
The Development of Sharia Accountants in Indonesia in the Digital Era

Aida Rufaidah^{1*}, Sabrina Octaviani²

¹Student of Accounting Study Program, Faculty of Economics and Business Universitas Terbuka, Indonesia

²Tutor at Accounting Study Program, Faculty of Economics and Business, Universitas Terbuka, Indonesia

Corresponding Author. E-mail: 044997175@ecampus.ut.ac.id

Abstract

Currently, Islamic accounting is experiencing developments from time to time where these developments are also supported by the digitalization of technology which is used to facilitate Islamic accountants in their daily activities. Activities in accounting such as reading, recording, and calculating will now be easier if you use technology, this research was conducted to find out how far Islamic accounting has developed in Indonesia from time to time which is supported by digitalization as well as the opportunities and challenges that will be faced by Islamic accountants. Through this research, it will be found how important digitalization is in providing a significant influence on the growth of sharia-based accounting, especially in Indonesia with a majority Muslim community. There will be several adjustments or challenges that will be faced by Islamic accountants, one of the opportunities that will arise is the existence of a new profession if community resources can compete with the presence of current technology, but this can also be a challenge for Islamic accountants because of the digitalization technology that can take over the role of accountants and can replace the work of the accountants themselves. Therefore, it is necessary to have a response that must be owned by every accountant to face digitalization technology, and this is also a challenge for the accounting-related institutions that must produce and produce generations of accountants who are superior in their fields and also able to adapt to technology.

ARTICLE INFO

Article History

Accepted : 23-01-2024

Revised : 14-10-2024

Published : 31-10-2024

Keywords:

Sharia Accounting, Digital Era, Development of Accounting Science

INTRODUCTION

Along with the development of Islamic economics in Indonesia, there are many Muslim communities who run economic life according to Islamic sharia and more and more business institutions that run operational activities and businesses that use the guidelines of Islamic principles. An example of the application in sharia business can be seen from the recording of transactions and financial reporting applied in Islamic business institutions and later developed into sharia accounting. The development of accounting as one of the branches of social science has undergone many changes, especially regarding the fundamental theoretical framework and is required to follow the changes that occur in the life of society. The development of accounting is strongly influenced by the business environment in Indonesia, accounting has developed to include financial accounting, management accounting, social accounting and human resources. Social accounting is an accounting treatment of the company's

accountability in their social responsibility, while human resources accounting is not only a cost but as an asset.

Indonesia has been heading towards a sharia economic system as seen in the description of the growth of sharia-based financial institutions, the growth of activities in the sharia banking sector, sharia insurance, sharia capital markets, sharia microfinance institutions and zakat management. Because this technology can influence and urge thinking in terms of understanding the values of Islamic accounting. That way, when the digitalization of Islamic accounting can compete with conventional accounting which is being dominated by the western area, so that accounting will automatically improve the character of capitalist, secular, and beneficial accounting. With this incident, we can see a match that technological development has become a form of transformation that has an impact on the world of Islamic accounting in Indonesia (Sitorus, 2022).

Based on the number of the Indonesian population, the majority of which is Muslim, if we discuss Islamic economics in Indonesia, it will be very interesting to discuss because Islamic economics itself has a comprehensive scientific thought that is far different from conventional economic analysis. Theory of Islamic economics says that 'Islamic economics does not offer a comprehensive framework for modern economics. It fails to provide a well-defined and operational method of analysis',. However, conventional economics with its scientific approach and positive arguments has failed to solve the economic problems of mankind. In the area of economic development of the people, the existence and presence of business institutions, such as Islamic financial institutions is absolute. This is because banking acts as an intermediary, between the supply unit and the demand unit, which requires the process of recording and reporting all transactions and business activities carried out by the business unit. Therefore, an appropriate (relevant) accounting system is needed (Rabiahadawiyah, 2023).

