

Priority Banking Services in Indonesia in Islamic Perspectives

Yaser Taufik Syamlan¹ and Abdurrahman Misno BP²

Abstract. *The purpose of the study is to analyze the practice of Priority Banking in Indonesia at PT. Bank Syariah Mandiri (hereinafter referred to as BSM), especially in the use of wadiah contracts in priority banking services. The research method is normative legal studies with analysis using Usul Fiqh to identify the presence or absence of usury in priority banking services. Data is obtained through observation techniques, direct interviews and document studies. The results of this study are that there are 3 types of Priority Banking Services offered to customers both from deposits with wadiah or mudharabah contracts, namely Financial Services, Non-Financial Services, and Special Programs for Priority Banking Customers. The three services are funded by BSM internal cash. Priority banking services conducted by BSM violated the provisions of the DSN-MUI fatwa No. 01/DSN-MUI/IV/2000 regarding Current Account and DSN-MUI fatwa No. 02/DSN-MUI/IV/2000 which states that the banks are not permitted to give bonuses if promised in advance. This study concludes that for services which yield material benefits that have a wadiah contract, then it is usury. However, if it yields immaterial benefits, it is not usury so that it is permitted.*

Keywords: Priority Banking, Wadiah, Usury

Abstrak. *Tujuan dari penelitian ini adalah untuk menganalisa praktik Priority Banking di Indonesia pada PT. Bank Syariah Mandiri (Selanjutnya di sebut BSM), terutama penggunaan akad wadiah dalam layanan priority banking. Metode penelitian yang digunakan dalam penelitian ini adalah normative legal studies dengan analisis menggunakan usul fiqh untuk mengidentifikasi ada tidaknya riba dalam layanan priority banking. Data diperoleh melalui teknik wawancara dan interview langsung. Hasil penelitian ini adalah bahwa terdapat 3 jenis layanan Priority Banking yang ditawarkan kepada nasabah baik dari simpanan dengan akad wadiah ataupun mudharabah yaitu Layanan Keuangan, Layanan Non Keuangan, dan Program Spesial bagi Nasabah Priority Banking. Ketiga layanan tersebut dibiayai sendiri dari kas internal BSM. Dalam hal ini, bahwa layanan priority banking yang dilakukan oleh BSM menyalahi dari ketentuan fatwa DSN MUI No. 01/DSN-MUI/IV/2000 tentang Giro dan DSN MUI No. 02/DSN-MUI/IV/2000 yang menyatakan bahwa Bank tidak diperkenankan memberikan bonus jika diperjanjikan di awal. Dalam hal ini, pada form PBS, BSM dan Nasabah secara tidak langsung penelitian ini menyimpulkan bahwa bagi layanan yang menghasilkan manfaat dengan sifat materiil yang mempunyai akad wadiah maka itu merupakan riba. Namun apabila yang menghasilkan manfaat dengan tersebut immaterial maka ia bukan riba dana dapat diteruskan.*

Kata kunci: Priority Banking, Wadiah, Riba

¹ Tazkia Islamic University College, Indonesia | yasersyamlan@tazkia.ac.id

² IAI Syahid, Bogor, Indonesia | ambp1979@yahoo.com

Introduction

Indonesia's economic growth as a developing country encouraged a significant growth in the High Net Worth Individuals (HNWIs) segment. According to the Wealth Report data, the population of HNWIs in Indonesia increased with a CAGR of 11.9% from 2009 to 2014, and experienced 4% growth of Indonesia's HNWIs in 2018 compared to the year 2017, which in 2017 amounting 124,000 person and rise to 129,000 in 2018 (Wealth Report, 2019). The aforementioned HNWIs segments are served by several Financial Institutions such as Asset Management, Priority Wealth Manager, Investment Bank, and Commercial Bank. Furthermore, to find out the prospects of Priority Banking services in Indonesia, below are the deposit data in Indonesia:

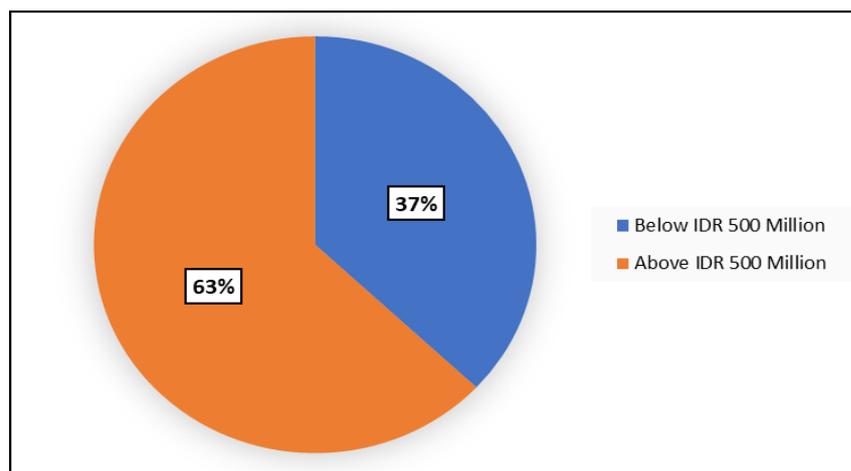


Figure 1. Deposit Data in Indonesian Banking Customer According to Nominal Deposits 2019 (in Rupiah)

Source: www.lps.go.id

In the August 2019, nominal deposits were above Rp. 500,000,000 (five hundred million rupiah) dominates total deposits with an average of 63% of total deposits in the Banking Industry in Indonesia. This is the main trigger for the major National Banks in Indonesia, such as BCA, BRI, BNI, Bank Mandiri, Permata Bank and foreign banks such as Citibank, HSBC, Standard Chartered, serving the HNWIs segment due to large deposits which range from Rp. 3,000 trillion. Priority Banking services in Indonesia have been going

on since 2000 (Wahid, Syafrizal, & Ismail, 2013). Not to forget, Bank Syariah Mandiri also enlivened this market.

