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Review

Good Corporate Governance in Islamic Banking during Fourth Industrial Revolution Era

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ABSTRACT

The purpose of this study is to analyze information about implementation of Corporate Governance in Islamic banking. This study uses a quantitative approach with a systematic literature review method from various journals. With the systematic literature review method, the authors identify all empirical evidence, where the identification aims to answer questions such as "How is the implementation of Good Corporate Governance (GCG) in Indonesian Islamic banking?", "What is the role of the Shariah Supervisory Board?", "What is the impact of implementing GCG?". The results of the analysis found that the implementation of GCG in Islamic banking was quite good but still not effective. This is because the governance mechanism is still not fully in accordance with Shariah principles. Therefore, the role of DPS in the implementation of GCG is very important and must be optimized. This finding also opens information about the development of GCG in Islamic banking today so that it can be used as reference material for further research.

1. INTRODUCTION

The industrial revolution 4.0 is an era marked by the connectivity of humans, data and machines in virtual or cyber physical forms that are increasingly converging through information and communication technology (Kominfo, 2020). Revolution Industry 4.0 not only have an impact on the industrial manufacturing, but also provides impact which is quite significant in the sector of services banking. One of the effects is transaction convenience can be performed. The development of the economy of Islam being in the position of developing advanced toward very rapidly or can be said to be up to date that is entering the economy Digital Era Revolution Industrial 4.0, things have started with the presence of several institutions finance Shariah who stood in line with efforts to accelerate the growth of the economy society. Among the characteristics than the system of economy Islam one of them is the emergence of demand for more priority to aspects of the legal and ethical business that is based on Islam. So that the existing system in Islamic economics has an obligation to apply Shariah principles and Islamic business ethics as well as seen in Table 1 (Ahyani, Slamet & Makturidi, 2019).

Table 1. Development of Islamic Banking in 2020

Banking Industry	Number of Institutions	Number of Offices	Assets (Trillion)	PYD (Trillion)	DPK (Trillion)
Shariah Commercial Bank	14	1942	356.33	232.86	293.37
Shariah Business Unit	20	390	175.45	134.16	127.95
Shariah People's Financing Bank	162	626	13.61	10,50	8.89
Total	196	2958	545.39	377.53	430.21

Source : OJK Pre-merger (2020) Statistical Data, processed

The development of the Islamic economy in Indonesia is generally marked by the presence and growth of the Islamic banking industry as the main indicator (Badruzaman, 2020). Statistics banking Shariah indicates that up when it already contained 14 Islamic banking and 20 units of effort Shariah which operates in full (OJK, 2020). Most large Islamic banking recorded growth in the acquisition of profit net pretty well in the middle of a pandemic Covid-19,

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which has hit the state economy. The increase in net profit was in line with the increase in financing distribution. For example, PT BRIS which pocketed a net profit of Rp. 117.2 billion, which shot up compared to June 2019 (cnbcindonesia.com). According to the OJK quoted on CNBC Indonesia in April 2021, Pandemic Covid-19 this into evidence, only companies that have good corporate governance with implementations that let that were able to survive. The level of banking financial performance is carried out to analyze financial ratios that have an effect on banking health, judging by the level of profitability of how much the company produces (Sholihin, 2010: 556). Can be concluded that the time is the growth of bank general Shariah, unit effort Shariah or bank financing of the people of Shariah development is good from time to time. To maintain the achievements and more ensure its success, the industry 's financial and banking Islam should be able to operate at the level of the optimum of efficiency are not only from the dimensions of the theoretical and the law alone, but must be operated and managed to achieve the goal that is in line with the principles of Shariah (Agustina and Maria, 2017). In its operation, Islamic banks apply a profit-sharing system (murabaha) and their products must be halal, far from usury, gharar and maysir in accordance with Shariah principles. But the reality is there are Islamic banking which operates does not follow the principles of Shariah that, proven by the emergence of cases that involve BJBS where CEO BJBS become a suspect in the alleged corruption granting credit fictitious are given in debtors on behalf of PT. Hastuka Sarana Karya period 2014-2016 (Sohuturon, 2017). Cases of fraud at the Islamic banking occur because of weak implementation of GCG (Astuti, Rozali & Cakhyaneu, 2019). Violations can also occur because of a conflict of interest between the principal and the agent. For that, in order to anticipate the conflict of interest and the asymmetry of information between the principal (holder of shares) and the agent (management), and also to ensure the health of Islamic banking then takes a system of management that is good and professional at the Islamic banking, or often referred to the system of Corporate Governance (Pamungkas, 2019). Implementation of GCG can raise the performance of banking Shariah, especially with the hope to attract investors to increase their investment (Nur and M. Yayang: 2012, Rajinah: 2015; Agustina and Maria, 2017). On the banks of the conventional, system of governance that is good among others can be developed to clarify the functions of the authority and the pattern of the relationship between the holder of shares (Board of Commissioners) and the management of the bank. While the Islamic banking, involving over many parties because of their characteristic special of Islamic banking is an obligation to adhere to the principles of Shariah (Shariah compliance) in running its business. Therefore, DPS play a role which is important in the governance structure of banking Shariah (Grace, 2017).

