

IMPLEMENTATION OF LOCAL WISDOM VALUES OF SMERTI VEDA (HINDU LAW COMPENDIUM) IN HINDU BANKING LAW

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Abstract

Bali has a Distinctive Financial Institutions, namely the Lembaga Perkreditan Desa (LPD)/ Village Credit Institutions. LPD based on indigenous village with its legal basis is *Awig awig* (these regulations become the basic guidelines of indigenous village government). Inspired by the LPD Pakraman there is a desire to create an economic system based on the values of Hinduism through the establishment of Hindu Bank. Hindu Bank is a business entity whose main function as a collector of funds of persons or institutions and the distribution of funds to persons or institutions that need, the systems and mechanisms of its business activities based on the Law of Hindu as set forth in *Manawa Dharmasastra* (Compendium Hindu Law) and the other teachings of Hindu. The ideals of the Hindu community to be able to improve the economy of the community in order to alleviate poverty in Bali can be realized by establishing financial institutions nuanced Hindu values such as establishing a Hindu Bank.

Keywords: Local Wisdom, *Smerti Veda*, Hindu Banking Law

1. Introduction

Every religion has a scripture. The contents of scripture is a revelation from God. This revelation was received directly by the Maharishi or the prophet of God, as does the Hindu scripture. The main source of the teachings of Hinduism, as is believed by its adherents, is derived from the Veda. Judging from the source Veda is divided into two major categories, namely *Sruti Veda* and *Smrti Veda*, which can then be viewed in *Manawa Dharmasastra* mentioned Sloka II.10.

"Srutis tu vedo vijneyo dharmasastram tu vai smrtih, te sarvarthesva mimamsye tabhyam dharmo hi nirbahau"

(What is meant by *Sruti*, is the Veda and *Smrti* is *Dharmasastra*, both kinds of this sacred literature can not doubt the truth of its teachings, because both of them that is the source of *dharma*)

and *Sarasamuccaya* sloka 37, namely:

"Nyang ujarakena sakareng, sruti ngaranya sang hyang caturweda, sang hyang dharmacastra; smrti ring asing prayojana, yawat mangkana paripurna alep sang hyang dharmaprawrtti".

(What needs to be said now is that *Sruti* is *Catur Veda* and *Smrti* is *Dharmacastra*, both had to be convinced, obeyed its teachings in any business; if it had been so, then completed the goodness of your actions in the field of *dharma*).

Explanations in *Manawa Dharmasastra* (Hindu law), *Sruti Veda* is the teachings of Hindu sourced from the revelation of God (*Brahman*) received by the Maharishi (saint) from India thousands of years ago. *Sruti Veda* consists of four (4) set (*samhita*), namely:

- a. *Rg Veda*. *Rg* or *rig* word meaning praise or say. The content of the *Rg Veda* scripture in general contain hymns to the Gods. *Rg Veda* contains 1,028 pieces of religious chant (hymns) arranged in 10,600 mantra
- b. *Sama Veda*. *Sama* word means rhythm or sacred song. The scripture contains clues about the correct rhythm in reading mantra for the worship of *Brahma*. *Sama Veda* contains 1875 mantras, a collection of songs of worship to accompany religious chants in the *Rg Veda*

- c. *Yajur Veda*. *Yajur* word comes from *Yaj* word that means the victim, the offerings, devotional or *yadnya* (sacred sacrifice). *Yadnya* offerings or devotional is meant here is an offering to God or Brahman. *Yajur Veda* means singing cult dedicated during a ceremony held devotional to God. *Yajur Veda* contains 1,975 mantras for prayers and ritual settings (*upacara* and *upakara*).
- d. *Atharva Veda*. This scripture was compiled by Maharishi Atharvan and his family. *Atharva Veda* book name is derived from the name of Maharishi Atharvan. The contents of the book of the *Atharva Veda* is more worldly, more focused his teaching on prosperity and peace in this world than to pursue a life in heaven workshops. *Atharva Veda* contains 5,987 mantras about daily life guidance relating to the mundane life with a philosophical discussion and theologies.

Veda is a sacred teachings were delivered orally. Veda writing was done about the fifth before century. Balinese Hindu community commemorates the fall of the Vedas every 210 days, which falls on Saturday, *Umanis Wuku Watugunung*. Today it is known as the feast of Saraswati, it marked by Hindu activities in a sacred place for Praise on the mercy of God in connection with his approval holy teachings revealed to mankind.¹

Hindu religion is built upon three (3) basic framework that is closely related to each other, thus forming a unity round and intact. These three basic framework is:²

(1) *Tattva* (philosophy, doctrine), philosophical description of the Panca Sraddha (five convictions) and Tri Hita Karana (three root causes of human welfare and happiness in the world and in heaven). Panca *Sraddha* (five convictions), which consists of the belief in God (Widhi Shradhdha), the belief in the Spirit of Ancestors (Atman Shradhdha), the belief in the Law of Cause and Effect (*Karmaphala* Shradhdha), the belief in the Process of Rebirth / reincarnation (samsara Shradhdha), and the belief in unification between the Ancestral Spirit with God (Shradhdha Moksha); Tri Hita Karana, the human relationship with God (Parahyangan), the relationship between humans (*Pawongan*), the human relationship with the natural surroundings (Palemahan).

