

**OPTIMIZING THE ROLE OF THE SHARIA SUPERVISORY COUNCIL
(DPS) AT THE ZISWAF INSTITUTION**

**OPTIMALISASI PERAN DAKWAH PENGAWAS SYARIAH (DPS)
PADA LEMBAGA ZISWAF**

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Abstract:

This study aims to discuss the role played by the Sharia Supervisory Board in Amil Zakat Institutions in Indonesia. This type of research uses a qualitative descriptive method using literature study data as the primary data and observations as supporting data. The results of this study show that the Sharia Supervisory Board plays a role in implementing sharia compliance of zakat institutions as supervisors and advisers. The role of DPS empirically, apart from providing sharia opinions, sharia fatwas. It has become the role of DPS to provide zakat-related education to actors in zakat institutions. DPS has a vital and positive role in the quality of financial reporting because, on the other hand, muzakki requires transparency and accountability for using zakat funds. The Sharia Supervisory Board (DPS) must ensure that zakat funds are calculated correctly, reported transparently, and distributed evenly to zakat recipients.

Keywords : DPS, Ziswaf, Optimalization



Abstrak:

Penelitian ini bertujuan untuk membahas peran Dewan Pengawas Syariah dalam Lembaga Amil Zakat di Indonesia. Jenis penelitian ini menggunakan metode deskriptif kualitatif dengan menggunakan data studi literatur sebagai data primer dan observasi sebagai data pendukung. Hasil penelitian ini menunjukkan bahwa Dewan Pengawas Syariah berperan dalam implementasi kepatuhan syariah lembaga zakat sebagai pengawas dan pembina. Peran DPS secara empiris, selain memberikan opini syariah, fatwa syariah. Sudah menjadi peran DPS untuk memberikan edukasi terkait zakat kepada para pelaku di lembaga zakat. DPS memiliki peran vital dan positif dalam kualitas pelaporan keuangan karena di sisi lain, muzaki membutuhkan transparansi dan akuntabilitas penggunaan dana zakat. Dewan Pengawas Syariah (DPS) harus memastikan dana zakat dihitung dengan benar, dilaporkan secara transparan, dan didistribusikan secara merata kepada penerima zakat.

Katakunci : DPS, Ziswaf, Optimalisasi

A. Introduction

The benefit of the people can be achieved if humans help each other in terms of goodness. One of the things that can be done is to optimize the collection and distribution of Ziswaf to humanity. Ziswaf is an extension of Zakat, Infak, Alms, and Waqf. In an economy based on Islamic teachings, a situation in which a prohibited group controls an economy is something that is prohibited. Based on this reason, Islam makes Ziswaf obligatory and sunnah so that there is a higher mobility of wealth in society, which can reduce social inequality to the lowest point.

Ziswaf itself has benefits as a means of upholding social justice. One of the factors why poverty occurs is the unequal allocation of resources. Therefore, as explained above, the ziswaf acts as a bridge between the more fortunate and disadvantaged groups so that social justice can be upheld.

According to the management, Ziswaf is divided into two sectors: charity and empowerment. In the charitable sector, ziswaf is managed to provide short-term donations to people in need. In the empowerment sector, ziswaf is managed long-term and is usually organized in an orderly plan.

Nationally, the National Amil Zakat Agency (Baznas) released data as of 2020. The total ZISWAF funds collected are estimated to reach IDR 12.5 trillion, growing from the



amount in 2019, IDR 10.6 trillion. And in year 2020, the number is estimated to increase to IDR 19.77 trillion. Even though the collection continues to increase yearly, the amount of accumulated ZISWAF is little compared to its potential, which reaches IDR 327.6 trillion. However, the actual receipt of zakat funds collected is only IDR 3.7 trillion or only 1.3 percent of the potential zakat.¹

In Indonesia, various problems often approach Ziswaf institutions. At the beginning of 2021, the Ombudsman noted five essential things in their Rapid Assessment of zakat management based on Law No. 23 of 2011, namely: The dual function of BAZNAS as operator and regulator, Licensing bureaucracy for amil zakat institutions (LAZ), Burden of reporting procedures for LAZ, Quality development of the Ministry of Religion for BAZNAS, regional BAZNAS, and LAZ.² And one of the reasons for the low acceptance of zakat funds by the Zakat Management Organization (OPZ) is the need for more public trust in OPZ. Public trust is closely related to the quality of financial report information presented because financial reports are a source of information that users can trust to see management performance and a company's financial position.

