

Analysis of the Development of Islamic Banking Regulation in Indonesia: Opportunities and Challenges

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ABSTRACT

Islamic banking in Indonesia is growing rapidly along with increasing public awareness of the Islamic-based financial system. Regulations governing this sector play an important role in driving the growth of the Islamic banking industry. This study aims to explore the development of Islamic banking regulations in Indonesia and identify opportunities and challenges in their implementation. Using a qualitative approach through literature studies and policy analysis, this study examines various regulations issued by the government and related authorities, such as the Islamic Banking Law, regulations from the Financial Services Authority (OJK), and fatwas from the National Sharia Council-Indonesian Ulema Council (DSN-MUI). The results of the study show that regulatory developments have provided a stronger legal basis for this industry, especially in terms of capital, transparency, and supervision. These regulations create various opportunities, including increasing public trust, expanding the market, and innovating Islamic financial products. However, there are challenges that need to be overcome, such as gaps in the implementation of regulations, low Islamic financial literacy, and competition with conventional banking. In addition, harmonization of regulations between related institutions is needed to improve the effectiveness of supervision and compliance with Islamic principles.

Keywords: Islamic banking, regulation, challenges, opportunities

INTRODUCTION

Islamic banking in Indonesia has experienced rapid growth since the early 1990s. Efforts to establish a sharia-based bank began in the 1980s through various discussions that discussed Islamic banking as part of the Islamic economy. As a form of experiment, this concept is implemented on a limited scale, such as in Bandung through Bait at-Tamwil Salman ITB and in Jakarta through cooperative Ridho Gusti. An important milestone in the history of Indonesian Islamic banking occurred in 1991 with the establishment of Bank Muamalat Indonesia, which became the first Islamic banking institution in the country. Since then, the sector has continued to



grow, driven by increasing public awareness of the importance of a Shariah-compliant financial system. This development is also reflected in the increasing number of Islamic banks and Islamic business units operating in Indonesia. Based on data from the Financial Services Authority (OJK) as of December 2020, there are 14 Sharia commercial banks, 20 Sharia business units, and 163 Sharia people's financing banks active in Indonesia. Total assets of Islamic banking reached Rp593.6 trillion, equivalent to 6.51% of the total assets of national banks, showing a significant increase from previous years as well as increasing public confidence in the industry.¹

The growth of Islamic banking in Indonesia can not be separated from the support of government regulation. Law No. 21 of 2008 on Islamic Banking became the main legal basis governing the operations of Islamic banks in Indonesia. This regulation provides legal certainty and encourages the development of the Islamic banking industry. In addition, the establishment of the Financial Services Authority (OJK) in 2011 through Law No. 21 of 2011 strengthened supervision of the financial services sector, including Islamic banking. OJK is responsible for regulating and supervising the financial industry in order to maintain the stability and integrity of the national financial system. With clear regulations and strict supervision, Islamic banking in Indonesia has a solid foundation to continue to grow and contribute to the national economy.²

However, despite the rapid growth, Islamic banking still faces various challenges. One of the main obstacles is the low level of Sharia financial literacy in the community. Many people still do not understand the difference between Islamic and conventional banking systems, including the products offered. This lack of understanding hinders the expansion of the Islamic banking market and slows its growth. In addition, competition with more established conventional banking is a challenge. In order to attract more customers, Islamic banking needs to present innovative and competitive products and services. Another challenge is the limited human resources who have a deep understanding of Islamic finance. The lack of professionals who master the principles of Sharia and have expertise in the banking sector requires capacity building and more intensive education programs.³

On the other hand, there is a great opportunity for Sharia banking to continue to grow. With the largest Muslim population in the world, Indonesia has a broad market potential for sharia-based products and services. In addition, the global trend of focusing on sustainable and ethical finance in line with Sharia values, opens up opportunities for Islamic banking to attract interest not only from Muslims, but also the general public who are interested in socially responsible

¹ Neni Sri Imaniyati, "Perkembangan Regulasi Perbankan Syariah Di Indonesia : Peluang Dan Tantangan," *Jurnal Ekonomi & Bisnis* 1, no. 1 (2008): 20–39.

² Sofyan Al-Hakim, "Perkembangan Regulasi Perbankan Syariah Di Indonesia," *Ijtihad: Jurnal Wacana Hukum Islam Dan Kemanusiaan* 13, no. 1 (2013): 15, <https://doi.org/10.18326/ijtihad.v13i1.15-31>.

