

## IB in Indonesia: Review and Future Research

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### ABSTRACT

This paper was intended to discuss the future of IB (IB) in Indonesia. IB in Indonesia has been introduced in 1992 marked by the establishment of "Bank Muamalat" (Muamalat bank). Still and all, IB and its products growth were not significant. This paper was a study based on previous studies and data published by Central Bank. This paper was organized into four sections. Started with introduction, following IB concepts, IB products and future in Indonesia, and closed by conclusion and future researches.

**Key words-** IB, Shariah, Indonesia.

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### INTRODUCTION:

Islamic economics differs from the conventional in terms of worldview and philosophy. Islamic economics neither eliminates private property as practiced in communism, nor allows individuals to completely serve their self-interest as practiced in capitalism (Chapra, 2010). It supports and encourages human brotherhood and socio-economic justice by integrating moral values, market mechanism, consideration for family and the society and good governance (Chapra, 2010). As components of any economic system, the financial system and accounting should be based on Islam law.

The Islamic principles which govern the operation of Islamic Banking are known as Shariah principles. Islamic Banking (IB) is prohibited from taking and offering interest (riba). IB promotes profit sharing. Islamic law also prohibits gharar, which can be interpreted to mean "contractual uncertainty and/or ambiguity," and maisir, which is gambling. In Islam, money is a medium of exchange. It has no value in itself and should not be allowed to give rise to more money via interest payment.

Shariah has been point of interest of research scholars as well as practitioners not only in Moslem country but also in non-Moslem countries. It is rooted from the evidence that Moslems around the

world are increasingly becoming inspired by the principles of Islam. Islamic law must be referred to. Then Shariah was implemented on almost all aspect of economics activities. The most well-known Shariah implementation is IB. IB in Indonesia has been introduced in 1992 marked by the establishment of "Bank Muamalat" (Muamalat bank).

The attention of scholars on implementation of Islamic rule and law can be also pointed out from scientific side. We can find easily few journals dedicated to publish scholar articles in Islamic economic and management terms such as Journal of Islamic Marketing, International Journal of Islamic and Middle Eastern Finance and Management, and Journal of Islamic Accounting and Business Research by Emerald.

Still and all the growth of shariah implementation on varies economy activities are slow. Just like Islamic law, which has been existed for more than 1,400 years, but its implementation have been subjected to the willingness of the rulers in the passage of history and civilization. The objective of this paper was to discuss the IB concepts, IB products in Indonesia, and IB in future.

## **IB CONCEPTS**

Financial Institutions based on Islamic laws has been introduced near around 1970s. IB is a form of modern banking based on Islamic legal concepts, using risk-sharing as its main method, and excluding financing based on a fixed, pre-determined return (Schaik, 2001). The main purpose of Islamic economics is to help prevent Muslims from assimilating into the emerging global culture whose core elements have a Western pedigree. The moral discourse of Islamic economics, including the prohibitions against interest and mandates of alms-giving in zakat, place Muslim economic values of communitarianism and generosity at odds with the West (Kuran, 1996). The Islamic principles which govern the operation of IB are known as Shariah principles. IB is prohibited from taking and offering interest (*riba*). IB promote profit sharing.

Islamic law also prohibits gharar, which can be interpreted to mean "contractual uncertainty and/or ambiguity," and maisir, which is gambling. In Islam, money is a medium of exchange. It has no value in itself and should not be allowed to give rise to more money via interest payment. Islam upholds contractual obligations and the disclosure of information as a sacred duty. The Islamic principles which govern the operation of Islamic Banking are known as Shariah principles.

The main purpose of IB System is to reshape financial services and products in the mold of Islamic principles so that to accomplish with the requirements and demands of consumers,

especially the ones (primary customers) who seriously consider the religious restrictions. Thus, the prohibition of *riba* in Islamic finance is the main element that distinguishes it from conventional finance.

By classical jurisprudential standards, participating in interest-based transactions is considered a major sin, largely because such arrangements are believed to take advantage of the poor and promote inflation (Ahmad, 2013; Dusuki, 2008; El-Gamal, 2000, 2006; Saedd, 1996; Tobin, 2009). The second value that Islamic financial instruments uphold is a mandatory payment of zakat, or alms-giving, which amounts to 2.5% of accumulated wealth. This serves as a taxation-type mechanism for the redistribution of wealth (Kuran, 2003). IBs may offer a service of zakat calculation and payment on a customer's behalf, and IBs' payments of zakat are typically noted in annual reports and public reporting. Beyond these two mandates, there are a plethora of values and mechanisms for implementation that are referenced in banking and financial instruments as "Islamic" and interpreted and derived from Sharia (Kuran, 1996).

