

Role Of Law In Banking For National Economic Development

Prihartono Permana Sidik

Lecturer of the Faculty of Law, Universitas Sultan Ageng Tirtayasa

Abstract: The banking sector is one area that can develop quickly and assist the national economy while also playing a significant role in national development. What function does law play in banking (banks) in terms of national economic growth? This is a form of fundamental theoretical research. A bank is a business that collects funds from the general public in the form of savings and distributes them to the general public in the form of credit and other forms to improve the general public's standard of life. Banks play a critical and strategic role in the legal growth of the national economy. One of the fundamental tasks of banks as financial service institutions is to transfer cash to people who require business capital through micro, small, and medium firms. The bank indirectly drives the wheels of the economy for the community by distributing cash for the real sector by the regulations.

Keyword: The Role of Law, Banking Law, National Economic Development, Indonesia.

A. Introduction

Development is a set of ongoing development efforts that span a community's, nation's, and state's entire lives to achieve the national goals outlined in the Preamble to the 1945 Constitution, namely, protecting Indonesia's entire nation and homeland, promoting public welfare, educating the nation's life, and participating in the world order based on international law. The whole spirit, direction, and movement of development are carried out as a unified whole, which includes the practice of the One Godhead's precepts, which consists of the shared responsibility of all religious groups and belief in God Almighty for inter we constantly and together lay the spiritual, moral, and ethical foundation. The practice of just and civilized humanity comprises improving citizens' dignity, rights, and obligations while simultaneously eradicating colonialism, misery, and

injustice from the face of the earth. The application of Indonesian unity precepts, which include fostering national development in all aspects of personal, community, nation, and state life, enables a more profound sense of solidarity and reinforces the nation's unity and integrity. The application of populist precepts is guided by wisdom in deliberation and representation, which includes efforts to grow further and develop a Pancasila democratic political system capable of maintaining dynamic national stability, developing citizen political awareness and responsibility, and energizing the people other things. Authorities The practice of social justice precepts, which includes efforts to create high enough economic growth associated with equitable development and its results toward creating equitable prosperity for all Indonesians in a financial system structured as a joint effort based on family values, is a must for all Indonesians.

The growth of the Indonesian people and the growth of Indonesian society as a whole, based on the basic concept above, is at the heart of national development, with Pancasila acting as the foundation, goals, and guide for national development. All people must-see national development as an improvement in living standards combined with social justice, as this is the purpose and goal of independence. Indonesia is a country in the Indonesian archipelago.

National development is planned, comprehensive, integrated, directed, gradual, and ongoing to obtain a comparable level of living to that of other advanced countries. National development is the development of, by, and for the people in all aspects of the nation's life, including political, economic, socio-cultural, defence, and security factors, by continuously embodying the archipelago's insight and strengthening national resilience through the development of the field of national security. Long-term goals are the emphasis of the development sector. The goal to promote the welfare and prosperity of the Indonesian people fairly and equitably and the growth of people's lives and the administration of a modern and democratic country based on Pancasila is reflected in national development.

National development aims to achieve a just and prosperous society that is materially and spiritually evenly distributed within the framework of the Unitary State of the Republic of Indonesia, which is independent, sovereign, united, and has sovereignty over the people in a safe, peaceful, orderly, and peaceful national life atmosphere, as outlined in Pancasila and the 1945 Constitution. Until now, national growth has been built on Pancasila and the 1945 Constitution to create a just and prosperous community. To achieve this goal, development implementation must always focus on the harmony, balance, and harmony of

many development components, such as economics and finance. The economy's progress Today's national economy is becoming increasingly integrated with regional and global economies that can assist it. The banking sector can expand rapidly, help the economy, and contribute significantly to national development. As stated in the introduction, this study aims to determine the importance of banking (banking) law for national economic development.

B. Research Method

This type of research is basic theoretical research. Who carried out this research to broaden and deepen theoretical knowledge through a study of scientific journals and various literature. The method used to analyze multiple sources relevant to this research uses qualitative methods (Laurensius Arliman S, 2018).

C. Results and Discussion

A bank is a company that collects money from the general public in the form of savings. It then distributes it to the general public in credit and other states to improve its standard of life. Banks are critical to the economy's long-term stability. This is similar to Article 23D of the 1945 Constitution, stipulating that the state has an independent central bank with jurisdiction and responsibilities governed separately by law. The bank's operations are guided by the philosophy of prudence, which is founded on economic democracy. The bank's primary role is that of a public funds collector and distributor. According to Article 4 of Law No. 7 of 1992 on Banking, banks strive to assist in the implementation of national development to increase equity, economic growth, and national stability to improve the overall welfare of the population.