Priority customers get different services than customers in general who only get basic products such as ATMs, savings, safe deposit boxes, and bancassurance. They get additional facilities such as priority outlets, executive lounges at certain airports and gathering invitations for gala dinners and personal assistance in terms of travel and health and investment services related to Wealth Management. The Sharia Bank represented by BSM also offers Priority Banking services. Referring to the differences in the operations of Conventional Banks and Sharia Banks, where savings products mostly use *wadiah* and *mudharabah* contracts (Hanif, 2011; Wan Ibrahim & Ismail, 2015). Priority Banking practice must be reviewed, especially those relating to the *wadiah* contract need to be reviewed so that it complies with the applicable sharia standards. This paper aims to analyse whether the *wadiah* savings contract which is the pillar of Priority Banking services in BSM is viewed from *Usul Fiqh* side. This paper is divided into several parts, namely part A related to Introduction, part B will discuss the concept of Priority Banking, *Wadiah*, Usury, Implementation and Analysis of *Usul Fiqh* for the implementation of Priority Banking at BSM.

This research will answer two research questions which are (1) how is the practice of Priority Banking Services (PBS) in Bank Syariah Mandiri? (2) How is the *Usul Fiqh* approach of the practice of PBS in BSM? This research has a fundamental significance and contribution. Priority banking as an Islamic banking product must always be based on rules originating from Islam. Including the provision of additional services for customers on certain products in the form of benefits. Benefits provided by the bank to the customer must be based on the agreed contract. If the contract is *wadiah*, it is very vulnerable to the presence of usury in the benefits available. Furthermore, this study contributes to the development of knowledge, especially regarding usury in the practice of Islamic banking because it tries to answer the problems that exist in the community regarding additional

priority banking services and has not been widely studied by Islamic economic researchers. The hope is that this research will become a reference in understanding the theory of usury so that Muslims are careful in this matter.

This research will fulfill the gap of discussion of Priority Banking in Islamic Perspectives since its not discussed well in the literature. Most of the literatures like Wahid *et al.* (2012) and Chhabra *et al.* (2013) are discussing the conventional part of priority banking. Moreover, the recent research that done above focus on marketing side of the services and this paper discuss and analyse more on the *Usul Fiqh* Analysis.

Literature Review

Priority Banking Concept

Ang (2010) stated that Priority Banking is a complex financial service that targets customers in the High Net Worth Individuals (HNWIs) category. Generally, the customer has assets above USD 1 Million in the form of financial assets. This segment requires diversified products and services.

According to Chhabra, *et al* (2012) Priority Banking is a process of identifying customer values and providing them with services in the form of additional benefits. Customers who are in the Priority Banking category have a certain amount of deposits in the Bank.

Whereas according to Driga, *et al.* (2009) Priority (Priority Banking) is a banking term and other financial services offered by Banks to invest in large assets. The word Priority means Customer Service provided in a more personal way compared to retail customers in general, in this case there is usually one Relationship Manager who specifically handles the customer.

Driga, *et al.* (2009) explained that Priority Banking is a business model that will continue to be excellent for financial institutions because it includes 'low risk' when compared to other activities such as investment banking or providing corporate loans directly to entrepreneurs and consumer loans for Individual.

According to Wahid *et al.* (2013) in general, Priority Banking services in Indonesia are as follows:

Table 1. Priority Banking Services at Conventional Banks in Indonesia

Banking Products	Wealth Management Service	Other benefits
1. Retail Banking Products	1. Mutual Funds	1. Health Advisor
2. Safe Deposit Box	2. Wealth Management	2. Executive Lounge at The Airport
3. Bancassurance	3. Money Market Products	3. Customer Gathering
	4. Retail bonds	4. Free Magazine
	5. Insurance	5. Invitations for Entertainment Events
	6. Special Relationship Manager	6. Invitation to The Seminar
		7. Personal Travel Assistance & Insurance
		8. Birthday Gift
		9. Priority Outlets

Priority Banking customers get 3 general services, namely basic banking products, wealth management services and other benefits. Additional services in Priority Banking are commonplace in the business world, where the public is a top priority in service. Especially if the customer is a potential customer who has a significant contribution to the company, especially in the banking company.

However, this does not apply to the Islamic economic and specifically Islamic banking. Although the customer is a top priority, but still in the process of service it must not conflict with Islamic sharia. It means that the services in Priority Banking which are additional services are caused by the amount of funds deposited by the customer, so that the customer does not necessarily get more service than other customers. Especially if it is related to the debt agreement, it is feared that it will fall on usury in the form of benefits received by customers. So to find out whether the benefits in additional services in Priority Banking include usury, it must be understood about what is usury in Islam and what are the provisions of the *wadiah* contract in Islamic *Fiqh*.