The fact that under Islamic law on transactions there are various types of contracts, from contract of sales and purchases, contract of usufructs such as leasing, contract of sharecropping, partnerships and equity participation, and IB establishments, emerged significantly in the last three decades, are permitted to adopt all these contract types, then it is logical to classify IBs into a universal banking institutions.

According to Ghafar and Tohirin (2010), there are two general financial instruments that could be applied in finance, i.e. investment and means of payment. Investment in the form of mudharabah is considered as a special form of partnership (*musharakah*) that has been deployed by modern Islamic financial institutions to provide fund management services. In line with the Islamic principles of risk sharing and profit sharing, it is characterized by one party (*rabb al-mal*) entrusting his money to another party (*mudharib*) who is akin to a fund manager and who contributes to the arrangement by providing the necessary experience and management expertise. The *mudharib* will utilize the money in an agreed manner, and will subsequently return the principal and a share of the profit to the *rabb al-mal*, retaining a pre-agreed share of the profit. Mudharabah may be entered into for a single investment or on a continuing basis with the IBs acting as a fiduciary. Mudharabah investments may be made for fixed terms and arranged through negotiable instruments (called investment deposit certificates or Mudharabah certificates) and in such situations may have characteristics akin to shares.

The existence of mudharabah deposits, along with mudharabah and musharakah financings, under IB system exposes very different character from that in interest-based deposits. This difference actually has important implication into the financial system, in the sense that it drives the system to be more stable due to a balance between asset and liability sides of the system. In addition, mudharabah deposits in fact may be treated as “equity capital” similar to shareholders funds. Based on these reasoning, it is therefore important to consider specific institutional protection mechanism for mudharabah depositors, especially if the system allows IBs to co-exist side by side with conventional banks.

The profit-and-loss sharing arrangement of IB operates under the following rules (Ghafar and Tohirin, 2010):

- The IB receives funds from the public on the basis of unrestricted mudharabah.
- The IB has the right to aggregate and pool the profit from different investments, and share the net profit (after deducting administrative costs, capital depreciation, and Islamic tax) with depositors according to a specified formula.
- The IB applies the restricted form of mudharabah when funds are provided to entrepreneurs.
- The IB cannot require any guarantee such as security and collateral from the entrepreneur in order to insure its capital against the possibility of an eventual loss.
- The liability of the financier is limited to the capital provided. On the other hand, the liability of the entrepreneur is also restricted, but in this case solely to labour and effort employed. Nevertheless, if negligence or mismanagement can be proven, the entrepreneur may be liable for the financial loss and be obliged to remunerate financier accordingly.
- The entrepreneur shares the profit with IB according to previously agreed division. Until the investment yields a profit, the IB is able to pay a salary to the entrepreneur based on the ruling market salary.

In current practice, IBs employ more on non-profit and loss sharing contracts of financing through murabahah and bay' bithaman 'ajil (BBA) which resemble trade financing. However application of these contracts also create problems such as shari'ah compliance fulfilment, some said that they considered as opening the back door to riba (Siddiqie, 2006), due to the imperfect

mechanism in implementing them. The fact that under murabahah/BBA financing, the client can directly deal with the bank to get financing, i.e. the money, for purchasing purposes is a sign that shari'ah compliance is not fully satisfied and many quarters consider this practice similar to the conventional interest-based system. The bank under murabahah financing plays a role of seller, after buying the needed good/commodity from the supplier, however the bank actually does not play as a true seller due to the certainty that the good it bought will always be sold. The bank can be considered as only playing a "quasy" seller, due to the lack of risk of unsold goods, as it is common to traders. This line of explanation leads to imply that a true trade financing needs to be redressed to follow the shari'ah-based instructions, and the implication will also touch upon the appropriate institutional framework for IB establishment.

### **IB PRODUCTS IN INDONESIA**

IB in Indonesia is marked by the establishment of Bank Muamalat Indonesia in 1992 (Muamalat bank). Bank Muamalat Indonesia remained the only Islamic commercial bank until 1997. Since then IB is expanded, as shown on Table 1. IB in Indonesia is differentiated into Islamic commercial bank (Bank Umum Syariah – BUS), Islamic Banking Unit (Unit Usaha Syariah-UUS), and Islamic Rural Bank (Bank Perkreditan Rakyat Syariah-BPRS). BUS is a dedicated commercial bank with shariah implementation on its operational. UUS is a business unit of conventional bank. The table shows the slow growth of number of BUS although its offices were increased year by year. But it should be alarming. Number of offices is decreased in 2015 compared to 2014, for BUS, UUS, and BPRS. Moreover, number of Islamic rural banks is decreased also in 2015, became 161 banks from 163 banks previous year.