Unless a different law regulates the activity of collecting funds from the public in the form of deposits, any party conducting activities to collect funds from the people in the form of deposits must first obtain a business license as a commercial bank or Rural Bank (BPR) from the Financial Services Authority's leadership. Cooperatives, for example, are non-bank institutions that are governed differently by legislation. The Ministry of Cooperatives and MSMEs oversees cooperatives rather than the Financial Services Authority. A commercial bank might be organized as a limited liability corporation (LLC), a cooperative, or a regional organization (PD). In the meantime, a Rural Bank's legal structure can be one of the following: Regional Companies (PD), cooperatives, Limited Liability Companies (PT), or other government-approved facilities. Commercial banks and rural banks that are legally incorporated as PT

can only issue shares on behalf of their shareholders. The stock exchange is where commercial banks can give stock (Laurensius Arliman S, 2017).

The Financial Services Authority handles bank development and supervision. Banks must maintain a sound bank by adhering to provisions governing capital adequacy, asset quality, management quality, liquidity, profitability, solvency, and other aspects of the bank's operations and conducting business activities by prudential standards. On the other hand, banks must employ methods that are neither harmful to the bank nor destructive to the interests of consumers who entrust their finances to the bank when it comes to lending money and operating a business. For the good of their consumers, banks must disclose information concerning the potential risk of loss linked with consumer transactions. According to the Financial Services Authority regulations, who must report all information and explanations about a bank's operation to Bank Indonesia. The Financial Services Authority conducts regular or as-needed inspections of banks.

According to Article 4 of Law Number 7 of 1992 on Banking, Indonesian banking aims to aid national development by promoting fairness, economic prosperity, and national stability to improve the welfare of the general public. Banking is one of the services that are crucial to completing and balancing the development trilogy. This strategic role is due to the bank's primary function as a vehicle for effectively collecting and distributing public funds, which, based on the principle of economic democracy, supports national development to increase equitable distribution of product and its outcomes and economic growth and stability. A nationwide initiative is raising the general public's standard of living.

Given the strategic importance of banking institutions in accomplishing national development goals, competent guidance and supervision based on a solid basis are required so that banking institutions in Indonesia can operate efficiently, soundly, fairly, and compete. Which is increasingly global in extent, is capable of adequately safeguarding the funds entrusted to it by the community and diverting these public funds into productive fields to achieve development goals. To support the sustainability and improvement of development implementation, financial institutions have demonstrated rapid growth in line with the pace of development in Indonesia and the world economy and the public's growing desire for robust and healthy financial services.

Bank activities that collect or mobilize idle funds from the public and private sectors, then channel them into productive businesses in various economic sectors such as agriculture, mining, industry, transportation, trade, and

other services, will enhance income. Combined national and local income Similarly, the presence of a bank will create and extend employment and employment prospects in the community, allowing it to absorb employees who are currently unemployed. Activities that assist the movement of goods and services in society include payment traffic and money circulation. Banks play a critical role in people's lives by facilitating the trade of goods and services, collecting and distributing public monies, providing information and expertise, and providing financial guarantees. Banks serve as general financial intermediaries between parties with extra funds and others that require funds.

With the volatility of the monetary crisis in 1998, the role of banks in the national economy underwent a confidence crisis. Attempts made The government and Bank Indonesia overhaul the national banking system through further restructuring and bank restructuring activities. We are grateful for the opportunity to complete this phase. The public now has faith in the bank, demonstrating its viability and quality in the national economy. Banking occupies a crucial position in the national economy. Banking has become the industry with the most strict restrictions due to the importance of banks in the national economy and the high level of public trust that must maintain. Every provision provided for the banking industry will eventually lead to the same goal: a healthy, strong, and stable banking system. This is to ensure that the financial sector can contribute significantly to national growth.

Banks in the community thereby benefit the community by assisting microenterprises, small businesses, and medium-sized firms who require financial assistance for business capital. It will automatically help speed national development by shifting the wheels of the community's economy in the real sector. The availability of new cash through banks also aids in constructing physical facilities and infrastructure for the general population. Bank loans are available to government and business contractors who want funding to complete development projects. As a result, banks play a critical and strategic role in fostering national economic growth.

D. Conclusion

A bank is a company that collects money from the general public in the form of savings. It then distributes it to the general public in the form of credit and other forms to improve the standard of living of many people. Banks are critical to a country's economic success. One of the actual duties of banks as a financial service organization is to route cash to people who require business capital via micro, small, and medium enterprises. Banks play an indirect role in moving the

wheels of the economy for the community by diverting funds to the community's real sector. Who can also accelerate infrastructure facilities and infrastructure projects with the availability of finances.

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