

# REDEFINING OBJECTIVE OF ISLAMIC BANKING; STAKEHOLDERS PERSPECTIVE IN INDONESIA

Ratno Agriyanto

## Abstrak

*Bank syariah harus memiliki tujuan yang berbeda bila dibandingkan dengan perbankan konvensional. Perkembangan bank syariah di latar belakang oleh motivasi ekonomi atau sosial. Penelitian ini akan membuktikan apa sebenarnya tujuan pendirian Bank Islam di Indonesia. Penelitian ini menguji data primer yang melibatkan responden yang mewakili pemangku kepentingan Perbankan Syariah; Pelanggan, Depositor, Masyarakat, Manajer Bank Syariah, Karyawan, Regulator dan Dewan Pengawas Syariah. Analisis uji beda digunakan untuk menentukan persepsi responden terhadap berbagai tujuan Perbankan Syariah di Indonesia. Temuan penelitian mengungkapkan bahwa ada perbedaan perspektif antara berbagai stakeholder tentang tujuan perbankan Islam. Secara umum stakeholder mengharapkan agar Perbankan Syariah di Indonesia focus kepada tujuan sosial, tetapi tidak meninggalkan sifat sebagai lembaga komersial. Implikasi praktis bagi bank syariah di Indonesia diharapkan untuk mengikuti keinginan masyarakat untuk terus meningkatkan kepedulian sosial. Kegiatan sosial yang dapat dilakukan oleh Bank Syariah seperti mengurangi tingkat kemiskinan, mempromosikan nilai-nilai Islam dalam bisnis, melaksanakan pembangunan ekonomi yang berkelanjutan. Tuntutan yang tinggi dari tujuan komersial manajer bank syariah (manajer dan karyawan) harus dikurangi dengan meningkatkan peran Dewan Pengawas Syariah. Implikasi dari hasil ini untuk penelitian masa depan adalah untuk menguji hubungan dari pelaksanaan tujuan sosial dengan kinerja keseluruhan dari Bank Syariah.*

Kata kunci: *Tujuan Bank Syariah, Perspektif Stakeholder*

## Introduction

This paper is motivated by several phenomena. The first phenomenon is the rapid growth of Islamic banking in Indonesia<sup>1</sup>. Growth of Islamic banking

---

<sup>1</sup> Financial Services Authority (FSA) Indonesia present data that the number of Indonesian Islamic Banking office in June 2014 as many as 2,618 per office increased 179 % from the end of 2009 , amounting to 936 Islamic Bank office . The number of Islamic Bank by June 2014 increased by 174

in Indonesia is more rapid than the growth of Conventional Banking. The second phenomenon is the lack of financing for the realization of profit sharing<sup>2</sup>. Financing for the low yield is not in line with the general perception in the community that the Islamic Bank is working with the principle of profit sharing. Principles for the profit sharing should be the spirit of Islamic Banking. Cebeci<sup>3</sup> suggested that the results of the product for Islamic Bank Mudaraba and Musharaka contract either to expand prosperity and reduce poverty than murabaha-based products. Low funding for the profit sharing would eliminate the purpose of Islamic Banking is to improve fairness, solidarity, and equality of people's welfare (Act 21 2008 on Islamic Banking). The third phenomenon is the statement of the founder of Bank Muamalat Indonesia, which states that there has been a turnaround of Bank Muamalat Indonesia on behalf of business interests . Bank Muamalat Indonesia has been led by people without dignity Sharia <sup>4</sup>.

Empirical phenomena above leads to the question what is the real objective of Islamic Banking in Indonesia. There are differences of opinion on the objective of Islamic Banking. The first argument is Islamic banks is for social objective.<sup>5</sup> The second argument that Islamic banks is commercial entity that has the responsibility of conducting business in accordance with Islamic law. Ismail <sup>6</sup> further explains that the main responsibilities of Islamic banks is to the shareholders and depositors, while the social goal is the duty of other entities such as the Government. Studies on the objective of Islamic banking

---

or 20 % from the end of 2009 amounted to 144 Islamic Bank . The development of Islamic Bank is much more rapid when compared with the growth of conventional banks . Data from the FSA by June 2014 showed that the number of banks decreased by Conventional -7.7 % from the year 2009 to the position in June 2014 or from 1882 the number dropped to 1,753 Conventional Banks.

