

Non-Muslim Customers' Perceptions on Sharia Banking Services: Evidence from Bank Muamalat Indonesia

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ABSTRACT

This research aims to find out and explore the implications of sharia banking service quality in increasing loyalty among non-Muslim customers by taking a sample of non-Muslim customers at Bank Muamalat Indonesia Makassar Branch. This type of research uses qualitative research that is explanatory in nature. Primary data was obtained from observations and interviews with 8 (eight) respondents consisting of 6 non-Muslim customers and 2 employees. The research results concluded that non-Muslim customers' perceptions of banking services at Bank Muamalat were quite good. They consider Bank Muamalat to provide services that are fast response, informative and have a sense of empathy. Bank Muamalat provides the same service standards to all customers, both Muslim and non-Muslim. The mobile banking facilities owned by Bank Muamalat provide many conveniences to customers so that the informants assess that the service facilities owned by Bank Muamalat can compete with conventional banks in Indonesia.

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1. INTRODUCTION

Historically, the basic idea for the establishment of sharia banking originated from the interest system applied in the conventional banking system. The interest system is considered to be part of usury which is contrary to the principles of sharia contained in the Koran and the Hadith of the Prophet [1]. Because of this, Muslim economic experts then gathered to look for ideas on the problems of conventional banking and create a banking system that did not conflict with the basic principles of Islam, so that sharia banking was born in Indonesia. Of course, this is good news for the Indonesian people who

are waiting for answers regarding the halalness of their financial transactions [2].

Even though Indonesia is the majority country with the largest Muslim population in the world, sharia banking players have long been aware that in order to further promote the sharia banking system, sharia banking must not only be distributed among Muslim communities, but must also reach non-Muslim levels of society, because it is actually a sharia banking system. is a banking system that can be used by all people regardless of religion, race or other things. In the Indonesian context, non-Muslim communities are very important to think

about, considering that non-Muslim communities in Indonesia are not only quite significant in number, but also have large economic potential. This is also a reflection of

several regions in Indonesia, where non-Muslim communities are the majority population in these areas [3].

Table 1. Bank Muamalat Indonesia Customer Account Number (NOA) [4]

Year	NOA Funding	NOA Financing	Total	NOA Non-Muslim
2019	1,189,361	23,420	1,212,781	181,917
2020	1,321,512	26,022	1,347,534	202.130
2021	1,468,347	28,913	1,497,260	224,589

Source: BMI Financial Report, 2022

Bank Muamalat Indonesia is a banking institution that was the first to fully adopt the sharia system in Indonesia. The establishment of Bank Muamalat was initiated by the Indonesian Ulema Council (MUI), the Association of Indonesian Muslim Scholars (ICMI), and Muslim entrepreneurs who then received support from the government of the Republic of Indonesia. The establishment of Bank Muamalat Indonesia was a response to public unrest over the absence of economic institutions that were based on the beliefs and teachings of the Islamic religion at that time [5].

Bank Muamalat Indonesia implements various policies and strategies in its efforts to expand its company's market share. Bank Muamalat Indonesia has launched various policies and strategies to attract potential customers. These policies and strategies include innovating new products and services that are sold to existing and new customers. The policies and strategies taken have proven to boost and improve company performance. This can be seen from the growing number of customers making transactions at Bank Muamalat Indonesia, both saving customers and financing customers. In fact, it was also recorded that there was an increase in non-Muslim customers at Bank Muamalat Indonesia on a consolidated basis.

Since 2019, there has been an increase in the number of customers, both in terms of savings and financing customers, on average every year (See table 1). Even though it is dominated by saving customers, Bank Muamalat Indonesia's operating income

structure generally comes from financing customers, followed by other operational income (fee based-income). On a consolidated basis, there is an increase in the number of non-Muslim customers making transactions at Bank Muamalat Indonesia, indicating that little by little Bank Muamalat's market share is starting to expand to the non-Muslim market.

Bank Muamalat Indonesia Makassar Branch as part of Bank Muamalat Indonesia also realizes how important the role of non-Muslim communities is in efforts to move the wheels of the Indonesian economy and banking, especially sharia banking. Bank Muamalat Indonesia Makassar Branch believes that one of the efforts to increase the market share of sharia banking is to make non-Muslim communities participate directly in the world of sharia banking, both in terms of funding and financing, considering the market share of non-Muslim communities who transact. in sharia banks has not become the main focus of sharia banking services in general.

It is recorded that every year there is a growth in customers at Bank Muamalat Indonesia Makassar Branch, both saving customers (funding) and financing customers (financing), although in 2021 there will be a reduction in the number of financing customers by around 2% of the total financing customers in 2020 (see table 2). This is closely related to the increasingly selective financing customers approved by banks due to the impact of the COVID-19 pandemic. Even so, the role of non-Muslim customers in making an active contribution to the financial

performance of Bank Muamalat Indonesia Makassar Branch needs to be appreciated.