(2) *Susila* (ethics), the teachings in the form of good deeds (*subhakarma*) is the act of appropriate and justified by religion; and good deeds (*asubakarma*) is behavior that is not appropriate and is not justified by religion. Ethics in Hinduism also called dharma. Source dharma according Sarasamuccaya 40 is *Sruti Veda*, *Smrti Veda*, and *Cista* (People who provide teaching / advice, people who have achieved perfection in his life).

There are three considerations that should be noted that the dharma holds an important and central role in the Hindu, namely:

- a) The existence of physical-chemical and biological nature outside man, takes place mechanically and subject to the laws of nature. Human existence other than subject to the laws of nature, are also subject to the laws of society. Man was created by God in the most perfect form, and once by two antagonistic character, namely *daiwi sampat* as it is written in the BG. XVI.1.2, and 3, is with divine nature, properties that lead to appropriate and justified by religion; and *asuri sampat* as it is written in the BG. XVI.4,17, and 21 is a gigantic nature, the nature of which leads to inappropriate behavior and not justified by religious teachings.
 - b) In Hinduism it is stated that the life in the business world in the position of a conflict between truth and falsehood or *satya-nrta* as it is written in MD.IV.6. *Satya-nrta* means the combination of the truth (*satya*) and lies (*nrta*). As a consequence in the business world faced a situation where the struggle between virtue value and lies value. As an illustration that is often heard in the community, who pitched oath commonly spoken by traders, when the bargaining is " *Apang mati, titiang nenten polih bati, Ambil sampun, kanggeang titiang nenten polih bati*" (Let me die, I can not profit . Take it, leave me not to make a profit). When analyzed in the speech clearly irrational, because a trader may not release goods without obtaining a profit, but it can be interpreted as a strategy to set a final price, the most appropriate price to purchasing power. Lie thus can not be given justice, but must be accepted as a form of diplomacy in the context of buying and selling, which ended with an agreement between the buyer and the seller.
 - c) Business is basically relies on the properties of greed, lies, only pursue profits, materialistic, engage in various forms of corruption, in which these properties is contrary to religious values. In this regard, dharma (ethics) is very important in managing a business, as a way to ward off or minimize the properties that are contrary to religious values.
- (3) *Upacara* (ceremony) and *Upakara* (ritual), a series of activities of mankind in an effort to communicate

¹ IGN Gorda. (2006). *Etika Hindu dan Perilaku Organisasi*, p. 50-51

² *Ibid*, p. 51

with God. Ritual realized in the form of offerings or sacrifices (*yajna*) which is a concrete manifestation of religion.

In the Smṛti Veda (Hindu Law Compendium), there is a provision which includes the civil and criminal law contained in Book VIII in sloka (paragraph) 4 to sloka (paragraph) 7. The actions punishable by civil and criminal penalties include some cases as follows:¹

1. Debt receivable
2. Deposit and agreement
3. Sales of goods are abandoned
4. Engagement between the word
5. Implementation of the grant
6. Do not pay wages
7. Do not implementing the agreements
8. The sharing of the results of the buy and sell
9. Disputes between owners (pet) and labor
10. Border dispute
11. Threats and violence
12. Insult
13. Theft
14. Robbery (violence)
15. Adultery
16. The obligations of husband and wife
17. The division of inheritance; and
18. Gambling and betting.

From the concept of Civil Law which also contains the agreement, savings deposits, debts in the Hindu, should at least be governed by a financial institution that applies the principles of Hindu banking.

Bali has a unique financial institution that is Lembaga Perkreditan Desa (LPD)/ Village Credit Institutions, which in carrying out its activities based on the values of Hinduism. Village Credit Institutions, hereinafter called LPD in Bali is unique, which is based on the LPD Pakraman. Pakraman Village which in Article 1 paragraph 4 Bali Provincial Regulation No. 3 of 2001 on Pakraman Village, mentioning “Pakraman Village is the unity of indigenous people in the Bali Province which has a unity of tradition and social manners Hindu community living for generations in the bond Khayangan Khayangan Three or villages that have a particular area and their own property, and is entitled to manage his own household”.

Legal Basis of the LPD is *awig-awig* (regulations are fundamental tenets of governance Village People) Pakraman. LPD existence whose legal basis is *awig-awig* recognized by Act of Republic of Indonesia No. 1 of 2013 concerning Micro Finance Institutions in Article 39 paragraph (3) which determines: “*Lembaga Perkreditan Desa dan Lumbung Pitih Negari serta lembaga sejenis yang telah ada sebelum Undang-Undang ini berlaku, dinyatakan diakui keberadaannya berdasarkan hukum adat dan tidak tunduk pada Undang-Undang ini*”. (*Lembaga Perkreditan Desa and Lumbung Pitih Negari and similar institutions that had existed before this Act applies, otherwise recognized by customary law and is not subject to this Act*)

The existence of LPD in Bali have an exemption for not subject to positive law, but is subject to customary law in accordance with the customs of each region in Bali, it is implicit in Article 39 paragraph (3) of Act of Republic of Indonesia No. 1 of 2013. LPD in Bali in its efforts to raise and channel funds from the village manners (villagers) in the form of savings and deposits, the nuances of business is not solely socioeconomic tendencies associated with profit like other financial institutions, but LPD in Bali has a religious cultural nuances. Religious cultural nuances of LPD have looked at all because the legal basis is *awig awig* as well as closely related to responsibility scale (worldly) and noetic (Hereafter) which is not known in other regions as

¹ G. Puja dan Tjokorda Rai Sudharta. (2004). *Manawa Dharmasastra (Manu Dharmasastra) atau Veda Smṛti (Compendium Hukum Hindu)* p xxxi.

well as in other financial institutions.