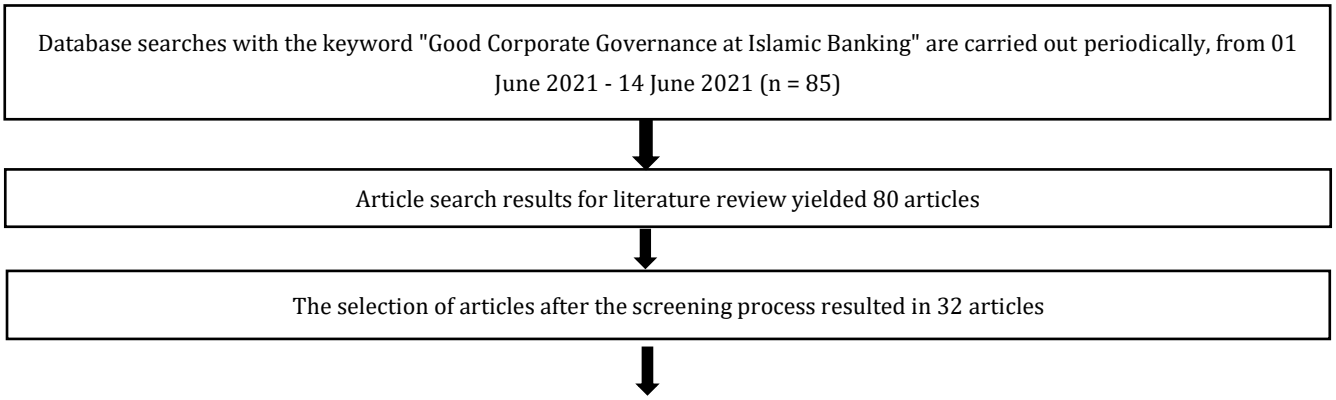
The purpose of this study is to find out how the implementation of GCG at Islamic banking in Indonesia, find out how the role of the Shariah Supervisory Board in the implementation of GCG and knowing the impact of the implementation of GCG in Islamic Banking. By because it, research it will discuss the role of corporate governance in the industry banking Shariah in more depth with mebandingkan and reviewing several studies earlier, so as to give a picture that is more comprehensive.

2. RESEARCH METHODS

Stages of the literature review is initiated from the collection of data by way of doing a search simple on the page Google Scholar dimulaui with the words " Good Corporate Governance ", which produces less over +3000 articles from various journals and books both National and International. Then the authors do screening with the word key " Good Corporate Governance at Islamic Banking " and take the data five years past in order to obtain articles that are relevant and more updated with a topic that is raised. The next stage is data processing using Microsoft Excel application. The data that has been collected is then entered into a table and will become a database. The article search process is as illustrated in Figure 1.

From the 80 articles selected, the authors chose back in the article that the process s creening in order to conform with regernsi and topics relevant to the theme were raised. Once through the process of screening, the authors find 13 articles that describe the effect of the application of governance governance that relate to the performance of banks, 11 articles that explain how the implementation of governance governance in companies Islam, and 8 articles that analyze the presence of DPS in as a factor critical of governance governance in banking Shariah. In general, this article presents a literature review on the implementation of GCG in Islamic banking in Indonesia in general. There are still a lot of all the topics that have not been explored writers such as the implementation of GCG from every aspect, or the application of GCG in other countries. Articles have had limitations, including the article that made reference specifically performed on the institution of banking Shariah in Indonesia. Besides that, while implementation in reviewing very limited and the number of articles the most reputable and obtained deemed lacking a lot. Of the limitations of these, is expected to author the next can be many find articles and explain more details related to the

topics mentioned. But in addition to that, the expected article this can add to the literature on the application of the system to manage the banking Shariah are the latest.



