

Limping Toward the Sharia Legitimacy

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Abstract—This study uses a qualitative interpretative approach. A depth semi-structured interview is applied to explore the desired information. The purpose of the research is to explore how Islamic banking management managing their businesses in maintaining the existence and operations of the institution and how management behaves in terms of Sharia compliance. Interviews are conducted to the middle and upper-level management of several Islamic banking. Pragmatism is visible on the management practices of Islamic banking in its efforts to maintain the existence and operation of the institution. Management policies and strategies to maintain the existence of Islamic banking institutions do not reflect compliance with Islamic objectives.

Keywords: *sharia legitimacy, maqasid sharia, Islamic banking*

I. INTRODUCTION

The development of Islamic financial institutions can be said to be in a condition that is quite encouraging. Particularly in Indonesia, it can be seen from the increasing number of Islamic banking that currently exists. The emergence of Islamic business units of conventional banks sorts Bank Central Asia, Bank Panin, Bank Mega, and other banks which are a non-Islamic bank [1][2][3]. Besides non-bank Islamic financial institutions also seen arise a lot in some areas, mainly in Java [4][5][6][7].

In Indonesia, Islamic banking and BMT (*Baitul Maal wat Tamwil* (Micro Islamic Financial Institutional)), both of whom are financial institutions that complement each other. Islamic banking is doing its part in the work of large-scale economic peoplehood and the massif [8][9][10]. While BMT micro and medium on track and facilitate the financing and business at that level [11][12][13][14]. In other words, the structure of Islamic financial institutions is complete enough to cover all classes and levels in the country.

Also, discussing Islamic financial institutions is certainly not just about the two forms of the above institutions. There are non-commercial financial institutions and non-profit which also manages big enough funds of people in this country [15][16][17]. Call it an example of the National Zakat Organization Dompot Dhuafa and Rumah Zakat which can be regarded as the pioneer of professionalism in managing *zakat*, *infaq*, and *sadaqah*. While the agency that manages the productive *waqf* is still new and slightly known by the Muslim community in Indonesia today [18][19].

However, from all the above, there is a big question regarding the effort of Islamic financial institutions to maintain the existence and continuity of themselves. Touching

and serve the interests of the stakeholders, definitely, requires a certain measurable strategy. This is compounded by the burden of achieving Islamic objectives must be consistently pursued by Islamic financial institutions. The burden is a differentiator between financial institutions but without the label and the spirit of Islamic law in it [20][21][22][23]. At this point, it can be assumed that the task of Islamic financial institutions to maintain their existence is far different from non-Islamic.

In many studies related to the issue of the existence of the organization nowadays, the academic discussion centered on Legitimacy Theory. Legitimacy Theory is a theory related to sustainability, flexibility, and recognition of an organization, both in terms of the existence or activities of an organization. This theory emerged as the answer to a question related to the organization's motivation in planning, creating, managing, and maintaining the existence of reviews their organization. Legitimacy Theory seeks to describe or explain corporate behaviour (in terms of Efforts made to appear legitimate), rather than prescribing how the organization should behave [24].

Policies and ways in which an organization maintains the organization's existence are called strategic legitimacy. The legitimacy strategies carried out by organizations can determine the type of organizational legitimacy. Type of legitimacy is the perception and the assumption that the actions of an organization are considered feasible, consistent, and according to the norms, values, beliefs, certain definitions. Each type of legitimacy describes the behaviour of a dynamic organization and distinguishes between one organization and another organization. In one organization, the type of legitimacy can be different between the past, present, and future. Many researchers have grouped kind of legitimacy and their respective definitions. Suchman [25] describes the types of strategies legitimacy of an institution into several groups, namely the pragmatic legitimacy, the legitimacy of the moral and cognitive legitimacy.

