

Research Article

Sharia Compliance in Micro Waqf Bank Business Activities: A Study of Protection of Consumer's Spiritual Rights

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ABSTRACT

The emergence of conventional financial institutions before sharia financial institutions affects the development of the two financial institutions to be different. Another factor is the public's cynicism or skepticism towards Islamic financial institutions which assume that the two financial institutions are the same. Thus, the purpose of this study was to analyze the implementation of sharia compliance policies as an effort to improve the development of Islamic financial institutions and consumer protection in Indonesia. This research focused on the Micro Waqf Bank as a Micro Financial Institution that applies sharia principles using statutory and conceptual approaches. In Indonesia, the sharia compliance policy of the Micro Waqf Bank has been regulated in the laws and regulations related to Micro Financial Institutions. The implementation of sharia unity is an effort to reduce cynicism in Islamic financial institutions and to provide protection to consumers' special rights in the form of spiritual rights that every Muslim has to carry out his religion perfectly (kaffah). Sharia compliance policy is the result of the transformation of the DSN-MUI Fatwa into the form of legislation to make it more binding and applicable in the business activities of Micro Waqf Bank.

Keywords: Sharia Compliance; Micro Waqf Bank; Spiritual Rights; Consumer protection.

A. INTRODUCTION

Financial service industry in Indonesia is not only located in city centers, but spreads to remote areas in Indonesia. This remote area is generally dominated by cooperatives and other microfinance institutions (Ramadhan & Sukmana, 2019). Micro Finance Institutions have a special market, namely "people with lower middle income or micro, small and medium enterprises (MSMEs)" (Adusei & Obeng, 2019). The existence of Microfinance Institutions in an area has an effect on the community economy (Pignatel & Tchougoua, 2020). Micro Finance Institutions are considered capable of providing

access to micro-scale funding for people who have difficulty getting access from financial institutions in general such as banks (Malikov & Hartarska, 2018). In contrast to banking, Microfinance Institutions are categorized as non-banking financial institutions, but they play an equally important role in the development / growth and traffic of the community's economy as well as for the country. One of the differences between banking and microfinance institutions is the variety and products offered to the public. Banks can channel and raise funds, while Microfinance Institutions are more directed at channeling funds only (Rizky, 2014).

In Indonesia, one example of a Micro Financial Institution is Micro Waqf Bank (Nur, Muharrami & Arifin, 2019). Micro Waqf Bank in Indonesia is a financial institution that carries out its business activities according to the principles of Islamic law or sharia principles. Micro Waqf Bank aims to encourage the economic growth and development of the people / society who have experienced difficulties in obtaining capital in banking financial institutions by providing cheap and easy access to capital to finance their business. Based on OJK Press Release No. 56 / DHMS / OJK / XI / 2019, until October 2019, the existence of Micro Waqf Banks in Indonesia has numbered 54 spread throughout Indonesia.

Micro Waqf Bank business activities aim to comprehensively support "unbankable" communities. Unbankable society is a society that has difficulty in accessing bank financing, because it does not meet the requirements of the bank as a customer of banking financing services. This requirement is known as the "5C's of Credit" which contains "Character, Capacity, Capital, Condition, and Collateral". Therefore, the main objective of the Micro Waqf Bank is to "increase access to micro-scale funding for the community, to help increase economic empowerment and community productivity, and to help increase the income and welfare of low-income people".

The legal basis for the business activities of Micro Waqf Bank is contained in "Law Number 1 of 2013 concerning Micro Financial Institutions (Law on Microfinance Institutions)". The Law on Microfinance Institutions explicitly does not define the definition of

Micro Waqf Bank, but when viewed from Article 1 of the law, it can be defined that Micro Waqf Bank is a "financial institution specifically established to provide business development services and community empowerment through financing in micro business micro scale to society based on sharia principles ". It is also emphasized in Article 12 of the Law on Microfinance Institutions that "Micro Waqf Bank business activities based on sharia principles must be carried out in accordance with the sharia fatwa issued by the DSN-MUI or the National Sharia Council, Indonesian Ulama Council".