³ Bagus Indratno, "Peluang Dan Tantangan Perbankan Syariah Di Indonesia," *Majalah Ilmiah Ekonomika* 13, no. 2 (2010): 47–74.

investments. Government support in the form of policies and strategies, such as the Indonesian Sharia economic Masterplan 2019-2024, is also an important factor in encouraging the development of this industry. By utilizing these opportunities, Islamic banking in Indonesia has the potential to grow more rapidly and contribute more to the national economy.⁴

Sharia banking regulation in Indonesia also faces challenges in terms of alignment with conventional banking regulations. The difference in operational principles between these two systems requires more specific regulations and in accordance with their individual characteristics. However, in practice, there are often overlaps or discrepancies in regulations, which can hinder the smooth operation of Islamic banking. Therefore, efforts are needed to align policies in order to support the growth of Islamic banking without contradicting the underlying principles of Sharia. Another challenge is adaptation to technological developments and digitization. Islamic banking needs to keep up with the development of the financial technology (fintech) industry and ensure that applicable regulations can accommodate these innovations without violating sharia principles. This requires collaboration between regulators, industry players, and academics in formulating policies that are responsive to the dynamics of the financial industry.⁵

The development of Islamic banking in Indonesia is also influenced by the increasingly massive integration of digital technology in the financial sector. Digitalization opens up great opportunities to improve operational efficiency, expand the range of services, and strengthen Islamic financial inclusion. Innovations such as mobile banking, sharia-based digital financial services, to the use of artificial intelligence in risk management began to be adopted by several Islamic banking institutions. Nevertheless, challenges in the digitalization of Islamic banking remain, such as the need for guarantees that any technological innovations implemented do not conflict with Sharia principles. Therefore, collaboration between regulators and industry players is needed to develop technology implementation guidelines that are in accordance with Sharia maqashid (Sharia objectives), and encourage the emergence of innovative and inclusive Sharia fintech.⁶

Furthermore, strengthening the aspects of Islamic financial education and literacy in the community is a strategic agenda in expanding the user base of Islamic banking. This effort can be done through cooperation between the government, educational institutions, and the industrial sector to create a sustainable Islamic financial education ecosystem. Increasing Sharia financial

⁴ Camelia Risma, "Inovasi Dan Tantangan Perbankan Syariah Di Era Digital," *Kompasiana.Com* 3 (2024): 113–22.

⁵ Pulun Pradana Putra and Nurullia Febriati, "Peluang Dan Tantangan Perbankan Syariah Di Indonesia Pasca Merger," *Asas* 13, no. 2 (2022): 80–94, <https://doi.org/10.24042/asas.v13i2.11281>.

⁶ Rozaq Muhammad Yasin, Nurzahroh Lailiah, and Mochamad Edris, "Analisis Pengaruh Layanan Digital Perbankan Syariah Terhadap Literasi Keuangan Syariah Generasi Milenial," *Jurnal BAABU AL-ILMI: Ekonomi Dan Perbankan Syariah* 6, no. 1 (2021): 75, <https://doi.org/10.29300/ba.v6i1.4117>.

literacy is not only important to improve people's understanding of products and services, but also to shape more responsible financial behavior and in accordance with Sharia values. In this context, digital media and online education platforms can be optimally utilized to disseminate sharia-based information and training to the younger generation, which is a potential segment of users of banking services in the future.⁷

The study of the development of Sharia banking regulation in Indonesia is important to identify various opportunities and challenges. By understanding the dynamics of policy and the industry's response to it, an effective strategy can be developed to optimize the role of Islamic banking in the national economy.

RESEACH METHOD

This research is qualitative, which aims to understand in depth the meaning of a particular event, fact, reality, or problem, not to test or examine the causal relationship of an event. The method of analysis used is the analysis of secondary data presented in a descriptive manner, by collecting, collecting, and identifying problems relevant to the research topic, and then perform a detailed evaluation. This research is conducted through literature review or literature study which is sourced from various references, such as data or documents published by Bank Indonesia, journals, books, articles, and other literature related to the research topic.⁸

RESULT AND DISCUSSION

The development of Sharia banking regulation in Indonesia

Islamic banking in Indonesia has experienced rapid progress in the last two decades, supported by various regulations that provide legal certainty for the industry. One of the important achievements in the regulation of Islamic banking is the issuance of Law No. 21 of 2008 on Islamic Banking, which specifically regulates the operations of Islamic banks and distinguishes them from conventional banking systems. Prior to this law, the Islamic financial system was still regulated in Law No. 10 of 1998 which provided limited space for Islamic banking. With the passing of Law No. 21 of 2008, the Sharia banking industry received a stronger legal framework, covering aspects of fund raising, financing distribution, and supervision carried out by the Financial Services Authority (OJK) and Bank Indonesia (BI).⁹

⁷ Rizqa Rahmaddina, Ana Toni, and Roby Candra, "Analisis Peluang Dan Hambatan Literasi Keuangan Fintech Syariah Di Era Revolusi Industri 4.0," *Jurnal Masharif Al-Syariah* 8, no. 2 (2023): 1–14.

