

ABSTRACT

CHARACTERISTIC OF PRUDENTIAL PRINCIPLE IN ISLAMIC BANKING BUSINESS

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The research aims to analyze the philosophical fundamental of prudential principle in the banking industry, including to analyze both the Islamic prudential principle and the implementation of prudential principle in Islamic business. The research significance are to provide enhance knowledge about the law of Islamic economic (*mua'malah al syar'iyah*), the Islamic prudential principle in Indonesia Islamic banking , and the legal means (laws) of prudential principle in Indonesia Islamic banking. The research also benefits to the comprehension of the implementation of prudential principle in Islamic banking, to promote the impartial perception and to harmonize the Islamic law and Indonesian laws.

The type of the research is legal research. The research methods apply the statute approach, conceptual approach and comparative approach.

The outcomes of the research are: firstly, due to the fiduciary duty of Islamic banking to maintain the customer's fund Islamic banking must apply the prudential principle for the purpose of achieving healthy, liquid, solvent and profitable banking condition. Secondly, Al Qur'an and Hadist obligate prudence in *muamalah* transaction, therefore, the documentation of the transaction is emerged, the witness and guarantee is required for non-cash transaction. Thirdly, the one of the banking healthy signs implementing prudential principle is obedience to employ the syariah compliance in Islamic banking. The full compliance of Islamic Principle is important due to the effects of syariah principle indiscipline in the sense of reputation of Islamic banking, as a result, Dewan Pengawas Syariah (Islamic Supervisor Board) and the Director of Syariah Compliance supervise the obedience of Islamic Banking to comply syariah principle.

Key words : prudential principle, Islamic banking, Islamic Supervisor Board, syariah compliance.