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FACTORS AFFECTING SHARIA BANKING MARKET SHARE IN INDONESIA 2018

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Abstract

Based on the Vision of Sharia banking in Indonesia, it must support the real sector through share-based financing activities with fair transactions for the whole community. It is necessary to develop Human Resources (SDI), Promotion and Strategic Policies in Islamic Banking. This policy is what makes the basis and purpose of research on "The Effect of Promotional Costs, Training Education Costs and Government Strategic Plans on the Sharia Banking Market Share in Indonesia". This study uses secondary data consist of 77 months in the period of (2012-2018) that is processed using Eview 6 with the Dynamic Tauhidi String Relations (TSR) Model. The results obtained from this study indicate that the cost of promotion, education costs, and promotion costs positively and significantly impact the market share of Islamic Banking in Indonesia. The growth of market share shows that there is still a lack of learning process and public understanding of the Syariah banking business.

Keywords: Market Share, Islamic Banking, TSR Model, Dynamic Model

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INTRODUCTION

The Financial Services Authority (OJK) explained that the performance of the sharia banking industry in 2014 was the lowest compared to previous years. Nevertheless, even though it is slowing down, Islamic banks' total assets are still experiencing growth. However, the growth was not as significant as in previous years. These assets' growth impacted the market share ratio of Islamic banks, which was only stuck below the 5% range. In the Blueprint of Islamic Banking published by Bank Indonesia since 2004, several targets have been laid down to achieve the vision of "The realization of a competitive, efficient and prudent banking system that can support the real terms through share-based financing activities). Moreover, actual transactions in the furthermore, genuine justice, please help and lead to goodness to achieve society's problems "(Virawan, 2017; Utama, 2018; Rama, 2015).

Based on Anonymous (2016), the target of developing Islamic banking since 2011 has become the focus, including:

- a. The realization of a risk-based regulatory and supervisory framework following its characteristics and supported by reliable SDI.
- b. The creation of players who can compete globally.
- c. Fulfillment of the needs of people who want Islamic banking services throughout Indonesia with a target share of 5% of total national banking assets.

According to a study ICMI (2017), promotion is essential in developing Islamic banking to increase public literacy. One of the objectives of bank promotion is to inform all types of products and services offered and attract new prospective customers and retain existing customers. Based on OJK Islamic banking statistics, the cost of promoting Islamic banks during 2013-2017 was recorded to have decreased. This downward trend can also be seen in the 2017 performance, which fell 18.92% compared to 2013 (Alamsyah, 2012; Anonymous, 2017; Al Arif, 2010; Virawan, 2017).

Table 1: Asset growth rate, promotion costs and sharia banking training

| | Growth 2013 | Growth 2017 |
|------------------------------|--------------------|--------------------|
| Sharia Banking Assets | 24.23% | 12.41% |
| Promotion Costs | -0.54% | -18.92 |
| Training Costs | 30.25% | -27.74% |
| Total Manpower | 40.45% | 19.85% |

According to this study, it can be said that there are no standard rules for how much promotion. While conventional finance, the promotion continues to run more aggressively. As a result, the development of Islamic finance is more minor than conventional. People's purchasing power has increased by a certain percentage; even more, it is absorbed by the conventional.

Human resources education and training in Islamic banking is also a concern from time to time. In banking, training and education must run continuously to prevent employees from lacking competency (competency gap) and low performance (low productivity). The competency gap referred to is a knowledge gap and a skill gap or even a motivation gap problem. In Table 1, in 2013-2017 the cost of education and training in Islamic banking fell sharply to -27.74, and the number of employees experienced a growth decline of 19.85% in 2017.

The increase in market share (market share) of Islamic banking, which is the hope of all of us, cannot be denied that there has been competition on all sides between conventional and

Islamic banking, in terms of business portfolios, business promotion, and even competition on the side of Human Resources. Islamic banking's growth must be more extensive and more qualified than the growth of conventional banking so that the market share is gradually worked on maximally by Islamic banks. Market share is a comparison between the share of the market capable of being controlled by the company concerned with the total industry sales. In the banking business, the basis for dividing the market share is seen from the total industrial assets. The size of the market share will be determined mainly by Islamic banking's ability to respond to consumers or the market and the ability to win the competition (Alamsyah, 2012; Anonymous, 2017; Al Arif, 2010; Virawan, 2017).

