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Sharia Economics Not Only Sharia Financial Institution

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Abstract

Market share of sharia banking is lower than that of conventional banking despite muslim is majority in a country. As muslim, we should prefer dealing with sharia banks to dealing with conventional banks. It is interesting to study further, why the market share of sharia financial institutions is smaller than conventional financial institutions. This paper aims to analyse muslim preference to sharia bank and develop the comprehensive strategy of sharia economics. The low market share of sharia bank in Indonesia is caused by: 1) muslim's knowledge and understanding upon sharia economics is still limited and not well-spread (knowledge problem); 2) sharia financial institution is unable to fulfil economy transaction needs among economic agents (product problem); 3) people who understand sharia economics consider that sharia financial institution does not fully apply sharia principles (still contains *riba* and *haram*) (sharia compliance problem). The main challenge to let sharia economic color the general economy is the low knowledge and application of sharia principles from the economic agents. Not only sharia financial institution developing, but also transactions in economic activities, such as trading, service, partnership, and other activities are also expected to be based on sharia principles. Comprehensive strategy is needed for sharia economics developing which consists of philosophic, strategic and implementative strategy. Government, *ulama*, educational institution, islamic society organization, economic and financial institution, and Muslim as an individual have important roles in sharia economic developing. The effort to make sharia principles as guidance in regulation and policy making as well as in implementation of every economic activity is the challenge of sharia economic developing in future. Without cooperation among stake holders, it will take very long time for sharia economic to develop.

Keywords

Sharia Economics, Sharia Financial Institution, Conventional Financial Institution

Introduction

When talking about sharia economics⁸⁷, most people usually talk about sharia financial institution. It's not totally wrong because the economics development of a country is inseparable from its financial institution support. There's relationship between a countries economics development with the development of financial institution. The financial institution acts as financial intermediary which will work properly if the economy has good financial system. Sound financial system has tendency to accelerate growth, facilitate Start-up Company, help company to obtain financing and push it to growth rapidly (Demirgüç-Kunt and Levine, 2001).

However, sharia financial institution is a part of a whole sharia economic system. Sharia financial institution acts as intermediary institution in the economy. It facilitates transactions between those who have surplus funds and those who need them. Sharia economics means more than sharia institution but some people defined sharia economics as Islamic economics. Sharia economics is the

⁸⁷ Shariah economics in this paper refer to islamic economics. Some paper use the term islamic economics (Arif, 1985; Bjorvantn, 2008; Zaman, 2007, ect.)

knowledge and the application of the injunctions and the rules of the Sharia in regard to acquisition and the disposal of the available resources for providing satisfaction to the individuals in order to enable them to perform their obligations to Allah and the society (Zaman, 2007). Sharia economics is the study of muslim's behaviour who organizes the resources, which are a trust, to achieve *falah* (Arif, 1985, 87).

Sharia economics consist of the knowledge and application of sharia rules, which are based on *Qur'an* and *Sunnah*. Thus, before doing their economic activity people have to learn about Sharia economics. If they don't understand about sharia economics they will be misled in to prohibited economic activity. Elements of sharia economics are prohibition of interest, Islamic redistribution and Islamic economic norms (Kuran 1995).

One of prohibited economic activities in *qur'an* and *sunnah* is *riba*. *Riba* can be resulted from trading and debts. Because many muslim lack the knowledge about *riba*, when they expand their business, they prefer transaction in conventional bank to transaction in sharia bank. As the result, market share of sharia banking becomes lower than conventional banking despite muslim is a majority in a country. Indonesia is known as the largest muslim population in the world (87.51percent of Indonesia population). Nevertheless, assets and market share of sharia banking are low. Until October 2012, the assets of sharia banks are only 4.25percent of the assets of conventional banks. Sharia banks's sources of fund are about 0.86 percent of conventional banks. Sharia banks's fund disbursement is about 1.02 percent of conventional banks (Bank Indonesia, 2012).

It is important to investigate why muslim prefer transaction in conventional bank to transaction in sharia bank. This investigation is expected to reveal muslim understanding upon sharia economics as a whole. So that strategy of comprehensive sharia economics can be developed not only to sharia financial institution but also the other economic activities (i.e: trading, services, partnership and financing). This paper aims to analyze muslim preference to sharia bank and develop the strategy of comprehensive sharia economics.

