Reading library materials. Reading for research purposes is not passive work. Readers are asked to simply absorb all the knowledge information in the reading material, but it is a hunting activity that requires active and critical reader involvement in order to obtain maximum results. In reading research materials, readers must dig deeply into the reading material which will enable them to find new ideas related to the research title.
- c. Make research notes. The activity of recording research material can be said to be the most important stage and perhaps also the most difficult culmination of the entire series of library research. Because in the end all the material that has been read must be drawn to a conclusion in the form of a report.
- d. Processing research notes. All material that has been read is then processed or analyzed to obtain a conclusion which is prepared in the form of a research report. This research is classified as a type of library research because in this research, the researcher examines the Siyāsah Syar'iyah Māliyyah Perspective on Duplication of Money as a Result of the Implementation of the Minimum Statutory Reserve (GWM) for Sharia Banking in Indonesia.

The approach used in this research is a juridical or legal approach, namely examining the Siyāsah Syar'iyah Māliyyah law regarding the duplication of money as a result of the implementation of the Mandatory Minimum Reserve (GWM) in Sharia Banking in Indonesia. Apart from that, the approach used simultaneously influences the thinking of a person in society, especially in Indonesia, so that the approach used apart from the historical approach is the philosophical approach.

Data collection techniques are related to data sources. Data collection techniques are methods used by researchers to collect and explore data sourced from primary data sources and secondary data sources. Because the data source is written data, the data collection technique in this research uses documentation techniques. The author uses data collection techniques by means of documentation because this type of research is library research.

Then, to collect supporting or complementary data, it is obtained by digging up data from other books related to the research problem. In this documentation technique, the author will apply several steps, namely as follows: First, read primary data sources and secondary data sources. Second, make notes related to the research from primary and secondary data sources. Third, processing the notes that have been collected.

The data sources used in this research are primary and secondary data sources. In this writing, the author uses primary legal materials, namely the Koran and hadith, while secondary legal materials include: books, theses, scientific journals and papers on various scientific discoveries. The book used is related to minimum statutory reserves, and *Siyāsah Syar'iyah Māliyyah* in banking.

In this research, the data analysis approach used is a qualitative data analysis approach and a normative juridical method. Meanwhile, the normative method is research in the legal field by searching library materials or secondary data. (Soekanto, 2015) The statutory regulations used in this research are the Sharia Banking Law, PBI (Bank Indonesia Regulation) Number 6/15/PBI/2004 Minimum Statutory Reserve (Stationary Reserve), Bank Indonesia Regulation Number 3/20/2018/ Concerning Minimum Statutory Reserves in Rupiah and Foreign Currency for Conventional Commercial Banks, Sharia Commercial Banks and Sharia Business Units.

RESULT AND DISCUSSION

Bank Indonesia, as the central bank, has one single goal, namely achieving and maintaining stability in the value of the rupiah. 12 Stability in the value of the rupiah contains 2 aspects, namely stability in the value of the rupiah against goods and services and stability against the currencies of other countries. The stability of the value of the rupiah against goods and services is reflected in the development of the inflation rate. Meanwhile, the stability of the value of the rupiah against foreign currencies can be seen from the position of the rupiah exchange rate against foreign currencies.

Minimum Statutory Reserves in Banking

Significance of Statutory Reserves in Banking

Sharia Banks are banks that carry out their business activities based on sharia principles and according to their type consist of Sharia Commercial Banks and Sharia People's Financing Banks. Islamic rules known as sharia are in line with the ethos and value system of Islam. In other words, Islamic banks are financial organizations that follow Islamic law and aim to uphold social and spiritual values in addition to seeking profits. Islamic banks operate in accordance with sharia principles, with policies and practices that adhere to Islamic sharia. Practices that involve usury, speculation, or fraud are elements of muamalah that must be avoided. (Sapiudin Shidiq, 2017)

Therefore, Sharia Bank as one of the banks in Indonesia is attached to Bank Indonesia. One form of commitment that must be implemented by Sharia Banks is to comply with the provisions issued by Bank Indonesia, such as the provisions regarding the Minimum Statutory Reserve (GWM) as fulfillment of statutory reserve requirements. (Abdurrahman, 2020) the amount of which is

determined by Bank Indonesia based on a certain percentage of Third Party Funds (DPK). After 28 October 1988 the amount of GWM was 2%,⁴⁰ it changed to 3% in 1996⁴¹ and since 1997 it became 5%, then since June 2004 it became *% of GWM. In carrying out bank activities, liquidity management plays a very important role, because based on empirical data, the majority of bank funds come from TPF, while only around 10% comes from capital. Each country has different provisions regarding the amount of GWM, adjusted to the conditions and monetary policies in each country.

