

(Research/Review) Article

Implementation of Qanun Aceh Number 11 of 2018 concerning Islamic Financial Institutions in Increasing Financing for Micro Enterprises in Aceh

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Abstract: Islamic Financial Institutions play a vital role in strengthening the Islamic economy in Aceh, particularly through financing micro businesses. Article 14 of Qanun Aceh Number 11 of 2018 sets a target of 40% profit-sharing-based financing for Micro, Small, and Medium Enterprises (MSMEs) by 2024. However, the realization of financing with profit-sharing contracts is still low. This study aims to examine the implementation of Qanun Number 11 of 2018 in facilitating micro business financing in Aceh, identify obstacles in its implementation, and analyze the roles of the government, society, and the private sector in supporting this process. The study uses an empirical juridical method, collecting data through literature studies, interviews, and observations. Data analysis is conducted qualitatively with a prescriptive analytical approach. Challenges to financing distribution include business actors not meeting credit quality assessments and prudential banking standards, causing banks to implement risk management strategies to prevent non-performing loans. Additionally, low financial literacy among business actors remains a significant barrier. The local government supports micro business financing by establishing the Technical Implementation Unit of the Integrated Business Service Office, providing financial assistance, and introducing the draft Qanun of Aceh Sharia Financing Guarantee. Bank Aceh Syariah offers training and coaching for MSMEs, while Bank Syariah Indonesia aids MSMEs through the MSME Center and the Muslim Entrepreneur program. Improving financial literacy is essential for business development. The study recommends that the Aceh Government strengthen the implementation of Qanun Sharia Financial Institutions, increase profit-sharing-based MSME financing, and promote financial literacy.

Keywords: Aceh Qanun; Financial Literacy; Islamic Financial Institutions; Micro Business Financing; Profit-Sharing Financing.

1. Introduction

Indonesia is a country of law as affirmed in Article 1 paragraph (3) of the 1945 Constitution as a result of the third amendment. The embodiment of the principle of the state of law is reflected in the recognition of the specificity of Aceh Province in the implementation of Islamic law in its territory. The enforcement of Islamic sharia in Aceh is not new, but has been part of people's lives since before independence. Regional autonomy provides space for Aceh to implement a sub-system of Islamic law that has long lived as a social and cultural value of its people.

Aceh Province has the privilege to regulate its government affairs independently as stipulated in Article 7 paragraphs (1) and (2) of Law No. 11 of 2006 concerning the Government of Aceh. Based on this authority, Aceh has the right to manage its own economic activities. One of the applications is the enactment of Qanun Aceh No. 11 of 2018 concerning Sharia Financial Institutions which is in line with Article 126 paragraph (1) of the Aceh Government Law, which requires Muslims in Aceh to obey and practice Islamic law.

Qanun Aceh Number 11 of 2018 concerning Sharia Financial Institutions is a regulation that regulates the activities of financial institutions in order to realize a fair and prosperous economy of the Acehnese people based on Islamic Sharia. This Qanun has been in effect since January 4, 2019, and all financial institutions in Aceh are required to adjust within three years. The existence of Islamic Financial Institutions aims to strengthen the Islamic economy, encourage economic growth, increase regional income, and community welfare. Based on the principles of justice, utility, balance, and universality, Islamic banking prohibits usury and

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implements a profit-sharing system that creates a fair investment climate and balance between banks and customers.

After more than four years of implementation *Single Islamic Banking System* In Aceh, Prof. Dr. Muhammad Maulana, S.H., M.H., an expert in Islamic economics, stated that the Qanun of Sharia Financial Institutions still faces various obstacles. Many entrepreneurs complain about this rule because it is considered to limit access to finance compared to conventional banks. Without competition with conventional banks, Islamic banks are the only option, but their services are considered unsatisfactory. Not all Islamic banks have priority customer facilities like conventional banks, so it is a challenge for Islamic financial institutions to improve the quality of service and maintain customer trust.

Responding to the challenges of implementing the Qanun of Sharia Financial Institutions, Mawardi Ismail, S.H., M. Hum., Dean of the Faculty of Law, Syiah Kuala University for the period 2005-2009, stated that this Qanun was formed to realize justice and community welfare in accordance with Qanun No. 8 of 2018. However, its implementation has an impact on the Micro, Small, and Medium Enterprises sector that still have difficulty accessing financing from Islamic banks. In fact, Article 14 of the Qanun of Sharia Financial Institutions requires the distribution of at least 40% of financing to Micro, Small, and Medium Enterprises which aims to strengthen the sector through productive financing to increase economic growth and the welfare of the people of Aceh.

