

Analysis of the Implementation of Aceh Qanun Number 11 of 2018 on Islamic Banking in the City of Banda Aceh, Indonesia

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Abstract

The Qanun Aceh is a legal instrument that mandates the conversion of all conventional financial institutions into Islamic-based financial entities as part of the comprehensive implementation of sharia law in the financial sector. This study employs a qualitative-descriptive method, drawing on a juridical and Islamic economic approach, supported by field observations and interviews with banking customers and practitioners. The findings indicate that the implementation of the Qanun has been structurally well-executed, as reflected in the transformation of banking contracts (*akad*) and services in accordance with sharia principles. The effectiveness of the implementation is evident in the growing public trust and increased utilisation of Islamic financial products. However, efficiency remains a challenge, particularly in terms of financial literacy, human resource capacity, and comprehension of Sharia-compliant contracts. The socio-economic implications of the Qanun's implementation include the reinforcement of Islamic economic justice values, increased Islamic financial inclusion, and the potential empowerment of the Muslim community's economy. This research recommends strengthening Islamic financial literacy and enhancing collaboration among

government authorities, banking institutions, and religious scholars to ensure the sustainable and holistic enforcement of the Qanun.

KEYWORDS: Aceh Qanun, Islamic Banking, Effectiveness, Efficiency, Islamic Economics, and Maqāṣid al-Sharīʿah.

Introduction

The province of Aceh previously implemented two parallel systems: sharia and conventional. However, since the enactment of Qanun No. 11 of 2018 concerning Sharia Financial Institutions (LKS), Aceh has begun implementing a comprehensive sharia-based financial system, with a deadline for transitioning from the conventional system. From an economic perspective, this Qanun also aims to create economic justice for the people of Aceh and to protect them from usury in financial institutions and daily life.¹

The passing of Qanun No. 11 of 2018 on Sharia Financial Institutions reflects the strong commitment of the Aceh Government's strong commitment to transform the financial system from a dual system (conventional and sharia) to one that is entirely sharia-based.² This Qanun marks a new milestone in regional economic management and, if successfully implemented, could become a model for other regions to emulate.

Although transforming the financial system is not easy and requires a lengthy process, this Qanun stipulates a three-year transition period. Considering this timeframe, the change is relatively swift, given that several financing institutions have already transitioned from the conventional to the sharia system. The Qanun itself is a form of regional regulation drafted by the DPRA and ratified together with the Regional Head, in accordance with the provisions of Article 20 paragraphs (1) and (2) of the 1945 Constitution, which regulates the formation of laws by the DPR and the President. Thus, the Qanun is a legitimate and integral part of the national legal system.³

¹ Syarizal Abbas. 2018. *New Paradigm of Sharia Law in Aceh*. Banda Aceh: Naskah Aceh: 106

² Chairul Fahmi, "The Impact of Regulation on Islamic Financial Institutions Toward the Monopolistic Practices in the Banking Industrial in Aceh, Indonesia," *Jurnal Ilmiah Peuradeun* 11, no. 2 (2023): 667–86, <https://doi.org/10.26811/PEURADEUN.V11I2.923>.

³ Chairul Fahmi, "Revitalisasi Penerapan Hukum Syariat Di Aceh (Kajian Terhadap UU No.11 Tahun 2006)," *TSAQAFAH* 8, no. 2 (2012), <https://doi.org/10.21111/tsaqafah.v8i2.27>.

Article 2, paragraphs (1) and (2) of the Qanun LKS stipulate that all financial institutions in Aceh must operate in accordance with sharia principles, and all financial contracts must adhere to Islamic values. This Qanun emphasises justice and prohibits oppressive practices, and is designed to strengthen the sharia economic system as part of efforts to establish a more Islamic economic order in Aceh.⁴

The people of Aceh are deeply rooted in Islamic traditions; however, their literacy in Islamic finance remains very low. This is evidenced by the fact that the level of financial literacy among Indonesians regarding Islamic financial institutions is still very low compared to conventional financial institutions. In 2019, the percentage of Islamic financial literacy in Indonesia was only 8.93%, while traditional financial literacy reached 37.72%.⁵ Specifically for Aceh Province, the level of Islamic financial literacy in the same year was still below 50%, at 20.21%.⁶ This low level of Islamic financial literacy has a direct impact on the community's understanding of Islamic banking products, which in turn can affect customer satisfaction and the economic performance of Islamic banks themselves. Therefore, it is essential to measure the efficiency of Islamic banks in Banda Aceh in the context of the implementation of Qanun Aceh Number 11 of 2018, to determine the effectiveness of the implementation of the Islamic financial system at the regional level, and to observe trends in the increase or decrease in the efficiency of Islamic financial institutions after the policy was enacted.