Even though the business activities of Micro Waqf Bank in Indonesia are based on sharia principles, many studies revealed that many people show a skeptical attitude towards Islamic financial institutions (Attamimi, Disemadi & Santoso, 2019). Public perceptions or views on Islamic financial institutions are considered to be the same as other conventional financial institutions (Ismanto, Nasrullah & Nalim, 2017). This problem arises because of the lack of public awareness and trust in Islamic financial institutions. The cynicism or skepticism of the community is closely related to the influence of the capitalist economy that lives in the community, especially the assumption that "there is no financial institution without interest". Therefore, the players of Islamic financial institutions, especially Micro Waqf Banks are required to direct their business activities on a national scale, so this is deemed necessary to increase the market share of the Micro Waqf Bank in order to attract public trust.

Apart from the problem, there is still a lack of trust and public awareness of financial institutions that apply sharia principles, so it is considered necessary and important to have a research aimed at examining and revealing compliance with sharia principles in the business activities of Islamic financial institutions, particularly Micro Waqf Bank. The formulations of the problems in this study are: how the sharia compliance policy is in the business activities of Micro Waqf Bank in Indonesia, and how the contextualization of sharia compliance is to the protection to consumer rights, especially the spiritual rights of Muslim consumers.

Previous research that focused on the activities of Micro Waqf Bank as a Micro Financial Institution was carried out by Hari Sutra Disemadi and Kholis Roisah in 2019 which revealed "the business activity policy of Micro Waqf Bank is a solution in empowering the community's economy in Indonesia" (Disemadi & Roisah, 2019); Asih Widyanti conducted a research in 2020 which focused on "the strategy of Micro Waqf Bank in increasing the number of consumers" (Widyanti, 2020); Wizna Gania Balqis and Tulus Sartono in 2019 who revealed "Micro Waqf Bank business activities as a means of empowering micro, small and medium enterprises" (Balqis & Sartono, 2019); Biswajit Ghose, Joplinshisha Paliar, and Liha Mena in 2018 focused on "examining the effect of legal status on the performance of Microfinance Institutions in India" (Ghose, Paliar & Mena, 2018); in the research conducted by Mia in 2016, the study focused on "the legal status of Microfinance Institutions in

Bangladesh" (Mia, 2016); Brands Hudon and Anais Perilleux in 2014 focused on evidence of microfinance in improving social enterprises (Hudon & Perilleux, 2014). Referring to the previous studies, there is a similarity in the research themes, namely on microfinance institutions, but current research emphasized the sharia compliance of Micro Waqf Bank as an effort to protect consumers' spiritual rights. This research was intended to provide literacy and a deeper understanding to the public regarding the Micro Waqf Bank as a financial institution that applies sharia principles in Indonesia.

B. RESEARCH METHODS

Answering the problems raised in this study, a research method is needed. The research method was a normative legal research method that emphasized secondary data or the data obtained indirectly. The secondary data were in the forms of laws and regulations related to Micro Waqf Banks, scientific research articles, and other secondary data related to this research. The secondary data was obtained through literature study techniques which were then analyzed descriptively-qualitatively. The research approach used was "statutory approach" and "conceptual approach". Statutory approach is an "approach that refers to the provisions of laws and regulations", while conceptual approach "is a research approach used in understanding the theory and concepts as the basis for research".

C. RESULTS & DISCUSSION

1. Sharia Compliance in Micro Waqf Bank Business Activities in Indonesia

Conceptually, the presence of financial institutions that apply the values of Islamic law or better known as sharia principles in Indonesia is in accordance with the needs and demands of the times. This sharia principle is the main differentiator from conventional financial institutions. The examples of business activities of financial institutions that apply sharia principles are prohibited from containing the elements of Maisir (gambling or making easy profits), Gharar (containing uncertainty, or betting), and Riba (additional assets or debt capital) (Mandiri Syariah, 2017). The presence of sharia principles is a historical obligation to grow into a financial institution that provides other alternatives and solutions for society (Nurhisam, 2016). Micro Finance Institutions, particularly the Micro Waqf Bank as an Islamic financial institution, exist based on "Article 33 paragraph (1) and paragraph (4) of the 1945 Constitution of the Republic of Indonesia (UUD NRI 1945)". Article 33 paragraph (1) of the 1945 Constitution of the Republic of Indonesia states that "the economy is structured as a joint effort based on the principle of kinship", then Article 33 paragraph (4) of the 1945 Constitution of the Republic of Indonesia states that "the national economy is organized based on economic democracy with the principles of togetherness, efficiency, justice, sustainable, environmentally sound, self-reliant, and by maintaining a balance between progress and national economic unity". Conceptually, the presence of

Micro Waqf Bank is a form of government commitment in empowering the community, especially those who run "MSMEs or micro, small and medium enterprises". This empowerment is carried out by means of "ease of doing business" or providing ease of doing business to the community by providing easy access to finance / capital (Taufiq, 2020).

