

The analysis of sharia compliance in the implementation of KPR Syariah iB Hebat product at BPRS Dana Amanah Surakarta

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ABSTRACT

Introduction

BPRS Dana Amanah Surakarta, as part of a sharia entity, has an obligation to comply with sharia. One of the products implemented is KPR Syariah iB Hebat financing.

Objectives

This research aims to analyze sharia compliance in the implementation of KPR Syariah iB Hebat products at BPRS Dana Amanah Surakarta, as well as the role of DPS in controlling and supervising every operational activity and product so that it remains in accordance with sharia regulations and principles.

Method

This research used a qualitative approach, in the form of field research, to describe the field data obtained and analyzed in this research.

Results

The contract used in the KPR Syariah iB Hebat product at BPRS Dana Amanah Surakarta is a murabahah, istishna' parallel, and musyarakah mutanaqishah contracts, based on DSN-MUI fatwa. The provisions listed in the DSN-MUI fatwa are then compiled into a letter of agreement. DPS supervises the development of new BPRS products and activities and supervises BPRS activities. Until now, there have been no findings of serious deviations from sharia aspects at BPRS Dana Amanah Surakarta, usually the findings are limited to administrative requirements that can be fulfilled.

Implications

BPRS Dana Amanah Surakarta should maintain the sharia compliance for KPR Syariah iB Hebat and its other financial products. Other Islamic micro financial institutions can follow the steps taken by BPRS Dana Amanah Surakarta to engineer its financial products.

Originality/Novelty

This research made an important contribution in the form of concepts and implementation on sharia compliance, which is a part that should not be separated from the activities of sharia entities, as a reference for analyzing and developing the financial, economic, and Islamic business in the future.

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INTRODUCTION

Sharia compliance aims to ensure that policies, provisions, systems, procedures, and business activities carried out by the Islamic Financial Institution (IFI) (in this study, Islamic Rural Bank/BPRS) are in accordance with Sharia regulations and principles, which can be interpreted as a form of obedience to Islamic law and its derivative rules (Maslihatin & Riduwan, 2020). One of the products issued by BPRS is Sharia Mortgage (KPR), is a type of service provided by BPRS to customers to obtain housing loan financing based on a sharia contract (Adawiyah & Widyananto, 2020).

BPRS Dana Amanah Surakarta is the second BPRS in Surakarta, which was inaugurated by Bank Indonesia on May 23, 2008 (17 *Jumadil Ula* 1429 H), and began operating on 02 June 2008 (27 *Jumadil Ula* 1429 H) as an effort to increase shared prosperity through banking experience in compliance with Sharia rules and principles. Financing purposes related to houses, such as buying a house, building a house, or renovating a house, have been around for several years, but this financing has not yet used a special financing product in the form of Sharia mortgage financing.

In connection with the collaboration between BPRS Dana Amanah Surakarta and PT Sarana Multigriya Finansial (Persero) as a secondary housing finance company, BPRS Dana Amanah Surakarta on 25 May 2022 began issuing *KPR Syariah iB Hebat* financing products. The contract used in the financing of *KPR Syariah iB Hebat* is adjusted to the purpose of the financing, which can be in the form of *murabahah*, *istishna'* parallel, and *musyarakah mutanaqishah* contracts: (1) *Murabahah* is selling an item by confirming the purchase price to the buyer, and the buyer pays a higher price as profit; (2) *Istishna'* is a sale and purchase in the form of ordering the manufacture of certain items with certain criteria and conditions agreed between the buyer (*mustashni'*) and the seller (manufacturer/*shani'*); then if an IFI carries out an *istishna'* transaction, to fulfill its obligations to customers, the IFI can perform *istishna'* again (parallel) with other parties on the same object, provided that the first *istishna'* does not depend (*mu'allaq*) on the second *istishna'*; (3) *Musyarakah* is financing based on a cooperation agreement between 2 (two) or more parties for a particular business, in which each party contributes funds provided that the profits and risks will be shared according to the agreement, then *musyarakah mutanaqishah* is *musyarakah* or *syirkah* whose ownership of assets (items) or capital of one party (*syarik*) decreases due to gradual purchases by the other party (Sup, 2022b).

This research is important because the products issued use Sharia contracts; thus, the BPRS Dana Amanah Surakarta has an obligation to fulfill Sharia compliance. This research aims to analyze sharia compliance in the implementation of *KPR Syariah iB Hebat* products at BPRS Dana Amanah Surakarta, as well as the role of DPS in controlling and supervising every operational activity and product so that it remains in accordance with sharia regulations and principles.

The state of the art and novelty in this research were obtained based on several previous research: (1) The Analysis of Sharia Compliance on Mortgage (KPR) Product with *Murabahah* Contracts at Sharia Branch Office of Bank Sumut Medan (Muthi'ah &

Jannah, 2022); (2) The Analysis of the Implementation of Sharia Compliance in Financing Griya iB Hasanah at Branch Office of PT BSI Mataram (Umam, 2021); (3) The Analysis of Sharia Compliance Implementation of BSM Griya *Murabahah* Financing Products at Branch Office of Bank Syariah Mandiri Banda Aceh (Maudya, 2019); (4) The Analysis of the Implementation of Sharia Compliance in the Sale and Purchase of Firmana Residence Housing in Argomulyo Salatiga (Nurjanah, 2019); (5) Sharia Compliance Issues in *Musyarakah Mutanaqishah* Contracts in Indonesia (Ranchman, Muliyani, Dewintara, & Masse, 2022). It can be concluded that this is the first research conducted at a BPRS, especially in Surakarta, using a 3 (three) contract approach, namely *murabahah*, *istishna'* parallel, and *musyarakah mutanaqishah* contracts.

The reason for selecting the research location in Surakarta is: (1) BPRS Dana Amanah Surakarta is the second BPRS in Surakarta, not much research has been conducted at this location, while the annual performance of BPRS Dana Amanah Surakarta is very good, as well as in the conditions of the Covid-19 Pandemic; (2) *KPR Syariah iB Hebat* product at BPRS Dana Amanah Surakarta is still new and no one has researched it yet; (3) The location of BPRS Dana Amanah Surakarta is relatively easy to reach even though it is a different province from the location of the researchers, with the hope that the research implementation can run smoothly according to the schedule that has been prepared.