One of the factors inhibiting the development of Micro, Small, and Medium Enterprises in Aceh is the limited access to business capital, especially for micro business actors. Difficulties in obtaining funding from banking institutions have become a classic problem that has not been solved until now. In addition, the protection of Micro, Small, and Medium Enterprises has not been a priority in budget policy, so its role as the main pillar of economic development has not been optimal in improving people's welfare.

Article 14 of the Qanun of Sharia Financial Institutions shows negligence in anticipating potential problems arising from its application. The government should set further rules related to access to capital for micro-entrepreneurs and encourage profit-sharing-based financing to be more productive. The principle of prudence should be the basis in the formation of legal products, because it serves as a guideline so that the policies made do not have a detrimental impact and become an important principle in legal decision-making.

Apart from Aceh's specialties in carrying out Islamic law, one of them is in the economic field. It can be seen that the role of the government is very important in regulating and moving the wheels of the economy, but it does not mean that the power lies entirely in the government, but rather it is reused for the benefit of the people so that it can achieve prosperity and justice.

Departing from the above problems, it can be seen that the noble goal of the implementation of the Qanun of Sharia Financial Institutions juridically empirically "realizing a prosperous economy under the auspices of Islamic Sharia" has not been achieved comprehensively. The implementation of Sharia economics must also not be separated from the great principles of economics. The national economy that is sourced from the ideology of Pancasila by realizing the mandate of Article 33 of the 1945 Constitution and its explanation is a people's economic system that is at the same time moralistic. The people's economic system basically refers to the selection of small and medium enterprises and involves all levels of society in the development process.

2. Research Methods

This research uses a juridical-empirical method, which is legal research that analyzes the application of law in society through observation and direct interviews at the research site. In addition, this research is also complemented by a literature study of relevant laws and regulations as secondary material.

The approach of this research uses legal sociology, which analyzes people's reactions and interactions to the functioning of legal norms. Sampling was based on time, place, and cost considerations, involving respondents and informants representing the study population. The specification of this research is an analytical perspective, which aims to examine in depth the legal issues being studied.

The data sources were obtained from primary data and secondary data, with data collection techniques in the form of observations and interviews designed to obtain answers that are relevant to the research problems raised by the author. This study uses qualitative analysis with a descriptive-analytical approach and is based on systematic juridical analysis. In addition, quantitative data is processed using tables, charts, or curves. The results of the research are accompanied by an applicative prescription, in accordance with the character of law as an applied science.

3. Results and Discussion

3.1 Implementation of Qanun Number 11 of 2018 in Access to Micro Business Financing in Aceh

Micro enterprises are non-formal sectors that generally do not have a legal entity and are highly dependent on the availability of capital. In Aceh, the growth of Micro, Small, and Medium Enterprises continues to increase every year, both in terms of business types and distribution throughout districts.

# NO.	KABUPATEN/KOTA	# MIKRO	# KECIL	# MENENGAH	# TOTAL
1	KAB. SIMEULUE	4.849	1	5	4.855
2	KAB. ACEH SINGKIL	14.025	20	4	14.049
3	KAB. ACEH SELATAN	27.407	01	17	27.605
4	KAB. ACEH TENGGARA	44.200	5	4	44.209
5	KAB. ACEH TIMUR	42.630	70	19	42.725
6	KAB. ACEH TENGAH	18.750	109	15	18.864
7	KAB. ACEH BARAT	25.493	161	26	25.660
8	KAB. ACEH BESAR	58.016	62	13	58.091
9	KAB. PIDIE	44.506	247	22	44.777
10	KAB. BIREUEN	59.173	41	11	59.225
11	KAB. ACEH UTARA	46.713	29	8	46.750
12	KAB. ACEH BARAT DAYA	20.596	89	11	20.696
13	KAB. GAYO LUES	13.996	42	12	14.050
14	KAB. ACEH TAMIANG	31.489	54	1	31.544
15	KAB. NAGAN RAYA	14.008	90	11	14.109
16	KAB. ACEH JAYA	11.023	90	6	11.122
17	KAB. BENER MERIAH	13.906	79	9	13.997
18	KAB. PIDIE JAYA	17.513	81	17	17.611
19	KOTA BANDA ACEH	47.460	26	11	47.497
20	KOTA SARANG	6.212	17	1	6.230
21	KOTA LANGSA	25.726	206	26	25.960
22	KOTA LHOEKSUMAWE	24.543	163	25	24.731
23	KOTA SUBULUSSALAM	10.035	50	12	10.105
TOTAL		822.300	1.830	288	624.477

Figure 1. Number of Micro, Small, and Medium Business Actors in 2025.