Journal Topic	amount
The impact of the implementation of GCG on the performance of Islamic banks	13
Implementation of GCG in Islamic banking	11
The existence of DPS in the implementation of GCG in Islamic banking	8

Figure 1. Stages of Research Methodology

3. RESULTS AND DISCUSSIONS

3.1. The Developmenmt of Islamic Banking in Indonesia

The development of Islamic banks in Islamic countries in the 19th century had an influence on Indonesia (Muflihin, 2018). The era of the development of banking Shariah in Indonesia started in the year 1975, which at the time was an organization that is Organizational Conference of Islamic (OIC) to form the Islamic Development Bank (IDB). IDB provides development are associated with banking and finance Islamic (Ghozali, Azmi & Nugroho, 2019). The IDB has also helped in establishing Islamic banks in various countries as well as establishing an institution for research, writing and training in the field of banking and finance (Nugroho, 2015). Bank of Shariah in Indonesia alone actually have to get the basic legitimacy of the strong with the provisions of the deregulation of the sector of banking in the year 1983. This is because since the time it was granted the freedom of determining the level of rate of interest to zero percent (annihilation of flowers at once). However, this opportunity has not been used because it is not allowed to open a new institution. This condition lasted until the government issued the October 1988 Policy Package (Pakto) which allowed the establishment of new banks (Umam, 2013: 22). Bank Muamalat Indonesia (BMI) is a Islamic banking first were established in the year 1991, the establishment of the bank is initiated by the Council of Ulama Indonesia (MUI) and the government as well as the support of the Association of Scholars Muslim Indonesia (ICMI) and some employers Muslims. Deed of establishment was signed on the date of 1 November 1991. At the time it was collected commitment to purchase shares as much as Rp 84 billion (Antonio, 2001: 25). Establishment of the Islamic banking first in Indonesia that ahirnya initiated for the emergence of Islamic banking others either in the form of Islamic Banks (BUS), Shariah Business Unit (UUS) or Bank Prekreditan Shariah (BPRS).

Early development of the bank's Shariah in the system banks responded to quickly by the government with the birth of Law Number 7 Year 1992 concerning banking were subsequently amended by Act No. 10 Year 1998. Due to developments in the system of banking Shariah are significant, then the date of 16 July 2008 Law No. 21 of 2008 was ratified on Islamic banking as a separate legal basis for Islamic banks in Indonesia (Utama, 2020). Based on Law Number 21 of 2008, Islamic banks conduct business activities based on Shariah principles as implemented in the fatwa issued by the Central Indonesian Ulema Council (Wardhany & Arshad, 2012). In Act are set also on the issue of compliance Shariah (Shariah compliance) that authorities are on the MUI that direpresantasikan through the Shariah Supervisory Board(DPS). Then, it must be established in each Islamic bank and Shariah Business Unit. To follow up the implementation of the fatwa issued by MUI to the Regulation of Bank Indonesia (PBI), then formed committees Committee on Banking Shariah, whose membership consists on representatives from Bank Indonesia, the Ministry of Religious Affairs, and the elements of society that the composition balanced (Prasad, 2010: 29; Ghozali, Azmi & Nugroho, 2019).

The development banks of Shariah in Indonesia is supported by the authority of religious, namely Council of Ulama Indonesia (MUI) that are actively set the fatwas of law related to the activity of the people in the field of this. Fatwas law MUI sourced from the National Islamic Council who are specifically tasked to assist the industry banking Shariah

(Andriansyah, 2009). The development of Shariah in Indonesia has been supported by legal institutions, based on aspects of the legality of national law, Islamic law and the support of regulations supporting its operations (Andriansyah, 2009). Activities banking Shariah is not only based on regulatory legislation, but should be subject to the guidelines and ethics are derived from the Koran, among others shidiq (honesty), trustworthy (can be trusted), the acquisition of income not derived from deception and fraud, also did not do actions were not undue. In the world of banking is a global, principles and ethics that originated on the principles of Shariah elaborated in the guidelines of good corporate governance which is issued by the Organization fot Economic Co-operation and Development (OECD) and the Bank for International Settlements (BIS), which became the benchmark for banking Shariah (Hartini, Rosyadi & Nurhayati, 2020)

3.2. The Implementation of GCG in Islamic Banking

Along with the development of the Islamic banking industry which is marked by the increasing variety of Islamic banking products and the increasing service network, the implementation of GCG in the Islamic banking industry is becoming increasingly important (Faozan, 2013). The application of the principles of good corporate governance are required to achieve sustainability efforts (sustainability) Islamic banking with permanent attention to the interests of the holders of stock, customers and stakeholders interests of others (NCG 2012). Implementation of GCG Islamic Banks refers to the Regulation of Bank Indonesia Number 11/33 / PBI / 2009 which was used until the time of this by Islamic Banks (Ardhanareswari, 2017). The implementation of GCG in the Islamic banking industry must be based on five basic principles (Faozan, 2013; Rahmat, 2017). To apply the principles of the bank must adjust to the principles of Islam in operational banking (Faozan, 2013).