THEORETICAL REVIEW

A. Definition of sharia accounting

Simply put, the understanding of sharia accounting can be explained through the roots of the words it contains, namely accounting and sharia. The free definition of accounting is the identification of transactions which are then followed by recording activities, classification, and summarisation of these transactions so as to produce financial reports that can be used for decision making. While the definition of sharia is the rules that have been determined by Allah SWT to be obeyed by humans in carrying out all the activities of their lives in the world.

Accounting in Arabic is called 'Muhasabah' which comes from the word "hasaba", 'hasiba', 'muhasabah' or another wazan is 'hasaba', 'hasban', 'hisabah' meaning to weigh, to calculate, to record or to analyse, i.e. to calculate carefully or meticulously which must be recorded in certain books. The word 'hisab' can be found in the Quran

with almost the same meaning, i.e. leading to a number or numbers, such as the words of Allah swt:

1. Qs. Al-Isra (17):12 'the number of years and calculations'
2. Qs. Al-Thalaq (65):8 'so we reckoned the people of the land with a hard reckoning'
3. Qs. Al-Inshiqah (84):8 'then he will be examined with an easy examination'

The word *hisab* in these verses refers to numbers or calculations that are strict, thorough and accountable. Therefore, accountancy is knowing something in a sufficient state (Harmain, 2019).

B. Islamic financial management

Management comes from the French language which means organizing and carrying out. Management means a process of planning, organizing, coordinating, and controlling resources to achieve goals effectively and efficiently. Sharia financial management is a financial managerial activity to achieve goals by paying attention to its suitability for the principles of sharia in Islamic religion. There are several things that must be known about sharia financial management (Harahap, 2017).

1. Fund acquisition activities, which means that every thing that is done to obtain a property must pay attention to Islamic methods such as *mudharabah*, *musyarokah*, *murabahah* etc.
2. Activity acquisition activities, if we invest money it would be better if we use the principle "money as a means of exchange not as a commodity which is traded".
3. The activity of the use of funds is that the wealth we get can be used for things that are not prohibited in Islamic sharia such as buying consumptive goods, and better used for *infaq*, *waqaf* and *shodaqoh*.

C. Principles of Islamic finance

The principle of shariah finance is to avoid transactions that are prohibited by Islamic sharia, for example:

- a. Transactions with the object of haram substances
- b. Transaction of *riba* (requiring excess return from debt and credit)
- c. Transaction of *gharar* (uncertainty of things that should be ascertained)
- d. Transaction *Maisir* (speculation)
- e. Transaction *risywah* (bribery)
- f. Transaction *tadlis* (fraud)

D. The Digital Age

In general, the digital era is a condition of life or an era where all activities that support life are very easy thanks to technology. There is a technological development in the digital era that is still ongoing. Here are the developments:

a. Communication field

In the field of communication, currently there has been a very rapid change with the existence of digital technology with the presence of smartphones that have very sophisticated features, one of the most impressive is the internet function that can be used to communicate with others very easily.

b. Applications for doing business

The current development that has begun to be massive is the use of applications for doing business, with the existence of digital technology, companies will easily market their products to consumers. The impact that occurs for entrepreneurs who are not ready in the digital era is that they will experience difficulties in doing business because they are out of date.

c. E-commerce

One of the things that can boost the economy is the presence of e-commerce. This is a service that provides products and goods online through a digital application or website.

The basic principles of Shariah used by this financial system come from the rules set out in the Qur'an and also the sunnah which are trusted by Islam. The prohibition carried out in the Islamic financial system is to prohibit usury, gambling, monopoly, fraud, hoarding of goods etc. Therefore, all financial activities in this system must comply with sharia principles in accordance with the rules of the Quran (Siroj, 2021).

Accounting is also reviewed from Al-Hadith, after the emergence of Islam in the Arabian Peninsula under the leadership of the Prophet Muhammad PBUH, and the establishment of the Islamic daulah in Medina, the Prophet's attention began to provide Maaliah (finance) from the elements of usury and from all forms of fraud, deception, gambling. The Prophet specially educated several companions to handle this profession and they were given a special designation, namely hafazhatul amwal (financial supervisor). At the time of the Prophet, the forerunner of accounting began with the functions of the government to achieve its goals and the appointment of competent people (Harmain, 2019).

