

# PUBLIC HEARING AND PEOPLE ASPIRATION IN LEGALIZING LAW: A CASE STUDY OF INDONESIAN ISLAMIC BANKING ACT

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## ABSTRACT

*In Muslim's view, the legislation can be basically considered as a part of Muslim struggle to impose their Islamic law in accordance with the existing political system. This paper attempts to address the discussion of the political background of various parties having involved in the since the formation of the Act No. 21 of 2008 on Islamic Banking, that is virtually considered as the champion of political Islam attempts in the post authoritarian regime. This study conducted by in-depth interview with Islamic economist experts reveals that the legislation of Islamic banking cannot be separated from the roles of Muslim organizations to propose their aspirations, and through legislative function of public hearing by using political and legal means as instruments to achieve the objectives aspired, simultaneously connected to religious and economic aspirations of Muslim. Moreover, the legalization of the Islamic Banking Act, philosophically, contains a mission to realize the objectives of the State, broadly related to aspects of people benefit covering economic prosperity and happiness of Indonesian society in general.*

**Keywords:** Islamic Banking Act, Public Hearing, Aspirations, Legislation, Politics of Law.

## INTRODUCTION

The formation of Act No. 21 of 2008 on Islamic Banking in Indonesia is an interesting phenomenon to observe. Legislation on the Islamic Banking Act in Indonesia has a strategic role in providing foundation for the on-going activities of Islamic Banking, which so far does not have a legal basis that specifically regulates it. With the enactment of Act No. 21 of 2008 on Islamic Banking on July 16, 2008, the existence of Islamic Banking became stronger. Islamic banking, or *sharia* banking, itself is a major component in the Islamic finance industry (Wilson & Liu, 2011). The bank has grown and developed so rapidly, be at the regional, national and global level (Pollard & Samers, 2007). Moreover, the legislation of acts in a country is clearly related to the principles of fairness, certainty and expediency. Hence, the Act No. 21 of 2008 on Islamic Banking is no exception. The national legal systems, in principle, provide opportunities for all legal orders to become or be recognized by the national law.

The Islamic laws as the applicable law in the community are also likely to become the national laws so far as they can express those three principles of fairness, certainty, and expediency, certainly after going through certain processes and procedures. However, the most interest thing, here, is the politics of law. Even though, the laws or legislations should be an independent variable, they in reality are essentially a crystallization of various political interests

that make them factually become a dependent variable, affected by power and certain political conditions. This paper attempts to address the discussion of the political background of various parties involved in the formation and legislation, and the and the goals, of the Act No. 21 of 2008 on Islamic Banking, that is virtually considered as the champion of political Islam attempts in the post authoritarian regime of national level. Moreover, this paper is expected to give more nuances about the legal aspect and legalization of Islamic law in Indonesia, and will be capable of completing the papers from Indonesian lecturers about the nature of Islamic Banking Act. This, we think, is needed, since many papers have not essentially touched the nature and origin of Islamic Banking Act. Many of them largely examine empirically the role of marketing, human resource, accounting, and economic aspect of Islamic banking, but only a few, that discuss the origin of Islamic banking act.

### **POLITICS OF LAW ON ISLAMIC BANKING ACT LEGISLATION**

Politics of law can be roughly defined as the role and nature, power relations, as well as political, social, and institutional determinants in establishing the law (Kairys, 1998). In some cases, it can be shortly referred to as “*internal politicization*” or “*political constitutionalization*” of law (Holmes, 2014). Taylor (1982) associated the politics of law as a “*characterization of law*”, in which “*law constitutes as well as responds to economic and social structures helps independent analysis of law to regain its importance.*” More broadly, it is related with three forms of characterization in terms of legal system, legal theory and critical studies (Hartog, 1984). However, it is different from the politics of rule of law in which rule of law becomes “*contestations of value and relevance, separated from various political, constitutional and sociological context*” (Cheema, 2015). In conjunction with the of legal beings of Islamic teachings, the analysis of the politics of law becomes more complex, by linking the relationship between politics, law and Islam holus-bolus. Moreover, related to the application of Islamic legal system in the national context, those interlinked relationships will also involve aspects of national law, social and economic conditions and religious aspirations of people in each of the Muslim countries (Wahid, 2001; Jan-Michiel, 2010; Davis & Robinson, 2006; Kamali, 2000).

