



Regulation Of Sharia Microfinance Institutions Toward Credit Cooperations Based On Sharia Principles

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Abstract: In empowering the people's economy through providing inclusive and sharia-based financial access. Islamic microfinance institutions, namely credit cooperatives, which aim to provide financial services in accordance with sharia principles to their members. One of the theories underlying the regulation of Islamic microfinance institutions towards credit cooperatives based on Islamic principles is that Islamic finance must follow Islamic principles in every aspect of its operations, including the prohibition of usury, gharar, and maysir, as well as an emphasis on fairness, sustainability, and economic empowerment. The problem of different understanding and interpretation of sharia principles is a challenge in the implementation of this law. In addition, compliance with and supervision of sharia principles is also a problem because it requires deep understanding and effective oversight mechanisms. The purpose of the regulation of Islamic microfinance institutions for credit cooperatives based on sharia principles is to create financial institutions that can provide financial services in accordance with sharia principles to their members. This includes empowering the people's economy, creating a fair and sustainable financial system, and providing more inclusive financial alternatives for the community.

Keywords: Economic empowerment, sharia principles, compliance, supervision, regulation

Abstrak: Dalam memberdayakan ekonomi rakyat melalui penyediaan akses keuangan yang inklusif dan berbasis syariah. Lembaga keuangan mikro syariah, yaitu koperasi kredit, yang bertujuan untuk memberikan layanan keuangan sesuai dengan prinsip syariah kepada anggotanya. Salah satu teori yang mendasari pengaturan lembaga keuangan mikro syariah terhadap koperasi kredit berdasarkan prinsip-prinsip Islam adalah bahwa keuangan syariah harus mengikuti prinsip-prinsip Islam dalam setiap aspek operasionalnya, termasuk larangan riba, gharar, dan maysir, serta penekanan pada keadilan, keberlanjutan, dan pemberdayaan ekonomi. Masalah perbedaan pemahaman dan penafsiran prinsip syariah menjadi tantangan tersendiri dalam implementasi undang-undang ini. Selain itu, kepatuhan dan pengawasan terhadap prinsip syariah juga menjadi masalah karena membutuhkan pemahaman yang mendalam dan mekanisme pengawasan yang efektif. Tujuan pengaturan lembaga keuangan mikro syariah bagi koperasi kredit berdasarkan prinsip syariah adalah untuk menciptakan lembaga keuangan yang dapat memberikan layanan keuangan sesuai dengan prinsip syariah kepada anggotanya. Termasuk memberdayakan ekonomi rakyat, menciptakan sistem keuangan yang adil dan berkelanjutan, serta memberikan alternatif keuangan yang lebih inklusif bagi masyarakat.

Kata Kunci: Pemberdayaan ekonomi, prinsip syariah, kepatuhan, pengawasan, regulasi

▪ Introduction

To guarantee that credit cooperatives operate according to sharia principles, there needs to be regulations related to sharia microfinance institutions (LKMS). This regulation aims to provide a clear legal framework governing the establishment, organization and supervision of credit cooperatives operating under sharia principles.

Several aspects of the law that are relevant in this regard include the Cooperative Law, which regulates the requirements for the establishment and management of cooperatives, including Islamic credit cooperatives. In addition, regulations issued by Islamic financing authorities also regulate the activities of MFIs, including Islamic credit cooperatives. This regulation covers minimum capital requirements, risk management, sharia compliance, and operational procedures that must be complied with.

Sharia credit cooperatives must also comply with sharia law which prohibits usury, gharar, and maysir while operating, Loyalty to values. The appointed Sharia Supervisory Board should be responsible for this sharia. In addition, this regulation pays attention to consumer protection, such as information transparency, privacy and dispute resolution.

One important element of the relevant legal regulations is the audit and supervision carried out by the competent authority. These audits are conducted to ensure compliance with laws and sharia principles and to track the financial performance of sharia credit cooperatives.

Comprehensive and effective legal regulations are essential to maintaining

stability and public trust in Islamic microfinance institutions, especially credit cooperatives. This regulation not only sets guidelines for sharia credit cooperatives, but also protects the interests of consumers and ensures the integrity of the implementation of sharia principles.¹

▪ Discussion and Research Results

1. Sharia Credit Cooperative Operations

The operation of a Sharia Credit Cooperative involves many aspects regulated by law to ensure efficient and sharia-compliant management. The following points are related to the operation of Islamic credit cooperatives. Supervision of wadiah principle funds. Islamic credit cooperatives must manage customer funds according to the wadiah principle, which means they act as trustees and are responsible for safeguarding and managing these funds. Separation of Funds To ensure transparency and protection of customer funds, the law requires that sharia credit cooperative funds and customer funds be separated from one another.