Micro Waqf Bank as part of the national financial sector plays a very urgent / important role in growing or encouraging the improvement of the people's economy in Indonesia. Therefore, in meeting the needs of the community, especially low-income people, a Law on Microfinance Institutions was drafted to provide a "legal basis" and "legal certainty" for the business activities of Micro Waqf Bank. Referring to the explanation of the Law on Microfinance Institutions, the presence of this law aims to: "1) Facilitate the access of the poor and / or low-income people to obtain micro loans / financing; 2) Empower the economy and productivity of the poor and / or low-income people; and 3) Increase the income and welfare of the poor and / or low-income people".

Currently, the establishment of a Micro Waqf Bank is required to be in the form of a cooperative legal entity, and this is in line with Article 4 and Article 5 of the Law on Microfinance Institutions which states that "the establishment of a Micro Financial Institution must be a legal entity either in the form of a Cooperative or a Limited Liability Company". Therefore, there are legal consequences for the business activities of Micro Waqf Bank. For example,

there is a dualism of regulation requiring Micro Waqf Bank to comply with the "Micro Finance Institution Law" and "Law 17 of 2012 concerning Cooperatives" (Prananingtyas & Disemadi, 2020). In addition to regulating the legal form of the Micro Waqf Bank, the Micro Finance Institution Law also provides freedom for Micro Finance Institutions to carry out their business activities conventionally or based on sharia principles, this refers to Article 11 and Article 12 of the Micro Finance Institution Law.

Micro Waqf Bank is a financial institution that is present around Islamic boarding schools and capitalizes on funds from community waqf, both individuals and companies (Nurhayati, 2019), so it requires this financial institution to apply sharia principles in running its business (Disemadi & Santoso, 2019). The application or fulfillment of sharia values in the business activities of Micro Waqf Bank is a form of sharia compliance which is a distinguishing aspect between the conventional financial institution system and the syariah financial institution system in Indonesia (Sukardi, 2012).

In terminology, compliance can be defined as a "specification, standard, or law" that has been clearly regulated so that "the compliance function is a preventive oversight in risk management" (Waluyo, 2016). Then, it is stated that "sharia compliance is an absolute requirement that financial institutions carry out their business activities based on sharia principles" (Kasim & Bukido, 2018). The fulfillment of these sharia values is a characteristic of Islamic financial institutions that have a form of integrity and credibility (Waluyo, 2016). Therefore, it can be

understood that the sharia compliance is the fulfillment of sharia values in the business activities of Islamic financial institutions, which make Islamic law the foundation "(Nurhisam, 2016).

Sharia compliance is one of the main issues related to Islamic financial institutions (Setyowati, Islamiyati & Putra, 2020). Ro'fah Setyowati in her research results in 2017 emphasized that "sharia compliance is a logical consequence of the emergence of discourses on business that refers to the Islamic financial system" (Setyowati, 2017). In short, The sharia compliance is considered as if it were present as an additional burden for Islamic financial institutions, especially the Micro Waqf Bank. On the other hand, financial institutions such as Micro Waqf Bank are also the object of supervision of the implementation of compliance with Islamic law values or sharia principles (Kasim & Bukido, 2018). Therefore, sharia compliance for Islamic financial institutions is very important because it has legal consequences. The failure to comply with sharia compliance will cause fundamental problems related to the legality of a financial institution that can be said to be a sharia financial institution (Setyowati, Islamiyati & Putra, 2020).