LPD in Bali very existence gives a huge benefit for rural development. Distribution of funds from LPD to *krama desa* (indigenous people) contributed to the industry growth rate of small / micro that economic growth is increasingly advanced *krama desa*, it is a positive effect of the increase in income community.

Bose, as quoted by Gorda stating the basis of religion is the moral law with the spiritual discipline that leads a simple life and religious life is how to actualize love and devotion.¹ Bose thinking is in line with the purpose and nature of life in the Hindu view is moksha and jagadhita. Moksha is the ultimate goal of the expected and coveted by all Hindus, namely a lasting peace and fused with *Paratman* (God). Jagadhita is the purpose of earthly covering dharma, artha and kama. Dharma is peaceful life purpose can be realized through the activities of people who always refers to the values, norms, and ethics derived from religion. Life based on truth (*satyam*) and the eternal law (*avg*). *Artha* is the purpose of life in the economic aspects, namely the material well-being. *Kama* is a goal that concerns non material such as a sense of security, affection, togetherness, price-respect, loyalty, desire to excel, and so on. All aspects of *jagadhita* can be realized, enjoyed and felt by a person (man) during the life of the world.

The Act of Republic of Indonesia No. 10 of 1998 concerning Banking, shows the development in the economy which is the prime mover of development of a nation or a region. Economic development with the law has a close reciprocal relationship, even Sunarjati Hartono states." Renewal of the premises in the economy helped change and define the basics of the legal system is concerned, the rule of law principles suite will also facilitate the establishment of economic structure desired, but otherwise the enforcement of the principles of law that does not comply it will hamper creation of economic structure aspired²".

Law is one of the areas that need to be built to strengthen the Indonesian nation in the face of increasingly rapid progress of time. The function of law is to regulate relations between states or communities with citizens and relationships between people, so that life in the community running smoothly and orderly. In accordance with the statement Soejono Soekanto, it follows that "the task of the law is to achieve legal certainty (for the sake of their order) and justice in society".³ Legal certainty and fairness in society requires the creation of general rules or norms generally accepted. In order to create an atmosphere that is safe and secure in the community then the said rules should be enforced and implemented resolutely.

Financial institutions such as the LPD Pakraman in Bali in running their business based on the legal basis in the form of awig awig which is the implementation of the values of local wisdom Smerti Veda, is expected to give birth to a legal umbrella of financial institutions based on the values of Hinduism, as it has been owned by the Islamic form of Islamic Banking.

2. Research Methods

This research is a normative legal research, according to Jan Gijssels and Mark Van Hoecke, the starting point of the nature of science law theoretically divided into three main layers, namely the dogma of law, legal theory, and the legal philosophy,⁴ whose study was performed according to the character of its own law issues.

The goals of this research, used 5 following approaches in an integrated manner: Approach the comparison is used to compare the implementation of the Value of Local Wisdom of Smerti Veda with the concept of Sharia, Approach juridical-dogmatic, used as a means of assessing the implementation of Value Wisdom Smerti Veda in LPD Pakraman in Bali is a financial institution owned by the people of Bali, statute approach, is used to assess the harmonization of legislation on banking, especially regarding the operation according to Hindu (Smerti Veda), conceptual approach, is used to compile the conception banking operations based on the principles of law, legal theory, and teaching of law (doctrine), legal experts, as well as review experts Hinduism, philosophical approach, is used to assess the terms of the philosophy of the policy for the improvement of banking laws specifically related to banking operations.

Legal materials are collected, processed and analyzed in this research is the primary legal materials, ie materials to law, consisting of: Act No. 10 of 1998, the Bali Provincial Regulation No. 8 of 2002 on Credit Institutions Desa (LPD), The Book of the Law of Civil Law, especially Book III of Engagement, Hindu law, the Bhagavad Gita, Sarasamuscaya. Secondary law, which provides an explanation of primary law, literatures, magazines, journals, research results, scientific works of the law, newspapers and so on. Tertiary legal materials, ie materials

¹ IGN Gorda. (2006). *Sumber Daya Manusia, Berbasis kopetensi dan Kecerdasan Rohani* p. 316.

² Sunarjati Hartono. (1982). *Hukum Ekonomi Pembangunan Indonesia*, p. 6-7.

³ Soejono Soekanto. (1983). *Beberapa Permasalahan Hukum dalam Kerangka Pembangunan di Indonesia* p. 55.

⁴ Jan Gijssels and Mark Van Hoecke. (2000). *Apakah Teori Hukum Itu?*, p. 109.

that provide guidance and explanation of the primary and secondary law, such as, dictionaries, encyclopedias, Hindu encyclopedia, interviews with people, society or institution that serves as a source of information extracted based on observations or interviews.

In the collection of legal materials used documentation study, namely by identifying and qualifying. While the primary legal materials, secondary, and tertiary derived from the print media, the internet. The print media may be obtained from libraries in several public and private universities, government agencies, and other documents relating to the subject of research. Other legal materials obtained through the Internet is a way to download on some sites. Legal materials obtained by recording, copying in a research note, photocopying, printed and stored in the flash disc.