Fiqh Review of Wadiah

Wadiah in language means leaving, because something that is entrusted must be left by the owner to someone else. While in terms of *syara'*, *wadiah* is an agreement between two people (parties) in which the first party surrenders the task and authority to keep the goods they have to another party, without compensation (Muslich, 2010, p. 457).

The legal basis of *wadiah* is His word:

وَإِنْ كُنْتُمْ عَلَى سَفَرٍ وَلَمْ تَجِدُوا كَاتِبًا فَرِهَانٌ مَّقْبُوضَةٌ فَإِنْ أَمِنَ بَعْضُكُم بَعْضًا فَلْيُؤَدِّ
الَّذِي أُوْتِمِنَ أَمَانَتَهُ وَلْيَتَّقِ اللَّهَ رَبَّهُ وَلَا تَكْتُمُوا الشَّهَادَةَ وَمَنْ يَكْتُمْهَا فَإِنَّهُ آثِمٌ قَلْبُهُ وَاللَّهُ
بِمَا تَعْمَلُونَ عَلِيمٌ

"And if you are on a journey and cannot find a scribe, then a security deposit (should be) taken. And if one of you entrusts another, then let him who is entrusted discharge his trust [faithfully] and let him fear Allah, his Lord. And do not conceal testimony, for whoever conceals it - his heart is indeed sinful, and Allah is knowing of what you do." (Q.S. Al Baqarah [2]: 283) "

Rasulullah shallallaahu 'alaihi wa sallam said, *"Give a message to people who entrust (trust) to you, and do not betray those who betray you." (H.R. At Tirmidzi)*

Based on the verses and hadith, it can be understood that *wadiah* is a mandate that must be obeyed by the parties to the transaction. *Wadiah* pillars according to Hanafiyah are *ijab* and *qobul*. Whereas according to the scholar's *jumhur*, there are four *wadiah* pillars, namely: the objects which are deposited; *Shighat*, the person who entrusts them, and the person entrusted. The conditions are: (1) The requirements for the items to be deposited are: The object that is deposited is an object that can be stored. Thus according to Hanafiyah scholars. Syafi'iyah and Hanbaliyah scholars require that the objects entrusted must be valuable and worth something. (2) Conditions of *Shighat*. *Shighat*'s contract is *ijab* and *qobul*. *Ijab* can be done by words or deeds. Examples of *ijab* with words like this, "I entrust the motorbike." Whereas *ijab* with deeds, for example we park the motorbike in a parking lot without

telling the parking attendants. (3) Terms of people who entrust: Have sense; *Baligh*. This condition was stated by Syafi'iyah. Whereas according to Hanafiyah, *baligh* is not a *wadiah* requirement, so *wadiah* is valid if done by a small child *mumayyiz* with the approval of his guardian. Furthermore, according to Malikiyah, the conditions of people who entrusts are: *baligh*, have sense and intelligent. (4) Terms of the person entrusted: Have sense, because you have to take care of the safekeeping; *Baligh*, according to scholar's *jumhur*. According to Hanafiyah, *baligh* is not a requirement, but it is quite *mumayyiz*; Malikiyah requires that people be entrusted to be those who are considered strong enough to safeguard the items deposited.

The *wadiah* contract is originally a deposit of objects, in which someone entrusts objects to others to be guarded. The practice of *wadiah* in banks is to deposit a certain amount of money where the bank has an obligation to look after it. But because of the permission of the owner of the money, the bank is allowed to use it. The basic question is, is the money deposited then used by the bank to automatically become a contract of *dain* or debt? There are many theories about this. Tarmizi argues that the contract automatically becomes debt so that all existing additions become usury (Tarmizi, 2016). However, referring to the DSN-MUI fatwa No. 01/DSN-MUI/IV/2000 concerning Current Account and DSN-MUI No. 02/DSN-MUI/IV/2000 concerning savings states that the *wadiah* used by the bank with the permission of the property owner remains as a *wadiah* contract. In addition, the Bank is permitted to provide bonuses on conditions not agreed upon at the outset.

The Concept of Usury in Islam

Usury (etymologically) comes from Arabic taken from the word رَبًّا. If someone says وَرَبًّا رَّبًّا يَرْبُو الشَّيْءُ رَبًّا meaning that something increases and grows. If people say أَزْبَيْتُهُ that means I have added it and grown it (Ibnu Mandzur; 1993). The verses of the Qur'an that use this word are His words;

وَيُزِي الصَّدَقَاتِ

“...and gives increase for charities ...” [Al-Baqarah [2]: 276]

In another Quranic verse mentioned;

وَمَا آتَيْتُمْ مِنْ رَبًّا لِيَرْبُو فِي أَمْوَالِ النَّاسِ فَلَا يَرْبُو عِنْدَ اللَّهِ

“And whatever you give for interest to increase within the wealth of people will not increase with Allah ...” [Ar-Ruum [30]: 39]

The definition of usury according to the term *fuqaha'* (fiqh expert) is giving additions to certain things. The author Mughnil Muhtaj notes that usury is an agreement for the exchange of certain goods (it is not known that the two items exchanged) are the same in the view of sharia, either done when making a contract or by suspending (ending) one or two items exchanged.

Usury law is haram both in the Qur'an, as-Sunnah and *ijma*. Allah Ta'ala said,

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ

“O you who have believed, fear Allah and give up what remains [due to you] of interest, if you should be believers..” QS. Al-Baqarah [2]: 278.