Determining a minimum statutory reserve policy is one approach that can be used by Bank Indonesia to achieve monetary stability, namely through regulating banking liquidity. In managing banking liquidity, a comparison is made between the Bank's current account balance which must be placed with Bank Indonesia plus the minimum reserve which must be maintained by the Bank in the form of SBI, SUN and/or Excess Reserve against third party funds owned by the Bank.

The Minimum Statutory Reserve (GWM) imposed by the Government is based on the Loan Deposit to Ratio (LDR), which makes banks increasingly compete to distribute credit. The greater the value of the LDR, the smaller the GWM ratio and vice versa. The greater the minimum mandatory reserves that must be maintained by banks, the higher the cost of funds charged to banks. The small amount of funds that can be distributed to the community will result in greater costs compared to the income earned by the bank.(Irawan, 2018), p.18

Lower loan interest rates will ultimately be caused by competition in lending between banks. There will be more demand for loans as a result of lower loan interest rates. This is because the bank's cost of funds will increase and its ability to compete will be disrupted by the increasing amount of money saved in GWM. In the end, competition in lending between banks will reduce credit interest rates, but on the other hand it will increase deposit interest rates.(Saharudin, 2019).It is hoped that increasing banking credit distribution will have an impact on economic growth and can achieve the desired goals.

The Statutory Reserve (GWM) is an indirect monetary policy instrument because the policy target is to influence money market conditions. This instrument is used as a tool to stabilize the amount of money circulating in society. For this reason, the percentage determination must be in accordance with the country's economic conditions. Since its use at the beginning of independence until now, Bank Indonesia has made many changes in determining the GWM percentage that must be met by banks in Indonesia.(Mayangsari R, 2014) This is done so that the banking financial liquidity system in Indonesia is better maintained and avoided crises.

In this regard, GWM has a negative influence on the level of credit distribution. When there is an increase in GWM, it will reduce the distribution of total credit. If Bank Indonesia changes the GWM provisions, this will result in a change in the bank's liquidity. If the bank's liquidity decreases, the bank's ability to distribute credit will also decrease. Banks will also increase deposit interest rates to increase third party funds. Because credit influences economic growth, changes in credit due to changes in the GWM are expected to influence economic growth. So the decrease did not have much effect due to the large capital and deposits.(A Djazuli, 2017)

Banks must control funds and maintain liquidity, namely by fulfilling their obligations to Bank Indonesia, namely GWM or total minimum funds set by Bank Indonesia at a certain percentage of TPF which must be maintained by banks. This is done if there is a withdrawal at any time so the bank can fulfill its obligations. In order for withdrawals of public funds to be fulfilled, each bank must maintain its liquidity. If bank operational activities are to run well, public trust in the bank must be able to increase and profits will also increase because increasing public trust will increase the funds collected. The ability to provide credit will increase if the GWM is lowered. This is because GWM's function is to increase bank liquidity, so GWM can increase profits. The ability to provide credit is seen based on the assessments that have been carried out.

Minimum Statutory Reserve Regulations at Sharia Banks

Monetary control through the determination of minimum mandatory reserves is the determination of the minimum funds for each bank that must be placed in Bank Indonesia. The greater the specified GWM percentage, the greater the amount of funds that must be placed in Bank Indonesia. This means that money in circulation is sucked into Bank Indonesia. Conversely, if the GWM is relaxed, banks can increase funds to be distributed to the public or circulated.