Muslim Preference toward Sharia Bank

For the last five years, there were some pleasing and ironic moments in Indonesia. Indonesia Sharia Bank has been progressing quickly for this period. If in 2008 Sharia Bank asset just reached Rp 49,555 billions, in 2012 (until October), it already reached Rp 174,094 billions, or it has been increasing more than 300 percents. The collected sources of fund also nearly approached 300 percents, from 10,044 in 2008 into Rp 29,323 billions. During the same period, fund disbursement increased more than 200 percent, from Rp 15,238 billions to Rp 40,747 billions (Table 1).

Table 1. Performance Comparison Between Sharia Banks and Conventional Banks in Indonesia

Indicators	2008	2009	2010	2011	2012
Assets (billion Rp)					
Sharia banking	49,555	66,090	97,519	145,467	174,094
Conventional banking	2,343,091	2,571,660	3,054,595	3,708,631	4,093,198
Ratio SB/CB (%)	2.11	2.57	3.19	3.92	4.25
Source of funds					
Sharia banking	10,044	13,903	13,191	20,908	29,323
Conventional banking	2,016,690	2,211,302	2,600,595	3,139,310	3,398,686
Ratio SB/CB (%)	0.50	0.63	0.51	0.67	0.86
Fund Disbursement (billion Rp)					
Sharia banking	15,238	17,969	18,282	28,127	40,747
Conventional banking	2,046,534	2,318,255	2,809,789	3,465,997	4,013,940
Ratio SB/CB (%)	0.74	0.78	0.65	0.81	1.02

Source: Bank Indonesia, 2012.

Although Sharia Bank has rapidly grown, from market share perspective, Sharia Bank in Indonesia is still miserable. Sharia Bank's Fund Disbursement has just reached 1.02 percent of Conventional Bank fund disbursement. Sharia bank's Source of fund is 0.82 percent of conventional bank.

We can assume that most muslims still save and borrow money from conventional banks. It probably occurs because muslims in Indonesia have not fully understood sharia economics. Most of them do not consider bank interest as *riba*. Some muslims consider that sharia banks and conventional banks are alike. Research in 2000 stated that many muslim respondents thought bank interest was acceptable. In whole Java, 55 percents of muslim respondents claimed to receive bank interest (Bank Indonesia, 2000).

Different understandings arguing that interest is not *riba* becomes one important factor of the slow growth of Sharia Bank. Economical rational clients are more dominant than ideological emotional clients (Muhlis, 2011). When clients have the options between lower price transaction in Conventional Bank and transaction in Sharia Bank, they will choose Conventional Bank. It happens the same way when the margin rate of funding given by sharia bank is lower than conventional, clients will tend to save their money in conventional bank.

Beside Muslim's lack of comprehensive knowledge upon sharia economics, especially upon *muamalah* rules, the accessibility becomes another reason why clients prefer conventional to sharia bank. Sharia bank's accessibility, therefore, should be considered in determining office location. Bank Indonesia (2000) stated that the accessibility will enable people to transact easily with Sharia bank.

Observation showed that accessibility is not the only matter. Commonly, in area with good accessibility, conventional banks already persist, so that market competition will be very tight. Conventional and sharia bank compete to win Muslim market for their products.

These days, people are more familiar to conventional bank products rather than sharia bank products. The development of conventional bank product is so broad that they can fulfil all people need. Meanwhile, the development of sharia bank product is relatively restricted. In developing products, sharia bank imitates conventional bank product as if sharia bank is the shadow/ a copy cad of conventional bank in offering the products.

Some (or all) of sharia bank products and transactions are copy cads of conventional bank products and transactions which are based on *riba*. Most sharia banking transactions are, in fact, based on interest, using *murabaha* as an instrument to make them halal. Additionally, sharia banks offer rates of return, albeit under names other than interest, equivalent to conventional banks. Muslim banker took conventional product and technique as a starting point for a new design through imitating (Leiss 2007 and Nienhaus 2010). Therefore, sharia bank becomes the shadow of conventional bank. People will always compare its product to conventional ones. Some, then, will say that sharia financing product is relatively more expensive than the conventional one. As Nienhaus said (2010), sharia bank is a copy cad of conventional bank.

A suggestion given by Nienhaus (2010) was sharia bank should focus on the development of products enlisted in classical *fiqh* literature. In marketing term, sharia bank product and institution should be branded. Sharia bank is different from conventional bank and they are incomparable.