Table 2: Asset growth rate, conventional and sharia banking market share

| | Growth 2013 | Growth 2017 |
|-----------------------------|--------------------|--------------------|
| Total Banking Assets | 16.23% | 13.34% |
| Conventional Banking Assets | 15.85% | 13.38% |
| Sharia Banking Assets | 24.23% | 12.41% |
| Market Share | 0.0310% | 0.0485% |

In the table above, the growth of Islamic banking assets in 2013 was 24.23% greater than the growth of conventional banking assets and industrial asset growth, resulting in an increase in market share in 2017, the market share was corrected to 4.85%. Due to the conditions that have occurred above with various conditions that have occurred until 2015, the Financial Services Authority (OJK) has issued a Strategic Plan to enhance Sharia Banking's role in the form of the Indonesian Sharia Banking Roadmap for the 2015-2019 period. The vision built in the roadmap is "Creating sharia banking that contributes significantly to sustainable economic growth, equitable development and financial system stability as well as high competitiveness." The lack of alignment of visions and lack of coordination between governments and authorities in Islamic banking development has become a significant concern in the roadmap for Islamic banking, namely by targeting strengthening policy synergy between the authorities and the government and other stakeholders. Human resource development and promotion of sharia banking are also the primary targets for Islamic banking development until 2020, by 1). Improve the quantity and quality of human resources and IT as well as other infrastructure and 2). Increase literacy and community preferences (Alamsyah, 2012; Anonimous, 2017; Al Arif, 2010; Virawan, 2017; Utama, 2018).

That makes the basis and objective of research covers "The Effect of Promotion Costs, Training and Education Costs and Government Strategic Plans on the Market Share of Islamic Banking in Indonesia in 2018".

LITERATURE REVIEW

Promotion in Sharia Overview

After conducting a literature study on promotion in a conventional review, this sub-chapter will then conduct a literature study on promotion in terms of Islamic sharia. In this modern era, discussions related to business ethics are rife. The study is a moral choice made by a person regarding right and wrong decisions. Ethics in business can be interpreted as knowledge about the ideal procedures for business regulation and management that pay attention to norms and morality that apply universally and economically, socially, and the application of norms and morality to support business activities' aims and objectives. If the promotion is part of business, it can be concluded that promotion is carried out with due regard to norms and morality. According to Hermawan Kertajaya and Muhammad Syakir Sula (2011), conceptualizing that Islamic business must include 4 (four) points to get high moral values, including *Shidiq* (genuine and honest), *Amanah* (trustworthy, credible), *Fathanah* (intelligent), and *Tabligh* (communicative) (Nuruddin, 2010. Rama, 2015; Tho'in, 2016).

Nurudin and Arham (2015) state that there are four (4) characteristics of product marketing in Islam, namely spiritual (*rabbaniyah*), ethical (*akhlaqiyah*), realistic (*waqi'iyah*), and humanistic (*insaniyah*), while Mahabub Alom and Shariful Haque (2016) argues that the strategy (wisdom), needs, *halal* (*thayyibat*), mutual consent (mutual agreement) and welfare (*falah*/ welfare) are things that influence the promotion of Islamic products. Both define Islamic Marketing as: "Process and strategy (wisdom) about fulfilling needs through halal products and services (*thayyibat*) with mutual agreement and welfare (*falah*) for both parties, namely buyers and consumers. seller to achieve material and spiritual well-being in this world and hereafter. "

Education and Training in Sharia Review

Human Resources (HR) have an essential role in running a financial institution, such as a bank, in achieving predetermined targets. In human resource management, essential aspects must be considered are acceptance, training, coaching, development and motivation. Human resources must be oriented to the vision, mission, goals and objectives of the organization by having competencies that include 4 (four) elements: a) knowledge obtained from someone from the educational or information process following their field of duty; b). Skill or skills/abilities of a person in carrying out the task following the field of duty; c). Attitude or work attitude of a person carrying out his duties follows the established norms/code of ethics following his / her field of duty; d) Spirituality, namely awareness of limited abilities and dependence on God Almighty in carrying out his mandate to prosper this nature.

In sharia training management, besides soft skills and hard skills, there are also essential factors that need to be maintained and developed, namely sharia skills or can also be understood as sharia competence. Sharia competence is more defined as a competency required for employees in the sharia industry. In practice, this is manifested as a series of training programs and workshops on Tawheed, Sharia and Muamalah as a unit. The use of training and education variables is expected in the Islamic Learning perspective method (Choudhury, 2004; Budhijana, 2012; Al Arif, 2010. Nuruddin, 2010; Rusydiana, 2016).

