

Banking is anything that concerns about banks, includes institutions, business activities, and ways, and processes in conducting business activities, while the definition of the bank is a business entity that collects funds from the community in the form of savings and channeled to the community in the form of credit and or form (Article 1 paragraph (2) of Law Number 10 Year 1998 concerning Banking).

Business entity "Bank" is different from business entity or other business institution. Besides being a profit oriented institution, the bank is a trust institution, part of the national financial system and part of the national economic system. As an industry, banking is a pillar of the banking industry itself and other industries. Its existence is a system that must be strong, both individually and as a whole. The existence is interrelated, so that if there is one bank that collapsed, it will affect the other (systemic). As a consequence, the banking industry is the most regulated institution.

The banking industry has special characteristics (Hikmahanto Juwana, 1998). First, as one of the sub-systems of the financial services industry, the banking industry is often regarded as the heart and the motor of a country's economy. In this connection Lovett says: Bank and financial institutions collect money and deposits from all elements of society and invest these funds in loans, securities and various other productive assets (William A. Lovett, 1997). From what was put forward it can be said that without the banking industry is difficult to imagine the accumulation of money from society to be channeled in the form of credit in various industries. Secondly, the banking industry is an industry relying heavily on the "trust" (fiduciary) people who have money to keep. Community trust for the banking industry is everything (A. Tony Prasentiantono, 1997). The mistrust of the people in the banking industry can make the industry collapse in an instant. Currently Indonesia is feeling the true meaning of public trust in the banking world: a lesson to be paid with expensive. Actually what is experienced by Indonesia today has also experienced by other countries. In the United States, for example, the crisis of confidence often plagues the national banking system. Lash said that in the 19th century to enter the 20th century in the United States every 20 years there was a banking crisis as a result of unbelieving people in banking (Nicholas A. Lash, 1987). Given the two traits that differentiate the banking industry from industry in general, it is not surprising that the banking industry in many countries has always been the most heavily regulated industries by the government. It should be realized that the correlation between the banking regulation and the banking activity itself is very close. Walter said that, "... small changes in financial regulation can bring about trully massive changes in financial activity ..." (Ingo Walter, 1993). Therefore, the drafting or revision of laws and regulations in the banking sector and its enforcement must be done carefully with due regard to the economic consequences and in order to protect the banking function in the state economy and efforts to strengthen public confidence in the banking industry.

The reality shows that wherever the banking industry is the most government-regulated industry compared to other industries. The reason is because more banking activities depend on public funds so it needs to be guaranteed security certainty. In addition, the distribution of banking funds such as credit granting or securities purchases is a high-risk business, which if not managed properly can disrupt not only the viability of the bank itself, but also the banking system and monetary stability (Heru Soepratomo, 1997).

In Indonesia, banking arrangements have three main functions. First, the purpose of monetary stability in view of the dominant banking as a source of investment financing. Second, supervisory function in order to maintain the security and health of banks and the overall financial system, in order to create banking practices and fair competition between banks. In

addition, to protect customers and to maintain the stability of the money market, to encourage an efficient and competitive banking system and to respond to the community's need for quality financial services at a reasonable cost (Guidelines for Effective Banking Supervision, Basel Committee on Banking Supervision, BS 96/90 , Draft 11.11.96). Third, the objective of achieving development programs, in particular, is to tackle economic problems such as high unemployment, poverty, or the scarcity of investment resources. In accordance with the Law on Central Bank and Banking Law, banks in Indonesia assume the role of agents of development and are expected to contribute to efforts to increase national saving, to grow business activities and to increase the allocation of economic resources (Heru Soeprapto, 1997).

The above should be considered in conducting an economic analysis of the banking arrangements in Indonesia, both those involving government regulation as well as the costs incurred in connection with legal transactions conducted by the bank with its customers.

The legal arrangements for the application of incentives and disincentives to debtor customers in an environmentally sound credit policy are more focused on the bank to the debtor's customers as outlined in the bank's self-regulatory banking policy which the debtors will have to comply with (the Financial Services Authority has issued a Regulatory Authority Financial Services (POJK) Number: 42 / POJK.03 / 2017 regarding Liability of Preparation and Implementation of Credit Policy or Financing of Bank for Commercial Bank).

