

Islamic Progressive and Sharia Banking Problems During Covid-19 Pandemic

Trimulato¹

¹Universitas Islam Negeri Alauddin Makassar, email: tri.mulato@uin-alauddin.ac.id

Abstract

Background: The emergence of the Covid-19 pandemic has caused several sectors to be badly affected. Including sharia banking as an affected institution resulting in decreased performance. In conditions like these, Islamic banks still have to survive to be able to provide the best service and maintain the trustworthiness of customer funds.

Objectives: The purpose this study to determine development sharia banking, and progressive Islamic thought for sharia banking problems.

Novelty: The concept of Progressive Islamic can be a reference in maintaining stability and protecting Islamic banks from various problems during the Covid-19 pandemic.

Research Methodology / Design: The method used this research is field research, using qualitative. The Sources used study are secondary data, from various sources considered relevant research theme. The data analysis technique used research is descriptive qualitative, which describes the development of sharia banking and the role of progressive Islam for sharia banking problems.

Findings: This study indicate growth sharia banking during covid-19 pandemic period April 2020 to April 2021. Sharia banking assets grew 13.96 percent, Third Party Funds grew 14.16 percent, financing grew 7.96 percent, income grew 1.43 percent, and non-performing financing grew by 4.83 percent. Sharia banking must be more open to suggestions or responses from various parties as a form of improvement. The input can be sourced from anywhere that is in line with the concept of sharia banking itself. One of them is from progressive Islam itself, which focuses on many things in society. Among them is the focus of progressive Islam, namely on justice, this must be a reference for Islamic banks for their activities. Because justice is also the goal of Islamic economics and following sharia law.

Implication: Some of the concepts and values of Islamic progressive can be adopted by sharia banking in overcoming several problems that have arisen due to the Covid-19 pandemic. such as carrying out various product developments and updating services by maximizing technology-based services.

Keywords:

Islamic Progressive, Sharia Banking, and During Covid-19 pandemic.

JEL Classifications:

G Financial Economics

A. Introduction

The spread of the Covid-19 pandemic is a big concern for the Indonesian people because of the problems it continues to cause. There are many losses caused by Covid19 which have an impact on the Indonesian economy, which has spread to various parts of the world. The impact on the Indonesian economy, both in terms of trade, investment, and tourism, has fallen due to this outbreak. The state of the Indonesian economy has an impact on the sharia economy and business, this is a challenge for the development of the Sharia economy and business in Indonesia, one of which is quite a large loss due to the prohibition of Umrah travel to Mecca resulting in the sharia business and demand for sharia products experiencing a decline. Producing halal products, some of the raw materials used from foreign countries can hinder the production of halal products and from the impact of this pandemic, the realization of investment is hampered. No exception, investors who plan to invest in sharia businesses, the increased risk of Islamic financial institutions due to the Covid-19 pandemic. From these challenges, the sharia economy and business must develop strategies on how to overcome the impact of the Covid-19 pandemic. This is the position of sharia businesses as an inseparable part of the Indonesian people who are struggling to overcome the Covid-19 outbreak. Sharia economic and business actors must show empathy and solidarity to stakeholders. The Covid-19 situation cannot predict when it will end, then sharia business players are preparing for the worst possibility, whether to stay or move out to develop a more profitable business strategy. The government through the stimulus program for handling the Covid-19 pandemic, Islamic business players take advantage of developing strategies to generate business. (Yenti Sumarni, 2020)

The development of Islamic Banks increased rapidly. Based on assets, profitability, market share, and others. They were followed by internal management, such as an expansion of the facilities and services. On the other hand, considering Islamic Banks' human resources is very important in realizing the vision and mission.(Noviarita et al., 2021)