To expand access to financing for Micro, Small, and Medium Enterprises, especially micro enterprises, the Government of Aceh has set a policy for banks to distribute financing of at least 40 percent by 2024 through a profit-sharing agreement. This policy is in line with Qanun Aceh Number 11 of 2018 which aims to support funding based on sharia principles. These efforts have shown positive results, as data from the Central Statistics Agency noted that 46.73 percent of the main source of capital for micro and small business actors comes from government program loans.

People's Business Credit is a government financing subsidy program implemented in collaboration with banks. In Aceh, the distribution of this program is entrusted to Bank Aceh Syariah and Bank Syariah Indonesia, with the main focus on micro business actors. In 2024, the realization of the distribution of People's Business Credit funds to support Micro, Small, and Medium Enterprises in Aceh will reach five trillion rupiah. The following data shows the realization of financing for People's Business Loans and micro enterprises in 2024 based on a report by the Aceh Provincial Cooperatives and Small and Medium Enterprises Office.



Figure 2. Realization of Distribution of People's Business and Micro Enterprises Loans in 2024.

Saiful Bahri as the Sub-Coordinator of Small Business Facilitation at the Aceh Province Cooperatives and Small and Medium Enterprises Office, said that the realization of financing for micro business actors has been achieved, generally through sales and purchase contracts. The Aceh Province Cooperatives and Small and Medium Enterprises Office also presents accompanying personnel to assist micro business actors in assistance, administrative preparation, and facilitation to banks to obtain People's Business Credit financing. The realization of the financing reached IDR 5.03 trillion with 63,987 debtors, indicating the achievement of the government's annual target. Based on data from the Aceh Financial Services Authority, the financing ratio of Micro, Small, and Medium Enterprises in June 2025 reached 27.22 percent or worth IDR 12.25 trillion, showing positive growth in the financing sector in Aceh.

People's Business Credit is the most popular form of financing among micro business actors in Aceh. The distribution of funds for this program is carried out through Bank Aceh Syariah and Bank Syariah Indonesia, with greater financing realization at Bank Syariah Indonesia. However, the dominance of banks differs in each region, such as in South Aceh which prefers Bank Aceh Syariah. The realization of financing for Micro, Small, and Medium Enterprises, especially micro enterprises, has not been fully optimal because there are obstacles in the distribution of the budget that is not in line with the target. To overcome this, the Aceh Government conducted an evaluation through an official letter to relevant agencies and banks and held a coordination meeting to ensure the distribution of financing in accordance with the set target.

The Aceh Financial Services Authority noted that the financing ratio of Micro, Small, and Medium Enterprises in Aceh as of June 2025 was 27.22 percent or around Rp12.25 trillion, this figure has not reached the target of 40 percent. The Head of Business and Development of Micro, Small, and Medium Enterprises, Zaki, said that there was a growth in financing distribution of 9.6 percent on an annual basis from June 2024 to June 2025. Meanwhile, data shows that the total financing disbursed by Bank Aceh Syariah has not met the target as mandated by Article 14 of the Qanun of Sharia Financial Institutions, even though the distribution to micro business actors has been relatively realized. In contrast, Bank Syariah Indonesia recorded a financing ratio of Micro, Small, and Medium Enterprises of 41 percent in the same period.

Responding to these conditions, the Head of the Micro Subdivision, Kamil Sayuti, emphasized that financing can only be provided to businesses that meet eligibility in accordance with Bank Indonesia Regulation Number 7/2/PBI/2005 concerning Asset Quality of Commercial Banks, which includes business prospects, debtor performance, and ability to pay. Ferdinan Daular from the Aceh Financial Services Authority also emphasized that although the realization of the qanun target is important, banking conditions must still be considered so as not to pose financial risks in the future.

The implementation of the Qanun of Islamic Financial Institutions can be analyzed through the theory of the legal system of H.L.A. Hart, whose thinking had a great influence on the development of modern legal positivism. The core of Hart's ideas lies in the concept *primary rules* and *secondary rules*, which is central to the legal system through the union of the two.

3.1.1 Primery Rules

According to H.L.A. Hart, *primary rules* apply when the community shows regularity of behavior and awareness to obey the rules as a shared obligation. This can be seen in the specificity of Aceh which implements Islamic sharia based on Law Number 11 of 2006 concerning the Government of Aceh, as a form of social order rooted in its history as an Islamic kingdom.

The application of Qanun of Sharia Financial Institutions is tangible evidence of the implementation of *primary rules*, where the community adjusts to the obligation to convert the banking system from conventional to sharia. The change reflects social awareness and the community's commitment to carry out Islamic economic principles according to the mandate of qanun.