<sup>2</sup> Data from Indonesia by the FSA in June 2014 showed that the portion of the financing for a yield of 7.2 % of the total financing . General perspectives on Society of the main differences between a Conventional Bank Islamic Bank is on the system for the results . Low funding for the long-term outcome will change the general perception of Islamic Bank in the Community . The portion of funding Islamic Bank , however, lies in Murabaha financing which is identical to the fixed return , amounting to 60 % of total financing

<sup>3</sup> Cebeci, Ismail, "Integrating The Social Maslaha Into Islamic Finance", *Accounting Research Journal*, Vol. 25 No. 3, 2012, pp. 166-184

<sup>4</sup> Iskandar Zulkarnain, *Suara Merdeka*, 15 September 2014

<sup>5</sup> M.K. Lewis and Algaud, L.M, *Islamic Banking*, Edward Elgar: Cheltenham, 2001

<sup>6</sup> Cebeci, Integrating..., pp. 166-184

in Malaysia stakeholder perspective has been done by Dusuki<sup>7</sup>. Another objective of the Islamic Bank by Dusuki<sup>8</sup> is to promote the social and Islamic values. The purpose of this research is to find out what exactly is the purpose of Islamic Banking in the perspective of stakeholders in Indonesia. Knowing the purpose of Islamic Banking will allow stakeholders in developing Islamic banking. This research is important to complement the objectives literatur Islamic Bank Negara Indonesia which has a Muslim majority population and has a growing Islamic Bank. The purpose of Islamic banking in Indonesia is expected to not be separated from the spirit of the Islamic Economic development is a balance between social objectives, Worship and Business. The results also expected to add litelatur of debate about Islamic Banking goal is to follow the model of Chapra<sup>9</sup> or Model Ismail<sup>10</sup>. This study used a survey methodology as has been done by Dusuki<sup>11</sup> in Malaysia. Survey research was conducted to groups of stakeholders (customers, depositors, Islamic Bank Manager, Employee, Sharia Supervisory Board, Auditors and Society) all Islamic Banking in Indonesia. The sample group of customers, depositors, Managers, Employees, Sharia Supervisory Board and the Auditor conducted on 174 Islamic Banking in Indonesia. The sample group was randomly Society at Regional offices of Islamic Banking. Systematics writing as follows: first the introduction, the second literature review, research methodology third, fourth, and finally analysis of the findings and the conclusions and implications.

## Islamic Economic System

Discussing the purpose of Islamic banking can not be separated from the discussion on the objectives of Islamic Economic System. Islamic banking is often referred to as part of the Islamic Economic System. Islamic economic

---

<sup>7</sup> Dusuki, Asyraf Wajdi, "Understanding the Objectives of Islamic Banking: a Survey of Stakeholders' Perspectives", *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 1 No. 2, 2008, pp. 132-148

<sup>8</sup> *Ibid*, pp. 135

<sup>9</sup> M.U Chapra, "Why has Islam Prohibited Interest? Rationale Behind the Pprohibition of Interest", *Review of Islamic Economics*, Vol. 9, 2000a, pp. 5-20

<sup>10</sup> A.H. Ismail, *The Deferred Contracts of Exchange: Al-Quran in Contrast with the Islamic Economist's Theory on Banking and Finance*, Institute of Islamic Understanding Malaysia (IKIM), Kuala Lumpur, 2002

<sup>11</sup> Dusuki, "Understanding..." pp. 132-148

system is not in the middle of the third economic system that developed in this world is capitalist, socialist and communist. Islamic economic system is different from the liberal economic system or capitalist, socialist or communist. Islamic economic system is not built on economic freedom. Capitalist Economic System development model described by Mannan <sup>12</sup> as the construction eliminates concern, not widespread and many produce negative results. Capitalist Economic System development patterns are also specific to the financial measure that is how to increase the accumulation of capital in order to achieve maximum benefit, by ignoring the spiritual dimension and the social and environmental.<sup>13</sup>

Islamic economic system is also different from the socialist economic system that provides almost all the responsibility to its citizens and the extreme communist who does not recognize individual ownership as concerned with equality. Islamic economic system recognizes individual ownership and do not deny the existence of differences in asset ownership between individuals. Islamic economic system prioritizes social justice not social equality. Islamic economic system is believed to be able to provide well-being, providing a sense of justice, togetherness and family and allows each performer to engage in economic activities with the widest possible by referring to the Islamic Sharia. Islamic Sharia will guide economic activity in the dimension of worship, ethics and morals.