Public acceptance, of Muslims in particular, on the existence of an Islamic financial institution, is the legitimacy of these institutions to continue to operate and develop. The philosophical and technical character that is different from other financial institutions that are characterized by non-sharia materialist, of course, will raise questions worth discussing. These questions are how Islamic financial institutions maintain their legitimacy to continue to operate sustainably and whether their strategies are aligned with the *maqasid sharia*.

II. METHOD

This study uses a qualitative interpretative approach. A depth semi-structured interview is applied to explore the desired information. The interview guide is prepared so that the desired data can be excavated well and satisfying. The interview guide contained questions about how the managements of Islamic banking manage their businesses in maintaining the existence and operations of the institution. Moreover, the question related to how management behaves in terms of Sharia compliance is also a major question in the guide. Interviews were conducted to more than twenty-three middle and upper-level management of several Islamic banking; and fifteen former management of conventional and sharia banks (ex-bankers). Openness is obtained from the respondents on bail anonymity and confidentiality. The anonymity of respondents and the origin of the institution's identity and confidentiality of information are maintained and guaranteed by the research team. The place and time of the interview are determined by the respondent so that the discussion can be implemented more comfortable and open without pressure. Most respondents do not object to being recorded. Interviews were recorded with a digital recorder for later transcribed verbatim. During the interview, the research team also conducted manually recording as a supplement of the information obtained. Some respondents do not want to be recorded so the team makes a note of the interview manually. All transcriptions and interview notes are collected and analyzed. Then, the coding procedure is done to bring up the themes.

III. RESULT

Maintaining business continuity in Islamic financial institutions is an activity that is quite challenging amid the current financial system competition. Conventional financial institutions have been established long enough. While Islamic financial institutions have only been present for decades and continue to struggle in finding the ideal form. The search for this ideal form involves the dialectical process between conventional concepts and Islamic values. This search also contains the competition between pragmatic and idealistic ideas of Islamic economic thinkers. One thing that is critical in the process of searching the ideal shape is the concept of how Islamic financial institutions and businesses and maintaining the continuity of the competition can win over its rival conventional financial institutions.

Among the strategy of keeping the continuity of the business and Islamic financial institutions are managing the determining things related to the survival and existence of the institution. The journey of the Islamic business and financial institutions for some time gives the material and interesting discussion in the discourse of management and accounting. The discourse is no longer dwell on maximizing profits, the minimization of costs and financial matters about which to some thinkers are already obsolete in the study of management accounting. This discourse has shifted to non-financial things, the existence of the institution and its continuity. In particular, a discussion of the existence and continuity of financial institutions, and the things that become the determining start crowded excavated and analysed. It also occurs in the study of Islamic financial institutions.

A. *Managing the Determinant factors of institution*

sustainability

The factors that determine the sustainability of the business and Islamic financial institutions, reflected in the information obtained from some respondents from Islamic banking management below. For Respondent BS1 who is a middle manager in an Islamic bank, there are several things that determine the continuity of their institution. The individual factor of human resources is a major factor for the continuity of the institution besides the technological factor that they are featuring as other factors that have a big influence. Good service to customers is also becoming a force to maintain the continuity of their institution.

Respondent BS2 considered that the size of the institution is a determining factor for its sustainability. Its small size makes it difficult for Islamic financial institutions to grow and expand. The size of these institutions is strongly associated with capital. So, Islamic financial institutions must have the same capital as conventional banking to be able to compete. Furthermore, according to the Respondent BS2 sustainability is highly dependent on the quality of human resources. According to him, Islamic financial institutions, especially Islamic banking, have many problems in terms of human resources. That is because the human resources obtained by Islamic banking, according to him, are "leftover" human resources from employment selections from other existing institutions. If there are employment opportunities as civil servants, as employees of state-owned enterprises or other conventional banks with higher incomes, this potential workforce certainly prefers to work in that field. So, working at Islamic banking is often only as a last hope when there are no other prestigious job opportunities that can be obtained. Many efforts are made by the institution, where BS2 works, to obtain human resources that can operate to achieve the institution's targets. One of the strategies that many Islamic financial institutions do is to recruit human resources from conventional banks. BS2 recognizes that the recruitment of human resources from conventional banks is unavoidable because of the difficulty of finding these ideal human resources. Besides, the recruited human resources are usually only intended to fill middle and upper-level management positions, not at the lower level. BS2 added that many Islamic banks are willing to budget more funds to recruit this type of human resources. He said:

...looking for HR that is reliable in terms of marketing, it is very difficult. Example like us, we take marketing staff from conventional banks because they are better at it. To form Islamic HR for marketing, I think that is a big homework for us

In general, Islamic financial institutions, especially Islamic banks must find human resources who are ready to fight and compete with conventional rivals as well as fellow Islamic financial institutions but winning this competition can also be helped by the existence of networks and technology, as conveyed by BS2. Nevertheless, the strategy to recruit quality human resources is also constrained by other aspects, namely welfare. Recruiting experienced resources certainly requires a substantial financial commitment in terms of payroll and other benefits. According to BS2, if this welfare issue is resolved then this scenario can work well.

Furthermore, for Respondent BS3, a top-level manager in Islamic banking, the thing that determines the

sustainability of the institution is how appropriate and good the policies taken by the institution in addressing the faced problems and challenges. In other words, making policies and strategies that is good and in accordance with the conditions and situations is one of the factors of institutional sustainability. He said that for the time being, to maintain the continuity of the operation of his institution amid competition from both conventional and Islamic banking institutions, his agency is financing the oil palm plantation sector.

The rapid growth of the oil palm plantation sector in recent decades has provided opportunities for the banking industry to enlarge its financing volumes. For Respondent BS3, this financing in the palm oil plantation segment is also a good opportunity for the institution to increase financing with strong and profitable asset guarantees. This strategy is also accompanied by a competitive pricing strategy. This can happen because of the strong and profitable guarantee factors for oil palm plantation. This segmentation and pricing strategy is recognized by BS3 to be able to provide satisfactory results and this strategy is able to maintain the continuity of the operation of the institution. However, this strategy and policy do not also guarantee easier market penetration. For BS3 as well as all existing respondents, the confidence of customers about the benefits of *muamala* sharia is not yet strong and profound. Misunderstandings about Islamic banking among customers become an obstacle to the institution's operations in carrying out this strategy.

BS3 said that there are still many prospective customers even from Muslims who are not convinced of Islamic banking and there are still many prospective customers among Muslims who consider the margin in Islamic banking to be the same as the interest in conventional banking. This problem has been around for a long time and it still cannot be resolved after more than two decades of Islamic banking in Indonesia was born and developed. In other words, a good and correct understanding among the public, especially customers about Islamic law in the field of *muamala* is a very important role in the sustainability of its institution, Islamic banking.

Some of the same things were also conveyed by Respondent BS5, particularly those related to people's understanding of *sharia muamala* and the importance of technology and networking for the sustainability of the institution. For Respondent BS5, the lack of understanding related to *sharia muamala* is exacerbated by the secularist and materialistic perceptions and mentalities in the personalities of many communities and customers. This was conveyed by BS5 that most people are interested to only investing money and hoping to get a large interest. Respondent BS5 expected that Islamic banking can strengthen socialization activities to the community around Islamic banking and also strengthen technology in the operation of its institutions.

B. Sharia Application and Understanding

Respondent BS1 explains an example of what he considers the application of sharia was to stop the service operation for fifteen minutes during the time of *Zuhr* and *Asr* prayer. Furthermore, from the product aspect, BS1 explains that all products are under the direction of the Sharia Supervisory Board (SSB). BS1 considers that the application of sharia to management personnel is sufficiently well represented by the

obligation to carry out ritual worship, while *muamala* sharia can be seen from products that have passed sharia inspection by the SSB.