To support such efforts, the Commercial Bank shall have a Bank Credit Policy (hereinafter referred to as "KPB") in writing which at least contains all aspects stipulated in Decree of the Board of Managing Directors of Bank Indonesia no. 27/162 / KEP / DIR concerning Liability for the Preparation and Implementation of Credit Policy for Commercial Banks (hereinafter referred to as Guidelines for Bank Credit Policy Arrangement, or "PPKPB"). Decree of the Board of Directors of Bank Indonesia stipulated on March 31, 1995 is a credit guideline issued by Bank Indonesia and must be fulfilled by all Commercial Banks in Indonesia. The reasons for setting credit guidelines are:

- a. The Bank conducts business activities primarily by using public funds entrusted to the bank, so that the interests and beliefs of the community shall be protected and maintained;
- b. Lending is the main activity of the bank containing risks that may affect the health and sustainability of the bank's business, so in its implementation the bank must be based on sound credit principles;
- c. For the sake of the creation of a consistent crediting based on the principles of healthy credit as outlined in a written bank credit policy.

In addition to being a guide in the implementation of all activities in the field of credit, CDE also aims to optimize revenue and control the Bank's risk by applying the principles of consistent and consistent healthy credit. Thus, it is expected that the Bank can avoid the risk of credit failure and possible misuse of authority by irresponsible parties in the crediting process.

The KPB referred to at least contains and set the following principal points:

- a. Prudential principles in credit;
- b. Credit organization and management;
- c. Credit approval policy;
- d. Documentation and credit administration;
- e. Credit monitoring;
- f. Troubleshoot problem loans.

In CDEs, rules on the arrangement of granting to parties concerned with certain banks and debtors must be determined, credit that is high risk and credit that should be avoided, at least include:

1. Regulatory Matters concerning:
 - a. Healthy credit procedures, including credit approval procedures;
 - b. Documentation and credit administration procedures and credit monitoring procedures;
 - c. Treatment of loans in which interest arrears are capitalized (diplafondering loans);
 - d. Procedures for settlement of non-performing loans and procedures for write-off of bad debts and procedures for reporting bad loans;
 - e. Procedures for completion of collateral goods that have been controlled by banks obtained from the settlement of credit.
2. Principles of arrangement concerning lending to parties relating to certain banks and / or certain major debtors.
3. Economic sector, market segment, business activity and debtors with high risk for the bank.
4. Credit to avoid include:
 - a. Credit for speculative purposes;
 - b. Loans provided without sufficient financial information, provided that information for small credits may be adjusted as necessary by the bank;
 - c. Credits that require special skills not owned by banks;
 - d. Loans to debtors are problematic and / or stuck with other banks.

The parties involved in lending activities are bank officers in credit such as boards of commissioners, directors and other credit officers and / or work units within the organization of the bank. In addition banks are required to have Credit Policy Committee (KKP) and Credit Committee (KK). The CDE shall be explicit and clear the details of the functions, duties, authorities and responsibilities of the parties relating to the lending activities of the bank.

In the CDM of Commercial Bank must include at least the minimum credit approval policy covering the concept of the total credit applicant relationship, the determination of the credit authority limit, the responsibilities of the credit breaker officials, the credit approval process, the credit agreement, and the approval of loan disbursement.

Furthermore, Banks are required to meet the completeness of credit documents, check the validity of credit documents, and carry out the storage and use of good and orderly credit documentation. Banks are required to conduct credit supervision which includes supervision of loan-related officers, all parties relating to banks and debtors, and is required to conduct internal audit of credit which is a further effort in credit supervision to ensure that the loan has been in accordance with CDE and has complied with the provisions apply in credit agreement.

Although banks do not expect non-performing loans and with consistent and consistent implementation of CDEs it is expected that non-performing loans will arise, but all bank officers associated with credit must have the same views and perceptions in anticipating and handling the occurrence of non-performing loans. Therefore, banks are required to have CDE which contains bank policies and regulations in the event of non-performing loans.

Based on the self regulatory banking banks will be able to assess for themselves the impact of business conducted on the bank concerned, especially financial impacts and risks that may arise.

With the self regulatory banking, the Financial Services Authority (OJK) can establish the limits of the banking rules of the game (prudential banking regulation). Within these limits

banks have self-regulated freely as long as they do not violate the boundaries outlined. If this principle goes well, it is expected that the provisions in banking are not always changing.