## **Objective of Islamic Banking**

The objective of Islamic banking has a difference with conventional banking purposes. Dusuki <sup>14</sup> present two views on Islamic banking purposes. The first view, referred to as a model pastures Chapra and the second is called the Model Ismail. According Dusuki <sup>15</sup> Model Chapra see an Islamic bank has

---

<sup>12</sup> M.A. Mannan, *The Making of Islamic Society: International Association of Islamic Banks*, Jeddah: 1984

<sup>13</sup> Badr El Din A. Ibrahim, "The "missing links" between Islamic Development Objectives and the Current Practice of Islamic Banking – the Experience of the Sudanese Islamic Banks (SIBs), *Humanomics*, Vol. 22, No. 2, 2006, pp. 55-66

<sup>14</sup>Dusuki, "Understanding...", pp. 132-148

<sup>15</sup> *Ibid*, pp. 134

a goal of social economy. Proponents of this view as Dusuki<sup>16</sup>. Dusuki<sup>17</sup> argued that Islamic banks do not have to profit-oriented, but should aim to promote the norms and values of Islam. This model puts the responsibility of the larger social welfare Chapra<sup>18</sup>. Model Chapra believed in accordance with the spirit of Sharia and Islamic world view as a whole.

The objective of Islamic Banking in Indonesia has been formalized in article 3 of the Law of the Republic of Indonesia Number 21 of 2008 about Islamic Banking, which reads : *“Islamic Banking aims to support the implementation of national development in order to improve fairness , solidarity , and the distribution of welfare of the people”*.

	Islamic Banks	Conventional Banks
Table 1. The fundamental difference between Islamic banks and conventional banks	Functions and operations are guided by the Islamic holy book the Quran and the Sunnah of the Prophet Muhammad.	Functions and operations are based on secular principles which are not based on religious doctrine.
	Aims to balance between profit maximization and social responsibility	Aiming at maximizing profit
	Types of financing in the form of a purchase agreement and financing with risk sharing	Type of financing is based on the calculation of interest
	Deposits are not interest -based but based on actual profits based on business	Oriented deposits and depositors guaranteed interest rate both principal and interest even in the case of insolvent banks.
	In the event of failure to pay a spell, partners are not subject to penalty. Except that apply in some states still allow for a penalty. Revenue penalty by the Islamic	Conventional banks apply a penalty for late payment.

<sup>16</sup> *Ibid*, pp. 135

<sup>17</sup> *Ibid*, pp. 135

<sup>18</sup> Chapra, “Why...”, pp. 5-20

Bank distributed to charitable and not treated as operating revenue

Islamic banks are not allowed to provide the service of economic activity that is prohibited by the Shariah as the business of alcohol, prostitution, pork and environmental pollution. Islamic Bank has a provision to pay zakat on income earned.

Conventional banks do not have a requirement to conduct charitable activities.

*Source : Dusuki, 2008*

Another view of the purpose of Islamic Banking is called the Model Ismail . Lewis and Algaud <sup>19</sup>said that based on the model Ismail Islamic banks is an entity carrying on business under the laws of Islam . Social function Islamic Bank located on the obligation to pay zakat in accordance with Shariah principles . Social activities that use Islamic Bank Money savers , depositors and shareholders' money is great and can endanger the sustainability of Islamic banking as well as eliminating the trust masyarakat to save the Islamic Bank . For profit in their views of Islam is legitimate commercial entity, provided in accordance with the provisions of sharia.