Reflecting on Articles 11, 12 and 13 of the Law on Microfinance Institutions, Micro Waqf Bank business activities must be carried out in accordance with the DSN-MUI Fatwa. In addition, Micro Waqf Bank "is required to establish a Sharia Supervisory Board which is tasked with providing advice to the management as well as supervising Micro Waqf Bank activities to comply with sharia principles" so that

sharia compliance can be realized in the business activities of Micro Waqf Banks.

Micro Waqf Bank is a unique financial business compared to other conventional financial institutions because there are demands for sharia compliance with sharia principles (Disemadi & Roisah, 2019). Then, in a straightforward way, it can be stated that "Sharia compliance is a *raison detre* for Micro Waqf Bank ". Sharia compliance is manifested by the fulfillment of sharia principles in all activities carried out as a manifestation of the characteristics of Micro Waqf Bank. For Micro Waqf Bank consumers, sharia compliance is a manifestation of the credibility and integrity of the Micro Waqf Bank so that in carrying out transactions between Micro Waqf Bank and consumers or third parties it remains centered on Islamic Law. The existence of sharia compliance in financial institutions is aimed at people who want to implement Islamic Law perfectly (*kaffah*), including in terms of managing funds through the Micro Waqf Bank (Rozalinda & Nurhasnah, 2020).

The Islamic law is a law based on or derived from "Al-Qur'an, Sunnah, and other sharia principles". In Indonesia, implementing Islamic Law in financial institutions such as Micro Waqf Bank carried out technically, such as making binding regulations and providing legal certainty in the form of laws, implementing regulations, or in the form of other regulations issued by independent bodies such as DSN- MUI (Balqis & Sartono, 2019).

Sharia compliance regulations related to Micro Waqf Bank business activities are contained in the Micro Finance Institution Law which "requires the

implementation of Micro Waqf Banks in accordance with the DSN-MUI Fatwa", and "Micro Waqf Banks are required to establish a Sharia Supervisory Board". In Indonesia, the Sharia Supervisory Board in Islamic financial institutions, especially Micro Waqf Bank, is performed by the National Sharia Board which consists of the experts in the field of "sharia muamalah" who also have knowledge in the field of economics. In carrying out its duties, the Sharia Supervisory Board plays an important and strategic role in overseeing Islamic financial institutions such as Micro Waqf Banks, and the Sharia Supervisory Board must follow the DSN-MUI Fatwa (Mujib, 2017). DSN-MUI is the highest authority that issues regulations regarding the suitability of products, both goods and / or services of sharia financial institutions, which of course must comply with sharia principles. The roles of the Sharia Supervisory Board towards micro Waqf Bank as a sharia financial institution are (Mujib, 2017): "1) Supervising the planning and operations of Micro Waqf Bank; 2) Providing advice and suggestions to the Micro Waqf Bank on matters related to sharia; 3) Providing a sharia opinion that has been discussed carefully and deeply regarding the position or provisions of sharia; and 4) Mediator of the relationship between the Micro Waqf Bank and the National Sharia Council, especially in every effort to develop products and services that need to obtain a fatwa from the National Sharia Council ".

In addition to the Law on Microfinance Institutions, the regulations related to sharia compliance of Micro Waqf Bank are also contained in "Government Regulation Number 89 of 2014

concerning Loan Interest Rates or Financing Returns and the Extent of Business Areas of Micro Financial Institutions", "Financial Services Authority Regulation Number 62 / POJK .05 / 2015 concerning Amendments to the Financial Services Authority Regulation Number 13 / POJK.05 / 2014 concerning the Implementation of Microfinance Institutions Business (POJK No. 62 / POJK.05 / 2015) "," Financial Services Authority Regulation Number 61 / POJK.05) / 2015 concerning Amendments to the Financial Services Authority Regulation Number 12 / POJK.05 / 2014 concerning Business Licensing and Institutional Microfinance Institutions (POJK No. 61 / POJK.05 / 2015 "and" Financial Services Authority Regulation Number 14 / POJK.05 / 2014 concerning Development and Supervision of Microfinance Institutions (POJK No. 14 / POJK.05 / 2014) ".

Some of the regulations above are the regulations that transform the DSN-MUI Fatwa into more binding regulations and can be implemented by Micro Waqf Bank as a financial institution that is obliged to apply sharia principles. The stipulation of "Laws, Government Regulations, Financial Services Authority Regulations, and DSN-MUI Fatwa" has a relationship to the sharia compliance function of Micro Waqf Bank and provides strengthening of Micro Waqf Bank institutions in providing services and public trust in the presence / existence of Micro Waqf Bank as a sharia financial institution (Waluyo, 2016).

