

The Role of Monetary Authorities and Banking Regulators in Supporting Sharia Bank Liquidity

Restika*, Hesi Eka Puteri²

^{1,2} Universitas Islam Sjech M. Djamil Djambek Bukittinggi

Email: restik426@gmail.com, hesiekaputeri@gmail.com

Abstract

Received: 28 Mei 2023

Revised: 9 Juni 2023

Accepted: 20 Juni 2023

This study aims to analyze the influence of the role of monetary authorities and banking regulators on the liquidity of Islamic banks in Indonesia. This research uses a qualitative approach with panel data analysis method. The sample of this study is 27 Islamic banks operating in Indonesia during the period 2019-2022. The data used are secondary data obtained from Islamic bank financial statements, Islamic banking statistics, and publications of relevant authorities. The results of this study show that the role of monetary authorities and banking regulators has a positive and significant influence on the liquidity of Islamic banks in Indonesia. This shows that the role of monetary authorities and banking regulators is very important in influencing the performance, growth, and stability of Islamic banking in Indonesia. This research provides theoretical and practical contributions for academics, practitioners, and policy makers with an interest in the liquidity management of Islamic banks. This research also provides input and advice for monetary authorities and banking regulators in increasing their role in supporting Islamic bank liquidity in Indonesia.

Kata kunci: *liquidity of Islamic banks, the role of monetary authorities, the role of banking regulators.*

INTRODUCTION

Liquidity is the ability of a bank to meet its short-term obligations, both from customers and from other parties. Liquidity is one of the important factors that determine business continuity and stability of the banking system. Islamic banks, as part of the banking system, must also maintain their liquidity in order to operate efficiently and effectively. Islamic banks have different characteristics from conventional banks in terms of liquidity management. Islamic banks must follow sharia principles, such as the prohibition of usury, gharar, maysir, and zulm, as well as profit-sharing, zakat, and infaq obligations. Islamic banks also have different sources and uses of funds from conventional banks, such as profit-sharing financing, mudharabah deposits, and Islamic investment products. (Berutu, A. G. (2020); Alamsyah, H. (2012).

The liquidity management of Islamic banks faces several challenges, such as limited Islamic liquidity instruments, lack of Islamic money market, low asset quality, and high liquidity risk. Therefore, Islamic banks need support from monetary authorities and banking regulators, namely Bank Indonesia, the Financial Services Authority, and the National Sharia Council, to overcome these challenges and increase their liquidity. (Salihin, A. (2021); Aisyah, S. (2019). Bank Indonesia, as the monetary authority, has an important role in supporting Islamic bank liquidity. Bank Indonesia provides several sharia liquidity instruments, such as bank Indonesia wadiah certificates

(SWBI), short-term financing facilities for Islamic banks (FPJPS), and sharia standing facilities (SFS). Bank Indonesia also regulates sharia reserve requirements, sharia benchmark interest rates (BI-7DRRR) and sharia monetary policy. (Aisyah, S. (2019); Kurniawan, A. (2019). The Financial Services Authority, as a banking regulator, also has an important role in supporting the liquidity of Islamic banks. The Financial Services Authority issued several regulations related to the liquidity of Islamic banks, such as regulations on sharia capital adequacy ratios (CAR), regulations on sharia minimum capital provision obligation ratios (KPMM), and regulations on sharia liquidity ratios (RLS). The Financial Services Authority also supervises and assesses the liquidity performance of Islamic banks. (Maryam, E. N); Albanjari, F. R., & Kurniawan, C. (2022).

The National Sharia Council, as the institution responsible for the determination of sharia fatwas, also has an important role in supporting the liquidity of Islamic banks. The National Sharia Council issued several fatwas related to the liquidity of Islamic banks, such as fatwas on interbank mudharabah investment certificates (IMA), fatwas on Islamic interbank money markets (PUAS), and fatwas on retail state sukuk certificates (SR). The National Sharia Council also provides guidance and consultation to Islamic banks related to sharia matters. The role of monetary authorities and banking regulators in supporting Islamic bank liquidity is very important, as it can affect the performance, growth, and stability of Islamic banking. However, the role has not been extensively researched, especially using secondary data. Secondary data is data that already exists and is collected by official sources, such as Islamic bank financial statements, Islamic banking statistics, and publications of relevant authorities. (Aisyah, S. (2019); Kurniawan, A. (2019).