1. Transparency (transparency), namely openness in express information that is material and relevant and openness in the process of making the decision. The principle is required agarkegiatan business Islamic banking runs in an objective, professional, and to protect the interests of stakeholders. Transparency containing elements of disclosure (disclosure) and the provision of information in the right time, adequate, clear, accurate, and can be compared and easily accessible by stakeholders interests and communities.
2. Accountability (accountability), namely clarity of function and implementation of the accountability organ bank so the management running it effectively.
3. Accountability (responsibility) that the suitability of the management of banks with regulatory legislation which applies and principles of management of banks healthy.
4. Professionals (professional) that have the competence, able to act objectively and free from the influence/ pressure from party any (independent) and have a commitment that is high for developing the Islamic banking.
5. Fairness, namely justice and equality in fulfilling the rights of stakeholders based on agreements and applicable laws and regulations.

In order to apply the five principles of the base of the bank shall be guided by the various conditions and terms are associated with the implementation of GCG. In addition, in implementing GCG, the Islamic banking industry must also comply with Shariah principles (Shariah compliance). Incompatibility of bank governance with Shariah principles will potentially lead to various risks, especially reputation risk for the Islamic banking industry. Implementation of GCG banking Shariah is not only intended to acquire the management of the bank in accordance with the five principles of the basis and in accordance with the principles of Shariah, will but also ditujukkan for the benefit of the more spacious. The interests of this among others is to protect the interests of stakeholders and increase compliance to regulatory laws that apply as well as the value of ethics that applies in general to the industry banking Shariah (Grace, 2017). In addition to that, there is one element that is essential that only owned corporate governance Shariah, namely the Shariah Supervisory Board (DPS).

3.3. The Implementation of GCG at Islamic Banking in Indonesia is Not Optimal

Parties of the regulator in case this Authority Services Financial (OJK) are very stressed the importance of the application of governance governance of companies that either because it becomes a milestone that is important for the company to run the business. It is reinforced by regulation the OJK since the year 2014 regarding the importance of the implementation of GCG 's and then updated in 2016 and the last in 2019. According to the Regulation of the Minister of the State SOE Article 1 paragraph 1, No. PER01 / MBU / 2011 dated August 1, 2011 on Application of Corporate Governance Good (GCG) in SOEs, GCG is defined as the principles that became the basis of a process and mechanism in the company which has the principle of the rules in the enactment law and ethics in the attempt. GCG applied to Islamic banking has special characteristics that are different from conventional banks and other non-financial companies (Putra, 2019). Implementation of GCG in banking Shariah in order to make the Islamic banking

become more shar'ī for application in industrial banking Shariah must meet the principles of Shariah. Islamic bankers must really refer to economic principles and values, and Islamic business that has been implemented by Rosulullah which is identical to the spirit of Islamic Corporate Governance (Endraswati, 2017).