Sharia banking is one of the sectors affected by the emergence of the Covid-19 outbreak which affects its development and prospects as well as its performance. In the prospect and strategy of sharia banking, namely by encouraging creative and efficient innovation of sharia banking products, Preparation of human resources in adequate quantity and quality, Improvement of the quality of excellent service for customers to be competitive with other banks, Optimal use of technology to encourage the creation of new products. superior products, financing services for the SMEs sector and other productive sectors to encourage economic growth and job creation, socialization, education, and dissemination of economic ideas to the public more intensively and massively, and increasing the amount of own equity participation to comply with the provisions of Bank Indonesia regulations. In their banking strategy, banks must manage risk mitigation appropriately. (Safitri et al., 2021) Optimizing productive financing of sharia banking for SMEs is still not maximized because sharia banking gives financing for SMEs has not become a priority and sharia banking financing in the consumptive sector is still dominant. Recommendations for sharia Banking by increasing productive financing for developing SMEs to develop the real sector in Indonesia.(Trimulato et al., 2020)

During the Covid-19 pandemic, the growth of Wadiah Funds in sharia banking showed a positive increase, while Non-Profit Sharing Investment Funds decreased. This shows that people who own funds choose Wadiah funds as a safe bank product during the Covid-19 pandemic, compared to making very risky investments during the Covid-19 pandemic. Comparison of the growth of third-party funds in the first half of 2018 and 2019 before the Covid-19 pandemic with the first half of 2020 during the Covid-19 pandemic shows that there are different trends in both Wadiah funds and Non-Profit Sharing Investment Funds. In the period before the Covid-19 pandemic, Third Party Funds (DPK) showed a fluctuating trend wherein the one-semester period, namely January - June, public savings could increase or decrease according to prevailing conditions. Meanwhile, during the Covid-19 pandemic in 2020 in the same semester period, the trend tends to decrease, because people avoid investing in unpredictable times. The impact caused by Covid-19 on the growth of DPK in sharia Banking in 2020 is two different things. In Wadiah Funds, the Covid-19 pandemic has had a positive impact due to an increase in public savings. In contrast to the Non-Profit Sharing Investment Fund, the Covid-19 pandemic has had a negative impact, because public investment deposits tend to decline during the pandemic. (Hasan et al., 2021)

Sharia banking in carrying out their functions as intermediary institutions or financial intermediaries that bring together people who have excess funds with people who lack funds are required to be able to interact with many people. But on the other hand, the threat of exposure to the Covid-19 virus is a challenge for banking institutions. Various policies have been issued by banks to survive during the Covid-19 pandemic. The National Economic Stimulus Policy, namely No.11/ POJK.03/ 2020. Banks are loosening financing facilities for customers affected by the Covid-19 pandemic in the form of delays in payments and or reduced margins or profit-sharing for a certain period and the requirements are adjusted to the economic sector, criteria, and customer conditions while still referring to OJK regulations for customers, especially SMEs. (Ningsih & Mahfudz, 2020)

During the covid-19 pandemic, the Indonesian government decided to pay attention to three sectors, namely health, the real sector, and banking. The Covid-19 pandemic is a problem for banks because it can produce problems in the real sector or the business world that have the potential to cause problems in the banking sector. Of course, this can happen, because the banking sector is an intermediary or intermediary institution that supports the need for investment funds for the business world. Islamic banking in Indonesia faces some challenges amid the Covid-19 outbreak. According to a Sharia Economic Observer who is also the founder of Karim Consulting, Adiwarman Karim said that the condition of the Islamic banking industry could deteriorate earlier than the conventional banking industry. (Ilhami & Thamrin, 2021)

The coronavirus has a fairly broad impact on the activities carried out by the community, one of which is the impact on economic activities in banking financial institutions, both in conventional banks and Islamic banks. Economic activities are all activities carried out by humans to fulfill their needs. The definition of economic activity can also be interpreted as an effort made by humans to achieve a level of welfare or prosperity in life. The impact of covid-19 on the Islamic banking sector, lending (financing), decreasing asset quality and tightening net interest margins. (Shiddiq & Itsnaini, 2020)

Under current conditions, sharia banking requires support from various parties to survive and continue to perform well, so that people still have a sense of trust in using Islamic banking products. Including in terms of maintaining that sharia banking can have the spirit to contribute to development, especially during this pandemic. Sharia banking must remain productive and develop their business, as well as provide justice for their stakeholders that they do not benefit one-sidedly. The existence of rules is a reference so that sharia banking can continue to serve their customers well, and also maintain their performance fairly and transparently. Islamic banks must be more open to suggestions or responses from various parties as a form of improvement. The input can be sourced from anywhere that is in line with the concept of sharia and bank itself. One of them is from progressive Islam itself, which focuses on many things in society. Among them is the focus of progressive Islam, namely on justice, this must be a reference for Islamic banks for their activities. Because justice is also the goal of Islamic economics and following sharia law.

