

Application of *Laku Pandai* (Branchless Banking) in the Legal Perspective of Sharia Banking in Indonesia

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Abstract: This research examines the increasing standardization of sharia banking services for people who have not yet received banking services (unbanked and underbanked). This requires legal certainty to protect customers and Sharia bank agents when running the Laku Pandai (Branchless Banking) application. This research uses qualitative methods, literature studies, and normative-doctrinal legal research. The collected data was analyzed using deductive logic with a statutory approach. The analysis techniques used are qualitative analysis and content analysis. This research indicates that implementing an inclusive financial system in Indonesia is still not in line with applicable regulations and real policies. This does not fulfill the sense of justice and legal certainty needed to protect customers and bank agents.

Keywords: Laku Pandai (*Branchless Banking*), Inclusive Islamic Finance, and Islamic Banking

1. Introduction

The growth of the financial technology industry in the current Islamic banking system has changed the business landscape of the banking industry to be more innovative. There is even a tendency to increase investment in the financial technology industry, as an optimization of financial services in Islamic banking, especially the direct-

to-consumer business model, to increase the standardization of Islamic banking services for the unbanked and unbanked.

Therefore, legal certainty is needed in protecting sharia banking customers and agents in running the Laku Pandai (Branchless Banking) application. Thus, this paper describes the legal position of the Laku Pandai (Branchless Banking) application in the Islamic banking legal system in Indonesia and analyzes the implementation of the Laku Pandai (Branchless Banking) application in realizing inclusive Islamic finance in the Islamic banking legal system in Indonesia. As well as analyzing the impact of implementing and implementing the Laku Pandai application (branchless banking) in protecting customers and banking agents in the Islamic banking legal system in Indonesia.

The government supports the Laku Pandai (branchless banking) program with the National Long-Term Development Plan (RPJMN) contained in Law No. 17 of 2007, which is to create a competitive nation that requires a strong domestic economy that is oriented and globally competitive. one of which is supported by the development of the financial sector, namely Islamic Banking. Based on the Financial Services Authority Regulation Number 19/POJK.03/2014 that the development of Laku Pandai (branchless banking) is not just a technology-based service, but a form of partiality of Islamic banks to the unbanked community, in order to reach wider access to Islamic financial institutions for the unbanked group (Mulyati 2021).

In addition to efficiency reasons, customers use branchless banking with the intention of getting convenience and speed of transactions without going through bank tellers (Moutinho 2000). The Laku Pandai application (branchless banking) is one of the service models in mobile banking, namely a subsystem of inclusive finance that involves access to various banking services via cellular phones. One of its main advantages is that it addresses launch fees and low value transaction handling fees by using agents and/or third parties (Ammar and Ahmed 2014; Hermes and Lensink 2007; Lensink, Mersland, and Nhung 2011).

2. Methods

This research uses the literature study method, which is one of the normative research methods. This normative method involves in-depth study of literature books, laws, and other written materials relevant to the research topic. This type of research is categorized as normative-doctrinal legal research, which focuses on legal analysis based on applicable legal theories and doctrines (Chynoweth 2008; Hutchinson 2006).

The data collected is then analyzed using deductive logic, which is a thinking process that starts from general principles and then applies them to specific cases. The approach applied in this research is a statutory approach (Taekema 2018), which means this research focuses on legal analysis based on applicable laws and regulations. The analysis technique used is qualitative analysis, which examines the data in depth and interpretively. To analyze the problem, this research uses the content analysis method (Connolly 2001, 149). This method involves identifying, classifying, and interpreting written data to understand the meaning and patterns contained therein.

3. Result and Discussion

Laku Pandai (Branchless Banking) is “a distribution channel strategy used for delivering financial services without relying on Bank branches”, meaning that Laku Pandai (Branchless Banking) is a form of banking innovation in which the Bank provides financial services outside the branch office. Such activities can be carried out by involving Agents and relying on information and communication technology to transmit transaction details (Subramanian 2013, 7).