Some studies have examined the applicability and transferability of modern law in specific context of Muslim countries (For instance Vogel, 2000; Zubaida, 2005; Peters, 2005). Hence, Mahfud (2010) states that politics of law can be used as an official guideline used as the basis of departure to create and implement the law in order to achieve the national goals. It can also be said that the politics of law is an effort to make the law as process to achieve the state goals. In this sense, the main basis of the national politics of law is the national goals giving birth to the national legal system that should be built with content choices and certain ways. Although, some differences in nature and implementation between of classical and modern law can be debatable. Politics of law conducted through the making of legislation is an important pillar of national politics of law in order to realize the national legal systems which are holistic and comprehensive (Rosadi & Desmon, 2012; Ghofur & Susilo, 2017). More specifically, in the context of Islamic finance, politics of law henceforth refers to “*the politics conditioning and sometimes enveloping Islamic financial institutions*” (Henry & Wilson, 2004). Thus, the formation of the Act No. 21 of 2008 on Islamic Banking is not separated from the national goals to be achieved. In Article 3 of Chapter II on the Principles, Purpose, and Function, it is noted that Islamic Banking aims at supporting the implementation of national development in order to

improve justice, solidarity, and equitable welfare, showing that the Act supports the implementation of the national development. In addition, the act specifies activities which are in accordance with *sharī'a* and emphasized more on the moral and ethical beings, among many other, are any business activities that do not contain elements of usury (*ribā*), gambling (*maysir*), unclean (*gharār*), forbidden (*harām*) and injustice (*ẓulm*) (see Khan, 2010; Shanmugam & Zahari, 2009). This means that the formation of the Act No. 21 of 2008 on Islamic Banking is part of the national development in the field of law, which is based on the improvement of justice, solidarity and equitable welfare.

The practice of widespread usury in modern financial and monetary institutions is considered bring negative effect on speculative actions and thereby causing the crisis of world financial system (Shiller, 2012). The crisis is triggered when the time comes to pay, in particular. The borrower is like forced to swallow fruit. If not paying the debt, he will be isolated from the international interaction; if paid, the debt will affect the reduced development funding (Hamidi, 2012). In broader sphere, for instance, the developing countries in the 1970s are encouraged to accept the debt. In Asia and Africa, the fund used to pay debt and its debt interest is still rational, in the range of 10% of total exports of goods and services. In Latin America, it reached between 10-20% of total exports of goods and services. However, this number jumped dramatically in 1986 to 20-50%. In the Asian region which was previously below 10%, it moved towards 30%. Thailand, which was initially only 3 %, moved to 16% or increased fivefold. Indonesia, which was initially only 7%, moved to 27%, or nearly fourfold. The same was experienced by countries in Africa and Latin America. In fact, when most of these developing countries are improving their economic performance and starting to pay off certain creditors, some countries are still weary to pay the debt until now. In 2006, for example, Brazil still had to set aside 36% of its exports to the debt; Mexico up to 19%, Philippines up to 16% and Burundi even reached 40%. Because of the debt burden and interest, the government allocation was neglected. The health allocation of Indonesia and Philippines, for example, reached only 1% and 2%, whereas the number of poor people in the two countries is about 20% of the population (Hamidi, 2012). Therefore, many have rated *ribā* (usury) as source of the crisis. *Ribā* or interest is the main cause of the crisis. According Agustianto, *ribā* is the heart of the economic system of capitalism. *Al-Qur'an* has mentioned about *ribā* (interest) is in the context of macroeconomics, not just microeconomics. Talking about *ribā* in the context of the macroeconomics is studying the impact of *ribā* on the social economy taken together, not an individual or even particular company and institution.

In this capitalistic system, bank interest is the heart of the economic system. Almost all of the economic aspects are linked to the credit mechanisms of the bank interest, ranging from local transactions of all the country's economic structure to international trade. Agustianto views that the impact of the economic system of *ribā* is very dangerous to economic matters. First, the economic system of *ribā* has generated a lot of economic crisis everywhere throughout the history, since 1930 until today. Second, under the economic system of *ribā*, the gap of world economic growth remains constant, so that the rich get richer the poor get poorer. Third, interest rate is also likely to affect investment, production and unemployment. The higher the interest rate, the lower the investment. If the investment declines, the production also decreases. If production decreases, it will increase unemployment. Fourth, economic theory tells that the interest rate will significantly lead to inflation. Inflation will reduce the buying power or impoverish the people. Fifth, the economic system of *ribā* also has thrown the developing

