IMPLEMENTATION OF GOOD GOVERNANCE BUSINESS SHARIA (GGBS) IN ISLAMIC BANKING IN INDONESIA

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Abstract
In the development of Islamic banking with the merger of several Islamic banks to become Bank Indonesia Syariah (BIS), it is hoped that it can progress very rapidly, as is the case of Islamic banking in Indonesia which has grown significantly. The development of Islamic banking must be accompanied by good governance so that sharia is not only a tag line for Islamic financial institutions. Islamic banking SOPs must be carried out properly based on sharia principles. Therefore, Bank Indonesia issued Bank Indonesia Regulation No. 11/33 / PBI 2009 concerning Implementation of Sharia Business Governance (GGBS) for Sharia Commercial Banks and Sharia Business Units. The five principles are: Transparency, Accountability, Responsibility, Professionalism and Fairness or equality. GGBS is a banking management system designed to improve compliance with the prevailing moral ethics laws and regulations. According to Chapra, the implementation of Good Corporate Governance is a requirement for Islamic banks to develop properly and in accordance with sharia compliance. The implementation of GGBS in Islamic banking is expected to create a business that is healthy, conducive, transparent and efficient and a blessing.

Keyword : GGBS, Islamic Banking, Implementation
Introduction

Indonesia is a country that has very high economic potential, a potential that is starting to be noticed by the international community. The world bank predicts the Indonesian economy will grow by 5.1 percent in 2019 and then increase to 5.2 percent in 2020. (Liputan 6.com, 2019). This projection is supported by private consumption, which is expected to continue to increase as inflation remains low and the labor market is strong. One of the factors for economic growth in Indonesia is from Islamic banking, among others. Islamic banking shows positive developments from year to year. The main director of BNI sharia, Abdullah Firman Wibowo, said that in the period 2014-2018, Islamic banking was able to record a Compounded Annual Growth Rate (CAGR) of 15% higher than the national banking industry which recorded a CAGR of 10% (CNBC Indonesia Syariah 2019).

The increasing number of Islamic banks operating in Indonesia in October 2020, both in the form of Islamic Commercial Banks (BUS), Sharia Business Units (UUS) and Sharia Rural Banks (BPRS) totaling 828 Operational Headquarters, 1440 KCP and UPS and 544 Cash offices with various forms of products and services provided can cause problems in the community. The most important problem is how the quality of performance of existing Islamic banks. Islamic banks must be able to provide optimal benefits for society and the roles and responsibilities of Islamic banks as Islamic financial institutions are not only limited to the financial needs of various parties, but the most important thing is the certainty of all activities carried out by Islamic banks in accordance with sharia principles (Hameed, 2004: 2)

Bank Indonesia explained that in encouraging the practice and performance of sharia banking that is sound and financially resilient and always refers to sharia principles and protects the interests of stakeholders, Islamic banks are expected to implement the principles of Good Corporate Governance (GCG) in the form of transparency, accountability, responsibility, professionalism, reasonableness and must comply with sharia principles (syaria compliance). Governance issues in Islamic banking are very different from conventional banks. Islamic banks have an obligation to comply with the principles of sharia (sharia compliance) in running their business. 15 Bank Indonesia realizes that the implementation of GCG for Islamic banks cannot only be based on GCG principles but must also be guided by sharia regulations. For this reason, Bank Indonesia issued Bank Indonesia Regulation (PBI) No. 11/33 / PBI / 2009 dated 7 December 2009 regarding Good Corporate Governance for Sharia Business (GGBS) and SE BI No.12 / 13 / DPbs dated 30 April 2010.
concerning the implementation of GGBS for Islamic Commercial Banks and Sharia Business Units. (www.bi.go.id)

Sharia Good Governance Business (GGBS) is an important element in maintaining the sustainability of business growth. And in Islamic banking is a way to increase economic dynamics and hence improve the overall performance of the Islamic economy. Businesses that are run with good governance will tend to be more sustainable and can run well. According to the National Committee on Governance (KNKG), the ability to maintain business continuity is very important in order to benefit all interested parties. The implementation of GGBS by Islamic Banks in Indonesia can be illustrated by the achievement of the GGBS Application Index.