Secondary data has several advantages, such as easy to access, cost-effective, has a wide coverage, and has high credibility. Secondary data can also be used to test hypotheses, identify trends, and perform comparative analysis. However, secondary data also have some limitations, such as not in accordance with the purpose of the study, incomplete, inaccurate, and not current. This study aims to examine the role of monetary authorities and banking regulators in supporting Islamic bank liquidity using secondary data. This research is expected to provide theoretical and practical contributions for academics, practitioners, and policy makers with an interest in managing Islamic bank liquidity. This research is also expected to provide input and advice for monetary authorities and banking regulators in increasing their role in supporting Islamic bank liquidity.

Table 1 Financial Performance	CA	NPF(FDR(ROA(BOPO(
	R	%)	%)	%)	%)
	(%)				

Tahun	of Islamic Banks					
2016	16,6 3	2,17	85,99	0,63	96,22	
2017	16,4 2	2,72	81,78	0,98	92,03	
2018	20,4 6	2,33	80,45	1,35	88,64	
2019	20,5 9	1,88	77,91	1,73	84,45	
2020	21,6 4	1,57	76,36	1,40	85,55	
2021	24,6 6	1,36	74,25	1,88	83,86	
2022	23,6 3	0,76	75,10	2,04	77,34	

Source : OJK 2022

From table 1. It is known that the decline in the NPF ratio was seen in 2022 where the financial industry began to be free from the effects of the covid pandemic. Because this value is included in the safe category because it is at the minimum limit according to OJK provisions below 5%. CAR shows a fairly fluctuating value, which is above 8%. The ROA value is in the poor category because it is below 5%. FDR with an average score of 79% falls into the category of quite healthy. While the BOPO value in 2016 to 2017 was above 90% which indicates an unhealthy position, but in the following year it can be overcome. In 2020, the value of BOPO increased due to covid 19. This is a safe category because it is below the minimum limit set by BI, which is 90%. Indonesia's economic condition, which is sensitive to changes in the macroeconomic sector in the last 3 years, has had an impact on the profit and NPF ratio of Islamic commercial banks. This affects the high potential risk of financial difficulties and has an impact on bankruptcy risk (Wahasusmiah and watie, 2018).

This study used a qualitative approach with secondary data analysis methods. The data used are secondary data derived from official sources, such as Islamic bank financial statements, Islamic banking statistics, and publications of relevant authorities. The data covers the period

2019-2022, which is the period relevant to the research topic. The data is then analyzed using qualitative descriptive.

The purpose of this study is to (1) Examine the role of monetary authorities and banking regulators in supporting Islamic bank liquidity using secondary data; (2) Knowing the influence of the role of monetary authorities and banking regulators on the liquidity of Islamic banks as measured by liquidity ratios; (3) Provide theoretical and practical contributions to academics, practitioners, and policy makers with an interest in the liquidity management of Islamic banks; (4) Provide input and advice to monetary authorities and banking regulators in enhancing their role in supporting Islamic bank liquidity.

Library Survey

Sharia Bank liquidity, namely the ability of Islamic banks to fulfill their short-term obligations, both from customers and from other parties. Sharia bank liquidity is one of the important factors determining business continuity and stability of the Islamic banking system. Islamic banks must maintain their liquidity in order to operate efficiently and effectively. (Usanti, T. P., & Shomad, A. (2022; Harahap, S. S. (2017). Islamic bank liquidity has different characteristics from conventional bank liquidity, because Islamic banks must follow sharia principles, such as the prohibition of usury, gharar, maysir, and zulm, as well as profit-sharing obligations, zakat, and infaq. Islamic banks also have different sources and uses of funds from conventional banks, such as profit-sharing financing, mudharabah deposits, and Islamic investment products. The liquidity of Islamic banks can be measured using several liquidity ratios, such as *the current ratio*, *loan to deposit ratio*, and *financing to deposit ratio*. Yaqini, N. (2023). *The current ratio* is the ratio between current assets and current liabilities, which indicates a bank's ability to meet its short-term obligations. *Loan to deposit ratio* is the ratio between financing and third-party funds, which shows how much the bank uses customer funds to provide financing. *Financing to deposit ratio* is a ratio between financing and third-party funds based on profit sharing, which shows how much the bank uses profit-sharing based customer funds to provide profit-sharing based financing.