Understanding Laku Pandai (Branchless Banking) in the regulatory system in Indonesia by using the term Officeless Financial Services in the Context of Financial Inclusion called Laku Pandai which is regulated in Financial Services Authority Regulation No/19/POJK.03/2014 concerning Officeless Financial Services in the Context Inclusive Finance. The regulation describes Laku Pandai as follows (Santoso and LESTARI 2017):

“Officeless Financial Services in the Context of Financial Inclusion, hereinafter referred to as Laku Pandai, is an activity to provide banking services and/or other financial services that are not carried out through an office network, but through collaboration with other parties and need to be supported by the use of information technology facilities.”

As explained in the Preliminary Study of Bank Indonesia in 2011 that branchless banking in general is a strategy to serve the public in terms of providing financial services without relying on the existence of a physical bank branch office (Bank Indonesia 2011, 21). According to CGAP (Consultative Group to Assist the Poor) the definition of branchless banking is as a provider of financial services carried out outside bank branch offices using information and communication technology as well as non-bank retail agents. The existence of branchless banking is believed to have the potential to reduce costs. This will actually improve banking services that can expand the reach of new markets, namely segments of society that have not been served by banks. Laku Pandai (Branchless Banking) optimizes existing technology to expand the reach of financial

access through collaboration with retail agents, cellular phone operators and technology companies (Afshan and Sharif 2016; Andiani et al. 2018; Cobourne, Mayes, and Markantonakis 2013; Zahid et al. 2017).

3.1 *Laku Pandai* (Branchless Banking) Policy in the Sharia Banking Legal System in Indonesia

Islamic banking is a financial institution that has laws, rules and procedures as a form of commitment to sharia principles and prohibits receiving and paying interest in the operational processes carried out. financial institutions that are guided by the principles of sharia mu'amalah (Okeke and Ojukwu 2012; Samad, Gardner, and Cook 2005; Sari, Bahari, and Hamat 2016). This is contained in Chapter I Article 1 of Law Number 10 of 1998 concerning Amendments to Law Number 7 of 1992 concerning Banking (Askari, Iqbal, and Mirakhor 2014).

Banking as a financial intermediary institution (El-Hawary, Grais, and Iqbal 2007), plays an important role in the national development process. The main business activity of the bank is to withdraw funds directly from the public in the form of deposits and channel them back to the public in the form of savings, financing and/or credit, making it full of regulation, both through the laws and regulations in the banking sector itself and other laws and regulations other related. Law Number 8 of 1999 concerning Consumer Protection is also closely related, especially in terms of legal protection for bank customers as consumers. Among others, the existence of a credit agreement or bank financing which is a standard agreement (standard contract) (Ismail 2011).

The process of contract transactions in Islamic banking at first could only be done at Islamic bank offices, but now banking transactions can be done without having to be done at Islamic bank offices, namely with technology-based Islamic banking services such as telephone, SMS banking, mobile banking, internet banking, electronic money (e-money). The practice of *Laku Pandai* (branchless banking) can be done with an intermediary agent. This program has been regulated by Bank Indonesia, namely issuing regulations on the practice of Digital Financial Institutions (LKD) (Syafina 2018). Likewise, the Financial Services Authority (OJK) has launched a Branchless Bank Service in realizing financial inclusion (*Laku Pandai*) (Lyman, Pickens, and Porteous 2008).

The development of a more appropriate *Laku Pandai* (Branchless Banking) model for Indonesia is linked to sociological aspects and local cultural wisdom. This is a form of educating the public about the importance of transactions at banks and efforts to protect customers, so that people believe that a safe place to save and invest is in the bank. Thus banking in Indonesia is increasingly beneficial for the welfare of society. In addition, it is

also in line with Bank Indonesia's vision and mission to reduce poverty, maintain financial system stability, and promote equitable distribution of economic and financial development. There are 3 (three) strategies in developing Laku Pandai (Branchless Banking), namely:

- a. Education which emphasizes on financial education. Regarding efforts to provide understanding to the community from the existing groups, ranging from the very poor, near poor, to non-poor(Hidayati 2015).
- b. Policy, namely a more supportive regulatory policy, namely the political will of regulators and stakeholders related to the development of Laku Pandai (Branchless Banking)
- c. Customer protections(Hidayati 2015), namely legal protection for bank customers through Law Number 8 of 1999 concerning Consumer Protection.