In the context of implementing Good Corporate Governance in Islamic banks, Islamic bankers must strictly adhere to the principles and values of Islamic economics and business that have been applied by the Prophet. If not, don't become a practitioner of sharia bankers, because it can be feared that it can damage the image of "holiness" of sharia in the future.

When compared with conventional bankers, Islamic bankers should be superior and foremost in implementing Good Corporate Governance in banking institutions, because Islamic banking brings its name to business institutions. Strictly speaking, Islamic bankers are able to play their role as enforcers of Good Corporate Governance in banking institutions. If sharia bankers commit irregularities, they will not only implement these institutions, but also affect the image of sharia. Even though the public knows that mistakes were made by certain individuals, people will still quickly judge that even Islamic institutions have committed irregularities, let alone conventional institutions.

The implementation of Sharia Good Governance Business (GGBS) in accordance with applicable regulations will make investors respond positively to company performance and the market value of companies that measure the performance of institutions that operate based on sharia principles, of course different from other companies, especially in terms of orientation. As an institution that operates based on sharia principles, Islamic banks certainly have different characteristics from other companies in their performance orientation.

Meanwhile, if using the RGEC method which covers risk profile factors (Risk Profile), Good Corporate Governance (GCG), Profitability (Earning), and capital (Capital), emphasizes the quality of management. Based on the explanation above, performance measurement using CAMELS and RGEC analysis is not able to reveal the social function of
a bank. Current performance measurement only displays Performance financing, so it needs performance research that is able to reveal the social values of a sharia bank. Meanwhile, the measurement of Sharia Business Good Governance is measured using self-assessment analysis consisting of 11 indicators with a qualitative approach.

According to Muhammad (2002: 13), Islamic Bank, or hereinafter referred to as Sharia Bank, is a bank that operates in accordance with the principles of Islamic sharia. The development of Islamic banking in Indonesia began with the establishment of the financial institution Baitul Mal Wat Tanwil which was a cooperative legal entity in 1980 which was then followed by the establishment of the Sharia Rural Bank (BPRS) in 1988 in several regions in Indonesia. This was followed by the establishment of the first Islamic Commercial Bank in Indonesia, namely Bank Muamalat Indonesia on May 1, 1992. According to Ali (2007: 1) Sharia Bank is a financial institution that functions as an intermediary for parties with excess funds and parties who lack funds for activities business and other activities in accordance with Islamic law.

The development of Islamic banking in Indonesia is seen from the number of assets owned at the end of 2014, the total assets of Islamic Commercial Banks reached IDR 204,961 billion and increased at the end of 2018 to IDR 361,691 billion. Meanwhile, the total assets owned by the Sharia Business Unit at the end of 2014 reached IDR 67,383 billion and increased at the end of 2018 to IDR IDR 160,636 billion. Meanwhile, the Return on Assets (ROA) of Islamic Commercial Banks in 2014 was 0.41%, an increase of 0.87%, namely to 1.28% in 2018.

Islamic banks are known by the logo iB (Islamic Banking). Islamic Banking was popularized as a joint identity marker for the Islamic banking industry in Indonesia which was inaugurated since July 2, 2007. The use of this shared identity aims to the public easily and quickly recognizes the availability of Islamic banking services in Indonesia.

The iB logo is a marker of the identity of the Islamic banking industry in Indonesia, which is a crystallization of the main values of a modern, transparent, fair, balanced and ethical Islamic banking system that always prioritizes the values of togetherness and partnership (Rezki Astuti Soraya, 2012).