LITERATURE REVIEW

The Concept of Sharia Compliance

Sharia compliance can be interpreted as a form of obedience to Islamic law and its derivative rules to ensure that policies, provisions, systems, procedures, and business activities carried out by the BPRS are in accordance with Sharia regulations and principles. The National Sharia compliance standards refer to the *fatwa* of the National Sharia Board – Indonesian Ulama Council (DSN-MUI) (Maslihatin & Riduwan, 2020). Sharia compliance is a legal aspect inherent in BPRS activities (Kasim & Bukido, 2018). Sharia compliance is a form of Good Corporate Governance in BPRS (Hikmah & Oktaviana, 2019). The role of the Sharia Supervisory Board (DPS) in the BPRS is to control and supervise all operational activities and products issued by the BPRS so that they remain in accordance with Sharia regulations and principles (Hikmah & Oktaviana, 2019). Sharia compliance has an impact on the trust, credibility, and existence of BPRS in society (Fadillah, Rahmayanti, & Syifa, 2020).

Sharia compliance is needed to guarantee the application of sharia principles in banking institutions (Biyantoro & Ghoniyah, 2019) which in this research is BPRS Dana Amanah Surakarta. Sharia compliance guarantees for all BPRS activities are important for customers and the public. Several provisions that can be used as a qualitative measure to assess Sharia compliance in IFI are as follows: (1) The contracts used for the collection and distribution of funds are in accordance with applicable Sharia principles and Sharia regulations; (2) All economic transactions and activities are reported fairly in accordance with the applicable Sharia accounting standards; (3) The work environment and corporate culture are in accordance with Sharia; (4) The

business financed does not contradict Sharia; (5) There is a DPS as a Sharia supervisor for all operational activities of IFI; (6) Sources of funds come from legal and halal sources according to Sharia (Ghifari, 2021).

The Sharia Supervisory Board, hereinafter abbreviated as DPS, is the DSN-MUI apparatus recommended at the IFI, which has the main task of overseeing the implementation of DSN-MUI *fatwas* and decisions in each institution (MUI, 2016a). The DPS is affiliated with the IFI that it supervises. In addition, the DPS is responsible for the DSN-MUI in carrying out its duties (MUI 2016b). The DPS has several tasks: (1) Supervise IFI's products and business activities so that they comply with the provisions and Sharia principles that have been issued by the DSN-MUI; (2) Make sharia opinions on requests/questions and/or findings in the institutions supervised; and (3) report the results of supervision to DSN-MUI twice a year (MUI, 2016c). In addition, DPS also has several authorities: (1) Provide advice and suggestions to commissioners, directors, heads of Sharia business units, and heads of IFI branch offices on matters related to Sharia aspects; (2) as a mediator between IFI and DSN-MUI in communicating suggestions for developing business activities in the form of products and/or services that require studies and *fatwas* from DSN-MUI; (3) give a warning to the IFI directors to make efforts to stop Sharia irregularities, and have the right to report it to the authorities (MUI, 2016c). In carrying out its duties and authorities, the DPS has the right to have work fittings in the form of a work unit that is coordinated with the IFI work units it supervises (MUI, 2016c).

DPS members are required to fulfill the requirements of integrity, competence, and financial reputation (OJK, 2022c). Integrity, which includes the least: (1) have good morals and ethics; (2) have a commitment to comply with Islamic banking regulations and legislation; and (3) have a high commitment to the development of healthy BPRS operations. What is meant by "have a commitment" includes a willingness to provide sufficient time to BPRS in order to carry out its duties effectively; (4) Not included in the list of those who did not pass (DTL) in accordance with the Financial Services Authority Regulations (POJK) regarding the re-assessment for the main parties of the Financial Services Institute (LJK); (5) Not undergoing legal cases because there are indications of the issue of integrity, feasibility/financial reputation, and/or competence in a LJK (OJK, 2022a). Competence has the least knowledge and experience in the field of Sharia *muamalah* and knowledge in the field of banking and/or finance in general. Sharia *muamalah* is a social relationship that includes business activities that are in line with or based on Sharia principles (OJK, 2022a). Financial reputation, which includes the following: (1) Not included in the list of bad credit. What is meant by the "list of bad credit" is a list of bad credit as stipulated in the provisions governing the Debtor Information System; (2) Never declared bankrupt or become a shareholder, a member of the Board of Directors or a member of the Board of Commissioners who was found guilty of causing a company to be declared bankrupt, in the last 5 (five) years before being nominated; (3) Not a controller, member of the Board of Commissioners, or members of the Board of Directors from legal entities who have credit and/or bad financing (OJK, 2022a).

Each DPS member is required to ensure the implementation of Sharia compliance, so that every BPRS product and activity can run according to Sharia principles (Fakhrudin & Jusoh, 2018). An important part of DPS duties and authorities is supervising the daily activities of the BPRS so that they are always in accordance with Sharia principles and are reported regularly (Ningsih, 2020).

The aspect of Sharia compliance for BPRS is important because it can be used to mitigate risk and prevent fraud in product innovation development. The BPRS must also refer to Sharia standards, Sharia governance, and other applicable standards. Product development efforts must not be detrimental to society, and must pay attention to the suitability of the product contract being developed to comply with Sharia principles (Nugroho, 2021).

Sharia compliance is compliant with the DSN-MUI *fatwa* because it is an embodiment of Sharia principles and rules that must be followed by the BPRS. Sharia compliance is a manifestation of the fulfillment of all Sharia principles in institutions that have the characteristics, integrity, and credibility of BPRS, where a culture of compliance includes the values, behaviors, and actions that support the creation of BPRS compliance with all Bank Indonesia regulations (Septiana, Zunaidi, & Maghfiroh, 2022).

The Concept of Murabahah According to DSN-MUI Fatwa

Murabahah sells an item by confirming the purchase price to the buyer, and the buyer pays a higher price as profit. General provisions of *murabahah* in Islamic banking: (1) banks and customers must enter into a *murabahah* contract that does not contain *riba*; (2) the item that is traded is not prohibited by Islamic sharia; (3) the bank finances part or all of the purchase price of the item whose qualifications have been agreed upon; (4) banks buy the item that customers need on behalf of the bank itself, and these purchases must be legal and not contain *riba*; (5) the bank must submit all matters related to purchases, for example, if the purchase is made in debt; (6) the bank then sells the item to the customer at a selling price equal to the purchase price plus the profit. In this regard, the bank must honestly notify the cost of the item to customers along with the costs involved; (7) the customer pays the agreed price of the item at a certain agreed period; (8) to prevent misuse or damage to the contract, the bank can enter into a special agreement with the customer; (9) if the bank wants to represent the customer to buy the item from a third party, a *murabahah* sale and purchase agreement must be made after the item, in principle, belongs to the bank (DSN-MUI, 2000a).