Respondent BS2 argues that the management of Islamic financial institutions should have a deep understanding of *sharia muamala* and these necessary arguments. However, this expectation cannot yet be fulfilled by BS2 and his team due to their lack of understanding regarding *sharia muamala* which underlies their business processes. This condition is also added to the recognized selling method that does not prioritize the value of sharia. BS2 argues that placing sharia issues at the beginning of the sales process will hamper the process itself. So, when dealing with prospective customers, sharia is placed behind and material benefits upfront.

For Respondent BS3, the practice of *sharia* is actualized with a graceful attitude and a process of deliberation in finding a way out of problems that occur in their business processes and taking Islamic values into a code of behavior of the personnel. Ritual worship activities are also still a superior feature in the context of adherence to the application of sharia values. Regarding the sharia compliance of the personnel, BS3 considers that the implementation the code of ethics is sufficient enough to represent the compliance. So, it is not the domain of SSB when there is a problem related to personnel. SSB only focuses on products sold by the institution; and does not come into managerial and personnel aspects. This point can be interpreted that the audit related to the implementation of *sharia muamala* is still only limited to the product. While, commonly, the violations of ethical codes and sharia values in the operation of the institution are caused by the desire to pursue targets. He said:

Their background is conventional. There is indeed a SSB, but when it comes to personnel's behavior SSB does not involve ... the personnel's conventional behavior is still very strong

So, those conventional efforts that are not Islamic finally become a choice. According to BS3 *sharia* compliance is important in sharia business institutions; it is not only limited to product compliance but more than that. *Sharia* compliance is expected to enter into all aspects of the operation of Islamic financial institutions and even into the lives and personalities of its personnel. Unfortunately, the Islamic banking system in Indonesia and the internal policies of the institution itself do not support the existence of a kind of sharia audit institution that can maintain sharia compliance, not only as a product but also covers all aspects of the business of Islamic banks, both as institutions and as personnel.

Problems related to the limitations of SSB above are also experienced and shared by several other respondents. Like Respondent BS4 and BS5 who also said that SSB had not even once visited and checked what they are doing. They also want some kind of product socialization, training and introduction to *fiqh* related to products that are more in-depth from SSB. It seems that desire is not without reason. From BS4's response, it appears that his lack of understanding of the concept of sharia applied in his institution will bring him and the institution to the point of loss. Even Respondent BS5 has a unique experience where, as Islamic banking personnel, BS5 feels that he cannot be able to explain in detail the difference between interest and usury. Regarding the importance of *sharia* compliance, BS5 considers that it is very important for Islamic financial institutions. BS5 also considers that if there

are still many shortcomings in Islamic banking personnel and problems, especially if the personnel are non-Muslim. He said:

I'm confused, he's non-Muslim but ooowh ... he works in Islamic banking. How can he explain (about sharia) while the one who is Muslim may not be able to explain ... So maybe the employees of Islamic banking must be Muslims and indeed there should be Islamic banking education because for example like me, I didn't ... I didn't get Islamic banking training

Some of the explanations above give an overview of some important things related to the efforts of managers of Islamic financial institutions in translating and applying business values and practices that they understand and consider to be compatible with Islamic *sharia*. The first thing is the understanding of the respondents that conformity with *sharia* is only to carry out daily rituals of worship such as prayer and recitation of Qur'an. Second, there is the awareness that their understanding of the Islamic concepts in their products is still low. Third, there is a desire to always work on the values and principles of *sharia muamala* but they do not understand what and how to implement it.

IV. DISCUSSION

From the information above, it can be explained that respondents from Islamic banking in general still have and use conventional managerial perspectives. This is recognized by their understanding, perspective and what they do in their efforts to maintain the sustainability of the institution. Some examples recorded above include:

Improving the Quantity and Quality of Human Resources. In many studies, good Human Resources (HR) are the main capital in financial institutions. Related to this, the availability of human resources that meet industry criteria is inevitable. Also, HR management is very much needed to optimize the role of HR in achieving organizational goals [26]. This is due to the rapid and ever-changing development of the business and industrial world [27]. So, certainly, management demands human resources who have high innovation and adaptation power so that the sustainability of the institution can always be well maintained [28][29].