Reaffirming the DSN-MUI Fatwa which is transformed into the binding legislation related to Micro Waqf Bank business activities, one of which

can be seen from Article 13 POJK No. 62 / POJK.05 / 2015 which requires "Micro Waqf Bank to use a contract or agreement in accordance with sharia principles". For example, a business activity of "financing disbursement is performed using the contracts of mudharabah, musyarakah, murabahah, ijarah, salam, istishna, ijarah muntahiah bit tamliq, or other contracts that are not against the principles of sharia". Another example is emphasized in "consulting services and business development as a business activity for Micro Waqf Bank carried out using an ijarah, ju'alah, or other contracts that does not conflict with sharia principles".

The transformation of the DSN-MUI Fatwa into POJK No. 62 / POJK.05 / 2015 above has been clearly mentioned by Hari Sutra Disemadi and Kholis Roisah in their previous research in 2019. From this research, it was found that the provision of "financing is mudharabah regulated in Fatwa DSN No: 07 / DSN-MUI / IV / 2000 regarding Mudharabah (Qiradh Financing)"and" Fatwa DSN-MUI No: 115 / DSN-MUI / IX / 2017 concerning Akad Mudaraba". The provisions of "Musharaka financing are regulated in Fatwa DSN No: 08 / DSN-MUI / IV / 2000 concerning Musharaka Financing" and "DSN-MUI Fatwa No: 105 / DSN-MUI / X / 2016 concerning Guarantee of Returns on Mudharabah, Musharaka. and Wakalah Num Istitsmar" Financing Capitals. The provisions of "murabahah are regulated in the DSN Fatwa No: 04 / DSN-MUI / IV / 2000 concerning Murabahah" and the "DSN-MUI Fatwa No: 84 / DSN-MUI / XII / 2012 concerning the Method of Profit Recognition of AL-Tamwil bi Al-Murabahah (Murabahah Financing) in

Sharia Financial Institutions". The provisions regarding "ijarah financing are regulated in the DSN Fatwa No: 09 / DSN-MUI / IV / 2000 concerning Ijarah Financing" and "DSN-MUI Fatwa No: 112 / DSN-MUI / IX / 2017 concerning Akad Ijarah". The terms of Salam Contract are stipulated in "Fatwa DSN No: 05 / DSN-MUI / IV / 2000 concerning Salam Buying and Selling". The provisions of the "istishna contract" are stipulated in the DSN Fatwa No: 06 / DSN-MUI / IV / 2000 concerning Istishna Sale and Purchase" and "DSN Fatwa No: 22 / DSN-MUI / III / 2002 concerning the Parallel Sale and Purchase of Istishna". Meanwhile, "Akad ijarah muntahah bit tamlik is a new contract made by the Sharia Financial Institution with the customer (ex-murabahah) which is mentioned in the DSN Fatwa No: 49 / DSN-MUI / II / 2005 concerning the Conversion of Akad Murabahah" (Disemadi & Roisah, 2019).

The DSN-MUI fatwa in Indonesia is an actualization of the reflection of sharia compliance, even though the position of the DSN-MUI Fatwa itself is not contained in the legal hierarchy in Indonesia (Kurrohman, 2017). Therefore, the transformation of the DSN-MUI Fatwa into a Financial Service Authority Regulation regarding the business activities of Micro Waqf Bank makes the DSN-MUI Fatwa the main source guideline in implementing sharia compliance which is more binding and can be implemented by Micro Waqf Bank as a sharia financial institution in Indonesia.

2. Contextualization of Sharia Compliance to the Protection of Consumer's Spiritual Rights

The studies related to sharia compliance in the activities of Micro Waqf Bank are in line with the idea of "Pluralistic Spiritual Law" introduced by Esmi Warasih (Setyowati, 2017). Pluralistic spiritual law can be understood as "the thoughts that try to reflect spiritual values into law so that the law can act as a more humanist product".