In his research, Zulkarnaini stated that the implementation of Qanun Number 11 of 2018 showed a positive performance, which was reflected in the improved performance of Islamic banks in Aceh. However, despite this performance improvement, the level of efficiency of this growth cannot yet be confirmed as valid.⁷ This is one of the reasons why researchers are

⁴ Aceh Qanun No. 9 of 2014 on the Establishment of Bank Aceh Syariah. Aceh Qanun No. 11 of 2018 on Sharia Financial Institutions.

⁵ Financial Services Authority (OJK), *National Survey on Financial Literacy and Inclusion (SNLKI)*, Jakarta: OJK, 2021, p. 13.

⁶ Ibid., p. 19.

⁷ Zulkarnaini, et al. (2021). *The Influence of Efficiency and Effectiveness of the Implementation of Qanun Number 11 of 2018 on Managerial Performance Through a Sharia-Based System in Sharia Financial Institutions in Lhokseumawe City During the Covid-19 Pandemic*. Proceedings of the Lhokseumawe State Polytechnic National Seminar: Vol. 5 No. 1.

interested in studying the level of effectiveness and efficiency of implementing Qanun in Islamic Banking in the city of Banda Aceh.

The Islamic banks spread across Banda Aceh City can be seen in the table below as follows:

Table 1: Distribution of Islamic Banking in Banda Aceh City

No	Type of Islamic Banking	Name of Islamic Bank
1	Islamic Commercial Bank (BUS)	Bank Syariah Indonesia (BSI)
		Aceh Islamic Bank (BAS)
		Muamalat Bank
2	Sharia Business Unit (UUS)	Bank Central Asia Syariah (BCA)
		Maybank Syariah
		Danamon Syariah Bank
		Bukopin Sharia Bank
		Bank Tabungan Negara Syariah (BTN)
		CIMB Niaga Syariah Bank
		Taman Indah Darussalam BPRS
3	Bank Pembiayaan Rakyat Syariah (BPRS)	Hikmah Wakilah Islamic Rural Bank
		BPRS Mustaqim Aceh
		Teungku Chiek Dipante Islamic Rural Bank
		Rahmah Hijrah Agung BPRS
		Rahmania Dana Sejahtera Islamic Bank
		BPRS Serambi Mekah
		BPRS Artha Aceh Sejahtera
		BPRS Baiturrahman
		BPRS Kota Juang

Source: From several databases, and managed by the author, 2025

Based on the data in the previous table, it can be concluded that the distribution of Islamic banking institutions in Banda Aceh City is pretty even, and all Islamic banks have implemented Islamic principles as stipulated in Qanun Number 11 of 2018. The certainty of applying these Sharia principles is a crucial reference for the community in conducting financial activities

effectively and efficiently through Islamic banks.⁸ Therefore, it is essential to conduct further studies to evaluate the implementation of Sharia principles in Islamic banking operations in this region.

The successful implementation of the Qanun on Sharia Financial Institutions (*Lembaga Keuangan Syariah* [LKS]) in Aceh requires the synergy of various parties, including the Aceh Government, the Ulama Consultative Assembly, sharia banking regulators, non-bank institutions, and the active participation of the community—especially economic actors in various sectors. All these elements are core components in realizing a fair and prosperous economic system for the people of Aceh under Islamic law, in which Islamic financial institutions play a crucial role in meeting the financial needs of the people in accordance with Islamic values.⁹

The presence of Islamic banking in Banda Aceh City has given rise to many perceptions among the community regarding the implementation of Qanun No. 11 of 2018 on Islamic banking. Some people believe that Qanun No. 11 of 2018 on Islamic banking is effective because it eliminates usury; however, many others still consider the implementation of Qanun No. 11 of 2018 on Islamic banking inefficient, as the system remains similar to the conventional one.¹⁰