Bank Indonesia has made several changes to the GWM regulations, and the latest was amended by Bank Indonesia Regulation Number 22/3/PBI/2020 concerning Bank Indonesia Regulations concerning Amendments to Bank Indonesia Regulation Number 20/3/PBI/2018 concerning Minimum Statutory Reserves in Rupiah and Foreign Exchange for Conventional Commercial Banks, Sharia Commercial Banks and Sharia Business Units.

This Bank Indonesia policy was implemented as part of the central bank's policy mix to maintain macroeconomic and financial system stability in order to mitigate the risk of the Covid-19 pandemic on the economy. 62 In this Bank Indonesia regulation, the policy regarding GWM in Sharia Banks is stipulated in Article 12 of the Bank Regulations. Indonesia Number 22/3/PBI/2020 as follows:

- a) GWM in rupiah as intended in Article 11 paragraph (1) is set at an average of 5% (five percent) of BUS and UUS DPK in rupiah during a certain reporting period, which must be fulfilled as follows: daily at 3% (three percent) ; on average 2% (two percent). GWM in foreign currency as intended in Article 11 paragraph (2) is determined daily at 1% (one percent) of BUS and UUS TPF in foreign currency.
- b. In the event that there is a change in the amount of the obligation to fulfill the GWM in rupiah as intended in paragraph (1) and the GWM in foreign currency as intended in paragraph (2), the change is stipulated in the Regulation of the Members of the Board of Governors.

Bank Indonesia's policy regarding GWM for Sharia Banks and Conventional Banks has differences in the average value of TPF. The GWM percentage at Conventional Banks is an average of 6.5% (six point five percent) of BUK TPF in rupiah during a certain reporting period which is 4.5% (four point five percent) on a daily basis and on average is 2 % (two percent).

Furthermore, Article 12A of Bank Indonesia Regulation Number 22/3/PBI/2020 regulates the relaxation of the obligation to fulfill GWM for sharia banks with the following provisions:

- a. "Bank Indonesia can provide relaxation regarding the obligation to fulfill the GWM in rupiah which must be fulfilled daily as intended in Article 12 paragraph (1) letter a to BUS and UUS for macroprudential policies."
- b. "The provisions for granting concessions on the obligation to fulfill GWM in rupiah which must be fulfilled daily for macroprudential policies as intended in paragraph (1) are implemented in accordance with Bank Indonesia Regulations regarding incentives for banks for macroprudential policies."

In addition to macro prudential policies, Bank Indonesia also gives flexibility to Syariah Banks for the fulfillment of GWM which must be met on a daily basis when Syariah Banks are merging or merging. The relaxation is given by Bank Indonesia when previously a Syariah Bank submits an application. Furthermore, the relaxation given by Bank Indonesia is 1% (one percent) for 1 (one) year from the date of merger or merger.

Bank Indonesia continues to update the GWM regulations, and in June 2022 Bank Indonesia has plans to start taking steps to tighten liquidity by gradually increasing the Rupiah GWM for Sharia Banks. This policy seeks to normalize liquidity policy by gradually increasing the Rupiah GWM for Sharia Banks and Sharia Business Units, which is currently 3.5% and will be changed to the following (Cantika Adinda Putri, 2022)

- a. The BUK (Conventional Commercial Bank) Statutory Reserve in Rupiah, which is currently set at 5.0%, will increase to 6.0% on 1 June 2022, 7.5% on 1 July 2022, and 9.0% on 1 September 2022.
- b. For Sharia Commercial Banks (BUS) and Sharia Business Units (UUS), the GWM in Rupiah which is currently set at 4.0% will increase to 4.5% on June 1 2022, 6.0% on July 1 2022, and 7.5% on September 1, 2022.
- c. After taking into account incentives for banks to provide loans to priority sectors and MSMEs and/or achieving RPIM goals, compensation of 1.5% will be provided to meet minimum statutory reserve obligations.

From the Maqashid Syariah perspective, the implementation of the mandatory minimum reserve is contradictory because there is an element of gharar. This is of course contrary to the Koran and hadith, because it has an impact that will lead to damage, so it is prohibited to do it. However, this was confirmed to be true. However, there is another view that the Mandatory Minimum Reserve (GWM) still has a good impact on the Indonesian economy and is able to control inflation and provide benefits for the people.