The implementation of sharia compliance in the business activities of Micro Waqf Bank has juridical consequences for several aspects, including the aspects of consumer protection. Fundamentally, "rights are a normative element that functions as a guideline for behavior, protection of freedom, and an immunity in ensuring protection for humans in maintaining their dignity" (Attamimi, Disemadi & Santoso, 2019). In connection with the business activities of Micro Waqf Bank as part of sharia financial institutions in Indonesia, every consumer has the "right to legal certainty in guaranteeing the protection of their rights" as emphasized by "Article 1 number (1) of Law Number 8 of 1999 concerning Consumer Protection (Consumer Protection Law)".

Referring to Article 1 paragraph (2) of the Consumer Protection Law, it is affirmed that "a consumer is every person who uses goods and / or services available in society, for the benefit of himself, family, other people or other living creatures and not for sale". Therefore, the consumers of Micro Waqf Bank are protected from every action of the Micro Waqf Bank business activity actors as part of the producer of goods or services, which are

generally referred to as the name of the business actors (Sugiarto & Disemadi, 2020). The objectives of consumer protection include "1) Increasing consumer awareness, ability and independence to protect themselves; 2) Elevating the dignity of consumers by avoiding them from negative access to the use of goods and services; 3) Increasing consumer empowerment in choosing, determining and demanding their rights as consumers; 4) Creating a consumer protection system that contains the elements of legal certainty and information disclosure as well as access to information; 5) Raising awareness of business actors regarding the importance of consumer protection so that an honest and responsible attitude will grow in doing business; and 6) Increasing the quality of goods and services that ensure the continuity of the business of producing goods and services, health, comfort, safety and consumer safety. These consumer protection objectives are contained in Article 3 of the Consumer Protection Law.

Consumer protection of Micro Waqf Bank as a financial institution includes general and specific protection (Disemadi & Ningsih, 2020). Protection of a general nature is "protection of consumer material, in the form of safety of consumer funds, transparency of information, advocacy and so on". Meanwhile, the protection that is of a special nature is "protection of the spiritual rights of consumers" (Setyowati, 2017). The protection of spiritual rights was stated by Ro'fah Setyowati in 2009. In understanding "spiritual rights", it is necessary to understand the meaning of "spiritual" itself. Etymologically, spiritual can be

interpreted "as something that is fundamental, important, and able to move and lead a person's way of thinking and behaving" (Setyowati, 2016). Therefore, spiritual is a human need that includes inner life such as idealism, attitudes, thoughts, feelings and expectations (Setyowati, 2016).

Basically, spiritual rights are "the rights in the spiritual aspect that every human being has" (Setyowati, 2017). In the context of consumer protection, the Consumer Protection Law in Indonesia has recognized the existence of this spiritual consumer right. This is confirmed in Article 2 of the Consumer Protection Law related to the principle of consumer protection, namely "consumer protection based on benefits, justice, balance, security and consumer safety, as well as legal certainty".

Referring to the elucidation of Article 2 of the Consumer Protection Law, it is emphasized that "the principle of balance is intended to provide a balance between the interests of consumers in a material or spiritual sense". The spiritual aspect based on this law has been clearly emphasized and is part of the principle of balance of consumer protection although until now its existence has not been realized by many businesses and consumers (Setyowati, 2017). This is because, when formulating consumer rights, this aspect of spirituality is lacking and not even explicitly accommodated, as intended in the balance principle of the Consumer Protection Law in Indonesia (Sugiarto & Disemadi, 2020). This spiritual right expressed by Ro'fah Setyowati has a special concept and is different from other terms of consumer rights

that have been previously known by the community. Consumer rights in Article 4 of the Consumer Protection Law only describe in general terms and are not related to spiritual aspects or spiritual rights.

In Indonesia, the use of the term "spiritual rights" also serves to introduce the extent to which consumer rights protection has been regulated and recognized by the Consumer Protection Law. The scope of this right has a target not only of material consumer rights, but also the consumer rights related to spiritual aspects (Sugiarto & Disemadi, 2020). Therefore, it can be said that "spiritual rights are the rights of everyone, not limited to those who are Muslims, because spirituality is one of the universal aspects of human being" (Setyowati, 2017). One form of protection of spiritual rights for consumers in the business activities of financial institutions is the application of sharia pillars (the components of Islamic teachings that regulate human life) such as the prohibition of containing the elements of Maisir, Gharar, and Riba in their business activities (Mandiri Syariah, 2017).