Practitioners of Islamic economics are people who are engaged in activities of institutions, companies, economic and social activities based on Islamic sharia. Economic and other social activities based on Islamic sharia. He can be a subject in the context of managing human resources, but can also be an object of human resource management. human resources, but can also be an object of human resource management in terms of being a target or object of management in terms of being the target or object of business management. Tawhid is the foundation for the development of the character of Muslim people in all aspects of life, including all aspects of life, not least when it comes to human resource management. Human resource management whose subjects and objects are also human, Tawhid must be the foundation. (Diantanti, N.P et al, 2021) Leadership patterns that provide motivation for employee performance to be able to work optimally. (Jafar et al., 2023)

The presence of Progressive Islamic thought and movement and its urgency in the context of Islam today is aimed at formulating a set of Islamic thoughts and movements that can be an alternative and solution reference for the creation of a just society that upholds human values. In other words, a new formulation of thought following the life of contemporary society today. Whereas in Progressive Islamic thought and movement, all citizens are equal and receive fair treatment, especially the guarantee of freedom of belief, minorities, both religious, economic, ethnic and other minorities are protected and their rights are guaranteed equally. and fair. Therefore, in the view of Progressive Islam, the transformation of Islam will not only lead to Islam being accepted by the public and all circles, but also compatible with the demands of contemporary society. (Yusdani, 2015)

Regarding the issue of justice in economic growth, progressive Islam rejects growth that sacrifices humans and positions it as nothing more than goods, rejects growth that benefits a few people to control national wealth, and also rejects growth that only makes consumerism, competition, profit, and welfare the main focus. the benchmark defeats the values of justice and brotherhood. Although recognizing the importance of justice as an ideal, Progressive Islam also recognizes that society is not class, followed by debureaucratization and common ownership is something that is difficult to realize and accept in contemporary reality. (Haris, 2019)

From the description above, the author is interested in analyzing progressive Islam and the problems of Islamic banks during the pandemic, especially in the aspect of justice that is in line with the concept of Islamic economics. Justice is important for all parties in Islamic banking activities, who are affected by the pandemic. Unusual conditions make Islamic banks to go the extra mile and must have more spirit to survive and be mutually beneficial with their customers. The purpose of this study is to determine the development of Islamic banks during the COVID-19 pandemic, as well as to determine the focus of progressive Islam with Islamic banking problems during the Covid-19 pandemic.

B. Literature Review

The literature review presents an analysis of scientific sources on a specific topic in the last ten years that correspond to the research topic. Present the issues and actual scientific debates critically in the research topic and determine the existing research's research position. Review literature can be arranged chronologically, thematically, methodologically, and or theoretically. Islamic Progressive is Islam that offers a contextualization of the interpretation of Islam that is open, friendly, fresh, and responsive to humanitarian issues. According to Omid Safi, progressive Islam offers an Islamic method that emphasizes the creation of social justice, gender equality, and religious pluralism. So a progressive Muslim must be willing to fight for social justice on this earth. This struggle can take the form of advocating for the rights of marginalized people, oppressed people, people affected by environmental pollution, and people who are socially and politically "orphans". Progressive Islam believes that all these defenses have a strong basis and tradition in the Qur'an and Hadith. Many verses of the Qur'an affirm the importance of social care as stated in the letter al-Maun. Likewise, the history of the life and da'wah of the Prophet defends the rights of the *mustadhafin*, the poor, and orphans. In this case, it appears that the characteristic of progressive Islam is in the aspect of its liberation of human rights. In addition, progressive thinking has forward ideas, not just an open attitude. I mean, the ideas matter. In this case, scholars play an important role. Omid Safi mentioned several important issues that must be answered by progressive Muslims, including gender inequality, discrimination against minority groups, both religious and ethnic minorities, human rights violations, lack of freedom of speech, belief and practice of their religion, unequal distribution of wealth and authoritarian government. (Aminudin, 2019)