Table 2. Number of Active Customers of BMI Makassar Branch 2019-2021 [6]

Year	NOA Funding (Person)	NOA Financing (Person)	Total NOA Number (Person)	NOA Funding Non-Muslims (Person)	NOA Financing Non-Muslims (Person)	Number of Non-Muslim NOA (People)
2019	86.129	929	87,058	104	47	151
2020	95,699	1,032	96,731	116	52	168
2021	106.332	1,007	107,339	129	50	179

Source: BMI Financial Report, 2022

In general, the total number of non-Muslim customers of Bank Muamalat Indonesia Makassar Branch has not yet reached a total of 1% of the total number of customers of Bank Muamalat Indonesia Makassar Branch (see table 2). However, every year the total number of funding and financing customers shows a positive growth

trend. This can be interpreted as meaning that existing non-Muslim customers of Bank Muamalat Indonesia Makassar Branch indirectly participate in promoting Bank Muamalat Indonesia Makassar Branch to family, relatives or other people who are also non-Muslim.

Table 3. Data on Funding and Financing of Non-Muslim Customers of BMI Makassar Branch [6]

Year	Total Funding (Billions)	Total Financing (Billions)	Funding Non-Muslims (Billion)	Financing Non-Muslims (Billion)
2019	636.7	188.5	81.5	34.5
2020	779.1	180.9	117.6	25.9
2021	921.5	173.3	160.3	21.8

Source: BMI Makassar Branch Financial Report, 2022

Even though the number of customers has not yet reached 1% of the total number of customers that Bank Muamalat Indonesia Makassar Branch has, non-Muslim customers take a significant position in contributing to the total amount of funding and financing on the financial balance of Bank Muamalat Indonesia Makassar Branch (See table 3). Apart from that, the total number of non-Muslim customers of Bank Muamalat Indonesia Makassar Branch can also be interpreted as a representation of the active non-Muslim community who have been selected naturally or strictly. Through the track record and services of Bank Muamalat Indonesia Makassar Branch in terms of funding and financing serving non-Muslim customers and prospective customers, non-Muslim communities are starting to increasingly look at sharia banks and make them an anchor for financial transactions.

Based on the description above, this research aims to find out and explore the implications of sharia banking service quality in increasing loyalty among non-Muslim customers by taking a sample of non-Muslim customers at Bank Muamalat Indonesia Makassar Branch.

2. LITERATURE REVIEW

2.1 Service Quality

Service quality can be divided into two criteria, namely good service quality and poor service quality. This service quality is not something permanent or standard. Even though each product or service provider has service operational standards that serve as guidelines for company or shop personnel in serving consumers, this service quality is flexible and can be changed

so that the service quality is even better. Judging from this, service is a matter or way of serving, where service quality is an effort to fulfill consumer needs and desires and the accuracy of delivery in keeping with consumer expectations [7]. Apart from that, service quality is all forms of activities carried out by the company to meet consumer expectations [8]. Service quality is also a benchmark for companies that strive to provide the best quality to consumers continuously based on methods, procedures, systems and what the company produces [9].

2.2 *Customer Loyalty*

Customer loyalty is a customer or consumer's deep commitment to re-subscribe or repurchase selected products and/or services consistently in the future, even though situational influences and marketing efforts have the potential to cause changes in behavior [10]. Loyalty can also be interpreted as a positive attitude of a customer or consumer towards a product or service, where the customer or consumer has the desire to repurchase the same product/service now or in the future. In addition, customer or consumer loyalty reflects the consumer's psychological commitment to certain goods and/or services which is accompanied by the behavior of repurchasing the same product or service repeatedly [11].

2.3 *Non-Muslim Customers*

In classical Islamic jurisprudence terminology, non-Muslims are called dhimmis, which is defined as independent non-Muslims living in an Islamic state who have the right to receive protection and security. Dhimmi or non-Muslim people are required to pay taxes and cannot be fought by Muslims. Dhimmi people who pay taxes are allowed to practice their religion, receive communal autonomy, must

be protected by Muslims in the event of attacks from outside, are exempt from military service, and are exempt from paying zakat and other taxes imposed on Muslims [12].

2.4 *Perception*

McDaniel (2001) defines perception as the process by which we choose, arrange, and interpret stimuli to create an emotionally charged picture [13]. The process by which we choose, arrange, and interpret incoming data to generate a meaningful image of the world is called perception [14]. Individuals' inner selves, feelings, experiences, and thoughts all have an impact on how they perceive the world [15]. After considering the various definitions offered by experts, it can be deduced that perception is the process by which an individual gathers information through their senses and then interprets it based on their cognitive processes. The creation of perception begins with the discovery that something can be seen, heard, felt, touched, and accepted. Next, the information is chosen, arranged, and interpreted to create a meaningful image. People's attitudes and prior experiences have an impact on the occurrence of these observations [16].