Lending, murabahah principle The murabaha principle allows Islamic credit cooperatives to provide credit through buying and selling at a markup price agreed between the cooperative and the consumer. Credit Recipient Eligibility Requirements: Sharia credit cooperatives must determine eligibility requirements

¹Hasan, M. *Regulation of Sharia Microfinance Institutions in Supporting Sharia-Based Credit Cooperatives*. Journal of Finance and Banking, Volume 7 Number 2, 2019. h. 150-165

that must be met by credit recipients, such as conducting an analysis.²

Credit, capacity to pay, and purpose for using credit. Investment Strategy Islamic credit cooperatives can make any investment permitted by law. This includes investments in Islamic financial instruments, productive financing, and holdings of other productive assets.

Risk management To ensure continuity of operations and protect customer interests, sharia credit cooperatives must comply with risk management regulations that cover credit, liquidity and operational risks. The regulation of goods and services for the types of products and services that can be offered by Islamic credit cooperatives is regulated by law. This includes savings, working capital financing, consumer financing, and sharia investment financing. Transparency and information Islamic credit cooperatives must provide clear, accurate, and transparent information about goods and services, including fees, terms, and customer rights and obligations. Business Management Regulatory reporting requirements require Islamic credit cooperatives to prepare accurate and comprehensive financial reports in accordance with applicable reporting standards. On a regular basis, regulatory authorities and consumers should receive these reports. Regular external audits, Islamic credit cooperatives must undergo external audits conducted by independent parties to ensure compliance with regulations and financial transparency. These points

²Kholis, N. *Regulation of Islamic Microfinance Institutions in Supporting the Growth of Credit Cooperatives*. *Journal of Sharia Finance and Banking*, Volume 6 Number 2, 2018.h.211-226.

provide an overview of the operating elements regulated by the legal regulations that apply to sharia credit cooperatives. However, keep in mind that regulations can vary from country to jurisdiction, and it is important to pay attention to the regulations that apply to a particular Islamic credit cooperative location.

2. Regulation of Sharia Principles in Sharia Credit Cooperatives

To ensure that their business activities comply with Islamic principles, sharia principles are very important for sharia credit cooperatives. The following is an explanation of some of the general sharia principles that sharia credit cooperatives must comply with. Islamic credit cooperatives must ensure that they are not involved in usury practices, either as lenders or interest recipients. Riba is a practice that involves the exchange or addition of interest or additional benefits in financial transactions.

Prohibition of gharar transactions involving gharar, such as speculative transactions or unclear contract terms, can cause one party to be disadvantaged or unfair. Sharia credit cooperatives must avoid transactions involving gharar. Maysir Prohibition: Maysir is a term that refers to any practice or gambling that involves unhealthy uncertainty or uncertainty. credit group.³

³Kurniawan, A., & Sulistyowati, NW *Regulation of Islamic Microfinance Institutions and Their Impact on Sharia Credit Cooperatives in Indonesia*. *Scientific Journal of Accounting Economics Students*, Volume 6 Number 1, 2021. h. 10-18.

Sharia must avoid transactions or investments that involve acts of *maysir*, such as excessive gambling or speculation. Principles of Fairness and Sustainability Sharia credit cooperatives must work based on the principles of fairness, mutual benefit and sustainability. They must ensure that their business transactions and activities are fair to all parties involved, both members and the general public.

The Sharia Supervisory Board (DPS) is usually responsible for overseeing compliance with sharia principles. The DPS advises and supervises sharia credit cooperatives in order to ensure compliance with sharia principles. DPS will assess and supervise the implementation of sharia principles, decision making, investment activities, and products. DPS will also provide advice and recommendations to cooperative managers. sharia credit to improve compliance and sharia-compliant service quality. Sharia credit cooperatives are expected to carry out their operations in accordance with sharia principles and ensure the trust and satisfaction of members and the general public.⁴

3. Legality of Sharia Credit Cooperatives

Registration and legality in accordance with applicable regulations, sharia credit cooperatives must be legally registered and recognized. Legality requirements and procedures for registration, including submission of documents and payment of registration fees, must be met.