Legal materials have been obtained will be clarified by the problem formulation of this study, then analyzed. Analysis of legal materials in this research is a process of decomposition systematically and consistently to all legal materials obtained.¹ Analysis of legal materials collected in this study will be done by descriptive-analytical, interpretive, systematic comparative and argumentative.

This technique is then followed by step analysis. Evaluative analysis put forward, in the sense that in addition to conducting an evaluation, also do the interpretation, can in terms of explaining / interpreting which contains provisions concerning the operations of financial institutions in this regard LPD by implementing the values of local wisdom Veda Smerti. Comparative / compare, in the sense of comparing between financial institutions Islamic banks, conventional banks and LPD.

3. RESULT AND DISCUSSION

Essence of LPD Pakraman in Bali as one of the financial institutions is a strategic development agency. This is evident from the number of public funds in the form of savings and deposits that can be assembled within a certain time and the ability LPD provides loans to village manners, in order to increase their capital. LPD expected through the village manners in general and small industrial entrepreneurs in particular, have the opportunity to enjoy a healthy monetary means and with the mature economic considerations.

LPD as a financial institutions in a customary village can act as an extension of the village finances, which in turn can improve the lives of the people's welfare in customary village. The uniqueness of the LPD is when the villagers is in default, then the penalties are given administrative and customs sanctions such as isolated from the citizens of village.

LPD is part of one of the financial system and payment system needed by the people in the store and distribute public funds and the Hindu community in particular. To meet the needs of the general public and particularly the Hindu community, the LPD Pakraman inspired by a desire to create an economic system based on Hindu values through the establishment of Hindu Bank. Hindu Bank is a business entity whose main function as a collector of funds of persons or institutions and the distribution of funds to persons or institutions that need, the systems and mechanisms of its business activities based on the Law of Hindu as set forth in *Manawa Dharmasastra* or *Smerti Veda* (Compendium of Hindu Law) and other Hindu teachings.

Hindu Bank is a financial institution which engages in providing credit and services in payment traffic and circulation of money that operations adjusted to the values contained in the Hindu or Vedic Hindu law Smerti (Compendium of Hindu Law). Hindu Bank in lending to people or institutions that need the funds remains subject to the system of interest. Interest in the Hindu concept is not prohibited or justified. Giving the bank interest is a business activity that is justified by the teachings of Hinduism along as a productive enterprise which is equally beneficial to both parties. Bank interest according to the teachings of Hinduism can be seen in *Manawa Dharmasastra* VIII. 142 which states:

"Dvikam trikam catuskam ca pancakam ca satam samam, masasya vrdhim grhniyad varnanam anupurvasah".

(Only two in one hundred, three, four and five and no more, it may receive interest every month according by class rules).

The meaning of the sloka is interest money should only be worn at most two percent and five percent to the borrower who has produced (*vrdhim grhniyad*) profit for his efforts. Interest charged should be tailored to its business class / job. The meaning of the term *vrdhim/wrdhim grhiyad* is the interest would be taken if the money has been growing for the good or beneficial and has led to results / or "*punya*" (*punia*). Meaning of interest by Hindu contained in VIII.142 sloka very reasonable and very acceptable, because the interest charged can only be imposed if the loaned funds have produced or advantageous for a debtor.

¹ Soerjono Soekanto. (1982). *Kesadaran Hukum dan Kepatuhan Hukum* p. 137.

Hindu Bank is a Conventional Bank or Rural Bank procedures for the operation of the provisions referring to the Hindu (*Manawa Dharmasastra* or *Smerti Veda* and other Hindu teaching). In the ordinances based on the operational procedures of Pawongan taught in the Hindu view, *Tri Hita Karana*. Understanding, or intent of *Pawongan* is provisions that govern the relationship of harmony among humans, both personally and relationship with the community. In connection with this, *Sruti Veda* in the *Yajurveda*, XXIX.51 asserted that:

“Every person in order to help others who face adversity or misfortune overwritten”.

In other parts of the *Rgveda* VII.32.8 states that:

“The Lord will give grace to those who have always maintained good relations with fellow relatives, acquaintances, even strangers”.

It also states that the Lord will give grace to those who are always trying to create a harmonious relationship between human beings. The values of *Pawongan* can be implemented in Hindu banking operations with a program to help people to be able to improve the economic welfare so as to assist in the alleviation of poverty reduction, and no less important harmonization in the working environment between the leadership with employees and between employees and the employees. With a harmonious working environment, will be reflected on the provision of services suave and good relationships with people, as customers of the bank.

Hinduism has rational values that also contribute and be the basis of ethics in the management of financial institutions in Bali as it has been applied in the operations of LPD Pakraman in Bali. In the Banking business activities are based on *Manawa Dharmasastra* or *Smerti Veda* (Compendium of Hindu Law), there are some principles that can be used, including:

1) *Tat Tvam Asi* (You are me)

Tat Tvam Asi in relation to the management of banking institutions according to Hindu, meaning and essence of *menyame braya* (harmonious and peaceful life, full of love, mutual help, mutual help). Application of *Tat Tvam Asi* in terms of coaching *penyame brayaan* (living in harmony and peace, loving, love each other and help each other or help each other) between the bank and its customers to the discretion of the financial institution. Each other need each other (interdependence) based on the spirit *Tat Tvam Asi* in achieving their respective goals. Actualization of *Tat Tvam Asi* in terms of coaching equalizing *brayaan* the village manners, used the concept of local knowledge, namely: (a) *Paras paros salung sabayantaka* means someone else is a part of oneself and oneself a part from others, because it LPD also feel everything the ups and downs of various circles associated with the survival of LPD; (b) *Saling Asih, Asah, Asuh* meaning that the relationship between LPD village manners, employees, governments in the spirit of mutual love,, love each other, help each other for survival LPD and LPD determining policy direction. Policy direction in question include: the type of products offered to the public, promotion, meeting customer intimacy and so forth..

