

THE EXISTENCE OF ALTERNATIVE DISPUTE SETTLEMENT INSTITUTIONS IN Indonesian BANKING (LAPSPI) IN THE ISLAMIC BANKING NON PERFORMANCE LOAN

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ABSTRACT

This study was conducted to seek the existence of the Indonesian Institute for Alternative Banking Dispute Settlement (LAPSPI) in resolving problematic financing in Islamic banking. The research specification used in this study is analytical descriptive with a normative juridical approach method. The data obtained were analyzed qualitative juridical, based on the suitability between the legislation which must not contradict one each other, regard to the hierarchy of law by realizing legal certainty, and looking for the living law in the community, both written and unwritten. This study concluded that the existence of the Indonesian Institute for Alternative Banking Dispute Settlement (LAPSPI) in resolving problematic financing in Islamic banks was not too significant, there were only 2 (two) cases handled which the more cases submitted were conventional bank problems. Based on the data taken from LAPSPI it were twenty seven cases in 2016 period and forty six cases in 2017 period. Suggestions given, LAPSPI in its existence in resolving problematic financing in Islamic banking in Indonesia, requires more socialization and qualified Islamic Human Resources.

KeyWords: LAPSPI, Alternative Settlement of Disputes, Troubled Financing, Islamic Banking

INTRODUCTION

Based on the legal system of Indonesia, the regulation or regulation of sharia banking and institutional settlement of sharia disputes which is the object of this research is found in Law Number 21 of 2011 on Financial Services Authority (hereinafter referred to OJK) and OJK Regulation Number 1/POJK.07/2014 About the Alternative Dispute Settlement Institution in the Financial Services Sector (hereinafter written P.OJK LAPS). Based on that, OJK can establish dispute settlement institution especially in handling dispute of sharia banking institution. Meanwhile, Law Number 21 Year 2008 on Sharia Banking (hereinafter referred to as UUPS) regulates the types of business, the provisions of the implementation of sharia, the feasibility of business, the distribution of funds, and the prohibition for sharia banks or Islamic business units that are part of conventional commercial banks. As a result, surfacing is a sharia bank whose product is a photocopy of a conventional product with slight changes here and there. For example, if in a conventional bank there is "working capital credit" then in sharia bank there is "working capital financing" with a specification that is almost no different (Renny, 2018).

Regulation and supervision of micro prudential banks, including: institutional, bank health, prudential aspects of banks and bank checks. OJK coordinates with relevant agencies to smooth the task, especially with Bank Indonesia and LPS in bank supervision. The current development of the Financial System has occurred business conglomeration, hybrid product and regulatory arbitration. In addition, problems in the financial sector (moral hazard, consumer protection and cross-sectorial coordination) and the Law on Bank Indonesia (hereinafter referred

to as BI) mandate the establishment of a financial services sector supervisory institution, which leads to the need to restructure institutions implementing regulatory functions and supervision in the financial services industry. The function of establishing an integrated regulatory and supervisory system on the overall activities within the financial services sector.

Subsequently OJK undertakes the task of regulating and supervising the activities of financial services in the banking sector, capital market, insurance, pension funds, financial institutions, and other financial services institutions, in accordance with its function, namely to carry out the functions of the manufacture and implementation of legal norms (law -creating function and law-applying function). In addition OJK performs functions relating to the duties and functions of the State in the arrangement and supervision of the financial services sector. So that OJK is a state institution that is constitutional importance, in this case indirect constitutional (OJK, 2013).

Further banking developments, following the issuance of the provisions concerning the Financial Services Authority namely Law Number 21 Year 2011 on Financial Services Authority (hereinafter written UUOJK) and the Regulation of Financial Services Authority Number 1/POJK 07/2014 About Alternative Dispute Settlement Institutions in Financial Services Sector (hereinafter written POJK). With the transfer of functions, duties and authority of banking supervision from Bank Indonesia to the Financial Services Authority (hereinafter referred to OJK), pursuant to Law no. 21 Year 2011 Concerning the Financial Services Authority, the banking mediation function by Bank Indonesia is transferred to the Financial Services Authority. In this regard, OJK issued Rule Number 1/POJK.07/2014 on Alternative Dispute Settlement Institutions in the Financial Sector.