Based on initial observations of several Bank Syariah Indonesia (BSI) customers in Banda Aceh who have transitioned from conventional to Islamic banking systems, they reported that the application of Islamic principles in banking is currently highly beneficial for customers. One customer who previously used Bank Negara Indonesia Syariah (BNIS) services stated that the Islamic product they use at BSI, namely Easy Wadiah Savings, has a positive image among customers because it is based on Islamic principles and serves as a form of deposit. These customers are satisfied with this product because it enables them to deposit funds without incurring a

⁸ Chairul Fahmi, “THE DUTCH COLONIAL ECONOMIC’S POLICY ON NATIVES LAND PROPERTY OF INDONESIA,” *PETITA: JURNAL KAJIAN ILMU HUKUM DAN SYARIAH* 5, no. 2 (2020), <https://doi.org/10.22373/petita.v5i2.99>.

⁹ Marzuki, A. M. 2023. Implementation of Aceh Qanun No. 11 of 2018 on Islamic financial institutions in strengthening Islamic law in Pidie Regency. *Jurnal Real Riset*, 5, 249–258.

¹⁰ Fahmi, “The Impact of Regulation on Islamic Financial Institutions Toward the Monopolistic Practices in the Banking Industrial in Aceh, Indonesia.”

monthly administration fee. Thus, customers can deposit any amount of funds and withdraw them in the same amount without any deductions.¹¹

Field observations also indicate that some customers continue to perceive Sharia Rural Banks (BPRS) as equivalent to conventional Rural Banks (BPR). As a result, some of them still use the term "interest" in transactions, rather than the terms "margin" or "profit sharing," which are in accordance with Sharia principles. In fact, in the conventional system, the application of interest on financial transactions for Muslims is considered a practice of usury, which is prohibited and sinful.¹²

Based on field responses regarding banks that implement Qanun No. 11 of 2018 on Islamic banking in Banda Aceh, it was stated that all financial transactions carried out are in accordance with Islamic principles. This is evident in an interview with a BSI bank teller who said that after the merger of Bank Rakyat Indonesia Syariah (BRIS), Bank Negara Indonesia Syariah (BNIS), and Bank Syariah Mandiri (BSM), the service in welcoming customers is when customers want to make transactions at BSI, which was previously at BRIS, BNIS, and BSM, the staff would say "good morning" or "good afternoon" to greet and serve customers who wanted to make transactions, but after the merger into BSI, they would say "Assalamu'alaikum".¹³

Based on the above background, the author wishes to examine the implementation of Qanun No. 11 of 2018 in Islamic banking in Banda Aceh City. Will the implementation of this Qanun in Islamic banking in Banda Aceh City be effective and efficient in the practice of Islamic banking? Therefore, to examine the sharia compliance of the application of this law, the author conducted a study titled "Analysis of the Application of Aceh Qanun Law Number 11 of 2018 on Islamic Banking in Banda Aceh City."

Data and Methods

This study employs a normative legal research method, focusing on the analysis of legal norms found in legislation, legal doctrines, and relevant

¹¹ Results of interviews with customers of Bank Syariah Indonesia (BSI) in Banda Aceh City on 15 February 2024

¹² Interview results with customers of the Islamic Rural Bank (BPRS) in Banda Aceh City on 15 February 2024.

¹³ Interview results with tellers at Bank Syariah Indonesia (BSI) in Banda Aceh City on 16 February 2024.

legal principles.¹⁴ In accordance with Muhaimin's explanation, normative legal research focuses its study on law as an autonomous and prescriptive normative system, with the aim of understanding and developing these legal norms systematically and conceptually.¹⁵

In the context of this research, the approach employed comprises three main components. First, the statute approach aims to examine the structure, substance, and consistency between Qanun Aceh Number 11 of 2018 and other regulations within the national legal system. Second, the conceptual approach is employed to analyse the fundamental concepts in Islamic economic law, the principles of prudence in Islamic banking, and the role of Islamic law within the regional financial system. Third, the comparative approach, which is used to a limited extent to compare the norms regulated in the Aceh Qanun with other positive legal provisions at the national level, is employed to examine the alignment of normative principles in the application of sharia law within the context of regional autonomy.¹⁶