The establishment and articles of association of the articles of association of Islamic credit cooperatives must be made with due observance of applicable legal requirements and include objectives, organizational structure, membership and decision-making processes. Wealth and capital of Islamic credit cooperatives must have sufficient wealth and capital to meet the minimum requirements set by law. This minimum requirement includes the minimum capital that must be deposited by members or other parties.

Requirements for membership criteria Individuals or legal entities cannot become members of Islamic credit cooperatives unless they meet certain criteria including age, occupation, place of residence, or other requirements stipulated by regulations or cooperative articles of association.

Open membership: Islamic credit cooperatives usually favor open membership, meaning anyone who meets the requirements can become a member without discrimination based on religion, race, or gender. Approval and Registration Process.⁵

Submission of an application for a person or legal entity wishing to establish an Islamic credit cooperative must submit an application to the competent authority. The application must include complete information about the co-founder, goals, business plan and other requirements. Evaluation and approval: Applications for the establishment of Islamic credit cooperatives will be evaluated by the

⁴Wulandari, L., & Khariri, A. *Regulation of Sharia Microfinance Institutions and Empowerment of Sharia Credit Cooperatives in Indonesia*. Journal of Sharia Finance and Banking, Volume 8 Number 1, 2020.h.55-70

⁵ Sari, DP, & Rahman, T. *Regulatory Analysis of the Development of Sharia Credit Cooperatives in Indonesia*. Journal of Islamic Economics and Business, Volume 5 Number 2, 2019.h.199-216.

competent authorities. In this evaluation, compliance with regulations and legal requirements is assessed, clients of Islamic credit cooperatives the rules governing how the cooperative operates.

Sharia credit, which includes fund management, lending, and investment. Requirements for effective financial management and open details about the goods and services that can be provided by Islamic credit cooperatives. The operation of the Sharia Credit Cooperative consists of various elements that are governed by efficient management and in accordance with sharia principles. The following points are related to the operation of Islamic credit cooperatives, Supervision of funds.

The wadiah principle of sharia credit cooperatives must manage customer funds according to the wadiah principle, which means they act as trustees and are responsible for safeguarding and managing these funds. Separation of Funds To ensure transparency and protection of customer funds, the law requires that sharia credit cooperative funds and customer funds be separated from one another.

Providing credit on the murabaha principle Islamic credit cooperatives have the ability to provide credit based on the murabaha principle, which means they can make purchases and sales at a price markup that has been decided between the customer and the cooperative.

Credit recipient eligibility requirements Islamic credit cooperatives must determine the criteria required by credit recipients, including credit analysis, ability to pay, and the purpose of using credit.

Investment Strategy Islamic credit cooperatives can make any investment

permitted by law. This includes investments in Islamic financial instruments, productive financing, and holdings of other productive assets. Risk management To ensure continuity of operations and protect customer interests, sharia credit cooperatives must comply with risk management regulations that cover credit, liquidity and operational risks.⁶

Regulation of Goods and Services, namely the types of products and services that can be offered by Islamic credit cooperatives are regulated by law. This includes savings, working capital financing, consumer financing, and sharia investment financing. Consequences and to prepare complete and accurate financial reports in accordance with applicable reporting regulations. On a regular basis, regulatory authorities and consumers should receive these reports. External Audits Regularly, Islamic credit cooperatives must undergo external audits conducted by independent parties to ensure compliance with regulations and financial transparency.

These points provide an overview of the operating elements regulated by the legal regulations that apply to sharia credit cooperatives. However, keep in mind that regulations can vary from country to jurisdiction, and it is important to pay attention to the regulations that apply to a particular Islamic credit cooperative location.

Sharia principles used by credit cooperatives are explanations of sharia principles that must be obeyed by sharia credit cooperatives,

⁶Nurhayati, N., & Mustikawati, R. *The Influence of Regulations on the Performance of Sharia Credit Cooperatives in Indonesia*. Journal of Theory and Applied Sharia Economics, Volume 7 Number 2, 2020.h.129-140.

such as the prohibition of usury, gharar and maysir. Discussion on the supervision carried out by the Sharia Supervisory Board for Discussion on the supervision carried out by the Sharia Supervisory Board to ensure that sharia principles are adhered to.