To maintain the trust of the Muslim community, Islamic banking is required to apply the principles of Good Corporate Governance in its management (Dewi & Utama, 2020). The application of the principles of good corporate governance in the banking Shariah governed by expressly in Article 34 Paragraph (1) of Law Number 21 Year 2008, which confirms that the Islamic banking shall implement procedures to manage that well which include the principles of transparency, accountability, responsibility responsibility, professionalism and justice in carrying out its business activities (Utama, 2020). One of the challenges of the largest in the banking Shariah associated with lack of governance governance of Shariah that good and effective (Ulfi, Mubarrok & Wahyudi, 2020). Based on the journals were used as a reference, the authors conclude that the implementation of GCG in the banking Shariah in Indonesia is still not optimal (Ardhanareswari, 2017; Setyowati, Abubakar & Rodliah, 2017; Mukhibad & khafid, 2018; Salin, 2018). Research (Salin, 2018) find that the performance of banks is not no difference before and after doing the implementation of GCG. It it can be indicated that GCG is run long and not be rated only from one period only. Research other discover execution and disclosures are included in the report layout management company with a good, but still there are some indicators that are not included in the report GCG that, so that is expected to create GCG optimum then the two companies that have to do management companies are professional and do not have a relationship affiliate between owners, supervisors and directors of the company and the board of commissioners (Ardhanareswari, 2017). On the whole, the Corporate Governance Shariah in Islamic Banking in Indonesia categorized as good, but the implementation of good corporate governance either alone is not enough to prevent the occurrence of fraud in the world of banking Shariah, because corporate governance Shariah depends on the competency of the internal organs, meaning that every internal organ Islamic banks must have multiple competencies, namely in terms of banking and business, because Islamic bank activities are activities that apply banking principles with the principle of equity (Astuti, Rozali & Cakhyaneu, 2019). Banking Shariah must be balanced with the ability of human resources both for integrating the principles of banking and the principles of Shariah. One of the human resources responsible in kesyariahan practice of Islamic banking is the Board of Trustees of Shariah. Research Mulazid (2016), shows that the system of supervision of the adherence of Shariah has been implemented by both Bank Indonesia and the Shariah Supervisory Boardto the Islamic banking Mandiri. The Shariah compliance function by the Compliance Director to all levels of Islamic banking Mandiri has been normatively implemented in accordance with the principles of compliance, compliance culture, risk management and the compliance code of ethics of Islamic banking Mandiri. While the implementation of internal audit at Islamic banking Mandiri has not run effectively. It is evidenced still finding the practice of fraud, such as the case of financing fictitious Islamic banking Mandiri Branch Office Sudirman Bogor. Thus, the implementation of Shariah compliance at Islamic banking Mandiri still needs to be improved.

3.4. The Role of DPS in Implementation of GCG

Islamic Financial Services Board (IFSB) defines Corporate Governance Syariah as the Islamic system should be based on a series of institutional and organizational arrangements have been made by the Institute of Finance Shariah (LKS) (Astuti, Rozali & Cakhyaneu, 2019). DPS Main task is to give advice to the Board of Directors related to matters of Shariah, review the guidelines and policies of Shariah and validate the documents that are relevant to the product new from service finance Shariah (IFSB, 2009). The structure of the board of supervisors of Shariah to apply the law of economy of Shariah in the transaction of business by the Shariah supervision (Rokan, 2017). Council of Ulama Indonesia (MUI) explains DPS is the body that exist at the Institute of Finance Shariah (LKS) which is in charge of overseeing the implementation of the decision of the DSN in institutions finance Shariah. DPS consists of people who have the ability, both in the field of muamalah law, economic law and banking, as well as other abilities that are relevant to their daily tasks.

DPS members must also have integrity, competence and financial reputation. DPS members are proposed by the RUPS and their placement in Islamic financial institutions must obtain DSN approval (Faozan, 2013). Function main is as an advisor and giving advice to the board of directors, led unit effort Shariah, and the leadership office of branch of Shariah on matters that related to aspects of the Shariah. DPS must refer to DSN fatwas in carrying out their duties. Many a study and assessment of the Shariah Supervisory Board at the Islamic Institute as in institutions banking Shariah, the institution of zakat, insurance Shariah and institutional endowments. Articles have tried to review the study prior related issue of DPS in the banking Shariah.

Based on Law No. 21 Year 2008, to ensure implementation of the principles of Shariah, in the activities of Islamic banking are one of the parties affiliated namely the Shariah Supervisory Board (DPS), which provides services to the

Islamic banking. Board here as a party that is responsible on information about the compliance manager of the bank will be the principles of Shariah (Faozan, 2013). Since the beginning, the Islamic banking should include the prospective member DPSnya for the requested recommendation of DSN and subsequently conducted test the feasibility and appropriateness by Bank Indonesia. As superintendent of Shariah, the function of DPS highly strategic and noble, because it involves the interests of the entire user agencies such. People of Islam will always be guided by the presence of DPS because of this is where the trust in Islamic banking are grown. The number of DPS members in Islamic banks according to PBI No. 11/3/PBI/2009, is at least two people or at most 50% of the total number of directors. Total minimum based on how much background behind what is needed and put into the business Islamic banking (Ulfi, Mubarrok & Wahyudi, 2020). Based on Bank Indonesia Circular Letter No. 12/2009, the maximum term of office of the DPS is the same as that of a member of the Board of Directors or the Board of Commissioners. Members are only allowed to concurrent positions as members of the DPS as much as possible on the two institutions banking and the two institutions finance Shariah non bank. One DPS member is allowed to hold concurrent positions as a member of the DSN. DPS members are classified as Islamic banking affiliated parties (PBI No 6). DPS is the party that ensures and oversees the conformity of bank operations and products to Shariah principles which are included in the Fatwa of the National Shariah Council (DSN) (Rahmat, 2017). DSN MUI added one role of DPS, namely conducting socialization and education to the public about Islamic banks through media that were already running in the community, such as sermons, ta'lim assemblies, recitations (DSN-MUI decisions). Or, more precisely the role of DPS according to DSN MUI that is a party which also participated marketing (marketing) Islamic banking to society.