**TABLE 1**  
 IB network in Indonesia

Year (average)	Islamic commercial bank (BUS)		Islamic business unit (UUS)		Islamic Rural Bank (BPRS)	
	No. of banks	No. of offices	No. of conventional bank that has UUS	No. of offices	No. of bank	No. of offices
2006	3	346	20	162	105	-*
2007	3	383	25	170	114	-*
2008	5	581	27	201	131	-*
2009	6	711	25	287	130	225
2010	11	1215	23	262	150	286
2011	11	1401	24	336	155	364
2012	11	1745	24	517	158	401
2013	11	1998	23	590	163	402
2014	12	2151	22	320	163	439
2015	12	2121	22	327	161	433

Source: Otoritas Jasa Keuangan (<http://www.bi.go.id/id/statistik/perbankan/syariah/Default.aspx>)

\*: data is not available

IB products known as iB. This iB brand is used as markers to easily recognize IB products. iB brand was inaugurated July 2, 2007. The main products and services of IB are divided into 5 categories (shown on Table 2) that comprise of iB giro, iB saving, iB deposit, iB services, and iB financing. iB Giro is offered in rupiah and US dollar, using financial schemes deposited. There are five (5) types of iB savings products, namely iB savings, Hajj savings / iB Umrah, iB education savings, iB savings plan, and iB gathering savings. The first two are flexible savings products, namely deposit or capital equity. The last three types of savings using equity finance scheme.

**TABLE 2**  
 IB Products

<b>Product name</b>	<b>Scheme</b>
<b>1. Giro</b>	deposited
<b>2. iB saving</b>	
• iB saving	Flexible: Deposited/capital equity
• iB haji/umrah	Flexible: Deposited/capital equity
• iB education	Finance equity
• iB plan	Finance equity
• iB arisan*	Finance equity
<b>3. iB deposit</b>	
• iB deposit in rupiah	Finance equity
• iB deposit special investment	Finance equity
<b>4. iB services</b>	
• iB bank guarantee	underwriting
• iB syariah card	underwriting, lending money, representatives
• iB money exchange	Exchange 2 different currency
• iB money sending	representatives
• iB bancassurance	Representatives with fees
• iB L/C export	Representatives with fees, trade, guarantee
• iB L/C import	Representatives with fees, guarantee
• iB gold pawn	Money loans and leases
<b>5. iB financing</b>	
• iB multi-service financing	Rent
• iB KPR	Flexible: trade with margin, trade with commission, leasing
• iB KPM	Flexible: trade with margin, leasing, rent
• iB credit card	Underwriting, lending money, rent, and representation
• iB revolving fund	Partnership
• iB financing for middle and corporate companies	Flexible: partnership/equity
• iB financing for small and micro companies	Flexible: partnership/equity
• iB financing of current account	Partnership
• iB syndicated financing	Partnership
• iB working capital financing	Flexible: partnership/equity
• iB equipment lease financing	Leasing
• iB financing to the agricultural sector	Sales and purchase orders in parallel
• iB financing bailouts.	Loan fund

There are two (2) types of iB deposits, ie iB deposits in rupiah and US dollar. Financial scheme applied to this product is finance equity. The second type of deposit is a "deposit investment special iB" with financial schemes capital for certain projects based on the desire of customers/investors. The next product is iB service. There are seven (7) types of iB services, which comprise of iB bank guarantee, iB syariah card, iB currency exchange, iB services to send money in rupiah and foreign exchange, iB bancassurance, iB L/C exports, iB L/C imports and gold pawn. Financial schemes for all types of products iB is underwriting services, lending money, representatives, and lease.

Final product is financing. The first type of financing product is iB multi-service financing (iB KTA) for education, marriage, and health, using lease finance scheme. The second type is iB home ownership financing (iB KPR) with flexible financial schemes. Flexible in terms that it is possible re-sale with margin, sales and purchase orders, or hire purchase. The third type of financing is iB car ownership (iB KPM). Financial schemes used in this type is flexible, which can be a sale with a margin, leasing, and lease.

iB Credit cards is a fourth type of financing. Financial schemes used are underwriting, lending money, rent, and representation. iB revolving fund with partnership finance scheme is another type of financing. Other products of financing are iB financing for medium and corporate, iB financing for small and micro, iB financing of current account, iB syndicated financing, iB working capital financing, iB equipment lease financing, iB financing to the agricultural sector, and iB financing bailouts. Financial schemes which applied successively is flexible (partnership or equity), flexible (partnership or equity), partnerships, partnerships, flexible (partnership or equity), leasing, sales and purchase orders in parallel, and loan fund.