Sharia principles in Sharia Credit Cooperatives are very important to implement so that business operations comply with Islamic principles. Some of the general sharia principles that must be complied with by sharia credit cooperatives are explained below. Islamic credit cooperatives must ensure that they are not involved in usury practices, either as lenders or interest recipients. Riba is a practice that involves the exchange or addition of interest or additional benefits in financial transactions.⁷

Prohibition of Gharar Transactions involving gharar, such as speculative transactions or unclear contract terms, can cause one party to be disadvantaged or unfair. Sharia credit cooperatives must avoid transactions involving gharar. The Maysir prohibition relates to transactions or investments involving maysir practices, such as gambling or excessive speculation. Sharia credit cooperatives must avoid transactions or investments that involve gambling or practices that involve unhealthy uncertainties or uncertainties.

Principles of Fairness and Sustainability: Sharia credit cooperatives must work based on the principles of fairness, mutual benefit and sustainability. They must ensure that

their business transactions and activities are fair to all parties involved, both members and the general public. The Sharia Supervisory Board (DPS) is usually responsible for overseeing compliance with sharia principles. The DPS advises and supervises sharia credit cooperatives in order to ensure compliance with sharia principles.

DPS will assess and supervise products, investment activities, decision-making, and implementation. Overall sharia principles. In addition, DPS will assist sharia credit cooperative managers in improving compliance and sharia-compliant service quality. Sharia credit cooperatives are expected to carry out their operations in accordance with sharia principles and ensure the trust and satisfaction of members and the general public.⁸

4. Investment Activities In Sharia Credit Cooperatives Involve Fund Management

Investing in an Islamic credit cooperative means managing funds in a Sharia-compliant manner. Investment activities in Islamic credit cooperatives are related to the following points. Investment Types, Islamic Financial Instruments Islamic credit cooperatives can invest in Islamic financial instruments such as sukuk, Islamic stocks, or other financial instruments based on Islamic principles. Productive Financing: Sharia credit cooperatives can

⁷Rokhim, R., & Mardiani, R. *Regulatory Analysis of the Performance of Sharia Credit Cooperatives in Indonesia*. Journal of Economics and Business, Volume 8 Number 1, 2021.h.13-14.

⁸Pradana, AH, & Pribadi, T. Analysis of Islamic Microfinance Institution Regulations in Supporting the Growth of Islamic Credit Cooperatives in Indonesia. Journal of Islamic Economics and Banking Studies, Volume 4 Number 2, 2019.h.114-124.

also provide financing to members for business activities that comply with sharia principles.

Ownership of productive assets Islamic credit cooperatives can own productive assets, such as business equipment or property, which can be used to support the operations and interests of members. Risk control, credit risk Islamic credit cooperatives must consider and manage credit risk properly, including carrying out an accurate credit analysis. the interests of members: Islamic credit cooperatives can provide fair and sustainable benefits for members and the community by adhering to sharia rules and principles in investment management.

5. Products and Services in Sharia Credit Cooperatives

Regulation of sharia credit cooperative products and services is very important to ensure business is carried out transparently and provide certainty to customers. Following are some points regarding the regulation of Islamic credit cooperative products and services.

Types of goods and services for sharia savings Islamic credit cooperatives can provide sharia savings products to members and the general public in accordance with sharia principles. Working capital financing of sharia credit cooperatives can provide working capital financing to members who need funds for business activities in accordance with sharia principles. Islamic credit cooperative consumer financing can also provide consumer financing to members to meet the needs of their consumers.

Transparency and data security Islamic credit cooperatives must provide clear, accurate and transparent information about their products and services. This information should include product details, financing terms, interest rates, payment schedules, related fees, and customer rights and obligations. Customers must also be provided with sufficient understanding of the risks associated with the goods and services they use.

Customer Protection In addition, laws may stipulate regulations that protect consumers in Islamic credit cooperatives, such as regulating customer rights and dispute resolution mechanisms. Sharia credit cooperatives aim to protect the interests of customers and treat customers fairly and ethically. By complying with regulations and providing clear information to customers, sharia credit cooperatives aim to provide certainty, transparency and protection to customers with appropriate sharia principles, sharia can build trust and meet financial needs.

To maintain the integrity, sustainability and trust of members and the public, sharia credit cooperatives must have good financial management. The following are several points related to the financial management of Islamic credit cooperatives. Requirements for Reports: The competent authorities will examine the results of external audits to ensure financial compliance and transparency and provide assurance to related parties about the financial condition of Islamic credit cooperatives.

Financial Risk Control Islamic credit cooperatives must have appropriate policies and procedures to manage financial risks, such as liquidity risk, credit risk and

operational risk. Financial risk management includes identification, evaluation, control and monitoring of risks faced by Islamic credit cooperatives.