OJK established for several purposes, as follows (OJK, 2015):

1. To Encourage the activities of the financial services sector to be organized on a regular, fair, transparent & accountable basis
2. To Realize a sustainable and stable financial system
3. To protect the interests of consumers & society In achieving its objectives, OJK supports the interests of the national financial services sector so as to enhance national competitiveness. OJKs are expected to safeguard the national interest, among others, covering human resources, management, control and ownership in the financial services sector, while taking into account the positive aspects of globalization. In addition OJK has the authority as follows:
 - a. Stipulating the implementation the law of OJK
 - b. Establishing legislation in the financial services sector
 - c. Establishing regulation on supervision;
 - d. Establishing rules on the procedures for the establishment of written orders.
 - e. Supervising and protecting Consumer Banking sector, Capital Market & IKNB;
 - f. Granting and/or revoking a business license, endorsement, approval or stipulation of dissolution;
 - g. Giving written orders to LJK & appointing the Statute Manager;
 - h. Establishing administrative sanctions.

Furthermore, financing transaction activities in sharia banking with its customers, often cannot run smoothly. This is because; there is one party that does not fulfill the obligations as has been agreed (defaults). The existence of defaults is often a trigger of disputes between the parties who entered the agreement (Anshori, 2015). According to Abdul Ghofur Anshori, in the case of a dispute between sharia economic institutions (Islamic Banking), mostly due to problematic financing (hereinafter written Non performing finance/NPF or Non Performance Loan/NPL). The problematic financing that occurs in sharia banking has an impact on the banking system, bank soundness, and national economy. These impacts have an effect, such as affecting profit and loss (at some level causing loss and even bankruptcy). In addition, problem banks, in OJK supervision, affect the activities of banks, and domino securities banking system. This will result in disruption of the financial system, the intermediary function, and the real sector. There may

even be a multiplier effect on third party funds (possibly a rush) and affect overall economic growth.

Based on the above description, the problems that occur how the existence of LAPSPI in the settlement of problematic Financing at Sharia Bank. This study aims to obtain a picture of the existence of LAPSPI in the settlement of problematic Financing at Sharia Bank.

PREVIOUS STUDY

The research which has similar object in finding out the way to settle the dispute between the Islamic Bank and the consumer had been done by Nurhasanah and Hotnidah Nasution in 2016 published in <http://journal.uinjkt.ac.id/index.php/ahkam/article/view/4457> where they tried to seek the people (Islamic Banking consumer) preferences in handling the problem with Islamic Bank. The study found that people choices as follows: Religious Court by 41.6%, Informal Dispute Resolution by 24%, SHARIA ARBITRATION BOARD (Basyarnas) by 14.3%, Other ADR institutions by 13.6%, District courts by 6.5%. The research had not explored about LAPSPI so it should be the reason for the researcher to elaborate it in this study.

RESEARCH MATERIALS AND METHODS

The research specification used in this research is analytical descriptive. Descriptive because it aims to provide a complete and systematic description of the fact of dispute resolution of Islamic banking through the Indonesian Banking Dispute Settlement Alternative Institution (hereafter written LAPSPI). Analytical is to analyze the provisions of legislation applicable in LAPSPI activities and operations. This research uses normative juridical approach method (Ronny, H.S. 1988) that is legal research conducted by researching, and testing library materials or so-called secondary data aims to study and study activities and operations of LAPSPI. Furthermore, comparative study (Sunaryati, 2006) is conducted by reviewing the rules and comparing ways of dispute resolution in banks conducting business based on sharia principles in Indonesia with Islamic Banks applicable in other countries such as Malaysia.