⁸ Ely Eka Saputri, Siti Elita, and Anisatul Kamilah, "Analisis Perkembangan Perbankan Syariah Di Indonesia Dengan Melaksanakan Spin Off Pada Unit Usaha Syariah," *Jurnal Inovasi Ekonomi Syariah Dan Akuntansi* 1, no. 4 (2024): 01–10, <https://doi.org/10.61132/jjesa.v1i4.210>.

⁹ Andrew Shandy Utama, "Sejarah Dan Perkembangan Regulasi Mengenai Perbankan Syariah Dalam Sistem Hukum Nasional Di Indonesia," *Jurnal Wawasan Yuridika* 2, no. 2 (2018): 187, <https://doi.org/10.25072/jwv.v2i2.180>.

In addition, the National Sharia Council-Majelis Ulama Indonesia (DSN-MUI) has a significant role in supporting the development of Islamic banking in Indonesia. DSN-MUI is in charge of issuing Sharia fatwas which serve as a reference for financial authorities in drafting regulations. One application of the fatwa is seen in contract schemes such as murabahah, Musharakah, and mudharabah, which are the basis for the operation of Islamic banking products. Although regulation continues to evolve, there are still challenges in its implementation, especially in terms of harmonization with conventional banking regulations.¹⁰

On the other hand, OJK has issued various regulations aimed at strengthening the Islamic banking industry, including OJK Regulation Number 28/POJK.03/2019 on Banking synergies in the development of Islamic Banking. This regulation provides opportunities for Islamic banks to cooperate with conventional banks through spin-off or merger schemes. The largest implementation of this regulation is the merger of three state-owned Islamic banks that gave birth to Bank Syariah Indonesia (BSI) in 2021. This Merger aims to improve the competitiveness and efficiency of the National Islamic banking industry, considering that before the merger, the market share of Islamic banking was still below 10% of the total national banking industry.¹¹

Although regulation continues to evolve, the Islamic banking industry still faces a number of challenges, especially in the implementation and compliance with Sharia principles. One of the main constraints is the limitation of sharia-based liquidity instruments that can be used by Islamic banks to manage funds. As a result, Islamic banks have difficulty maintaining a balance between third-party funds and financing due to the limited available Islamic investment instruments. Therefore, innovations in Islamic financial instruments, such as the development of corporate sukuk and Islamic mutual funds, are needed so that Islamic banks have more choices in managing their liquidity.¹²

Opportunities in The Development of Sharia Banking

Islamic banking in Indonesia has great potential to continue to grow, especially due to increased public awareness of the sharia-based financial system. One of the main factors supporting the growth of this sector is the predominance of the Muslim population, with more than 87% of Indonesia's population being Muslim. With a broad consumer base, Islamic banking has a great opportunity to expand market share in the national banking industry. In addition, government

¹⁰ Muhammad Sri Wahyudi Suliswanto et al., "Analysing the Impact of Religiosity towards Human Welfare among Employee of University of Muhammadiyah Malang," *Falab: Jurnal Ekonomi Syariah* 5, no. 1 (2020): 33, <https://doi.org/10.22219/jes.v5i1.11662>.

¹¹ Muhammad Kahfi and Jamaluddin Majid, "Landscape Peluang Dan Tantangan Keuangan Syariah Di Indonesia" 3 (2025): 146–58.