Sharia credit cooperatives that have good financial management will help maintain financial integrity and stability as well as maintain the health of their operations. If reporting and external audit requirements arise, Islamic credit cooperatives can provide accurate and open information to related parties and ensure that the information is accurate and open.

Islamic credit cooperative financial reports must be accurate and complete and in accordance with applicable reporting standards, such as Islamic Financial Accounting Standards (SAKS). Balance sheets, profit and loss, cash flows, and notes to financial statements are prepared. These financial reports must be sent periodically to members and authorized authorities, such as Bank Indonesia and the Banking and Financial Institution Supervisory Agency (BPPK-LK).

Islamic credit cooperatives must undergo regular external audits by competent independent financial auditors. The competent authorities will examine the results of external audits to ensure financial compliance and transparency and provide assurance to related parties about the financial condition of Islamic credit cooperatives.

Financial Risk Control Islamic credit cooperatives must have appropriate policies and procedures to manage financial risks, such as liquidity risk, credit risk and operational risk. Financial risk management includes identification, evaluation, control

and monitoring of risks faced by Islamic credit cooperatives.

Sharia credit cooperatives that have good financial management will help maintain financial integrity and stability as well as maintain the health of their operations. If reporting and external audit requirements arise, Islamic credit cooperatives can provide accurate and open information to related parties and ensure that the information is accurate and open.⁹

6. Islamic microfinance institutions Against Sharia Principles

Regulation of Islamic microfinance institutions is a set of rules and regulations governing various aspects of the operations and activities of Islamic microfinance institutions operating within the context of credit cooperatives. The main objective of this regulation is to ensure that Islamic microfinance institutions operate according to Islamic principles, which include the prohibition of usury (interest), gharar (uncertainty), and maisir (gambling). This regulation was created with several important objectives.

Compliance with Sharia Principles: This regulation was created to ensure that Islamic microfinance institutions operate in accordance with the Islamic principles that form the basis of the Islamic financial system. These principles include the prohibition of usury (which is considered as interest), gharar (which is considered

⁹Marwah, NF, & Dewi, YN *Regulation of Islamic Microfinance Institutions and Their Impact on Sharia Credit Cooperatives in Indonesia*. Journal of Islamic Economics, Volume 9 Number 1, 2020. H. 20-33.

as uncertainty), and maisir (which is considered as gambling). Islamic microfinance institutions must comply with these regulations in order for their operations to comply with these principles.

Consumer Protection This regulation was created to protect customers or members of credit cooperatives who use the services of Islamic microfinance institutions. Strict regulations are expected to provide consumers with certainty and transparency in conducting financial transactions and protect them from practices that are detrimental or contrary to sharia principles. Resilience of Islamic microfinance institutions This regulation also aims to ensure the continuity and success of Islamic microfinance organizations in the long term. Islamic microfinance institutions can maintain public trust, attract investors, and gain support from authorities by conducting their business according to sharia principles. These regulations ensure the business continuity of Islamic microfinance institutions and help create an enabling environment for their growth.

Sharia-Based Economic Development: This regulation supports sharia-based economic development. By encouraging the establishment of microfinance institutions that adhere to Islamic principles, they strengthen Islamic financial infrastructure, provide inclusive financial access for society, and promote growth of the Islamic economic sector as a whole. Therefore, regulations that apply to Islamic microfinance companies are very important to ensure that they operate according to Islamic principles, protect consumers, and maintain sustainability.

In the case of credit cooperatives based on Islamic principles, the authority in charge of the Islamic finance sector in a country or region usually establishes the rules for Islamic microfinance institutions. Several authorities may be involved in issuing this law. The country's central bank is responsible for overseeing the financial sector, including Islamic microfinance institutions. They have the authority to issue laws and regulations governing how to set up, run, manage risk, and supervise Islamic microfinance businesses such as credit cooperatives.

Financial authority special financial authority in charge of the Islamic finance sector. This authority is responsible for ensuring that Islamic microfinance institutions comply with Islamic principles and promote the development of the sector. Islamic Financial Institutions: Sharia-based financial institutions that have.

Making regulations related to Islamic microfinance institutions can also be influenced by their role in overseeing and developing the Islamic finance sector. They are well versed in sharia principles and can assist in drafting operating rules that comply with these principles.