Based on prior research, it could be concluded that the low market share of sharia bank is caused by:

1. Muslim's knowledge and understanding upon sharia economics is still limited and not well-spread (knowledge problem).
2. sharia financial institution is unable to fulfil economy transaction needs among economic agents (product problem);
3. People who understand sharia economics consider that sharia financial institution does not fully apply sharia principles (still contains *riba* or *haram*) (sharia compliance problem).

These three challenges should be answered in order to extend the market share of sharia financial institution in Indonesia, and may be in the other countries as well. The point is that the sharia economics knowledge is still limited and unwell-spread in Muslim society. It evokes a fact showing that *haram* transaction still exists and an half of people cannot be sure about the *halalness* of sharia bank transaction. The developing sharia economics becomes a pre requirement for economic development including sharia financial institution. In other words, once a Muslim agrees to have sharia transaction in all his economic activities, sharia bank will be his first choice.

Sharia Economic Developing Strategy

Sharia economic developing faces many uneasy obstacles. Some people still believe that there is no obvious difference between sharia economics and mainstream economics in this era. Meanwhile,

muslim do not really know about sharia economics. The religion education which emphasize only on the worshipping way toward Allah and rarely discuss economic activity based on sharia principles results in muslim's lack of sharia economic knowledge.

Basic weakness which causes sharia economic cannot develop yet lies on muslim's knowledge and application upon *muamalah* law. Mastering sharia economics, especially *muamalah* law, becomes an ultimate foundation in implementing sharia principle to all Muslim economy activities. If a Muslim does not fully understand *muamalah* law, he will fall into an action which is prohibited by *Qur'an* and *Sunnah*. Khalifah Umar bin Khatab and Ali bin Abi Thalib have warned about the possibility of it. Umar bin Khattab said: Not to be trading in our market except those who know (anybody who knows the law *muamalah*). If he was not the one who knows the *muamalah* law, then he will eat riba. And Ali ra said: anyone who traded before he understood *muamalah* law, then he has truly fallen in riba, it is complicated and difficult for him to remove, and then he has truly fallen in riba, it is complicated and difficult for him to remove, then he has truly fallen into riba, it is complicated and difficult for him to remove (Tafsher al Qurtuby 3/352, Tafsher Ibn Kathir 1/581-582, Tafsher al Thabary 6/38, Mughny al Muhtaj 2/22 and 6 / 29).

Responsibility to enhance Muslim understanding on sharia economics is individual, communal, and institutional. Individual means every Muslim is obliged to seek knowledge regarding hereafter and world life. "Seeking knowledge is an obligation for each Muslim. Anyone who wants to succeed in both hereafter and world life, should seek knowledge (Ali Bin Abi Thalib). Communally, Islamic society organizations and Islamic communities are obliged to socialize sharia economics to their members and implement it into their daily activities. *Ulama* have an important role in delivering knowledge and practical solution of sharia economics in daily activities. In brief, institutionally, government, ulama, educational and economic institutions have their own role according to the authority they possess.

In order to expand and colour the economics, generally, we need to pay attention to these three aspects, namely philosophic aspect, strategic aspect, and implementation aspect. **Philosophic aspect** is muslim's point of view in fulfilling his worldly willingness and needs. Philosophically, in fulfilling his willingness and needs, a muslim has to refer to sharia principles in *Qur'an* and *Sunnah*. The lack of philosophic aspect may cause sharia principle violation so that the happiness in world and hereafter life could not be achieved. Philosophic foundation of sharia economics are tawhid, rububiyyah, khilafah, tazkiyah, and accountability. Tawhid refers to God's Unity and Sovereignty. Rububiyyah divines arrangement for nourishment and directing things towards their perfection. Khilafah is man's role as God's vicegerent on the earth. Tazkiyah is purification plus growth. Accountability is belief in accountability on the day of judgment and its implications for the life this world and in the hereafter (Arif, 1985, p. 80-81).

