

Analysis of the Role of DPS in Assessing the Suitability of Savings Products at BMT

Vina Khoirotnun Nisa¹, Miswan Ansori²

Faculty of Sharia and Law, Nahdlatul Ulama Islamic University Jepara

Email: 201420000424@unisnu.ac.id, miswan@unisnu.ac.id

Abstract

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This study aims to analyze the role of the Sharia Supervisory Board (DPS) in assessing the conformity of savings products at KSPPS Artha Makmur Jaya with sharia principles. The research method used is qualitative with a case study approach. Data were collected through in-depth interviews with DPS members, KSPPS BMT management, and other related parties, and supplemented with secondary data from relevant documentation and literature. The results of the study indicate that DPS has a significant role in ensuring the sharia conformity of savings products, with active involvement in the design, evaluation, and monitoring processes of the products. Despite facing challenges such as limited resources and differences in interpretation of sharia principles, DPS has succeeded in carrying out its duties through increased cooperation and a collegial approach in decision-making. The existence of DPS has been proven to increase sharia compliance and member trust in KSPPS Artha Makmur Jaya. The conclusion of this study emphasizes the importance of strengthening the capacity and coordination of DPS to support the development of sustainable sharia finance at KSPPS.

Keywords: Export; Sharia Supervisory Board, sharia compliance, savings products, KSPPS, sharia finance.

INTRODUCTION

In the development of the sharia financial industry in Indonesia, the existence of Sharia Savings and Loans and Financing Cooperatives (KSPPS) has become one of the important pillars in supporting financial inclusion and providing alternative financing solutions that comply with sharia principles. (Apriyanti, 2019). KSPPS Artha Makmur Jaya is a sharia financial institution that is committed to providing savings and financing products that are not only profitable, but also comply with sharia provisions.

The existence of the Sharia Supervisory Board (DPS) at KSPPS Artha Makmur Jaya plays a crucial role in ensuring that all products and services offered are in accordance with sharia principles. DPS is tasked with supervising and assessing the conformity of savings products with sharia standards, as well as providing recommendations for improvement if there are deviations (Rachman et al., 2023).

The background to this research is based on the important role of DPS in maintaining the integrity and trust of the public in sharia financial products. Through this research, it is hoped that it can provide a deeper understanding of the assessment mechanism carried out by DPS, as well as its impact on the quality and sustainability of savings products at KSPPS Artha Makmur Jaya.

Previous research has discussed that the Sharia Supervisory Board (DPS) plays an important role in ensuring that Islamic financial institutions comply with sharia principles. DPS members are responsible for supervising, assessing and controlling activities to maintain compliance with Islamic rules (Syahrial, 2022). They act as advisors to management in matters relating to sharia and act as mediators between the institution and the National Sharia Council (DSN) for product development (D. Pertiwi, 2019). To optimize their role, DPS members must have integrity, competence and financial reputation (S. H. Pertiwi & Hanifuddin, 2021). Strategies to increase the effectiveness of DPS include active socialization of their role, prioritizing abilities in member selection, and strengthening their independence (K. R. Hidayatullah et al., 2015). The presence of DPS is very important to implement good corporate governance in Islamic financial institutions, ensuring transparency, accountability, responsibility and fairness (Faozan, 2014). Furthermore, DPS contributes to creating benefits for banking and the economy while growing stakeholder trust in the compliance of institutional practices with sharia principles (Munir, 2020).

This research starts from questions regarding how the Sharia Supervisory Board (DPS) plays a role in assessing the suitability of savings products offered by KSPPS Artha Makmur Jaya with sharia principles. Apart from that, this research also wants to explore the various challenges faced by DPS in the process of evaluating and supervising these savings products. Lastly, this research seeks to understand the effectiveness of supervision carried out by DPS in ensuring that the savings products implemented at KSPPS Artha Makmur Jaya comply with sharia provisions (Putri & Ansori, 2024).

This research aims to analyze the role played by the Sharia Supervisory Board (DPS) in assessing and ensuring the conformity of savings products at KSPPS Artha Makmur Jaya with sharia provisions. Apart from that, this research also aims to identify the challenges faced by DPS in carrying out its duties of supervision and assessment of sharia savings products. Furthermore, this research seeks to evaluate the effectiveness of supervision carried out by DPS in maintaining the integrity of sharia savings products implemented by KSPPS Artha Makmur Jaya.

METHODS

Types and Methods of Data Collection

This research uses a qualitative method with a case study approach to understand in depth the role of the Sharia Supervisory Board (DPS) in assessing the suitability of savings products at KSPPS Artha Makmur Jaya. The case study was chosen because it allows for an in-depth exploration of the specific context and internal dynamics associated with the DPS function. The main focus of this research is to explore how DPS evaluates the savings products offered, as well as how the decision-making process takes place in ensuring sharia compliance.

Data collection was carried out through in-depth interviews with various related parties, including DPS members, KSPPS management, as well as several sharia finance experts who understand the applicable regulations and principles. This interview aims to obtain diverse perspectives regarding the implementation of sharia supervision and the challenges that may be faced. Apart from that, this research also utilizes secondary data obtained from KSPPS internal documents, related literature, regulations, and fatwas issued by sharia financial authorities. This secondary data provides additional context and validation to the findings obtained from the interviews.