Extending the network and the using of technology. Competition in seizing the world banking market is highly dependent on the breadth of the network and the use of innovative technology. This will have an impact not only on increasing the number of customers but also on the efficiency of the [30]. Technology is the result of synthesis from the desire to get more benefits, perceptions and social influences that must be captured by banks as potential resources to achieve goals [31][32][33]. Furthermore, for Danyali [34] technology can be categorized as an effective behavioral control so that financial institutions must be able to use this potential as much as possible to improve the performance of the institution and also maintain its sustainability.

Expanding the size of the company. Empirical studies prove that company size can mediate company performance and improve performance [35][36][37]. The size of the company is also seen as being able to reduce the cost of equity [38]. With this in mind, it is natural that many of the personnel of Islamic banks consider the need for a unification of Islamic banking in Indonesia. The joining of

Islamic banking in Indonesia is hoped will bring more multiplier effects in performance and results. In addition to the sustainability of the institution; it will also become stronger and stronger. In other words, strengthening and enlarging the capital of Islamic banking is a key requirement in management efforts to strengthen the existence of their institutions.

Strengthening the Service Quality. Quality of service is influenced by many factors. Quality service in the banking world is highly dependent on the dimensions and context of culture and nation [39]. Technologies have also become one of the important factors to improve the quality of services that can provide customer satisfaction [40]. In addition, many other factors that should be used as a reference and basis for improving service quality include understanding customer roles and emotional responses [41], cellular comfort, accuracy, various features of cellular application services, ease of use, and improved quality sustainable [42], relational services [43], tangible evidence, empathy, reliability and security, and internet banking [44]. This is because service quality has a significant influence on customer satisfaction [45], so naturally this is one of the most important things to maintain the sustainability of the organization.

Implementing creative and measurable strategies. An example of this is the segmentation and pricing strategy undertaken by one of the Islamic banking management above. In conditions that are full of limited resources and are in a situation filled with business competition pressures. The right and good strategy and policy are the only conditions so that the business can continue to operate sustainably in well performance. The impact of appropriate and correct strategies and policies can make major contributions to institutions [46][47][48][49].

However, for reasons of the sustainability of Islamic banking, the things above are not enough. With different philosophies, principles and business concepts, Islamic banks need more than all above strategies. These strategies will certainly have a good impact on conventional financial institutions, but Islamic banks require more than that [50][51][52][53][54]. Exploration of information on management's efforts to maintain the existence of its institution reveals several important things that can be categorized as risky in the context of achieving *sharia* objectives (*maqasid sharia*). These include:

Conventional mindset in Islamic banking management. Recruitment of human resources from conventional financial institutions raises a considerably complicated problem for Islamic banking. This is because the philosophy and practice of Islamic financial institutions and conventional financial institutions differ significantly. Human resources with a background in conventional financial institutions will certainly bring a conventional perspective and mentality to work in the realm of *sharia* business. Short training that is usually obtained at the beginning of joining a *sharia* financial institution will certainly not fundamentally and significantly change its conventional mindset and mentality. So, finally there are many cases where conventional systems are forced to have the Islamic label. Other problems begin with a permissive attitude towards things that are prohibited in *sharia muamala*. Furthermore, several respondents obtained information that most of the conventional banking personnel

who move in the management of Islamic banking are those who are at the end of their careers as bankers. The term "repentant banker" is often used in describing these migrated bankers. Consequently, the fighting power is no longer as great as the younger ones.