Furthermore, the research phase begins with Library Research. Library research aims to obtain secondary data consisting of (Sunaryati, 2006): Primary legal materials (primary sources or authorities), and secondary sources or authorities, which include legal and non-legal references, closely related to primary law materials and may help to analyze and analyze it, such as research result or scientific work of scholars (experts) in the field of law both nationally and internationally, which deals with issues to be studied, in the form of books, journals law, economics, finance and banking (sharia/Islam) papers and the results of previous research. Further data obtained from the results of research, will be analyzed by qualitative juridical, that is a research procedure that starts from the rules/legal provisions, either in the form of laws or other regulations in accordance with the norms of positive law and Islamic Law as well as a review of some of the provisions/regulations and documents of agreement either nationally or internationally or other countries related to the research. The research was conducted in Bandung, Jakarta and Malaysia.

RESULTS AND DISCUSSION

Sharia Financing Problems and It's Causes Factor

In conventional banking the so-called credit financing, credit terms are not known in Islamic banks because they have different schemes with conventional banks in channeling funds

to customers, namely in the form of financing (Ismail, 2011) a deviation often occurs in the return of financing that causes delays and/or required a juridical action called potential loss. The condition of such financing, usually called problematic financing. Non-performing financing is "A financing condition, whereby there is a major deviation in the repayment of financing leading to delays in returns, or the need for juridical action in return or potential loss" (Azman, 2016). This is an attempt by the bank to recover the whole accounts receivable to the customer or at least minimize the risk of loss that may be incurred by the bank. In other words, non-performing financing is financed under Collectability in Special Attention, Substandard, Doubtful and Loss, due to non-performance loan or non-performing finance.

Troubled financing is unlikely to happen suddenly, but will always provide a warning sign or causal factors first, as has been described previously. The initial symptoms of problem financing are characterized by the presence of management abnormalities, banking relationships and abnormalities of customer operations and financial position abnormalities. Problem financing in sharia banking refers from the opinions of experts and experience gained so far, so in principle the cause of Problematic Financing in banking can be divided into several factors causing it, put forward as follows (Aman, 2016).

Adversity

Adversity is a change of business cycle beyond the control of banks and customers, such as natural disasters, illness and death.

Mismanagement

Mismanagement is the inability of customers to manage their business activities and maintain financial condition in accordance with the ways of healthy business activities from day to day

Fraud

Fraud is the debtor's dishonesty in providing information and reports on its business activities, financial position, accounts payable, inventory.

Handling Strategies and Troubled Financing Settlement Efforts

In handling the right problem financing in sharia banking, the parties are trying to find a solution. Completion of such problem Financing can be done in 2 (two) stage categories, as follows:

Efforts to Rescue Troubled Financing

The first stage is called the rescue effort. In this stage, it tends and focuses on efforts to achieve the proper repayment of financing by cash collateral, rescheduling, reconditioning, or restructuring, also known as the fulfillment stage his achievements.

Troubled Financing Settlement Efforts

The second stage, financing settlement tends to focus on actions to seek the repayment of financing by executing collateral either by cash collateral drawing, billing to the surety, collateral takeover by the bank itself, voluntary sale or collateral pledge through auction.

In the stages of efforts to settle non-performing financing in the practice of sharia banking, among others, is done as follows: a. Settlement through internal institution, by account officer/remedial section formed task force to handle dispute resolution (Bank Indonesia Regulation Number 5/7/PBI/2003 About Earning Asset Quality for Sharia Bank). b. Settlement through banking mediation (Bank Indonesia Regulation Number 10/1/PBI/2008 Concerning Banking Mediation). c. Completed through Arbitration/through the National Sharia Arbitration Board (Basyarnas) and/through the Religious Courts. (Article 55 of Law Number 21 concerning Sharia Banking) d. In addition to the above non-performing financing, one way of settlement of non-performing financing with a group or collectability of loss in a Sharia Bank pursuant to Article 40 paragraph (1) of the Sharia Banking Law and Article 20 and Elucidation of Article 12 of Law Number 4 Year 1996 Deposit Rights, can be done through Collateral Taken (hereinafter AYDA).