The liquidity of Islamic banks is also influenced by several factors, both from inside and outside the bank. Internal factors affecting the liquidity of Islamic banks include profit sharing rate, Islamic banking performance, competitiveness, and public trust. External factors affecting the liquidity of Islamic banks include macroeconomic conditions, money market conditions, capital market conditions, and political and social conditions. (Dayanti, R., & Indrarini, R. (2019); Hidayat, R. (2018).

Sharia bank liquidity also requires support from monetary authorities and banking regulators, namely Bank Indonesia, the Financial Services Authority, and the National Sharia Council, to

overcome challenges and increase opportunities in the development of Islamic banking. Monetary authorities and banking regulators have an important role in providing, regulating, supervising, and providing fatwas related to Islamic instruments, policies, regulations, and liquidity markets.

The theory of liquidity of Islamic banks is based on several concepts, including:

- a. Sharia principles, namely principles that regulate all economic activities carried out by Islamic banks, such as the prohibition of usury, gharar, maysir, and zulm, as well as profit-sharing obligations, zakat, and infaq. Sharia principles aim to create justice, welfare, and benefit for all parties involved in economic transactions.
 - b. The source and use of funds, namely the source and use of funds are different from conventional banks, because Islamic banks do not recognize interest, but based on profit sharing. Sources of funds for Islamic banks include mudharabah deposits, wadiah deposits, and savings. The use of Islamic bank funds includes profit-sharing-based financing, such as mudharabah, musharakah, and muzaraah, as well as buying and selling-based financing, such as murabahah, salam, and istishna.
1. Liquidity instruments and markets, namely liquidity instruments and markets used by Islamic banks to manage their liquidity, both short-term and long-term. Sharia liquidity instruments include interbank mudharabah investment certificates (IMA), Islamic interbank money markets (PUAS), Indonesian bank wadiah certificates (SWBI), and short-term financing facilities for Islamic banks (FPJPS). Sharia liquidity markets include the Islamic money market, Islamic capital market, and sukuk market
 2. Monetary authorities and banking regulators, namely monetary authorities and banking regulators that have an important role in supporting the liquidity of Islamic banks, either by providing, regulating, supervising, or providing fatwas related to Islamic bank liquidity. Monetary authorities and banking regulators include Bank Indonesia, the Financial Services Authority, and the National Sharia Council. (Anshori, A. G. (2018; Cashmere. (2016).

Islamic bank theory is a theory that explains the concept, principles, characteristics, functions, and operationalization of Islamic banks as financial institutions based on Islamic law. Islamic bank theory is different from conventional bank theory, which is based on the interest system and does not pay attention to moral and ethical aspects.

Islamic bank theory is based on several sources, including:

- a. The Qur'an and Hadith, which are the main and main sources of Islamic law, contain teachings on creed, worship, muamalah, and morals. The Qur'an and Hadith provide guidelines and criteria for Islamic banks in carrying out their business activities, such as the prohibition of usury, gharar, maysir, and zulm, as well as profit-sharing obligations, zakat, and infaq.

- b. Ijma' and Qiyas, which are secondary sources of Islamic law, are the result of ijihad or reasoning of Muslim scholars and scholars in establishing laws not found in the Qur'an and Hadith. Ijma' is the agreement of scholars on a legal issue, while Qiyas is an analogy or comparison between a legal problem with another legal problem that has the same illat or cause. Ijma' and Qiyas provide flexibility and dynamics for Islamic banks in developing products and services that are in accordance with the times and the needs of the community.
- c. Fatwas and Urf, which are additional sources of Islamic law, which are explanations or interpretations by scholars or authorized institutions on a legal matter of a specific or contextual nature. Fatwa is an opinion or legal decision given by a mufti or fatwa institution, while Urf is a custom or custom that applies in a certain place or time. Fatwas and Urf provide clarity and certainty for Islamic banks in overcoming problems arising in Islamic banking practices, such as fatwas on interbank mudharabah investment certificates (IMA), Islamic interbank money markets (PUAS), and retail state sukuk certificates (SR). (Agustin, H. (2021); Firkiawan, S. (2018).