Goal difference Islamic Bank in Chapra models and models Ismail lies only in degree and emphasis on commercial or social purposes. Chapra larger models kecenderungannya on direct social commitment, while the model Ismail, affirmed that social objectives can be achieved indirectly by Islamic banks continue to make a profit and sustainable. Islamic Bank goal difference of emphasis between the model and the model Ismail Chapra can affect stakeholder thinking about the purpose of Islamic banking. Which model is more dominant motivate individuals become stakeholders of Islamic banking is very interesting to do empirical studies . The background of this study mentions that one of the motivations of research is that Indonesia is experiencing growth of Islamic banking is more rapid when compared with conventional banking. Knowing the purpose of Islamic banking in the stakeholder perspective will be beneficial to the development of sharia banking in accordance with the wishes of stakeholders.

---

<sup>19</sup> Lewis, *Islamic...*

Islamic banking is composed of stakeholders from customers, depositors, local communities, employees, managers, regulators, Sharia Supervisory Board. The stakeholders must have its own view of the purpose of Islamic banking. This study assumes stakeholders Islamic banks in Indonesia are divided into two groups . The first group believes such a model Chapra and the second view as a model Ismail. Stakeholders which holds as a model Chapra and Ismail is a problem in this study.

Based on the two models of Islamic banking purposes, then the hypothesis developed in this study are :

H1. Stakeholders have different perspectives on the objective of Islamic Banking in Indonesia.

## **Development of the Instrument**

The development of this instrument replicates of the approach taken by Dusuki.<sup>20</sup> The instruments used are each of the four items for social purposes and commercial purposes. Respondents should assess on a five-point Likert scale statements such as: I believe that , the Objective of Islamic Banks are:

1. Promoting Islamic values and way of life for staff, clients and the general public.
2. Contribute to the social welfare purposes;
3. Reduce poverty;
4. Promote projects objectives of sustainable development;
5. Maximizing profit purposes;
6. Minimize the cost of operations;
7. Improving the quality of products and services;
8. Offering financial products are viable and competitive.

Original questionnaire in English<sup>21</sup> and then translated into Indonesian by using the assistant of a third party who is fluent in both languages to avoid bias and translation errors.

---

<sup>20</sup> Dusuki, "Understanding...", pp. 132-148

<sup>21</sup> *Ibid*, pp. 140

## **Data Collection**

In this study, the stakeholders of Islamic banks set at customers, depositors, managers, employees, Sharia Supervisory Board, regulators and the public. Choice of these groups in accordance with the opinion of Freeman, which says that the stakeholders are as a group or individual who can affect or is affected by the achievement of corporate goals. Selection of various respondents made based on the following definition of stakeholder groups :

1. Customers. Those who already have a banking relationship with the Islamic banks.
2. Depositor. Those who have a deposit account with an Islamic bank.
3. Local communities. Those who do not have a direct relationship with the banking Islamic banks under study , but they are customers or conventional bank depositors .
4. Employees. All employees in various positions and levels of organization Islamic banks do not include branch manager.
5. Managers. All branch managers and managers of the center of Islamic banks were investigated.
6. Regulators. Central Bank officer who is responsible for overseeing matters regarding Islamic banking regulations.
7. Sharia Supervisory Board. Sharia experts appointed to sit on the Shariah Advisory Council for Islamic banks .

Respondents were randomly selected from the customers, depositors and the local community who visited the sampling site during the selected time interval. Researchers approached any bank customers, depositors and local communities, respectively, who have completed the transaction. Before submitting the questionnaire researchers first asked about the willingness of stakeholders to take the time to fill out a questionnaire. Researchers then submit the questionnaire respondents were appointed to participate in accordance with pre-defined categories respondent groups (customers, depositors or the local community). Filling in the questionnaire done by the respondents without intervention researchers, thereby done to avoid potential bias because respondents are influenced by the researcher. The questionnaire for employees of Islamic banks, are allowed to be completed at home and

returned to the researchers on the next day. Such action is done because the bank employee in the office is very busy. Filling out the questionnaire at home enables employees to fill out a questionnaire in comfortable circumstances.