Government Strategic Plan for Islamic Banking

The Blueprint for the Development of Indonesian Sharia Banking (2002-2011) shows that the vision and mission of developing Islamic banking are compiled by referring to the fundamental Islamic values that must be lived out and applied in every operational activity. Development targets are set after accommodating actual conditions in the industry. To achieve the goals, Bank Indonesia also has set initiatives and policy paradigms that have been implemented. Based on sharia values, the vision of developing sharia banking in Indonesia is "The realization of a competitive, efficient and prudent Islamic banking system that can support the real sector in real terms through share-based financing and actual transactions. In the framework of justice, help and lead to goodness to achieve the benefit of society "(Anonymous. 2017; Anonymous. 2004; Virawan, 2017; Utama, 2018).

The mission that explains the role of Bank Indonesia in achieving the above vision is "Creating a climate conducive to the development of Islamic banking that is consistent with sharia principles and capable of playing a role in the real sector, which includes: conducting studies and research on the conditions, potentials and needs of Islamic banking. on an ongoing basis; preparing concepts and implementing risk-based regulation and supervision in order to ensure the continuity of sharia banking operations following its characteristics; preparing infrastructure in order to increase the operational efficiency of Islamic banking; designing an 'entry and exit' framework for Islamic banking that can support banking system stability. " Bank Indonesia has set realistic targets for realizing the vision it has launched. These targets are made taking into account actual conditions, including influencing factors and trends that will shape the industry in the future, benefits and challenges, and the strengths and limitations of industry players and other stakeholders (Anonymous. 2004; Anonymous. 2017; Utama, 2018).

Indonesian Sharia Banking Roadmap (2015-2019)

According to Utama (2018), there are various kinds of strategic issues that are faced and impact the development of national Islamic banking that must be the attention of stakeholders. The strategic issues are as follows: a. The lack of alignment of visions and lack of coordination between the government and authorities in Islamic banking development; b. Inadequate capital, small industry and individual bank scales and low efficiency; c. The high cost of funds has an impact on the limitations of the financing segment; d. Products that are not varied and services that are not according to public expectations; e. Inadequate quantity and quality of human resources (HR) and inadequate information technology (IT) to support product and service development; f. Poor public understanding and awareness; g. Regulations and supervision are still not optimal. Based on the conditions and strategic issues faced by the national Islamic banking industry, a vision for the development of national Islamic banking was formulated, namely "Realizing Islamic banking that contributes significantly to sustainable economic growth, equitable development and financial system stability as well as high competitiveness.

Understanding Market Share

Market share is the ratio between the sales of a company and the total industry sales. Market share describes a market structure that is relatively better than looking at the number of companies competing in the industry concerned. This element is an indicator in determining the level of market power of a company. The higher the market share, the higher the market power it has. According to the American Marketing Association, the definition of market share is the proportion or percentage of sales proceeds from a company (certain products) to all sales that occur in a particular market. Market share is the market share which is the size of the share of the total area of the market that can be controlled by a company which is usually expressed as a percentage (Suryani. (2012). Syafrida, Sari, 2013; Sodik, 2018; Syukron, A. (2013). Virawan, 2017)—according to Rusydiana (2016), simplifying the heterogeneous into the central part for broader interests. According to him, this means that market share is the part of the market controlled by a company. In other words, the control of a product over the market or the amount of product demanded and produced by a company is proportional to the amount of demand in the market. This market share can be broken down according to the geographic area of the larger size, type of customer and technology.

RESEARCH METHODS

Object of research

This study uses sample data taken from monthly statistical data of Indonesian Islamic banking; the period taken for this study is 77 months from January 2012 to June 2018. The data in this study only uses Islamic Commercial Bank data.

Research Design

This research type is descriptive, exploratory, and implemented, designed with quantitative methods, using secondary data. Secondary data is obtained from data that has been published and has become the domain for the public in the study using data from the Financial Services Authority (OJK). Quantitative calculations and implemented in nature with empirical analysis and hypotheses in the field.