Allah Ta'ala also said:

وَأَحَلَّ اللَّهُ الْبَيْعَ وَحَرَّمَ الرِّبَا

“...But Allah has permitted trade and has forbidden interest ...” [Al-Baqarah [2]: 275]

In another verse Allah Ta'ala said:

يَا أَيُّهَا الَّذِينَ آمَنُوا لَا تَأْكُلُوا الرِّبَا

“O you who have believed, do not consume usury ...” [Ali 'Imran [3]: 130]

The presence of usury is abundant in the as-Sunnah. Imam Muslim narrated from Jabir Radhiyallahu anhu, he said:

لَعَنَ رَسُولُ اللَّهِ صَلَّى اللَّهُ عَلَيْهِ وَسَلَّمَ آكِلَ الرِّبَا وَمُؤَكِّلَهُ وَكَاتِبَهُ وَشَاهِدَيْهِ. وَقَالَ: هُمْ سَوَاءٌ.

"The Prophet shallallaahu 'alaihi wa sallam had cursed usury eaters, who gave usury, the author and his two witnesses," and he said, "they are all the same."

Hadith that had been agreed upon validity from Abu Hurairah *Radhiyallahu anhu*, he said that the Prophet *shallallaahu 'alaihi wa sallam* said:

اجْتَنِبُوا السَّبْعَ الْمُؤْبَقَاتِ! وَذَكَرَ مِنْهُنَّ: آكِلَ الرِّبَا.

"Stay away from seven things that bring destruction," and he mentioned among them, "Eating usury."

The legal basis of the *ijma'* regarding usury is the history of the Imam 'Ali bin Husayn bin Muhammad or better known as as-Saghadi, mentions in the book *an-Nutf* that usury becomes three forms namely: Usury in debt and usury in buying and selling. In particular the correlation with this study is about usury in debts, namely someone who takes money to another party then he receives excess money from the debt contract.

The interesting thing is when the addition on the debt payable contract is in the form of benefits or services. For example someone who owes money to someone else, then when he repays his debt he gives a cake or item as an expression of gratitude. Does this also include usury or not? Loans that bloom or bring any benefits are unlawful based on the Qur'an, the Sunnah, and the *ijma'* of the scholars. The security includes all kinds of interest or benefits that are used as conditions by the person who gives the loan to the borrower. Because the purpose of the lender is to love the borrower and help him. The goal is not to seek compensation or profit (Al-Makki, 1990).

Shalih Al-Fauzan argues, "It should be known, the addition that is prohibited to taken in debt is an additional requirement. (For example), like someone says 'I give you a debt with the terms returned with so many additions, or on the condition that you give your house or shop, or you give

me something'. Or also by not saying it, but there is a desire to be added or expect additional, this is forbidden, as for if the debtor adds it of his own volition, or because of his impulse without the conditions of the debt or hope, then it is not prohibited to take the addition" (Al-Faridan, 1999).

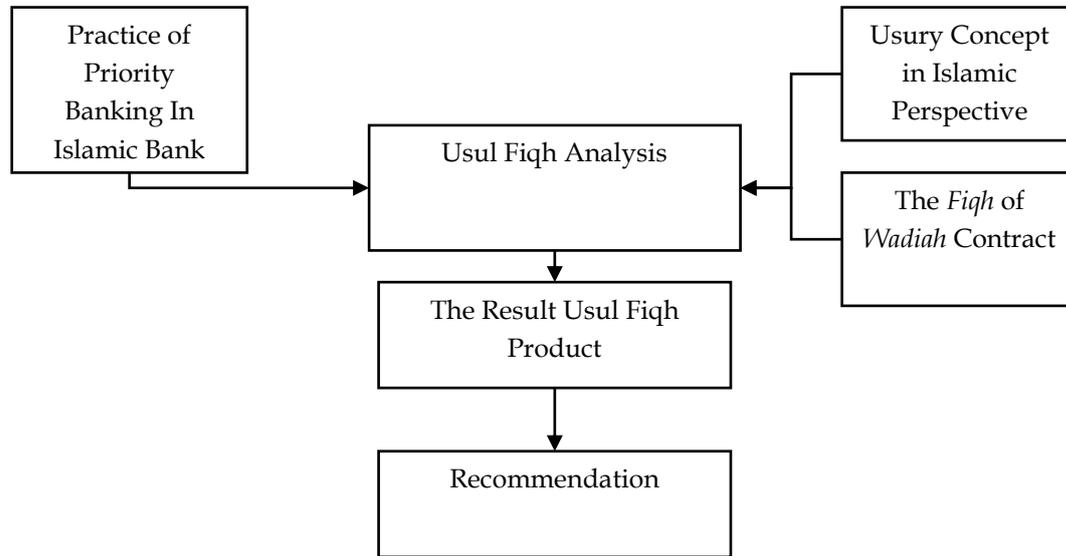


Figure 2. The Research Framework

Source: Author

This research is started by doing deep interview as well as collecting the documents related to the Priority Banking Services (PBS) in the BSM. Moreover, after all the data is set, the analysis of *Usul Fiqh* is done by also combining the *Fuqaha* view of some related concept of the PBS such as the usury concept and the *wadiah* concept. The main reason of including the usury concept in this research is referred to the Tarmizi (2016) which stated that every *wadiah* saving that used by the bank, the contract is naturally changed into the *qard* contract. Subsequently, this research will give a result in which the consumer and the bank itself could know in which part of *wadiah* services is eligible in the light of sharia and not.