Historically, Islamic economics has several schools of thought which have their own views and are the basis for viewing the Statutory Reserve, including:

It is at this conceptual level that Muslim economists differ in formulating Islamic economic concepts. According to Adiwarman Azhar Karim, these differences of opinion are categorized into

three schools of thought, namely: the Baqir as-Sadr School, the mainstream School, and the Alternative-critical School.(Karim A, 2007)

a. Madhhab Iqtishaduna

Iqtishad is not just a translation of economics. Iqtishad comes from the Arabic word qashd, which literally means "equilibrium" or "a state of equality, balance, or middle". Correspondingly, all theories developed by conventional economics were rejected and discarded. Instead, this school of thought seeks to formulate new theories that are directly extracted and deduced from the Al-Qur'an and Sunnah.(Fauzia, 2014) This sect was pioneered by Baqir as-Sadr with his book Iqtishaduna (our economy).(Muhammad Baqir as Sadr, 1983) This school of thought believes that economics can never be in line with Islam.

b. Mainstream sects

This Islamic economic school has a paradigm, that economic problems arise because limited resources are faced with unlimited human desires, for example that the total demand and supply of rice throughout the world is at the equilibrium point. Based on this perspective, the mainstream school of thought is the antithesis of the Baqir al Sadr school of thought.

The presence of the Mandatory Minimum Reserve in sharia banking and as a monetary instrument in Indonesia is something that cannot be avoided. There are several foundations in the Maliyyah Siyasah Syar'iyah Perspective which prioritize the value of benefit so that it is argued that the Minimum Statutory Reserve can still be used in sharia banking, namely:

Currently, the issuance of Regulation for Members of the Board of Governors Number 24/8/PADG/2022 concerning Implementing Regulations for Fulfilling Minimum Statutory Reserves in Rupiah and Foreign Currency for Conventional Commercial Banks, Sharia Commercial Banks, and Sharia Business Units further confirms the position of GWM in sharia banking with mandatory minimum GWM The Rupiah for BUK, which is currently 6.0%, will increase to 7.5% starting July 1 2022 and 9.0% starting September 1 2022. The minimum Rupiah GWM obligation for BUS and UUS is currently 4.5% , up 6.0% starting July 1 2022 and 7.5% starting September 1 2022, Providing remuneration of 1.5% for fulfilling GWM obligations after taking into account incentives for banks in lending/financing to priority sectors and MSMEs and/ or meeting the Macroprudential Inclusive Financing Ratio (RPIM) target.

The aim of the GWM-LFR is to encourage bank credit distribution to remain within the specified range in order to encourage intermediation so that economic growth is stimulated, while still maintaining the principle of prudence. In July 2016, third party banking funds reached IDR 4,585.38 trillion. With the primary GWM requirement of 6.5%, this means that bank deposits placed with the central bank amount to IDR 298.05 trillion. These funds do not include secondary GWM and GWM-LFR. 43 So this is in line with the concept of maqashid sharia and the presence of GWM in Indonesia is proven to still provide benefits by controlling inflation.

There is no new system that can replace the Statutory Reserve in sharia banking, and the absence of profit or margin taking by sharia banking on funds deposited with Bank Indonesia is an attempt

to avoid the element of usury as best as possible. So the current GWM in Islamic banking is a monetary instrument that is able to control inflation rates. (Abdurrahman, 2020)

Indonesia adheres to the mainstream school of thought as the basis for running the Islamic economic system. Islamic economics in Indonesia must of course be practiced in accordance with existing socio-cultural conditions, and not conflict with the ideology of Pancasila and the agreed economic system so that there is no need to establish an Islamic caliphate. Then equate Indonesia with Islamic countries. Because Indonesia has its own pattern in developing Islamic economics. Fiat Money has become an official currency agreement in Indonesia, not to mention the influence of America as a superpower which of course influences the world monetary system. It is feared that replacing the monetary system in a big way will actually worsen Indonesia's condition. (Ibrahim, 2012)

The perspective of the concept of benefit and *maqashid sharia* is an indicator to measure whether or not a policy, law or sharia objective is appropriate. In the concept of benefit, there are 3 levels of needs, namely *dharuriyyat* (primary), *hajiyyat* (secondary) needs and *tahsiniyat* (tertiary) needs.