countries to the deep debt trap, so as they have difficulty to pay the interest, especially along with its capital. Sixth, in the context of Indonesia, the interest has an impact on the depletion of the State Funds. The interest has been burdening the State Budget to pay interest on the bonds to the conventional banking, which has been aided by Bank Indonesia Liquidity Assistance (*Bantuan Likuiditas Bank Indonesia/BLBI*), a scheme of financial assistance from Bank Indonesia to banks facing liquidity problems during the 1998 Asian economic crisis. Besides, both the bonds interest and Bank Indonesia Certificates (*Sertifikat Bank Indonesia/SBI*) interest must be paid. This great interest payment is what makes our State Budget deficit every year. In addition, speculation (gambling) includes any actions that are not justified by this Islamic Banking Act. The banks should concentrate on financing small and medium enterprises, which are the forerunner of the jobs absorption. But in fact, as quoted from Joseph Stiglitz, the US banking system as well as most other countries tend to be interested in getting a great profit by promoting products based on derivatives that are directly involved in gambling (Hamidi, 2012).

The Act No. 21 of 2008 specified contracts such as *muḍārabah*, *musharaka*, *murābaha*, *salam*, *istisha'*, *ijāra*, and others that are basically considered more based on the real sector of economy instead of financial ones, and to overcome the challenges caused by *ribā* system being considered to be used to causing a crisis. Agustianto in one seminar in Jakarta said that Davies and Bailey (1995) concluded that throughout the 20<sup>th</sup> century, there has been more than 20 times of crisis. All are the financial sector crisis and the cause is bank interest. This is because conventional banks are economic agents that cannot live without interest (For instance, Bourkhis & Nabi, 2013). These crises are predicted to sustain in the subsequent years. The crisis that occurred in the US in 2008 was one of the loudest warnings throughout history, up to that time (Bourkhis & Nabi, 2013). However, for sure, this is not the last. Greater crisis is very likely to come back. This is because the crisis that shook almost the whole world was never resolved completely. Reinhart and Rogoff (2009) as referenced by Hamidi (2012) examine the financial crisis occurred since the beginning of the development of finance and followed by the development of financial markets in the modern era. Moreover, Reinhart and Rogoff (2009) by using data from 66 countries in a span of eight centuries (from the crisis of medieval England to the sub-prime mortgage in USA in 2008, concludes that there is nothing new in those crises. That must happen; the crisis happens from time to time repeatedly at almost the same reasons. That is why in the explanation of the Act of Islamic Banking stated that in order to ensure legal certainty for stakeholders and provide assurance to the public in the use of products and services of Islamic Bank, there are type of business, provisions for the implementation of *sharī'a*, feasibility, disbursement of funds, and a ban on Islamic Banking having been determined. Meanwhile, to convince people doubting the Islamic aspects in the Islamic Banking operations, business activities that do not contradict Islamic principles have been set, including activities that do not contain elements of usury (*ribā*), gambling (*maysir*), unclean (*gharār*), forbidden (*harām*) and injustice (*ẓulm*).

## **ASPIRATIONS OF THE MUSLIM SOCIETY ON ISLAMIC BANKING LEGISLATION**

The formation process of the Act No. 21 of 2008 on Islamic Banking in Indonesia cannot be separated from people's participation (Lindsey, 2012). At least, there are some institutions having been identified to have a stronger role in succeeding the process of Act formation (see also Abusharba et al., 2013). Indeed, from legal-formal viewpoint, the role occupies only a

modest portion. In the Act. No. 10 of 2004 on the Formation of Rules and Regulation, in Chapter X, people's participation is obviously emphasized as in Article 53, stating that

*“Citizens are entitled to provide input in written or verbal form for the preparation or discussion of the Act Draft and the Regional Regulation Draft.”*

For this reason, among others, people participation becomes very important, either before or at the time of the legislative process (Lindsey, 2012). Discussing the aspirations of society and its legislation will deal with two important contexts in modern law. The first is the aspiration of the people who want to be realized in legal form or in a bottom-up design, and second is the parliamentary effort to absorb the aspiration through public hearing means, or in a top-down approach. Public hearing is simply defined as public inquiries. According to the Australian Government Productivity Commission, public hearing is public forums or the proceedings that can be attended by interested parties to include submissions, discuss them, or simply participate and observe in them ([www.pc.gov.au](http://www.pc.gov.au)). In Indonesia, public hearing is usually interpreted as an absorption process of community aspirations in order to enact the Act. In the formulation of legislation, it is regulated in Law No. 12 of 2011 on the Establishment of Laws and Regulations with the article 96 paragraph 1 of the Law mentioning that *“the public has the right to give oral and/or written submissions in the formation of legislation”*. The process undertaken by parliament in absorbing the community aspirations can be done through public hearings, working visit, socialization, and/or seminars, workshops and/or discussions. The community referred in this context is an individual or group of persons having an interest in the substance of the Draft Law.