Murabahah provisions for customers: (1) The customer submits an application and promise to purchase an item or asset to the bank; (2) If the bank accepts the application, it must pre-purchase the item it legally ordered with the trader; (3) The bank then offers the item to the customer and the customer must accept (buy) it in accordance with the promise made, because legally the promise is binding, then both parties must make a sale and purchase contract; (4) In this sale and purchase, the bank is allowed to ask the customer to pay a down payment when signing the initial

order agreement; (5) If the customer then refuses to buy the item, the bank's real fees must be paid from the down payment; (6) If the value of the down payment is less than the loss that must be borne by the bank, the bank can ask the customer for the remaining losses; (7) If the down payment uses the *'urbun* contract as an alternative to the down payment, then: (a) If the customer decides to buy the item, the customer just has to pay the remaining price; (b) If the customer cancels the purchase, the down payment belongs to the bank for the maximum amount of the loss borne by the bank due to the cancellation, and if the down payment is insufficient, the customer must pay off the shortfall (DSN-MUI, 2000a).

Collateral in *murabahah*: (1) Collateral in *murabahah* is permissible, so customers are serious about their orders; and (2) banks can ask customers to provide collateral that can be held (DSN-MUI, 2000a).

Debt in *murabahah*: (1) In principle, the settlement of customer debt in a *murabahah* transaction is unrelated to other transactions made by the customer with third parties for the item. If the customer resells the item with profit or loss, the customer is still obliged to settle his debt to the bank. (2) If the customer sells the item before the installation period ends, the customer is not required to pay off all installments immediately. (3) If the sale of these items results in loss, the customer still has to settle the debt according to the initial agreement. Customers may not slow down installment payments or ask for the loss to be calculated (DSN-MUI, 2000a).

Customers who have this ability are not justified in delaying the settlement of their debts. If the customer has declared bankruptcy and fails to settle his debt, the bank must postpone billing until the customer becomes able to return or based on an agreement (DSN-MUI, 2000a).

The Concept of *Istishna'* Parallel According to DSN-MUI Fatwa

The sale and purchase of *istishna'* is a sale and purchase contract in the form of an order for the manufacture of certain items with certain criteria and conditions agreed upon between the buyer (*mustashni'*) and the seller (manufacturer, *shani'*). Terms of payment: (1) means of payment must be known in amount and form, either in the form of money, items, or benefits; (2) payment is made according to the agreement; and (3) payment may not be in the form of debt relief (DSN-MUI 2000b).

Terms of the items: (1) the characteristics must be clear and can be recognized as debt; (2) the specifications must be explained; (3) delivery was made later; (4) time and place of delivery of the item must be determined by agreement; (5) the buyer (*mustashni'*) may not sell the items before receiving them; (6) not allowed to exchange the item, except for similar items according to the agreement; (7) in the event that there is a defect or the item is not in accordance with the agreement, the customer has the right to choose (*khiyar*) to continue or cancel the contract (DSN-MUI, 2000b).

In the event that an order has been executed in accordance with an agreement, the law is binding. All provisions in sale and purchase of *salam* that are not mentioned above also apply to the sale and purchase of *istishna'* (DSN-MUI, 2000b).

The *istishna'* sale and purchase contract carried out by IFI is generally in parallel, namely a form of *istishna'* contract between the customer and IFI, then to fulfill its obligations to the customer, IFI requires another party as a *shani'*. If an IFI carries out an *istishna'* transaction to fulfill its obligations to customers, then the IFI can perform *istishna'* again (parallel) with other parties on the same object, provided that the first *istishna'* does not depend (*mu'allaq*) on the second *istishna'*. IFI as *mustashni'* is not allowed to collect Margin During Construction (MDC) from customers (*shani'*) because this is not in accordance with Sharia principles. All the pillars and conditions that apply in the *istishna'* contract also apply in *istishna'* parallel (DSN-MUI, 2002).

The Concept of Musyarakah Mutanaqishah According to DSN-MUI Fatwa

Musyarakah mutanaqishah is *musyarakah* or *syirkah* whose ownership of assets (items) or capital of one party (*syarik*) decreases due to gradual purchases by the other party. *Musyarakah mutanaqishah* contracts consist of *musyarakah/syirkah* and *bai* (sale and purchase) contracts. This *musyarakah* financing has advantages in solidarity and fairness (both in sharing profits and risks of loss), so it can be an alternative in the process of ownership of assets (items) or capital. *The Musyarakah Mutanaqishah* Law is permissible under the following conditions (DSN-MUI, 2008):

Contract terms: (1) *Musyarakah mutanaqishah* contract consists of *musyarakah/syirkah* and *bai'* (sale and purchase) contracts; (2) In *musyarakah mutanaqishah* contract, the law applies as stipulated in *Fatwa DSN No: 08/DSN-MUI/IV/2000* concerning *Musyarakah* Financing (DSN-MUI, 2000c) whose partners have rights and obligations, among others: (a) Provide capital and work based on the agreement at the time of the contract; (b) Obtain profits based on the agreed ratio at the time of the contract; (c) Bear losses in accordance with the proportion of capital; (3) In a *musyarakah mutanaqishah* contract, the first party (one of the *syarik*, IFI) must promise to sell all of his *hishshah*, in stages and the second party (another *syarik*, the customer) is obliged to buy it; (4) The sale and purchase is carried out according to the agreement; (5) After completing the settlement of sales, all IFI *hishshah*, as *syarik*, switch to other *syarik* (customers) (DSN-MUI, 2008).