METHODOLOGY

This research uses explanatory research conducted with the aim of examining the development of Islamic accounting in Indonesia in the current digital era and uses a quantitative and descriptive approach which looks at the development of Islamic accounting in Indonesia from time to time and takes several sources from previous research results.

The research was conducted by first examining aspects of Islamic accounting, specifically what Islamic accounting is and then how this Islamic accounting was created. The result is the practice of Islamic accounting from a general perspective. Islamic accounting is a noun phrase whose meaning is determined by the use of Islamic accounting itself, especially sharia-based accounting.

RESULTS AND DISCUSSION

Along with the development of digitalization and globalisation, the current condition of Islamic finance is growing rapidly and has also received good response from various circles of society since the last 20 decades with the establishment of bankmuamalat as a bank that runs its operations in accordance with Islamic law. In 2019, the total assets owned by Indonesian Islamic financial institutions have reached US\$99 billion, after an increase from the previous year of US\$86 billion. With this increase in total assets owned, Indonesia can rank 7th with the largest total Islamic financial assets in the world (Siroj, 2021).

In the entire Islamic financial sector which includes Islamic banking, Islamic insurance, other Islamic non-bank financial institutions outside takaful, sukuk and Islamic mutual funds, Indonesia ranks in the top 10 in terms of total assets. This shows that Indonesia is one of the countries that can be used as a reference in terms of Islamic economics, this increase is driven by indicators of Knowledge and Awareness which is marked by the largest number of Islamic financial educational institutions and is also the second country that produces the most Islamic financial research papers. Islamic history records that accounting in Islam is not an art and a new science,⁸ but there are examples such as Baitul Mal which is a financial institution that functions as a state treasury and guarantees social welfare (Siroj, 2021).

In the era of technological development like today with the need for very high mobility of the community to be able to work anytime and anywhere makes the role of technology in the world of accounting increase rapidly. Currently, people will be facilitated by the digital era of accounting in the process of recording and also making reports.

With the spread of digital technology, it will affect changes in accounting practices and the competition required by professional accountants, especially in Islamic accounting, as currently technological advances are accompanied by the innovations of a person racing against time. The innovations that are made can gradually affect the state of accounting practices by replacing the role of accountants by machines and smart robots. When discussing the influence of digitalization, it is true that life is a symbol that humans live to develop to do their best to run life and facilitate daily activities.

Based Aslanertik and Yardimci (2019) The concept of digitalization Industry 4.0 encompasses many applications. Among them are, Internet Of Things (IOT), System Cyber-Physical (CPS), Big Data, Robotics, Semulation , Cloud, Sensor etc. The positive thing about using it can make accounting work easier and more effective and efficient,

but the positive impact of industrial digitalization 4.0 is still a polemic for the existence of the accounting profession in the future.

Talking about the digitalization of industry 4.0 which is predicted to erode the accounting profession, indirectly the existence of sharia accounting in the future can be ascertained that it will still be needed, as an example of a previous study is the Indonesian sharia stock index which continues to develop every year so that the sharia accounting profession such as auditors will still be needed. In order to maintain the existence of sharia accountants, the government also formed KNKS (National Committee for Sharia Finance) with the aim of making Indonesia a Central Country for Sharia Economics (Nurhayati, 2023).