Indonesian Banking Dispute Resolution Alternative Institution (LAPSPI) and History of Formation

LAPSPI in performing its duties and functions in the Banking Services Sector is an alternative forum of fair and independent dispute settlement of courts and is based on good faith and long-term sustainability of the parties. LAPSPI facilitates consumer complaints of bank customers, especially sharia banks, through dispute resolution mechanism policy. APS is a business-based solution, with a win-win solution. These reasons, because of the following (OJK, 2015):

- a. The LAPS is composed of experienced and experienced and confidential parties.
- b. The LAPS process is easy and fast, informal and flexible.
- c. The existence of the business/business desire, the dispute resolution mechanism that "commercially focused 7 tailors made"
- d. There is equality between the parties to the dispute.
- e. Desiring to compromise in reconciliation, not confrontation.

The history of the formation of LAPSPI begins with the Memorandum of Outstanding conducted between all Banking Associations dated May 5, 2014, which is followed up by the signing of the Articles of Association (hereinafter AD) on April 28, 2015, at OJK Lt. 25. Chronologically, following the signing of the Memorandum of Understanding on May 5, 2015 by the Association of Banking Companies, the Association of National Commercial Banks (Perbanas), Association of State-Owned Bank (Himbara), Association of Regional Development Banks (Asbanda), Association of Indonesian Rural Banks Perbarindo), Association of Foreign Banks, and Association of Indonesian Islamic Banking (Asbisindo), continued to form the Alternative Institution of Indonesian Banking Dispute Settlement (hereafter written LAPSPI). The LAPSPI-making agreement was made in Jakarta before Ny Ashoya Ratam, S.H.,M.Kn. by Deed of Establishment No. 36 dated April 28, 2015. The approval of the establishment of LAPSPI by Decree No. AHU-0004902.AH.01.07 of 2015, dated 16 September 2015 by the Minister of Justice and Human Rights of the Republic of Indonesia.

In The Blue Print of LAPSPI, written that its development made within 5 years starting from 2016 - 2021, which is classified into 3 phases: Phase 1 (2016-2017): Internal Consolidation; Phase 2 (2018-2019): Serving the Society and Banking Communities and Phase 3 (2020-2021): Preserving High Value Dispute Resolution Mechanisms;

The Blue Print of LAPSPI is a part of the National Strategy for Consumer Protection. In addition, Blue Print presents 2 LAPSPI service schemes namely Pro Bono service and Commercial services. Pro Bono Services are used to facilitate small claims dispute from small customers (up to 500 million Rupiah) and Commercial Services (above 500 million Rupiah). The arrangement of Blue Print follows the 5W+1H (What, When, Where, Who, Why, and How) rules. Meanwhile, OJK Operational Funding Assistance Scheme (BDO) is calculated for only 3 years. This Blue Print needs to get direction and approval from the Supervisory Board.

The procedures and mechanisms of mediation, adjudication and arbitration under the LAPSPI Regulation can be described as follows:

Mediation

LAPSPI Regulation No. 01/LAPSPI-PER/2017 about Mediation Regulations and Procedures). Article 1 Paragraph 1 Letter (a), namely the way of dispute resolution outside court through negotiation process at LAPSPI to obtain peace agreement with assisted by mediator. Mediation on LAPSPI can be done when: After consensus deliberation fails; During the process of adjudication proceeds and has not been passed; When the Single Arbitrator/Arbitral Council offers a peace effort at the first hearing; Before a court judge starts a court hearing (as per Supreme Court Regulation Number 1 of 2008); During the arbitration/trial process the decision has not been passed.

Mediation on LAPSPI can be the right choice in resolving banking disputes, especially sharia banking. The LAPSPI mediator is expected to help solve the problems of the parties fairly, quickly, cheaply and efficiently (Supreme Court Regulation No. 2 of 2015 on Procedures for Settlement of Simple Claims) In addition, mediators are professionals in the banking industry who understand the banking world well and have mediation skills, and have national mediator certificates. Furthermore, mediation through LAPSPI is conducted in private, so that the element of secrecy can be well preserved.