2) *Dharma Arjana* (Business Based Goodness)

Local wisdom implies honesty and moral integrity in the management of bank's assets originating from customer funds (savings, time deposits, and current accounts), and in analyzing credit and honesty in the accounting systems of banks Attitude honest and moral integrity in the management of the bank is the key to success in manage customer confidence to entrust their money in the bank. Actualization of *Arjana Dharma* is a realization of the goodness-based bank management as expressed in *Sarasamuccaya* and *Reg Veda* following:

Sarasamuccaya, 261

“*Lawan tekapaning mangarjana, makapagwanang dharmata ya, ikang dana antukning mangarjana, yatika patelun, sadhana ring telu, kayatnakena*”.

Funds do try to get something, be it based on goodness, **the funds raised for the effort**, let divided by three, to the implementation of (cost) reached three it: consider it good.

The word "Arjana" in Sanskrit means trying. Success earning or dhana based businesses (*Arjana*) should be based on all the potential possessed by the banking institutions / LPD Pakraman. The purpose of doing *Arjana* / effort to get dhana expressed in *Sarasamuccaya*: "Saaddhana rikasidhaning Dharma", which means as a means to finance the achievement of Dharma. The management and use dhana to succeed the purpose of Dharma. Dharma has a very broad sense. Dharma can be defined as truth based on the teachings of the Vedas the word of God. Dharma can also mean life obligations, and dharna means virtue. In *Parwa Santi* is stated: "*Dharma Dharanad ithyahur Dharmena widerthah prajah*", which means that the Dharma comes from the word

Dharana means to regulate the protection of the people and welfare of Dharma (goodness).¹. In this case the Dharma means everything is aimed at the protection and welfare of society

Rgveda, 1.4.1.4

Someone who follows dharma (goodness) never come across a thorn in its journey, everything becomes easier.

From the quote above sloka, assured that the bank management with the path laid down by God and based on dharma, will make the bank to survive in the fierce competition in the banking world. This conviction grew that God promised to give help and provide the best way to overcome a variety of problems, difficulties, obstacles and challenges of being a success as listed in the Rgveda, 1.4.1.4 above.

The concept of Dharma Arjana also gives effect to minimize leakage in the overall economy. Various studies show that economic activity wherever almost attached to the concept of a leak. Budget cut percentage for specific interests. Moreover, the various issues that developed in the community, that to streamline the borrowing, we are required to provide fee-for decision makers. Pieces for granting fee loan is categorized Arjana / businesses that are not based on dharma, or in the language of daily life in Bali is known as *memirat dana* or in other term is corruption. Another model of Arjana / businesses that are not based on dharma (*memirat dana*, corruption) is a mark-up or mark-fund for the benefit of some parties is something that can be avoided if we implement this principle in carrying out daily activities especially for banking institutions.

3) *Sarvodaya* (giving a benefit for all)

Sarvodaya was used first by Gandhi, Gandhi borrowed Sarvodaya concept from a script written by the Jain Acharya *Samaanta Bhada* who lived about 2000 years ago, and ideals Sarvodaya has actually been around since the time of the Vedas. *Sarvodaya* ideals implicit in his own, "Sarva" and "Udaya". Sarva means "All" and key to this, and *Udaya* means "Lifting". Gandhi coined the term Sarvodaya as the meaning of "being for all". *Sarvodaya* means the welfare and prosperity of others. All of progress together without any clash of desires and interests. Prosperity will not be achieved in a vacuum. All it requires money, but the money earned without moral and spiritual considerations will lead to bestiality. Sarvodaya is a philosophy as an attempt to make people come back to the beaten path that will lead to real social happiness.²

The philosophy of *Sarvodaya* who want to provide for the welfare and the good of all is suitable for use in managing a financial institution such as a bank that has the same philosophy that wants to provide welfare village manners. *Sarvodaya* can be used to give zest to manage bank toward each other to provide welfare, mutual benefit, mutual giving kindness, and mutual empowerment. *Sarvodaya* may be embodied in bank operations such as running a program of lending to small business micro and medium lending / borrowing is very competitive for the middle class and above, and the concept of *Wrdhhi Grhiyad* can be applied to the weak economy making it easier on the customer, on the contrary can help / *punia* giving to customers who belong to economically weak in order to improve the welfare of its economy; To addressing credit / non-performing loans, can find solutions that are equally beneficial for both parties to implement a "win win solution" (*Sarvodaya*) along cooperative customers. The basis of this Sarvodaya as a form of corporate social responsibility that can be implemented by banks are sourced from:

Sarasamuccaya, 187

"Lwirning yukti ikang wehana dana wwang cuddhacara, wwang daridra, tang panemu ahara, wwang mara angegong harep kuning, ikang dana ring wwang mangkana agong phalanika"

(People who should be given charity or alms, is well-behaved people, poor people, who do not receive food, people are really expecting help, giving alms or charity to which so, obtain the reward).

Atharwaveda, III.24.5

O people, get wealth with a hundred hands, and donate it in the generosity with a thousand hands.