More attention from the government and BAZNAS to the guidance and supervision of traditional and community LAZs. These problems are deplorable because Indonesia has tremendous potential for Ziswaf development. Sutan Emir Hidayat, Director of Sharia Ecosystem Infrastructure, Executive Management of KNEKS, in a webinar, stated that in the 2017 UNDP report, zakat funds collected 500 billion dollars per year.³

Therefore, an institution is needed to supervise the activities of the Ziswaf institution itself. Not only related to management and institutions. However, it must be from various aspects. That is why Sharia Supervisory Board (DPS) is here. The government formed the DPS through the Financial Services Authority (OJK) to promote Islamic finance in Indonesia. Indeed, Islamic finance has quite promising opportunities, whereas Indonesia is a country with the most significant number of followers of Islam in the world. Therefore, product variations in Islamic finance and strict supervision by independent institutions are needed. As every

¹ <https://businessnews.co.id/2021/04/29/bsi-ambil-peran-penting-dalam-optimalisasi-ziswaf-di-indonesia/>

² ibid

³ Komite Nasional Ekonomi Dan Keuangan Syariah, n.d.



Islamic Financial Institution (LKS), both banking and non-banking, in carrying out its operations must be parallel and under sharia principles, especially in the products issued. In other words, these LKS products must be based on *akad*, which are under sharia guidance; with an increasing number of financial institutions operating and must be by sharia principles.⁴

DPS is an essential part of the system of Islamic finance and banking institutions in Indonesia. It's existence is recognized based on the applicable laws and regulations. Sharia Supervisory Board in Islamic financial institutions and banking aims to supervise Islamic principles that must be implemented in real terms in the contract system and transactions in Islamic financial institutions and banking, including Ziswaf institution. Empirically, they still need to fully implement the recognition of laws and regulations regarding the existence of DPS. Recommendations related to findings of violations of sharia principles in the contract system and transactions often need a response from the board of directors. Therefore, the most important indicator that DPS must possess is the professionalism of its human resources. Competence is a determining factor in recruiting DPS. These competencies include mastery of *fiqh muamalah* theories, competence in reading financial reports, competence in contract law, and many other expetises.⁵

For Example, to maintain compliance with sharia principles that have been implemented in Islamic banks, it is necessary to have a special section that is tasked with regulating, evaluating, and guaranteeing that these rules and compliance have been carried out under applicable regulations. The role of DPS is crucial because, in their hands, decisions on Islamic teachings have been implemented in the operations of Islamic banks by a bank in truth. For this reason, Independence is an absolute requirement required by DPS.

Most previous studies showed the existence of DPS in Islamic Banks and shows that the existence of DPS affects public trust in dealing with Islamic financial institutions. Unlike the research that has been done before, this study seeks to get more profound answers to the existance of DPS in Ziswaf Institutions. The extent to which the existence of DPS functions in the administration of Ziswaf institutions that obtain permission from the government.

⁴ Masse, H. R. A. (2018). Dewan Pengawas Syariah dan Profesionalisme Sumber Daya Manusia. DIKTUM: Jurnal Syariah dan Hukum, 16(2), 147-170.

⁵ Izzatika, N. F., & Lubis, A. T. (2016). Isu dan Tantangan Kompetensi Dewan Pengawas Syariah di Indonesia. Jurnal Akuntansi Dan Keuangan Islam, 4(2), 147-167.



B. Research Method

This study is a qualitative study with a literature review and field research approach. Field Study with observation patterns. The data and information that have been obtained from the field are taken for the meaning and concept, presented in descriptive analytic. the main source of data is taken from DPS development data and ziswaf organizations in Indonesia.