	Target Group	Distribution Questionnaire	Usable returned and completed questionnaire	Response rate (per cent)
	Customer	100	100	100%
	Depositor	100	100	100%
	Community	100	100	100%
	Employee	174	72	41%
	Manager	174	50	29%
	Regulators	10	7	70%
Table 2. Distribution of Questionnaire	Sharia	174	33	
	Supervisory Board			19%
	Total	758	462	

## Data Analysis

Data were analyzed using SPSS statistical program assistance. Different views of stakeholder groups to the objectives of Islamic Banks in the Kruskal-Wallis test. Deduction if the value of the Kruskal - Wallis test was at a significance level of less than 0.05 ,  $H_0$  is rejected or , in other words there is a significant difference stakeholder perspectives on the purpose of Islamic Banking in Indonesia .

## Research Findings

Hasil pengujian data dengan uji Kruskal-Wallis test didapat hasil sebagaimana yang terlihat dalam tabel 3 di bawah ini :

Variabel	Subgroup	n	Mean Rank	$\chi^2$	Asymp Sig.(p)
Factor 1 : Social objectives	Customers	100	335.65	251.569	0.000
	Depositors	100	159.36		
	Local Komunities	91	262.87		
	Employees	72	129.81		
	Managers	50	106.71		
	Regulators	7	190.14		
	Sharia Supervisory Board	33	405.97		
Factor 2 : Commercial Objectives	Customers	100	64.57	313.287	0.000
	Depositors	100	316.94		
	Local Komunities	91	162.25		
	Employees	72	308.68		
	Managers	50	354.58		
	Regulators	7	369.07		
	Sharia Supervisory Board	33	223.56		

Table. 3  
Kruskal-Wallis test to compare the scores of perception stakeholder about Islamic Banking Objectives

Based on Table 3 above it can be concluded that the value of the variable  $\chi^2$  for social purposes amounted to 251.56 with a significance level of 0.000. These results conclude that  $H_0$  is rejected or, in other words there are differences in the perception of stakeholders on the social objectives of Islamic Banking in Indonesia. Likewise, the test results obtained commercial purposes  $\chi^2$  value of 313.287 with a significance level of 0.000, in other words that  $H_0$  is rejected or no difference in the perception of stakeholders on the commercial purpose of Islamic banking in Indonesia. Other results of Table 3 above is that it can be known tendency of each stakeholder 's perception of looking at the goals of Islamic Banking. Perceptions of the Islamic Bank Customers are more likely to have a social purpose, it is seen from the mean rank social objectives of 335.65 is greater than the mean rank of 64.57

commercial purposes. Perceptions of the Islamic Bank depositors are more likely to have a commercial purpose, it is seen from the mean value of 316.94 rank commercial purposes is greater than the mean rank social objectives of 159.36. The findings can be explained that depositors expect the achievement of profit of Bank Islam. Achievement profit earned Islamic Bank will have an impact on the acquisition of the deposits. Local Komunities looked destination Islamic Bank more inclined to social purposes, it can be seen from the mean value of 262.87 rank social purpose greater than the mean rank of the social purpose of 162.25 .

Employees looked destination Islamic Bank should tend to commercial purposes , it can be seen from the mean value of 308.68 rank commercial purposes is greater than the mean rank social objectives of 129.81. Managers look at the purpose of commercial Islamic banks tend to, it can be seen from the mean value of 354.58 rank commercial purposes is greater than the mean rank of the social objectives of 106.71. Regulators looked destination Islamic Bank must tend to the commercial, it can be seen from the mean value of 369.07 rank commercial purposes is greater than the mean rank of the social purpose of 190.14. Sharia Supervisory Board of Bank Islam sees the goal is more inclined to social, it is seen from the mean rank social objectives of 405.97 is greater than the mean rank of 223.56 commercial purposes. Islamic Banking aim to support social objectives supported by stakeholders Customers, Local Komunities, Sharia Supervisory Board. Islamic Banking destination for commercial purposes is supported by depositors, Employees, Managers, Regulators.

These results indicate that the development of Islamic banking in Indonesia, according to the perception of the public should have a greater social purpose than commercial purposes . These findings indicate that the model of development of Islamic Bank in Indonesia should follow the model of Chapra<sup>22</sup>. Bank Islam in Indonesia should Promoting Islamic values and way of life for staff, clients and the general public, Contribute to the social welfare purposes, Reduce poverty, Promote objectives of sustainable development projects, and instead focus on the search for profit. Islamic Bank

---

<sup>22</sup> Chapra, “Why...”, pp. 5-20

profits should only as a side effect of the implementing Islamic values in business activities. The results are consistent with Dusuki<sup>23</sup> who found that people's expectations of the Islamic Bank Malaysia is also in accordance with the model Chapra, it is reasonable given the characteristics of the Malaysian Society is similar to Indonesian Community Characteristics .