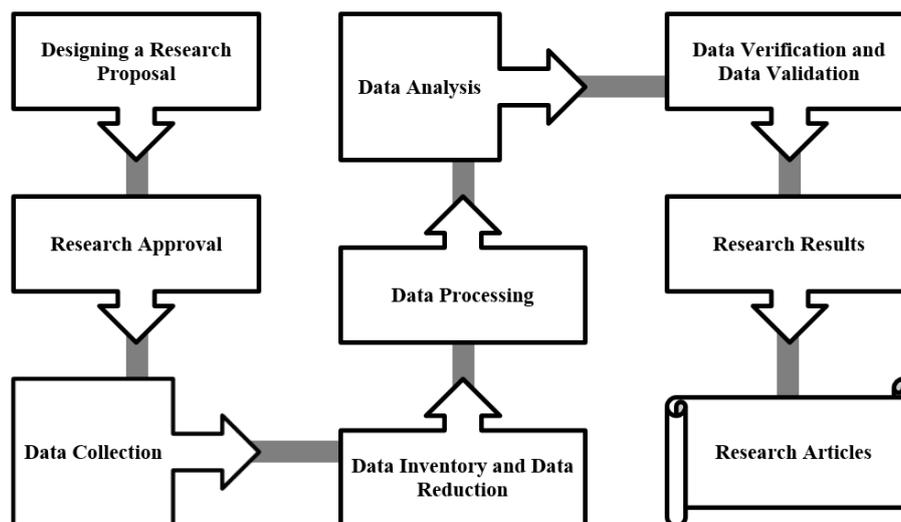
Specific terms: (1) *Musyarakah mutanaqishah* assets can be made *ijarah* to *syarik* or other parties; (2) if the *musyarakah* asset becomes an *ijarah* object, then the *syarik* (customer) can rent the asset at the agreed value; (3) profits obtained from the *ujrah* are shared according to the agreed ratio in the contract, while losses must be based on the proportion of ownership. The profit ratio can follow changes in the proportion of ownership according to the agreement of the *syarik*; (4) the level/size of the share/portion of ownership of the *syarik* (IFI) on *musyarakah* assets, which is reduced as a result of payment by the *syarik* (customer), must be clear and agreed upon in the contract; (5) the cost of acquiring *musyarakah* assets is shared, while the cost of transferring ownership is borne by the buyer (DSN-MUI, 2008).

METHOD

This research used a qualitative approach, in the form of field research, to describe the field data obtained and analyzed in this research (Sup & Masruri, 2023). This study was conducted at the BPRS Dana Amanah Surakarta. Data were collected through participant observation, semi-structured interviews, and documentation (Sup & Masruri, 2023). The data observed were the contract used, the agreement letter, and the implementation of Sharia compliance. The parties interviewed were the Director, Compliance and Manrisk Staff, Legal Staff, and DPS. The documentation obtained was the result of observations and interviews in the form of photos, notes, letters, and the draft of the agreement letter. The analysis process is then carried out by the deductive method, which is a method for obtaining specific conclusions based on the results of the analysis of general matters (Sup, 2019). The analysis process is carried out continuously from start to finish, including data interpretation, language translation (from Indonesian to English data), word editing (paraphrase), and arranging it systematically so that a complete description that can be easily understood is obtained (Sup & Suhendi, 2022). The research flowchart is as follows.

Figure 1

The Research Flow Chart



Source: Primary data.

RESULTS

Profile and Collaborative Relations Between BPRS Dana Amanah Surakarta and PT Sarana Multigriya Finansial (Persero) in KPR Syariah iB Hebat Product

BPRS Dana Amanah Surakarta is the second BPRS in Surakarta, which was inaugurated by Bank Indonesia on May 23, 2008 (17 *Jumadil Ula* 1429 H), and began operating on 02 June 2008 (27 *Jumadil Ula* 1429 H) as an effort to increase shared prosperity through banking experience in compliance with Sharia rules and principles. The initial paid-up capital was IDR 1.000.000.000,- and as of 31 March 2023, the paid-up capital

was IDR 7.693.000.000,- with an asset position of IDR 116.978.660.000,-. The following is the development of BPRS Dana Amanah Surakarta in the last 3 (three) years:

Table 1

The Development of BPRS Dana Amanah Surakarta

Post	Dec 2020	Dec 2021	Dec 2022	Mar 2023
Asset	53,927,470	90,010,352	120,788,977	116,978,660
Financing	37,704,482	54,978,444	68,703,809	69,371,479
Total Fundraising	48,406,496	81,042,012	96,915,895	79,509,585
Deposit	16,771,375	33,776,875	52,949,600	51,529,356
Savings	7,549,018	15,634,936	25,352,097	10,092,628
Interbank Funds	24,086,103	27,772,154	18,614,198	17,887,601
Paid-Up Capital	4,896,000	6,000,000	6,566,000	7,693,000
Profit After Tax	272,213	1,510,364	2,431,290	700,358
NPF Net	3.12%	1.86%	1.54%	3.10%
FDR	77.89%	71.23%	87.75%	92.60%
CAR	25.93%	16.12%	15.44%	18.95%
General PPAP	154,100	136,702	333,025	365,394
Specific PPAP	614,537	1,087,158	814,007	821,639
ROA	0.72%	2.35%	2.88%	2.94%
ROE	5.56%	25.17%	37.03%	44.47%

Source: The Financial Services Authority (OJK, 2023)

Vision, “(1) To be the best BPRS in Indonesia that is trustworthy, healthy, and professional; (2) Become a profitable and blessed place to invest”. Mission, “Contributing to improving the economy of the people through innovative Sharia banking products while upholding compliance with Sharia aspects to provide benefits and prosperity for all stakeholders”.

History of the establishment of PT Sarana Multigriya Finansial (Persero). Since 1983, an intensive discussion regarding the establishment of a secondary housing finance institution has been conducted among housing finance industry stakeholders. This was followed by a series of feasibility studies initiated by the government, namely the Ministry of Finance, between 1993 and the first semester of 2005 (SMF, 2023b).

Through a series of studies conducted since 1993 by a working group formed by the Ministry of Finance and assisted by foreign consultants funded by USAID through the Municipal Finance Project (SMF, 2023b), then in 1998, the Decree of the Minister of Finance of the Republic of Indonesia Number 132/KMK.014/1998 concerning Housing Secondary Financing Facility Companies of the Minister of Finance of the Republic of Indonesia was issued (Kemenkeu, 1998), which opens opportunities for the establishment of secondary housing finance institutions. This institution was not yet established because there were no interested investors at that time. The government continues to provide commitment to the establishment of this institution by forming a new working group. Finally, based on the Government Regulation of the Republic of Indonesia Number 5 of 2005 concerning the Republic of Indonesia State Equity Participation for the Establishment of a Limited Liability Company (Persero) in the Field

of Secondary Financing for Housing (Kemenkeu, 2005a) (Kemenkeu, 2011) (Kemenkeu, 2020a) and Regulation of the President of the Republic of Indonesia Number 19 of 2005 concerning Secondary Financing for Housing (Kemenkeu, 2005b) (Kemenkeu, 2008) (Kemenkeu, 2016) (Kemenkeu, 2020b), the Notarial Deed of Imas Fatimah, S.H. Number 59, which received approval from the Minister of Law and Human Rights of the Republic of Indonesia by Decree Number C-20694.HT.01.01.TH.2005, and has been announced in the State Gazette of the Republic of Indonesia Number 69 Supplement to the State Gazette of the Republic of Indonesia Number 9263 (PNRI, 2005), then on 22 July 2005 PT Sarana Multigriya Finansial (Persero) was established (SMF, 2023a).