Ulama or Muslim clergies need to work together to spread the right understanding over Muslim so that they can understand sharia economics, especially *muamalah* law. Religion subject at school should teach *muamalah* law and its practice. Children should be taught about how to socialize in an appropriate way according to *Qur'an* and *Sunnah* since very early. Philosophically, it is necessary to bare in our mind that Islam can answer all human questions and fulfil all they needs and willingness. As stated in *Qur'an* and *Sunnah*, Allah as the Creator has provided all human needs on this wide earth. Allah even has enabled everything on the sky and the earth for human sake. Nevertheless, there are always good and bad in every single thing in this world, Allah allows the good thing (*halal*) and forbids the bad ones (*haram*), then Allah requires human to take the good and leaves the bad (QS. Al Baqarah: 29; QS. Luqman: 20; QS. Al Baqarah: 168; Q.S. An Nahl: 114; Q.S. Al A'raf: 158; HR. Bukhari Kitabul Buyu'; HR. Tirmidzi Kitabul Ahkam).

As mentioned above, Allah has created everything on the earth for human (QS Al Baqarah:29), meaning that "everything on the earth is originally halal" and based on that ayah, *Fuqahas* pointed out "all forms of *muamalah* law are halal from the original law as long as there is no rules (*Qur'an* and *Sunah* rules) to prohibit them." Therefore, before one starts a business, learning *muamalah* law becomes important, even compulsory for him, to legalize his business and keep it on the right track, avoid being trapped in any kind of *haramness* and *syubhat*.

Generally, there are 7 haram transactions: 1) *riba* transaction, 2) *gharar* (uncertainty), 3) *dharar* (mistreatment), 4) *maysir* (gambling/speculation), 5) *ma'siat* (wickedness/sinful attitude), 6) *suht* (haram stuffs), 7) *risywah* (bribery). Comprehensive understanding on these seven *haram* things is a base for each muslim in transaction. The clarity of sharia rules will ease the sharia economic developing, since all stuffs other than those which are prohibited are permissible, then.

Understanding upon these seven prohibited activities becomes a philosophic base for every Muslim in transaction. The clarity of sharia rules will ease sharia economic developing, because anything which does not mention as prohibited is permissible. That base should be put into the rules that comprehensively support the sharia economic developing. The summary of seven prohibited activities can be seen in Table 2.

Table 2. Types of Prohibited Transactions based on Sharia Economic Rules

No	Prohibited in Transactions	Meaning	Practices	Sources of law
1	Riba	Riba is extra value, both in purchase or debt taken in a batil way (wrongly) or contradictorily muamalah principle in Islam.	Save and debt interests in Bank. Gold purchase without cash money. 10 kilos of high quality rice exchanged 15 kilos of low quality one.	Q.S. Al Baqarah: 275, 276, 278; Q.S. Ali Imran: 130; Q.S. An Nisa': 161; Shohih Bukhari 5/393; Shohih Muslim 1/92, al Mauzu'ah 22/52; Shohih Bukhari Kitabul Buyu'. Shohih Muslim 3/1211
2	Gharar	Gharar is any transaction which contains uncertainty regarding the object. The object is not owned, unknown where it is, or the object is unable to be handed at the time transaction happens, unless sharia says the other way.	Conventional insurance. Stock market. Gold purchase without the real transfer.	Q.S. Al Baqarah: 188; Q.S. An Nisa': 29; Shohih Muslim 8/37, Sunan Tirmidzi 5/5.
3	Dharar	Dharar is destructive transaction, causing loses or mistreatment, so that there might be asset transfer.	Heap up primary food in order to enhance the price. Predatory pricing to make competitors bankrupt.	Q.S. An Nisa: 29; Sunan Ibnu Majah 7/143
4	Maysir	Maysir is any action or game which is speculative in purpose to get property/material benefit such as asset transfer.	Foreign currency purchase for future transaction.	Q.S. Al Maidah: 90; Sunan Abi Dawud 10/122
5	Ma'siat	Ma'siat is a kind of transaction relating to efforts that, directly or indirectly, break Allah and Rasul's rules. Selling permissible goods to the buyers which is known to use it for ma'siat is prohibited, too.	Prostitution. Build liquor factory. Build house of prostitution (brothel). Rent house for prostitution.	Q.S. Al Maidah: 2, Shohih Bukhari 7/486
6	Suht	Prohibited commodity is commodity which any component is prohibited to consume, produce, and purchase according to nash in Alqur'an and Al Hadist	Eat and sell pork.	QS. Al Baqarah: 173; Shohih Muslim 8/247, 10/72.
7	Risywah	Risywah or bribery is anything given to the judge or the staff in order to get advantageous justice or to have the judges do what the bribe giver wants.	Bribe the judge so that he can win the case (in fact he is guilty)	QS. Al Maidah: 42; QS. Al Baqarah: 188; Sunan Tirmidzi 5/175.