3.1.2 Secondary Rules

According to H.L.A. Hart, *secondary rules* are rules *about rules* that complement primary rules and together form a complete legal system. *Secondary rules* include three aspects, namely *rules of recognition* that determine the validity of a rule, *rules of change* that govern the manner and authority to make changes, and *rules of adjudication* that govern the law enforcement mechanism.

In the context of Qanun of Sharia Financial Institutions in Aceh, *the rules of recognition* are sourced from the Aceh Government Law as the legal basis for its formation. *The rules of change* are carried out by the Aceh Government through a legislative process involving the Aceh People's Representative Council, the Economic Bureau, the Legal Bureau, and related Aceh Apparatus Work Units such as the Islamic Sharia Office, including the establishment of the Aceh Sharia Council as a supervisory institution. Meanwhile, *the rules of adjudication* are implemented by the Financial Services Authority and related institutions in accordance with the provisions of laws and regulations.

According to L.M. Friedman, the legal system can only function effectively if its three main components are synergized with each other, namely the legal structure, the substance of the law, and the legal culture. The three components can be described in the analysis of the provisions of micro business financing in the Qanun of Sharia Financial Institutions as follows:

a. Legal Structure

The institution that is authorized and responsible for the implementation of the Qanun of Sharia Financial Institutions is the Aceh Regional Government together with several Aceh Apparatus Work Units, including the Aceh Islamic Sharia Office. Based on a statement from Kamil Sayuti, in the implementation of the Qanun of Sharia Financial Institutions, the Government of Aceh has established the Aceh Sharia Council whose secretariat is in the Islamic Sharia Office. The Aceh Sharia Council is tasked with ensuring that the implementation of the Qanun of Sharia Financial Institutions and the implementation of Islamic finance in Aceh is in accordance with the mandate stated in the Qanun.

Furthermore, each district and city is required to form a Regency Sharia Council as an extension of the Aceh Sharia Council. The Aceh Sharia Council also has a Sharia Supervisory Board in every Islamic financial institution operating in Aceh. The main focus of the Aceh Sharia Council is to ensure the implementation of sharia principles. Meanwhile, for technical matters such as the financing ratio mentioned in Article 14 of the Qanun of Sharia Financial Institutions, in accordance with the provisions of Article 60 Paragraph (1), guidance, regulation, and supervision are carried out by the Financial Services Authority and/or other institutions. Each Aceh Apparatus Work Unit synergizes with each other to realize the mandate of Qanun Aceh Number 11 of 2018 concerning Sharia Financial Institutions.

b. Legal Substance

Qanun Sharia Financial Institutions is a regulation set by the Aceh Government to ensure that all muamalah activities in Aceh run based on sharia principles. Based on Article 5 and Article 14, this Qanun aims to strengthen the development of the Islamic economy and realize an Islamic economy in Aceh. One of the provisions regulates the obligation of Islamic banks to distribute financing to micro, small, and medium enterprises (MSMEs) at least 40%, including profit-sharing-based financing by 2024.

In terms of legal substance, the Qanun of Sharia Financial Institutions has a strong juridical foundation because it was formed based on the mandate of Law Number 11 of 2006 concerning the Government of Aceh which requires all community activities based on Islamic law. This is also emphasized in Qanun Aceh Number 8 of 2014 concerning the Principles of Islamic Sharia which requires every bank in Aceh to have a Sharia Business Unit. Although there was a contradiction with the provisions of Law Number 21 of 2008 concerning Banking, which regulates the separation between Sharia Business Units and their parent banks, the establishment of the Qanun of Sharia Financial Institutions is actually a solution to affirm that all financial institutions operating in Aceh are obliged to have sharia principles. Thus, this Qanun has fulfilled the principle of establishing laws and regulations based on higher laws and avoiding overlapping regulations.

According to Sajipto Raharjo, the problems in laws and regulations are divided into three, namely the law making process problem, the interpretation problem, and the implementation of the law. Based on this concept, the formation of the Qanun of Sharia Financial Institutions has gone through a comprehensive process, as evidenced by the existence of academic manuscripts and the involvement of practitioners and academics in its preparation. This shows that the Qanun has a strong scientific basis and social urgency as a guideline in strengthening the sharia economy in Aceh.