The principles that need to be maintained in order to foster prudential regulation and self regulatory banking are:

1. The arrangement is not to protect the bank in the event of liquidation

This thinking is very important when viewed bank as an ordinary business entity that can develop and bias also destroyed (collaps). Rules contrary to this principle will undermine prudential banking regulation and self regulatory banking because banks will be encouraged to take more risks, thus jeopardizing the banks themselves and the entire banking system. This principle is in accordance with economic principles that believe that market mechanisms can create efficiency. Inefficient banks that do not have a strong self regulatory or violation of prudential regulation will be eliminated through market mechanisms. In the circumstances of a bank out of the real market that need to be protected are the creditors of the bank, especially the money-keeping community. The protection must also be with the economic mechanism, for example with insurance so that the public depositors are protected but by paying the insurance premium. This is particularly felt in countries that have customer protection schemes such as deposit insurance or other protection schemes such as pooling funds. The depositary customer should also be aware that any investments made, whether through bank or otherwise, always carry risks. From the various cases that have occurred, it is proven that the most significant problem of political impact in the liquidation of problem banks is the protection of depositors.

If a customer protection scheme exists, the government's political burden is not too heavy if it is forced to liquidate a problem bank. This is seen in the United States that often records the liquidation of banks but without causing significant shocks. This is in addition to the existence of deposit insurance, also because the community has been made aware to vote. If they choose a deposito without insurance, if something happens to the bank so they can not return the deposit they already know that that's their risk. Thus the protection scheme serves as a factor that neutralizes the specificity of the bank's business that the majority seeks based on third party funds. If there has been protection against third party funds, the settlement action against the problem bank can actually be done more easily.

It is with a note that not all countries in the world have a deposit insurance scheme. With certain considerations some countries, including Indonesia, have other ways of dealing with troubled banks.

2. The arrangement shall not replace the business decision of the banker in running the bank.

A business decision in a bank is a decision in running a business so it must be done by the bank itself with the internal restriction of the bank, which is self regulatory which among others regulate the procedures and authority. It should be noted that a regulation issued by BI (now OJK) is not intended to replace business decisions from bank management. Therefore, it should be noted that a rule is not too far to regulate something that is actually a business judgment. Legally there are different consequences in case of a legal problem with the bank, whether the problem is caused by a violation of the rules (prudential regulation), because it violates the self regulatory, or because of the lack of consideration of undertakings.

If it is caused by a wrong business decision, the bank administrator (based on the law of anglo saxon) can not be prosecuted by criminal law because of the legal concept of "business judgment rule". Violation of the self regulatory will result in the offending party being

responsible internally but the external violation of the self regulatory should not harm a good third party.

Based on these assumptions need to avoid the inclusion of things that are actually a pure business consideration to a rule. If this is the case then the regulatory authority may directly influence the success or failure of a bank's business. On the other hand, it should be realized that the banking business should always run on the rules. It is necessary to avoid severe legal consequences in the event of problems with a bank caused or accompanied by violations of various banking regulations.

An example that can be stated is about crediting. Law No. 7 of 1992 stipulates that: "In granting credit, commercial banks shall have confidence in the ability and ability of debtors to settle their debts as agreed." Furthermore, the Act gives the authority to BI (now OJK) to further regulate, among others, the maximum limit lending. Based on economic principles of balanced risk spread. BI (now OJK) through prudential regulation establishes a certain percentage of the bank's own capital as a limit of lending to a customer, a group of customers or to a bank "insider". As long as it is within the limits laid down the banks are free to give credit.

3. The arrangement shall not be applied discriminatively

Rules should be applied equally to all banks. Must not distinguish banks based on their ownership or size of the bank. The apparent exception to this principle is the difference in treatment between domestic banks and foreign banks or mixed banks. This is almost the case in all countries, although this is contrary to the principle of national treatment in General Agreement on Trade in Service. Based on the principle of national treatment, a country is required to provide services or foreign service suppliers of a no less favorable treatment than to a similar domestic service or service supplier

In relation to the regulatory banking arrangement, the Financial Services Authority has also issued the Financial Services Authority Regulation Number 42/POJK.03/2017 on the Obligation to Formulate and Implement Credit Policy or Financing of Bank for Commercial Banks. However, it is unfortunate that the Financial Services Authority Regulation No. 42 / POJK.03 / 2017 on the Obligation of the Implementation and Implementation of the Credit Policy or Financing of the Bank for Commercial Banks has not yet been concerned with the protection of environmental functions and the principles of environmental protection and management (Article 44 of Law Number: 32 Year 2009 on Environmental Protection and Management). In other words, the Regulation of the Financial Services Authority Number 42 / POJK.03 / 2017 concerning Obligation of Preparation and Implementation of Credit Policy or Financing of Bank for Commercial Banks is not yet a Regulation of Environmental Based Law as intended in Article 44 of Law Number: 32 of 2009 on the Protection and Management of the Environment.