The types and sources of legal materials used in this study are classified into three categories, namely: primary legal materials, which include legislation such as Aceh Qanun No. 11 of 2018, Law No. 11 of 2006, Law No. 21 of 2008, and relevant regulations from the Financial Services Authority (OJK); secondary legal materials, in the form of academic literature such as books, scientific journals, and articles discussing Islamic law, Islamic banking, and regional autonomy; and tertiary legal materials, consisting of legal dictionaries, encyclopaedias, and other supporting reference sources. Legal materials were collected through library research and literature studies, which involved searching various relevant legal sources and scientific literature. Data analysis techniques were employed using a qualitative-normative approach, specifically by interpreting legal norms through grammatical, systematic, and teleological interpretation methods.¹⁷

The primary objective of this analysis is to understand the normative construction of the Qanun LKS, assess its suitability and consistency with

¹⁴ Muhammad Siddiq Armia, *PENENTUAN METODE & PENDEKATAN PENELITIAN HUKUM*, ed. Chairul Fahmi (Lembaga Kajian Konstitusi Indonesia, 2022).

¹⁵ Muhaimin, *Legal Research Methods*, (Jakarta: Kencana, 2020), p. 52.

¹⁶ *Ibid.*, pp. 53–56.

¹⁷ *Ibid.*, pp. 58–60.

national and Sharia legal principles, and provide scientifically grounded legal arguments.

Context and Significance of the Implementation of Qanun Aceh Number 11 of 2018 in the Perspective of Islamic Economics

The implementation of Aceh Qanun No. 11 of 2018 on Sharia Financial Institutions is a strategic step in both the legal and economic fields, aimed at building a financial system based on Islamic Sharia principles. As a region with special status, Aceh is given special authority in matters of religion, customs, and education, including the application of Islamic law in various aspects of life. This also includes the field of muamalah, which is directly related to the community's economic activities. This Qanun is a concrete implementation of Law No. 11 of 2006 regarding the Government of Aceh, which provides space for local governments to formulate regulations in accordance with Sharia values in all sectors, including finance.¹⁸

From an Islamic economic perspective, Islamic financial institutions do not merely function as financial intermediaries like conventional institutions, but also play an integral role in the system that applies the principles of *maqāṣid al-sharī'ah*. Specifically, in terms of *ḥifẓ al-māl* (protection of wealth), this Qanun aims to protect Muslim communities from prohibited practices such as *ribā*, *gharar*, and *maysir*, which are commonly found in conventional financial systems. The basic principles of Islamic economics underlying this emphasise that the main objective is not merely monetary gain, but also the application of ethical values, justice (*'adl*), and social responsibility in economic activities.¹⁹

This Qanun requires all financial institutions operating in Aceh to conduct transactions using Sharia-based contracts, such as *murābahah* (sale and purchase with an agreed profit), *mudhārabah* (capital and expertise cooperation based on trust), *musyarakah* (capital partnership), *ijārah* (leasing), and *wadī'ah* (deposit). These contracts reflect the Islamic muamalah system, which avoids exploitative and manipulative practices and emphasises the

¹⁸ Aceh Government, *Aceh Qanun No. 11 of 2018 concerning Sharia Financial Institutions* (Banda Aceh: Aceh Regional Secretariat, 2018), Article 2.

¹⁹ Adiwarman A. Karim, *Islamic Microeconomics* (Jakarta: Rajawali Pers, 2010), 78–81.

principles of transparency and mutual benefit for all parties involved. The Islamic financial system is built on the values of *al-'adālah* (justice) and *al-maslahah al-'āmmah* (public interest).

The implementation of this Qanun is also significant in developing a financial system that is more resilient to crises and sustainable. History shows that the Islamic financial system has demonstrated greater resilience to economic turmoil because it does not rely on interest and is based on real asset transactions. In addition, this system promotes the concept of *risk-sharing* rather than *risk-transfer*, making it structurally more equitable. This aligns with the objectives of Islamic economics, which emphasize the equitable distribution of wealth, the economic empowerment of people, and freedom from the inequalities of modern capitalism.²⁰

The implementation of this Qanun demonstrates the Aceh Government's commitment to being a pioneer in establishing a comprehensive Islamic financial system. Aceh is the only region in Indonesia that does not allow conventional financial institutions to operate after the transition period and has fully adopted the sharia financial system. This decision is not only important normatively but also has broad economic and social implications. In terms of public trust, Islamic financial institutions can build more harmonious relationships with customers because they are based on the principles of fairness and transparency.²¹