If it is concluded from the above definition, Sharia Bank is a banking financial institution that operates in accordance with Islamic principles, the company's products and mechanisms must be in accordance with sharia principles (sharia compliance).
Table 1. Characteristics of Islamic Banking and Its Implications

<table>
<thead>
<tr>
<th>Character</th>
<th>Intermediate Implications</th>
<th>Macro Implications</th>
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<tbody>
<tr>
<td>Basic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Activities</td>
<td>a. Not less money creation;</td>
<td>a. Stability Finance</td>
</tr>
<tr>
<td>Finance</td>
<td>b. There is no concentration</td>
<td></td>
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<tr>
<td>what is prohibited:</td>
<td>money</td>
<td></td>
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<tr>
<td>a. <em>Usury</em>;</td>
<td>b. <em>Maysir</em>; and</td>
<td></td>
</tr>
<tr>
<td>Activities</td>
<td>a. Full support real sector;</td>
<td>a. Creation employment;</td>
</tr>
<tr>
<td>Finance</td>
<td>b. other believe and</td>
<td></td>
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<tr>
<td>that</td>
<td>each definition between</td>
<td></td>
</tr>
<tr>
<td>allowed:</td>
<td>businesses and related parties;</td>
<td></td>
</tr>
<tr>
<td>a. Profit sharing;</td>
<td>b. Growth economy;</td>
<td></td>
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<tr>
<td>b. Buy and sell;</td>
<td>c. Alleviation Poverty.</td>
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<tr>
<td>c. Deposit and services; and</td>
<td></td>
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<tr>
<td>d. Social (ZISwaf).</td>
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</tr>
<tr>
<td>Object</td>
<td>a. Reduce The problem social; and</td>
<td>a. Social Stability; b. Nature preservation</td>
</tr>
<tr>
<td>transaction that</td>
<td></td>
<td></td>
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<tr>
<td>not allowed:</td>
<td>b. Reduces damage nature and environment.</td>
<td>and the environment.</td>
</tr>
<tr>
<td>a. <em>Khamar</em> ;</td>
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<tr>
<td>b. <em>Meat</em> pig;</td>
<td></td>
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<tr>
<td>c. Pornography; and</td>
<td></td>
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<tr>
<td>d. Pollution Environment.</td>
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</tbody>
</table>

Source: Dr. Iskandar Simorangki, SE, MA “Introduction to Central Banking Theory and Practice in Indonesia” (2014).

In Sharia Banking Operations, there is also a need to apply the same GCG principles as conventional banks in general, the external and internal situation of Islamic banking which is increasingly complex is also accompanied by increasingly diverse levels of risk in Islamic banking.
banking activities. After Law no. 21 of 2008 concerning Islamic Banking, the provisions regarding good corporate governance which are synonymous with GCG are also listed briefly. In Law No. 21 of 2008, article 34, states that Sharia Banks and Sharia Business Units are required to implement good governance which includes the principles of transparency, accountability, responsibility, professionalism and fairness in carrying out their business activities. This arrangement was then complemented by the issuance of Bank Indonesia Regulation No. 11/33 / PBI / 2009 concerning the implementation of GCG for Islamic Commercial Banks and Sharia Business Units on January 29, 2009.

In PBI No. 11/33 / PBI / 2009 article 1 paragraph 10, states that GCG is a Bank governance that implements principles of openness (transparency), accountability (accountability), responsibility (responsibility), professional (professional) and fairness (fairness). However, in its consideration, PBI stated that the implementation of GCG in Islamic banking must meet the principles of sharia (sharia compliance). This is what distinguishes the implementation of GCG in Conventional Banking and Islamic Banking.