Abbreviation: Q.S: Qur'an Surah

There must be lessons beneath every prohibition from Allah and Rasulullah. These are what people need to know in order to have better understanding on the purpose of the prohibition and to feel lucky if they leave that prohibition. For instance, in the prohibition of riba, the lessons we can take are:

1. Riba is actually willing to take human property without any requital, because a person, who sells one dirham with two dirhams cash or credit, will get one dirham without any replacement.

Meanwhile, a Muslim's wealth depends on his needs, and he has a high dignity. Rasullullah SAW said: Muslim's honour of wealth is like his honour of blood. HR. Abu Nuaim fil Hilyah a dhoif isnad inside but Ibnu Hajar stated that: for him he has some witnesses which strengthen one another. The existence of wealth in somebody's hand for a long time and the possibility that he can trade it and get benefit from it, are things in doubt (nebulous), sometimes it can be beneficial, sometimes it can be not, while take one dirham as bonus is a certainty. The lost of a certainty for that nebulous time is unavoidable from Dhoror (Al Mausu'ah 22/54).

2. Riba actually prevents human from flurry of business (tendency to be lazy persons), because the owner of the money, when it is possible, through riba contract can make extra money cash or credit, effort in the purpose of making money professionally becomes not important, then. For that person, he hardly gets the burden of business, burden of trading and burden of manufacturing. It will cut down creature significances which are not organized unless with the existence of trading, jobs, and manufacturing, building construction etc.
3. Riba will entail the lost of kindness among humans in relationship of lending and borrowing. Truthfully, when riba is prohibited, one's heart will be pleased with lending one dirham and getting one dirham back, and in case riba is halal, then surely his need of things will drive him to taking back two dirham from one dirham. This thing will cause the lost of the goodness of helping each other and other goodness (Tafsher Al Kabir ilfakhri Ar Rozi 7/93-94).

Strategic aspect is everything about policy and realization rule which support sharia economic developing. It is difficult for sharia economic to develop as muslims tend to transact in conventional bank and political support from government is still very low (Chapra, 2000). It includes law and implementation rules as well as muslim clergy's instruction (fatwa) made by local government. Cooperation between government and clergies is required in order to compose supporting rules of sharia economic developing. The speed of economy developing should be balanced with the clarity of rules and fatwa so that people can determine whether a transaction is halal or haram, and there is sharia solution to overcome that human need and willingness.

As sharia bank is an important pillar in economic activity, an appropriate strategy is needed in order to expand sharia bank share market to as high as or even higher than conventional bank. There are four main strategies in developing sharia bank. Firstly, upgrade the quality of human resources. The capability of human resources who manage sharia bank and the sharia board should be upgraded to enhance the innovation of the products and the trusted management of the bank. Secondly, expand sharia bank products in a line with the demand of people economic activity development and sharia principle. Thirdly, seek the stronger support from government policy and national sharia board instruction. Fourthly, educate people about sharia principle and sharia bank. Education is a very strategic since most people are still behaving economical rationally other than ideological religiously.

Human resources aspect plays central role in sharia economic developing. Recently, there is a quite big weakness in human resources aspect which can develop sharia economic. A lot of shariah bankers come from conventional bank. Conventional way of thinking still persists when managing sharia bank. There are still transactions which are not sharia compliance. Sharia board needs to work hard to supervise the transaction so that it will run in accordance with the instruction (fatwa).

Fatwa request on various economic activities has been done. It requires not only sharia experts, but also experts who master general economy and business practice so that sharia compliance can be done properly. Nienhaus (2010) stated that sharia compliance is a necessary condition for financial techniques, products and procedures to be considered "Islamic". Since sharia compliance is a legal requirement, the crucial role of scholars of Islamic law in the design of an Islamic financial system cannot be disputed. Sharia compliance instruments are applied in the banking industry, and therefore bank practitioners are vital for systemic development.