The meaning of the sloka is the passion to manage bank towards mutual benefit, mutual benefit, and create social responsibility / gives donation for the village, which is a manifestation of devotion to God, others, and the environment.

4) *Satya Wacana* (Honesty, Keeping Promises)

Business capital the main thing is confidence. Without trust, it is difficult to organize a business, especially in the banking business that does require trust. Dishonest, deceitful, can cause a person to lose the confidence of all

¹ I ketut Wiana. (2006). *Berbisnis Menurut Agama Hindu* p. 110.

² <Gov.in/e-magazine/.../9> (last visited 19 December 2016).

parties, including the banks. Doing business is a living process giving each other with sincerity. Meaning of giving does not mean it should not take an advantage, but on the contrary provide sincere it should be mutually beneficial. The bank is generally required to maintain the trust of customers.

Every decision taken by humans in life on earth, both orally and in writing is to have meaning as a promise, both to themselves and to others concerned, individually and organizationally. Every promise (*satya*) must be obeyed (*satya wacana*). If someone expects others loyal to him, then that person must first demonstrate loyalty to any decision they take, whether oral or written (*wacana*). Without this attitude, impossible for a person to be loyal to him. Therefore, self-control related to the decision (*wacana*) taken or spoken. A form of restraint that is to be honest and do not deny the words or promises as contained in Sarasamuccaya sloka 75:

"Nyang tanpa prawrttyaning wak, pat kwehnya, pratyekanya, ujar ahala, ujar aprgas, ujar picuna, ujar mithya, nahan tang pat singgahananing wak, tan ujarakena, tan angena-ngenan, kojaranya".

(This is inappropriate arises from words, there are four things: roughly speaking, vulgarity rebuke, defamatory, lie (untrustworthy); That fourth had to be removed from speaking, do not say, do not think about it to be spoken.

Various forms of promotion done by a indigenous banking institutions in an attempt to introduce, offer, popularize, to reassure and give an explanation of the benefits of savings products and credit / loans to people / villagers. All of them, given meaning as the promises that are made against the community / village manners. Sarasamuccaya 129 lays out the truth (*satya*):

"Nihan ta kottamaning kasatyan, nang yajna, nang dana, nang brata, kapwa wenang ika mengentasaken, sor tika dening kasatyan, ring kapwa angentasaken".

The virtue of truth is thus, *yajna* (sacrifice), funds (charity-almmsgiving), as well as the promise of self *Brata* (inner oath); everything it can liberate; but still defeated by *satya* (truth) in both free themselves from life in this world.

Sarasamuccaya 133 determines:

"Nihan laksanakaning satya, hana ya tinanan tatan pawuni, majar ta ya, yatbabhuta, torasi ikang sakawruhnya, prawrttinya ikang mangkana, yatika laksanakaning kasatyan".

Characteristics of people who love truth, (is that) if something is asked once in a while he does not hide it, but told him according to the actual incident, and honestly all he knew; such, that the behavior of the faithful to the truth.

Various forms of promotions offered to borrowers banking institutions according to Hindu law there should be no element of deceit and forgery.

Manawa Dharmasastra IX.286 determines:

"Adusitanam dravyanam dusane bhedane tatha, maninamapedhe ca danda prathama sahasah".

(For those who falsify merchandise that can not be forged and that solves the gems or cut out the unworthy fined with the lowest penalties).

Manawa Dharmasastra IX. 287 determines:

"Samair hi visamam yastu caredvai mulyato pi va, sa prapnuyaddhamam purva naro madhyamam eva va".

(But those who do not do what is right to the honest buyer of the subscription or deceptive price will be fined first of fines medium).

The management of the bank is very aware that the various communities who save their money in the bank does not require and does not talk much about material collateral, in addition they believe that the funds deposited will be managed with honesty and integrity and security guarantees. The essence of successful bank business depends the life and death of the level of public confidence in the bank, because trust is the capital of the only guarantee of security and community security. When the shaky public confidence, then they will be abuzz tilts so as to cause a rush.

Belief is the central point of the business relationship between a bank and its customers. "Satya Wacana" (keeping promises, honesty) is a key element which is very effective in building public confidence in the bank. Business language used in promoting banking products required to use language that is honest, cool, correct and as much as possible not cause legal problems later on. Languages honest, cool and in line with what is set in

Kakawin Nitisa V.3 stated below:¹

” Due to the language, people get happiness. Because of the language as well, people find death. Due to the language, people get distress. Because the language anyway, get a friend.”

5) *Sadhana* (Spiritual discipline)

Religion is a moral law with the spiritual discipline (*Sadhana*) that leads a simple life and religious life is how to actualize love and devotion. Attitudes and moral behavior followed by spiritual discipline (*Sadhana*) is an energy Brahman / God who guides the activity of bank healthy life. That is human in this case the manager of the bank in order to grow and develop the confidence that the bank can carry out operations well and be careful so as to manage the bank is healthy, the rest left to the will of God. Decisions about the results (*phala*) of business management (*karma*) carried out by the bank, believed and understood as the best gift from God.

Development of spiritual discipline (*Sadhana*) is stirring the minds and hearts of the managers of the bank in order to have a perception, have confidence that the laying of hope, hard work and prayer will lead banks to achieve success. This spirit can be seen in the Bhagavad Gita *Sloka* and *Atharwaveda*, as follows:

Bhagawad Gita.III.4

Without work people will not achieve freedom, so he will not reach perfection, because it avoids the work activities.

