

MANAGEMENT OF COMMERCIAL BANKS AND INDONESIAN SHARIA BANKING

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Abstract

Commercial bank management in Indonesia is the process of managing banking activities, including planning, organizing, implementing, and supervising bank resources effectively and efficiently, while adhering to prudential principles and applicable regulations. The goal of commercial bank management is to manage all bank operational activities effectively and efficiently. Islamic banking, on the other hand, is a banking system that conducts its business activities based on Islamic sharia principles, as stipulated in Law of the Republic of Indonesia Number 21 of 2008 concerning Islamic Banking. These sharia principles prohibit usury, gharar, maysir, and business activities that conflict with Islamic values. Islamic bank management aims to carry out all operational and strategic processes of the bank while remaining based on Islamic sharia principles, rather than merely seeking financial gain. This study uses a qualitative research method with a literature study approach. (*library research*). The data collection technique in this study was carried out through documentation studies, namely by collecting, reading, and recording relevant information related to the management of commercial banks and Islamic banking in Indonesia. Overall, the differences in the management of commercial banks and Islamic banks are seen in the profit system, supervision, management orientation, risk management, and managerial objectives. Commercial banks emphasize financial profitability and compliance with conventional regulations, while Islamic banks emphasize sharia compliance, fairness, and socio-economic values. So that Islamic bank management can be said to be more holistic and ethical, while remaining competitive in the national banking system.

Keywords: Management , Commercial Bank, Islamic Bank

INTRODUCTION

According to Kasmir (2021), a commercial bank is a financial institution whose primary activity is collecting funds from the public in the form of deposits and channeling them back to the public in the form of credit and providing other banking services to improve people's lives. According to Law Number 21 of 2008, a Sharia bank is a bank that conducts its business activities based on Sharia principles. Meanwhile, conventional commercial bank management focuses on managing credit risk, interest rates, and operational efficiency to achieve optimal profitability. Ismail (2020) states that differences in operational principles between conventional and Sharia banks have a direct impact on management policies, particularly in financing management, revenue sources, and internal oversight mechanisms. In Sharia banks, management is also supervised by the Sharia Supervisory Board (DPS) to ensure operational compliance with Sharia principles.

LITERATURE REVIEW

General Bank

In theory, commercial banks are financial institutions that function as financial intermediaries, acting as intermediaries between parties with excess funds (*surplus units*) and parties in need of funds (*deficit units*). Commercial banks collect funds from the public in various forms of savings, such as checking accounts, savings accounts, and time deposits, then channel these funds back to the public in the form of credit or financing. According to Kasmir (2021), commercial bank management plays a crucial role in managing public funds through fundraising

and distribution activities, enabling banks to optimally perform their intermediation function. According to Putra et al. (2025), commercial bank management emphasizes controlling credit, liquidity, and operational risks to maintain the bank's health and sustainability. The goal of commercial bank management is to manage all bank operational activities effectively and efficiently so that the bank can properly carry out its function as a financial intermediary institution. Commercial bank management aims to ensure that the process of collecting funds from the public and distributing funds in the form of credit or financing runs smoothly, safely, and in accordance with prudent principles.

Islamic Bank

According to Antonio (2018), Islamic banking is a financial institution that functions as a financial intermediary using profit-sharing mechanisms and sharia contracts in fundraising and distribution activities. Meanwhile, Ismail (2020) explains that Islamic banking is not only profit-oriented but also emphasizes aspects of fairness, partnership, and balance between the interests of the bank and its customers. The main principles underlying Islamic banking operations are profit-sharing, fairness, and the prohibition of usury, as stipulated in Law Number 21 of 2008 concerning Islamic Banking. Furthermore, the principles of fairness and the prohibition of usury are the main differences between Islamic banking and conventional banking. Islamic banks are prohibited from implementing an interest system in financial transactions and are required to ensure that all business activities do not harm either party. By implementing these principles, Islamic banking is expected to maintain public trust and support the stability of the national financial system. Kasmir (2021) stated that good banking management must be supported by good corporate governance *and* compliance with regulations established by the Financial Services Authority (OJK). In the context of Islamic banking, this compliance is strengthened by the Sharia Supervisory Board (DPS), which is tasked with overseeing all bank operational activities to ensure compliance with fatwas issued by the National Sharia Council–MUI. Therefore, Islamic banking management in Indonesia is expected to maintain banking stability and provide economic and social benefits to the community.