PT Sarana Multigriya Finansial (Persero), commonly abbreviated as SMF, is committed to continuing to develop the housing finance market in Indonesia through securitization activities, issuing debt securities, and channeling loans to mortgage lending banks to increase the volume of mortgage issuance, especially for Low-Income Communities (MBR) (SMF, 2023c).

Vision, *"To be one of the main entities in the housing finance ecosystem that supports the provision, ownership, and occupancy of decent and affordable homes for all Indonesian families."* Mission, *"(1) Carrying out the role as the government's special mission vehicle and agent of development in housing finance; (2) Building and developing a sustainable secondary housing finance market; (3) Providing sources of funding in financing the provision and ownership of houses; (4) Support the government's sustainable development goals program; (5) Develop synergies with housing finance stakeholders and provide the best service with good governance"* (SMF, 2023b).

KPR Syariah iB Hebat product is a new product at BPRS Dana Amanah Surakarta. This product was launched in May 2022. The need for housing is a primary need, and until now, housing is still a rarity for most Indonesian people. Not everyone can afford to buy a house in cash; therefore, to realize the community's need for home ownership, BPRS Dana Amanah Surakarta launched *the KPR Syariah iB Hebat* product. In addition, in the last 2 (two) years, BPRS Dana Amanah Surakarta has collaborated with many developers in Solo Raya, so it is hoped that developer customers and BPRS Dana Amanah Surakarta can synergize in marketing *KPR Syariah iB Hebat* products.

KPR Syariah iB Hebat product can be used for: (1) Property purchases, both new properties (ready stock) and old properties (second) in the form of houses and shophouses; (2) Purchase of building materials and land for new properties; (3) Property renovation excluding labor costs/wages, specifically for *murabahah* contracts; (4) Development of plots of land, in the form of purchasing building materials (excluding land) and financing of labor for the purpose of building houses; (5) Purchase of finished property as well as renovation excluding labor costs; (6) Takeover of financing from other banks that are similar to mortgage products.

The first customer of *the KPR Syariah iB Hebat* financing product was financed in June 2022 with the aim of building a house on a plot of land owned by the customer with a ceiling of IDR 350.000.000, and a period of 15 years. However, in January 2023, financing was paid off. As of June 30, 2023, the number of *KPR Syariah iB Hebat*

financing was 15 customers with a total ceiling of IDR 4.872.500.000, with financing terms that varied between 36 and 180 months. The contract used in the financing of *KPR Syariah iB Hebat* is adjusted to the purpose of the financing, which can be in the form of *murabahah*, *istishna'* parallel, and *musyarakah mutanaqishah* contracts.

PT Sarana Multigriya Finansial (Persero) has a vision, "To be one of the main entities in the housing finance ecosystem that supports the provision, ownership, and occupancy of decent and affordable homes for all Indonesian families." To achieve this vision, one of the missions of PT Sarana Multigriya Finansial (Persero) is "Providing sources of funding to finance the provision and ownership of houses by making 4 (four) main products, namely i-Refi, i-Hope, i-Kons, and i-Home. To carry out the program, PT Sarana Multigriya Finansial (Persero) cooperates with partners from Islamic Commercial Banks, the BPRS, and other IFIs that have financing products aimed at providing and owning houses.

BPRS Dana Amanah Surakarta became a partner of PT Sarana Multigriya Finansial (Persero) since the signing of the memorandum of understanding and commitment to distribute funds on March 24, 2022. The business model used by PT Sarana Multigriya Finansial (Persero) for the BPRS Dana Amanah Surakarta is refinancing. Refinancing is a liquidity facility in the form of loans channeled to the company's partner channeling institutions (BPRS Dana Amanah Surakarta) by refinancing the PPR/Construction/Micro/PMG Housing portfolios that are already owned by BPRS Dana Amanah Surakarta. These facilities can be in the form of facility and non-facility lines. BPRS Dana Amanah Surakarta uses a facility line form, with a mechanism: (1) PT Sarana Multigriya Finansial (Persero) provided a facility line to BPRS Dana Amanah Surakarta; (2) BPRS Dana Amanah Surakarta distributes financing products using *murabahah*, *musyarakah mutanaqishah*, *ijarah muntahiyah bit tamlik*, and/or *istishna'* contracts, according to the criteria set by PT Sarana Multigriya Finansial (Persero); (3) PT Sarana Multigriya Finansial (Persero) conducted refinancing using a *mudharabah muqayyadah* contract with collateral in the form of a collection of financing bills distributed by BPRS Dana Amanah Surakarta.

KPR Syariah iB Hebat Products at BPRS Dana Amanah Surakarta

The implementation of contract agreements in BPRS must pay attention to legal aspects and positive legal regulations that have a very important position so that they can provide a legal basis and prevent risks that have an impact on the BPRS. The principles of sharia must also be considered when implementing these agreements (Aji et al. 2022). Agreement contracts must be implemented in the form of an agreement letter. The anatomy of the agreement letter consists of the opening, main provisions of the agreement, and the closing. The opening consists of the title, place, and time of the agreement, comparisons (two or more parties), recitals (socioeconomic reasons that led to the agreement), and the scope of the agreement. The main provisions of the agreement consist of general provisions, including definitions, main provisions, and support provisions. Closing affirms that the agreement letter is evidence as a part that mentions the place of making and signing,

as a part that mentions witnesses in the contract, and as a space to place the signatures of the parties who made the agreement (Andiat PN, 2019). The contracts used in the *KPR Syariah iB Hebat* product at the BPRS Dana Amanah Surakarta are as follows:

The provisions are contained in *Fatwa DSN-MUI No: 04/DSN-MUI/IV/2000* concerning *Murabahah*, and then compiled into the following agreement letter:

Table 2

The Anatomy of the Letter of Agreement Using Murabahah Contract on KPR Syariah iB Hebat Product at BPRS Dana Amanah Surakarta