Adjudication

LAPSPI Regulation No. 02/LAPSPI-PER/2017 on Adjudication Rules and Procedures. Article 1 Paragraph 1 Letter (a) means the settlement of disputes outside the arbitration and general courts by the Adjudicator to produce an acceptable decision by the Petitioner so that such acceptance shall be binding on the parties. The requirements for the parties to the dispute wishing to resolve their dispute through the path of adjudication shall meet the following requirements: Is a dispute in banking and/or related to banking field; Disputes over rights which, by law and by laws and regulations, are fully controlled by the parties to the dispute; Disputes which, in accordance with legislation, may be held for peace; Disputes that have fulfilled mediation efforts but the parties have failed to achieve peace; Between the applicant and the requested Party are bound by the Mediation Agreement; The applicant is a customer of Basic Saving Accounts (BSA) and customers of Micro, Small and Medium Enterprises (MSME) with a maximum dispute value of 500.000.000, - Rupiahs (Five Hundred Million Rupiah), whereas the requested party is a bank. Adjudication to LAPSPI may be made, if the parties to the dispute can no longer continue the negotiations. In addition, the parties to the dispute want a more right-of-law approach. The next reason for wanting to conduct adjudication in order to resolve a banking dispute is that the parties to the dispute want a final and binding decision, but the consumer as the plaintiff requires an option for him to choose whether to accept the verdict or to reject the verdict. Service providers as defendants want to provide good services to their customers in the

hope of providing a positive impact on service providers in other consumer loyalty issues (including the wider community).

Arbitration

(LAPSPI Regulation No. 03/LAPSPI-PER/2017 Regarding Arbitration Rules and Procedures) Article 1 Paragraph 1 Letter (a), namely the way of civil dispute resolution in the banking field and related to the banking field outside the general court. LAPSPI conducts arbitration by using LAPSPI Arbitration Rules and Procedures based on the Arbitration Agreement. LAPSPI arbitration is similar to an event. Conditions to resolve disputes on LAPSPI, as follows: Is a dispute in banking and/or related to banking field; Disputes over rights which, by law and by laws and regulations are fully controlled by the parties to the dispute; Disputes which, in accordance with legislation, may be held for peace; Between the applicant and the requested Party is bound by an arbitration agreement.

Based on the results of research and observation of the author, at the time of field research to the object/location, can be obtained picture of the incoming case data, as follows: 14 Period Year 2016; total cases 27 (twenty seven) with details: 1). Completed in the mediation process: 8 (eight) cases 2) Completed in pre-mediation: 19 (Nineteen) cases Period Year 2017; total cases 46 (forty six), with details: 1) Completed in process: 10 (ten) Cases, consisting of 8 (eight) cases of Probono mediation; 1 (one) case of commercial mediation; 1 (one) case of commercial arbitration). 1 case of arbitration, the award has been executed by the parties before the Decision is registered to the District Court (hereinafter written PN) for its execution. 2. Completed pre-mediation 36 (thirty six) Cases. Understanding Pre Mediation is the entry request can be completed, such as through, clarification or verification LAPSPI.

Settlement Institution of Troubled Financing of Sharia Banking in Malaysia

The development of Islamic banking itself in Malaysia, starting with the establishment of Bank Islam Malaysia Berhad (hereinafter written BIMB) under the Deed of (Sharikat, 1965) on 1 March 1983 and began operation July 1, 1983. BIMB operates as a single Sharia bank in Malaysia from 1983 to 1999 has more than seventy branches across the country in late 1999. In addition to the Full Pledge Islamic Banking system, the Islamic Window system is also used to provide sharia banking services in conventional banks. In 1999, a new sharia bank was established, namely Bank Muamalah (Ghani, 2006). The 1983 Islamic Bank Act was approved to serve as the basis for the guidelines of regulations that Sharia banks need to comply with in sharia banking operations in Malaysia. At the same time the kingdom has passed the Royalty Investment Act of 1983 which empowered the kingdom to issue investment certificates of Islamic banking based on Islamic principles.