Protection of the spiritual rights of consumers related to the business activities of Micro Waqf Bank can be in the form of implementing sharia compliance (application of Islamic values), which has been guaranteed by "Consumer Protection Law, Law on Microfinance Institutions, Government Regulation no. 89 of 2014, POJK Number 62 / POJK.05 / 2015, POJK No. 61 / POJK.05 / 2015, and POJK No. 14 / POJK.05 / 2014 ". Therefore, sharia compliance which is a logical consequence of sharia financial business activities, especially Micro Waqf Bank,

needs to be implemented, considering that sharia compliance is an inherent right or need for every consumer who declares Islam (Setyowati, 2017).

As an effort to protect the spiritual rights of consumers, therefore Micro Waqf Bank is obliged to implement special criteria in accordance with Islamic Law, namely based on the Al-Quran and Sunnah. These criteria do not contain elements of "usury, uncertainty (ghoror), speculation (masyir), hiding damage / defects (tadlis), harming other parties (Dharar), and avoid things that are haram "(Wahyuni, 2019). In addition, Micro Waqf Bank is required to use a contract or agreement in accordance with sharia principles in its business activities such as using the contracts of mudharabah, musyarakah, murabahah, ijarah, salam, istishna, ijarah muntahiah bit tamliq, or other contracts that do not contradict sharia principles in the distribution of financing, and for consulting and development services, the Micro Waqf Bank is required to use the "ijarah, ju'alah contract, or other contracts that does not conflict with sharia principles".

From the rationality described above, there is a stronger argument for implementing sharia compliance in the business activities of Micro Waqf Bank as an approach to protecting spiritual rights for consumers, because sharia compliance is a manifestation of the fulfillment of sharia principles. As previously mentioned, sharia compliance is "a logical consequence of using guidelines that are legally adopted as guidelines and an absolute requirement for Micro Waqf Bank as a sharia financial institution" in carrying out its business activities. Then, the

provisions of the DSN-MUI Fatwa, which have been transformed into more binding regulations such as laws or regulations from the Financial Services Authority regarding the business activities of Micro Waqf Bank, are a form of guaranteeing the protection of consumers' spiritual rights. Therefore, attention to the protection of the spiritual rights of consumers is needed to build a Micro Waqf Bank as an Islamic-based Micro Finance Institution in order to have high credibility.

The demands for sharia compliance in the operations of Micro Waqf Bank do not only include the products offered, but include systems, techniques, and institutional identities (Setyowati, Purbasari & Fauzan, 2018). Therefore, the culture of financial institutions, including clothing, decorations, and images are aspects of sharia compliance in the micro Waqf Bank which aims to create a collective morality and spirituality, which when combined with the production of goods and services, will sustain progress and growth. The Micro Waqf Bank itself also provides protection for consumers who want to practice religion "kaffah" or perfectly. The implementation of sharia compliance is also expected to minimize cynicism or public skepticism towards Islamic financial institutions which are considered to be the same as

D. CONCLUSION

Based on this research, it can be concluded that Micro Waqf Bank is a part of Micro Finance Institution that applies sharia principles. The business activity of Micro Waqf Bank is an implementation of

the 1945 Constitution of the Republic of Indonesia in the welfare of the poor or low-income people. There is a dualism in regulating the business activities of Micro Waqf Bank, namely the Microfinance Institution Law and the Cooperative Law. Even so, it does not affect the purpose of Micro Waqf Bank in providing financing to reduce poverty inequality in the community.

Micro Waqf Bank as a sharia financial institution is required to implement sharia compliance in its business activities. This sharia compliance is an effort to reduce the cynicism or skepticism of the public who think that Islamic financial institutions are the same as conventional financial institutions. The implementation of sharia compliance in Micro Waqf Bank also aims to protect the special rights of consumers, namely spiritual rights. Spiritual rights are the rights that every Muslim has to practice his religion perfectly (kaffah) in the economic field. In Indonesia, spiritual rights are part of consumer rights related to the aspects of spirituality which reflect the principle of balance and are recognized in the Consumer Protection Law.

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