Atharwaveda, XX. 18.3

God only loves those who work hard and do not like people who are lazy to work. People who always works based on the awareness of the highest happiness.

Quote This *Sloka* gives energy to manage the bank with spiritual discipline (*Sadhana*) in order to give birth to a healthy bank. The concept *Sadhana* applied in the bank's operations namely: Pray, Work, Learn, and grateful to be able to provide power in running *Swadharma* (liabilities) respectively, so as to increase customer confidence in the bank that the funds entrusted to the agency would be managed well, true and honest, which will eventually give birth to a healthy and profitable bank. The realization of this concept in accordance with the Rigveda *Sadhana* II.5.7 stating:

”*Svah svaya dhayase krnutam rtvig rtvijam, stomam yajnam cad aram vanema rarima vayam*”.

(Strengthen your body, confidence and discipline. Do worship to God regularly. I will give you the gift of the money to be donated. Eventually you'll earn awards and prosperity).

The desire to create a nuanced Bank Hindus in Bali, especially up on a national scale, has many inhibiting factors, among juridical factors, social factors and economic factors.

- a. Juridical factors, there is no doubt one of the causes inhibition of Hindus efforts in realizing the idea of having banks with Hindu is due juridical factors. The resistance of the juridical factor, because there is no set of rules that legally can be used as legal basis in establishing Hindu bank. Although the development of the banking sector and in accordance with the Banking Act No. 10 of 1998 to give recognition to the existence of public banks and banks with religion as Islamic principles, hereinafter called Islamic banks. The existence of LPD in Bali which business activities based on the values of Hinduism is already recognized in positive law in Indonesia. Acknowledging the existence of LPD is recognized in Article 58 of the Banking Act No. 7 of 1992 which determines:

“Bank Desa, Lumbung Desa, Bank Pasar, Bank Pegawai, Lumbung Pitih Negari (LPN), Lembaga Perkreditan Desa (LPD), Badan Kredit Desa (BKD), Badan Kredit Kecamatan (BKK), Kredit Usaha Rakyat Desa (KURK), Lembaga Perkreditan Kecamatan (LPK), Bank Karya Produksi Desa (BKPD), dan/atau lembaga-lembaga lainnya yang dipersamakan dengan itu diberikan status sebagai Bank Perkreditan Rakyat berdasarkan undang-undang ini dengan memenuhi persyaratan dan tata cara yang ditetapkan dengan Peraturan Pemerintah”.

(*Bank Desa, Lumbung Desa, Bank Pasar, Bank Pegawai, Lumbung Pitih Negari (LPN), Lembaga Perkreditan Desa (LPD), Badan Kredit Desa (BKD), Badan Kredit Kecamatan (BKK), Kredit Usaha Rakyat Desa (KURK), Lembaga Perkreditan Kecamatan (LPK), Bank Karya Produksi Desa (BKPD)*, and / or other institutions equivalent to the given status as Rural Bank based on this law to meet the requirements and procedures stipulated by Government Regulation).

¹ I ketut Wiana. (2006). *Berbisnis Menurut Agama Hindu* p. 155.

- Recognition of the existence of the LPD in Bali that inspired to have a Hindu Bank, there has been recognition of the first Islamic bank. As long as there is no legal basis to the recognition of the banks with Hindu, then this legal vacuum is one of the factors causing delays in the establishment of the Hindu Bank.
- b. Social factors, which become one as an impediment to the realization of the Hindu Bank is the confidence of the general public who have been using banks and Islamic banks. The public has been accustomed to using conventional banking services in its operations, the bank is subject to the Act No. 10 In 1998, one of them using a conventional bank interest or Islamic banking system that is subject to the Act No. 21 of 2008 concerning Islamic Banking, where the operations of Islamic banks does not recognize the system of interest, because the interest in the concept of sharia forbidden to be applied in the operations of Islamic banks. Besides the issue of trust that has been described above, the social factors that have contributed to inhibiting factor is the minority Hindus in Indonesia. This factor can not be denied is an inhibitor of the Hindu community wishes to have a Hindu Bank, with its minority Hindu community to a lack of strong aspiration to encourage governments to give juridical recognition to the realization of the Hindu Bank.

The values of local wisdom contained in the Hindu view is very relevant to be implemented in the business world in general and in the banking world. Implementation of the values of local wisdom had been applied to commercial banks / or conventional bank in Bali, PT Bank Sinar Harapan Bali in 2001, before the Bank Sinar Harapan Bali was acquired by Bank Mandiri. In 2001 Bank Sinar Harapan Bali began to apply the values of Hinduism in its operations as: *Tat Tvam Asi* (You are Me, life in harmony and peace, help each other, help each other full of love); *Memirat Dana* (do not take things not qualified, do not be greedy); *Pang Pade Payu* (mutual or mutual empowerment or the same as the concept of win-win).

Application of Hindu values in the operations of Bank Sinar Harapan in 2001 is perceived by society in general and for operational Bali Sinar Harapan bank itself. In addition to the values of Hindu ever applied to the operations of the Bank Sinar Harapan, there are many values of Hinduism that can be explored and highly relevant to be implemented in the operations of commercial banks / savings banks, such as: the concept of savings, the concept of interest, the concept of credit agreement, the concept of loan resolution is also set in Literature Hindu scriptures like the *Manava Dharmasastra* Scripture.