In his research, Sutrisno stated that the hypothesis "GWM has a negative effect on the performance of Sharia Banks". The results show that based on the results of the t test on the regression equation, the calculated t value of the independent GWM variable is 0.537 with a significance value of 0.594. This significance value is greater than 0.05, so it can be concluded that the independent variable GWM has no significant effect on the dependent variable ROA. The higher the GWM, the greater the bank's liquidity guaranteed by BI, so that if liquidity problems occur the bank can borrow directly from BI. Strict regulations regarding GWM often create pressure for banks because these regulations cause banks to have to keep their funds in the form of Current Account Balances with BI, resulting in assets that do not produce as much as the main GWM, namely 5% of Third Party Funds, resulting in unproductive funds. This creates a cost of funds which of course will reduce bank income. A higher GWM requirement indicates higher security from third party funds, but on the other hand, an increase in the GWM requirement will cause a greater amount of idle funds, thereby reducing the opportunity to make a profit. (Afda Syahidan, 2019) So a conclusion can be drawn from the hypothesis that has been formulated, that there are 2 (two) variables that can influence the level of profitability of a bank, namely Non-Performing Finance and Operating Expenses on Operating Income so that the existence of GWM does not really influence the level of banking profitability itself.

Based on the explanation above, from the *Siyasah Syar'iyah Maliyyah* perspective, when making a policy in a country related to Islamic monetary politics, the policy must be based on the values of human benefit.

In principle, the aim of implementing Islamic Sharia (*maqashid sharia*) is to achieve benefit and avoid harm in all aspects of human life. Regarding this matter, in an effort to achieve benefits, Imam Al Syatibi categorized 3 (three) levels or priority scales that every human being must take. According to al-Syatibi there are 3 (three) categories of levels of need to achieve prosperity, namely: *Dharuriyyat*, *Hajiyyat*, then finally *Tahsiniyyat*.

The explanation above has provided an illustration of how the Minimum Statutory Reserve (GWM) policy influences the economic system in a country. One finding shows that the practice of Minimum Statutory Reserve (GWM) still has an element of gharar due to the practice of duplicating money, but other findings show that the Minimum Statutory Reserve (GWM) still exists. Effectively used as a monetary instrument in Indonesia, of course this has a good impact in controlling inflation.

Then this also becomes the basis for the government in adopting a policy that the Minimum Statutory Reserve (GWM) is still permitted. This can be interpreted as all the actions or policies of an Imam (leader) towards legal subjects or objects under his leadership, where his leadership must refer to in the realization of benefits in its policies, both in the form of worldly benefits and ukhrawi benefits. Abdul Mujib said, "Actions and policies pursued by leaders or rulers must be in line with the public interest, not for groups or for themselves.

Solutions to Mandatory Minimum Reserve Regulations in Sharia Banking in Indonesia

Narrow Banking in the View of Maqasid Shariah

Islam basically does not require that a tradition or system that is contrary to sharia must be burned to the ground, provided that the system or tradition still has alternatives for changes to make it conform to sharia principles. Like changes in the pre-Islamic Arab marriage system, which initially had no limit on the number of wives for a man, but after Islam came, the Prophet made changes to the system by placing a limit that a man could only marry 4 (four) wives.

Likewise in the banking system, basically narrow banking

in line with sharia principles, but there are still things that need to be improved. As is the case if there are additional activities in separate affiliated organizations as explained above, improvements must be made so that they are in line with sharia principles.

The alignment of the narrow banking concept with sharia principles can be seen in the separation between savings and deposits, clarity in transactions, and the principle of trust to safeguard customer savings (wadi'ah).

Even though the narrow banking system still has several technical aspects that are not in accordance with sharia principles, it does not rule out the possibility of changes to be made to comply with sharia principles. As with the application of interest in organizations that will become affiliates in the narrow banking system, it must be adjusted to sharia principles. The affiliated organization's role is to provide profits, so in this case, the profits obtained by sharia banking which has implemented a narrow banking system must not contain elements of interest or usury in order to comply with sharia principles. These profits can be obtained through the application of the concept of mudaraba (profit sharing) or murabahah (capital participation) as contained in the teachings of muamalah fiqh.