Implementation aspect relates to the application of sharia principles (fiqh muamalah) in economic activities. Every transaction done by a muslim should be based on sharia principle. Trading, service, partnership, and financing refer to sharia economic principles. If as a muslim has individually done his transaction using in sharia principles, sharia bank will be his first choice to support his economic activity. Sharia economic implementation is a necessary condition to develop sharia banking and other sharia financial institutions (stock market, money market, etc.)

The implementation of sharia economic is very strategic in the middle of world economy crisis. Mainstream economy system applied in this era is susceptible to crisis. It happens because economic

agents no longer care about moral and religious value in business. Sharia economics can change attitude in fair business and shift daily behavior.

Nienhaus (2006) suggested the improvement of techniques, the refinement of accounting standards, and the regulatory integration into existing financial systems clearly remove possible obstacles which might originate from the prohibition of interest. It remains to be seen whether the modernized *Shariah* compliant financial toolbox will be used by ideologically motivated bankers in order to address the financial needs of new entrepreneurs, self-employed people, local communities etc. who so far are widely neglected by conventional banks. If this happens, Islamic finance could make a distinctive contribution towards the development of a Muslim country – even if the overall economic system remains mainly secular.

There are, at least, six parties that are able to actively take a part in sharia economic developing. Each plays a role in three aspects being explained above, namely philosophic, strategic and implementative aspect.

Table 3. The Roles of Agents in Sharia Economic Developing

No	Agent	Philosophic aspect	Strategic aspect	Implementative aspect
1	Government	Make sharia principles into the base of sharia economic policy.	Release supporting law and regulations to sharia economic developing.	Push the growth of health, strong and halal economic institution to support economic developing
2	Ulama	Give comprehensive knowledge as the foundation of Muslim life based on Qur'an and Sunnah.	Compose fatwa relating to various economic transactions and financing in accordance with people needs.	Accomplish sharia compliance concerning existing various activities or economic transaction.
3	Educational Institution	Adopt sharia principles in designing sharia economics curriculum for education.	Design sharia economic learning curriculum.	Teach sharia economics according to students level of education.
4	Islamic society organization	Adopt sharia principles in composing the organization's blue print.	Compose economic developing blue print in organization.	Encourage its members to transact using sharia principles.
5	Economic and financial institution.	Adopt sharia principles as the base of company business and economic activity.	Corporate Governance. Compose sharia business principles. Build Spiritual Corporate Governance.	Corporate Governance. Do sharia transaction and apply Spiritual Corporate Governance.
6	Muslim as an individual	Take sharia principles as the base of daily economic activities.	Arrange economic activity plan according to sharia principles.	Apply sharia economic principles in all economic activities.

1. Government

Government has an important role in sharia economic developing. Government keeps continue its campaign to improve the sharia regulation in every sector as sharia develops/contributes fairness and character. Government is expected to give equal opportunity for sharia economic growth in national economy. It matters especially in Non Muslim countries. Government is expected to understand sharia principles as the base of making policy in ruling sharia economic activities. A harmonization between non sharia and sharia rules is needed to give equal chance to sharia economic agents in competing conventional economic agents.

One of the government's tasks is about 'zakat' or tithe and tax. Beside zakat (to whom it is subjected), sharia economic agents has to pay tax as well. Meanwhile, non sharia economic agents are subjected to taxes only. Tax and zakat actually have similar purpose that is to redistribute asset and to become a capital for people welfare. Zakat can be used for build public infrastructure in the sake of people. The amount of money that sharia economic agents, then, is higher since beside zakat, they still have to pay taxes. To expand sharia economic activities and to keep government's sources of fund for developing, sharia economic agents should be subjected to zakat only, not necessarily to taxes. Government still has many tasks to do concerning the harmonization of laws ruling the economy

generally and the space for sharia economic agent to compete non sharia economic agents fairly and equally.

2. Ulama

Ulama have quite important role in sharia economic developing. Siddiqi (2006) revealed the significance of sharia expert (*ulama*)'s role in the growth of sharia economic and financial. He said that there has been some malfunctioning that needs looking into and correction. Further more, the issues we face are far too complex to be handled properly without some conceptual as well as structural change in sharia advisement. The future of sharia economics and finance may well depend on rising to this challenge.