The ideals of the Hindu community to be able to improve the economy of the community in order to alleviate poverty in Bali can be realized by establishing financial institutions nuanced Hindu values such as establishing a Hindu Bank. Although people have been having an LPD Pakraman Bali Bali, but its operational range is still limited to rural communities where LPD pakraman operated. If the Bank Bali has a Hindu, then the scope and role will be more spacious and very strategic in the airport community, including in serving small and medium micro enterprises, so that welfare will be achieved by Dharma called Dharma Sidhiyartha. Welfare achievement is in line with the thinking of Maharesi Usana namely: community prosper in the concept of "Dandha Niti" will be achieved which is called "Catur Purusa Artha"; Dharma, Atha, Kama in the world (scale) towards Moksha (noetic).

From the concept of economic prosperity in the Hindu above, it should be regulated by a financial institution to apply the values Hindu despite a Hindu community in Indonesia are a minority, but in Bali the majority Hindu community. The existence of financial institutions in the Hindu considered strategic and vital for business and the economy will not run without the financial institutions, such as Hindu Bank.

In Indonesia, banks with religion as Islamic Bank has received the legitimacy of a government that has been stipulated in the Banking Act No. 10 of 1998 and more specifically regulated in Act of Republic of Indonesia No. 21 of 2008 concerning Islamic Banking. Their legitimacy from the government on commercial bank based on religion in this case Islam, the future Hindu community has great expectations on the Indonesian government to make a law reform in the field of banking, which in the Banking Act legitimacy to commercial banks is not only given to banks based on Islamic values, but also provided opportunities for commercial banks based on the values of religion is one of them Hindu values.

Law is one area that needs to be built to strengthen the Indonesian nation in the face of changing times faster in all aspects. Faced with the development of increasingly faster times, should also be accompanied by legal reforms. Legal reforms in banking is in line with the thinking Friedman, so that the law can work, must meet three (3) terms, namely: 1) Rules can be communicated to the subject being regulated; 2) subjects who arranged to have the ability to enforce it; 3) The subject must have the motivation to implement the rules. Legal reforms, not just in legal substance alone, but renewal of orientation and values that underlie these laws. Thus the renewal

of the law should be interpreted as adopting the values that live in the community. The values of this new law is a philosophical foundation for the substance of the new law, especially when the government is pleased to provide legitimacy to the banking nuanced religious values, more specifically, the Bank nuanced brief Hindu or Hindu Bank. In the end the hope of Hindu society that values local wisdom contained in the Vedas *Smerti* can be implemented in the Banking Law.

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3. Conclusion

Bali has a unique financial institution that is "Lembaga Perkreditasi Desa (Village Credit Institutions) / LPD," in carrying out its activities based on the values of Hinduism. Village Credit Institutions, hereinafter called LPD in Bali is unique, which is based on the LPD. LPD as financial institutions in a Pakraman can act as an extension of the village finances, which in turn can improve the lives of the people's welfare. The uniqueness of the LPD is when people (villagers) are in default, then the penalties are given customs and administrative sanctions as excluded from the villagers. LPD is part of one of the financial system and payment system needed by the people in the store and distribute public funds and the Hindu community in particular. Inspired by the LPD, there is a desire to create an economic system based on the values of Hinduism, through the establishment of Hindu Bank.

Bank Hindu is a business entity whose main function as a collector of funds of persons or institutions and the distribution of funds to persons or institutions that need, the systems and mechanisms of its business activities based on the Law of Hindu as set forth in *Manawa Dharmasastra* atau *Smerti Veda* (Compendium of Hindu Law) and other Hindu teachings. Hindu Bank is a financial institution which engages in providing credit and services in payment traffic and circulation of money that operations adjusted to the values contained in the *Manawa Dharmasastra* atau *Smerti Veda* (Compendium of Hindu Law). Hindu Bank in lending to people or institutions that need the funds remains subject to the system of interest. Interest in the Hindu concept is not prohibited. The money is a business activity that is justified by the teachings of Hinduism along as a productive enterprise which is equally beneficial to both parties.

Hindu Bank is a conventional bank or Rural Bank that procedures for the operation of the provisions referring to the Hindu (*Manawa Dharmasastra* or *Smerti Veda* and other Hindu teachings). The values of local wisdom contained in the Hindu view is very relevant to be implemented in the business world in general and in the banking world. Implementation of the values of local wisdom had been applied to commercial banks / or conventional bank in Bali.

The ideals of the Hindu community to be able to improve the economy of the community in order to alleviate poverty in Bali can be realized by establishing financial institutions nuanced Hindu values such as establishing a Hindu Bank. Although the people of Bali have had LPD, but the range is still limited operations on indigenous people only. If the Bank Bali has a Hindu, then the scope and role will be more spacious and very strategic in the serve community, including in serving small and medium micro enterprises, so that welfare will be achieved by Dharma called Dharma Sidhiyartha. Achievement welfare Sidhiyartha Dharma is in line with the thinking of Rsi Usana namely: community prosper in the concept of "Dandha Niti" will be achieved which is called "CaturPurusa Artha"; Dharma, Atha, Kama in the world (scale) towards Moksha (noetic).

¹ Muhamad Sadi. (2015). *Konsep Hukum Perbankan Syariah, Pola Relasi sebagai Institusi Intermediasi dan Agen Investasi*, p. 9.

² *Ibid.*

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