Method

This study uses empirical-normative approach to legal studies ie. studies empirical law with *Usul Fiqh* approach. Normative legal study is a

research method that makes legal norms as research objects. The term normative means sticking to the norm; according to the norms or rules which apply ((Soekanto & Mamudji, 2006, p. 23). This method is used to analyze the practice of priority banking in Islamic Bank in the light of sharia.

Data collection techniques in this research was conducted through in-depth interviews (deep interview) and literature (library research). In-depth interviews conducted with a number of parties such as from the account officer of Bank Syariah Mandiri Priority Banking as well as the product manager of it in the BSM Headquarters in Jakarta. Studies done through analysis of documents, especially the opening form of the Bank Syariah Mandiri Priority Banking services as well as the term and condition sheet.

The main variables that will be scrutinized deeply in this paper are: (a) Priority Banking. Driga *et al.* (2009) explained that Priority Banking is a business model that will continue to be excellent for financial institutions because it includes 'low risk' when compared to other activities such as investment banking or providing corporate loans directly to entrepreneurs and consumer loans for Individual. (b) *Wadiah* Contract. *Wadiah* in language means leaving, because something that is entrusted must be left by the owner to someone else. While in terms of *syara'*, *wadiah* is an agreement between two people (parties) in which the first party surrenders the task and authority to keep the goods they have to another party, without compensation (Muslich, 2010: 457). Moreover, The practice of *wadiah* in banks is to deposit a certain amount of money where the bank has an obligation to look after it. But because of the permission of the owner of the money, the bank is allowed to use it. The basic question is, does the money deposited then used by the bank to automatically become a contract of dain or debt? There are many theories about this. Tarmizi argues that the contract automatically becomes debt so that all existing additions become usury (Tarmizi, 2016). (c) Usury. The definition of usury that is used in this paper is according to the fuqaha which is giving additions to certain things.

Data analysis was performed using the Islamic legal studies (study of Islamic law) with *Usul Fiqh* approach through *istidlal al-Ahkam*, which is looking for the proposition (arguments) that is based on the sources of Islamic law and the arguments of Islamic law. Analysis of data is using *tariqaah al-jam'i* (the method of combination between *tariqah ahnaf* and *tariqah mutakalimin*). Furthermore, the opinion of the jurists sought both early generations (*mutaqadimiin*) and contemporary (*mu'ashirah*). Furthermore, the opinions were compared and taken *tarjih* (opinion of the most powerful). Furthermore, the conclusions drawn from the practice of Priority Banking in the perspective of Islamic law.

Results and Discussion

Implementation of Priority Banking at BSM

Priority Banking developments in Islamic banking in Indonesia are not as fast as in conventional banks. Until now, only PT. Bank Syariah Mandiri Tbk which has provided these services. This service was first introduced in 2010. BSM as the largest Islamic Sharia Bank in Indonesia offers this service to 46 Branch Offices throughout Indonesia by providing special counters and Priority Banking Officers.³

Bank Syariah Mandiri in offering this service is based on various considerations, as follows:

First, Allah Azza Wajjalla created human beings with diverse conditions including racial and ethnic differences so that three main objectives of human diversification were obtained to be able to get to know each other, competitions in goodness and tests for some is in accordance with the Qur'an Surah Al-Hujarat verse 13 and Surah Al-An'am verse 165.

Second, Hadith from Muslim in his *Shahih* IV/1986/2654 "Indeed Allah does not at all look at the physical and not your assets. But He looks at your day and deed".

³ Adapted from <https://www.syariahamandiri.co.id/2010/05/layanan-priority-dalam-perspektif-syariah/> accessed on September 27, 2017 at 14.30.

The explanation contained in the Qur'an and Sunnah above, does not mean that a Sharia Bank is not permitted to provide Priority Banking services to the Customer. The existence of these services is a manifestation of the principle of justice (*al-'Adalah*) which means *Wadh al-syai'fi mahallih* which is placing something in accordance with its portion and position. This is in line with the history in the time of the Prophet *Shallallahu Alaihi Wassallam* when He *Shallallahu Alaihi Wassallam* distributed *Ghanimah* (spoils of war) more to the cavalry when compared to troops on foot (HR Ibn Mājah in Sunan his II / 952/2854, Ibn Hibban in the Shahīh XI / 142/4814, etc. with a valid sanad).

Therefore, Priority Banking services are developed because Customers make higher contributions than depositors in general.

Practice of Priority Banking at BSM

Based on data obtained in the field, below are the requirements to become a Priority Customer: ⁴ The customer has a Funding product portfolio with a minimum amount of Rp. 250,000,000. In this case, BSM's own funding products include *Wadiah Giro*, *Wadiah Savings*, *Mudharabah Savings*, *Mudharabah Deposits* and/or other funding products available in BSM; Fill out the Priority Banking Customer application form. This provision applies either to new Customers or regular Customers who upgrade their status; Fill out and sign the form of rights and obligations of the Bank and the Customer; Has gone through the Know Your Customer principle process which refers to Bank Indonesia Circular No. 13/017 /UMM dated December 20, 2011 regarding the Revision of the Implementation Guidelines for the Anti-Money Laundering Program (APU) and the Prevention of Terrorism (PPT). This process is also called Enhanced Due Diligence (EDD), in which the bank represented by the Priority Banking Officer (PBO) checks the source of funds of the customer in the trend of customer's monthly transactions to prevent the occurrence of money laundering.

⁴ Bank Syariah Mandiri Priority Banking Brochure.

