



## **Analysis of Community Perception Towards Sharia Banking in North Sumatra**

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### **Abstrak**

This research takes the topic of public perception of Islamic banking. The purpose of this study is to find strategies that are used by the Islamic banking industry in North Sumatra in the face. This study aims to determine public perceptions of banks in North Sumatra conducted by quantitative methods. The output of this study is the international journal indexed Scopus/Thomson. The target of this research will be achieved through: 1) Questionnaires given to communities in four regions; 2) Interviews with leaders of Islamic banks in four regions; 3) FGD with sharia banking managers, Sharia Board, academics, community leaders and the public; 4) Prepare research report; 5) Compile, submit scientific articles to international journals. Based on the results of the study that of the three independent variables, it appears that the service variable is the main variable that provides the greatest contribution in its relationship with the results of public perception of the two research objects on Islamic Banking.

**Keyword:** Public Perception, Shariah Banking, North Sumatra

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## INTRODUCTION

The banking industry in Indonesia is also increasingly crowded with the emergence of banks that operate with Islamic principles or known as Islamic banks, although in general almost all banking products offered by Islamic banks and conventional commercial banks are relatively similar. Similarly, the development of Islamic banking operational activities in Indonesia in its development began in 1992 since the establishment of PT. Bank Muamalat Indonesia Tbk. (PT. BMI) or 4 years after the deregulation of Pakto 88. (Imaniyati, 2013). The development of Islamic banking is slower than conventional banks. Sharia banking operations in Indonesia are based on Law No. 7 of 1992 concerning Banking which was subsequently updated with Law No. 10 of 1998 (Ismail, 2013).

Consideration of amendment to the Act was made to anticipate the challenges of an increasingly advanced and complex financial system and to prepare infrastructure to enter the era of globalization. The emergence of Islamic banking in the national banking system is not merely accommodating the interests of the Indonesian population which happens to be mostly Muslim, it is not a guarantee but a real antithesis of the development of Islamic banking itself, which apparently tends to run slower than conventional banks (Cashmere, 2012)..

It can be seen from the total growth of sharia banking assets as of the end of 2015 that has been running for 23 years from the first time sharia banking was established in Indonesia, but the sharia banking market share has only reached 6% of the total national banking assets whose ideal growth is 30% (Isfi, 2015).. This

condition is inversely proportional to the condition of the Indonesian people where the potential market share of Islamic banking in Indonesia is very large considering the number of Muslims is 80% of the total population according to 2015 BPS statistical data estimated at 250 million while the Islamic banking market share is not limited to citizens Indonesian countries are Muslim only but non-Muslim parties are also a market share for Islamic banking (Bank Indonesia and Diponegoro University, 2001).

The low share of the Islamic banking market at this time is a prospect of challenges that must be answered and realized with concrete action so that solutions to problems must be sought by Islamic banking institutions and institutions that oversee them such as the FSA which has the authority of the control and supervision authority for banking institutions under the finance minister increase the growth of Islamic banking nationally.

Interesting of course if conducting research related to Islamic law (Sharia) and involving community behavior as an element of research, this is because not because the majority of Indonesian people who are Muslim as a key factor in this study, but the concept of Islamic banking which is based on the principle of welfare and justice as its mainity that should be easy to accept, but internal factors / services from sharia banking itself to the demographic segmentation of society, which are the background of attention in this study, as these factors are generally the determinants of public perception of the existence of sharia banking (Suryani, 2008; Ariani, 2007; Isnaini, 2019).

According to Regional Head of the Financial Services Authority (OJK) 5 Sumbagut Lukdir Gultom as quoted by Analysis (7 Feb 2017) that when compared to conventional banking, the market share of Islamic banks in North Sumatra Province has only reached 4.3% this figure is still below the figure national of 5.3% with market share a relatively low, it can be interpreted that the potential for the development of Islamic banking in North Sumatra is still very promising.

The expansion of the Islamic banking network is market driven, that is based on the needs and willingness of banks to provide an overview of the needs and potential of the development of Islamic banks. This potential can be seen from the resources and economic activities of a region and from the patterns of attitudes and preferences of economic actors towards sharia bank products and services, therefore the public's view of sharia banking is very important to be immediately known and mapped to be maximized in the development of sharia banking in North Sumatra (Fathia & Wiliasih, 2017). The purpose of the research conducted is to determine the perception of the people of North Sumatra towards Islamic banking and Islamic banking strategies to provide maximum benefits for the community.

## **RESEARCH METHODS**

This study uses surveys and quantitative descriptive studies (Soewadji, 2012). The survey was used to obtain a comprehensive picture of people's perceptions of Islamic banking in North Sumatra. Quantitative descriptive studies, meanwhile, are used to explore strategies

and considerations used by Islamic banking to the public.

Subjects of this study were the community in Medan City, Binjai City, Langkat Regency, Deli Serdang Regency, Serdang Bedagai Regency. The selection of these four regions is based on the development of the Islamic banking industry in urban areas. Urban communities as both conventional and Islamic bank users. Questionnaires given to communities in four regions: Interviews with leaders of Islamic banks in four regions.