Progressive Islam is not only a question of renewing Islamic thought but rather on social change (social reform), from an oppressed social structure to a more just order. The cooperative concept that pushes is one of the sharp criticisms of the economic system that does not take sides with the lower classes of society as part of the criticism of the increasingly acute epidemic of capitalism in Indonesia. "A cooperative is an institution or business unit that can be said to be an aspiration of Islamic teachings about independence, justice, and welfare." Progressive Islam emerged as an impetus for the renewal of contextual thought in accordance with the challenges of the times. This renewal departs from the birth of modernization and backwardness in the aspect of thinking. The renewal of Islamic thought, so far, has only touched on the issue of awareness that is still struggling with the aspect of stupor. For this

reason, as contextual Islamic thought, it is necessary to reconsider the modern spirit in accordance with the current era. (Dafit, 2017)

Progressive Muslims are required to master the basics of Islam and contemporary problems and then go through a methodological thinking process to find answers. That's why Abdullah Saeed also called it progressive ijthihad. They are required to jump far beyond the apologies that are often echoed by traditionalists or modernists and also beyond the limits set by neo-modernists. Justice, goodness, and beauty are universal Islamic values that are the soul of all legal provisions. All provisions and status of traditional law that are not in favor of justice, goodness, and beauty must be abandoned and then replaced with provisions and legal status in accordance with the universal principles of Islam using a progressive ijthihad approach. In this way, Islam will be able to exist in the world arena and be able to answer contemporary problems such as human rights, gender, pluralism, and so on. (Faridah, 2013)

According to Salahuddin Jursyi, Progressive Islam tends to adopt a gradual approach model in realizing justice, through its struggle programs such as "freedom of association activities, land reform, prioritizing improving the quality of life of farmers so that they can achieve food, and the necessity of Arab unity to develop heavy industries. Notes from progressive Islam about the need for Islamic economic studies to combine the objectives of sharia and modern analytical tools in economics have actually been carried out and even at a certain stage have been modified according to the changes that occur. Relying solely on modern economics, at this time will be very dangerous not only for the authenticity of the study of Progressive Islamic Economics and the Dynamics of Islamic Economics but also for the sustainability of science itself and the people who study it. This is because modern economics is currently at a low point due to its failure to provide solutions to world economic problems. In fact, there are many views that justify modern economics as the main cause of the economic, financial, and debt crises that have been and are still happening. Thus, it would be very naive if economics in the context of understanding Muslims should be forced to follow the 'sophistication' of modern economic analysis tools which are experiencing serious problems. Further notes from progressive Islam regarding the idealism of justice in many respects are actually also close to the goals to be achieved by Islamic economics. Islamic economics is based on the realization that in life the ultimate orientation is to achieve Falah. Falah for a Muslim as the goal of life as the main motivation, not only concerning achievements in this world but also in the hereafter. (Ardiansyah, 2021)

B.1. *The Impact of the Covid-19 Pandemic on Sharia Banking*

The impact of the Covid-19 pandemic on the banking intermediation function, based on the results of a study on Bank Syariah Mandiri, namely financing and DPK, the Bank showed that there was turmoil. On the financing side, Bank Syariah Mandiri from January to March 2020 tends to increase. On the other hand, Fundraising (DPK), Bank Mandiri Syariah showed fluctuations. The impact of the Covid-19 pandemic on the strategic management of banking operations. Based on the results of a study at Bank Syariah Mandiri, it shows

that: first, all banks implement economic stimulus related to restructuring financing for customers affected by the Covid-19 pandemic based on POJK No.11/POJK.03/2020. Second, the development of digital mobile banking applications for the five sharia bankings.(Sumadi, 2020)