After going through the above process, the Customer then gets an ATM card that has a period of 1 year.

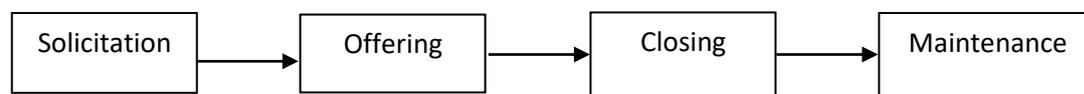


Figure 3. Priority Banking Service Process

Source: Primary data - interview

In solicitation process, the Priority Banking Officer (PBO Special Account Officer) try to identify further potential customers who have the potential to be offered Priority Banking services. They do this in two ways, namely: Identify new prospective customers and identify existing customers who have entered the specified criteria. After the above process, PBO then contacts the potential customers above for further prospects.

After the solicitation process is carried out, the bidding process from PBO as a representative of the bank is carried out. Here PBO offers an opening form and tells all the terms and conditions contained in the form along with the product features.

After the potential customer is informed of the terms and conditions, then they sign the opening form containing the terms and conditions of Priority Banking services. Here, PBO also carries out risk profiling for customers to be able to provide recommendations on products that are in accordance with the customer's investment tastes.

Here, PBO performs maintenance on customers to continue to bank with BSM. What PBO does is by providing updates regarding their funds, giving birthdays, Ied gifts, giving free magazines, and inviting them to attend special gatherings for Priority Banking customers.

Terms and Conditions for Priority Services are : (1) BSM Priority customers are customers who have a minimum total fund in BSM of Rp. 250,000,000.- or equivalent to that value or meet the criteria determined by BSM. (2) Every Customer BSM Priority has the right to get 1 (one) Priority

Card as an identity card, ATM card, shopping/debit card and discount card. (3) Priority Cards only apply to BSM Priority Customers. (4) The validity period of 1 year BSM Priority card and can be extended as long as the Customer still meets the BSM Priority criteria. (4) This BSM Priority membership can expire before 1 year if:⁵ The total funds are deposited on average < Rp. 250,000,000.- for three consecutive months; The Bank may terminate unilaterally in certain conditions and considerations; and the customer dies. (5) If the membership expires, the customer must submit the priority card to the nearest BSM Branch office and then replace it with an ordinary BSM Card. (6) In the event that the card has expired and the customer continues to use the BSM priority service, all fees for the service will be charged to the Customer's Account. (7) Maximum daily transfer of Rp. 25,000,000/day and maximum cash withdrawal of Rp. 10,000,000. (8) Card extension or card replacement Rp. 15,000. Card change because the card is lost Rp. 50.000. Monthly administration in accordance with applicable regulations. Each provision is subject to change and will be submitted in writing to the customer.

For Financial Services, BSM priority customers generally get BSM priority cards whose colors are differentiated from BSM cards. For BSM Priority, it has a black pattern with a touch of gold to accentuate its exclusive impression. Customers BSM Priority also get financial consulting services from PBO, a service that is not obtained by ordinary customers. In addition, every month, customers will get a personal account statement sent to the customer's address. Another thing that is not obtained by ordinary customers is the Pick Up service, which is related to cash deposits with a minimum value of Rp. 50 million and a maximum of Rp. 100 million. For Pick Up service, BSM also pays cash in transit insurance so that when there are things that are not desired in the process, the customer's money is still safe.

⁵ Priority Banking Opening Form

BSM provides convenience in Financial Transactions via telephone or Fax by first signing the application form for the service. With this facility, customers can open savingsdeposit accounts, withdraw deposits into their own accounts and withdraw their investment instruments into their own accounts. Customers must register telephone and fax numbers for transaction security. The Bank waives electricity payment transaction fees, Tel, Mobile, with the consideration that this can open opportunities for cross selling of all Bank products.

Table 2. Priority Banking Services

Financial Services	Non-Financial Services	Special Program
- BSM Priority Card	- Free Airport Executive Lounge	- Program Executive Lounge Saving
- Sharia Financial Consultation	- Grief services	- Special Gift
- Monthly Account Statement	- Invitation to a gathering	- Reward Referral Program
- Pick Up Service	- Free Magazine	
- Transaction Orders Through Tel/Fax		
- Free Autodebet		
- Free Check / BG		
- Custom account number		
- Discount for selected merchandise		

Source: Bank Syariah Mandiri

For Non-Financial Services, Free Airport Lounge which costs are charged to the branch. Grievance services, which are free management, which costs are borne by the bank. Gathering as Special Program. Exlo saving program, namely when customers top up a multiple of Rp. 100 million will get 10 executive lounge vouchers. Special gift when customers top up a minimum of Rp 250 million or place a deposit with a normal profit share of at least 6 months tenor. You can get Gold/Umrah (minimum placement of Rp. 1 billion) and shopping vouchers / vacation packages (minimum placement of Ro. 250 million). Gift referrals are obtained by customers when inviting close relatives to become Priority Banking customers.

What needs to be emphasized in this service is that all costs used for providing services come from BSM internal funds.