In Malaysia (based on deep interview with Prof Dr. (Hasan, 2017), jurisdictions in dispute resolution of Islamic finance business, especially sharia banking are implemented by Civil Court or General Court, called Civil Court. This happens and it is understandable that Islamic finance business is a business transaction that uses the principles of muamalah. However, the settlement of disputes must be made in public courts, where the law used in civil courts is the Common Law of the British colonial heritage. Some of the reasons and considerations are, firstly, although the term "Islamic law" is incorporated in the laws of Malaysia, but it must be understood that its application is limited to those who embrace Islam. So the validity of Islamic law is very limited. While in Islamic financial business transactions, many people from various religious backgrounds are involved, even the relatively large number of non-Muslims in the composition of customers from Islamic banking in Malaysia.

Secondly, another important consideration is that financial and banking business is governed by federal power legislation, and so far there is no regulation of financial and banking business in state legislation. Therefore the state cannot regulate financial and banking matters, so that the arrangements are sourced to the state (federal government) which applies nationally. The federal (national) regulation is bound by the provision that the financial and banking business is subject to civil law arrangements. Automatically disputes over Islamic finance business are included in the authority of the Civil Court.

Similarly, if this dispute is to be settled by the Sharia Court, substantial amendments should be made. This is because the Sharia Court, especially in its authority is governed autonomously by the state. Therefore, to make amendments, it must be amended through the state parliament of all states in Malaysia totaling 13 plus the special territory of the Federal Territory. Another reason is court decision, considering that Malaysia is one of the many countries that adopt Common Law legal system, or customary law. The prominent feature of the legal system, the existence of a precedent-based law, means that a court ruling in a case will be a reference as well as a binding rule for all the doctrine of binding precedence

Furthermore, in discussions or discussions Muhammad Zulkifli said that for business dispute resolution (problematic financing), especially banking (both conventional and sharia banks), through Alternative Dispute Resolution (hereinafter written ADR) or Alternative Dispute Settlement (hereinafter APS). ADR or APS is a foreign term, equivalent in the Indonesian language, there is a term as the management of a conflict based on cooperative management (cooperation conflict management), or some declare as an Alternative Dispute Settlement (APS). However, any language used by Alternative Dispute Resolution (ADR) has the intent to solve a problem or conflict peacefully (Susanti, 2009). The Alternative Dispute Resolution (ADR) or APS here means dispute resolution or disagreement through a procedure agreed upon by the parties, court by way of consultation, negotiation, and mediation.

Professor Datuk Sundra Rajoo is Director of the Kuala Lumpur Regional Arbitration Center (KLRCA), President of the Chartered Institute of Arbitrator (hereinafter CIArb) 2016. Sundra's honor scrolls include being the Founding President of the Construction Law Society, Malaysia and President of Asia Pacific Regional Arbitration Archiving (APRAG), which is a federation of nearly 40 arbitration agencies in the Asia Pacific region. Sundra is a Chartered Arbitrator with extensive arbitration experience covering over 200 local and international appointments. The KLRCA Arbitration Rules cover all aspects of the arbitration process, furnish model arbitration clauses, establish procedural rules regarding the appointment of the arbitrator and the implementation of the arbitration process, and establish rules relating to the form, effects and interpretation of the award. The KLRCA Mediation Rules are a set of procedural rules covering all aspects of the Mediation process to assist parties resolve their domestic or international dispute.

The APS or ADR is called the Kuala Lumpur Arbitration Center Malaysia abbreviated as KLRCA, an abbreviation of The Kuala Lumpur Regional Arbitration Center. The Kuala Lumpur Regional Arbitration Center (hereinafter written KLRCA) is an international non-profit non-profit arbitration institution established in 1978 under the auspices of the Asia-Africa Legal Consultation Organization (hereafter AALCO). It is the first regional center established by AALCO in Asia, with a proven track record of providing institutional support as a neutral and independent venue for domestic and international arbitration proceedings in Asia. It is also the first center in the world to adopt the UNCITRAL Arbitration Rules as revised in 2013 (KLRCA, 2013).

