

ABSTRACT

This research elaborates the legal effect of sharia compliance fulfillment on mudharabah financing performance through asymmetry information on Islamic bank. This research was a normative research by conducting literature studies through collecting articles, documents and news. The data was analyzed by qualitative method. It was conducted by describing the data from journal, law, and experts opinion.

The result shows that Asymmetry Information occurred both in Islamic banking and conventional banking. Asymmetry information can be in the form adverse selection and moral hazard. The result of asymmetry information tends to give damage to one party. Asymmetry information in mudharabah financing indicated a violation towards sharia compliance. Asymmetry information made mudharabah financing contract became invalid since it contained fraud, dishonesty or non-transparency which violated sharia principle. There were several legal effects experienced by Islamic bank starting from reputation risk, compliance risk, administrative sanction and criminal sanction.

Keywords:

Asymmetry Information, Islamic Banking, Mudharabah Financing, Sharia Compliance.