2.5 *Customer Satisfaction*

Oliver (1997) defined customer satisfaction as a satisfying degree of fulfillment associated with consumption [17]. According to Yi (1990), customer satisfaction is typically seen as an attitude-like assessment made after several transactions or interactions between the consumer and the product [18]. According to Oliver (1980), it is recognized as the client's emotional response to the apparent discrepancy between performance evaluation and expectation. The disconfirmation paradigm divides expectation disconfirmation into two processes:

the first involves formulating expectations for the product or service, and the second involves comparing actual performance with pre-existing expectations [19]. When performance exceeds expectations, confirmation can be positive; conversely, when actual performance falls short of expectations, it can be negative [20]. Long-term customer behavior has always been seen to be fundamentally influenced by customer satisfaction [19]. It can be understood as the customer's overall assessment of the performance and

arises from their impression of the value they gain from a transaction or connection [21].

3. METHODS

This type of research uses explanatory qualitative research using the case study method at Bank Muamalat Indonesia Makassar Branch. Primary data was obtained from observations and interviews with 8 (eight) respondents consisting of 6 non-Muslim customers and 2 employees. The interview process will be carried out in 2022 and the respondent profiles are as follows:

Table 4 Respondent Profile

No.	Respondent's Name	Age	Education	Work
1.	Mr A	56	SENIOR HIGH SCHOOL	Self-employed
2.	Mr B	58	S-1	Self-employed
3.	Mr C	36	S-1	Self-employed
4.	Mr D	63	SENIOR HIGH SCHOOL	Self-employed
5.	Mr E	46	S-3	Civil servants
6.	Mr F	43	S-2	Doctor
7.	Mr G	50	S-1	Bank employees
8.	Mr H	37	S-1	Bank employees

Meanwhile, secondary data was obtained from previous research published in journals and books. Testing the validity of the data in this study used triangulation techniques.

4. RESULTS AND DISCUSSION

Bank Muamalat Indonesia Makassar Branch's efforts to satisfy the needs of its non-Muslim customers are reflected in the expressions of non-Muslim customers in their transaction experiences. Of course, the transaction experience provided by Bank Muamalat Indonesia Makassar Branch to its non-Muslim customers is the basis for customers being satisfied or dissatisfied when they leave the bank after making a transaction. Customer loyalty can be reflected in how non-Muslim customers are treated when making transactions. The better the solution to the problem provided, the ideally the level of customer loyalty will increase and vice versa.

Findings from 6 (six) non-Muslim informants who use Bank Muamalat's financial services indicate that customers choose the bank not for its cheaper administrative and service expenses than those of traditional banks, but rather because it offers financial services without the risk of interest fluctuations. One of the informants also disclosed that while using an ATM to conduct transactions with other banks, the Bank Muamalat does not impose an administration fee. They also prefer Bank Muamalat because it is the first Islamic Bank in Indonesia. According to them, there are minimal differences between Islamic and regular banks. They understand that Islamic banks use a profit sharing system, while conventional banks use an interest system.

All informants also stated that customer service provided by Bank Muamalat does not differentiate between Muslim and non-Muslim customers, all of them are treated the same. Fast, informative responses and a sense of empathy when serving are service

standards shared by all Bank Muamalat employees. According to informants, Bank Muamalat employees handle customer complaints with friendliness and politeness.

Apart from employee service, all informants also felt satisfied with the mobile banking facilities owned by Bank Muamalat. The existence of mobile banking makes it more helpful for them in managing their finances. One of the interesting features of Bank Muamalat's mobile banking is opening an account independently without having to go to the bank. Apart from that, using mobile banking also provides lots of cashback on various transactions. These things are several factors that cause loyal non-Muslim customers to continue to choose Bank Muamalat as their financial service. However, the majority of informants criticized financing services which took a long time from the application stage to the disbursement stage.

Customer perceptions of banking services will influence customer loyalty. The

better the customer's perception, the more loyal the customer will be and vice versa. This is in line with research by Zephaniah (2020) which states that the main factor in customer loyalty starts from a perception and this perception is born from the customer's experience of banking services [22].

5. CONCLUSION



Non-Muslim customers' perceptions of banking services at Bank Muamalat are quite good. They consider Bank Muamalat to provide services that are fast response, informative and have a sense of empathy. Bank Muamalat provides the same service standards to all customers, both Muslim and non-Muslim. The mobile banking facilities owned by Bank Muamalat provide many conveniences to customers so that the informants assess that the service facilities owned by Bank Muamalat can compete with conventional banks in Indonesia.

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