Therefore, the Laku Pandai (Branchless Banking) application in line with the National Resilience Program against poverty is the low access to financial institutions and the government's penetration of the Laku Pandai (branchless banking) program. So this program will increase community resilience and economic resilience. It is stated in Article 27 paragraph (2) of the 1945 Constitution that every citizen has the right to work and a decent living for humanity. Then Article 28 paragraph (2) of the 1945 Constitution which confirms that everyone has the right to get facilities and special treatment to get the same opportunities and benefits in order to achieve equality and a sense of justice.

3.2 Laku Pandai Application (Branchless Banking) in Realizing an Inclusive Financial System

Laku Pandai (Branchless Banking) program is a form of embodiment of the financial inclusion system (financial inclusion), which aims to eliminate all forms of obstacles in accessing and utilizing banking financial services supported by existing infrastructure(Mo 2003). From a macro perspective, this program is expected to provide welfare benefits for many people because there are still many Indonesians who have not been able to access the services of banking financial institutions(Hidayati 2015).

Financial inclusion is an effort that aims to eliminate all forms of barriers to public access in utilizing banking financial services supported by existing infrastructure. According to the Global Financial Development Report (2014) defines financial inclusion as "The proportion of individuals and firms that use financial services has become a subject of considerable interest among policy makers, researchers and other stakeholders". available financial services and minimize the presence of groups of

individuals who are not aware of the benefits of access to finance through access that is available without high costs (Bank 2014).

The Government of Indonesia has launched the National Strategy for Financial Inclusion (SNKI) in 2012, as contained in the Annex to Chapter III of the Financial Inclusive Policy in Presidential Regulation (Perpres) Number 82/2016 concerning the National Strategy for Financial Inclusion (SNKI). Thus financial inclusion is defined as follows:

“Everyone's right to have access and full services from financial institutions in a timely, convenient, informative, affordable way and with full respect for their dignity and worth. financial services are available to all segments of society, with special attention to the poor, the productive poor, migrant workers, and residents in remote areas (Widianto 2012).”

Therefore, to accelerate and expand the reach of financial inclusion, as well as to protect consumers as stated in the 6 (six) Pillars of the National Strategy for Financial Inclusion, namely:

a. Financial Education

Financial education aims to increase public knowledge and awareness about formal financial institutions, financial products and services including features, benefits and risks, costs, rights and obligations, as well as to improve community skills in financial planning and management (Jaya 2017).

This education pillar can strategically increase capability in managing finances, starting with increasing public understanding (knowledge) and awareness about financial products and services. The scope of this financial education includes: a). knowledge and awareness about various financial products and services, b). knowledge and awareness of risks related to financial products, c). customer protection, and d). financial management skills.

b. Community Property Rights

Community property rights are also known as public financial facilities which aim to increase public credit access to formal financial institutions. The strategy in this pillar refers to the ability and role of the government in providing public financial financing, either directly or conditionally, in order to encourage community economic empowerment. Some of the initiatives under this pillar include: a). subsidies and social assistance, b). community empowerment, and c). empowerment of SMEs (Jaya 2017).

This pillar aims to increase the capacity of the community, especially those who were previously categorized as unfit to become eligible or from unbankable to bankable in obtaining financial services by formal financial institutions. Initiatives under this pillar include: a) capacity building (through the provision of training and technical assistance), b) alternative guarantee systems (simpler but still taking into account the associated risks), c) simpler provision of credit services, and d) customer identification potential.

c. Intermediation Facilities and Financial Distribution Channels

This pillar is aimed at increasing the awareness of financial institutions on the existence of a potential segment in society as well as seeking alternative methods to increase the distribution of financial products and services. Several aspects of this pillar include: a). facilitation of intermediation forums by bringing together financial institutions with productive community groups (decent and unbanked) to overcome asymmetric information problems, b). increasing cooperation between financial institutions to increase business scale, and c). exploration of various possibilities of innovative products, services, services and distribution channels while still paying attention to the prudential principle (Jaya 2017).

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d. Financial Services in the Government Sector

Financial services in the Government sector aim to improve governance and transparency of public services in the non-cash distribution of Government funds. The implementation of the financial inclusion program requires policy support from both the government and Bank Indonesia to increase access to financial services. Initiatives to support this pillar include: a). policies to encourage the socialization of financial service products in accordance with the needs of the community, b). formulate a product scheme that is in accordance with the needs of the community, c). encourage changes to provisions while still taking into account the precautionary principle proportionally, d).

formulate regulations on the mechanism for distributing aid funds through banks, e). strengthening the legal basis to improve consumer protection of financial services, and f) compiling studies related to inclusive finance to determine policy directions in a sustainable manner(Jaya 2017).