In reality, to carry out the task of the process of formulating the Bill of Sharia Banking, and in order to harmonize the views and background of the thinking of the factions during the discussion of the Bill with the government, the House of Representatives Commission XI has conducted a series of public hearings and internal meetings. In the process of formation of the Act is basically divided into three stages, namely ante-legislative stage, legislative and post legislative stage. Community participation in the formation process of the Act is adapted to these stages. In community participation at the ante-legislative stage, there are four forms of community participation that are research, discussions, workshops and seminars, proposal, design. At the legislative stage there are six forms of community participation, namely participation in the form of public hearing, submission of alternative bill, participation through print media or through electronic media, rallies, and in the form of discussions, workshops and seminars. Lastly, community participation in post-legislative stage can be done in various forms, such as protests against the new law, demands for testing of the Act and socialization of the Act

In the context of Islamic Banking Law legislation, among public institution, which has an important role in the legislative process, is, first, the Association of Islamic Banks of Indonesia (*Asosiasi Bank Syariah Indonesia/ASBISINDO*) (Fealy & White, 2008; Seibel & Agung, 2006). According to the former Chairman of ASBISINDO, Riawan M. Amin, the first institution promoting the idea of Islamic Banking Act is ASBISINDO, which officially includes all Islamic Banks, unit of sharia business and sharia rural banks that have existed at that time. For him, ASBISINDO has actively carried out a road show to factions in the House of Representatives as well as other parties and more importantly the support of Islamic-based parties. In his view, the Act takes quite a long process. It is a tough and long process. Fortunately, this initiative gradually gets attention from Monetary Authority, both Bank Indonesia and the Ministry of

Finance, to get involved and manage the Islamic Banking Act, so that it was successful in 2008 (for more information of the role of Central Bank in this initiative, Choiruzzad, 2012; Alamsyah, 2012).

Activities such as socialization, information and discussion began to be facilitated by the Monetary Authority. This Monetary Authority's involvement brings significant impact on the completion of this Act. For ASBISINDO, Islamic finance is a strategic solution although for some parties it is seen as a mere financial option. In his view, in the beginning, this Act is not expected to be detailed and technical, but strategic Acts with its primary mission as a tool to force anyone of the State officials to support the radical growing of a financial system that is appropriate with roots of the nation's culture. Moreover, Indonesian Association of Muslim Intellectuals (*Ikatan Cendekiawan Muslim se-Indonesia/ICMI*) even intends to include a clause or legal document about the class action if the parties in charge do not execute the Acts. ICMI does not want the Acts to be too detailed and technical, because it was clear that mu'amala should be flexible and always growing, in addition to the fact that we are still in the learning process. Meanwhile, once created, the Act will be rigid and difficult to change. Technical explanations about the scheme, product and other technical matters should be fitted at the level of regulation (Regulation of Bank of Indonesia/BI). The second is Bank of Indonesia (BI). According to Ramzi Zuhdi, the reason for BI to actively take part in the legislative process of Islamic Banking Act is a fact that to build the banking industry, BI must pay attention to this market aspect in Indonesia. He maintains, unbelievably, there are still people who are concerned about halal status of bank interest; categorize it as *ribā* (usury). Indeed, *ribā* is clearly forbidden in the Koran. Therefore, to offer solution for those rejecting *ribā*, BI is in need to the existence of Islamic banking institutions. According to Ramzi, the length of the distance between the emergence of Islamic banking institutions and the Act accommodating their existence is due to the style of Indonesian people who prefer compromise and slow ways. Admittedly, some people are still afraid of jargons of political Islam, such as the issue of the formation of Islamic State and others. In addition, in reality, many non-Muslims still do not agree with the imposition of *sharī'a* or Islamic laws on this archipelagic land.