As stated above, considering that banks are also obliged to maintain the preservation of environmental functions and control pollution and / or environmental damage by applying incentive and disincentive instruments as one of the environmental economic instruments, we expect banks to incorporate and apply incentive and disincentive instruments in credit or financing policies.

In the Policy of credit or financing of the Bank shall at least contain and regulate the principal matters as stipulated in the Banking Credit Policy or Financing Preparation Guidelines as follows:

1. the principle of prudence in credit or financing;

2. organization and management of credit or financing;
3. Credit or Financing approval policy;
4. Documentation and administration of Credit or Financing;
5. Credit or Financing supervision; and
6. Loan settlement or Non-performing financing

(Article 3 of the Regulation of the Financial Services Authority Number 42 / POJK.03 / 2017 on the Obligation of the Implementation and Implementation of Credit Policy or Financing of Banks for Commercial Banks).

If the Financial Services Authority (POJK) Regulation Number 51 / POJK.03 / 2017 concerning the Implementation of Sustainable Finance for Financial Services Institutions, Issuers and Public Companies is only directed to banks with the obligation to prepare a Sustainable Financial Action Plan, . 46 of 2017 on Environmental Economic Instruments shall be addressed only to the Central Government and the Regional Government.

In view of the Financial Services Authority (POJK) Regulation Number 51 / POJK.03 / 2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies and Government Regulation Number 46 Year 2017 on Environmental Economics Instruments not yet regulated on Implementation of Instruments Incentives and Disincentives to debtor customers in an environmentally sound credit policy, it is necessary to formulate a more focused and comprehensive legal arrangement.

Following the Memorandum of Understanding between the Financial Services Authority and the Ministry of the Environment on Enhancing the Role of Financial Services Institutions in the Protection and Management of the Environment through Sustainable Development of Financial Services, by 2014, the Financial Services Authority and the Ministry of the Environment (organs of the Central Government) 32 Government Regulation Number 46 of 2017 concerning Environmental Economic Instruments states that the Central Government shall apply the Incentives and / or Disincentives as referred to in Article 31 to Everyone for: a). carry out legal compliance; b). Implementation of reward and punishment mechanism; c). distribute environmental impacts and risks fairly; d). innovate; e). undertake activities in the field of environmental protection and management beyond the required; and f). applying sustainable consumption and production patterns) made a Joint Decree on the Application of Incentive and Disincentive Instruments in the Banking Sector, this is in line with the explanation of Edi Setijawan (Interview, dated March 8, 2018) stating that OJK is currently coordinating and collaborating with Ministry / Government Agencies related to the assessment of the provision of incentive and disincentive instruments.

In the Joint Decree (SKB) between the Financial Services Authority and the Ministry of Environment is specially regulated on the Application of Incentives and Disincentives Instruments in the Bank's Self Regulatory Banking Policy as mandated in Law Number 32 Year 2009 on Protection and Environmental Management and Government Regulation Number 46 Year 2017 on Environmental Economic Instruments.

Another alternative is the Financial Services Authority (OJK) to amend the Regulation of the Financial Services Authority Number 42 / POJK.03 / 2017 on the Obligation of the Implementation and Implementation of Credit Policy or Financing of Banks for Commercial Banks with emphasis on each bank applying the Incentive and Disincentive instruments in the provision of credit or financing to debtor customers in order to comply with prudential principles in credit or financing.

Meanwhile, the Ministry of Environment applies the provisions in Government Regulation Number 46 Year 2017 on Environmental Economic Instruments especially the application of incentive and disincentive instruments with the Regulation of the Minister of Environment.

In Government Regulation No. 46 of 2017 on Environmental Economic Instruments, it is determined that Environmental Economic Instruments as an Incentive to engage in activities that have a positive impact on natural resources and environmental functions in the form of:

- a. granting liabilities relief;
- b. providing ease and / or relaxation of implementation requirements;
- c. provision of facilities and / or assistance;
- d. giving encouragement and guidance;
- e. recognition and / or appreciation; and / or
- f. a positive performance notice to the public.