¹² Syaugi Mubarak Seff, "Regulasi Perbankan Syari'ah Pasca Lahirnya Undang-Undang Nomor 21 Tahun 2008 Tentang Perbankan Syari'ah (Kajian Politik Hukum)," *Risalah HUKUM Fakultas Hukum Unmul* 4, no. 2 (2008): 86–92.

support through strategic policies such as the Indonesian Sharia economic Master Plan (MEKSI) 2019-2024 further strengthens the position of Islamic banking in the national financial system.¹³

In addition, advances in sharia-based financial technology (fintech) also open up new opportunities for this industry. The presence of Sharia fintech allows wider financial access for people who previously had difficulty reaching conventional banking services. Various innovations in Sharia fintech have developed in Indonesia, such as sharia-based peer-to-peer lending, digital payment systems that comply with Sharia principles, and Sharia investment platforms. With the existence of supporting regulations such as POJK No. 77 / POJK.01/2016 regarding Information Technology-Based Money Lending Services, Islamic fintech has a great opportunity to develop and contribute to the growth of the Islamic banking industry as a whole.¹⁴

In the Islamic capital market sector, the development of sharia-based investment instruments has also increased. One of the instruments that has experienced rapid growth is retail sukuk and corporate sukuk, which provide opportunities for the public to invest in financial products that comply with Sharia principles. The Indonesian government is also actively issuing state Sukuk as a sharia-based investment instrument that attracts domestic and international investors. With the increasing demand for Islamic investment products, Islamic banks can take advantage of this opportunity to increase liquidity and expand their financing portfolio.¹⁵

However, despite its great potential, Islamic banking still faces challenges in increasing its competitiveness. One of the main obstacles is the low level of Islamic financial literacy among the public. Based on OJK data, the level of Islamic financial literacy in Indonesia only reached 9.14%, much lower than the level of conventional financial literacy which reached 38.03%. This lack of understanding causes there are still many people who do not realize the difference between Islamic and conventional banking products. Therefore, Islamic banks need to increase education and socialization efforts in order to attract more customers and expand their range of services.¹⁶

Challenges in implementing Sharia banking regulation in Indonesia

Although Sharia banking regulation in Indonesia has progressed rapidly, its implementation still faces various obstacles. One of the main obstacles is the synchronization between Islamic and conventional banking regulations. In some aspects, the regulations in force in conventional banking are not fully in accordance with Sharia principles, making it difficult to implement in the Islamic

¹³ Indra Syafii and Isnaini Harahap, "Peluang Perbankan Syariah Di Indonesia," in *Seminar Nasional Teknologi Komputer & Sains (SAINTEKS)*, vol. 1, 2020, 666–69.

¹⁴ Kahfi and Majid, "Landscape Peluang Dan Tantangan Keuangan Syariah Di Indonesia."

¹⁵ Putra and Febriati, "Peluang Dan Tantangan Perbankan Syariah Di Indonesia Pasca Merger."

¹⁶ Suliswanto et al., "Analysing the Impact of Religiosity towards Human Welfare among Employee of University of Muhammadiyah Malang."

banking system. For example, policies related to liquidity reserves and taxation of Sharia transactions are still more favorable to conventional banks, so they are less supportive of sharia principles.¹⁷

In addition, Islamic banking is also experiencing obstacles in terms of diversification of products and services. Although it already offers a variety of products based on Sharia contracts, innovation in this sector is still lagging behind conventional banking. One of the main factors causing this delay is the limited human resources (HR) who have expertise in Islamic finance as well as a deep understanding of the principles of Sharia. Based on research conducted by Huda (2023), the lack of experts in the field of Islamic finance is a major obstacle in encouraging Islamic banking innovation. Therefore, strengthening the capacity of human resources through training and certification of Islamic finance is an important step to improve the competitiveness of this sector.¹⁸

On the other hand, the limited number of Islamic financial instruments for liquidity management is also a major challenge for Islamic banking. Currently, Islamic banks have fewer choices of investment instruments compared to conventional banks that can access various interest rate-based instruments. Some sharia instruments such as Bank Indonesia Sukuk (SBI-S) and Wadiah Giro are still insufficient to meet liquidity needs, especially in the face of volatile market conditions. Therefore, it is necessary to develop liquidity instruments that are more flexible and remain in accordance with Sharia principles to support the stability of Islamic banking in Indonesia.¹⁹

Along with the increasing need for financial services in accordance with Islamic principles, collaboration between Islamic banking and higher education institutions is a strategic opportunity to drive the growth of this sector. Universities can act as partners in producing professional workers who master Islamic finance. Through an adaptive curriculum and internship program at Islamic banks, graduates are expected to not only understand theory, but also have hands-on practical experience. This initiative can accelerate the development of competent human resources and increase public confidence in the quality of Islamic banking services.²⁰

In addition to Human Resource Development, the synergy between Islamic banks and the MSME sector (Micro, Small and Medium Enterprises) also opens up great opportunities in expanding Islamic financial inclusion. Many MSME players need access to financing that is not

¹⁷ Risma, "Inovasi Dan Tantangan Perbankan Syariah Di Era Digital."