The role of DPS in the implementation of governance governance of companies which either the Islamic banking covers control, assess and supervise the activities of the institution 's financial Shariah to ensure conformity with the principles and rules of Shariah (AAOIFI, 1999). Taking into account the role of DPS according to AAOIFI and DSN-MUI, the role of DPS in the implementation of GCG principles in Islamic banks is as follows :

1. Directing, which provide guidance, ideas, suggestions and advice to the directors of the Islamic banking on matters that relate to aspects of Shariah.
2. Reviewin, g, namely observing, examining, reviewing and assessing the implementation of the DSN fatwa in Islamic bank operations.
3. Supervising, which is carrying out the task of supervision either as active or as passive on the implementation of the fatwa DSN on the operations of Islamic banking.
4. Marketing, namely do socializing and educating the public about the Islamic banking through the media that is already running in the community, such as sermons, assemblies study groups, in study.

Islamic bankers must really refer to economic principles and values, and Islamic business that has been applied by Rosulullоh which is identical to the spirit of Islamic Corporate Governance (Endraswati, 2017). In banks conventionally, a system of governance that is good among others can be developed to clarify the functions of the authority and the pattern of the relationship between the holder of shares (Board of Commissioners) and the management of the bank. While the Islamic banking, involving over many parties because of their characteristic special of Islamic banking is an obligation to adhere to the principles of Shariah (shari'ah compliance) in running its business. The presence of DPS is a characteristic typical of government in the banking Shariah, by because the DPS play a role in the governance structure of banking Shariah (Grace, 2017).

Shariah Supervisory Board(DPS) is one of the factors important in the development of the structure of governance governance that is effective in banking. This is evidenced by research results which reveal that the role of DPS has a significant effect on the implementation of GCG (Safiullah & Shamsuddin, 2017; Wahyudin, Fachrurrozie, Nurkhin & Baswara, 2019; Zahid & Khan, 2019; Ulfi, Mubarrok & Wahyudi, 2020). In a review of the literature that do (Zahid & Khan, 2019), finding that most large articles that assessed describe DPS as a giver of advice and monitor the institutions finance Shariah that where both refer to the two functions of the main DPS on institutions banking. The study of literature are also supportive relationships are positive between governance governance Shariah with the performance of Islamic banking in Indonesia. Articles are also supported by research that is done (Ekasari & Hartomo, 2019).

The results of other studies add that DPS has the right to be blamed if there are practices that are not in accordance with Shariah principles (Astuti, Rozali & Cakhyaneu, 2019). What's more, the prevention and control of fraud should be part and sole responsibility of DPS because its existence is expected able to develop and oversee that the products and activities of institutions finance Shariah that is being controlled in accordance with the principle (Astuti, Rozali & Cakhyaneu, 2019). Besides that, the performance of DPS that much good will lead to the performance of banking Shariah that much higher (Rahman & Haron, 2019; Ulfi, Mubarrok & Wahyudi, 2020). DPS plays a very important role