The impact of the Covid-19 pandemic on the banking intermediation function, based on the results of a comparative study at Bank Syariah Mandiri, Bank Mega Syariah, Bank Syariah Bukopin, Bank Victoria Syariah, and BJB Syariah showed that the intermediation function of the Bank, namely financing and deposits, all banks showed turmoil. On the financing side, Bank Syariah Mandiri and Bank Mega Syariah during January to March 2020 tended to increase. Meanwhile, Bank Bukopin Syariah, Victoria Bank Syariah, and Bank BJB Syariah showed fluctuations. The impact of the Covid-19 pandemic on the strategic management of banking operations. Based on the results of a comparative study at Bank Syariah Mandiri, Bank Mega Syariah, Bank Syariah Bukopin, Bank Victoria Syariah, and Bank BJB Syariah, it showed that all banks implemented economic stimulus related to restructuring financing for customers affected by the Covid-19 pandemic based on POJK No.11/POJK.03/2020. (Ningsih & Mahfudz, 2020)

To overcome the impact caused by the COVID-19 pandemic, the government responded with various policies, one of which was the issuance of the Financial Services Authority Regulation of the Republic of Indonesia Number 11/POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Policy for the Impact of the Spread of the 2019 Coronavirus Disease which contained credit restructuring. / financing. The implementation of this credit/financing restructuring raises concerns about bank liquidity. Financing to Deposit Ratio (FDR) is used to assess bank liquidity. During the period March-September 2020 the FDR ratio at Islamic Commercial Banks, the average FDR ratio showed a value of 79.31% where the highest ratio occurred in July with a ratio of 81.03% and the lowest ratio occurred in September with a ratio of 77.06 %. Under these conditions, in general, the level of liquidity of Islamic commercial banks is said to be healthy or liquid, which means the ability of bank liquidity to anticipate liquidity needs and the implementation of strong liquidity risk management. Meanwhile, the FDR ratio in Sharia Business Units for the March-September 2020 period was in the range of 95% - 107% with the average FDR ratio showing a value of 103.54% where the highest ratio occurred in May with an FDR ratio of 107.20% and the lowest ratio occurred in September with an FDR ratio of 95.87%. Under these conditions, in general, the liquidity level of the Sharia Business Unit is said to be unhealthy or less liquid, which means that the liquidity capacity of the sharia business unit to anticipate liquidity needs and the implementation of liquidity risk management is weak. The high level of Financing to Deposit Ratio (FDR) is because the financing

disbursed during March-August 2020 is greater than third party funds (DPK). (Kholiq & Rahmawati, 2020)

C. Research Methodology

The type of research used in this paper is by using library reserach obtained from several sources. Sources that are considered relevant to the research theme are related to sharia banking during the COVID-19 pandemic and Islamic Progressive.

This research is qualitative, which describes an object of research. In this case, it is the development of Islamic banking during the COVID-19 pandemic and Progressive Islam. several sharia banking products, demand deposits, savings, deposits, *murabahah financing*, *greetings*, *istisnha*, *ijarah*, *mudharabah* and *musyarkah*. Then the role of progressive Islam in dealing with the problems of sharia banking during the COVID-19 pandemic.

The type of data used in this paper is qualitative data sourced from secondary data. Data that has been previously presented by certain institutions, such as the Financial Services Authority (OJK), and data is considered relevant to the theme. The data used by the author include The theories that the researcher took from various literature. Search also through books, articles, journals, magazines, the internet, and others.

The limitations in this paper are focused on the development of sharia banking products that can be accessed by the wider community, as well as their development during the COVID-19 pandemic. Then form the role of progressive Islam in dealing with the problems of sharia banking during the COVID-19 pandemic.

The data collection technique required in this paper is to use several methods, namely: Literature Study This method is used to explore the theoretical foundations related to sharia banking and progressive Islam.