Promotion models and the concepts of education and training are designed and collaborated with the concept of morality, ethics and social values with an Islamic-based approach, namely the Islamic Learning perspective method approach (Tawhidi String Relations / TSR). The research results with the TSR method are then combined with looking at promotion, training education in Islamic banking and the government's strategic plan into one unit. The search for TSR values that describe the level of Islamic learning and adherence to norms is processed with a dynamic model (Choudhury, 2004; Budhijana, 2019).

According to Budhijana (2019), the formation of dynamic models is essential in the formation of models and the accompanying sharia economic analysis. This is because most economic analyzes are closely related to time series analysis, which is often manifested by the relationship between changes in economic magnitude and economic policy at a particular time

and their effect on economic symptoms and behaviour at other times. So, the events or results experienced this month are due to the efforts or efforts made last month. Likewise, this month's efforts and efforts cause the impact the coming month will have.

Data and data Sources

This study uses secondary data obtained from Islamic banking statistical data published by the Financial Services Authority (OJK) or Bank Indonesia (BI). The primary data obtained from the various sources mentioned above are focused on the central / core variable data in the study.

Research Model

Based on the formulation of the problem and research objectives, this research is exploratory research with an empirical model in a regression equation system with an Islamic perspective. Referring to the dynamic modelling in Budhijana (2019), the Islamic Learning perspective regression method is as follows:

$$\Delta Y = \Delta Y \quad (1)$$

$$Y_t - Y_{t-1} = Y_t - Y_{t-1} \quad (2)$$

$$Y_t - Y_{t-1} = \beta (Y_t^* - Y_{t-1}) \quad (3)$$

Where (*) is the presence of policy or cause of change, and β is the adjusting factor.

$$Y_t = \beta (Y_t^* - Y_{t-1}) + Y_{t-1} + \varepsilon \quad (4)$$

$$Y_t = \beta Y_t^* - \beta Y_{t-1} + Y_{t-1} + \varepsilon \quad (5)$$

$$Y_t = \beta Y_t^* + (Y_{t-1} - \beta Y_{t-1}) + \varepsilon \quad (6)$$

$$Y_t = \beta Y_t^* + (1-\beta) (Y_{t-1}) + \varepsilon \quad (7)$$

The research variables are designed with the following functions:

$$Y_t = f\{Pr, Di, G\} = aPr + bDi + cG \quad (a)$$

Where:

Y = market share

Pr = promotional costs

Di = education and training costs

G = government strategic plan (dummy)

After the adjustment, the function can be rewritten as follows:

$$Y_t^* = aPr_{-1} + bDi_{-1} + cG_{-1} \quad (b)$$

Where Y_t^* in equation (b) is the market share of Islamic banking caused by changes in the independent variables. If the Y_t^* function in equation (b) is integrated into the previous equation (7), then we will get the following adjustment function:

$$Y_t = \beta Y_t^* + (1-\beta)(Y_{t-1}) + \varepsilon$$

$$Y_t = \beta (aPr_{t-1} + bDi_{t-1} + cG_{t-1}) + (1-\beta)(Y_{t-1}) + \varepsilon \quad (8)$$

$$Y_t = a\beta Pr_{t-1} + b\beta Di_{t-1} + c\beta G_{t-1} + (1-\beta)(Y_{t-1}) + \varepsilon \quad (9)$$

Then we will get the final function as follows:

$$Y_t = f\{Pr_{t-1} ; Di_{t-1} ; G_{t-1} ; Y_{t-1} ; \varepsilon\} \quad (10)$$

$$\theta = \beta = (1 - \text{Coefficient } Y_{t-1})$$

Where (β) describes the adjustment value of Islamic Learning perspective knowledge in a dynamic processor is referred to as the value of θ (tetha).

RESULTS, DISCUSSION AND MANAGERIAL IMPLICATIONS

Research Overview

Bank Indonesia and the Financial Services Authority have been very good at managing, processing, and presenting data. Some people who care about the sharia economy, especially in the banking category, can access data quickly and understand data well. One of these is supported by the Banking reporting system, which was initially based on the Commercial Bank Report (LBU) application or Islamic Commercial Bank Report (LBUS), which became web-based reporting which is currently called the Financial Monetary Stability Report (LSMK) for Commercial Banks or Sharia Banks. Several Reporting Bank reporting features are also more completed and detailed (Amirus. 2018; Syukron, 2013; Virawan, 2017).