However, the substance of Article 14 of the Qanun of Sharia Financial Institutions still has weaknesses, especially in the provisions on the obligation of financing ratios for micro, small, and medium enterprises of at least 40 percent which have not been accompanied by binding legal norms and a clear supervisory mechanism. As a result, these provisions do not have strong coercive force in their implementation. Therefore, further explanation and regulation are needed so that the legal norms in this Qanun are effective, in accordance with the provisions of Law Number 12 of 2011 concerning the Establishment of Laws and Regulations. Based on theory *rule of recognition*, the success of the implementation of legal norms depends on the extent to which legal authorities and society accept them and implement them consistently.

c. Legal Culture

Law enforcement is basically a process of implementing policies that contain an element of discretion, namely decision-making that is not strictly regulated by law, but involves moral considerations and personal values. Soerjono Soekanto, quoting Roscoe Pound, emphasized that discretion is between law and morality, so that disharmony between values, norms, and behavior patterns can hinder law enforcement. In the context of the implementation of Qanun of Islamic Financial Institutions, the

obligation to eliminate conventional banks in Aceh faces challenges due to the low public understanding of the provisions of Qanun and dependence on the conventional financial system.

The success of the enforcement of the Qanun of Sharia Financial Institutions also depends on the pattern of community behavior. Honest and trustworthy business actors will find it easier to gain trust from Islamic financial institutions, especially in profit-sharing-based contracts that have a high level of risk. Islamic finance practitioner, Haizir Sulaiman, emphasized the importance of mutual understanding between banks and customers in musyarakah contracts. However, in practice, imbalances often arise when there are large profits, because some customers are reluctant to share the results according to the agreement. Therefore, banks tend to be more selective by prioritizing customers who are proven to be trustworthy in the murabahah contract before being given the opportunity to establish musyarakah-based cooperation.

3.2 Obstacles Faced in the Implementation of Qanun Number 11 of 2018 Related to Micro Business Financing in Aceh

The implementation of Qanun of Sharia Financial Institutions involves social interaction that forms legal relationships in the field of muamalah, from its formation to its implementation, with various parties involved such as the Aceh Regional Government as a regulator, the Aceh Cooperatives and Micro Small Enterprises Office, the Aceh Islamic Sharia Office, Islamic banking as the implementer, the Aceh Financial Services Authority as the supervisor, and the community as the beneficiary. Financing provided to micro business actors is a form of legal relationship that contains risks, so that risk management becomes the core activity of financial institutions which includes identification, measurement, monitoring, and control of risks. The goal of risk management is not only to avoid financial losses, but also to ensure that banks achieve reliable and consistent financial results, thus becoming a prerequisite for the health, stability, and sustainability of banking operations that inherently manage risk in the products and services they offer. Financing barriers between banks as access providers and micro business actors as beneficiaries mostly come from the business actors themselves.

Interviews with Micro, Small, and Medium Enterprises assistants from the Aceh Cooperatives and Small and Medium Enterprises Office showed that obstacles arise when business proposals do not meet the criteria of banks or business actors have bad credit records recorded in Bank Indonesia Checking. According to the Financial Services Authority Regulation Number 18/POJK.03/2016 concerning the Implementation of Risk Management for Commercial Banks, bad loans are credit risks that must be watched out for. Overlending when the economy is growing rapidly can cause serious problems during a recession because banks have to write off uncollectible loans, thereby reducing the bank's capital and ability to distribute credit in the future. This condition is not only detrimental to banks, but also has a negative impact on customers and the economy as a whole.

The distribution of large amounts of financing that cannot be returned by business actors will affect the bank's internal financial turnover, because financing is basically a trust that must be returned according to the agreement. Haizir Sulaiman explained that each bank has a different risk appetite and risk tolerance, depending on their capital and ability to manage risk, so risk considerations are an important aspect in providing financing. Amri, a companion of the Aceh Besar Micro, Small, and Medium Enterprises People's Business Credit, added that the bank will only distribute financing after ensuring that micro enterprises have adequate financial and administrative capabilities. One of the obstacles that often arises is the lack of public understanding of bank requirements, which shows low literacy related to financing.

Another obstacle in financing arises when business actors are less transparent in providing information, for example business documentation submitted that is not privately owned. In addition, obstacles also occur in the financing repayment process, because some micro business actors find it difficult to repay credit due to the use of funds for consumptive needs outside the business. Based on Bank Indonesia Regulation No. 7/2/PBI/2005 concerning the Quality of Commercial Bank Assets, the ability to pay customers is the main consideration in the sustainability of credit provision, so banks are obliged to evaluate customer eligibility criteria before disbursing financing.

The criteria are formulated in the 5C, which are as follows:

- a. *Character* is the nature and disposition of customers in personal and business life.
- b. *Capital* is the own capital owned by the prospective mudharib, the greater the capital, the higher the bank's confidence.
- c. *Capacity* refers to the ability of prospective mudharib to run a business to make a profit.