C. Findings and Discussion

1. ZISWAF (Zakat, Infaq, Shadaqa, and Waqaf) Institution

As part of the wheel elements of the Islamic economy, ZISWAF has an essential role in the Indonesian economy. The role of the ZISWAF instrument in Indonesia's economic activities is the main driving force for the country's development, starting from a regional and national scale. ZISWAF (Zakat, Infaq, Shodaqoh, and Wakaf) is an instrument for distributing wealth in the Islamic economic system. Through optimal management, ZISWAF has excellent potential to overcome various national problems, both economic and social, as well as being a stimulus factor for Indonesia's economic prosperity in helping to reduce poverty levels, creating economic justice and equitable distribution of income, and becoming social security with adequate services. As zakat is one of the sharia social and financial instruments essential to national economic recovery.

The National Amil Zakat Agency (Baznas) is an institution that manages zakat nationally, a non-structural government institution that is independent and responsible to the President through the Minister of Religion. Apart from Baznas, the Government authorized the National Scale Amil Zakat Institution (LAZ) through the Ministry of Religion. As a country with the largest Muslim population in the world, namely 87.2% of the total population, Indonesia is estimated by the National Zakat Agency (Baznas) to have a zakat potential of up to IDR 327 trillion.⁶ And BSI Main Director Hery Gunardi said the potential of ZISWAF in Indonesia is estimated at more than IDR 300 trillion. If it can be appropriately mobilized, it can

⁶ <https://dsnemui.or.id/kesimpulan-dan-rekomendasi-ijtima-sanawi-dps-ke-17-tahun-2021/>



become a source of funds for financing the people and development, both in terms of distributing educational scholarships, building community development, CSR funds, and others.⁷

Islamic economics and finance is not an exclusive concept only intended for Muslims. Instead, it is an inclusive concept that actively involves all levels of society in the movement of the economy. The Islamic economic and financial system also has tools that have great potential to overcome various problems of inequality and income distribution. Then, ZISWAF, if properly managed, can play an active role in realizing income distribution, opportunity distribution, and inclusive community empowerment.

Moreover, it is realized through the role of implementing waqf, which is in favor of the people with various kinds of projects such as assistance to the poor, which is increasing day by day, assistance for education infrastructure, and construction of health infrastructure which will undoubtedly bring high multiplier benefits to produce productive funds. Indeed, there are many more possible uses.

Ziswaf must also be handled creatively and visionary. Not only in terms of management but also in terms of socialization. Because socialization activities will significantly influence the existence of Ziswaf, the Ziswaf institution must be dynamic and progress with the times. Thus, it will make it easier for *muzakki* and *wakif* to set aside some of their assets for the benefit of the people. Ziswaf institutions must take a role in realizing the welfare of the people in the long term because the potential for the development of Islamic philanthropy is very wide open. So if it is managed and distributed correctly, an ideal society may be realized with minimal inequality and social jealousy.

Indonesian amil zakat institutions that are officially on the list of amil zakat institutions are now more affordable. It is because Indonesia is still one of the countries with a majority of the Islamic religion which often pays zakat. Currently in 2018, 16 newest amil zakat institutions have received permission from the Ministry of Religion. It is done to make it easier for the community, especially Indonesian Muslims, to distribute their zakat efficiently.

⁷ <https://businessnews.co.id/2021/04/29/bsi-ambil-peran-penting-dalam-optimalisasi-ziswaf-di-indonesia/>



The following are 6 official amil zakat institutions that have been registered in the LAZ list in Indonesia:⁸

- a. Dompot Dhuafa Republika
- b. BAZNAS (National Amil Zakat Agency)
- c. Indonesian Zakat Initiative (IZI)
- d. Yatim Mandiri Surabaya
- e. NU CARE LAZISNU (Amil Zakat Infaq and Sadaqah of Nahdatul Ulama)
- f. LAZIS MU (Muhamadiyah Amil Zakat)

National scale Amil Zakat Institution:

- a. Indonesian Zakat House (*Rumah Zakat Indonesia*)
- b. Ukhuwah Islamiyah Infaq Management Institute (*Lembaga Manajemen Infak Ukhuwah Islamiyah*)
- c. Surabaya Al Falah Social Fund (*Dana Sosial Al Falah Surabaya*)
- d. Al-Azhar Islamic Boarding School (*Pesantren Islam Al Azhar*)
- e. Baitulmaal Muamalat (BMM)
- f. Indonesian Islamic Da'wah Council (*Dewan Da'wah Islamiyah Indonesia*)
- g. Islamic Unity Association (*Perkumpulan Persatuan Islam*)
- h. Arrohman Indonesia Orphanage (*Rumah Yatim Arrohman Indonesia*)

Provincial scale Amil Zakat Institutions:

- a. Baitul Maal FKAM
- b. Menabur Sinergi Komunitas
- c. Dompot Amal Sejahtera (DASI) Ibnu Abbas NTB
- d. Dompot Masyarakat Sipil Bali (DSM).
- e. Harapan Dhuafa Banten
- f. Solo Peduli Umat
- g. Dana Peduli Masyarakat Kaltim

⁸ <https://zakat.or.id/daftar-lembaga-amil-zakat/>



2. DPS as part of the MUI DSN

Since its establishment, MUI has studied many religious and social issues. If grouped, it can be classified into several aspects: worship, religious understanding, social issues, and science and technology. In 1998, the MUI formed a particular institution to handle fatwa on fiqh muamalah (sharia economics). This institution is called the National Sharia Council of the Indonesian Ulema Council (DSN-MUI).⁹

DSN is an institution formed by the MUI, which is structurally under the MUI principle, the formation of the DSN was intended by the MUI to improve the ulama's efficiency and coordination in responding to economic and financial problems. In addition, DSN is expected to act as a supervisor, director, and promoter of applying Islamic values and principles in economic life. Therefore, the DSN-MUI is proactive in responding to developments in Indonesian society in the economic and financial sectors.

National Sharia Council (DSN) Indonesian Ulema Council (MUI) Arabic: *al-Hai'ah al-Syar'iyyah al-Wathaniyyah-Majlis as-Ulama as-Indunisiyyi* or National Sharia Board-Indonesian Council of Ulama, founded by MUI on February 10, 1999, to carry out MUI's duties in establishing fatwas and supervising their implementation in order to develop sharia finance, business, and economics businesses in Indonesia. DSN-MUI was established starting from an Ulama workshop on Sharia Mutual Funds on 29-30 July 1997, which recommended the need for an institution to deal with issues related to the activities of Islamic Financial Institutions. On October 14, 1997, the Indonesian Ulama Council then held a meeting of the Team for Forming the National Sharia Council.¹⁰

In accordance with the statutes and bylaws, the DSN-MUI Board comprises scholars, practitioners, experts, and authorities in Islamic Jurisprudence, finance, business, and economics. All economic activity should follow Islamic values, which is a logical consequence for all Muslims, especially in Indonesia. As in the past, to ensure economic activities ran in

⁹ Dewan Syariah Nasional (DSN) Majelis Ulama Indonesia, *Himpunan Fatwa Dewan Syari'ah Nasional*, Ed. III, Jakarta, 2006.

¹⁰ https://id.wikipedia.org/wiki/Dewan_Syariah_Nasional



agreement with Islamic values, established oversight agencies (*hisbah*) at the time of the Prophet Muhammad (PBUH).

DPS members are recommended by the National Sharia Council (DSN), under the auspices of the Indonesian Ulema Council (MUI), to ensure that all products, services, and operations of Islamic financial institutions are based on Islamic principles or sharia. From a legal perspective, DPS members are appointed based on the General Meeting of Shareholders' (GMS) recommendation of the MUI. DPS must be formed by financial institutions that have sharia business units.¹¹

And adherence to DSN-MUI fatwas as the only guide in carrying out DPS operations is inseparable from efforts to minimize differences in interpretations of sharia which can lead to different legal decisions in a given case. It is necessary because the domain of determining Islamic fiqh law and the elastic character of fiqh is broad and highly dependent on the factors that influence the determination of Islamic law.

3. Functions and Duties of the Sharia Supervisory Board

In general, the Sharia Supervisory Board has two functions: an advisor and requesting a fatwa from the National Sharia Council (DSN) for the latest Islamic financial products that still need a fatwa. The advisory function is where the DPS advises financial institutions so that their business policies adhere to Islamic law.