## **FUTURE OF IB IN INDONESIA**

The growth of Islamic services showed a sharp increase from 2010 to 2011. Asset BUS and UUS in October 2010 amounted to 85.85 trillion rupiah. These assets had increased to 127.19 trillion rupiah as of October 2011. The third-party funds (DPK) on the BUS and UUS October of 2010 was amounted to 66.48 trillion rupiah and rising to 101.57 in October 2011. The distribution of funds on BUS and UUS by 83, 81 trillion in October 2010 and increased to 122.73 trillion rupiah in... Based on data from October 2013 Asset BUS and UUS increased to 235.1 trillion. The rapid development of IB is the result from government strategies through The Blueprint of Islamic



Banking Development in Indonesia, released by central bank (BI) in year 2002. The blueprint defined phases in developing Islamic banking in Indonesia and its parameter of success.

The government earnestness in the development of IB is also demonstrated by the issuance of Law No. 21 year 2008. Government set up various aspects in order to preserve IB management. Various aspects that are regulated on the law are:

- IB licensing, form of legal entity, statues, and ownership
- Type and business activities, fitness distribution of funds, and prohibition for BUS and UUS.
- Controlling shareholders, board of commissioners, Sharia supervisory board, director, and foreigner man power.
- Governance, prudential principle and risk management of IB
- Confidential information.
- Coaching and supervision.
- Dispute settlement
- Administrative sanction
- Criminal provision

IB market development efforts undertaken by the Bank Indonesia and practioners who are members of the IB Campaign is able to increase the market share of IB to 4.8% by October 2013. The number of accounts reached 12.3 million accounts or 9.2% of total of national banking account. From the point of view of number of branch network, it is reached 2,526 office or 14.1% of total national office network.

Despite the development of IB in Indonesia was pretty good, especially since 2011, but based on general banking capacity and number of customers in Indonesia, IB customer numbers were still low. Asset of BUS and UUS per October 2013 reached 235.1 trillion, while the total assets of the banking public by October 2013 was 4897.92 trillion rupiah. It showed that the market share of IB is only 4.8% of the general banking share. We should be aware of the evidence happened in

UK, that customers are highly unaware of IB. Only few customers choose IB and their reason only due to religious association (Omer, 1992).

In order to boost the growth of IB in Indonesia, some experiences from other countries might be helpful. There is a high degree of diversity in the localized understandings of a moral and Islamic economic life (El-Gamal, 2006; Hassan, 2008; Hirschkind, 2006; Mahmood, 2005; Starrett, 1995) which is underpinned by a neoliberal ethic of personal choice and individualized authority, in what can be referred to as neoliberal piety (Tobin, 2014; Atia, 2012; Gökarıksel, 2009). The insertion of the term “Islamic” in banking and finance methodologies is simply not enough to successfully convince the public of the moral merits. Tobin (2014) demonstrated that there are three modes for evaluating “Islamicness” in choosing IB. These modes are neoliberal ethical amplification of the individual, individual “choice,” and moral claims to authority on the part of individuals in IB may ultimately serve to unseat dichotomous framings of morality’s presence or absence as “Islamic” or “not Islamic” and “good” and “bad.”

There exist a variety of efforts by a diverse set of cultural players to construct a public perception of Islamicness in Islamic economics and banking and finance. Such efforts are widely divergent and invite a range of reactions. Although some remain convinced that the Sharia guidelines for such an effort are simple and irrefutable, it demonstrates that even pious Muslims do not operate within a single ethical mindset. Rather, they often invoke a sense of affect, balance and prioritize different interests, reference concerns of a less exhaustively Islamic sort such as availability of ATM services when making judgments, and consider higher level reasoning (Tobin, 2014).

IBs provide services that are strikingly similar to conventional banks and are evaluated according to those means and ends. Customers reveal that their satisfaction with the bank has less to do with explicitly Islamic ideas than with the same kind of measures that make any banking experience a good one, such as retail services and management. In fact, for an IB experience to be deemed sufficiently Islamic, retail services and management must excel. In this logic, good banking is IB (Tobin, 2009).