This pillar is also in the context of mapping financial information that aims to increase the capacity of the community, especially those who were previously categorized as unfit to become eligible or from unbankable to bankable in obtaining financial services by formal financial institutions. Initiatives under this pillar include: a) capacity building (through the provision of training and technical assistance), b) alternative guarantee systems (simpler but still taking into account the associated risks), c) simpler provision of credit services, and d) customer identification potential.

e. Consumer Protection

Consumer protection aims to provide a sense of security to the public in interacting with financial institutions, and has the principles of transparency, fair treatment, reliability, confidentiality and security of consumer data and information, handling complaints, and resolving consumer disputes in a simple, fast, and affordable cost(Jaya 2017).

This pillar aims to ensure that the public has a sense of security in interacting with financial institutions in utilizing the financial products and services offered. The components in this pillar include: a) product transparency, b) handling customer complaints, c) mediation, and d) consumer education.

f. Supporting Policies/Regulations

The implementation of the financial inclusion program requires policy support from both the government and Bank Indonesia to increase access to financial services. Initiatives to support this pillar include: a) policies to encourage the socialization of financial service products that are in accordance with the needs of the community, b) developing product schemes that are in accordance with the needs of the community, c) encouraging changes to provisions while still taking into account the principle of prudence in proportion, d)) formulate regulations on the mechanism for distributing aid funds through banks, e) strengthen the legal basis to improve consumer protection for financial services, and f) compile studies related to inclusive finance to determine policy directions in a sustainable manner(Jaya 2017).

Figure 1

6 Pillars of Inclusive Finance National Strategy



Source: <https://www.bi.go.id/>

Laku Pandai (Branchless Banking) as a form of innovation and financial inclusion initiative is very helpful to advance the economy of a country through increasing public access to bank services, so that the ultimate goal of banks as a financing business unit will improve people's welfare. Laku Pandai (Branchless Banking) is a limited payment and financial system service activity that is carried out not through the office, but by using technology facilities and or third party services to serve the unbanked community (Pantoro 2008).

The lack of growth of financial institutions with the existence of branchless banking, especially in Indonesian banking, can be one of the financial inclusions. For example, for Islamic banking in Indonesia, in order to encourage the growth of Islamic banking and the achievement of financial inclusion which is expected to be one of the solutions in alleviating poverty. In addition, the opportunity to implement branchless banking in terms of empowering rural communities will facilitate public financing, especially those that require large capital. for example, MSME loans, especially micro loans, increase the number of customers and new market shares. Hopefully, the banking sector in Indonesia will be able to optimize the implementation of branchless banking for the welfare of

society in general. And become financial inclusion for the government and society in particular(Nurtjipto 2012).

Laku Pandai (Branchless Banking) as a form of innovation and financial inclusion initiative is very helpful to advance the economy of a country through increasing public access to bank services, so that the ultimate goal of banks as a financing business unit will improve people's welfare. Laku Pandai (Branchless Banking) is a limited payment and financial system service activity that is carried out not through the office, but by using technology facilities and or third party services to serve the unbanked community(Pantoro 2008).

The discussion related to whether or not Laku Pandai (Branchless Banking) is necessary can be understood as a bank transaction service activity in an effort to achieve financial inclusion that has other criteria without going through a physical bank branch office, using agents in collaboration with banks, customers can make transactions themselves or use agents, simple transaction features, low cost transaction and most importantly, it is shown especially for the lower segment or the unabked poor.

The concept of Laku Pandai (Branchless Banking) is considered to be able to improve banking efficiency, because banks no longer need to spend large investment funds to open or rent new branch offices, the ball expands services to one place, but can take advantage of the infrastructure owned by partners that have been coupled with transactions through a telecommunications technology system that can be carried out at bank agents that have met the criteria and are legally recognized by the central bank.