<i>Murabahah Contract Without Wakalah</i>	<i>Murabahah Bil Wakalah Contract</i>
Opening (title, place and time of agreement, comparisons, recitals, and scope of agreement)	Opening (title, place and time of agreement, comparisons, recitals, and scope of agreement)
Article 1. Definitions	Article 1. Definitions
Article 2. Main Agreement	Article 2. Main Agreement
Article 3. Realization of the Agreement	Article 3. Realization of the Agreement
Article 4. Delivery of the Item	Article 4. Delivery of the Item
Article 5. Term and Method of Payment	Article 5. Term and Method of Payment
Article 6. Acknowledgment of Debt and Providing Collateral	Article 6. Acknowledgment of Debt and Providing Collateral
Article 7. Place of Payment	Article 7. <i>Wakalah</i>
Article 8. Fees, Deductions, and Taxes	Article 8. Place of Payment
Article 9. Case of Default	Article 9. Fees, Deductions, and Taxes
Article 10. Acknowledgment and Exemption of the Bank from Third Party Claims	Article 10. Case of Default
Article 11. Restrictions on Customer Actions	Article 11. Acknowledgment and Exemption of the Bank from Third Party Claims
Article 12. Dispute Settlement	Article 12. Restrictions on Customer Actions
Article 13. Risk	Article 13. Dispute Settlement
Article 14. Insurance	Article 14. Risk
Article 15. Supervision/Inspection	Article 15. Supervision/Inspection
Article 16. Domicile and Notification	Article 16. Domicile and Notification
Article 17. Closing	Article 17. Closing
Signatures of the parties making the agreement	Signatures of the parties making the agreement

Source: Primary data.

The provisions are contained in *Fatwa DSN-MUI No: 22/DSN-MUI/III/2002* concerning the Sale and Purchase of *Istishna' Parallel*, and then compiled into the following agreement letter:

Table 3

The Anatomy of the Letter of Agreement Using Istishna' Parallel Contract on KPR Syariah iB Hebat Product at BPRS Dana Amanah Surakarta

<i>Istishna' Parallel Contract</i>
Opening (title, place and time of agreement, comparisons, recitals, and scope of agreement)
Article 1. Definition
Article 2. Financing and Its Use

Article 3. Fees
 Article 4. Delivery of the Item
 Article 5. Term, Method, and Place of Payment
 Article 6. Financing Realization
 Article 7. Acknowledgment of Debt and Providing Collateral
 Article 8. Customer Statements and Acknowledgments
 Article 9. Restrictions on Customer Actions
 Article 10. Case of Default
 Article 11. Consequences of Default
 Article 12. Dispute Settlement
 Article 13. Closing
 Signatures of the parties making the agreement

Source: Primary data.

The provisions are contained in *Fatwa* DSN-MUI No: 73/DSN-MUI/XI/2008 concerning *Musyarakah Mutanaqishah*, and then compiled into the following agreement letter:

Table 4

The Anatomy of the Letter of Agreement Using Musyarakah Mutanaqishah Contract on KPR Syariah iB Hebat Product at BPRS Dana Amanah Surakarta

Musyarakah Mutanaqishah Contract
 (Sharia Refinancing)

Opening (title, place and time of agreement, comparisons, recitals, and scope of agreement)

Article 1. Definition
 Article 2. Sharia Refinancing Object
 Article 3. Rights and Obligations of Parties in Sharia Refinancing
 Article 4. The Principal and the Term of the Contract
 Article 5. Realization Terms
 Article 6. Statement of Acknowledgment and Power of Attorney
 Article 7. Distribution of Business Results
 Article 8. Liability Payment Procedures
 Article 9. Fees, Deductions, and Taxes
 Article 10. Compensation (Ta'widh)
 Article 11. Provision of Guarantees and Collateral
 Article 12. Default/Negligence/Misconduct
 Article 13. Consequences of Default
 Article 14. Customer Statements and Guarantees
 Article 15. Obligations and Limitations on Customer Actions
 Article 16. Insurance
 Article 17. Acknowledgment and Proof of Debt
 Article 18. Applicable Law
 Article 19. Dispute Settlement and Legal Domicile
 Article 20. Communication and Notification
 Article 21. Closing
 Signatures of the parties making the agreement

Source: Primary data.

The relationship between the BPRS and customers is based on the desire to uphold the Sharia system, which is believed to be a strong and trusting relationship. If

there is a dispute, both in the interpretation and implementation of the contents of the agreement, both parties will try to resolve it through deliberation according to Islamic principles. However, there are still potential disputes that cannot be resolved by deliberation. To resolve the dispute, there are 2 (two) alternative settlements: non-litigation (outside the court) and litigation (inside the court) (Sup, 2022a).

DPS of BPRS Dana Amanah Surakarta

Each IFI must have at least 3 (three) DPS members, one of which is designated as a chairman. In the event that IFI still has small business management, it is possible that the minimum number of DPS is 2 (two) people and one of them is appointed as chairman (DSN-MUI, 2017). Within the scope of BPRS, supervision of the application of Sharia principles carried out by the DPS is to ensure compliance with the application of Sharia principles in BPRS business activities, which include: (1) supervision of new BPRS products and activities, and (2) supervision of fundraising, financing, and other BPRS service activities (BI, 2013).

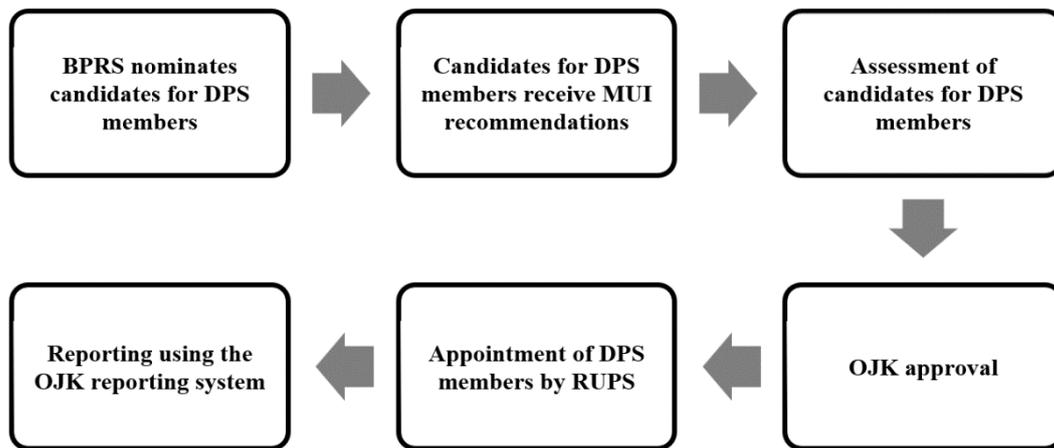
DPS provisions for BPRS: (1) BPRS is obliged to form a DPS domiciled at the BPRS head office; (2) BPRS is required to have at least 2 (two) and a maximum of 3 (three) DPS members; (3) The DPS is led by a chairman who comes from one of the DPS members; (4) apart from fulfilling these provisions, DPS members must comply with POJK regarding the implementation of governance for BPRS (OJK, 2022b). BPRS Dana Amanah Surakarta has 2 (two) DPS members, Dr. Rial Fu'adi, M.Ag. (Chairman of the DPS), and Dr. Moh. Abdul Kholik Hasan, M.Ed., M.A. (Member of DPS).