From a *sharia*-compliant perspective, the above practices can potentially cause complex problems for *sharia*-compliant in banking institutions. In Islam, true leadership is very important. Leadership in the Qur'anic term is generally paired with the word *Khalifa*, which has inherent qualities in it. Al Qurtubi [55] and Ibn Kathir [56] interpret the word *Khalifa* in Surah *Al Baqarah* verse 30 as the person who judges disputes that occur between people, forbidding them from injustice and sin. Qutb [57] commented on the word *Khalifa* as the man has been given the ability to take on that responsibility, and the necessary latent skills and energies to fulfill God's purpose on earth. With this understanding, leadership is not just a title or a privilege. Leadership in the Islamic view is a trust given to humanity with all its facilities and then fully used to guarantee the fulfillment of what Allah desires in His commands and prohibitions. In short, leadership in the view of the *maqasid sharia* is intended to plan, manage, fight for and ensure the attainment of *sharia*'s goals. The goal is not only limited to the increase of material and financial wealth but furthermore, it is to achieve continued success both in the world and in the hereafter [58][59][60][61][62][63]. Therefore, the assumption of Islamic banking management, especially at the top management level, should take into account the *sharia* goals. Raising an Islamic banking leader with a conventional banking background simply because they have more experience is risky for the institution in the long run even if it looks good in the short term. This practice needs to be explored further, but at least the information obtained from the respondents indicates that retired top bankers who have '*hijra*' (move) to Islamic banks have a lot to do with *sharia*-related issues and its application.

Another important thing related to Human Resources (HR) is the understanding of *sharia muamala* which is still low in most Islamic banking personnel [64][65]. This could be the result of the recruitment system that has been run by Islamic banking. The recruitment of personnel has been described in the results section above where in general there will be two types of HR recruited. The first type is personnel recruited from conventional banking who have very strong conventional perspectives and mentalities. This type is usually reluctant to start over to study more deeply about *sharia muamala* which is the foundation of the Islamic banking business. The second type is recruited HR who considers the Islamic banking a last resort or a career stepping stone. In terms of motivation, this type of HR has failed at an early stage and if there is no further good management treatment then this HR will be the same as conventional banks' HR that sell *sharia* stamped products.

Low salary, low performance. In terms of welfare, Islamic banks have not been able to compete with conventional banks. This is a bigger problem when faced with demands for work quality that should be better than conventional rivals. It is natural that to catch up and meet public expectations, personnel of Islamic banks must work and behave at least twice as good as conventional institutions. Yet, this, certainly, will bring new problems in the form of additional payroll demands due to work and

additional targets obtained. At least, this is the main concern for Respondent BS2 and several other respondents. Furthermore, with the limited capital and financial resources available in Islamic financial institutions, workers in Islamic banking are required to be able to understand the lower welfare conditions than comparable workers in conventional. The small size of Islamic banking justifies the small amount of salary for its employees. In the end, this always becomes the reason why the Islamic banks' performance achievements always do not exceed its conventional rivals.

From the Islamic Sharia views, the work given to workers is not only a mandate but also a means to meet all needs for themselves and their families [66][67]. In Islam, the command to provide a decent salary and the command to work professionally have the same goal, which is to achieve *maslaha*. Providing salaries that are not following propriety is certainly harming the highest intentions of *sharia*. Similarly, lazing on the grounds of inadequate salary also results in not achieving the objectives of the *sharia*. It is not fair if workers in Islamic banking must receive a salary that is smaller than conventional banking, but with the same or even heavier workload. Therefore, in the Islamic view, employers should give fair and rational returns to their workers [68][69]. However, the size of a small Islamic banking should also not eliminate the importance of a good salary. There are many things besides salary or materials that can be given to workers to perform well. These things can be in the form of encouragement and motivation from superiors to subordinates; training that can provide and increase knowledge and abilities of workers both in management practices and Islam teaching; creating a supportive work atmosphere; and other non-financial matters [70][71]. In contrast, work is also a mandate that should be carried out professionally and ideally with great gratitude [72].