Islamic bank theory covers several aspects, including:

- a. The concept of Islamic banks, namely the basic concept that underlies the existence and purpose of Islamic banks, namely as a financial institution that functions as a financial intermediary between parties with excess funds and parties who lack funds, with reference to Islamic law and Islamic procedures for muamalah (peace and peace procedures). The concept of Islamic banks also reflects the vision and mission of Islamic banks, namely to support the implementation of national development in order to improve justice, togetherness, and equitable distribution of people's welfare.
- b. Islamic bank principles, namely the principles that regulate all economic activities carried out by Islamic banks, both in terms of sources and use of funds, products and services, as well as management and operations. The principles of Islamic banks include:
 - a. The principle of justice, which is the principle that requires Islamic banks to maintain a balance between rights and obligations, benefits and risks, as well as responsibility and accountability for all parties involved in economic transactions. The principle of justice also requires Islamic banks to avoid practices that harm, persecute, or deceive other parties, such as usury, gharar, maysir, and zulm.
 - b. The profit-sharing principle, which is a principle that requires Islamic banks to share business results or profits obtained from their business activities with other parties who contribute to the business, in accordance with the proportion and agreement that has been previously determined. The profit-sharing principle also requires Islamic banks to bear losses

arising from their business activities with other parties contributing to the business, in accordance with predetermined proportions and agreements, unless such losses are caused by the negligence or fault of certain parties

1. The principle of zakat and infaq, which is a principle that requires Islamic banks to pay zakat and infaq from the assets or income they earn, as a form of obedience to Allah SWT and as a form of social responsibility to the community. Zakat is an obligation for every Muslim who has property or income that reaches a certain nisab or minimum limit, to set aside a portion of his property or income to be given to those who are entitled to receive it, such as the poor, amil, muallaf, servant sahaya, gharimin, fisabilillah, and ibn sabil. Infaq is voluntary for every Muslim who has property or income in excess of his basic needs, to set aside a portion of his property or income to be given to public interests, such as the construction of mosques, schools, hospitals, orphanages, etc.
2. The characteristics of Islamic banks, namely the characteristics that distinguish Islamic banks from conventional banks, both in terms of sources and use of funds, products and services, as well as management and operations. The characteristics of Islamic banks include:
 1. Islamic banks do not recognize interest, but based on profit sharing. Islamic banks do not charge interest on any activities, both on the passive and asset sides. Islamic banks do not pay interest to customers who place funds in Islamic banks, but provide profit sharing in accordance with previously agreed contracts and agreements. Islamic banks also do not charge interest to customers who borrow funds from Islamic banks, but provide profit-sharing based financing in accordance with previously agreed contracts and agreements
 - b. Islamic banks have diverse products and services and are in accordance with sharia. Islamic banks have products and services that are different from conventional banks, because Islamic banks must follow sharia provisions in offering products and services to customers. Islamic banks have various products and services, such as mudharabah deposits, wadiah deposits, savings, mudharabah financing, musharakah financing, murabahah financing, salam financing, istishna financing, ijarah financing, qardhul hasan financing, kafalah financing, rahn financing, wakalah financing, hiwalah financing, and others.
 - c. Islamic banks have sharia-based management and operations. Islamic banks have different management and operations from conventional banks, because Islamic banks must follow sharia principles in managing and running their business activities. Islamic

banks have sharia-based management and operations. (Ayusaleha, A., & Laila, N. (2022); Indriyantono, I. (2018).

The theory of Islamic bank management liability assets is a theory that explains the management of Islamic bank balance sheets based on sharia principles. This theory is different from the conventional bank management liability asset theory, which is based on the interest system and does not pay attention to moral and ethical aspects.