Increasing the competency of amil is in line with Law Number 23 of 2011 concerning the Management of Zakat. DPS is one of the licensing requirements that amil zakat institutions must own. Therefore, amil zakat institutions must strengthen institutions supported by amil resources that have quality, competence, and trustworthiness in their duties and responsibilities. The qualifications of the members of the sharia supervisory board of amil zakat institutions must also be considered and need to be regulated.¹²

¹¹ Noviyanti, R. (2015). Lembaga Pengawas Hisbah dan Relevansinya pada Dewan Syariah Nasional (DSN) dan Dewan Pengawas Syariah (DPS) di Perbankan Syariah Indonesia. *Millah: Jurnal Studi Agama*, 29-50.

¹² Widyanto, E. A. (2010). Peran independensi dewan pengawas syariah terhadap loyalitas penerapan syariat islam. *Jurnal Eksis*, 6(2), 5.



Following DSN-MUI Decree No. 2 of 2000, DPS duties are:¹³

- a. Provide advice and suggestions to directors, heads of sharia businesses, and heads of branch offices of Islamic financial institutions regarding matters related to Sharia aspects;
- b. Carry out supervision, both actively and passively, especially in the implementation of DSN fatwas, and provide direction/supervision of products/services and business activities so that they comply with Sharia principles;
- c. As a mediator between Islamic financial institutions and DSN in communicating proposals and suggestions for developing products and services from Islamic financial institutions that require DSN studies and fatwas. Following the DSN fatwa;
- d. Formulate problems that require DSN approval;
- e. Report on the business activities and developments of the Sharia financial institutions they supervise to the DSN at least once a year.

Many people still doubt that the sharia unit of Syariah is something normal. Therefore, the industry must ensure compliance with Sharia and provide outreach to the public. To ensure compliance with Sharia, DPS conducts supervision, both actively and passively, especially in the implementation of DSN fatwa, and provides direction/supervision of products/services and business activities to comply with Sharia principles. The sharia principles are raising funds, financing, and service activities that do not contain usury, *maisir*, *gharar*, *haram*, and unjust elements.

There are three issues related to the competence of DPS in Indonesia, which is, 1) Unbalance the competency of the syariah supervisory board in accounting and finance with competence in the field of sharia, 2) Certification syariah supervisory board in Indonesia has not been optimal, 3) Still lack a college that provides programs of study sharia accounting so that DPS there is still limited. Referring to the issue of the things that are a challenge related to the competence of auditors of sharia in Indonesia, which is, In terms of the challenges of 1) Upgrading the competence of DPS, 2) Cooperation between DSN-MUI with the FSA in

¹³ Prabowo, B. A., & Jamal, J. B. (2017). Peranan Dewan Pengawas Syariah terhadap Praktik Kepatuhan Syariah dalam Perbankan Syariah di Indonesia. *Jurnal Hukum Ius Quia Iustum*, 24(1), 113-129.



creating DPS certification, 3) Educational institutions are able to meet the needs of related industries DPS.¹⁴

Moreover the number of DSN-MUI Fatwas as of January 2021 is 138 fatwas in the banking sector, the NBFIs sector, the capital market sector, the business sector, and general fatwas. In order to implement the fatwa, the DSN-MUI has an administrative organ known as DPS, which oversees the implementation of DSN-MUI fatwas and decisions in sharia financial, business, and economic institutions.¹⁵ The Manhajul Ifta in the DSN-MUI that currently exists is a formulation that has been adapted to the moderate (*wasathiyah*), not rigid (*tasyadudi*), and not easy (*tasahuli*) religious style of Muslims in Indonesia. Therefore, manhaj, which prioritizes the *tadriji* (gradual) and *makhariji* (solutive) approaches, is a more appropriate choice, so they can still maintain the competitiveness of LKS and LBS in making products and features. On the other hand, they are still within the scope of manhaj that are *mu'tabar*. This approach will present the Islamic economy with a more inclusive face to hook a broader segment of society to mu'amalah through the Sharia economy.