For some groups, the Islamic banking institutions have been able to exist with the Act No. 10 of 1998 supported by several Bank Indonesia Regulation (*Peraturan Bank Indonesia/PBI*). BI's support for the existence of Islamic banking institutions can also be seen from the development report of Islamic banking issued by the Directorate of Islamic Banking of Bank Indonesia in 2004 stating that there are at least three Bank Indonesia regulations relating to the existence of the Islamic banking institutions. Each of the regulation are namely Regulation No. 6/18 /PBI /2004 on the Earning Assets Quality for *Sharī'a* Rural Banks, PBI 6/19 /PBI /2004 on the Earning Assets Allowance for *Sharia* Rural Banks, and PBI 6/21 /PBI /2004 on the Statutory Reserves in Rupiah and Foreign Currency for Commercial Banks conducting business based on *sharī'a* principles. While to support the expansion of Islamic banks network, two Bank Indonesia Regulations (PBI) have been issued, i.e. PBI No. 6/17 /PBI /2004 on Rural Bank based on *Sharī'a* Principles and PBI 6/24 /PBI /2004 on Commercial Bank conducting operation based on *Sharī'a* Principles. Later, in 2005, Bank Indonesia Regulation No. 7/35 /PBI /2005 on Amendment to Bank Indonesia Regulation No. 6/24 /PBI /2004 on Commercial Bank conducting Operations based on *Sharī'a* Principles was issued. In 2007, PBI 9/19 /PBI /2007 on the implementation of *Sharī'a* principles in the Fund Raising Activity and Distribution, as well as the Islamic Banking Services were also issued. The increased regulation of Bank Indonesia for

Islamic Banking indicates that attention, commitment, and integrity of Bank Indonesia as the Central Bank for the advancement of Islamic Banking are relatively maximum. The third is Association of Islamic Economics Experts (*Ikatan Ahli Ekonomi Islam/IAEI*) and Islamic Banking Society (*Masyarakat Ekonomi Syariah/MES*) (see for detail information in Choiruzzad, 2013). In the legislation process, it is clear that Islamic Banking Act requires public participation. IAEI and MES are two institutions which become representation of the people who have concerns on the growth and development of Islamic banking. According to Agustianto, the significant role performed by these two institutions, among others, is by providing data and feedback to the institutions. When BI organizes the draft of the content and academic paper of Islamic banking bill, Islamic economic experts belonging to the two institutions are often a referral. Similarly, when the government and Parliament need information related to *sharī'a* economics, mainly on Islamic banking, several prominent experts of IAEI and MES are often invited to give input to the Islamic Banking bill. Even these two institutions pro-actively conduct hearings with several members of Parliament and the government to be invited to share about the growing discourse on Islamic banking. In fact, in order to facilitate the process in a formal level, both agencies did not hesitate to invite some members of Parliament from non-Muslims that sometimes they even tend to be more enthusiastic.

### THE ROLE OF INDONESIAN ULAMA COUNCIL (MUI)

The Indonesian Ulama Council (*Majelis Ulama Indonesia/MUI*) has highly important role in the legislation, and occupies important position in Islamic society (Lindsey, 2012). The ulama are not only as a figure of the holder of religion knowledge and religious teachings, but also as a driver, a motivator of community development. Ulama are the lamp of society and are honoured and highly respected by the society. Acceptance or rejection of society to an idea, a concept, or a program is much influenced by the ulama. Their roles are not restricted only in the aspect of obliged worship, but also cover a wide range of political, economic, social, cultural and educational aspect (Ghofur & Sulistiyono, 2015). Limiting the role of ulama in religious matters, fatwa, and morality alone is viewed as ahistorical because of their broad role, covering comprehensive Islamic teachings (Mahmud and Rukmana, 2010). Since the development of Islamic banking institutions, the MUI has prepared to anticipate their development, since the institutions are always bound by the rules of Islamic law that must be obeyed. On that basis, on 10 February 1999, the Decree of MUI No. kep-754/ MUI/ II/ 1999 on the Establishment of National *Sharī'a* Council (*Dewan Syariah Nasional/DSN*) was issued. The DSN existence is basically a representation of scholars in response to strategic issues of *sharī'a* economics, so its position is unique to the Islamic banking (Lindsey, 2012). Through this DSN, the scholars who are competent in the field of *sharī'a* law and banking application have a significant function and role in the establishment and supervision of the implementation of Islamic principles in banking. The authority of clerics in establishing and overseeing the implementation of the Islamic banking law is under the coordination of the National Islamic Council of Indonesian *Ulama* Council (DSN-MUI). In the context of financial banking, MUI since its beginning remains in its opinion that the bank interest is categorized as *ribā* and it is unlawful.