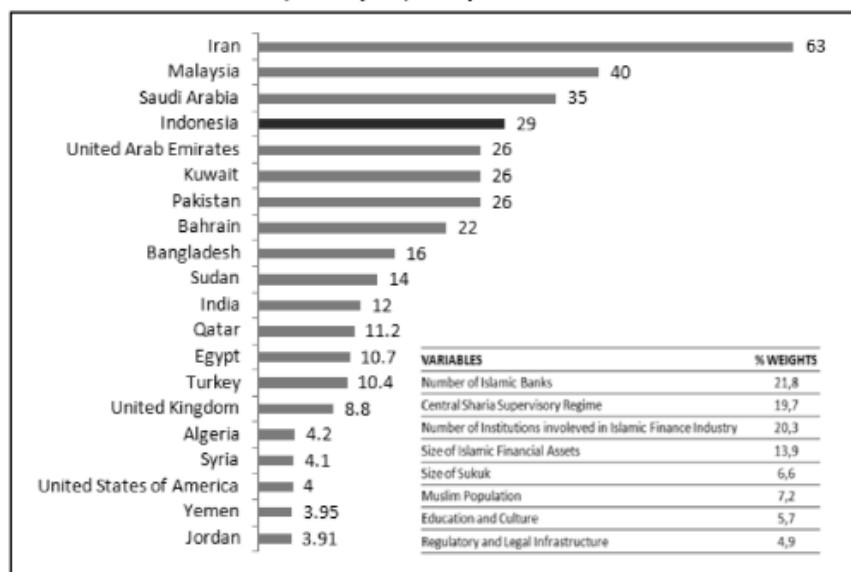
A. Development of Islamic Financial Institutions

The idea of using a bank with a profit-sharing system has emerged for a long time and is marked by the presence of Islamic thinkers who write about bank syariah. As a country with the largest Muslim population, it is appropriate for the state of Indonesia to become a pioneer and can even become a mecca for the development of Islamic finance in the world. This may happen because Indonesia's potential to become a globalist player in Islamic finance is very large, including:

1. The large number of Muslims is a potential customer of the Islamic finance industry
2. Bright economic prospects, which can be seen from the relatively high increase in economic growth, which is in the range of 6.0%-6.5%, which is also supported by stable economic fundamentals.
3. The increase in the sovereign credit rating of Indonesia to investment + grade which will increase the interest of investors to investment in the domestic financial sector, including the Islamic finance industry.
4. Indonesia has abundant natural resources that can be used as an underlying transactions in the Islamic finance industry.

In the Global Islamic Financial Report (GIFR) in 2011, Indonesia is ranked 40th in countries that have potential and are conducive to the development of the Islamic finance industry after Iran, Malaysia, and Saudi Arabia (exhibit 1.4). If you look at several assessments in the calculation of the index, such as the number of Islamic banks, the number of non-Islamic financial institutions, and Islamic financial assets which have the largest weight, then Indonesia is targeted to be ranked first in the next few years. This can be believed by looking at institutional changes and the very high growth of Islamic banking assets, as well as with the issuance of sukuk, which continues to increase (Harmain, 2019).

PERAGA 1.4. Islamic Finance Country Index (IFCI, 2011)



B. Development Theory and practice of Islamic accounting

The reality of modern accounting is currently developing based on egoistic, materialistic, and utilitarian values, which can be a problem for modern human beings to find themselves. Sharia Accounting is present as a solution to deal with modern human beings who are not in accordance with Islamic sharia. Based on the purpose of Islamic Sharia is to maintain and develop it through the channels of shar'i , in the Qur'an surah Al-Baqarah verse 282 there are three values that are the principles in the operation of sharia accounting, namely:

a. Principle of Liability

Accountability is directly related to the concept of financial statements, where the implication in business and accounting is that an individual involved in business practices must always be responsible for what has been mandated to the parties in relation to the form of financial statements.

b. Principles of Justice

Fairness is a recognition and balanced treatment between rights and obligations. In the context of accounting, fairness can be seen from the appropriate recording of transactions that occur by the company.

c. Principle of Truth

What is meant by the principle of correctness in sharia accounting is the compatibility between what is recorded and reported and what actually happens in the field, with examples of measuring the company's wealth, debt, income capital, expenses and profits (Rabiahadawiyah, 2023).