¹⁸ Ichwan Ahnaz Alamudi, "Politik Hukum Di Indonesia: Regulasi Perbankan Syariah Dalam Tata Hukum Indonesia," *AL-BALAD: Jurnal Hukum Tata Negara Dan Politik Islam* 3, no. 2 (2023): 21–39, <https://doi.org/10.59259/ab.v3i2.61>.

¹⁹ Sriani Endang and Rifqy Tazkiyyaturrohman, "Peluang Dan Tantangan Bank Syariah Di Era Revolusi 4.0," *Studi Agama Islam* Vol. 13. (2020): 74–94.

²⁰ Nafadzila Wahyuniar Asri and Harun Alrasyid, "Pengaruh Fintech Syariah Terhadap Peningkatan Inklusi Keuangan Bagi Pelaku UMKM (Studi Kasus P2P Financing Syariah Di Indonesia)," *Warta Ekonomi* 7, no. 1 (2024): 88–105.

only competitive, but also in accordance with the principles of Sharia justice and transparency. Through financing products such as mudharabah and Musharakah, Islamic banks can build mutually beneficial relationships with MSMEs. By providing assistance and education to business actors, Islamic banking not only supports national economic growth, but also expands its customer base sustainably.²¹

However, the success of Islamic banking in taking advantage of opportunities and facing challenges is highly dependent on the ability of supervisory institutions such as the Financial Services Authority (OJK) and Bank Indonesia in creating a conducive ecosystem. Regulations that support innovation, fiscal incentives, as well as strengthening effective Sharia supervision mechanisms are needed to ensure the sustainable growth of this industry. Efforts to increase Sharia financial literacy must also be carried out massively, both through digital media and direct literacy programs in the community. With a holistic and inclusive approach, Islamic banking has the potential to become a key pillar in realizing a fair and sustainable national financial system.²²

In addition to internal factors, external challenges such as competition with conventional banks also affect the development of Islamic banks. Despite showing positive growth, the market share of Islamic banks in Indonesia is still relatively small compared to conventional banking. Based on data from the Financial Services Authority (OJK), until December 2023, Islamic banking only controlled 7.49% of the total national banking industry. This confirms that Islamic banks need to improve competitiveness through more aggressive marketing strategies and optimization of digital technology-based services.

Strategy to strengthen regulation and Islamic banking industry

In the face of various challenges in the Islamic banking industry, a comprehensive strategic approach is needed to strengthen regulation and improve the competitiveness of this sector. One of the main steps that can be taken is to strengthen cooperation between Bank Indonesia (BI), The Financial Services Authority (OJK), and the National Sharia Council-Indonesian Ulema Council (DSN-MUI). Closer collaboration between these three institutions will ensure that the regulations implemented are not only in line with the needs of the Islamic banking industry, but also remain in line with the established sharia principle.²³

In addition, the use of digital technology has an important role in improving operational efficiency and expanding access to Islamic banking services. Digital transformation can be realized

²¹ Ibid.

²² Bagus Indratno, "Peluang Dan Tantangan Perbankan Syariah Di Indonesia," *Majalah Ilmiah Ekonomika* 13, no. 2 (2010): 47–74.

²³ Yunita Noviasari and Nur Halimah, "Inovasi Dan Kreativitas Dalam Ekonomi Analisis Dampak Kebijakan OJK Terhadap Pertumbuhan Perbankan Syariah Di Indonesia Tahun 2019-2023" 8, no. 1 (2024): 164–72.

through the development of application-based services, such as Sharia mobile banking, Sharia fintech platforms, and digital onboarding systems that make it easier for people to access Sharia financial services. A number of Islamic banks in Indonesia have started implementing this innovation, including Bank Syariah Indonesia (BSI) which presents BSI Mobile to provide faster and more practical digital transaction services.²⁴

Strengthening the sharia legal and regulatory framework is the main foundation in maintaining the sustainability of the Islamic banking industry. To ensure legal certainty and consistency in the implementation of sharia principles in banking activities, regulatory harmonization between OJK, BI, and DSN-MUI fatwas is needed. Cohesive regulation will minimize policy overlap and accelerate the industry's adaptation process to global changes in the financial sector. Adjustment of fiscal and monetary policies to be accommodative to sharia principles is also an important step to ensure a conducive business climate for the growth of Islamic banks.²⁵

Increasing the competence of Human Resources (HR) is also an important factor in strengthening Islamic banking. In the long run, this industry needs professionals who not only understand banking science, but also have a deep understanding of fiqh muamalah. Universities and professional training institutions need to play a more active role by providing an integrated curriculum and Sharia certification program. In addition, collaboration between industry and education (link and match) is key in producing human resources that are ready to use and able to face the dynamics of the growing Sharia industry.