FGD with sharia banking managers, Sharia Councils, academics, community leaders and the public. The FGD was carried out to obtain more comprehensive information about people's perceptions, what the community wants in Islamic banking. Sharia banking strategy to be more able to play a role in the community, especially in North Sumatra Province

Analysis is done through descriptive statistical analysis that is applied to map people's perceptions of sharia banking in four locations by distributing questionnaires.

## **RESULTS AND DISCUSSION**

### **Definition of Sharia Banks and Conventional Banks**

According to Banking Law No.10 of 1998, banks are business entities that collect funds from the public in the form of deposits and distribute them to the public in the form of credit and or other forms in order to improve people's lives. many. Kasmir (2012) argues that in terms of determining prices, it can also be interpreted as a way of determining the benefits to be gained. Types of banks when viewed in terms of or how to determine

prices, both selling prices and purchase prices are divided into two groups,

The majority of banks that develop in Indonesia today are banks that are oriented to conventional principles, this because it is inseparable from the history of the Indonesian nation where the origin of banks in Indonesia was brought by the Dutch colonial (West).

Determination of bank prices based on sharia principles on their products is very different from banks based on conventional principles. Banks based on sharia principles apply the rules of agreement based on Islamic law between banks and other parties both in terms of saving funds or financing business or other banking activities (Miftahuddin, 2019).

Fahmi (2014) states that the community has slowly become clear about the difference between Islamic and conventional banks, namely especially in the interest system (interest). This means that conventional banks apply the interest system as a result, while Islamic banks apply the principle of profit sharing. The following is an explanation of the difference between bank interest and profit sharing in their respective operational applications:

### **The Islamic Banking Industry Strategy In North Sumatra**

At the level of education, based on the results of research and data processing the tendency of the majority of the people of Medan D3-S1 as much as 51% (51 respondents) and then followed by high school education 34% (34 respondents) and S2-S3 12% (12 respondents). In the research object of Binjai city, it was recorded as high school as much as 60% (60 respondents) then followed by

educated D3-S1 as much as 31% (31 respondents). In the object of research the city of Langkat high school as much as 77% (77 respondents) then followed by educated D3-S1 as much as 16% (16 respondents). In the object of research the city of Serdang Bedagai high school as much as 69% (69 respondents) then followed by junior high school education as much as 16% (16 respondents). And the object of research in the city of Deli Serdang has a high school education of 56% (56 respondents), followed by a D3-S1 education of 40% (40 respondents).

The results of the analysis between the five research objects have similarities and also differences, the similarity they have is the tendency of the community between the two research objects which are dominated by D3-S1 and high school education with varying levels at each level of education, but there are also differences between the five research objects namely S2-S3 education level between one city and another. In Medan, it was recorded that they had S2-S3 education in the city community 12% (12 respondents), in Binjai city 3% (3 respondents), in Langkat town community 1% (1 respondent), in Deli Serdang city 1% (1 person) and none of the respondents who were educated S2-S3 in the city of Serdang Bedagai. On the contrary, the highest level of junior high school education came from the city of Serdang Bedagai which was 16% (16 respondents), then in Langkat city by 6% (6 respondents), in Binjai city 4% (4 respondents), in Medan 4% (4 respondents), and finally from the city of Deli Serdang 3% (3 respondents). Based on the results of research on these two objects, it can be analyzed that the majority of the people of Medan city have

received education in a decent and advanced category, this is because more than ½% (half percent) of their population from the total sample of 100 respondents identified as having felt a level of education in college high. Means it can be concluded that the better, more appropriate and advanced education of the respondents identified in this study, the better will be the assessment of Islamic banking itself.

## CONCLUSION

Based on the results of the study that of the three independent variables, it appears that the service variable is the main variable that provides the greatest contribution in its relationship with the results of community perception on the two research objects towards Islamic Banking.

The results showed that the two research objects namely the middle and suburban communities of Medan tend to have a majority of D3-S1 education and then followed by high school and S2-S3 education with the influence of values at each varying level on each object. This shows that the background, the quality of education up to the level of education in the city of Medan has been classified in the category of feasible and advanced, plus more than ½% (half percent) of its population from the total sample of 100 respondents in each object of research identified to feel the level of education at University. Of course, with the educational background of the Medan city community which is classified as feasible and advanced as factors *internal* relating to oneself (respondents) also influence the selection of perceptions in determining the assessment and attitude towards Islamic banking.

The results showed that the effect of age on the assessment of Islamic banking between the two research objects showed similarities and differences. What they have in common is the tendency of the people identified in this study to be in the productive age group, which is predominantly at the age of 20-29 years old and vulnerable to 30-39 years old. While the difference is the dominance of suburban communities, the majority of which are more than ½% (half percent) of their population from the total sample of 100 respondents who have a vulnerable participation age of 20-29 years, as much as 67 respondents or 67% when compared to the middle city community 44 respondents or 44% and vulnerable participation age 30-39 years were lower when compared to the middle-city community ie 17 respondents or 17% compared to 39 respondents or 39% of the total identified in this study. It can also be concluded that the better the educational background of a person and the more mature maturity and productivity of age as an experience factor that has been experienced by someone, will also have an impact in influencing the selection of perceptions and determining the assessment of Islamic banking.

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