In addition, depending on the structure of a country's financial system, other government authorities, such as the Ministry of Finance or the Ministry in charge of finance and banking, may also be involved in issuing these regulations. This regulation has existed since Islamic microfinance institutions were established. Islamic microfinance institutions must comply with all applicable regulations after obtaining permission and approval

from the competent authorities. This regulation will serve as a standard for conducting their business.

As long as Islamic microfinance institutions operate, these regulations must be obeyed. To ensure that Islamic microfinance institutions comply with regulations, supervisory and regulatory authorities will carry out regular checks and evaluations. If violations or discrepancies are found, Islamic microfinance institutions may be subject to sanctions or necessary corrective actions.

It is important to remember that laws can change over time. Authorities may change or revise according to developments and the needs of the Islamic microfinance industry. Therefore, Islamic microfinance institutions must keep a close watch on regulatory changes and try to comply with them.

These regulations apply in countries or jurisdictions where Islamic microfinance institutions and credit cooperatives operate. Each country has a different regulatory system governing the financial sector, including that governing Islamic microfinance institutions in the context of credit cooperatives based on Islamic principles.

Therefore, these regulations are not the same for every country or region. Within its legal scope, each country or region has a central bank, financial authority, or financial supervisory agency that is responsible for regulating Islamic microfinance institutions and credit cooperatives.

For example, the Financial Services Authority (OJK), which is responsible for supervision and regulation of the financial sector in Indonesia, has the

authority to set regulations for Islamic microfinance institutions and credit cooperatives based on Islamic principles. In other countries, various agencies may make regulations according to the prevailing financial regulatory structure. Therefore, Islamic microfinance institutions and credit cooperatives must understand and comply with the regulations in force in the countries or regions in which they operate to ensure their compliance with Islamic principles and local legal regulations.

This regulation regulates various aspects of the operation and operation of Islamic microfinance institutions operating under the principle of Islamic credit cooperatives. This regulation regulates a number of things, such as the requirements for Establishment: The Regulation may stipulate a number of requirements that Islamic microfinance institutions must meet before they can be allowed to operate. These requirements can include things like legality, minimum capital, organizational structure, ownership and management skills. Risk Management This regulation establishes rules for risk management that must be implemented by Islamic microfinance institutions.

This regulation covers the identification, evaluation, control and monitoring of risks that may occur during the operation of Islamic microfinance institutions. This regulation may also regulate liquidity management, credit management, operational management and other risk management. This regulatory oversight can regulate Islamic microfinance institutions. This includes regular checks, reports, and supervision carried out by the relevant supervisory or regulatory authority. The

purpose of this regulation is to ensure that Islamic microfinance institutions operate according to Islamic principles and comply with regulations.¹⁰

Financial Reporting This regulation regulates how Islamic microfinance institutions must report their finances. This includes preparing financial reports in accordance with sharia accounting regulations, reporting on compliance with sharia principles, and reporting to the relevant supervisory or regulatory authorities. This regulation makes the financial reports of Islamic microfinance institutions more transparent and accountable.

This regulation may include other provisions relating to the operation of Islamic microfinance institutions in credit cooperatives based on Islamic principles, in addition to these elements. The aim is to create a framework that is clear and consistent with principles. sharia, as well as ensuring the sustainability and compliance of these sharia microfinance organizations.

▪ **Closing**

The law that Islamic microfinance institutions apply to credit cooperatives based on Islamic principles has a significant purpose. The purpose of this law is to ensure that Islamic microfinance institutions carry out their operations in accordance with Islamic principles which prohibit usury, gharar and maisir.

These regulations are made by the central bank or financial authority, which is in charge of the Islamic finance sector in the country or region. This regulation regulates many things, such as how to establish an Islamic microfinance institution, manage risk, supervise and report finances.

Islamic microfinance institutions and credit cooperatives can maintain compliance with sharia principles, protect consumers, maintain business continuity, and support sharia-based economic growth by following these regulations. This regulation also ensures transparency, accountability and effective monitoring of the activities of Islamic microfinance institutions.

In practice, Islamic microfinance institutions and credit cooperatives must understand, comply with, and keep abreast of changing regulations in force in the countries or regions in which they operate, so that they can carry out their operations in accordance with sharia principles and local legal regulations.

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¹⁰Rokhim, R., & Mardiani, R. *Regulatory Analysis of the Performance of Sharia Credit Cooperatives in Indonesia*. Journal of Economics and Business, Volume 8 Number 1, 2021.

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