This study also found that people's expectations for the purpose contrary to the Islamic Bank business (Employees, Managers, Regulators). The manager still oriented commercial purposes ie Maximizing profit purposes, Minimize the cost of operations, Improving the quality of products and services, financial offering products are viable and competitive .

### **Practical Implications**

The findings of this study provide a basis to provide advice for the development of Islamic Bank in Indonesia. First Islamic Bank in Indonesia should be concerned with social objectives, namely promoting Islamic values and way of life for staff, clients and the general public; Contribute to the social welfare purposes; Reduce poverty; Promote projects and objectives of sustainable development. Second, to ensure operational continuity, the Islamic Bank must also consider the level of return for the results to depositors to keep interest in the Islamic Bank.

The spirit of social objectives Islamic Bank in the long term should from level to a lower yield than conventional banks. Such a condition is reached when the Islamic Bank has managed to educate the public that Islam is not merely economic activity directed solely for the purpose of profit, but more important is how to conduct business activities in compliance with the rules of Islam. Islamic rule is an absolute truth, not a relative truth. Implications of these results for future research is to examine the relationship of the implementation of the social objectives of the overall performance of the Islamic Bank.

---

<sup>23</sup> Dusuki, "Understanding...", pp. 132-148

## REFERENCE

- Abdul, Yahia dan Rahman, *The Art of Islamic Banking and Finance*, New Jersey: John and Wiley and Sons, 2010
- Ahmad, K., “Islamic Finance and Banking: The Challenge and Prospects”, *Review of Islamic Economics*, Vol. 9, 2000, pp. 57-82.
- Badr El-Din A, Ibrahim, “The “missing links” between Islamic Development Objectives and the Current practice of Islamic banking – the experience of the Sudanese Islamic banks (SIBs). *Humanomics*. Vol. 22 No. 2, 2006 pp. 55-66.
- Cebeci, Ismail, “Integrating The Social Maslaha Into Islamic Finance”, *Accounting Research Journal*. Vol. 25 No. 3, 2012, pp. 166-184
- Chapra, M.U., “Why has Islam prohibited interest? Rationale behind the Prohibition of Interest”, *Review of Islamic Economics*, Vol. 9, pp. 5-20.
- Dusuki, Asyraf Wajdi, “Understanding the Objectives of Islamic Banking: a Survey of Stakeholders’ Perspectives”, *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 1 No. 2, 2008, pp. 132-148.
- Haron, S., *The Philosophy and Objective of Islamic Banking*, Revisited, New Horizon: New York, NY, 1995
- Isgiyarta, Jaka, *Teori Akuntansi dan Laporan Keuangan Islami*, Semarang: Badan Penerbit Universitas Diponegoro Semarang, 2009
- Ismail, A.H, *The Deferred Contracts of Exchange: Al-Quran in Contrast with the Islamic Economist’s Theory on Banking and Finance*, Kuala Lumpur: Institute of Islamic Understanding Malaysia (IKIM), 2002
- Lewis, M.K. and Algaud, L.M, *Islamic Banking*, Edward Elgar: Cheltenham, 2001
- Mallin, Farag, Ow-Yong, “Corporate Social Responsibility and Financial Performance in Islamic Banks, *Journal of Economic Behavior & Organization*, Vol. 103, 2014, pp. 21–38
- Mannan, M.A., *The Making of Islamic Society*, Jeddah: International Association of Islamic Banks, 1984
- Mas’ud, Fuad, *Menggugat Manajemen Barat*, Semarang: Badan Penerbit Universitas Diponegoro, 2008

*Redefining Objective of Islamic Banking:.....* \_\_\_\_\_

Siddiqi, M.N., “Islamic Banks: Concept, Precepts and Prospects”, *Review of Islamic Economics*, Vol. 9, pp. 21-35.

Soewardi, Herman, *Roda Berputar Dunia Bergulir*, Bakti Mandiri, 2004