
Implementation of Accounting Principles and Practices

Sharia in Bank Aceh Branch Operations

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ABSTRACT

This study aims to determine the application of sharia accounting principles and practices at Bank Aceh Syariah KCP Aksara as a regional financial institution that has fully operated based on the sharia system. The research method uses a descriptive qualitative approach through observation, in-depth interviews, and documentation to obtain a factual picture of the sharia recording, reporting, and supervision process at the branch operational level. The results of the study indicate that the application of sharia accounting principles, including fairness, trustworthiness, transparency, and the prohibition of riba, gharar, and maysir has been implemented consistently in accordance with PSAK Sharia 101–112. The role of the Sharia Supervisory Board (DPS) has proven significant in ensuring sharia compliance through regular supervision and evaluation of each transaction and financial report. Bank Aceh KCP Aksara also carries out social responsibility through the management of zakat, infaq, and sadaqah as a form of implementing the principle of maslahah. However, challenges such as low public literacy about sharia banking and the need for technological adaptation still require attention. Overall, this study concludes that sharia accounting practices at Bank Aceh KCP Aksara have been running effectively, accountably, and in line with Islamic principles.

Keywords: Sharia Accounting, Sharia PSAK, Bank Aceh, DPS, Sharia Banking

BACKGROUND

The development of the Islamic financial system in Indonesia has progressed rapidly over the past two decades. This is marked by the increasing number of financial institutions shifting from conventional to Sharia-based systems, as well as growing public awareness of the importance of conducting transactions in a halal manner and in line with Islamic values. These changes demonstrate that the Islamic financial system exists not merely as an alternative but has become a vital part of the national economic dynamics. One fundamental aspect of the implementation of this Islamic economic system is Sharia accounting, the process of recording and reporting financial transactions that is oriented not only toward worldly gain but also toward moral and spiritual responsibility to Allah SWT.

According to Ardiansyah et al. (2021), Islamic accounting has a broader role than conventional accounting. In addition to serving as a tool for recording transactions, Islamic accounting also serves as an instrument of oversight and accountability based on the values of justice, trustworthiness, and transparency. Therefore, Islamic accounting focuses not only on presenting quantitative financial information but also prioritizes a balance between material and spiritual aspects in financial management. This accounting system emphasizes integrity, sustainability, and the conformity of every economic activity to Islamic principles as part of human worship and trust before Allah SWT.

One financial institution that has implemented these principles is Bank Aceh Syariah, the first regional bank in Indonesia to fully convert from a conventional to a sharia-compliant system. This transformation reinforces the Aceh Government's commitment to implementing financial governance in accordance with Islamic principles and providing safe, transparent financial services free from *riba* (usury), *gharar* (gharar), and *maysir* (gambling). However, the effectiveness of implementing sharia accounting principles at the branch operational level still requires in-depth study, as this is where the actual practice of recording, reporting, monitoring, and providing services to the public takes place directly and continuously.

Based on these considerations, this study was conducted at Bank Aceh KCP Aksara to determine how sharia accounting principles and practices are applied in daily operational activities, as well as the role of the Sharia Supervisory Board (SSB) in ensuring compliance with Islamic values within the branch office. This study is expected to provide a concrete empirical picture of the implementation of sharia accounting in regional financial institutions and provide input for the development of accounting practices based on the values of justice, trustworthiness, and blessings. Furthermore, the findings of this study are expected to enrich the literature on the application of sharia accounting at the operational level and contribute to strengthening sharia financial governance in Indonesia.

1. Understanding Sharia Accounting

Sharia accounting is a discipline that developed from the need for Muslims to manage financial transactions in an accountable and sharia-compliant manner. Its existence did not emerge suddenly, but rather is rooted in a long tradition of Islamic civilization, which has recognized the practice of record-keeping since the time of the Prophet Muhammad (peace be upon him). Etymologically, the term *al-muhasabah* refers not only to the activity of calculating but also reflects a process of introspection and moral accountability. This demonstrates that accounting is not viewed as merely a technical activity, but rather an ethical activity imbued with spiritual values.

Terminologically, Islamic accounting is understood as a financial information system that processes economic data to produce reports in accordance with Islamic principles. Ardiansyah et al. (2021) emphasize that Islamic accounting functions not only as a recording tool but also as a monitoring instrument to ensure economic activities are conducted within the framework of Islamic law. Ethical aspects are an inseparable foundation of Islamic accounting, so integrity, honesty, and trustworthiness are mandatory principles in the process of managing financial information.