Beyond this, informants referenced gendered elements and judgments by Islamic scholars and authorities, as well as the pervasive rebuttals of such rulings as influencing their understandings of the bank’s Islamicness. How the bank looks and feels to the consumer of IB in affective judgments and the considerations for gendered experiences need to play a primary role in how

banks carry the banner of “Islam” and in the ways Islamic scholars address the question (Tobin, 2014).

Ultimately, the great diffusion of variables IB customers use to assess their satisfaction indicates that IB in Amman is subject to evaluation and critique for a wide set of values, only a few of which are tied to anything morally and explicitly “Islamic.” This reality renders IBs subject to evaluation for their effectiveness both as banks and as carriers of Islam. The lack of consensus and extensive critiques of IB by its customers and by conventional bank customers reflects a wider cynicism about the agenda of Islamic economics in Jordan and the difficulties for the penetration of Islamized ideals and practices in economic practices (Tobin 2014).

## **CONCLUSION AND FUTURE RESEARCH**

Given Indonesia as the country with the largest Muslim adherents, the slow development of IB is interesting to study. Not much research done in reviewing this matter. Noversyah and Siringoringo (2014) in his research concluded that the management of IB in an effort to attract customers as much as possible need to pay attention to strategy formation of positive public perception towards IBs. Management also needs to pay attention to the formation of positive attitude of society towards IBs. There is a high degree of diversity in the localized understandings of a moral and Islamic economic life (El-Gamal, 2006; Hassan, 2008; Hirschkind, 2006; Mahmood, 2005; Starrett, 1995) which is underpinned by a neoliberal ethic of personal choice and individualized authority, in what can be referred to as neoliberal piety (Tobin, 2014; Atia, 2012; Gökarıksel, 2009). It leads us to formulate further research on perception of “Islamicness” of IB business.

In the theory of reasoned behavior, the end of the model is the actual behavior. Research conducted by Noversyah and Siringoringo (2014) was not up to the actual behavior of society. Thus with advanced research needed to answer to the actual behavior. In the study also will be assessed in shaping perceptions and positive strategy towards IB. Of the few things that can support the growth of IB, one of which is socialization IB & echoed economic movement sharia (GRES) nationally that have an impact on the sectoral synergies and the rise of Islamic financial transactions.

As a patron, Indonesia may learn based on many studies performed to determine factors considered by customer in choosing IB in other countries. In Jordan, there are few evidence

related to IB. In one side, it was revealed that reputation, confidentiality and efficient services are factors considered in choosing IB, not religion (Erol and El-Bdour, 1989; Erol, Kaynak and El-Bdour, 1990). In another side, Naser et al. (1999) showed that factors influencing clients to select IBs are religious reasons, bank reputations, competitiveness and of course the profit. Conclusion can be drawn from this study is that consumer select an IB because of both the religious factor and economic factors. In UK case, Omer (1992) stated that customers are highly unaware of IB. Only few customers choose IB and their reason only due to religious association.

Haron, Ahmad, and Planiseck (1994) analyzed the three most basic factors for bank selections are efficiency, speed and friendliness as well as behavior of customer but they also found that 40% of respondents choose IB because of Islam factor. Hegazy (1995) found in Egypt that customers on the basis of religion and Islamic laws use IB services but still they compare the services and products of both bank and then made a final decision of selecting a bank. Gerrard and Cunningham (1997) indicated through the result of their study that in Singapore clients are conscious and ready to compromise and go on for Shariah abidance. Metawa and Almosawi (1998) focus on the customer approach while selecting a bank and finally concluded that Shariah principles are the primary factor.

In Malaysia various evidence showed in affecting customer to choose IB. Dusuki and Abdullah (2007) found that bank employee along with religion factor are important factor which attract customer while making decision of selecting bank. The influence of employee is in terms of efficiency and effectiveness in transaction handling, knowledge and experienced bank personnel and staff friendliness. Ahmad, Rahman, Ali, and Semen (2006) concluded that the senior management must keep the factors under consideration which influence the customer decision for choosing IBs like mass media services, external influence, convenience and Islamism of products. Due to of religious exposure, a person tend to be more religious which attract towards Islamic financing. Such groups of customer who are more religious are expected customer and there is a need to describe Islamic products in detail to such group. Hamid and Nordin (2001) found that many customer are well aware and having knowledge related to IB but still there are some customer who don't know of it so they can't be able to distinguish between Islamic and conventional banking as well as they are not conscious about the method of banking either it is conventional or Islamic. However, religion was found as the main determinant in choosing IB (Ahmad and Haroon, 2002; Osman et al, 2009; Ahmad, Rahman, Ali, and Seman, 2008; Alam, Mohd, and Hisham, 2011). Aminand Isa (2008) found that awareness of Islamic product and