- d. *Collateral* is collateral that is submitted by mudharib as a financing guarantee, assessed to determine the risk of financial obligations.
- e. *Condition of Economy* is a political, social, economic, and cultural situation that affects the smooth running of a mudharib candidate's business.

Based on field data, there are two basic principles of financing that are often not fulfilled by micro business actors, namely *Character* and *Capacity*. The falsification of documents by some business actors in fulfilling financing requirements is an indicator for the bank to assess the extent of their commitment and commitment *mudharib* in fulfilling obligations according to the agreement. Meanwhile, the ability (*capacity*) business actors are also the main consideration; The bank will not provide a large amount of financing if it is considered that the customer is unable to return the funds on time.

According to the assistance staff of Micro, Small and Medium Enterprises, the bank will disburse financing if all requirements have been met. This is in line with the findings in the field, where business actors receive financing in accordance with the proposals submitted. One example is Muhammad Zahri, who obtained the People's Business Credit financing with a contract *murabahah* (buying and selling) from Bank Aceh for shrimp pond business in Pandrah, Bireuen, according to the amount submitted.

Other micro business actors are also the same, including:

- a. Rahmat Muliadi Pakpahan, type of business; car rental, type of financing; Bank Aceh Syariah People's Business Credit with *murabahah* contract, description; there are no obstacles to obtaining financing.
- b. Ishak, type of business; cattle submission, type of financing; Bank Aceh Syariah People's Business Credit with *murabahah* contract, description; there are no obstacles to obtaining financing.
- c. Turhamun, type of business; trade, type of financing; Bank Aceh Syariah People's Business Credit with *murabahah* contract, description; there are no obstacles to obtaining financing.
- d. Tarmizi, type of business; Selling Bananas, coconut, oil palm, types of financing; Bank Syariah Indonesia People's Business Credit with *murabahah* contract, description; there are no barriers to obtaining financing.
- e. Ismail, type of business; haircut, type of financing; Bank Syariah Indonesia People's Business Credit with *murabahah* contract, description; there are no barriers to obtaining financing.
- f. Musa, type of business; Onions and spices, types of financing; Bank Syariah Indonesia People's Business Credit with *murabahah* contract, description; there are no barriers to obtaining financing.
- g. Azhar, type of business; Agents of bananas, banana leaves, and fruits, financing types; Bank Syariah Indonesia People's Business Credit with *murabahah* contract, description; there are no barriers to obtaining financing.

Obstacles from the bank side arise when there are long queues due to the large number of business actors applying for financing at the same branch. In addition, some bank units have employees who not only handle People's Business Credit financing, but also commercial financing, so the disbursement process takes longer, even up to two months. However, the bank will still distribute financing if all elements and requirements have been met.

The type of financing that is most chosen by micro business actors is *murabahah* (buying and selling). According to Rosniar, although Bank Syariah Indonesia provides various financing products such as *murabahah*, *mudharabah*, *musyarakah*, and *ijarah*, the choice of contract is determined by business actors. However, banks still consider the customer's financial ability so that the contract chosen is in accordance with their business conditions. He added that business actors in the trade sector generally choose *murabahah* contracts because they are considered the most suitable for their ability and business character.

3.3 The Role of the Government, Banking and the Community in Supporting the Implementation of Qanun Number 11 of 2018 concerning Sharia Financial Institutions for the Ease of Micro Business Financing in Aceh

Efforts to support the running of the Islamic economy in Aceh as stated in the Qanun of Sharia Financial Institutions certainly require synergy between the government, the private sector (banking), and the community.

The role of related parties in carrying out the mandate of Qanun LKS in Aceh will be reviewed as follows:

3.3.1 Government

After the Qanun of Sharia Financial Institutions was promulgated and officially enacted in Aceh on January 4, 2019, until now every financial institution must carry out business activities by applying sharia principles. Discussing the application of sharia principles in Islamic Financial Institutions, the Head of the Micro Sub-Division of the Economic Bureau, Kamil Sayuti emphasized that related to supervision, the Qanun of Sharia Financial Institutions after being carried out by its implementers (Sharia Financial Institutions). The Aceh Government in the Aceh Islamic Sharia Office established the Aceh Sharia Council with the task of supervising Sharia Financial Institutions and ensuring that the mandate of the Sharia Financial Institution Qanun is implemented.