In addition, the basic principles of implementing GCG are also explained in the Sharia Business Good Governance (GGBS) guidelines, as follows: (General Guidelines for Sharia Business Good Governance (GGBS) issued by the KNKG, 2011): Openness, Openness in presenting material and relevant information as well as openness in the decision-making process. Based on the sharia principles emphasized in Qs. Al Baqarah: 282: "..............and transparantlah (witness it) if you transact with each other ........." Qs. Al Baqarah: 283: "............ And do not hide your testimony, because whoever hides it, really, his heart is dirty (sinful). Allah knows best what you are doing. " Transparency contains elements of disclosure (disclosure) and the provision of adequate and easily accessible information for stakeholders. Transparency is needed so that sharia business actors conduct business in an objective and healthy manner. Islamic business actors must take the initiative to disclose not only the problems implied by laws and regulations, but also important things for decision making in accordance with sharia provisions. Therefore; 1) Sharia business actors must provide timely, adequate, clear, accurate, comparable information and easily accessible to all stakeholders according to their rights; 2) Information that must be disclosed includes, but is not limited to, the vision, mission, business objectives and organizational strategy, financial condition, management composition, ownership, risk management system, internal supervision and control system, system and implementation of GGBS (Sharia Business Good Governance ) as well as the level of compliance, and important events that may affect the
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condition of the sharia business entity; 3) The principle of openness adhered to by sharia business actors does not reduce the obligation to comply with the provisions of organizational confidentiality in accordance with statutory regulations, confidentiality of position, and personal rights; 4) Organizational policies must be in writing and proportionally communicated to all stakeholders.

**Accountability**, Accountability is an important principle in sharia business as reflected in Qs. Al-Isra: 84: " say (Muhammad), " every man did accordance with the demeanor of each. " Then your Lord knows better who is more correct in the way. " In Qs. Al Isra: 36: "And do not follow something that you do not know. Because hearing, sight, and hearts of conscience, all of it will be asked to account. " Qs. Al Anfal: 27: "O you who believe! Do not betray Allah and the Messenger and (also) do not betray the mandate that was entrusted to you, while you are knowing”. Explanation of PBI No. 11/33 / PBI / 2009 Regarding the Implementation of GCG for BUS (Sharia Commercial Banks) and UUS (Sharia Business Units) in the general section, accountability is the clarity of the function of openness in presenting material and relevant information as well as openness in the decision-making process.

In applying the principle of accountability, Islamic banks as institutions and officials who have the authority must be accountable for their performance in a transparent and accountable manner. For this reason, Islamic banks must be managed in a healthy, measured, and professional manner by taking into account the interests of shareholders, customers and other stakeholders (KNKG (National Committee for Governance Policy ), 2012). Accountability is a prerequisite needed to achieve sustainable performance. Therefore; Sharia business actors must define the details of the duties and responsibilities of each organ and all employees clearly and in line with the vision, mission, values, and sharia business strategy. Sharia business actors must believe that all elements of the organization and all employees have ability in accordance with the duties, responsibilities, and roles in the implementation of GGBS (Sharia Business Good Governance).

**Responsibility**, In connection with the principle of responsibility ( responsibility ), businesses must comply with sharia laws and the provisions of Islamic finance, as well as carry out responsibility for society and the environment. Responsibility for human actions is carried out both in this world and in the hereafter, all of which are recorded in a note that will be examined later. As Allah says in Qs. Al Isra: 14: "Read your book, it is enough for yourself this day to count yourself." With this accountability, the sustainability of the Islamic
business entity can be maintained in the long term and gain recognition as a good corporate citizen. Therefore; 1) Sharia business actors must adhere to the principle of prudence and ensure compliance with sharia business provisions and laws, articles of association and internal regulations for sharia business actors (by-laws); 2) Sharia business actors must carry out the contents of the agreement made including but not limited to fulfilling the rights and obligations agreed upon by the parties; 3) Sharia business actors must carry out social responsibility, among others, by caring for the community and environmental sustainability, especially in around the place of doing business, by making adequate planning and execution. The implementation of this social responsibility can be done by paying zakat, infaq and sadaqah.

Professional, Professionals are competent, able to act objectively, and free from influence / pressure from any party (independent) and have a high commitment to develop Islamic banking. As Allah says in the Qur'an which reads: "And (for) those who accept (obey) the call of their Lord and offer prayers, their business is (decided) by deliberation between them, and they spend part of the sustenance that We give them." (QS: As-Shura: 38). Professionals contain elements of independence from domination by other parties and are objective in carrying out their duties and obligations. In connection with the implementation of professional principles, the bank's yarhah be managed independently so that each - each organ of the company and all levels below it should not dominate each other and can not be interfered with by the parties any who d apat affect the objectivity and p rofesionalisme in mel aksanakan duties and responsibilities. Therefore; 1) Sharia business actors must act independently and must avoid domination by any party, not affected by certain interests, free from conflict of interest and from any influence or pressure, so that decision making can be carried out objectively; 2) Each organ of the Company must carry out its functions and duties in accordance with laws and regulations and sharia regulations, not dominating each other and / or shifting responsibility to one another; 3) All levels of sharia business must carry out their functions and duties in accordance with their job descriptions and responsibilities.