Differences in Management between Commercial Banks and Islamic Banking

The profit system is one of the main differences between commercial banks and Islamic banks. Commercial banks use an interest *-based system* as the basis for collecting funds and distributing credit. Under this system, banks set a specific interest rate on deposits or loans, so that bank profits are calculated from the difference between the interest received from creditors and the interest paid to depositors. This system focuses on maximizing financial profit and managing credit and liquidity risks. In contrast, Islamic banks implement a *profit-and-loss sharing system* through sharia contracts such as mudharabah and musyarakah. Under this mechanism, profits and risks are shared between the bank and the customer according to the agreement in the contract, so the bank does not receive a fixed interest rate, but rather a share of the customer's business profits. This system emphasizes fairness and balance between the bank and the customer, while ensuring that all financial activities comply with sharia principles.

Commercial banks are supervised by Bank Indonesia (BI) and the Financial Services Authority (OJK), which ensure all operational activities, liquidity, and regulatory compliance meet national standards. Their oversight focuses on banking system stability, financial risk, and consumer protection. Meanwhile, Islamic banks are supervised not only by the OJK but also by the Sharia Supervisory Board (DPS), which ensures all bank products and activities comply with Sharia principles. The DPS oversees Sharia compliance, including contracts, financing, and services, thus combining financial and Sharia compliance aspects. The management orientation of commercial banks focuses on maximizing financial returns for shareholders, operational efficiency, and conventional risk management. All policies and strategies are directed toward increasing profitability and financial stability in accordance with Bank Indonesia (BI) and the Financial Services Authority (OJK) regulations. Meanwhile, the management orientation of Islamic banks emphasizes a balance between profitability, sharia compliance, and socio-economic benefits. Every managerial decision considers ethical values, fairness, and social responsibility, so that the goal of Islamic banks is not simply profit, but also positive impact on society through the principles of maqasid sharia.

METHOD

This research uses a qualitative research method with a literature study approach. (*library research*). This approach was chosen because the research aims to examine and analyze the management concepts of commercial banks and Islamic banking in Indonesia based on theories, regulations, and previous research results, without conducting direct field data collection. The data collection technique in this research was carried out through documentation studies, namely by collecting, reading, and recording relevant information from books, scientific journals, regulations, and official documents related to the management of commercial banks and Islamic banking in

Indonesia. The data obtained were then classified according to the focus of the research discussion. The data analysis technique used was descriptive-qualitative analysis, namely by describing, comparing, and interpreting data obtained from various library sources.

DISCUSSION

The management of commercial banks and Islamic banks in Indonesia has fundamental differences, encompassing operational principles, management objectives, profit systems, supervision, orientation, and risk management. Commercial banks operate on an interest-based system, where profits are derived from the difference between interest rates on loans and deposits. Commercial bank management focuses on maximizing financial profits for shareholders, operational efficiency, and controlling conventional risks such as credit, liquidity, and market risks. Commercial banks are supervised by Bank Indonesia (BI) and the Financial Services Authority (OJK), with a focus on banking system stability and compliance with financial regulations.

In contrast, Islamic banks operate based on Islamic sharia principles, which prohibit usury (riba), gharar (gharar), and maysir (gambling). Islamic banks' profit-sharing system is based on profit-loss sharing through mudharabah and musyarakah contracts, so that profits and risks are shared between the bank and customers in accordance with Islamic principles. Islamic bank management emphasizes sharia compliance and socio-economic objectives, with dual oversight by the Financial Services Authority (OJK) and the Sharia Supervisory Board (DPS). This ensures that all bank activities remain compliant with sharia principles while considering ethical values, justice, and the welfare of society. Overall, the differences in management between commercial and Islamic banks are evident in their profit systems, oversight, management orientation, risk management, and managerial objectives. Commercial banks place greater emphasis on financial profitability and compliance with conventional regulations, while Islamic banks emphasize Sharia compliance, fairness, and socio-economic values. Therefore, Islamic bank management can be considered more holistic and ethical, while remaining competitive within the national banking system.

CLOSING

Based on the discussion, it can be concluded that the management of commercial banks and Islamic banks in Indonesia has fundamental differences in their profit systems, supervision, management orientation, risk management, and managerial objectives. Commercial banks operate on an interest-based system, focusing on maximizing financial profits, operational efficiency, and conventional risk control, with supervision by Bank Indonesia (BI) and the Financial Services Authority (OJK). In contrast, Islamic banks use a profit-loss sharing system, emphasizing sharia compliance, fairness, and social welfare, and are supervised by the OJK and the Sharia Supervisory Board (DPS). The management orientation of Islamic banks is more holistic, considering the balance between profitability, ethics, and socio-economic impact, while commercial banks are oriented towards financial stability and shareholder returns.

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