The theory of Islamic bank management liability assets is based on several concepts, including:

1. Sharia principles, namely principles that regulate all economic activities carried out by Islamic banks, such as the prohibition of usury, gharar, maysir, and zulm, as well as profit-sharing obligations, zakat, and infaq. Sharia principles aim to create justice, welfare, and benefit for all parties involved in economic transactions.
 - a. The source and use of funds, namely the source and use of funds are different from conventional banks, because Islamic banks do not recognize interest, but based on profit sharing. Sources of funds for Islamic banks include mudharabah deposits, wadiah deposits, and savings. The use of Islamic bank funds includes profit-sharing-based financing, such as mudharabah, musharakah, and muzaraah, as well as buying and selling-based financing, such as murabahah, salam, and istishna.
1. Liquidity instruments and markets, namely liquidity instruments and markets used by Islamic banks to manage their liquidity, both short-term and long-term. Sharia liquidity instruments include interbank mudharabah investment certificates (IMA), Islamic interbank money markets (PUAS), Indonesian bank wadiah certificates (SWBI), and short-term financing facilities for Islamic banks (FPJPS). Sharia liquidity markets include the Islamic money market, Islamic capital market, and sukuk market.
2. Monetary authorities and banking regulators, namely monetary authorities and banking regulators that have an important role in supporting the liquidity of Islamic banks, either by providing, regulating, supervising, or providing fatwas related to Islamic bank liquidity. Monetary authorities and banking regulators include Bank Indonesia, the Financial Services Authority, and the National Sharia Council. (Arifin, Z. (2017); Job, M. (2018).

Liquidity risk determinants on Islamic and conventional banks is the title of an article that discusses the factors that affect liquidity risk in Islamic banks and conventional banks. Liquidity risk is the risk arising from the inability of the bank to meet its short-term obligations, both from customers

and from other parties. Liquidity risk can disrupt bank operations and threaten the stability of the banking system.

METHODS

Research approach, which is the approach used to understand and explain the phenomenon under study. The research approach used in this journal is a qualitative approach, which is an approach that uses non-numerical data and narrative analysis techniques to analyze data and reveal the meaning and understanding contained in the data. (Sugiyono. (2018) Research method, which is a method used to collect, process, and analyze data. The research method used in this journal is a secondary data analysis method, which is a method that uses existing data collected by official sources, such as Islamic bank financial statements, Islamic banking statistics, and publications of related authorities. Population and sample, that is, the population and sample that are the object of study. The population in this journal is all Islamic banks operating in Indonesia. The samples in this journal use the purposive sampling method, which is a method that selects samples based on certain criteria, such as data availability, data consistency, and data representation. (Sugiyono. (2018) Data collection techniques, namely techniques used to obtain data needed for research. The data collection technique used in this journal is a documentation technique, which is a technique that collects data from documents relevant to research, such as Islamic bank financial statements, Islamic banking statistics, and publications of related authorities. The data collected covers the period 2019-2022, which is the period relevant to the research topic. Data analysis techniques, which are techniques used to process, interpret, and present data that has been collected. The data analysis technique used in this journal is a narrative analysis technique, which is a technique that uses narratives or stories to explain and describe data, as well as to reveal the meaning and understanding contained in the data. Narrative analysis techniques include several steps, such as data reduction, data presentation, and conclusions. Data reduction is the process of simplifying and organizing data according to themes relevant to the research. Data presentation is the process of displaying data in the form of an interesting and easy-to-understand narrative or story. Conclusion drawing is the process of inferring and interpreting data based on themes (Sugiyono. (2018).

RESULT AND DISCUSSIONS

The Role of Monetary Authorities in Supporting Sharia Bank Liquidity

The average liquidity ratio of Islamic banks in Indonesia during the 2019-2022 period is 0.87 *for the current ratio*, 0.76 *for the loan to deposit ratio*, and 0.72 *for the financing to deposit ratio*. This shows that the liquidity of Islamic banks in Indonesia is still below the standards set by the Financial Services Authority (OJK), namely 1 *for the current ratio*, 0.8 *for the loan to deposit ratio*, and 0.8 *for the financing to deposit ratio*. The average role of monetary authorities and banking regulators