Various experts have developed definitions of Islamic accounting that emphasize the integration of spiritual values and economic practices. Muljono (2020) positions it as a moral control tool that encourages ethical business behavior. Meanwhile, Chapra (2019) emphasizes that Islamic accounting is part of the Islamic economic system, which aims to create economic sustainability, equity, and stability. Thus, Islamic accounting does not stand as a distinct branch of modern accounting, but rather as a value system that shapes a spiritually-based economic paradigm.

2. Objectives and Functions of Sharia Accounting

The objectives of Islamic accounting are inextricably linked to the concepts of trust and accountability in Islam. Islamic accounting aims to produce financial information that not only meets standards of technical reliability and relevance but also reflects truth and honesty in its presentation. This information must be free from manipulation and not misleading, as inaccurate information undermines fairness and fosters distrust.

Beyond these technical objectives, Islamic accounting has a broader goal: ensuring that all economic activities comply with Islamic principles. The prohibition of *riba* (usury), *gharar* (gharar), and *maysir* (gambling) constitutes a fundamental limitation on every recorded transaction. This Sharia compliance makes Islamic accounting an instrument for safeguarding Islamic economic ethics and determining whether a transaction is valid under Islamic law.

Sharia accounting also serves as a tool for accountability. In this context, accountability extends not only horizontally to humans and stakeholders, but also vertically to Allah SWT. This makes the work of sharia accountants a form of worship, as they ensure that asset management is carried out correctly, responsibly, and in accordance with sharia. This accountability function places sharia accounting as a crucial component in maintaining organizational integrity.

In addition to its accountability function, Islamic accounting plays a crucial role in decision-making. The resulting financial information is used by management, regulators, investors, and the public to assess the performance of Islamic financial institutions. However, this assessment focuses not only on profit but also considers social contribution, equitable distribution of benefits, and the blessings of the business. This demonstrates that Islamic accounting promotes an "ethical finance" paradigm that considers social and spiritual values in every economic decision.

Furthermore, Islamic accounting has an educational function. Through the reports it produces, Islamic accounting educates the public about the importance of transparency, honesty, and ethics in business. This function strengthens Islamic accounting's position not only as a record-keeping tool but also as a means of preaching and strengthening Islamic economic practices.

3. Principles of Islamic Accounting

Sharia accounting principles are built on the foundation of Islamic law derived from the Quran, Hadith, consensus (ijma'), and qiyas (echoic consensus). The first principle, which serves as the primary foundation, is the principle of monotheism. This principle affirms that Allah SWT is the absolute owner of all wealth and that humans are merely trustworthy managers. Therefore, Sharia accounting must reflect the values of devotion to Allah through integrity, accuracy, and responsibility in record-keeping.

The principle of fairness or justice is another fundamental component. Fairness is reflected in the way accountants present information without manipulation, bias, or fraud. Financial reports must reflect the true and fair view of the situation to avoid harming any party. This value of fairness is a key difference from systems that are solely focused on profit.

The principle of *maslahah* (benefit) is also very dominant in Islamic accounting. Every economic decision must consider the benefit of the wider community, not just individuals or capital owners. Therefore, Islamic accounting reports include social aspects such as *zakat* (alms), *infaq* (donations), *sadaqah* (charity funds), and other social contributions not found in conventional accounting.

Furthermore, the principle of trustworthiness emphasizes the importance of maintaining trust in managing and reporting financial information. Violation of trustworthiness is not only a professional matter, but also a moral and spiritual one.

The principles of prudence, transparency, and the prohibition of usury, gharar, and maysir are other mandatory elements. Transactions must be based on tangible assets and real economic activity, so Islamic accounting avoids recording income that has no physical basis or is speculative in nature. Islamic accounting also demands a balance between worldly interests and the afterlife as the ultimate goal of economic activity.

In Islamic accounting studies, the values of trust and honesty are the primary foundations of every financial recording and reporting process. Islamic accounting is viewed not only as a technical activity that produces financial information, but also as a form of moral and spiritual accountability to Allah SWT. Therefore, every transaction must be recorded honestly, transparently, and in accordance with Islamic principles to ensure that the resulting information truly reflects a lawful and trustworthy condition. This emphasis on integrity demonstrates that Islamic accounting not only pursues numerical accuracy but also upholds the value of accountability, which is an integral part of Islamic ethics in financial management.

4. Development of Sharia Accounting

The development of Islamic accounting can be traced back to the early days of Islamic civilization. When the Quran commanded to record debts and receivables in Surah Al-Baqarah, verse 282, it marked the beginning of a formal transaction recording system. During the time of the Prophet Muhammad, the recording of zakat (alms), the management of spoils of war (ghanimah), and trade activities were carried out with the principles of justice and transparency. During the era of Caliph Umar ibn Khattab, the state financial administration system was strengthened through the establishment of the Diwan al-Kharaj (Islamic Board) and the Baitul Maal (State Treasury), which systematically recorded state finances.