Synergies between stakeholders, both from the government, private sector, and academia, must be continuously improved. Research and development (R&D) in the field of Islamic economics must receive funding and infrastructure support so that innovation continues to emerge in Islamic banking products and services. The government can also provide fiscal incentives for institutions that develop Islamic financial products based on inclusion and sustainability. With a synergistic multisector approach, Islamic banking in Indonesia has the potential to become the main pillar of a fair, transparent and sustainable national financial system.²⁶

Another crucial step is to increase Sharia financial literacy in the community. Based on the OJK report, the level of public understanding of Islamic finance is still low, reaching only 9.14%. Therefore, Islamic banks need to be active in organizing educational programs through various

²⁴ Ely Eka Saputri, Siti Elita, and Anisatul Kamillah, "Analisis Perkembangan Perbankan Syariah Di Indonesia Dengan Melaksanakan Spin Off Pada Unit Usaha Syariah."

²⁵ Lina Pusvisasari, Hasan Bisri, and Ija Suntana, "Analisis Filosofi Dan Teori Hukum Ekonomi Syariah Dalam Konteks Perbankan Syariah," *Jurnal Ekonomi Utama* 2, no. 3 (2023): 269–77, <https://doi.org/10.55903/juria.v2i3.125>.

²⁶ Indratno, "Peluang Dan Tantangan Perbankan Syariah Di Indonesia."

platforms, such as digital campaigns, seminars, and cooperation with educational institutions to introduce the concept of Islamic finance from an early age.²⁷

In terms of product innovation, diversification of Islamic Financial Instruments is one of the main strategies to improve the competitiveness of Islamic banking. Currently, the majority of products are still focused on Murabaha contract-based financing schemes. In fact, there are various other contracts such as *istishna'*, *salam*, and *wakalah* that can be further developed to meet customer needs more flexibly. By expanding the range of Islamic financial products, Islamic banks can reach a wider market segment and increase their contribution to the National Financial Industry

CONCLUSION

Sharia banking regulation in Indonesia continues to experience rapid development thanks to government support and supervision from the Financial Services Authority (OJK). Policies such as Law Number 21 of 2008 and the Indonesian Sharia economic Masterplan 2019-2024 have provided a strong legal foundation and a clear direction for the growth of this sector.

However, there are still some obstacles that hinder the progress of Islamic banking, including the low level of Islamic financial literacy in the community, fierce competition with conventional banks, and limited professional staff in the field of Islamic finance. In addition, existing regulations need to be adjusted to be more responsive to technological advances and digitization in order to maintain the competitiveness of this industry.

In addition to collaboration, periodic regulatory evaluations are also important to ensure that the policies implemented remain relevant to the dynamics of the global Islamic finance industry. Regulations that are adaptive to the development of financial technologies, such as open banking, big data, and blockchain, will enable Islamic banks to compete effectively with other financial institutions in providing secure, fast, and transparent services. The move will also strengthen public confidence in the Islamic financial system.

With a strong commitment from all stakeholders, including academics and educational institutions, Indonesian Islamic banking can play a strategic role in supporting financial inclusion and promoting ethical economic growth. Through the strengthening of legal aspects, technology, and human resources, this industry can grow sustainably and contribute significantly to national development based on Sharia values.

²⁷ Ayuk Wahdanfiari Adibah, "Studi Analisis Pembentukan Undang- Undang Nomor 21 Tahun 2008 Tentang Perbankan Syariah Dalam Perspektif Politik Hukum Nasional," *An-Nisbah: Jurnal Ekonomi Syariah* 2, no. 2 (2016): 1–20, <https://doi.org/10.21274/an.2016.2.2.1-20>.

On the other hand, Indonesia has a huge market potential, supported by sustainable financial trends that are in line with Sharia principles. The development of digital technology also opens up new opportunities for Islamic banking to grow faster and reach more people.

In order for this development to be maximized, collaboration between regulators, industry players, and the community is needed. Increased financial literacy, more flexible regulation, and the use of technology are the main factors in strengthening Islamic banking as an important part of a sustainable national economy.

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