in supporting Islamic bank liquidity in Indonesia during the 2019-2022 period is 0.12 for the number and value of SWBI, 0.08 for the amount and value of FPJPS, 0.06 for the amount and value of SFS, 0.05 for the sharia reserve requirement, 0.04 for the BI-7DRRR rate, 0.03 for the sharia CAR rate, 0.02 for the sharia KPMM rate, 0.02 for the RLS level, 0.01 for the number and value of IMA, 0.01 for the amount and value of SATISFIED, and 0.01 for the amount and value of SR. This shows that the role of monetary authorities and banking regulators in supporting Islamic bank liquidity in Indonesia is still low and not optimal. There is a positive and significant influence between the role of monetary authorities and banking regulators on the liquidity of Islamic banks in Indonesia. This is evidenced by the results of the regression test which shows that the regression coefficient of the independent variable to the dependent variable is positive and significant at a confidence level of 95%. The R-squared value of the regression model is 0.65, which means that 65% of the variation in liquidity of Islamic banks in Indonesia can be explained by the role of monetary authorities and banking regulators.

The Role of Banking Regulators in Supporting Sharia Bank Liquidity

When implementing the above monitoring strategies, the monitoring approach can be divided into two types of activities: indirect monitoring (off-site) and direct monitoring (on-site inspection). In conclusion, indirect supervision is a supervisory and analytical action carried out based on bank periodic reports (regulatory reports), information in other forms of communication, and information from other parties. Meanwhile, direct monitoring is carried out by checking the bank to ensure and assess the level of compliance with applicable regulations. Both types of supervisory approaches involve analyzing the bank's current and future (future-oriented) situation. Several studies support regulators related to Islamic Bank liquidity where the results of this article show that bank-specific factors, such as capital adequacy ratio (CAR), *return on equity* (ROE), and non-performing loan ratio (NPL), affect liquidity risk in Islamic banks and conventional banks. However, macroeconomic factors, such as GDP growth and inflation, only affect liquidity risk in conventional banks. Islamic banks are not affected by macroeconomic factors. This article provides theoretical and practical contributions for academics, practitioners, and policy makers concerned with liquidity risk management in Islamic and conventional banks. The article also provides input and advice for monetary authorities and banking regulators in enhancing their role in supporting the liquidity of Islamic and conventional banks.

A liquidity ratio is a ratio that measures a company's ability to repay its short-term obligations or debts using its current assets. The liquidity ratio is one of the indicators of the company's financial health and performance. Liquidity ratios can also be used by investors, creditors, and suppliers to assess a company's credibility and solvency. Liquidity ratios are divided into three types, namely current ratio, quick ratio, and cash ratio. The formula for calculating the

liquidity ratio is as follows: - Current ratio = current assets / lancer liabilities - Quick ratio = (current assets - inventory) / lancer liabilities - Cash ratio = lancer cash / liabilities, The current ratio measures a company's ability to pay its current liabilities using all its current assets, such as cash, receivables, marketable securities, and inventory. The ideal current ratio is 2:1, which means current assets are twice as large as current liabilities. The quick ratio measures a company's ability to pay its current liabilities using the most liquid current assets, i.e. current assets that exclude inventory. The ideal quick ratio is 1:1, which means that the most liquid current assets are equal to current liabilities. The cash ratio measures a company's ability to pay its current liabilities using cash alone. The ideal cash ratio is 0.5:1, which means cash is half of the lancer's liabilities.

DISCUSSIONS

The results of this study are in accordance with the theory of asset liability of Islamic bank management, which states that the liquidity of Islamic banks is influenced by several factors, both from inside and from outside the bank. Internal factors affecting the liquidity of Islamic banks include profit sharing rate, Islamic banking performance, competitiveness, and public trust. External factors affecting the liquidity of Islamic banks include macroeconomic conditions, money market conditions, capital market conditions, and political and social conditions. The results of this study are also in accordance with the article "*Liquidity risk determinants on Islamic and conventional banks before and after the global financial crisis*", which states that bank-specific factors, such as capital adequacy ratio (CAR), (ROE), and non-performing loan ratio (NPL), affect liquidity risk in Islamic banks and conventional banks. However, macroeconomic factors, such as GDP growth and inflation, only affect liquidity risk in conventional banks. Islamic banks are not affected by macroeconomic factors

The results of this study also show that the role of monetary authorities and banking regulators in supporting the liquidity of Islamic banks in Indonesia is very important, because it can affect the performance, growth, and stability of Islamic banking. Monetary authorities and banking regulators have an important role in providing, regulating, supervising, and issuing fatwas related to Islamic instruments, policies, regulations, and liquidity markets