The flow of recommendations for DPS members at BPRS Dana Amanah Surakarta: (1) The BPRS is required to nominate candidates for DPS members to obtain OJK approval before taking up their positions; (2) submission of candidates for DPS members is carried out after receiving a recommendation from the MUI; (3) the appointment of DPS members by the General Meeting of Shareholders (RUPS) takes effect after obtaining OJK approval; (4) approval is given at least based on the results of an assessment of the commitment of prospective DPS members in the supervision of the BPRS and the availability of time as well as the results of interviews with prospective DPS members; and (5) the appointment of DPS members must be reported online through the OJK reporting system, during the reporting period for the appointment of DPS members determined at RUPS, accompanied by the minutes of RUPS. The following is the flow of recommendations for DPS members at the BPRS Dana Amanah Surakarta.

DPS responsibilities related to their duties at the BPRS are regulated only by the duties and responsibilities of the BPRS and the regulator (OJK). There is no regulation regarding the responsibility for DSN-MUI. The duties and responsibilities of the DPS are to provide advice and suggestions to the Board of Directors, as well as supervise the activities of the BPRS so that they comply with Sharia principles. The DPS is obliged to submit a report on the results of the supervision of the DPS every semester to OJK.

Figure 2

The Flow of Recommendations for DPS Members at BPRS Dana Amanah Surakarta



Source: Primary data.

DISCUSSION

Sharia compliance is needed to guarantee the application of sharia principles in banking institutions (Biyantoro & Ghoniyah, 2019), which in this research is BPRS Dana Amanah Surakarta. Sharia compliance guarantees for all BPRS activities are important for customers and the public. Several provisions that can be used as a qualitative measure to assess Sharia compliance in IFI are as follows: (1) The contracts used for the collection and distribution of funds are in accordance with applicable Sharia principles and Sharia regulations; (2) All economic transactions and activities are reported fairly in accordance with the applicable Sharia accounting standards; (3) The work environment and corporate culture are in accordance with Sharia; (4) The business financed does not contradict Sharia; (5) There is a DPS as a Sharia supervisor for all operational activities of IFI; (6) Sources of funds come from legal and halal sources according to Sharia (Ghifari, 2021).

KPR Syariah iB Hebat product at BPRS Dana Amanah Surakarta are used *murabahah* contract (Fatwa DSN-MUI No: 04/DSN-MUI/IV/2000 concerning *Murabahah*), *istishna'* parallel contract (Fatwa DSN-MUI No: 22/DSN-MUI/III/2002 concerning the Sale and Purchase of *Istishna'* Parallel), and *musyarakah mutanaqishah* contract (Fatwa DSN-MUI No: 73/DSN-MUI/XI/2008 concerning *Musyarakah Mutanaqishah*). All economic transactions and activities are reported in accordance with the applicable Sharia accounting standards, which can be accessed online using the OJK website. BPRS Dana Amanah Surakarta has 2 (two) DPS members as Sharia supervisors for all operational activities, namely Dr. Rial Fu'adi, M.Ag. (Chairman of the DPS), and Dr. Moh. Abdul Kholik Hasan, M.Ed., M.A. (Member of DPS). The work environment and corporate culture are in accordance with the Sharia guidelines.

Each DPS member is required to ensure the implementation of Sharia compliance, so that every BPRS product and activity can run according to Sharia principles (Fakhrudin & Jusoh, 2018). DPS supervises the development of new BPRS products and activities and supervises BPRS activities. In supervising the development of new products and activities, DPS does the following: (1) request clarification from the authorized BPRS staff regarding the objectives, characteristics, and contracts used in the development of new products and activities; and (2) checking the contracts used in new products and activities. If there is a DSN-MUI *fatwa* regarding new products and activities, the DPS conducts an analysis of the conformity of the new product and activity contracts with the DSN-MUI *fatwa*. If there is no DSN-MUI *fatwa* regarding new products and activities, the DPS requests a *fatwa* from the DSN-MUI through the BPRS; (3) reviews the requirements, characteristics, and systems and procedures for new products and activities related to compliance with Sharia principles; and (4) provides opinions regarding compliance with Sharia principles for new products and activities.

An important part of DPS duties and authorities is supervising the daily activities of the BPRS so that they are always in accordance with Sharia principles and are reported regularly (Ningsih, 2020). In supervising the activities of BPRS Dana Amanah Surakarta, DPS will do the following: (1) Examination at the BPRS office at least 1 (one) time in 1 (one) month; (2) Analysis of reports submitted by and/or requested from Board of Directors, compliance work unit (SKP) or Executive Officer responsible for the implementation of the compliance function (Compliance PE), and/or internal audit work unit (SKAI) or Executive Officer responsible on the implementation of the internal audit function (PEAI) to determine the quality of implementation of compliance with sharia principles for fundraising activities, fund distribution, and BPRS services; (3) Take a sample of at least 3 (three) customers each semester for each product, activity, and/or fundraising contract, fund distribution, and BPRS services including handling restructured financing; (4) Examination of transaction documents from customers who are determined as samples for the purpose of determining compliance with sharia principles, at least covering the fulfillment of conditions and pillars in the fundraising and financing contract between the BPRS and the customer, among others related to the adequacy and completeness of proof of purchase of the items in *murabahah* financing, adequacy and completeness of proof of reports on the results of operations of customers financed as a basis for calculating profit sharing for *mudharabah* financing or *musyarakah* financing, as well as the determination and imposition of *ujrah* (fees) on customers for *qardh* financing products to ensure that the determination of *ujrah* is not related to the amount of *qardh* financing; (5) Examination of transaction documents from other BPRS activities to determine compliance with sharia principles; (6) If necessary, carry out inspections, observations, and requests for information and/or confirmation from BPRS employees and/or customers to strengthen the results of examining transaction documents; (7) Request documentary evidence from the BPRS Board of Directors regarding the calculation and account of bonus payments or profit sharing to customers of fundraising, payment of profit sharing to other banks, account of income originating

from the imposition of fines, placements with conventional banks, and other non-*halal* income, as well as reporting of receipt of funds from *zakat*, *infaq*, *shadaqah*, and *waqf*; (8) Providing opinions related to compliance with sharia principles for fundraising activities, financing, services, and other BPRS activities, as well as calculating and accounting payment of bonuses or profit sharing to fundraising customers, payment of profit sharing to other banks, accounting income originating from the imposition of fines, placement with conventional banks, and other non-*halal* income, as well as reporting of receipt of funds from *zakat*, *infaq*, *shadaqah*, and *waqf*, discussions with the Board of Directors, Board of Commissioners, BPRS employees, and/or other parties who are asked for confirmation regarding audit findings whose results stated in the minutes of the meeting. Based on the results of these inspections, the DPS prepares and submits a report on the results of the supervision of the DPS every semester to the OJK. In addition, DPS at BPRS Dana Amanah Surakarta reviewed BPRS product contracts to provide education and increase the knowledge of all BPRS employees.