C. Challenges and opportunities of the sharia accounting profession in the era of digitalization

The popularity of digital technology certainly not only provides challenges but also opportunities for the accounting profession in the future. Accountants need to understand technology in the right way to facilitate and improve its performance. Likewise, the role of professional sharia ethics in the field of accounting which is of course indispensable as a weapon to face the challenges of the digital era. Indeed, the transformation trend can be said to have an impact on the work efficiency of accountants, but the digital revolution really brings opportunities for accountants in the future, especially in the future of Islamic accounting, including:

- a. From cloud-based data accounting.
- b. The impact of using big data.
- c. The existence of non-traditional financial information in the modern system.
- d. The work of accountants has become more efficient and effective and the contract has changed significantly.

In today's digital era, a sharia accountant is required to become an accountant who can keep up with current technological developments by continuing to hone his skills in the field of sharia accounting and be able to compete in the world of work. The rapid development of technology can be an obstacle in the competition for professional control and can reduce the job prospects of an accountant. Therefore, how we can overcome these technological advances is by:

1. Human Literacy

By preparing as best as possible the resources who will become accountants in the future and continuing to improve the quality of resources by opening up a wide range of information about the development of sharia accounting technology to deepen the skills needed to enter the world of work. Increasing their skills, insights, and teamwork.

2. New Literacy

New literacy is needed to prepare competitive human resources by holding knowledge development with a new orientation. Because since the advent of the 4.0 revolution, we need to read, analyze, and use digital information and also need literacy technology by understanding how machines work or applications (Yunaita, 2022).

CONCLUSIONS

From this article, it can be concluded that some general things can be taken, including the following:

1. The digital revolution shares important consequences for the world of accounting with a special sharia platform in Indonesia. With the sophistication of technology, it may be great in the next 5 to 10 years, accounting work will be overwhelmed with technology. Especially if sharia accounting cannot maintain its existence in the digitalization period. Therefore, it can be

determined that the erosion of accounting power is to be intertwined in a grand way.

2. With the existence of technology in the world of sharia accounting. Therefore, in an indirect way, the arrival of technology in the world of computing wants to produce opportunities as well as mandatory challenges that will be experienced by sharia accountants. Starting from the introduction of the latest activity system in the accounting work itself, to the challenges that must be experienced by accountants using technology. Therefore, it is necessary to prepare several aspects that are weapons for accountants in understanding technology. Insights and knowledge began to be improved and matched to the current situation. After that, it allows quality human resources in sharia accounting to run in tandem with technology.
3. Become a successor for each institution that has given birth to a generation of sharia accountants in this digital era. Educational institutions are expected to be able to create a generation of accountants who are of quality, integrity and competitive in their fields. By practicing the principles of sharia economics and the understanding of accountants, it is sourced from Islamic law with an insight into future technology.

LITERATURE

- Aslanertik,B.E., &Yardimci, B. (2019). *A Comprehensive Framework for Accounting 4.0: Implications of Industry 4.0 in Digital Era*. 549-563.
- Harahap, Ahmad Taufiq (2017), "The Development of Accounting in Indonesia" *Journal of Warta Edisi* 5.
- Harmain, H., Anggriyani et al. (2019). *Sharia Accounting in Indonesia*.
- Nurhayati, S. (2023). *Sharia Accounting in Indonesia*, 5th edition. Publisher Salemba.
- Rabiahadawiyah, R. et al. (2023). Development of Sharia Accounting Theory and Practice in Indonesia. *Scientific Journal of Educational Vehicles*, 9(4), 435-446.
- Rania Kamla Hussain & G. Rammal,(2013). "Social reporting by Islamic banks Accounting,Auditing & Accountability Journal,Vol. 26
- Siroj, S. (2021). Analysis of the Growth of Sharia Di Era Digitalization. *Aksyana:Journal Accounting and Finance of Islam*, 1(1),39-48.
- Sitorus, A. P. (2022). Development of the Application of Sharia Accounting Practice and Theory in Indonesia. *Scientific Journal of Islamic Economics*, 8(1), 806-814.
- Rahmawati, Y. (2022). Sharia Accounting in Indonesia in the Digital Era. *Indonesian Journal of Islamic Economics and Finance*, 2(1), 1-12.
- Finance and Banking Analysis Journal (FIBA Journal)*, 1(3), 155-163.