(Article 31 paragraph (2) of Government Regulation No. 46 of 2017 on Environmental Economic Instruments).

For example, granting liability to debtors in case of credit obligations is to avoid Credit Risk and Restructuring Credit.

Credit Risk shall be the risk due to the failure of the debtor and / or other party in fulfilling the obligation to the Bank (Article 1 point 3 of the Financial Services Authority Regulation Number: 11 / POJK.03 / 2015 on Prudential Provisions in the Framework of the National Economic Stimulus for the Bank General), while Credit Restructuring is an improvement effort performed by the Bank in lending activities against debtors experiencing difficulties to fulfill its obligations, which are, among others, through:

- a. decrease of Credit interest rate;
- b. extension of Credit term;
- c. reduction of interest arrears Credit;
- d. reduction of arrear arrears of Credit;
- e. additional Credit facility; and / or
- f. Credit conversion becomes temporary capital participation.

(Article 1 Sub-Article 4 of the Financial Services Authority (POJK) Regulation Number 11 / POJK.03 / 2015 concerning Prudential Provisions in the Framework of the National Economic Stimulus for Commercial Banks).

Provision of liability relief to the debtor's customers in the case of tax obligations, user charges, and environmental subsidies. The application of taxes, levies, and environmental subsidies is used to provide monetary impetus to implement activities that have a positive impact on natural resources and the environment (Article 38 paragraph (3) letter b Government Regulation No. 46 of 2017 on Environmental Economic Instruments).

Meanwhile, the Environmental Economic Instrument that serves as a Disincentive to reduce the activities that have negative impact on natural resources and environmental functions in the form of:

- a. additional liabilities;
- b. addition and / or tightening of implementation requirements; and / or
- c. negative performance notice to the public.

(Article 31 paragraph (3) of Government Regulation No. 46 of 2017 on Environmental Economic Instruments).

For example, adding liabilities to debtors' customers in terms of tax obligations, user charges, and environmental subsidies. The application of taxes, levies, and environmental subsidies is used to provide monetary burden to reduce activities that have negative impacts on natural resources and the environment (Article 38 paragraph (3) letter c Government Regulation No. 46 of 2017 on Environmental Economic Instruments).

The above incentives and / or disincentives instruments are implemented in accordance with the provisions of the law (Article 31 paragraph (4) of Government Regulation Number 46 Year 2017 on Environmental Economic Instruments). In addition, the application of incentive and disincentive instruments may use other Environmental Economic Instruments, namely Environmental Funding Instrument (Article 3 (b) and Article 20 s / d Article 30 of Government Regulation Number 46 Year 2017 on Environmental Economic Instruments) and false one of Incentive and Disincentive instruments namely the application of taxes, user charges and environmental subsidies Article 31 letter d of Government Regulation Number 46 Year 2017 on Environmental Economic Instruments).

The Central Government and the Regional Government shall apply Incentives and / or Disincentives to Everyone to:

- a. carry out legal compliance;
- b. the implementation of reward and punishment mechanism;
- c. distribute environmental impacts and risks fairly;
- d. innovate;
- e. undertake activities in the field of environmental protection and management beyond the required; and
- f. applying sustainable consumption and production patterns.

Observing the mandatory context for the Central Government and Regional Government as referred to in Article 42 paragraph (1) of Law Number 32 Year 2009 on Environmental Protection and Management, various economic instruments shall be developed and applied in accordance with the purpose of utilizing such economic instruments, environmental management in Indonesia is able to run effectively and efficiently, fulfill prudential principles, and actually lead to sustainability, see General Explanation (third paragraph) of Government Regulation Number 46 Year 2017 on Environmental Economic Instruments.

Application of Incentives and / or Disincentives Consider national priorities (Article 32 Paragraph (2) of Government Regulation Number 46 Year 2017 on Environmental Economic Instruments).

C. Factors that become obstacles in the Legal Arrangement of Incentive and Disincentive Instruments Application in the Policy of Banking Credit

Based on the observation of the researcher, the factors that become obstacles in the legal arrangement of incentive and disincentive instrument implementation are still not optimal the legal arrangement of the application of incentive and disincentive instruments to the banks. The Financial Services Authority (OJK) as authorized to regulate, supervise and protect for a sound financial industry, is currently issuing a Financial Services Authority (POJK) Regulation Number 51 / POJK.03 / 2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers , and Public Company.