Sharia stamped minded. Another problem is the understanding that *sharia* compliance only exists in the product, while the operational aspects are usually implemented in conventional operating standards. Some respondents consider that an existing operating system is only a tool that can be used both in *sharia* and conventional. For them, it is not problematic using conventional banking procedures and methods. As long as the product they sell already has authorization from the SSB, then they can sell it in any way. The concern of personnel to always be in the *sharia* corridor in conducting marketing activities and product implementation is still questionable. So, *sharia* compliance for them is to sell products that have been "*sharia* stamped", and carry out ritual worship required by the institution. Meanwhile, how the product is executed correctly according to Islamic *sharia*, is not an important thing.

The ideal Islamic banking product is not only limited to the *sharia* compliance label that exists on the product but is broader than that. Islamic banking products must also be applied following *sharia* in the process and management. In general, Islamic banking consumers are those who choose products that they believe to be halal, both in the form of halal labeling and *sharia*-compliant certification [73][74][75][76][77][78]. There is an important thing in Islamic banking products that are often forgotten. This thing is that Islamic banking products also have a *sharia* goal

behind it. Islamic banking products consist of contracts and financial transactions and services. In these products, there are commands, prohibitions, and laws that must be avoided or implemented under Islamic guidelines [79][80][81][82]. Islamic banking is prohibited from using several things in its service products. These include *riba'* (usury), *gharar* (uncertainty), *maysir* (gambling) and practices of wrongdoing that can bring harm to the contract and transactions. In contrast to material products that have a *halal* label for its substance, in Islamic banking products, *halal* is measured by the sharia compliance in its contract and its application. Therefore, if Islamic banking management only sells financial products labeled as *sharia-comply* product but ignores the commands and prohibitions of *sharia* in the implementation of these products, then the objectives of *sharia* in these products will never be achieved. Ideally, Islamic banking management not only sells its products that have passed *sharia* compliance screening and stamped as *sharia-comply* but more than that it must also ensure the implementation of *sharia* objectives. The purpose of *sharia* can be implemented by applying all the things that are ordered by *sharia* and avoiding things that are prohibited by *sharia* both in the implementation of products and the daily operations of the institution.

Islamic banking personnel have a perception that the responsibility for *sharia* compliance in their institutions is entirely in the SSB. Even though they are well aware that SSB's tasks are often limited to compliance on *sharia* aspects of the product and neglect in the overall operation of the institution [83][84]. Also, the small number of SSB personnel with limited authority makes the oversight of all Islamic banking operations impossible. Several studies provide information related to problems that occur around SSB. These problems start from the problem of effectiveness [85][86], roles [87][88][89], structure and system [90], character [91] and others. From the empirical research, there is a fact that SSB in the Islamic banking system still cannot effectively play a role in raising the performance of Islamic banking. This is also one problem that still occurs and has not been answered internally in Islamic banking [92]. Even though, SSB should be the guardian of *sharia* compliance that distinguishes between conventional banking and Islamic banking [93].

The perception of Islamic banking management above shows a lack of understanding of their responsibility for *sharia* objectives. This contrasts with their roles and responsibilities as management of Islamic banking and as a Muslim individual. As personnel of an institution that carries Islamic *sharia*, it has become an obligation for all personnel to understand *sharia* and its objectives. The institution should provide this understanding to its personnel, but if a deep understanding is felt not yet obtained, then personnel must have the initiative to obtain it independently. This is a form of concern and responsibility of the personnel to the institution. These concerns and responsibilities should emerge from the process of internalizing the vision, mission, goals, and culture of a good institution [94][95][96]. Thus, each Islamic banking personnel should ideally be able to understand and apply *sharia* rules and values in every aspect of its operations, especially in their positions and duties as an Islamic banking personnel. Besides, as a Muslim, Islamic banking employee also has obligations and responsibilities to Allah the most glorified, the most high. The obligation and responsibility

are to worship Him and avoid His prohibition. In this context, Islamic banking personnel must work with *sharia-compliant* work, find the *halal* and leave the *haram*. They must ascertain whether the work activities that they plan and carry out are under Islamic rules and values. This should lead them to study and search for the Islamic sciences related to their work. Islam motivates its people to seek knowledge and study it, especially knowledge related to Islamic *sharia*, as illustrated in many hadiths, some of which are Hadith No. 224, in Ibn Majah [97]:

Anas Ibn Malik reported The Prophet Muhammad PBUH said: "Seeking after knowledge (of the principles and judgment of the religion, with which one could hardly dispense to undertake what is enjoined upon him) is obligatory for every Muslim (who attains the conditions of enjoinedment),

In Al Bukhari [98] Hadith No. 5028 :

Narrated 'Uthman bin' Affān: The Prophet PBUH said, "The most superior among you (Muslims) are those who learn the Qur'an and teach it (to others)."

and Hadith No. 5027:

Narrated 'Uthman bin 'Affan: The Prophet PBUH said, "The best among you (Muslims) are those who learn the Qur'an and teach it (to others)"

The injunction requiring every Muslim to seek knowledge originating from the Qur'an and *sunna* shows that every member of Islamic banking cannot just rely on the existence of SSB. Instead, they must actively seek clarity about *sharia* compliance for each of their operational activities. Apathy and idleness to find the truth and blame the SSB when there are problems related to *sharia* compliance is an attitude that is far from the objectives of *sharia*. Seek and understand the *sharia* sciences related to their activities aimed at preserving their religion and reason. These are two of the objectives of *sharia* namely *hifzil ad din* and *hifzil 'aql*. So, leaving all the responsibilities of *sharia* compliance to SSB is something that will keep Islamic banking institutions away from *sharia* objectives.

Islamic banking is not only a financial institution but also a religious institution. As a financial institution, Islamic banking is bound by the aim of seeking profit and raising capital as much as possible in *halal* way. While as a religious institution, Islamic banking is not only subject to Islamic rules but must also play an active role in achieving the objectives of *sharia*. Therefore, personnel in Islamic banking also have the same responsibility, namely as personnel of financial institutions as well as religious institutions. That is what was exemplified by the prophet Muhammad PBUH and his companions, namely as traders and preachers. For this reason, there is no reason for Islamic banking personnel to not have understanding and ability in the field of Islamic *sharia* knowledge. So, the responsibility for the implementation and realization of the objectives of *sharia* is not just on the shoulders of SSB but on all personnel of Islamic banking.

V. CONCLUSION

Pragmatic Legitimacy [25] was clearly seen in the practices of Islamic banking management in their efforts to maintain the existence and operation of their institutions. This is evident in the work patterns of management of

Islamic financial institutions which still reflect much on the conventional system and place *sharia* in a position that is not considered important. Management prioritizes the wishes and interests of customers without considering whether this can be accepted by *sharia* or not. This is a kind of direct exchange of interests between the institution and its audience. The customer's economic interests are considered more important because they bring profits to the institution directly. The pattern of recruitment and management of human resources in Islamic banking is still oriented to the speed of obtaining material results to satisfy customers and not the highest purpose of *sharia*. The Islamic banking personnel who want to obtain the instant results and sometimes even disregard *sharia muamala* are other clues that reinforce the notion that a type of pragmatic legitimacy does exist in Islamic banking today. The policies and steps of Islamic banking management in maintaining the existence of their institutions do not yet reflect compliance with *sharia* objectives (*maqasid sharia*). From the information above, it can be concluded that if the strategies and methods that cause these problems are still allowed without significant improvement, then it is certain that Islamic financial institutions will actually move away from *sharia* objectives.

Our findings have implications for the practice of Islamic banking management. Islamic banking must immediately change from pragmatic management policies and efforts towards a more ideal direction, namely making *sharia* and its objectives as a source of legitimacy. So, all aspects of management in order to maintain the existence and operation of institutions must be based on *sharia* conformity and compliance. This is because Islamic banking is a financial institution and a religious institution. So, Islamic banking must base all its activities on achieving the objectives of *sharia* as a whole and not just financial and material.

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