However, the implementation of this Qanun is not without challenges. One of the main challenges is the low level of Islamic financial literacy among the public. Although Aceh is known for its religious significance, the public's understanding of Islamic economic terms and basic principles remains quite limited. Many people still use conventional terms, such as "interest," in sharia practice, which should be replaced with terms like "margin" or "profit sharing ratio." Another challenge is the readiness of financial institutions to provide competitive, innovative sharia-based services that meet the needs of modern society.²²

²⁰ M. Umer Chapra, *Islamic Economics: What It Is and How It Developed*, in *Islamic Economics: A Short History*, ed. M.A. Zarqa (Jeddah: IRTI/IDB, 2008), 22–25.

²¹ Syafii Antonio and Isnaini Rahmawati, "The Urgency of Converting Conventional Financial Institutions to Sharia from the Perspective of the Aceh Qanun," *Indonesian Sharia Economics Journal* 10, no. 1 (2020): 14–18.

²² Financial Services Authority (OJK), *2019 National Survey of Financial Literacy and Inclusion* (Jakarta: OJK, 2020), 36.

From the perspective of *fiqh siyāsah māliyyah* (Islamic public finance policy), the existence of this qanun is a form of *taṣarruf al-imām ‘ala al-ra‘iyyah manūṭun bi al-maṣlahah*, namely that the ruler's policy towards the people must be based on the principle of public interest. In this case, the Aceh Government, as *wilāyat al-amr*, is responsible for creating an economic system that is not only economically profitable but also halal in terms of sharia and socially just.²³ Therefore, this Qanun is not merely an administrative law, but also a moral and spiritual instrument for regulating the people's holistic economic life.

A. Effectiveness and Efficiency of the Implementation of Aceh Qanun No. 11 of 2018 in Sharia Banking Practices in Banda Aceh City

The implementation of Aceh Qanun No. 11 of 2018 on Sharia Financial Institutions not only focuses on the legal and formal aspects of replacing the conventional system with the sharia system, but must also demonstrate a level of effectiveness and efficiency in the operations of sharia financial institutions themselves. In the context of Islamic economics, effectiveness can be interpreted as the ability of institutions to realise Sharia objectives, especially in supporting the achievement of *maqāṣid al-shari‘ah* in the economic and social sectors. Efficiency relates to the ability of institutions to optimally utilise resources to produce financial benefits in accordance with the principles of halal, fair, and sustainable.²⁴

In practice, the implementation of this Qanun has encouraged the transformation of all financial institution activities in Aceh to operate in accordance with sharia principles. For example, conventional banks have undergone restructuring by forming Shariah Business Units (SBUs), or even transforming completely into Shariah Commercial Banks (SCBs). The interest-based system (*ribā*) previously used has been replaced with a profit-and-loss *sharing* mechanism through contracts such as *mudhārabah* and *musyārakah*. This step is viewed as a crucial strategy in establishing a banking

²³ Wahbah al-Zuhayli, *Al-Fiqh al-Islāmī wa Adillatuh*, vol. 4 (Damascus: Dār al-Fikr, 1985), 2732.

²⁴ Adiwarman A. Karim, *Islamic Microeconomics* (Jakarta: Rajawali Pers, 2010), 113.

system that aligns with Islamic values, while also promoting a more equitable and inclusive community welfare.²⁵

However, the success of this Qanun's implementation is highly dependent on institutional readiness and the quality of human resources (HR) in Islamic banking. Findings from field observations indicate that diverse perceptions persist among the public regarding Islamic banks following the enactment of the Qanun. Some customers are satisfied because they are no longer burdened with administrative fees and feel more spiritually at ease because they are free from *riba*. For example, Bank Syariah Indonesia's (BSI) Easy *Wadiah* savings product allows customers to deposit funds without incurring monthly fees and without an interest system, instead utilizing a wadī'ah or deposit agreement that aligns with the principles of *mu'amalah fiqh*.²⁶

However, some members of the community still show resistance because they consider Sharia practices to be not entirely different from the conventional system. For example, the term "margin" in *murabahah* is still considered "interest" by the general public. This phenomenon indicates that the level of Sharia financial literacy remains a barrier to comprehensively measuring the effectiveness of this qanun's implementation. According to data from the OJK, the level of sharia financial literacy in Aceh in 2019 was still below 30%, far from ideal.²⁷