Obligations and Equality, Fairness and equity (fairness) contains elements of similarity of treatment and opportunity. Allah said in Qs. Al Maidah 8: "O people who have faith! Be you as the enforcer of justice for Allah, (when) you bear witness with justice. And don’t your hatred of a people push you to be unfair. Apply fair. Because (fair) is closer to piety. And fear Allah, really, Allah is most careful about what you do." Every business decision should be made in accordance with reasonableness and equality in accordance with
what is usually the case, not based on whether you like it or not, especially if it is made for personal interests. All business decisions will get results that are balanced with what every business entity does, both in this world and in the hereafter. In the jurisprudence proposal there is a rule derived from the words of Rasullullah SAW, al-kbaraj bidh-dhaman, which means that effort is proportional to the results to be obtained, or it can also be understood as a risk which is directly proportional to return. In carrying out its activities, it must always pay attention to the interests of all, based on the principles of fairness and equality. So because of that; 1) Sharia business actors must provide opportunities for stakeholders to provide input and express opinions for the benefit of the organization as well as open access to information in accordance with the principle of transparency within the scope of their respective positions; 2) Islamic business actors must provide equal and fair treatment to stakeholders in accordance with the benefits and contributions given; 3) Sharia business actors must provide equal opportunities for recruitment of employees, careers, and carrying out their duties in a professional manner regardless of ethnicity, religion, race, class, gender and physical condition; 4) Sharia business actors must be tawazun, namely fair in serving customers or customers without reducing their rights, as well as fulfilling all agreements with related parties with regard to price, quality, specifications or other provisions related to the products produced.

Sharia Business Good Governance in Islamic Banking is actually the same as the structure and implementation of Good Corporate Governance, it’s just that in Islamic Banking the application of good corporate governance is in accordance with Islamic principles. With the proper application of this principle, it is hoped that it can be an added value for Sharia Banking in developing business in the future and can also increase public confidence in choosing Sharia Banking in transactions so that shows the difference can be seen in the table below:

<table>
<thead>
<tr>
<th>Aspect / Criteria</th>
<th>GCG Approach</th>
<th>GGBS approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Creation market</td>
<td>Materialization business</td>
<td></td>
</tr>
<tr>
<td>that efficient, transparent, and consistent</td>
<td>developing with grounded permanent on Islamic principles</td>
<td></td>
</tr>
<tr>
<td>Which law supported by the Three Pillars:</td>
<td></td>
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</tr>
<tr>
<td>Country, Business World, and Society</td>
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</tbody>
</table>

Table 2. Comparison of GCG Guidelines with GGBS

http://jurnal.iain-padangsidimpuan.ac.id/index.php/attijaroh
DOI: https://doi.org/10.24952/tijaroh.v6i2.2453
<table>
<thead>
<tr>
<th>Creation Pre condition / Creation Situation conducive</th>
<th>will but too success spiritual: Spiritual Preconditions to enforce piety in activities business through commitment piety, sincerity and consistency; Preconditions operational through The Four Pillars: Country, Ulama, Business World, and Society.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Principle Transparency, Accountability, Responsibility, Independency, and Fairness (abbreviated RATES)</td>
<td>Two footholds basic that is Spiritual and Operational; In spiritual ber-principle on Faith and Piety that be realized in shape commitment in two aspects namely Halal and Tayib; In operational same with GCG that is Transparency, Accountability, Responsibility, Independency, and Fairness that be equipped with foundations in the Qur'an and Related hadith with each of these principles.</td>
</tr>
</tbody>
</table>
| Every company must have a business values formula that describe attitude moral, business ethics that agreed upon by Business sharia must be fulfilled by company (trustworthy, fair, and honest) so that targeted in good faith and mutual approval; close from the form of al-morality 