Data Analysis Methods

analysis was carried out using descriptive analytical techniques, where the data that had been collected was processed, compiled and interpreted to provide a clear picture of the role of DPS. This analysis process involves categorizing data based on relevant themes, such as supervisory mechanisms, challenges faced by DPS, and the impact of supervision on savings products. Through this analysis, the research seeks to make a meaningful contribution to the understanding of the importance of the role of DPS in ensuring savings products at KSPPS Artha Makmur Jaya comply with sharia principles, as well as evaluating the effectiveness of the supervision carried out.

RESULTS AND DISCUSSION

This research found that the Sharia Supervisory Board (DPS) at KSPPS Artha Makmur Jaya has a significant role in assessing the conformity of savings products with sharia principles. Based on the results of interviews with DPS members and KSPPS management, it was found that DPS was actively involved in the process of designing and evaluating savings products from the early stages. They are responsible for ensuring that every product launched by KSPPS not only meets members' needs, but also complies with applicable sharia regulations. Apart from that, DPS also has the authority to reject products that are deemed not to meet sharia standards.

The evaluation process carried out by DPS on savings products at KSPPS Artha Makmur Jaya includes several stages. The first stage is an assessment of the contract structure used in the product. DPS ensures that the contracts used, such as mudharabah or wadiah, are in accordance with sharia principles and do not contain elements of riba, gharar or maisir. The research results show that DPS uses references from the MUI National Sharia Council (DSN) fatwas and regulations issued by the Financial Services Authority (OJK) as the main guide in assessing the suitability of contracts.

Next, DPS carries out an analysis of the fund management mechanisms implemented in savings products. In this case, DPS assesses whether the mechanism is transparent, fair and does not harm either party. Based on the data obtained, DPS strongly emphasizes the importance of transparency in fund management, especially in relation to profit sharing or profit sharing in

mudharabah-based savings products. DPS ensures that profit distribution is carried out fairly and in accordance with the agreements stipulated in the contract.

The research results also show that DPS routinely monitors the implementation of approved savings products. This monitoring is carried out to ensure that the product remains in accordance with sharia principles throughout its validity period. DPS conducts regular audits and provides recommendations for improvement if deviations from sharia provisions are found. Data obtained from interviews shows that the monitoring carried out by DPS has had a positive impact on KSPPS Artha Makmur Jaya's sharia compliance, thus increasing members' trust in the savings products offered.

However, this research also identifies several challenges faced by DPS in carrying out its sharia supervision role. One of the main challenges is limited resources, both in terms of the number of DPS members and access to training and skill development related to sharia finance. Several DPS members expressed that they often had to rely on personal experience and knowledge due to limited access to formal training. This can affect the effectiveness of the supervision they carry out, especially in dealing with complex new products.

Another challenge found was the difference in interpretation of sharia principles among DPS members. Even though DPS uses references from DSN-MUI and OJK, there are differences of opinion in interpreting several aspects of these regulations. These differences sometimes influence the final decisions made by DPS, especially in complex cases. Data shows that these differences can affect consistency in product conformity assessments, which ultimately have an impact on the decision-making process at KSPPS.

In facing these challenges, DPS KSPPS Artha Makmur Jaya has taken several steps to increase the effectiveness of their supervision. One of them is by strengthening cooperation with sharia education and training institutions to increase the capabilities of DPS members. Apart from that, DPS has also begun to adopt a collegial approach in decision making, where each member is given the opportunity to express their views and opinions before decisions are taken collectively. This step aims to minimize differences in interpretation and improve the quality of supervision.

This research also found that there was a positive impact from the role of DPS on the satisfaction of KSPPS Artha Makmur Jaya members. Based on the results of a survey conducted on KSPPS members, the majority of respondents stated that they felt more confident and comfortable using savings products that had been approved by DPS. They feel confident that the product is not only financially safe, but also in accordance with the sharia principles they adhere to. This shows that the existence of DPS has an important role in maintaining the integrity and trust of members in KSPPS.

Overall, the results of this research confirm the important role of DPS in assessing and ensuring the conformity of savings products with sharia principles at KSPPS Artha Makmur Jaya. Despite facing several challenges, DPS is able to carry out its duties well through a systematic approach and based on strong regulations. In the future, increasing capacity and coordination among DPS members is expected to further strengthen their role in supporting the sustainable development of sharia finance in KSPPS.

CONCLUSION

Based on the results of research regarding the role of the Sharia Supervisory Board (DPS) in assessing the suitability of savings products at KSPPS Artha Makmur Jaya, it can be concluded that DPS has a crucial role in ensuring that the savings products offered comply with sharia principles. DPS is not only involved in the product design and evaluation process from the early stages, but also carries out regular monitoring to ensure ongoing compliance with sharia provisions.

However, this research also identified several challenges faced by DPS, such as limited resources and differences in interpretation of sharia principles. These challenges, although potentially affecting the effectiveness of supervision, have been addressed by DPS through increased collaboration with sharia education and training institutions as well as the adoption of a collegial approach to decision making.

Overall, the presence of DPS at KSPPS Artha Makmur Jaya has had a positive impact on sharia compliance of savings products and increased members' trust in KSPPS. By strengthening capacity and better coordination, DPS is expected to continue to contribute to maintaining the integrity and sustainability of the sharia financial system at KSPPS.

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