The data analysis method used is a descriptive qualitative approach, namely by describing the theoretical method of Islamic bank products and sharia banking institutions. Then it will be described the form of the role of progressive Islam in the problems of Islamic banks during the COVID-19 pandemic.

D. Result & Discussion

The Growth Sharia Banking During Covid-19 Pandemic

Tabel 1
Growth Sharia Banking Period April 2020 - April 2021

No	Components	April 2020	April 2021	Growth
1	Asset	521.230	593.977	
				13,96
2	Third-Party Funds	415.253	474.063	
				14,16
3	Financing	360.026	388.698	
				7,964

4	Income	18.424	18.688	1,433
5	Non Performance NPF	11.853	12.426	4,834

Source: Financial Services Authority (OJK) *Sharia Banking Statistics April 2021 (Data processed)* *In Billion Rupiah

The data above shows the growth of sharia banking during the pandemic in the period April 2020 to April 2021. Under these conditions sharia banking continues to experience growth, on the asset side of Islamic banks grew to 13.96 percent, for third party funds consisting of current accounts, Savings, and Time Deposits grew by 14.16 percent. Then for financing which consists of Profit Sharing, *Murabahah*, and *Istisnha'* Receivable Financing, it grew to 7.96 percent. Revenue grew by 1.43 percent. Meanwhile, Non-Performance Financing or commonly referred to as non-performing financing which is used as an instrument for assessing the performance of sharia banking also experienced a growth of 4.83 percent.

Sharia banking during the pandemic can survive and continue to grow, even though the growth is not as big. However, during the pandemic, Islamic banks also face problems as a result of the impact of the pandemic, including the increase in non-performing financing. The ability of customers affected by the pandemic to fulfill obligations to Islamic banks has also increased. In keeping it stable and the company survives well, various strategies are carried out by sharia banking. Among them are following OJK instructions regarding customers affected by the pandemic who have difficulty fulfilling their obligations. OJK Regulation Number 11/POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Policy for the Impact of the Spread of Covid-19 states that banks can implement policies that support economic growth stimulus for debtors affected by the spread of coronavirus disease 2019 (COVID-19), including micro-business small, and medium. Policies that support the economic growth stimulus include a. asset quality determination policy; and b. credit or financing restructuring policies. Banks in implementing policies that support economic growth stimulus continue to pay attention to the implementation of risk management as regulated in the Financial Services Authority regulations regarding the implementation of Bank risk management. If the Bank implements policies that support the economic growth stimulus, the Bank must have guidelines for determining debtors who are affected by the spread of the coronavirus disease 2019 (COVID-19) including micro, small, and medium businesses.

The impact caused by Covid-19 on the growth of deposits in sharia banking in 2020 is two different things. In *Wadiah Funds*, the Covid-19 pandemic has had a positive impact due to an increase in public savings. In contrast to the Non-Profit Sharing Investment Fund, the Covid-19 pandemic has had a negative impact, because public investment deposits tend to decline during the pandemic. During the Covid-19 pandemic, the growth of *Wadiah Funds* in Islamic banks showed a positive increase, while Non-Profit Sharing Investment Funds decreased. This shows that people who own funds choose *Wadiah funds* as a safe bank product during the Covid-19 pandemic, compared to making very risk investments during the Covid-19 pandemic. During the 2020 Covid-19 pandemic in the same semester period, the trend tends to decrease, because people avoid investing in unpredictable times. (Hasan et al., 2021)

In crisis conditions caused by the COVID-19 pandemic, the ROA of Sharia commercial banks and sharia business units has decreased significantly. However, the position of sharia banking ROA is still positive and is far from a worrying problem. The NPF of sharia commercial banking was not disturbed at all, while the NPF of the sharia business unit experienced a significant increase, but both

were still within safe limits where the NPF was still below 5%. Thus, from the NPF side, it shows that Islamic banks are still resistant to the Covid-19 wave. Judging from the FDR, Islamic banks can be categorized as very stable. There are no significant changes during covid-19. With this good FDR, sharia banking is still very strong in terms of financing and deposits. The stability of this FDR is one of the indicators that sharia banking not have experienced problems. (Effendi & RS, 2020)