Analysis of *Usul Fiqh* on the Implementation of Banking priority at BSM

Taking into account that all customers of deposit contracts using *wadiah* and *mudharabah* which do not provide certainty of return in the form of material or non-material, then below is an analysis of *usul fiqh* for the three special financial services that obtained by Priority Banking customers especially in the *wadiah* contract:

Table 3. *Usul Fiqh* Analysis of Special Financial Services

Service Type	Legal Status	Dalil/Evidence
BSM Card	Some are permitted and some are prohibited Permitted: If the contract is <i>mudharabah</i> Prohibited: If the contract is <i>wadiah</i>	<p>“Surely you are in a country where usury spreads to the land. If you have rights (receivables) against someone, then the person presents you with hay, wheat, or cattle fodder for you, do not take it because it is usury” Bukhari</p> <p>كُلُّ قَرْضٍ جَرَّ نَفْعًا فَهُوَ رِبَا</p> <p>“Every loan that produces benefits is usury”</p>
Islamic Financial Consultation	Permitted	As long as the bank does not take advantage of the customer's money
Pick Up Service	Permitted	
Monthly Account Statement	Permitted	
Free Autodebet Free Check / BG	Prohibited based on the Fatwa of No. 01/DSN-MUI/IV/2000 of Current Account	There are benefits in debts because basically this service is paid
Custom Account Number	Permitted	
Discount Merchandise	Prohibited based on the Fatwa of No. 01/DSN-MUI/IV/2000 of Current Account	There are benefits in debts

Table 4. *Usul Fiqh* Analysis of Special Non-Financial Services

Service Type	Legal Status	Dalil/Evidence
Free Executive Lounge	Prohibited based on the Fatwa of No. 01/DSN-MUI/IV/2000 of Current Account	Benefits from Debt Agreements
Grief Service	Permitted	
Gathering Invitation	Permitted	
Free Magazine	Prohibited based on the Fatwa of No. 01/DSN-MUI/IV/2000 of Current Account	If the magazine is paid then it is a benefit of debt
Special Rooms	Permitted	
Food available in special rooms	Prohibited based on the Fatwa of No. 01/DSN-MUI/IV/2000 of Current Account	Benefits from Debt Agreements

Table 5. *Usul Fiqh* Analysis of Special Programs

Service Type	Legal Status	Dalil/Evidence
Executive Lounge Saving	Prohibited based on the Fatwa of No. 02/DSN-MUI/IV/2000 of Saving Account	Benefits from Debt Agreements
Special Gift	Prohibited based on the Fatwa of No. 02/DSN-MUI/IV/2000 of Saving Account	Benefits from Debt Agreements
Referral Gift	Prohibited based on the Fatwa of No. 02/DSN-MUI/IV/2000 of Saving Account	Benefits from Debt Agreements

Based on the differences in treatment between priority customers and retail customers, it creates the opportunity for usury considering classical scholars generally define usury as *ziyadah* (Supplement) in the form of material (money) or benefits. Some contemporary Islamic economists argue that additions to the *wadiah* contract with various variations are indicated as usury. This is based on the *wadiah* contract which is initially entrusted and then used by the bank so that it automatically becomes a contract of *dain*

(debts) which if there is an addition, either material or benefits will become usury (Tarmidzi, 2016: 402).

Indeed, the existence of *intifa'* (benefits) obtained from someone who owes money to another person from a person who is owed is considered as usury. Some *fuqaha* (Islamic jurists) are very careful in this matter, so they do not want to take the slightest benefit from the people they owe for fear of falling into usury. This action is not without reason, because clearly the Prophet Muhammad *Shalallahu Alaihi Wassallam* said: كل قرض جرّ نفعاً فهو ربا: (Every loan that produces benefits is usury).

Every addition in the loan agreement is usury, as Ibnul Mundzir *rahimahullâh* argues "The scholars agree that the lender, if they require a gift or addition to the loan, then they give a loan, the additional is usury" (Mundzir, 319AD, p. 139).

Imam Ash-Syairazi said, "It is not justified by every receivable that brings benefits/profits. For example, he owes another 1000 (dinar), provided that the debtor sells his house to the lender, or returns it with a better or more dinar plate, or writes suftajah, so that he benefits in the form of security while on the trip. The Prophet shallallahu 'alaihi wa sallam said:

نهى عن سلف وبيع

"Prohibit salaf (receivables) with buying and selling." (HR. Abu Dawud, at-Tirmidzi, an-Nasa'i, Ibnu Majah, and being hasan-ed by al-Albani)

Based on this explanation, it can be concluded that every profit in debt, whether in the form of material or services or the other is forbidden, because it is all usury. Not only forbid usury, Islam also opens the doors of kindness and good deeds, namely by encouraging its people to delay or forgive their rights. Allah *Ta'ala* says,

وَإِنْ كَانَ ذُو عُسْرَةٍ فَنَظِرَةٌ إِلَىٰ مَيْسَرَةٍ وَأَنْ تَصَدَّقُوا خَيْرٌ لَّكُمْ إِنْ كُنْتُمْ تَعْلَمُونَ

"And if someone is in hardship, then [let there be] postponement until [a time of] ease. But if you give [from your right as] charity,

then it is better for you, if you only knew.” (Qs. Al-Baqarah [2]: 280)

Referring to the explanation of the *wadiah* contract which is also used as a funding product for Priority Banking customers and based on DSN No.1 & 2 in 2000 concerning Current Account and Savings: For Priority Banking customers who have a *wadiah* current account or a savings account, with their entry in the Priority Customer category, this is included in the bonus agreed to at the beginning of the bank to them; The above is ultimately in conflict with the DSN Fatwa which prohibits promises in *wadiah* (DSN, 2000a, 2000b).