4. DPS expertise must keep up with the times (digital)

Islamic economics as an economic system is based on Islamic values that are universal and comprehensive (*asy-syumul*). Islamic economics aims to benefit all humankind, whose scope covers various aspects of the Islamic finance sector, the Islamic social fund sector, and the Islamic business activity sector, including the halal product industry sector. Islamic economic activities, which cover various sectors, are an inseparable unit. One part with another part supports each other. It is connected to become an integral part of an Islamic economic ecosystem, a system that connects the value chain.

In the current development of people's economic and financial activities, especially during the Covid-19 pandemic, the interaction pattern between economic actors began to shift and turn into transactions through digital platforms. People like spending time on social media,

¹⁴ Taufiq, M. (2020). Optimalisasi Peran Dewan Pengawas Syariah di Lembaga Keuangan Mikro Syariah. *Al-Huquq: Journal of Indonesian Islamic Economic Law*, 2(1), 74-97.

¹⁵ <https://dsnmuui.or.id/kesimpulan-dan-rekomendasi-ijtima-sanawi-dps-ke-17-tahun-2021/>



transacting in marketplaces, and using electronic money in transactions. The change in people's economic behavior was driven, among other things, by the development of information technology and digitalization. Digitalization opens more efficient and effective service spaces, transactions, and interactions between various parties. However, on the other hand, mitigation is needed in order to reduce the negative impact of digitalization. The universal values taught by Islam are an essential part of efforts to prevent and mitigate the adverse effects of digitalization activities and avoid harm and injustice.

Islamic social finance institutions such as waqf, zakat, and grants must also be encouraged to carry out digital-based initiatives to facilitate broad community participation. Digitalization can be a means of integration between the activities of the commercial, financial sector, and the Islamic social finance sector so that harmony in economic activity is realized and the wider community genuinely feels the benefits.

The integration of commercial and social sharia finance has been included in state policies and implemented in various products. This integration is necessary, considering that the two will become a force for building the nation's economy and society's welfare. Islamic social finance currently has enormous potential, and efforts to optimize it have been made through various regulations and policies. However, these efforts need support from various parties, the State, companies, and the community; one is by collaborating on managing Islamic commercial and social Islamic finance.

Coordination, collaboration, and synergy of all parties (stakeholders), including authorities, associations, and DSN-MUI, are needed to jointly develop the integration and collaboration of Islamic commercial finance and Islamic social funds through the digital economy. Islamic financial institutions, including cooperatives, should always make sharia and business aspects go hand in hand. Sharia is an economical solution, not a hindrance to innovation and creativity in business.

The development of the Islamic financial services industry from year to year shows positive growth. This development cannot be separated from the critical role of the Sharia Supervisory Board (DPS) as an adviser and supervisor of sharia aspects. This sharia aspect is, of course, an essential thing as a differentiator from conventional financial service products.



In Sharia Capital Market. Currently, DPS in the sharia financial services industry totals 440 DPS and Sharia Experts in the sharia financial services industry. In the non-sharia, non-bank financial industry, there are 136 Sharia Supervisory Boards consisting of 139 Insurance Supervisory Boards, 106 Financing Company Sharia Supervisory Boards, 10 Venture Capital Sharia Supervisory Boards, and 11 Guarantee Sharia Supervisory Boards. Currently, 30 people have obtained Capital Market Sharia Expert licenses in the Islamic capital market industry. In contrast, in the Islamic banking industry, currently, there are more than 350 DPS members spread across Islamic Commercial Banks, Sharia Business Units, and Islamic People's Banks.¹⁶

Furthermore, the authorities in Indonesia have formulated many regulations and policies and created various programs for developing digital-based financial, business, and economic transactions, including those related to sharia financial, business, and economic transactions.¹⁷

- a. Several forms of programs for developing digital-based financial, business, and economic transactions carried out by the Minister of Finance, the Ministry of Communication and Information, Bank Indonesia, and the Financial Services Authority include Cash Waqf Linked Sukuk (CWLS).
- b. The forms of integration between commercial, financial sector activities in LKS and the Islamic social finance sector are:
 - 1) Collection of zakat, infaq, alms, and cash waqf through internet/mobile banking platforms and social crowdfunding platforms;
 - 2) Management of waqf funds through bank deposit products, CWLS, and shares;
 - 3) Fundraising through endowments for insurance benefits and investment benefits;
 - 4) Distribution of zakat, infaq, alms, and endowments (ZISWAF) to help cover life insurance and business risks for sharia micro-entrepreneurs through Sharia Micro Insurance products;