Recently, *ulama* face numerous challenges as the result of human's various economic activities in society. Economy has been growing so fast along with human needs and wants are more complex. A variety of derivative products from financial engineering have been offered enticing to give high value repayment. Those products contain a lot substance of *riba*, *gharar* and *maysir*. *Ulama* and sharia economic experts are required to continually do research on whether or not fatwa request works for various economic product and activities these days. That fatwa is needed to be guidance for Muslim to avoid being trapped into haram transaction.

3. Educational Institution

Main weakness in sharia economic developing is Muslim's lack of sharia economic knowledge and its application. At non religion-based formal schools, Islamic economy is rarely discussed in the learning activity. Islam subject curriculum does not insert sharia economic knowledge as one of its topics. It is the duty of educational institution to help improving Muslim's knowledge upon sharia economics and sharia economic application. Seemingly, educational institution needs to change its curriculum to enhance Muslim and non Muslim understanding of sharia economics.

Sharia economic can be one separated lesson beside other economic lessons. In elementary school, sharia economic knowledge can be inserted in Islam Religion lesson. In secondary school, sharia economic knowledge can be one topic in Islam religion and economy lesson. In university, sharia economic becomes one specialized course beside other economy courses. For those who want to concentrate more on sharia economic, they can continue studying sharia economic and financing courses as a comprehensive course to sharia economic introduction.

4. Islamic Society Organization

Society organization has important role in improving its member knowledge of sharia economics. Islamic society organization can held training, seminar, workshop concerning about sharia economic and financing to its members and common people. Islamic society organization is expected to have business incubator which is organized based on sharia principles.

5. Economic and financial Institutions

Economic and financial institutions are pillars for economic developing. Many times of economy crisis occurred to capital economy system should have opened economic and financial institutions' eye to change into sharia economic. The Sharia economic and financial institutions themselves should improve their knowledge of sharia economics and its application. Various criticisms to sharia financial institution, especially, could be suggestion to upgrade its capability. Some of cases being people complaints are its transaction mechanism is not different from conventional financial institution, its product is more expensive that conventional financial institution's (some even think that the interest is higher because of people's lack of knowledge), its procedure is too complicated, and the products offered do not fulfil transaction needs which are expected.

Product innovation as mentioned above becomes one key to make sharia economic and financial institution serve people better and competence for competing with conventional financial institution. Efficiency often becomes the reason why sharia financial institution products are relatively more expensive than conventional ones. Improvement of human resources productivity and simplified procedure which does not exceed sharia principles can be done in order to enhance efficiency.

In order to convince people that the products of sharia financial institution are halal, we need more than fatwa from nation sharia board, we also need **Spiritual Corporate Governance**. The

approaches being used toward customers are not only economical benefit approach, but also spiritual benefit approach. The service of sharia financial institution should be better than that of conventional financial institution. There is a touch of relieved emotion upon worldly and hereafter happiness in clients so that they become loyal and invite the others to join in sharia bank. Improvement of human resources quality becomes the key for those efforts success.

6. Muslim as an individual

Each muslim individually has an crucial role in sharia economic developing. In order to achieve both world and hereafter happiness, sharia economic application seems to be a must. It has been proved that transaction that breaks religion rules is destructive not only individually but also generally. Muslim as an individual has an obligation to learn and apply sharia economic rules in his economic activity. Not only bank transaction should be using sharia principles, cooperation among individuals, both muslim or non Muslim, have to apply sharia principle as well. In other words, every transaction should be done in a line with sharia principles, and it will bring happiness to our worldly and hereafter life. It has been taken for granted by Allah (in Qur'an surah).

Sharia economic challenge cannot be solved by one economic agent only. The partnership among agents above is needed to accelerate sharia economic contribution in national economy.

Concluding Remarks

Muslim preference toward sharia financial institution is still low at the moment. It is proved from the low sharia market share even though it is in a country which the majority is muslim. The consideration of material benefit is stronger than halal and haram. The lack of sharia economic knowledge becomes the main cause of this condition. Discussion dominated too much by sharia bank restricts Muslim knowledge of sharia economic. More comprehensive efforts are needed in order to introduce sharia economic to all people (muslim and non muslim).

Comprehensive strategy of sharia economic developing is meant to make people aware of and apply sharia economic in daily economic transaction, not only in sharia financial institution, but also transaction among individuals. Introduction to haram and halal transaction, sharia economic application in trading, services and partnership, can be done through formal and informal education involving the stakeholders. Cooperation among agents may accelerate sharia economic implementation in national and global economy.

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