Conclusion

Based on the discussion on Priority Banking services at Bank Syariah Mandiri, there are several conclusions. Priority Banking services at Bank Syariah Mandiri in Indonesia generally have 3 types, namely: Financial services, including; Non-Financial Services; and Special Program. These three services are provided to customers who have a minimum portfolio balance of Rp. 500,000,000 for savings products made based on the *wadiah* and/or *mudharabah* agreement.

Priority Banking in an Islamic perspective must be explored further considering that the basic funding product contract is *wadiah* which does not provide bonuses and *mudharabah* which together do not promise a definite return to customers. With the *Usul Fiqh* method, from all services provided by BSM, Special Program Services cannot be resumed because they are included in providing benefits from debt. While for Non-Financial Services, of the 4 services offered, only 2 are haram, namely Executive Lounge and Free Magazine because both are paid. For Financial Services, free checks and Transfer form and Discount Merchandise are declared prohibited because there are benefits to the loan.

This Study has some limitations which are: The Object *aqd* that analyzed is only *wadiah* contract. However, it is an obligatory for the next research to include the *aqd* of *mudharabah* in the discussion of Priority Banking

Services; The Bank that is included in this research only Bank Syariah Mandiri. In the future research regarding this field can be included more banks such as Bank Muamalat Indonesia, BNI Syariah and other Islamic banks that offers this product.

Some suggestions that can be used as recommendations in this study include:

First, priority banking services that are tend to giving *intifa'* (benefits) should be reduced by BSM.

Second, BSM can further explore the portion of its Wealth Management because according to Jennings *et al* (2011) for Priority Customers who are included in the High Net Worth Individuals category need more alternative products considering they have idle funds. In this case BSM has checked the risk tolerance of customers, but only provides investment options that are limited to deposits and mutual fund products. In this case, BSM can follow the example of the Emirates Islamic Bank that offers *Muqayaddah Mudharabah* financing to their Priority Customers.⁶

Third, BSM can explore further related to financial consulting services because it does not have material benefits (Grzeskiewicz & Kozlinski, 2004; Seiler & Rudolf, 2014).

Fourth, It is necessary to resume research related to the relationship between *murdharabah* contract and Priority Banking.

References

- Al-Faridan, A. bin A. bin A. (1999). *Al-Muntaqa min Fatawa Fadhilah Asy-Syaikh Shalih bin Fauzan Abdullah al-Fauzan* (3rd ed.). Riyadh: Daar al-Asal.
- Al-Makki, I. H. al-H. (1990). *Al-Fatawa al-Kubra al-Fiqhiyyah*. Daar Sader
- Ang, S.-K. (2010). A Qualitative Study on the Challenges of Private Banking in Asia. *The Journal of Wealth Management*, Vol. 12(4), 68–77. <https://doi.org/10.3905/JWM.2010.12.4.068>
- Chhabra, O., Ghai, S., Johri, A., & Rawat, S. (2012). Enhancing the Value Proposition of Priority Banking in India: A case study of Kotak Mahindra

⁶ Adapted from <http://www.emiratesislamic.ae/eng/priority-banking/wealth-solutions/gold-certificates/> accessed on September 26, 2016 at 22:30 WIB

- bank vis-a-vis six other Banks of India. *Research Journal of Finance and Accounting*, Vol. 3(7), 102–112.
- Drigă, I., Niță, D., & Cucu, I. (2009). Private Banking and Wealth Management Services Offered by Banks. *Annals of the University of Petroșani, Economics*, Vol. 9(1), 231–240. <https://www.upet.ro/annals/economics/pdf/annals-2009-part1.pdf#page=231>
- Grzeskiewicz, G., & Kozlinski, T. (2004). High net worth individuals - The Clients of Private Banks. *Presented In The 8th International Conference of Doctoral Students* (pp. 1–12). Brno, Czech Republic: University of Technology.
- Hanif, M. (2011). Differences and Similarities in Islamic and Conventional Banking. *International Journal of Business and Social Science*, Vol. 2(2), 166–175.
- Jennings, W. W., Horan, S. M., Reichenstein, W., & Brunel, J. L. P. (2011). Perspectives from the Literature of Private Wealth Management. *The Journal of Wealth Management*, Vol. 14(1), 8–40. <https://doi.org/10.3905/jwm.2011.14.1.008>
- Mundzir, I. (319AD). *Al-Ijma*. (S. A. Jaib, Ed.). Beirut.
- Muslich, A. W. (2010). *Fiqh Al-Muamalat*. Jakarta: Amzah.
- Seiler, V., & Rudolf, M. (2014). Customer Satisfaction in Private Banking. *Credit and Capital Markets*, 47(3), 385–520.
- Soekanto, S., & Mamudji, S. (2006). *Penelitian Hukum Normatif: Suatu Tinjauan Singkat* (9th ed.). Jakarta: Rajawali Press.
- Tarmizi, E. (2016). *Harta Haram Muamalah Kontemporer* (13th ed.). Bogor: Berkat Mulia Insani.
- Wahid, N. A., Syafrizal, & Ismail, I. (2013). The Importance of Priority Banking Services in Indonesia. *Elixir Marketing Management*, Vol. 60, 16312–16317.
- Wan Ibrahim, W. H., & Ismail, A. G. (2015). Conventional bank and Islamic banking as institutions: similarities and differences. *Humanomics*, Vol. 31(3), 272–298. <https://doi.org/10.1108/H-09-2013-0056>