In terms of efficiency, Islamic banks in Aceh have not yet shown superior financial performance compared to conventional banks. Several indicators, such as *Non-Performing Financing (NPF)*, *Return on Assets (ROA)*, and *Operating Expenses to Operating Income (BOPO)*, still vary between institutions. Although the financial performance of Islamic banks such as Bank Aceh Syariah and Bank Syariah Indonesia shows positive growth in assets and financing, operational efficiency is not yet evenly distributed

²⁵ Aceh Government, *Aceh Qanun No. 11 of 2018 concerning Sharia Financial Institutions* (Banda Aceh: Aceh Regional Secretariat, 2018), Article 2 paragraph (1).

²⁶ Results of observations of Bank Syariah Indonesia (BSI) customers in Banda Aceh, August 2025.

²⁷ Financial Services Authority (OJK), *2019 National Survey on Financial Literacy and Inclusion* (Jakarta: OJK, 2020), 36.

across all sectors, especially in Islamic Rural Banks (BPRS), which still face capital and resource constraints.²⁸

From an Islamic economic perspective, effectiveness and efficiency are not only measured by financial output, but also by the extent to which Islamic banking institutions can become fair financial intermediaries, educate the public, and channel funds to the real sector based on halal principles and productivity. An effective and efficient Islamic bank can fulfill its role as a *muwakkil* (trusted intermediary) between fund owners and entrepreneurs without harming either party, in accordance with the principle of *lā ẓarara wa lā ʿdirār*.²⁹

Thus, the implementation of Qanun Aceh No. 11 of 2018 has brought about significant systemic changes in Islamic banking practices in Banda Aceh. Although there are still challenges in the implementation stage, both in terms of public understanding and operational efficiency, this step is an important milestone towards a *sharia-compliant*, fair, and welfare-oriented financial ecosystem.

B. Socio-Economic Implications of the Implementation of Qanun Aceh Number 11 of 2018 on the Community and Financial Institutions in Banda Aceh

The implementation of Qanun Aceh No. 11 of 2018 affects not only the regulatory and operational aspects of financial institutions but also the community's broader socio-economic landscape. From an Islamic economic perspective, the sharia financial system is not merely a business mechanism or a means of exchange, but also an instrument of social transformation that aims to achieve economic justice (*al-ʿadālah al-iqtisādiyyah*) and the welfare of the people (*al-falāh*).³⁰

One of the critical implication of this qanun is the shift in people's perceptions and consumption patterns of the people in Banda Aceh. People of Aceh, previously accustomed to the conventional system, had to adapt to new terminology, contracts, and ethics based on Sharia law. Transactions that

²⁸ Zulkarnaini, "Analysis of Sharia Bank Efficiency Post-Qanun LKS in Aceh," *Journal of Islamic Economics* 14, no. 2 (2022): 117–125.

²⁹ Wahbah al-Zuhayli, *Al-Fiqh al-Islāmī wa Adillatuh*, vol. 4 (Damascus: Dār al-Fikr, 1985), 2750.

³⁰ M. Umer Chapra, *The Islamic Vision of Development in the Light of Maqasid al-Shari'ah* (Jeddah: Islamic Research and Training Institute, 2008), 41–44.

previously contained elements of *ribā* are now converted into profit-sharing or sale and purchase contracts, such as *murābahah*, *ijārah*, and *wakālah*. This transformation indirectly encourages the community to re-examine the essence of Islamic law in their economic lives.³¹

However, limited literacy in Islamic finance remains a real obstacle to public understanding and active participation. Many people still equate Islamic products with conventional products because of similarities in technical structure, even though they differ in principle. For example, the profit margin in *murābahah* contracts is often misinterpreted as "interest", which leads some people to doubt the authenticity of sharia-compliant products.³² This reinforces the importance of continuous education and socialization by financial authorities, scholars, and Islamic educational institutions.

From the perspective of *fiqh al-mu‘āmalah*, changes in Aceh's banking system in Aceh also affect contracts and legal relationships between financial institutions and their customers. The formal implementation of sharia contracts requires caution and commitment from institutions in ensuring the validity of the contract according to sharia (*ṣaḥiḥ al-‘uqd*), starting from the pillars and conditions, to the validity of the object of the contract (*ma‘qūd ‘alayh*).³³ In practice, this poses a challenge because not all financial institutions have human resources who deeply understand the details of *fiqh muamalah*.