¹⁶ <https://dsnemui.or.id/kesimpulan-dan-rekomendasi-ijtima-sanawi-dps-ke-17-tahun-2021/>

¹⁷ Ilyas, R. (2021). Peran Dewan Pengawas Syariah Dalam Perbankan Syariah. *JPS (Jurnal Perbankan Syariah)*, 2(1), 42-53.



- 5) Distribution of ZISWAF for financing with a qard hasan scheme and institutionalized in Islamic microfinance institutions, such as BMTs and Micro Waqf Banks;
- 6) Distribution of ZISWAF for the construction and provision of sharia hospital facilities; and
- 7) Distribution of TBDSP funds for social finance sector activities.

c. DSN-MUI has issued several fatwas related to digital financial transactions, namely:

- 1) Fatwa No. 116/DSN-MUI/IX/2017 concerning Sharia Electronic Money,
- 2) Fatwa No. 117/DSN-MUI/IX/2017 concerning Information Technology-Based Financing Services Based on Sharia Principles, and
- 3) Fatwa No. 140/DSN-MUI/VIII/2021 concerning Sharia Securities Offerings Through Information Technology-Based Crowdfunding Services Based on Sharia Principles (Islamic Securities Crowd Funding).
- 4) In addition, the DSN-MUI has issued a fatwa that can be used as a guideline for efforts to integrate commercial, and financial sector activities at LKS and the Islamic social finance sector, especially integration between Sukuk and waqf products, namely Fatwa No. 131/DSN-MUI/X/2019 concerning Waqf Sukuk, and
- 5) The integration between sharia insurance products and waqf, Fatwa No. 106/DSN-MUI/X/2016 concerning Waqf Insurance Benefits and Investment Benefits in Sharia Life Insurance.

d. The function and role of DPS is very important in order to ensure the implementation of sharia principles in LKS/LBS/LPS; the role of DPS needs to be increased, especially with regard to digital LKS/LBS/LPS transactions.

- 1) The government and the House of Representatives should draw up laws and regulations governing Commercial Sharia Financial Synergy and Social Religion. This regulation becomes the umbrella and legal basis for this synergy as a state policy regarding various aspects, including legal provisions, institutions, and implementation.



- 2) The government should integrate tax and zakat management policies so that Muslim communities are encouraged to pay zakat through official institutions according to applicable regulations.
- 3) The government should form an institution that functions to carry out and carry out synergy and integration in the management of Islamic finance and Islamic social funds as tax management by the Indonesian Ministry of Finance.
- 4) Encouraging BAZNAS and BWI to develop various synergy products such as CWLS products, Micro Waqf Banks, equity waqf, insurance waqf, and others.
- 5) The Republic of Indonesia Kominfo, OJK, and BI should work together to increase maximum efforts to make digital technology quickly and inexpensively accessible to all Indonesian people.
- 6) DPS must continue improving its competence and capabilities by increasing knowledge, upgrading, and the like related to sharia aspects in economic and financial digitalization to adequately carry out its supervisory function.
- 7) The DSN-MUI should continue to develop its methodology for establishing a fatwa (manhajul ifta`) by following the developments and demands of the times, including in responding to the development of digital-based financial and business transactions, without abandoning the fundamental principles laid down by the scholars.

Currently, the management of amil zakat institutions has undergone many changes. Especially when utilizing digital technology in collecting zakat funds. It takes people who understand financial management, how to invest, and are familiar with the digital world, not just understanding the fiqh context.