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<table>
<thead>
<tr>
<th>Ethics and Guidelines Behavior</th>
<th>corporate organs and employees and</th>
<th>score basic, that is honest, fair, fair, trust, and ihsan; Each the perpetrator business could formulate score business, ethics business, and guidelines behavior that composed values business in a manner general, ethics business sharia, and Islamic business code of conduct.</th>
</tr>
</thead>
</table>


Implementation of Corporate Governance in IIFS, IIFS should develop a comprehensive governance policy framework that establishes the strategic roles and functions of each company organ and mechanisms to balance IIFS' responsibilities to various stakeholders. IIFS will be able to identify effectively the strategic roles and functions of each corporate organ and mechanisms to balance their accountability to various stakeholders. Also consider various elements of legislation, self-assessment, voluntary commitments and common business practices in a particular country's business environment, reflecting their needs and culture, enhancing technical expertise and in-depth knowledge of IIFS in relation to business operations. Adherence to a governance policy framework that refers to best practice will also allow the public to assess their compliance with national or internationally recognized corporate governance in a comparable manner.

Given the importance of adherence to the principles of good governance, IIFS must continuously strive to improve their corporate governance and must not hesitate to exceed society's expectations to achieve a strong competitiveness and reputation. In the context of the systemic stability of the financial system, IIFS good governance plays a role important in maintaining public trust. (www.ifsb.org).

IIFS must follow governance standards that are recognized internationally as the first reference, namely OECD (Organization for Economic Co-operation and Development) and

http://jurnal.iain-padangsidimpuan.ac.id/index.php/attijaroh
DOI: https://doi.org/10.24952/tijaroh.v6i2.2453
issued a supervisory authority, further following the guiding principles of complying with the rules and principles of Islamic Sharia. In this case the same as the implementation of corporate governance in Indonesia, which refers to the OECD and GGBS (Good Governance Business Sharia) which refers to the principles of Shariah compliance (shari'ah compliance).

Each IIFS can adapt its corporate governance policy framework to suit its business model and does not neglect internationally recognized best practices (OECD) or in its own region / country (GGBS). The Board of Directors must establish a corporate governance committee to coordinate and integrate the implementation of the corporate governance policy framework. The corporate governance committee consists of; Audit Committee Members; Sharia Bachelor / Sharia Supervisory Board (DPS); and Non-executive director (selected based on experience and ability to contribute to the process).

The corporate governance committee is empowered to Supervise and monitor the implementation of the governance policy framework in collaboration with management, the Audit Committee and the Sharia Supervisory Board; Provide reports and recommendations to Directors based on their findings in carrying out their duties.

The roles and functions of the Corporate Governance Audit Committee (GCG) should not duplicate or overlap. Considering that the Audit Committee has a very demanding mandate and is burdened by its main responsibilities, avoiding getting involved with internal conflicts, the Corporate Governance Audit Committee should focus on its company. A Corporate Governance Committee must have relevant skills and experience in the area of their responsibility.

IIFS (Institutions offering only Islamic Financial Services) must recognize the right of the IAH (Investment Account Holder) to monitor investment performance and associated risks, and implement adequate means to ensure that these rights are observed and implemented. In developing their investment strategy on behalf of IAH, IIFS must carefully consider the return investment by having a know-your-customer mechanism.

The IAH right to monitor their investment performance should not be mistaken as the right to interfere in investment management by IIFS. IIFS is always aware of their responsibility to IAH in ensuring that investment accounts are managed according to the parameters of the given mandate (mudharabah principle). Because of the large responsibility, the IIFS has internal guidelines that regulate and establish; Eligibility for IIFS employees who
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are responsible for managing investment accounts operated by IIFS; Adequate protection of IAH investments, including cases where unrestricted IAH funds are combined with shareholder funds; Disclosure of relevant and material information to IAH; and Appropriate and open basis for profit allocation and investment policy based on IAH risk expectations.