Institutionally, the implementation of this Qanun has strengthened the role of the Sharia Supervisory Board (DPS) in every Islamic financial institution. The DPS ensures that every bank product and service operates in accordance with Sharia principles and provides recommendations on appropriate fatwas.³⁴ The existence of the DPS is an absolute requirement for the operational validity of Islamic banks, as stipulated in Islamic Banking Law No. 21 of 2008, and is reinforced by the provisions in the Aceh Qanun.

³¹ Adiwarman A. Karim, *Islamic Microeconomics* (Jakarta: Rajawali Pers, 2010), 117.

³² Financial Services Authority (OJK), *2019 National Survey of Financial Literacy and Inclusion* (Jakarta: OJK, 2020), 37.

³³ Wahbah al-Zuhayli, *Islamic Jurisprudence and its Evidence*, vol. 4 (Damascus: Dār al-Fikr, 1985), 2810–2815.

³⁴ Indonesian Ulema Council, *General Guidelines for the Sharia Supervisory Board* (Jakarta: DSN-MUI, 2017), 12–15.

However, the success of the DPS also depends on its quality, independence, and firmness in supervision and providing fatwa recommendations.

Another implication is the potential for broader financial inclusion. With a sharia system that aligns more closely with the values and spirit of the majority of Acehnese people, Islamic banking becomes more inclusive. It could increase community financial participation, especially among groups that were previously reluctant to deal with conventional banks for religious reasons.³⁵ This opens up opportunities for Islamic banking to develop sector-based products in the real economy, such as MSME financing, agriculture, halal trade, and productive zakat, in line with the spirit of distributive justice in Islam.

However, it should be noted that this system change also creates structural challenges for Islamic financial institutions, such as the need for additional capital, improvements in Sharia-compliant information technology, and internal restructuring to avoid *window dressing* practices (disguising conventional products in Sharia packaging). Therefore, the success of this Qanun depends heavily on inter-institutional synergy among the executive, legislature (DPRA), regulators (OJK and Bank Indonesia), academics, and civil society.

Within the broader framework of Islamic economic development, this Qanun has the potential to serve as a model of *local* wisdom in building a fair and inclusive national Islamic financial ecosystem. However, for it to be more than just a symbol of Sharia formality, there needs to be continuity in terms of education, human resource development, and product innovation, based on the community's values and needs.

Conclusion

Based on the results of a study on the implementation of Aceh Qanun No. 11 of 2018 regarding Sharia Financial Institutions in Banda Aceh City, it can be concluded that this policy represents a strategic step in strengthening a Sharia financial system that is free from *ribā*, *gharar*, and *maisir*. This Qanun has succeeded in changing the financial institutional order from one that

³⁵ Syafii Antonio and Isnaini Rahmawati, "The Urgency of Converting Conventional Financial Institutions to Sharia from the Perspective of Qanun Aceh," *Indonesian Sharia Economics Journal* 10, no. 1 (2020): 22–24.

previously accommodated the conventional system to one that is entirely based on sharia principles. The application of muamalah contracts, such as murābahah, wadiah, ijarah, and musyarakah, in banking institutions demonstrates a strong commitment to Islamic values in economic practice. In general, the implementation of this qanun has been effective in regulating the institutional and operational structure of Islamic banks and increasing the trust of some people in Islamic financial institutions. The public is beginning to reap the benefits of sharia products, which offer a fairer financial system and higher spiritual values, such as savings accounts that do not charge interest or administrative fees. However, in terms of operational efficiency, there are still challenges, particularly in terms of the quality of human resources, low Sharia financial literacy, and the perception of some people who still equate Sharia products with conventional ones. In addition, socio-economically, the implementation of this qanun also has an impact on changes in consumption patterns and financial interactions within the community, strengthening financial inclusion and opening up great opportunities for the development of the real sector and halal-based MSMEs. Therefore, it can be concluded that Aceh Qanun No. 11 of 2018 serves as a crucial foundation for building a fair and sustainable Islamic economic ecosystem in Aceh. However, to achieve a more optimal implementation, there needs to be continuity in public education, strengthening the capacity of financial institutions, and full support from the government, religious scholars, and other policy makers.

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