1. Discussion

Islamic Progressive and Sharia Banking Problems During the Covid-19 Pandemic

The influence of advanced Islamic theology encourages productive behavior to overcome this pandemic by building various collaborations and synergies with various stakeholders in the form of fundraising, online seminars to build awareness and concrete actions to tackle the pandemic, as well as assistance to affected groups. The positive influence of advanced Islamic theology needs to be disseminated to realize the vision of Islam as a religion of rahmatan lil alamin and the mission of Islam as a religion of preaching amar maruf nahi munkar. Progressive Islam. They believe that living systems and natural management have so far created injustice and imbalance in nature and its ecosystems. Massive exploitation of nature until nature loses its balance, the greed of human consumption patterns that penetrates into endangered and protected wild animals, an unfair economic system that causes exploitation and sharpens the gap between rich and poor, and the indifference of some groups of society towards this injustice is attributed as the factor causing this COVID-19 emergency. Groups in growth zones that are influenced by the notion of progressive Islamic theology show very productive behavior to build synergy and collaboration to take joint action to overcome this pandemic. Various fundraising efforts, online seminars, and donations to affected groups as well as various efforts to build awareness of mistakes in managing nature and the environment are a series of efforts to correct an unfair system and build a more just system. (Hidayah, 2020)

Religious problems in Indonesia require a wise approach, and the methodology offered by progressive Muslims can be considered as an alternative in understanding Islam. (Mukhlis, 2011) Progressive law requires that it is not enough to carry out laws and regulations and logic alone, but needs to involve spiritual and emotional aspects so that law enforcement is no longer known as the mouthpiece of the law, but the voice of public justice. Progressive law can be described as a law that provides real justice (substantial justice). It is a type of law that is open and fluid, never stops seeking the truth and justice, therefore it is always appropriate and/or adapted to the development and changing conditions of society. That is, progressive law has a responsive nature. (Siroj & Marzuki, 2017)

Sharia banking continues to experience good development in the community and must be welcomed with open arms. Its existence is expected to truly be able to create justice, as is the goal of Islamic economics. Islamic banks, which cannot be separated from criticism or problems, especially related to the application of sharia principles in sharia banking, which are still in doubt by various parties, have become an evaluation arena so that Sharia banking want to improve themselves and apply sharia principles. The most important thing is that now sharia banking is better than conventional banks, especially for Muslims. To get better, sharia banking must be more open to suggestions or responses from

various parties as a form of improvement. The input can be sourced from anywhere that is in line with the concept of sharia and the Islamic bank itself. One of them is from progressive Islam itself, which focuses on many things in society. Among them is the focus of progressive Islam, namely on justice, this must be a reference for Islamic banks to give. Because justice is also the goal of Islamic economics and following Islamic sharia. Including in dealing with various problems that arise during the COVID-19 pandemic, the existence of problematic financing is increasing and the income obtained has decreased, it is still necessary to prioritize the value of justice for all parties.

E. Conclusions & Policy Recommendation

The development of sharia banks during the COVID-19 pandemic continued to grow, in the period April 2020 to April 2021, sharia banking assets grew by 13.96 percent, for third party funds (DPK) grew by 14.16, for financing grew by 7.96 percent, income grew by 1.43 percent, and non-performing financing (NPF) also grew by 4.83 percent.

Sharia banking are one of the sectors affected by the COVID-19 pandemic, the income of sharia banking is growing not so large. Then the increase in non-performing financing due to many customers affected by the pandemic so that it is difficult to fulfill their obligations to sharia banking. Under these conditions, Sharia bank must still act ethically and continue to strive to survive and pay attention to affected customers and improve maximum service. Progressive Islam by providing justice to all parties, the sharia banking business will continue to develop well. Do not let in conditions like this, sharia banking does not treat customers fairly, applying OJK regulations is an effort to implement justice for sharia banking and customers. Justice in progressive Islam is in line with the concept of justice in Islamic economics which aims to achieve *Falah*.

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