Methods
The methodology of this research is a descriptive qualitative approach from secondary data and collection techniques from literature studies with the following stages:

![Diagram of GCG Assessment Stages]

Result and Discussion
Compliance with Sharia Principles and Rules
IIFS must have a proper mechanism in place to get decisions from Sharīah scientists, implement fatwas and monitor Shariah compliance in all aspects of their products, operations and activities. IIFS must comply with sharia principle regulations (fatwa) as stated by DPS (Sharia Supervisory Board) and publish decisions / opinions issued by DPS in detail. Likewise the IIFS is prepared to provide transparent clarification to the public if they decide to abandon the fatwa issued by sharia scientists (DPS).

Compliance with sharia principles and rules according to umber (www.ifsb.org) if concluded is compliance with the principles and rules issued by the Sharia Scientist (Sharia Council) who issues fatwas and publishes them. In contrast to the Sharia Supervisory Board, which is assigned by the Sharia Board to supervise, go directly to the field to review Islamic banking operations and banking products sharia that will be issued is in accordance with the fatwa (sharia compliance principle).

Islamic banks must apply sharia principles in all their business activities. This necessity is motivated by the desire of the Muslim community for a bank that is run with sharia principles. In Bank Indonesia Regulation No. 11/33 / PBI / 2009 considering that in order to build a healthy and resilient Islamic banking industry, effective implementation
of Good Corporate Governance for Islamic Commercial Banks and Sharia Business Units is required, that the implementation of Good Corporate Governance in the Islamic Banking industry must comply with sharia principles. (sharia compliance).

Thus, sharia compliance is a form of compliance with Islamic banks in fulfilling sharia principles in their operations (Siti Maria Wardayati, 2011). Islamic bank is an Islamic financial institution that operates in accordance with the principles of Islamic sharia, the procedures for muamalat in Islam. Applied in the contracts used in Sharia Bank products to be issued and how the Islamic bank operates. Implementation of sharia compliance in Islamic Banks:

1. There is no usury in bank transactions; Riba literally means additional. The meaning of added in the context of usury is additional money on capital obtained in a way that is not justified by syara’, whether the additional amounts to a little or a lot. Riba is often translated by people in English as usury, which means the act of lending money at an exorbitant or illegal rate of interest, while fiqh scholars define usury as excess assets in a muamalah with no compensation (Muhammad, 2002). The purpose of this statement is the addition of capital money that arises as a result of debt and credit transactions that must be payable to the owner of the money when the debt matures. In the Al-Qur’an Surah Al-Baqarah verses 278-279 strictly prohibits usury activities: "O you who believe! Fear Allah and leave the rest of usury (which has not been collected) if you believe. " - "If you do not carry it out, then declare war from Allah and His Messenger. But if you repent, then you are entitled to the principal of your wealth. You do not do wrong (harm) and are not wronged (harmed).

2. There is no gharar in bank transactions; The linguistic meaning of gharar is unclear. Gharar or also known as taghir is a situation where incomplete information occurs because of the uncertainty to both parties. This means that party A and party B both have no certainty regarding what is being transacted (uncertain to both parties) (Adiwarman, 2007). Gharar occurs when something that is certain becomes uncertain.

3. There is no maisir in bank transactions; Maisir in Arabic is qimar which means gambling. Maisir is a transaction that depends on an uncertain and lucrative situation. Simply put, gambling or gambling is a game that makes one party bears the burden of others as a result of the game. Every game or match must avoid the occurrence of a zero sum game, which is a situation where one party must bear the burden of the other (Adiwarman, 2007).
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4. The bank runs a business based on halal profit; Halal in language means that it is permitted by syara' or the opposite of haram. As a financial institution attached to it the name is sharia already operationally, it should follow sharia provisions or sharia principles. This principle is the principle of Islamic law in banking activities based on a fatwa issued by the National Sharia Council of the Indonesian Ulama Council (DSN-MUI) (Law No. 21 of 2008 concerning Islamic banking).