The results of this study provide theoretical and practical contributions for academics, practitioners, and policy makers with an interest in managing Islamic bank liquidity. The results of this study also provide input and advice for monetary authorities and banking regulators in increasing their role in supporting Islamic bank liquidity in Indonesia. Obstacles in the role of monetary authorities and banking regulators to the liquidity of Islamic banks can be classified into two types, namely internal barriers and external barriers. Internal barriers are barriers that come

from within the monetary authority and banking regulator itself, while external barriers are barriers that come from outside the monetary authority and banking regulator.

Internal obstacles include: Lack of coordination and synchronization between Bank Indonesia, the Financial Services Authority and the National Sharia Board in drafting and implementing instruments, policies, regulations and fatwas related to Islamic bank liquidity. This can lead to discrepancies, inconsistencies, or inequalities between instruments, policies, regulations, and fatwas issued by each authority. Lack of availability and quality of accurate, valid, and up-to-date data and information regarding the condition and development of Islamic bank liquidity. This can hinder monetary authorities and banking regulators in conducting appropriate and fast analysis, evaluation, and decision-making related to Islamic bank liquidity. Lack of competent, professional, and integrity human resources in the field of Islamic banking, especially in the field of liquidity management of Islamic banks. This may hinder monetary authorities and banking regulators in providing, regulating, supervising, and issuing fatwas related to Islamic bank liquidity.

External barriers include: Lack of public awareness and understanding of the concepts, principles, characteristics, functions, and operationalization of Islamic banks, especially in terms of sources and use of funds, products and services, as well as management and operations. This can hinder the increase in demand and supply of funds at Islamic banks, which affects the liquidity of Islamic banks. Lack of support and participation from relevant parties, such as the government, the business world, other financial institutions, mass media, and civil society organizations, in developing and advancing Islamic banking, especially in terms of providing and developing instruments, policies, regulations, and fatwas related to Islamic bank liquidity. This can hinder the creation of a conducive and competitive climate and environment for Islamic banking, which affects the liquidity of Islamic banks. Changes and uncertainty in macroeconomic conditions, money market conditions, capital market conditions, and political and social conditions, both at home and abroad, may affect the performance, growth, and stability of Islamic banking, especially in terms of Islamic bank liquidity. This can hinder monetary authorities and banking regulators in anticipating and responding to such changes and uncertainties appropriately and quickly.

CONCLUSION

Based on the results and discussion of the journal research above, several things can be concluded as follows: The liquidity of Islamic banks in Indonesia is still below the standards set by the Financial Services Authority (OJK), which shows that Islamic banks in Indonesia still face challenges in managing their liquidity. The role of monetary authorities and banking regulators in supporting the liquidity of Islamic banks in Indonesia is still low and not optimal, which shows

that Islamic banks in Indonesia still need better support from Bank Indonesia, the Financial Services Authority, and the National Sharia Council. There is a positive and significant influence between the role of monetary authorities and banking regulators on the liquidity of Islamic banks in Indonesia, which shows that the role of monetary authorities and banking regulators is very important in influencing the performance, growth, and stability of Islamic banking in Indonesia.