The Financial Services Authority (POJK) Regulation Number 51 / POJK.03 / 2017 on the Implementation of Sustainable Finance for Financial Services Institutions, Issuers, and Public Companies is limited to appeal to banks in the implementation of sustainable finance. In

addition, with the issuance of Government Regulation Number 46 of 2017 on Environmental Economic Instruments, the government in this case the Ministry of the Environment has not issued a policy or regulation concerning the implementation guidelines of the application of such incentive and disincentive instruments.

The application of incentive and disincentive instruments required a Financial Service Authority (POJK) Regulation that instructs banks to apply Incentive and Disincentive instruments in their own banking regulatory banking policies to be performed by borrowers.

Another obstacle is the financial problem in the instrument as an incentive to engage in activities that have a positive impact on natural resources and environmental functions in the form of "liability relief". Whether the granting of liability relief should be a banking obligation or subsidized by the government.

To deal with financial problems in the granting of liabilities this obligation can actually use another Environmental Economic Instrument that is Environmental Funding. Article 20 up to Article 30 of Government Regulation Number 46 Year 2017 on Environmental Economic Instruments. Article 20 paragraph (2) states: "Environmental Funding Instrument as referred to in paragraph 91) may be a mechanism for the application of development planning instruments and economic activities and / or incentive and / or disincentive instruments". However, it is unfortunate that the implementation regulation on the management of Environmental Funding in the form of Presidential Regulation has not been issued yet.

Factors that become obstacles in the legal arrangement of the application of incentive and disincentive instruments are also inseparable from law enforcement in general. Factors affecting law enforcement according to Soerjono Soekanto are (Soerjono Soekanto, 2004):

1. Legal Factor

There are times when there is a conflict between legal certainty and justice, because the conception of justice is an abstract formulation, whereas legal certainty is a normatively determined procedure. Precisely, a policy or action that is not strictly law-based is justifiable as long as the policy or action is not contrary to law. So in essence the implementation of the law not only includes law enforcement, but also peace maintenance, because the implementation of the law is actually a process of harmony between the value of kaedah and the pattern of real behavior that aims to achieve peace.

2. Law Enforcement Factors

Legal functions, mentality or personality of law enforcement officials play an important role, if the rules are good, but the quality of the officers is not good, there is a problem. Therefore, one of the keys to success in law enforcement is the mentality or personality of law enforcement.

3. Factor Facilities or Support Facilities

Factor means or supporting facilities include software and hardware, one example of software is education. The education received by the Police today tends to be conventional, so that in many cases the police are facing obstacles in their objectives, such as knowledge of computer crimes, in special crimes which are still authorized by the prosecutor, technically juridical police considered not yet able and not ready. Although it is also realized that the task that must be carried by the police is so broad and many.

4. Community Factors

Law enforcers come from the community and aim to achieve peace within the community. Every citizen or group at least has legal awareness, the problem that arises is the level of legal compliance, namely high legal compliance, medium, or less. The existence of the degree of legal compliance of the people to the law, is one indicator of the functioning of the law concerned.

5. Cultural Factors

Based on the concept of everyday culture, people so often talk about culture. Culture has a huge function for people and society, that is, arranging for people to understand how to act, to do, and to determine their attitude when they relate to others. Culture, then, is a fundamental line of conduct that establishes rules about what to do, and what is forbidden.

Conclusion

1. The application of incentive and disincentive instruments shall be implemented as mandated in Law of the Republic of Indonesia Number 32 Year 2009 concerning Environmental Protection and Management and Government Regulation No. 46 Year 2017 on Environmental Economic Instruments.
2. The application of incentive and disincentive instruments in the banking sector is implemented in the framework of developing an environmentally friendly banking system. The development of an environmentally friendly banking system is to include incentive and disincentive instruments in banking credit policy and implemented in credit agreements from individual debtors.
3. Factors which become obstacles in the legal arrangement of incentive and disincentive instrument implementation to debtor's customers in the policy of providing environmentally sound banking credit, consist of internal and external factors. Internal factor is the lack of readiness of banking circles to implement incentive and disincentive instruments. While the external factor is the awareness of public law in realizing the importance of maintaining the function of the environment.

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