The aspect of Sharia compliance for BPRS is important because it can be used to mitigate risk and prevent fraud in product innovation development. The BPRS must also refer to Sharia standards, Sharia governance, and other applicable standards. Product development efforts must not be detrimental to society, and must pay attention to the suitability of the product contract being developed to comply with Sharia principles (Nugroho, 2021). The fundraising products and financing products designed or compiled by the product development team are submitted to the DPS for review. After conducting a study, the DPS compiled a Sharia opinion regarding the contract used in the product. From the results of the routine checks conducted, if the DPS finds discrepancies between implementation and sharia provisions, the DPS prepares and submits reports on the results of supervision and inspection. In the inspection report, the DPS conveys suggestions and recommendations regarding the findings. In addition, when reviewing new products, DPS provides input regarding the aspects of sharia that must be applied to these new products.

Sharia compliance is compliant with the DSN-MUI *fatwa* because it is an embodiment of Sharia principles and rules that must be followed by the BPRS. Sharia compliance is a manifestation of the fulfillment of all sharia principles in institutions that have the characteristics, integrity, and credibility of BPRS, where a culture of compliance is the values, behaviors, and actions that support the creation of BPRS compliance with all Bank Indonesia regulations (Septiana et al., 2022). The DPS is required to hold a DPS meeting at least 1 (one) time in 3 (three) months. DPS meeting decisions are based on deliberation. If no consensus is reached, the DPS can request consideration from the DSN-MUI. The contents of the DPS meeting may discuss the findings of violations of sharia aspects that cannot be resolved internally, so that they request consideration from the DSN-MUI. Until now, there have been no findings of serious deviations from sharia aspects at BPRS Dana Amanah Surakarta, usually the findings are limited to administrative requirements that can be fulfilled. At BPRS Dana Amanah Surakarta, there are members of the Board of Directors in charge of the compliance function and Executive Officers (PE) who are responsible for the

implementation of the compliance function. The two organs are required to coordinate with the DPS when implementing the compliance function with Sharia principles. In addition, the Executive Officer (PE), responsible for the implementation of the internal audit function of the BPRS Dana Amanah Surakarta, must report the results of the internal audit related to the implementation of compliance with Sharia principles to the DPS.

This study is limited to 1 (one) product in 1 (one) research object. Research on products and other research objects is necessary. The results of the analysis from this research have implications for conducting further research on Sharia products on IIF in other places, because Sharia compliance is a part that should not be separated from the activities of Sharia entities. The results of the analysis from this research also contribute to the development of theories about Sharia compliance so that it can have an impact on the trust, credibility, and existence of IIF in society.

CONCLUSION

The contracts used in *KPR Syariah iB Hebat* product at BPRS Dana Amanah Surakarta are *murabahah* contract (Fatwa DSN-MUI No: 04/DSN-MUI/IV/2000 concerning *Murabahah*), *istishna'* parallel contract (Fatwa DSN-MUI No: 22/DSN-MUI/III/2002 concerning the Sale and Purchase of *Istishna'* Parallel), and *musyarakah mutanaqishah* contract (Fatwa DSN-MUI No: 73/DSN-MUI/XI/2008 concerning *Musyarakah Mutanaqishah*). These provisions are contained in the DSN-MUI *fatwa* and compiled in an agreement letter. BPRS Dana Amanah Surakarta has 2 (two) DPS members, Dr. Rial Fu'adi, M.Ag. (Chairman of the DPS), and Dr. Moh. Abdul Kholik Hasan, M.Ed., M.A. (Member of DPS). DPS supervises the development of new BPRS products and activities and supervises BPRS activities. From the results of the routine checks conducted, if the DPS finds discrepancies between implementation and sharia provisions, the DPS prepares and submits reports on the results of supervision and inspection. In the inspection report, the DPS conveys suggestions and recommendations regarding the findings. In addition, when reviewing new products, DPS provides input regarding the aspects of sharia that must be applied to these new products. Until now, there have been no findings of serious deviations from sharia aspects at BPRS Dana Amanah Surakarta, usually the findings are limited to administrative requirements that can be fulfilled. This research made an important contribution in the form of concepts and implementation in sharia compliance, which is a part that should not be separated from the activities of sharia entities, as a reference for analyzing and developing the financial, economic, and Islamic business in the future.

Author Contributions

Conceptualization	D.F.A.S., M.I.F., & A.M.B.	Resources	D.F.A.S., M.I.F., & A.M.B.
Data curation	D.F.A.S., M.I.F., & A.M.B.	Software	D.F.A.S., M.I.F., & A.M.B.
Formal analysis	D.F.A.S., M.I.F., & A.M.B.	Supervision	D.F.A.S., M.I.F., & A.M.B.
Funding acquisition	D.F.A.S., M.I.F., & A.M.B.	Validation	D.F.A.S., M.I.F., & A.M.B.
Investigation	D.F.A.S., M.I.F., & A.M.B.	Visualization	D.F.A.S., M.I.F., & A.M.B.

Methodology	D.F.A.S., M.I.F., & A.M.B.	Writing – original draft	D.F.A.S., M.I.F., & A.M.B.
Project administration	D.F.A.S., M.I.F., & A.M.B.	Writing – review & editing	D.F.A.S., M.I.F., & A.M.B.

All authors have read and agreed to the published version of the manuscript.

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Institutional Review Board Statement

The study was approved by Program Studi Hukum Ekonomi Syariah (S1), Universitas Darussalam Gontor, Ponorogo, Indonesia.

Informed Consent Statement

Informed consent was obtained before respondents answered the questions.

Data Availability Statement

The data presented in this study are available on request from the corresponding author.

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Conflicts of Interest

The authors declare no conflicts of interest.

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