With the formation of the Indonesian National Work Competency Standards (Standar Kompetensi Kerja Nasional Indonesia-SKKNI) for the sharia supervisory board at the amil zakat institution, it can increase public confidence in digital financial management so that it continues to comply with sharia principles. Because at this time, the economic problem is starting to move towards digital, and it will affect the management of zakat funds. For this



reason, supervisors are needed who understand both of these things, from an economic standpoint and an understanding of digital technology.¹⁸

The Sharia Supervisory Board (DPS) in Islamic Financial Institutions is the party responsible for overseeing sharia principles. Therefore, board members must master muamalah fiqh, finance, and economics. Nevertheless, in practice, it is complicated to find people who master these two scientific fields. To overcome this problem, DPS members must obtain special education to support their profession. They should be professional and work full-time, own and become members of professional associations, commit to improving quality knowledge and skills, and have the courage to rebuke Islamic Financial Institutions. Managers who deviate from sharia provisions.

The preparation of the SKKNI is to provide additional, even understanding because the work area of the sharia supervisory board at amil zakat institutions is closely related to sharia auditors. SKKNI for DPS at the Ziswaf institution is expected to provide convenience for sharia auditors in carrying out their duties. With this, DPS will provide input directly to amil zakat institutions regarding sharia compliance and zakat management. DPS of the Ziswaf institution has the role of directing and internally supervising the management of zakat in the institution concerned, starting from planning, implementing, and reporting to ensure compliance with Shari'a and compliance with applicable regulations. The functions of DPS and sharia audit carried out by the Ministry of Religion support each other to produce trustworthy and accountable zakat governance.

The monitoring tools needed by DPS are fatwas, and guidelines for implementing fatwas must also be able to follow the direction of this digital economy development. The DSN-MUI, which has the task and role of formulating fatwas and guidelines for implementing fatwas, already has a set of methodologies for establishing fatwas that make it possible to respond quickly to these needs. It is hoped that the Manhajul Ifta, which has strong roots in DSN, will continue to be developed, following the developments and demands of the times. The mu'amalah area is a vast field for new *ijtihad*s to be carried out in the development of the

¹⁸ Fajrin, F., Hamid, S., Muhlis, M., Mulato, T., & Putra, T. W. (2020). THE ROLE OF SHARIA AUDIT IN THE IMPLEMENTATION OF ISLAMIC SOCIAL FINANCE DURING THE COVID-19 PANDEMIC. *Jurnal Ilmiah Akuntansi Peradaban*, 6(2).



Sharia economy that is more in line with the times without abandoning the fundamental principles laid down by the Ulama. In regulatory terms, namely supervising, fostering, considering policies, and implementing the management of Ziswaf funds so that they comply with sharia provisions. Manage the distribution and distribution of Ziswaf funds and the contracts contained therein. And DPS is also tasked with advising LAZ management regarding sharia compliance as well as in preparation for audits conducted by sharia auditors from the Ministry of Religion.

D. Conclusion

There is also the result of the study and recommendations from the research. Namely the importance of amil zakat's overall understanding of the urgency of the program. It fulfills the rights and protects children for the sustainability of future generations. Finally, synergy, coordination, and cooperation between institutions dealing with children's needs and child protection must be carried out. Baitul Mal, the owner and management of ZISWAF cannot do it independently.

Ziswaf management is directed as a source of social funds that can be used for productive financing in various sectors. BI continues to encourage the government's efforts to integrate a professional ziswaf management system based on sharia principles and keep abreast of digitalization developments. In this way, the ziswaf potential possessed by these people can further improve Indonesian society's quality. The hope is that the Indonesian people who are trapped in poverty will not be heard anymore.

Adequate internal controls are needed to produce quality financial reports and can increase public trust. As OPZ, Baznas and LAZ are required to have a DPS as an independent party whose job is to oversee the activities of the OPZ. DPS has a significant and vital role in OPZ's internal control. First, DPS must ensure that the OPZ complies with sharia rules and principles. Second, with various types of recent transactions, the Sharia Supervisory Board must provide suggestions to ensure that all transactions comply with sharia and do not violate it. Existing transactions will later affect the financial statements presented. Third, ensure that the financial reports presented comply with generally accepted standards and applicable rules.



They are ensuring the reliability of financial reports because they are a form of OPZ's responsibility to the public.

A dominant system cannot be judged good just because of its dominance. Furthermore, Allah only accepts a good system. For that, luck in its broadest sense can only be obtained with a good system.

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