In order to achieve the target of 40% as mandated by Article 14 of the Qanun of Islamic Financial Institutions, the government is tasked with preparing Micro, Small, and Medium Enterprises to be eligible for financing. In this case, the Diskop and Micro, Small, and Medium Enterprises can direct ways for the legality of Micro, Small, and Medium Enterprises to be fulfilled. Then he emphasized that microfinance does not use collateral. The absence of a guarantor institution for financing makes banks will review before providing financing because this can have an impact in the future such as bad loans. Therefore, the government is working on the existence of a guarantee institution for Micro, Small, and Medium Enterprises through the submission of a draft Qanun for Aceh Sharia Financing Guarantees.

This is in line with the statement of Dekstro Alfa, the establishment of a body in the Qanun of Sharia Financial Institutions was proposed by the Economic Bureau to the Aceh House of Representatives. This year it has been included in the Regional Legislation Program. Then the Head of the Sub-Division of the Regional Public Service Agency of the Economic Bureau, Dhian Rahmat Yuliar emphasized that the Aceh Sharia Financing Guarantee is a mandate from the Qanun of Sharia Financial Institutions. The Aceh government can form insurance (guarantor). The proposal for the Qanun of Aceh Sharia Financing Guarantee has been submitted for a long time and entered the additional prolegda until finally it is currently in priority. It takes a lot of adjustment so it's unlikely to be completed this year.

In addition to efforts to form a guarantor institution through the Aceh Sharia Financing Guarantee Qanun, another effort made by the Government through the Aceh Cooperatives and Small and Medium Enterprises Office is to provide easy access to financing through the provision of Assistance Personnel. Saiful Bahri, Sub-Coordinator of Small Business Facilitation of the DisKop emphasized that the Agency provides assistance for micro business actors who need assistance in accessing financing to banks. There are 25 assistants throughout Aceh Province, each district or city has 1 (one) assistant, except for the cities of Banda Aceh and Langsa which have 2 assistants for People's Business Credit due to the large number of Micro, Small, and Medium Enterprises in the two cities.

Accompanying staff work with a set target, they are tasked with helping to prepare the completeness of documents and directing business actors so that they can meet the terms and conditions to get financing. Saiful Bahri continued to state that currently the 25 assistants are being deactivated due to the budget efficiency policy. Another effort is the establishment of the Technical Service Unit of the Integrated Business Service Office, where there are 7 consultants. They are in charge of providing literacy and financial assistance to Micro, Small, and Medium Enterprises. One of them is in the form of socialization to manage good finances for Micro, Small, and Medium Enterprises.

3.3.2 Banking

Improving the quality of Micro, Small, and Medium Enterprises, especially micro businesses, can be improved if each party participates in improving business knowledge and capabilities so that they have high and competitive competitiveness. Banks are not merely profit-oriented institutions (*profit oriented*), banks also have an obligation to provide literacy to customers. This is stated in the Article 3 paragraph (1) Financial Services Authority Regulations. Number 3 of 2023 concerning Increasing Financial Literacy and Inclusion in the Financial Services Sector for Consumers and the Community. The Article reads as follows: Financial Services Business Actors. must carry out activities to improve Financial Literacy to Consumers and/or the community as an annual program.

The program is intensified by Bank Aceh Syariah to improve the quality Micro, Small, and Medium Enterprises is to conduct training and coaching Micro, Small, and Medium Enterprises aimed at three categories Micro, Small, and Medium Enterprises among them; New actors, Start up and Exist. Meanwhile, the role of Bank Syariah Indonesia in empowerment Micro, Small, and Medium Enterprises erect Micro, Small, and Medium Enterprises Center, this activity aims to foster Micro, Small, and Medium Enterprises under

the guidance of Bank Syariah Indonesia. Starting from providing debriefing and literacy related to marketing and product promotion. When you are ready and able to Micro, Small, and Medium Enterprises will get financing. Then another program is Muslim Preneur, which is a competition to show business development Micro, Small, and Medium Enterprises.

3.3.3 Community

The implementation of Islamic sharia in Aceh has an impact on the activities of the community. Research from Mawaddah Irham entitled Analysis "*Public Perception of the Implementation of Qanun Aceh No. 11 of 2018*" revealed that the public's perception of the implementation of the Qanun of Sharia Financial Institutions after it was carried out Focus Group Discussion the percentage of support for the implementation of the Qanun of Islamic Financial Institutions increased by 25% from the previous percentage. This happened after it was done Focus Group Discussion. Then the 2025 National Survey on Financial Literacy and Inclusion noted that Islamic financial literacy only reached 43.42%, far below conventional financial literacy which reached 66.45%.

The influence of public understanding of the purpose of government products will have a positive impact on others. This is in line with the statements of respondents of micro business actors when applying for financing to banks. They do not know the differences in the types of financing contracts, by listening to the bank's explanation, business actors will choose a simple and minimal risk contract. In this case, what is meant is *murabahab*.