in the implementation of GCG at BPRS Harum Hikmahnugraha, especially the aspect of fulfilling Shariah principles (Shariah compliance) (Rahmat, 2017). DPS is also the party that ensures and oversees the conformity of bank operations and products to Shariah principles which ultimately affects the level of public trust in Islamic bankings/BPRS Harum Hikmah Nugraha. It is can be seen from the reaction of depositors when to know when the bank is not performing with the well and the performance is not in accordance with the principles of Shariah, depositors will shift their funds to banks conventional (Rokan, 2017). Another DPS function is also to ensure that Shariah maqasid in Islamic banking is fulfilled (Mukhibad, 2019; Pertiwi, 2019). Other studies also analyze the infrastructure of Islamic banking governance in Indonesia, especially in the Shariah review process (Puspitasari & Muhammad, 2019). Based on the theory, the Shariah review function is the responsibility of the DPS. The results of the study indicate that there are internal functions in Islamic banking that play an important role in supporting DPS to conduct Shariah reviews, namely the internal audit function and the compliance function. By because it is, the procedure processes and mechanisms Shariah review by DPS relies on the function of the internal banking Shariah. Based on the Regulation of Bank Indonesia in 2004, the background behind the education of the Board of Trustees Shariah is Shariah muamalah, banking or finance in general. DPS education about banking and finance in general is still limited (Endraswati, 2017). In general, the educational background of DPS in Islamic banks in Indonesia is Islamic education muamalah. DPS who has knowledge that more good will encourage the improvement of the function monitoring. Research that is done (Grace, 2017; Pamungkas 2019) find results that are still a lot of members of DPS who was appointed only because of the charisma and his popularity in the middle of society, not because of the competence of their knowledge in the field of economics and banking Shariah. (Rokan, 2017) in his literature reveals that there are several problems in the supervision of Islamic banks by the DPS. First, most DPS have more competence in the field of law, especially fiqh muamalah, rather than competence in the banking sector in detail. Second, the implementation of supervision by the DPS is not all in accordance with the main tasks and functions as mandated by the laws and regulations. Third, a lot of DPS who do not focus on conduct supervision of Islamic banking as having positions duplicate both the institutions of government as a lecturer and also due to the activity of the organizations of the other. Fourth, the lack of advice that is related to the innovation of products and the issue needs social.

Research that is done (Putra, 2019) shows that the competence of the board of supervisors of Shariah that have expertise in the field of accounting and finance does not give effect to the behavior management of earnings on Islamic banking in Indonesia. It is can mean that there is or whether DPS who has a background expertise of accounting and finance does not give effect to the supervision of the management. The results of the study (Agustina & Maria, 2019) show that the Shariah Supervisory Board has no effect on maqasid performance. The results are concluded that the role of the DPS has not been optimal. Violation of Shariah compliance due to the lack of supervision of DPS have impact on risk management, risk the reputation of the subsequent impact on the risk of liquidity and risk more. DPS also no effect on the profitability of banks, things that indicate that the role of DPS in the banking Shariah when it is still low. Results are supported (Prabowo & Jamal, 2017) who discovered that until the moment is the role of DPS still found weaknesses. DPS is only used as an object complement in an institution banking Shariah that exist, so that the function of DPS does not run like that is supposed to be. In addition, (Nomran & Haron, 2020) highlights the importance of the size of the DPS must be in accordance with what is needed in an effort to improve the performance of Islamic banks. In particular, found that the size of the DPS optimal became five. Based on the results of several studies that, it is necessary to optimize the supervision of Islamic banking through DPS. By because it is, necessary rules to ensure DPS has competencies that are expected to conduct surveillance are correct and effective. Regulations should require DPS who are not only Shariah experts but also knowledgeable about banks with all their ins and outs.

3.5. The Role of DPS in Implementation of GCG

The application of good corporate governance which is proxied to in some aspect (besides DPS) can improve the performance of banks in terms of profitability and maqosidnya (Agustina & Mary, 2017; Ariandhini, 2019; Ekasari & Hartomo, 2019). It it proved of research (Agustina and Maria, 2017) who find that aspect of governance governance of the company that the board of commissioners of independent and dual office of the board of supervisors of Shariah proven impact significantly on the performance of maqasid syariah. Other aspects such as the structure of the board and the board of directors also have a significant effect on the performance of Islamic banking as measured by ROA (Ekasari & Hartomo, 2019). Dual post of DPS shows that the DPS has expertise in the conduct surveillance so as to encourage the performance of maqasid syariah. The composition of the board of commissioners also plays an important role in the implementation of Corporate Governance to ensure the implementation of strategy, supervise the management in managing the bank and requires the implementation of accountability. Allah SWT makes man as vicegerent on earth who were given the task to keep the earth beseta contents of all forms of damage (Surah Al