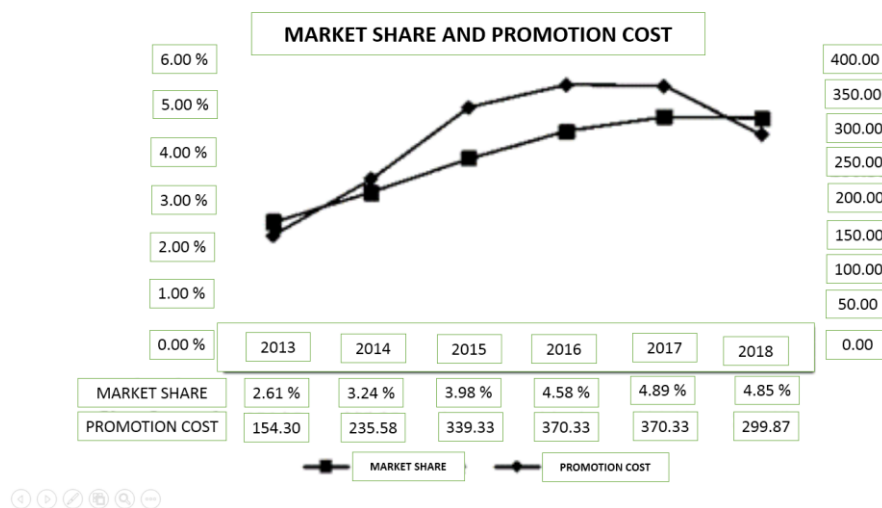


Figure 1: Market share with promotion costs

In Figure 1, which compares the movement of Islamic banking market share (%) with promotional costs (in billion rupiahs), market share movements and promotional costs have increased so far, but the decrease in promotional costs has been quite drastic from 370 billion (2017) to Rp. 299 billion (2018), a decrease of approximately 70 billion. The same thing was also seen in Islamic banks' market share, which also experienced stagnation and even decreased thinly from a position of 4.89% to 4.85%. The economic slowdown in 2014 also experienced by the financial sector, indirectly impacting Islamic banking. Islamic banking must be selective in spending costs, including promotional costs, and training education costs (see Figure 4.2). It

is coupled with the promotional competition with conventional banks, which are getting more intense to maintain their position and performance at the end of 2014. Each promotional expense incurred is expected to significantly impact the increase in Islamic banking assets so that it can improve the market share position in the coming years (Nuruddin, 2010; Sodiq, Amirus. 2018; Syukron, 2013; Virawan, 2017).

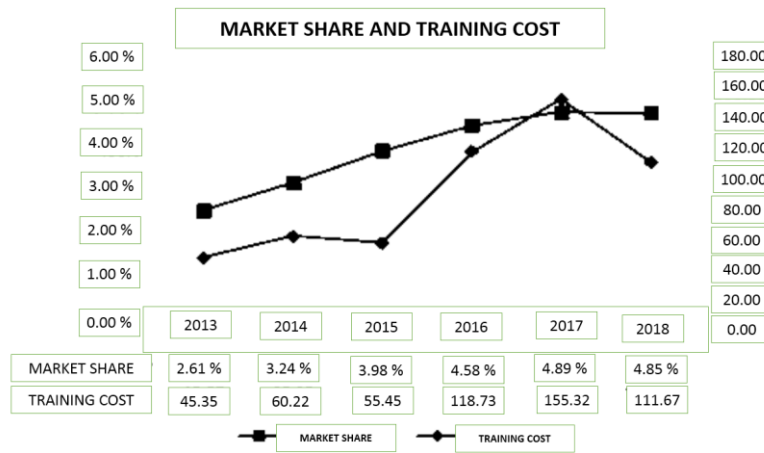


Figure 2: Market share with training costs

A comparison of market share with education and training costs is shown in Figure 2. In 2014, the cost of education and training had decreased by around 4.8 billion, while the market share continues to move up. On the other hand, in 2014-2015, the workforce increased significantly, namely more than 6,800 people (see Figure 3). This also illustrates that the ratio of training costs to labour issued is getting smaller. In other words, employees who entered in 2014 have not been provided with sufficient provisioning facilities through education and training (Amirus. 2018; Syukron, 2013; Virawan, 2017).