The financing assistants of the People's Business Credit for Micro, Small, and Medium Enterprises also argued so, this was expressed by one of the assistants of the People's Business Credit in the Aceh Besar region, the lack of education of business actors hindered the process of disbursing funds. Therefore, the role of literacy for the community is very important. Micro business actors must actively seek knowledge in order to develop their businesses. Improving education related to business, financing, and economic smoothness is something that must be considered by business actors in particular and the community in general.

The issue of effectiveness is closely related to the issue of the application, implementation and enforcement of the law in society in order to achieve legal goals. Soejono Soekanto stated that the effectiveness of the law is closely related to the following factors.

- a. Efforts to instill the law in society, namely the use of human labor, tools, organization, recognition, and obeying the law.
- b. The reaction of the community is based on the prevailing value system.
- c. The period of legal planting is a long or short period of time during which the planting efforts are carried out and are expected to give results.

Then Soerjono Soekanto in his book entitled *Factors Affecting Law Enforcement* explained that a law can be categorized as an effective law or not determined by five factors, namely:

- a. Legal Factors Themselves
- b. Law enforcement factors, namely the parties who form or implement the law
- c. Factors of facilities or facilities that support law enforcement
- d. Community factors, namely the environment in which the law applies or is applied Cultural factors, namely as the result of works, creations and tastes that are based on human karsa in social life.

Based on the development of the implementation of the Sharia Financial Institution Qanun, especially related to increasing financing for micro businesses in Aceh, the efforts made by the Aceh government have been close to the maximum, this is reflected in the synergy of the Aceh Apparatus Work Unit. and Sharia Finance Actors in carrying out sharia principles and the efforts of the banking sector in achieving the financing ratio of Micro, Small, and Medium Enterprises mandated by the Qanun Institution Sharia Finance. The public's reaction is closely related to the extent of the public's own understanding and concern for the concept of sharia economics.

Micro, Small, and Medium Enterprises assistance provided by the government and the private sector, both in the form of literacy and socialization to the community, is one of the forms of empowerment of Micro, Small, and Medium Enterprises that have been carried out. The period set by the Qanun of Sharia Financial Institutions for the achievement of a financing ratio of Micro, Small, and Medium Enterprises of 40% in 2024 according to the informants is an ideal that is intensified for the common good. However, this vulnerable time if calculated since the transition from the initially conventional bank system to sharia, precisely in 2022 to 2024, is also relatively short because banking is expected by a major system revolution. Banks need time to adjust their internal activities to the public. One of the affected activities is the financing of Micro, Small, and Medium Enterprises.

4. Conclusion

Implementation of Article 14 of the Qanun of Sharia Financial Institutions regarding financing ratios Micro, Small, and Medium Enterprises has not been achieved. Banks are still struggling to meet the target of 40% profit-sharing-based financing. Data Aceh Financial Services Authority as of June 2025, it shows a financing ratio for Micro, Small, and Medium Enterprises of 27.22% or IDR 12.25 trillion, with the dominance of buying and selling contracts. The low realization is due to the lack of fulfillment of credit quality assessments and the lack of literacy of business actors related to profit-sharing financing.

Barriers to receiving financing arise when customers do not meet the principle of prudence 5C, such as inappropriate business legality, bad credit records, dishonesty in administration, and business failures or the use of consumptive funds that cause payment bottlenecks. This condition poses credit risk for banks. In addition, the low literacy of business actors towards financing is also the main obstacle.

The Aceh Government through Aceh Apparatus Work Unit Strengthening financing Micro, Small, and Medium Enterprises by submitting a draft Qanun Aceh Sharia Financing Guarantee, provide support personnel throughout the province, and form Technical Implementation Unit of the Integrated Business Service Office. Bank Aceh Syariah conducting training and coaching for new actors, *Start-up*, and existing business actors, while Bank Syariah Indonesia play a role through the establishment of Micro, Small, and Medium Enterprises Center and programs Muslim Preneur. Increasing public literacy, especially micro business actors, is the key to business development.

It is suggested that the Aceh Government needs to evaluate the Qanun of Sharia Financial Institutions and strengthen the Aceh Sharia Council so that profit-sharing-based financing of Micro, Small, and Medium Enterprises can be optimized. Business actors need to improve their ability and insight into Islamic economics to develop their business potential in a sustainable manner. The Aceh Regional Government is expected to expand sharia economic literacy and accelerate the preparation of the Aceh Sharia Financing Guarantee Qanun to present a guarantee institution for micro business actors.

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