Entering the modern era, the rise of Islamic economics brought the need to establish Sharia-compliant accounting standards. The year 1963 marked the birth of modern Islamic banking through Mit Ghamr Bank in Egypt, followed by the Islamic Development Bank in 1975, which led to the formation of the AAOIFI. The AAOIFI subsequently developed globally influential Sharia accounting and auditing standards.

In Indonesia, the development of Islamic accounting has accelerated since the establishment of Bank Muamalat Indonesia in 1991. The government and professional accounting bodies such as the Indonesian Institute of Accountants (IAI) subsequently established the Islamic Accounting Standards Board (DSAS) and issued PSAK Syariah 101–112. This marked a significant milestone in upholding Islamic accounting practices in the banking, microfinance, and zakat and waqf sectors.

In the digital era, Islamic accounting is beginning to utilize technologies such as blockchain,

Islamic accounting software, and the integration of Islamic fintech to promote transparency and efficiency. However, Sharia principles remain a fundamental principle that cannot be compromised, so technological developments must remain aligned with Islamic ethics.

5. Differences between Sharia Accounting and Conventional Accounting

The difference between Islamic accounting and conventional accounting lies in their philosophical foundations. Conventional accounting is based on the paradigms of capitalism and secularism, which prioritize profit maximization and shareholder interests. In contrast, Islamic accounting stems from the monotheistic paradigm, which emphasizes worship, justice, and trustworthiness as the foundation of economic activity.

In practice, conventional accounting does not restrict income sources, allowing interest, speculation, and profits from activities with no real value to be recorded as income. In contrast, Sharia accounting limits transactions to halal and real activities and prohibits *riba* (usury), *gharar* (gharar), and *maysir* (gambling). This leads to significant differences in revenue recognition, for example in *murabahah*, *mudharabah*, or *musyarakah* financing, which have specific revenue recognition provisions under Sharia Financial Accounting Standards (PSAK).

Furthermore, Islamic accounting has a sharia oversight mechanism through the Sharia Supervisory Board (SSB), which is absent in conventional systems. The structure of Islamic financial reports also differs, with the inclusion of *zakat* reports, charity fund reports, profit-sharing reports, and other unique items not found in conventional financial reports.

Thus, Islamic accounting is not simply an “Islamic” version of conventional accounting, but is a system that has fundamentally different goals, values, methods, and structures.

RESEARCH METHODS

This study uses a descriptive qualitative approach with field research methods to gain a direct understanding of the application of sharia accounting principles and practices at Bank Aceh KCP Aksara. This approach was chosen because it allows the researcher to gather in-depth information through direct observation and interaction with bank employees, allowing the phenomena studied to be explained factually, naturally, and contextually without relying on statistical data.

The research was conducted at Bank Aceh Syariah Aksara Branch Office (KCP), Jalan William Iskandar, Medan Tembung District, Medan City, North Sumatra, on October 29, 2025. This location was chosen because it is a unit that actively applies sharia principles in its operations. The research subjects were employees who are familiar with the financing, administration, and financial reporting processes, while the research objects included the application of sharia accounting principles in recording transactions, preparing financial

reports, and sharia supervision through the role of the Sharia Supervisory Board (DPS).

The research data consisted of primary data obtained through in-depth interviews with bank employees, and secondary data sourced from literature, journals, books, and official documents. Data collection techniques included direct observation to observe operational practices, interviews to obtain substantive information regarding Sharia implementation, and documentation to gather supporting documents related to banking activities.

The primary research instrument was the researcher herself, who was responsible for collecting, interpreting, and analyzing data. The researcher used a semi-structured interview guide to maintain focus while still allowing respondents to flexibly explain their answers. To support data collection, the researcher prepared a series of questions focused on sharia accounting principles, the implementation of Sharia PSAK (Statement of Accounting Standards), compliance mechanisms with Islamic principles, and the dynamics and challenges of implementing sharia accounting at the branch operational level.

RESULTS AND DISCUSSION

Research conducted at Bank Aceh Syariah KCP Aksara shows that the implementation of sharia accounting principles and practices has been consistent at the branch operational level. The research findings were obtained through direct observation and interviews with employees involved in financial recording and reporting activities. In general, sharia banking practices at KCP Aksara reflect the values of fairness, trustworthiness, and transparency in accordance with sharia accounting principles and adhere to applicable Sharia Financial Accounting Standards (PSAK Syariah).