The core function of KLRCA is the administration of the arbitration process. The KLRCA has a set of procedural rules governing the implementation of the entire arbitration process, from the commencement of its termination. In addition, the KLRCA is tasked to

promote and build capacity in ADR areas. In an ongoing effort in capacity building and dissemination of information on ADR, KLRCA hosts various courses and forums on various ADR lines.

KLRCA, is a nonprofit organization that conducts mediation and arbitration for domestic and international disputes. In addition, there is also The Insurance Mediation Bureau which specializes in solving general and life insurance claims. It was founded in 1991 as a nonprofit organization and has members of all insurance businesses in Malaysia. ADR's institutionalization outside of business arbitration is still limited, meanwhile to resolve disputes in the labor sector, Malaysia runs a labor court that functions as a labor arbitration council.

Non-litigation dispute resolution models that are considered more able to accommodate the weaknesses of the litigation model have provided a better solution. The process outside of the litigation is seen to result in a mutually beneficial agreement, ensuring the confidentiality of the parties' disputes, avoiding the delays caused by procedural and administrative matters, solving problems comprehensively in togetherness, and maintaining good relations. The reason is the basis of the idea of the birth of the form of dispute resolution through non-litigation channels such as the Indonesian Arbitration Board of Muamalat (BAMUI) which eventually turned into the National Sharia Arbitration Board (Basyarnas).

The development of Islamic business on the basis of sharia principles is increasingly showing its progress, therefore the institutions that can resolve disputes that occur or may occur with peace, and the process is rapidly a very urgent need. In the business world it is usually agreed upon, and it is made to resolve later disputes between them. Dispute resolution efforts may be submitted to certain forums in accordance with the agreement. Some people come directly to the Court or some other institutions through institutions outside the Court and Arbitration (choice of forum/choice of jurisdiction). In addition, in clauses made by the parties it is also determined which law is agreed upon to be used in the event of a later dispute between them (choice of law).

Disputes or disputes in business activities occur, due to a breach of the contracting parties. This defaulter may occur because of not performing the contents of the agreement, late in executing the contents of the agreement or fulfilling the obligations but not as promised (Subekti, 2010). In addition to default, disputes may also occur due to a loss on either party due to a breach or act against the law or any discontent one of the parties to the response that caused the loss. Similarly, in the Financing agreement, which is done in sharia banking? It can be categorized, the occurrence of problem financing in sharia banking.

In POJK Explanation No. 1 of 2014, it is said that the settlement of problematic disputes over non-court institutions can be conducted by the Alternative Dispute Settlement Institution (hereinafter written LAPS) in the Financial Services Sector. In line with the characteristics and developments in fast, dynamic and innovative financial services scheme, LAPS out of court, requires fast, low-cost procedures with objective, relevant and fair results. LAPS in resolving disputes Financing problematic, confidential. Each party feels comfortable, and does not require a long time/process. This is because, avoiding procedural and administrative delays.

CONCLUSION

This study found that the existence of Indonesian Banking Dispute Settlement Alternative Institution (LAPSPI) in the settlement of Non-performing Financing at Islamic Banking has not been significant, there are only 2 (two) cases, the filing of cases more conventional bank problems. This, supported the results of the data studied, as follows:1. Period

of Year 2016; total cases 27 (twenty seven), with details: Completed in the mediation process: 8 (eight) cases and Completed in pre-mediation: 19 (Nineteen) cases. Period Year 2017, total cases 46 (forty six) with details: Completed in process: 10 (ten) Cases, consisting of 8 (eight) cases of pro bono mediation; 1 (one) case of commercial mediation; 1 (one) case of commercial arbitration). 1 case of arbitration, its award has been executed by the parties before the Decision is registered to the District Court for its execution. Completed pre-mediation 36 (thirty six) Cases.

Suggestion given, LAPSPI in its existence in finishing problematic problem in sharia banking in Indonesia, require socialization and Islamic Human Resources Quality (SDM) quality (Islamic Human Resources quality).

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