5. The Bank carries out the mandate entrusted by the customer; Amanah is something that must be maintained because of the agreement transaction or the absence of an agreement transaction. Trust because of agreement transactions, for example, wadiah and ijarah contracts. A mandate that does not have an agreement transaction, for example, found items stored by the person who found it (Muhammad Rawas, et al, 1988 in Akhmad Faozan, 2015). Islamic banks are considered trustworthy if they explain the acquisition price of goods and the profit desired in murabahah financing, ask for profit sharing from customers according to actual income in mudharabah and musyarakah financing and report their financial reports to depositors.

6. The Bank manages zakat, infaq, and sadaqah according to syari' provisions; Zakat is part of the assets that must be issued by taxpayers (muzakki) for delivery to zakat recipients (mustahiq) (Rizal, et al, 2014). Meanwhile, infaq is the giving of wealth to others because they need help or don't need it (Muhammad, 1988 in Akhmad Faozan, 2015). The sadaqah is a gift expecting a reward or reward from Allah (Muhammad, 1988 in Akhmad Faozan, 2015). Infaq and sadaqah referred to in benevolence funds are all types of infaq and sadaqah, both for which the allocation is determined specifically by the giver of infaq and sadaqah or not (Rizal, et al, 2014).

Guidelines for the Principles of GCG (Good Corporate Governance) by IFSB (Islamic Financial Service Board).

Islamic Financial Service Board (IFSB) is an international institution that aims to formulate Islamic finance infrastructure and standard Islamic financial instruments. This institution was established in Kuala Lumpur on 3 November 2002. IFSB was officially established on 3 November 2002 and started operations on March 23, 2003. IFSB is an international institution headquartered in Kuala Lumpur, Malaysia, which focuses its activities as an international standard setting institution in the field of regulation and
supervision of Islamic finance, especially in preparing prudential and transparency standards for international Islamic financial institutions which include banking, markets capital, and Islamic insurance.

**General approach to governance of the IFSB (Islamic Financial Service Board).**

The corporate governance system is a system that is used to direct and control the company's activities, regulate the distribution of duties of the rights and obligations of stakeholders. To create added value for company stakeholders and create a level of public trust. IFSB (Islamic Financial Services Board), which is an international institution that aims to formulate Islamic finance infrastructure and standard Islamic financial instruments, focuses its activities as an International Standard Agency in the field of regulation and supervision of Islamic finance, especially in preparing prudential and transparency standards for financial institutions sharia, which includes Banking, Capital Market, and Sharia Insurance.

This IFSB principle guide can be used as a benchmark or guideline for Islamic Banking in Indonesia in implementing good and effective corporate governance. The following is a comprehensive governance policy framework that defines the strategic role and function of each organ of corporate governance and mechanisms to balance accountability to stakeholders: (www.ifsb.org)

Within the governance policy framework, the IIFS must establish:
1. The strategic role and function of each company organ, including the Board of Directors, 5 (five) Committees, Executive Management, SSB, Internal and External Auditors;
2. The mechanism for balancing the accountability of each company organ to various stakeholders.

**Conclusion**

Good Governance Business Shari'a (GG BS) is one of the indicators in Islamic banking institutions because if it is implemented consistently it will have a positive impact on the Islamic banking institution itself, especially in the concept of Good Corporate Governance (GCG) in line with the principles of sharia which are a consequence of the practice. Sharia practices such as transparency, independence, accountability and responsibility. The implementation of GGBS in Islamic banking institutions has been regulated by POJK Number 55 / POJK.03 / 2016 concerning Implementation of GGBS for Islamic Commercial Banks and Sharia Business Units. If these principles are carried out istiqomah by continuously codifying what is the customer's welfare, it will have a positive
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impact on the company or Islamic banking as well as gain integrity both internally and externally.

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Republic of Indonesia Law No. 21 of 2008 concerning Islamic Banking