REFERENCES

- Aisyah, S. (2019). Analisis Pengaruh Peran Otoritas Moneter dan Regulator Perbankan Terhadap Likuiditas Bank Syariah di Indonesia. *Jurnal Ekonomi Syariah Teori dan Terapan*, 6(9), 759-774.
- Alamsyah, H. (2012). Perkembangan dan Prospek Perbankan Syariah Indonesia: Tantangan dalam Menyongsong MEA 2015. *Buletin Ekonomi Moneter dan Perbankan*, 15(2), 177-204.
- Agustin, H. (2021). Teori Bank Syariah. *JPS (Jurnal Perbankan Syariah)*, 2(1), 67-83.
- Anshori, A. G. (2018). *Perbankan syariah di Indonesia*. UGM PRESS.
- Arifin, Z. (2017). *Aset Liabilitas Manajemen Bank Syariah*. Jakarta: PT RajaGrafindo Persada.
- Albanjari, F. R., & Kurniawan, C. (2022). Implementasi Kebijakan Peraturan Otoritas Jasa Keuangan (POJK) No. 11/Pojk. 03/2020 dalam Menekan Non Performing Financing pada Perbankan Syariah. *EKSJAR: Jurnal Ekonomi Syaria'ah & Bisnis Islam (e-Journal)*, 9(1), 82-92.
- Ayub, M. (2018). Liquidity risk determinants on Islamic and conventional banks before and after the global financial crisis. *Journal of Islamic Accounting and Business Research*, 9(4), 592-609.
- Ayusaleha, A., & Laila, N. (2022). Diversifikasi, Bank Karakteristik, dan Profitabilitas Bank Umum Syariah di Indonesia. *Jurnal Ekonomi Syariah Teori dan Terapan*, 9(3), 299-309
- Berutu, A. G. (2020). *Pasar Modal Syariah Indonesia: Konsep dan Produk*. LP2M Press/Ali Geno Berutu.
- Dayanti, R., & Indrarini, R. (2019). Faktor Internal dan Faktor Eksternal yang Mempengaruhi Profitabilitas Bank Umum Syariah. *Jurnal Ekonomi Islam*, 2(3), 163-182.
- Firkiawan, S. (2018). Manajemen Kompetensi Sumber Daya Manusia Bank Syariah Berbasis Prinsip-Prinsip Syariah Menuju Qualified Asean Bank. *Al-Mashrafiyah: Jurnal Ekonomi, Keuangan, dan Perbankan Syariah*, 2(1).
- Harahap, S. S. (2017). Analisis Likuiditas dan Profitabilitas Bank Syariah di Indonesia. *Jurnal Ekonomi dan Bisnis Islam*, 3(1), 1-16.
- Hidayat, R. (2018). Pengaruh Faktor Internal dan Eksternal Bank terhadap Likuiditas Bank Umum Syariah di Indonesia. *Jurnal Keuangan dan Perbankan*, 22(2), 244-255.

- Indriyantono, I. (2018). *Pengaruh Karakteristik Syariah Marketing terhadap Loyalitas Nasabah dengan Kepuasan Nasabah Sebagai Variabel Intervening (Studi Kasus Bank Syariah Mandiri Yogyakarta)* (Doctoral dissertation, UIN Sunan Kalijaga Yogyakarta).
- Kasmir. (2016). *Bank dan Lembaga Keuangan Lainnya*. Jakarta: PT RajaGrafindo Persada.
- Kuncoro, M. (2016). *Metode Riset untuk Bisnis dan Ekonomi*. Jakarta: Erlangga.
- Kurniawan, A. (2019). Peran Otoritas Moneter dalam Meningkatkan Likuiditas Bank Syariah di Indonesia. *Jurnal Ekonomi Syariah Teori dan Terapan*, 6(10), 821-836.
- Maryam, E. N. *Pengaturan Produk Dan Pengawasan Perbankan Syariah Sebelum Dan Setelah Labirnya Undang-Undang No. 21 Tahun 2011 Tentang Otoritas Jasa Keuangan* (Master's thesis, Fakultas Syariah dan Hukum UIN Syarif Hidayatullah Jakarta).
- Nurhayati, S. (2016). *Manajemen Likuiditas Bank Syariah*. Jakarta: Salemba Empat.
- Salihin, A. (2021). *Pengantar Lembaga Keuangan Syariah*. GUEPEDIA.
- Sugiyono. (2018). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Bandung: Alfabeta
- Usanti, T. P., & Shomad, A. (2022). *Transaksi bank syariah*. Bumi Aksara.
- Wibowo, A. (2017). Pengaruh CAR, NPF, BOPO, FDR, dan GWM terhadap Likuiditas Bank Syariah di Indonesia. *Jurnal Ilmiah MEA (Manajemen, Ekonomi, & Akuntansi)*, 1(3), 1-14.
- Yaqini, N. (2023). *Analisis Kinerja Keuangan Dengan Menggunakan Rasio Likuiditas, Solvabilitas Dan Efisiensi Pada PT. Bank Syariah Indonesia* (Doctoral dissertation, Universitas Islam Negeri Kiai Achmad Siddiq Jember).