Referring to The Presidents Advisory Council on Financial Literacy, that financial literacy program is the ability to utilize knowledge and skills to manage financial resources effectively. Thus, it can be concluded that financial literacy is knowledge of basic financial concepts to be used in making decisions more effectively in financial management of individuals. The financial literacy program was created as one of the steps to improve financial inclusion programs. The strategy in the financial literacy program was ratified in the National Strategy for Financial Literacy prepared by the Financial Services Authority (OJK), namely by increasing financial literacy education, improving infrastructure and developing financial institution products.

3.3 Implementation of Laku Pandai (Branchless Banking) in Legal

Protection Efforts for Bank Agents and Customers

The Laku Pandai (Branchless Banking) application program in the perspective of sharia banking law studies examines the thoughts of scholars based on the Qur'an, hadith,

opinions of scholars with their respective *ijtihad* and extracts positive laws against Laku Pandai (branchless banking) problems. In addition, this research is also to answer the doubts of Muslims or non-Muslims about the practice of contract transactions in the practice of Laku Pandai (Branchless Banking) in sharia banking which refers to the applicable laws and regulations and sharia principles that apply contained in the fatwa of the scholars in the DSN-MUI.

Based on POJK Number 19/03/2014 that the implementation of Customer Due Diligence (CDD), namely: (1) For prospective savings customers with BSA characteristics, Banks with the assistance of agents simply apply the simpler Customer Due Diligence (CDD) procedures; (2) The simpler CDD procedure as referred to in paragraph (1) cannot be applied to prospective customers if, at least: a. there is a discrepancy in the profile of the prospective customer; b. the prospective customer is a Politically Exposed Person (PEP); and/or c. there are allegations of money laundering and/or terrorism financing transactions.

In Article 34 paragraph (1) and paragraph (2) of Chapter VII Customer protection, it is explained that:

- a. Banks operating Laku Pandai are required to apply the principle of consumer protection as referred to in the provisions concerning consumer protection in the financial services sector.
- b. Mechanisms and procedures for applying the principle of consumer protection as referred to in paragraph (1) shall refer to the applicable provisions.

Legal protection for customers depositing funds in banking institutions is absolutely necessary, the essence of the legal protection is to protect the interests of depositors and their deposits held in a particular bank against a risk of loss. This legal protection is also an effort to maintain and maintain public trust, especially customers, so it is appropriate for the banking world to provide legal protection (Hermansyah 2008). Therefore, customer protection consists of 2 (two) namely:

3.3.1 Preventive Protection for Customers in Laku Pandai (Branchless Banking)

Bank preventive protection as regulated in Article 4 paragraphs (1) and (2) of POJK Number 1/POJK.07/2013 and explained in more detail in paragraph (3), namely regarding how to provide information to its customers, information as referred to in Article 4 paragraph (1) submitted when giving an explanation to the Consumer regarding their rights and obligations, submitted when making an agreement with the Consumer,

and published when submitted through various media, including through advertisements in print or electronic media. In applying this preventive protection to LKD, Banks are required to provide information on services and security as well as the risk of branchless banking LKD when customers register and fill out application forms at branch offices or agents. In the registration process, the bank officer in this case is the customer service or agent who informs the LKD branchless banking service in the form of a cellphone account to the customer, both general service information or additional costs that may arise, such as SMS fees in transactions.

3.3.2 Repressive Protection for Customers in Laku Pandai (Branchless Banking)

This repressive protection can be carried out if a danger or risk has befallen the customer in using the LKD branchless banking service. So the bank is obliged to provide protection to its customers. Regarding this protection, it can be found in Article 50 of POJK Number 1/POJK.07/2013. To state that the Financial Services Providers in this case are Banks are required to have an internal control system related to consumer protection. The internal control system as referred to above shall at least include; the Bank's compliance with the implementation of consumer protection principles and the reporting and monitoring system for the follow-up to consumer complaints. Based on these rules, the bank within the institution must have or have a section or division that deals with consumer protection issues, which includes complaints against customers. And for these complaints, the Bank must also carry out reporting and monitoring of complaints that have been made by customers. So that banks to protect their customers from the dangers that arise from LKD branchless banking services must provide a customer complaint scheme.