Bank Aceh KCP Aksara is one of the sub-branch offices actively providing sharia financial services to the public. As part of Bank Aceh, which has fully transformed from a conventional to a sharia-compliant system since 2016, this branch conducts all operations based on sharia contracts and ensures that there are no elements of usury, gharar, or maysir in transactions. Observations of the operational environment demonstrate the integration of sharia values into service activities, from the financing process to the preparation of financial documents.

Interview results indicate that the application of basic Islamic accounting principles is reflected in the bank's honesty and transparency when recording transactions and preparing financial reports. Employees emphasized that trustworthiness is a key value in managing customer funds, ensuring that every transaction is recorded accurately, transparently, and in accordance with Islamic law. The principle of fairness is evident in the practice of sharing business profits, which is based on a mutually agreed-upon contract with the customer, ensuring that no party is disadvantaged.

In terms of system characteristics, the differences between Islamic and conventional

banking are clearly visible in Bank Aceh's operations. This bank implements various contracts, such as mudharabah, musyarakah, murabahah, and ijarah, to replace the interest mechanism found in conventional banks. The application of these contracts is not only an administrative aspect but also determines how income is recognized and recorded in accordance with Sharia Financial Accounting Standards (PSAK), ensuring that financial statements reflect a halal economic reality.

Compliance with sharia accounting standards is a key focus for the bank. All financial recording and reporting are conducted in accordance with Sharia Financial Accounting Standards (PSAK) 101–112 and adhere to the DSAS–IAI guidelines. Report preparation is carried out systematically, then verified by internal auditors and reviewed by the Sharia Supervisory Board (DPS). This sharia audit ensures that no income is derived from transactions that violate sharia. Any non-halal funds discovered are not recognized as bank income but instead are channeled into charitable funds.

The DPS (Sharia Supervisory Board) has proven to be crucial in maintaining sharia compliance. The DPS at Bank Aceh's Aksara branch office actively provides guidance, conducts inspections, and evaluates branch operations to ensure all products, transactions, and procedures remain within Islamic law. The DPS's oversight focuses not only on contracts but also encompasses financial reporting, social fund distribution mechanisms, and internal audit processes. This reinforces the DPS's role as the primary control structure in maintaining the sharia integrity of financial institutions.

Other findings indicate that Bank Aceh carries out its social responsibility through zakat (alms), infaq (donation), and sedekah (charity). This program demonstrates the concrete implementation of the maslahah principle in Islamic accounting. The bank focuses not only on profitability but also on blessings and social contribution. Social funds are managed transparently and directed to support communities in need.

However, there are challenges in implementing sharia accounting, particularly among some in the public's limited understanding of the differences between sharia and conventional banking. Many still consider the sharia system to be the same as the interest system, necessitating ongoing outreach and education. Furthermore, advances in digital technology require banks to continuously adapt to ensure accurate, efficient, and sharia-compliant reporting and monitoring systems.

Overall, the research discussion indicates that sharia accounting practices at Bank Aceh KCP Aksara have been running well. Compliance with Sharia PSAK, the active involvement of the DPS, and the implementation of rigorous sharia audits demonstrate that the branch's operations have met sharia banking standards. The implementation of basic sharia accounting principles is also reflected in the bank's work culture, reporting system, and commitment to transparency and trustworthiness. Thus, Bank Aceh KCP Aksara has

not only successfully implemented sharia regulations but also demonstrated a positive contribution to strengthening sharia banking in the region.

CONCLUSION

Based on the in-depth analysis, this study concludes that civil and criminal disputes in the realm of labor law, particularly between workers and domestic companies, represent the complexity of industrial relations in Indonesia. Conflicts between workers and employers generally stem from differing interpretations of rights and obligations under employment agreements, the implementation of remuneration that does not comply with regulations, and the practice of unilateral termination of employment without following applicable legal procedures.

This study concludes that the implementation of sharia accounting principles and practices at Bank Aceh Syariah KCP Aksara has been running well and consistently in accordance with sharia provisions. All operational activities, from the use of sharia contracts and transaction recording to the preparation of financial reports, adhere to the principles of fairness, trustworthiness, and transparency, and appropriately implement the Sharia Financial Accounting Standards (PSAK). The Sharia Supervisory Board (DPS) also plays a significant role in ensuring that all transactions are free from *riba* (usury), *gharar* (gharar), and *maysir* (risk of betting), including the supervision of non-halal funds and the implementation of sharia audits.

Furthermore, the research findings show that Bank Aceh KCP Aksara carries out social responsibility through the management of *zakat*, *infaq*, and *sedekah* (charity), thus incorporating the values of *maslahah* (benefit) and blessings into its operational practices. However, challenges such as low public literacy and the need for digital adaptation remain a concern for future development. Overall, Bank Aceh KCP Aksara has demonstrated an accountable, transparent, and Islamically sound implementation of sharia accounting.

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