The benefits of narrow banking can also be seen in preventing risks from occurring in the narrow banking system, namely the absence of money creation as in the fractional reserve banking system.

Money creation through fractional reserve banking is done by creating purchasing power from nothing.

(creating money out of nothing) which will have an impact on the unfair transfer of asset ownership in the economic structure, because the transfer of ownership is not based on human effort by taking it legally and is not based on the knowledge or consent of the initial owner of the funds.

Narrow Banking in Mali's Syar'iiyyah Political View

The development of sharia banking is a challenge and a mandate for all sharia banking stakeholders to continue to develop and formulate various economic and banking systems that comply with sharia principles. The solution to setting the GWM is that the idea behind narrow banking is to eliminate banks' access to government insurance, deposit guarantees, and current accounts.⁷¹ Only liquid assets can be used as reserves. for deposit insurance. Payment and savings systems are the two main services offered by narrow banking.

Since the enactment of Law Number 7 of 1992 as revised by Law Number 10 of 1998 concerning Banking, and Law Number 21 of 1998 concerning Sharia Finance, the application of Islamic law in the banking industry has increased. The process of drafting Law Number 21 of 2008 concerning Sharia Banking in Indonesia took a long time, between 1992 and 2008. The law was actually changed by adapting and harmonizing muamalah fiqh into sharia banking law.⁷² Drafting of Law Number 21 Sharia Banking in 2008 is oriented and aimed at fulfilling the desires of Indonesian Muslims who have long fought for the place of Islam in the country and society in the form of implementing Islamic sharia. The aim is to make the Muslim community feel more comfortable and safe when using Islamic financial services, which now follow their own rules.

Thus, the narrow banking system in the juridical dynamics in Indonesia requires strong cooperation across all factors needed to design sharia banking rules and regulations in Indonesia so that it can advance the sharia economy, especially sharia banking well. The country's economy can be improved while creating opportunities for its citizens to prosper.

CONCLUSION

Based on the formulation of the problem of how the perspective of maqashid and siyasah Syariah in the arrangement of Minimum Mandatory Giro (GWM) in sharia banking in Indonesia and how to solve the regulation of Mandatory Giro Minimum (GWM) in sharia banking in Indonesia that has been displayed before:

First, the Minimum Statutory Reserve (GWM) is a monetary instrument implemented by the central bank to ensure the level of banking liquidity and solvency in the financial system. The purpose of implementing the GWM is to ensure that banks have sufficient funds to handle their liquidity needs and to ensure the stability of the financial system as a whole. Then, Siyasah Syariyyah Maliyyah is a science that discusses financial management and monetary policy from a sharia

perspective. Islamic Economics has many schools of thought and of course the implementation of Islamic economics in Indonesia must of course be practiced in accordance with existing socio-cultural conditions, currently GWM is something that cannot be done. avoided and there is still no new system for sharia banking from the perspective of Siyasah Syariyyah Maliyyah which prioritizes the value of benefit and there are 3 levels of needs, namely dharuriyyat (primary), hajjiyyat needs (secondary) and tahsiniyat needs (tertiary). So the current GWM in sharia banking is a monetary instrument that is able to control inflation rates. So the existence of the Minimum Statutory Reserve is at the tahsiniyat (tertiary) level, so this tahsiniyyat need does not touch on the issue of obligatory or haram but rather on the issue of sunnat or makruh, what does this need mean? ignoring it will not result in anything fatal (dharuriyyat) or make life difficult (hajjiyyat). However, fulfilling this need will provide added value for someone.

Second, the solution to the statutory reserve requirement (GWM) regulation in sharia banking to the existence of gharar in the GWM regulation in sharia banking is to change the fractional reserve banking system to Narrow Banking which clearly differentiates between savings and deposits, emphasizes the principle of trust, and separates profit activities. and profits in banking through collaboration with affiliated organizations separate from banking itself. Because the fractional reserve banking system has been sued in Switzerland so the solution to gharar on GWM is a sovereign money system which is similar to full reserve coverage, but it goes further because it gives full control over sight deposits by the central bank. So there is no element of gharar. In other words, existing savings “create” loans.

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