Furthermore, legal protection for agents of a bank in banking services must comply with existing regulations (Banking regulation is a set of rules of conduct banking issued by the state authorities, adherence to which can be achieved by coercion (Apătăchioae 2015, 36). The selection of agents uses special requirements, which are subject to BI rules, namely PBI for Electronic Money. Article 24E paragraph (1) PBI Electronic Money regulates the requirements for bank agents, namely:

(1) Individual LKD agents must meet at least the following requirements:

- a. have the capability, reputation, and integrity in its operational area;
- b. have an ongoing business with a permanent business location for a minimum of 2 (two) years;

- c. pass the due diligence process by the Issuer in the form of a Bank; and
- d. place a deposit in the amount as determined by the Issuer in the form of a Bank.

The legal system in Indonesia that agency is regulated in the Regulation of the Minister of Trade of the Republic of Indonesia No. 11/M-DAG/PER/3/2006 concerning Provisions and Procedures for Issuing Registration Letters for Agents or Distributors of Goods and or Services. However, the regulation is administrative in nature and regulates the registration obligations of Agents and Distributors whose Principals are from foreign parties and are not substantive, so that the basic concept of the relationship between Principals, Agents, and accountability to third parties, is not regulated in it (Santoso 2015).

Based on Article 1 of the Regulation of the Minister of Trade of the Republic of Indonesia Number 11/M-DAG/PER/3/2006 concerning Provisions and Procedures for Issuing Registration Letters for Agents or Distributors of Goods and or Services, Agents have the following characteristics (Santoso 2015, 71):

- a. Agent is an international trading company;
- b. Agent acts as intermediary;
- c. Agent acting for and on behalf of the Principal;
- d. The legal relationship between the Agent and the Principal is stated in the form of an agency agreement;
- e. The purpose of appointing an Agent is for the marketing of goods or services;
- f. Agents do not need to transfer rights to goods or services that are authorized to them.

4. Juridical Analysis of Branchless Banking Policies in Indonesia

The Government of Indonesia has launched the National Strategy for Financial Inclusion (SNKI) in June 2012, one of the programs is Laku Pandai (branchless banking). In 2013 Bank Indonesia issued a regulation on Digital Financial Services (LKD). From May to November 2013 BI conducted a LKD trial and received a fairly good appreciation from the community and the perpetrators of these activities. This is evidenced by an increase in the number of transactions and agencies in the number of customer accounts.

Then in 2014 the Financial Services Authority (OJK) also issued a regulatory policy in POJK Number 9/POJK.03/2014 concerning Officeless Financial Services in the Context of Financial Inclusion (Laku Pandai). The two policies are the embodiment of government regulations on the National Financial Inclusion Strategy (SNKI).

Financial regulators play an important role in the economy of any country. For the public, regulation has the function of ensuring economic financial stability and ensuring that institutions that wish to offer financial services do so responsibly. So, in addition to its role in maintaining financial stability, the regulator also has the main responsibility for consumer protection. Each country has different regulations regarding the Branchless Banking mechanism, considering the conditions and needs of each country will also be different.

Based on a survey by Bank Indonesia in 2007, the number of adults in Indonesia who have bank accounts is only about 42%, which is about 58 million people from the total adult population in Indonesia, which is around 138 million people. The condition of banking services and products to 237 million Indonesians spread over 253 regencies and 91 municipalities in 33 provinces, served by 122 banks with a bank network of 41,989 units consisting of 3,165 office offices, 11,135 KCP offices, 4,544 cash offices offices and ATM machines as many as 21,415 units (Fattah and Rahman 2013).

A total of 61 commercial bank service networks are still considered inadequate, because on average they serve 5,528 people in each Sub-Branch Office or Cash Office. Plus areas that have not been reached by the banking access network. Thus, Laku Pandai (Branchless Banking) has great potential in developing technology-based financial institutions and assisting the public in accessing and meeting the needs of easy, cheap, and affordable financial services.

Two financial authorities, BI and OJK both regulate this innovation. However, both have different scopes and map out different requirements regarding Banks that are allowed to participate. Branchless Banking according to Bank Indonesia is a limited payment system and banking service activity through a Financial Service Intermediary Unit called UPLK.

The general pilot guidelines that regulate all activities that can be carried out by banks and telecommunications companies (telcos) were issued in 2013. The trial of Branchless Banking expanded to Mobile Payment Services was carried out from May to November 2013 involving five banks and two telecommunication companies.