services are highly compared between Muslim and non-Muslim customer. The majority of IB customers are satisfied with the service quality in all aspect. Ahmad et al. (2008) found that Muslim only select IBs due to the fact that is what religion said and required. Tan (2009) analyzed that services play important role in customer satisfaction. She explored that customer are more satisfied with the speed of transaction along with accessible location, fast services, parking facilities and reception gets at bank rather than customer is less satisfied with the bank size and mass media advertising in Malaysia Islamic bank criteria.

Bley and Kuehn (2004) concluded that in United Arab Emirates the preference of selecting IBs is motivated by religious values not by financial knowledge. More the customer has religious association the larger the preference of selecting IBs.

Gait and Worthington (2008) examined that the factors which are important for choosing the IB are service quality, bank reputation, religious and pricing aspects. Among the consumer the idea of IB is new and they having less knowledge about Islamic finance, IBs must develop innovative and strong marketing program so that customer should aware about new Islamic products and services.

Al-Ajmi, Hussain, and AL-Saleh (2009) study depicted in Bahrain that customer select IB not only on the basis of Islamic values but there are also other factors which influence their decision like economic factors which compasses services and costs, influence of family and friends, conveniences factors like parking facility, accessibility to ATM, location of branches, image of bank like social responsibility, financial strength and risk etc. In order to enhance the customer IB operation must generate profitability as the competition is with conventional banking but IB should keep in their mind Islamic values and Shariah principles. It creates a challenge for IB to satisfy the customers who are already satisfied with conventional banking products and services, with their products which are entirely new and lacks standardization which consequently enhances cost of transaction. Marimuthu (2010) examined that along with the religious values and belief there are many factors include in selecting IB such as ATM, service quality, and family influence. In such aspect customer should have knowledge and awareness as well as banks should take the responsibility to describe different feature that IBs offer. Mosahab (2010) researched in Iran and found that customer association with the bank leads to customer satisfaction in long run. If customer expectation related to quality services and products are meet it consequently create customer satisfaction.

In Bangladesh, satisfaction is a major factor in choosing IB (Mirr, 2011). Customer satisfaction is associated with several factors such as bank image, attitude of banking staff with customer, low banking service charges, location, etc. Documentary prove, friendly environment of bank, minimum time taking for executing any function also help in building customer satisfaction. Bank staff must communicate in understandable and easy way with customers which enhance customer satisfaction.

Idris et al. (2011) analyzed that religious thinking that customer have in their mind regarding selection of IBs are interest free transaction, conformation of Shariah laws, social contribution in form of zakat, transparency and honesty but IBs not only take favor from religious aspect of customer but also provide quality products and services.

In some countries, this effort led to political transitions, and some Islamists have been more concerned with enforcing strict religious norms. The effort to instill the values of Islamic ethics is important to improve the efficiency and quality of an organization. In fact, this approach must be emphasized, as moral and ethical crises are escalating at an alarming rate in developed and developing nations (Darwish, 2011).

General implication based on above mentioned evidence in many countries related to IB customers in order to maintain market positioning, IB should provide quality service that increase satisfaction of customer which consequently lead to customer retention. Depending only on Islamic image is not enough. Management should aware of give quality products and services as offered on conventional bank. Bankers must develop strong marketing programs to attract large number of customers and specific strategy to meet the customer needs. IB while developing a new product and services based on Sharia principles must give awareness to customer about its product and services in order to compete in the long run with conventional banking.

In line with that Religion is not a fad that can be dismissed by the marketer as a short-term change, but rather it is a long-term phenomenon (Fam, Waller, and Zafer Erdogan, 2004). It means it is necessary to relate of general consumer behavior value with religion. According to Khraim (2010) Religion and its associated practices often plays a pivotal role in influencing many of the important life transitions that people experience, in values that come to be important to them, in shaping public opinion on social issues, in what is allowed and forbidden for consumption, and in many other aspects that pertain to everyday life.

Future research formulated based on those evidence:

1. To measure the religiosity of Indonesian citizen. Some references to be based for this purpose such as (Albehairi and Demerdash, 1988; Genia, 1993; Ali, 1988; Albelaikhi, 1988).
2. To develop marketing strategy for IB by relating religiosity with general consumer behavior.

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