Therefore, MUI continues to socialize this fatwa during two consecutive years 2005-2006 by launching the Movement of Islamic Economics. To strengthen the authority of the central bank in charge of the Islamic financial system in the country, the central bank needs to establish

cooperation with the DSN-MUI that has the authority in the field of *sharī'a* law. Form of cooperation between BI and DSN-MUI is realized through the Memorandum of Understanding/MoU for the functioning of guidance and supervision of Islamic banking. With such cooperation, the existence DSN-MUI becomes very important in the development of Islamic banking and economic system in this country (Susanto, 2008). According to Hasanuddin, one of the MUI and DSN-MUI members, the dialectical process of formation on the Islamic Banking Act at least involves three crucial elements fought by DSN-MUI: *Sharia* Supervisory Board (*Dewan Pengawas Syariah/DPS*), fatwa and dispute resolution. In the draft submitted by BI, the term DPS does not exist, but *Sharī'a* Commissioner whose authority, appointment and some other related things are regulated by BI. Nevertheless, the DSN-MUI does not agree with the reasons that the Commissioner was a hierarchy of management related to financial management and not to aspects *sharī'a* controlling of the Islamic banks. According to DSN-MUI, the authority to issue a fatwa belongs to MUI or DSN-MUI, which is independent and not formed by a formal institution. However, from the BI perspective, the fatwa should be handled by specialized agencies or by the special people with specialization of Islamic banking fatwa under the coordination of BI. The reason, according to Ramzi, lies on their focus of attention from the people in charge, unlike the DSN-MUI whose members come from various background and unpredictable activities, so that the problems tend to be protracted. In the other hand, the DSN-MUI are questioning the independence of such institution because being under certain institutions is likely not independent. The existence of these institutions representing the community clearly has powerful implications for the inception of Islamic banking acts. From some of the roles played by such institutions, it can be seen that: first, the Legislation on Act No. 21 of 2008 on Islamic Banking is not only an issue among the Parliament members but also between the Parliament and the government. Equally important, there is also strong encouragement from the Islamic banking activists. Secondly, although the process of legislation on this Act must be done through the existing mechanisms, but the struggle of certain groups will obviously have important meaning to the realization of the Act.

## CONCLUSION

The Act No. 21 of 2008 on Islamic Banking clearly stated that *“in line with the national developmental goals of Indonesia to the creation of a just and prosperous society based on the economic democracy, the state develops an economic system that is based on values of justice, solidarity, equity and benefit in accordance with Islamic principles”*. This means that the promulgation of Act No. 21 of 2008 on Islamic Banking has been based on the politics of law, which is based on the national goals of Indonesia. Therefore, the preamble corresponds to the goals of Indonesia as stated in the Preamble of the 1945 Constitution, particularly the third point, namely to promote the general welfare based on the values of Pancasila especially the fifth principle. In this legislation, we can see that the state can make politics and law as an instrument to achieve the objectives aspired. In the context of Indonesia, efforts to achieve the aspired objectives can be reached through politics and law, which is connected to religion and economy. Since the majority of Indonesia's population is Muslim, the religion in question is Islam with various Islamic principles and laws. In addition, economics is understood as the demands of global economy. With the politics of law developed in Indonesia, the Islamic Banking Act legislation comes into reality. Thus, the enactment of the Islamic Banking Act philosophically



contains a mission to realize the objectives of the state. This is, at least, related to aspects of common benefit (*maṣlahah*) covering economic prosperity and happiness of Indonesian society in general.

The implications of this research in theoretical terms are that the law is basically formed from the existence of social agreements and the establishment of a good law is through bottom-up is not top-down so it will be more easily obeyed by the community. Practically, community participation in the field of legislative formation essentially implies that the public is more involved in the legal development process through bottom-up mechanisms with the approach of treating people as subjects and not just the objects of legal development. Following the enactment of this law, various analyses are expected to focus more on the effectiveness of *sharia*-based economic law development in the formation of an orderly and just society, as well as the dynamics of involving public participation towards legal responsiveness in *sharia* economic law in Indonesia.

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