It is hoped that the results of the pilot project will be able to become a stepping stone for the implementation of banking services for the public who have had difficulty accessing the location of the nearest bank branch office. This activity was carried out based on PBI No.16/8/PBI/2014 concerning Electronic Money, because in the pilot project, payment system and banking service activities were limited through UPLK, particularly the hybrid model, using electronic money or hereinafter known as e-money.

The Financial Services Authority (OJK) which in November 2014 released 20 (twenty) new regulations and revised regulations. One of them is about Laku Pandai (Branchless Banking). This is carried out as a program to provide banking and financial services through collaboration with other parties, namely bank agents and supported by the use of information and communication technology facilities. This is a form of commitment in providing access to financial services in accordance with the needs of the unbanked or unbanked community.

Given the high number of smartphone penetration in Indonesia, it provides an opportunity to increase financial inclusion through Laku Pandai (Branchless Banking). Moreover, from the Bank's perspective, the provision of banking services with Laku Pandai (Branchless Banking) can save considerable costs, namely reducing the cost of opening a branch office which can cost at least Rp. 1 billion and is also still cheaper than building an ATM (Automatic Teller Machines). Whose investment requires funds of at least Rp. 60 million per ATM.

In addition, regarding the points that are deemed very necessary in carrying out Laku Pandai (Branchless Banking) mentioned by CGAP regarding Anti-Money Laundering/Combating Financing of Terrorism (AML/CFT), Indonesia also has regulations, namely Bank Indonesia Regulation (PBI) Number: 11/28/PBI/2009 concerning Implementation of Anti-Money Laundering and Prevention of Terrorism Financing Programs for Commercial Banks. With this regulation, it can help banks in law enforcement, namely through anti-money laundering and terrorism financing prevention programs.

The Laku Pandai (Branchless Banking) policy as stipulated by the Financial Services Authority (OJK) explains that financial inclusion is all efforts aimed at eliminating all forms of price and non-price barriers to public access to financial services so that they can provide significant benefits. towards improving the standard of living of the community, especially for areas with geographically difficult areas and conditions or border areas.

The financial inclusion strategy is not an isolated initiative. So that involvement in financial inclusion is not only related to the duties of Bank Indonesia, but other regulators, ministries and other institutions in financial service efforts to the wider community. Through the national financial inclusion strategy, it is hoped that collaboration between government institutions and stakeholders is created in a good and structured manner (Nengsih 2015, 223–24).

Laku Pandai (Branchless Banking) as part of the financial inclusion program provides limited services and payments through agents without a physical bank office. So

as to provide a solution in saving transaction costs for people living in remote areas(Hidayati 2015, 137–38).

5. Conclusion

The factual condition in this study is that criticism of the laws and regulations or policies and regulations on the *Laku Pandai* (Branchless Banking) program in the Islamic banking system has not been comprehensively and clearly stated in POJK Number 19/POJK.03/2014 concerning Officeless Financial Services. in the Framework of Inclusive Finance for the unbanked and unbankable people. The POJK is only general for Conventional Banking. Furthermore, efforts are needed to synchronize and harmonize BI and OJK regulations as well as law enforcement efforts (*rechtvindig*) from law enforcers or regulators of Bank Indonesia, OJK and DPR RI in the implementation of *Laku Pandai* (Branchless Banking) in the Islamic banking system in Indonesia. In realizing an inclusive financial system, education and socialization efforts are carried out, as stated in Presidential Regulation (Perpres) Number 82/2016. National Strategy for Financial Inclusion (SNKI). Because in practice *Laku Pandai* (Branchless Banking) adheres to the principles of self service banking and prudential principles, so that the community can feel comfortable and easy in accessing the finances they need.

Based on the principles of self service banking and prudential principles. It is hoped that it will have a positive impact on law enforcement in the legal system in the field of Economics, Finance and Islamic Banking in Indonesia. Then the policy for optimal operational performance of infrastructure in Indonesia, especially in remote areas, and implementation control and supervision by bank management must be further improved. This policy can protect customers and banking agents. Therefore, harmonization efforts are needed in the implementation of legislation and regulations with the implementation of regulations related to the development and sustainability of the *Laku Pandai* (Branchless Banking) program in the Islamic banking system in Indonesia. In order to maintain the security of customer confidentiality data and customer trust in sharia banking in accordance with the principles of sharia compliance.

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