Baqarah verse 30). The board of commissioners carries out the principles of accountability and responsibility because the board of commissioners is tasked with carrying out optimal supervision and increasing profitability in a way that is recommended by Allah swt. In addition to the decision of the board of directors also are directly contributing to the performance of the bank. Furthermore, aspects of governance governance of companies such as board governance (characteristics of the board of commissioners and the characteristics of the committee audit) also affect the quality of the disclosure statements of financial (Endraswati, 2017). Both are factors that encourage management to improve company performance at the level of governance compliance (Zulfikar et al, 2020). It it indicates that if a Islamic banking has governance governance that is good, then it will affect the quality of reports of financial due will increase the transparency of the company which in the end will affect the management of earnings -related regulation of tax in decision -making. Plus more from the angle of view of the investor, the investor they will be able to see keuntugan and losses were obtained by the company from year to year to pay attention to the quality of governance governance of the company based on reports annual are generated. Further results of the study were conducted (Mukhibad, 2019) showed that the application of GCG and DPS also has a role positively in the disclosure of ethical companies. The implementation of corporate ethics disclosure has a positive influence on the performance of Islamic banking both in terms of profitability or in terms of Islamic maqasid (Islamic performance goals). However, the overall performance of Islamic maqasid has not become a concern for banks. Islamic banking in Indonesia still makes the performance of finance as a measure of performance of the bank, the same as that carried out bank conventional (Supatmi, 2007: 186).

Based on the Circular Letter of Bank Indonesia No.9/24/ DPbS of 2007, regarding the Health Assessment System for Commercial Banks Based on Shariah Principles. There are six factors assessment of health that includes factors of capital (capital), the quality of assets (asset quality), management (management), profitability (earnings), liquidity (liquidity), and sensitivity to risk market (sensitivity to market risk). To measure each factor, ratio analysis technique is used which describes the assessment of each factor (Bank Indonesia Circular, 2007: 3). Pratiwi (2016) showed that the quality of the implementation of GCG in BUS has been in accordance with 11 indicators that have been set by Bank Indonesia through regulation No. 11/33/PBI/2009 regarding the implementation of Good Corporate Governance for Islamic Commercial Banks. In partial influence the quality of corporate governance on the performance of financial, concluded that the quality of the implementation of GCG influence positively significant to the CAR and the NPF, but affect negatively significantly to the ROA and ROE. In addition, from the results of the study, it is known that the quality of GCG implementation has no effect on NIM and FDR, but the quality of GCG implementation has a positive effect. On the other hand there are differences in research results from several previous studies. Research (Pamungkas, 2019) found that Corporate Governance has no effect on the financial performance of Islamic banking in Indonesia. Some aspects of the system to manage the used variables such as the structure of ownership and the size of the board does not affect the NPF and ROA entire banking Shariah in Indonesia. In contrast with research Mukhibadd & Khalid (2018) which prove it empirically that GCG as a whole has the effect that significant to the profitability of banks. Furthermore, it proves that there is a positive relationship between DPS performance figures and profitability measured using ROA and ROE. From several studies it can be concluded that the GCG does not affect directly to the performance of the bank, but the role of DPS to upholding GCG give effect positively on the performance of banks and Maqasid Shariah. Lastly, the implementation of good corporate governance in the banking Shariah, especially in Indonesia in the future not only to achieve the purpose of the performance of banks that are quantitative alone, but also should pay attention on the terms maqashid Shariah although so far this has been no progress on the five years prior, where some institutions banking has been applying the system its governance with good, but expected all Islamic banking to carry out the regulation of the order in accordance with the purpose of banking Shariah that

4. CONCLUSION

The implementation of GCG in Islamic banks must be based on five principles, namely transparency, accountability, responsibility, professionalism and fairness. In order to implement the five principles of Islamic banking must meet the principles of Shariah. The results of the analysis found that the implementation of GCG in Islamic banking is quite good but still not effective. It is caused due to the mechanism of governance is still not fully correspond principles of Shariah Therefore, the role of DPS in the implementation of GCG has become very important and should be optimized. Optimizing the role of DPS can be done by making regulations or Standard Operating Procedures are more robust and detailed in order to ensure the DPS has the competence that good and responsible role in the conduct of surveillance. Furthermore, it is necessary to transform Islamic corporate culture and improve the quality of human resources in order to create a healthy supervision and GCG climate for Islamic banks in Indonesia. In addition to that, the auditors

externally also have to work together with the DPS and correlate the work to get the confidence that the presentation of the statement of financial had a level of disclosing and transparency are adequate. Matters of things are important to do in order to be able to detect and avoid the occurrence of any of governance and fraud and the failure of systems and procedures at the Islamic banking. From several studies it can be concluded that the GCG does not directly affect to the performance of the bank, but the role of DPS to upholding GCG give effect positively on the performance of banks and Maqasid Shariah.

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