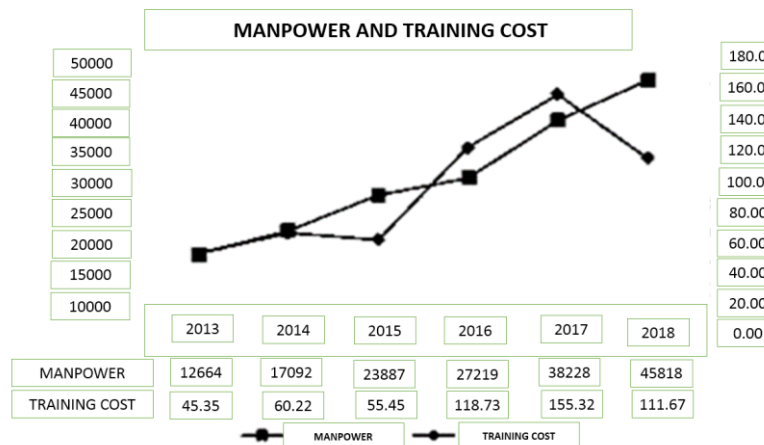


Figure 3: Number of workers with training costs

The cost of education and training in 2016 increased drastically, up nearly 200% compared to 2014, while the number of workers increased very slightly (small). The increase in the cost of education and training with a smaller number of workers encouraged the market share of Islamic banking to increase to 4.58% from 3.98% previously. However, the increase in market share has not reached the target market share of 5% of total national banking assets

according to the Islamic Banking Blueprint issued by Bank Indonesia (Anonymous, 2017; Nuruddin, 2010; Amirus. 2018; Syukron, 2013; Virawan, 2017).

As seen in Figures 1, 2, and 3, we can state it as follows:

- a. In general, the cost of training and promotion has decreased, even though the number of workers remains on an upward trend. This reflects that in 2014 Islamic banking was in the process of cost efficiency.
- b. We can still appreciate the efficiency carried out by Islamic banks because Islamic banking's market share remains at the position of only 4.8% -5.2%. This also illustrates that Islamic banking remains competitive with conventional banking because it can hold its market share position amid a weakening or slowing economic condition.
- c. The government's strategic policies also play a vital role in developing the Sharia Economy in Indonesia, especially for banking. Chapter II shows that there are at least 2 (two) government strategic plans in Islamic banking issued by Bank Indonesia or the Financial Services Authority (OJK). In the 2002-2011 period, the sharia banking strategy was contained in the Blueprint for the Development of Indonesian Sharia Banking, then in 2015, the OJK issued the Indonesian Sharia Banking Roadmap, which straightforwardly planned the strategy for developing Islamic banking until 2019. With these 2 (two) strategic policies, concluded with Figure 4.

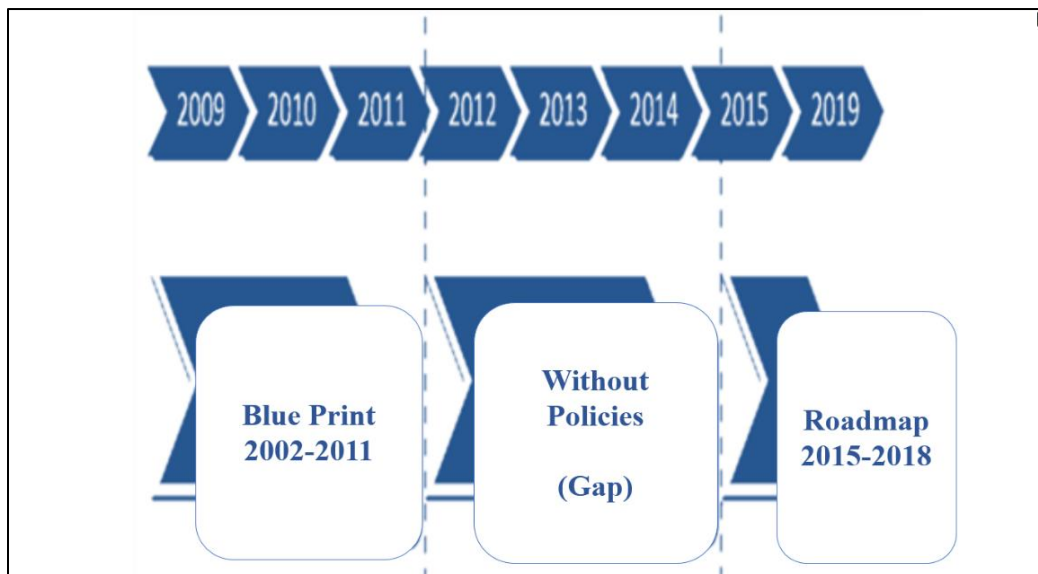


Figure 4: Strategic plan for Indonesian Islamic Banking

Dynamic Model Regression Results

After processing the data using Eviews 6, we can get the following results:

Dependent Variable: LNM
 Method: Least Squares
 Date: 12/10/19 Time: 09:10
 Sample: 2013M02 2019M05
 Included observations: 74

| | Coefficient | Std. Error | t-Statistic | Prob. |
|--------------------|-------------|-----------------------|-------------|-----------|
| LNPR-1 | 0.330426 | 0.034302 | 9.632939 | 0.0000 |
| LNDI-1 | 0.055832 | 0.025706 | 2.171943 | 0.0332 |
| LNG-1 | 0.162615 | 0.089116 | 1.824756 | 0.0223 |
| R-squared | 0.781968 | Mean dependent var | | 1.967082 |
| Adjusted R-squared | 0.772624 | S.D. dependent var | | 0.376559 |
| S.E. of regression | 0.179558 | Akaike info criterion | | -0.544098 |
| Sum squared resid | 2.256877 | Schwarz criterion | | -0.419554 |
| Log likelihood | 24.13162 | Hannan-Quinn criter. | | -0.494416 |
| Durbin-Watson stat | 1.206808 | Prob(F-statistic) | | 0.000431 |

The equation model can be interpreted as follows:

- The promotion cost (PR) regression coefficient value shows that an increase will follow a 1 per cent increase in Promotion Costs in the Market Share of 0.330 per cent. The promotion cost variable has a positive effect on the Islamic banking market share.
- The regression coefficient value for education and training costs (Di) of 0.06 indicates that an increase will follow an increase of 1 per cent in the cost of education and training in a Market Share of 0.055 per cent. The cost of education and training has a positive effect on the Islamic banking market share.
- The regression coefficient value of the dummy variable, which is the government's strategic policy (G), is 0.96, indicating that an increase will follow an increase of 1 per cent in the cost of education and training in a market share of 0.163 per cent, has a positive effect on the market share of Islamic banking. The results of the previous regression equation are as follows:

$$\text{LnM} = 0,33\text{LnPrt-1} + 0,06\text{LnDit-1} + 0,16\text{Gt-1} + 0,96\text{LnMt-1}$$

From the above equation and according to the regression equation formed with a dynamic model, this can be looked for the benefit value (θ / β) as follows:

$$Y_t = a\beta Pr_{-1} + b\beta Di_{-1} + c\beta G_{-1} + (1-\beta)(Y_{t-1}) + \varepsilon \quad (9)$$

$$\Theta = \beta = (1 - \text{koefisien } Y_{t-1})$$

$$(1-\beta) (Y_{t-1}) \rightarrow \rightarrow 0,96 \ln M_{t-1}$$

$$\Theta = \beta = (1 - 0,96)$$

$$\Theta = \beta = 0,04$$

From the θ / β value results, the value is close to the number 0, so it can be concluded that H_a is rejected. H_0 is accepted, which means that simultaneously, the benefits of promotion costs, training education costs and strategic government policies are minimal (minimal) towards market share (market share) of Islamic banking in Indonesia. The minimal value of 0.04 (the maximum number is 1) gives us that a lack of learning process, lack of adaptation of Islamic business, or conventional patterns still exist both in Islamic bank employees, Islamic bank customers or in the regulator.

The Concept of Tawhidi String Relation (TSR) Analysis in Dynamic Model

The beta coefficient value on the research variables has a small value, namely 4 per cent. Managerial understanding is needed as follows:

- a. Education and training have not yet produced competitive human resources to seize the conventional banking market because an increase in market share (*pangsa pasar*) can only be realized if Islamic banks' growth is more remarkable than conventional banks' growth.
- b. Education and training for Islamic banks have not yet established Human Resources who instill the concept of divinity with *kafah* (as a whole). They are committed to fighting for the concept of an economical syariah. So that the culture and thoughts of capitalism and liberalism still influence the management of Sharia Banks. If the HR of a Sharia Bank is aware of the struggles they are doing, then every Sharia actor is the same as a *Da'i* (preacher) who calls for halal economic behaviour and transactions and provides the best service for customers. In summary, education and training problems are as follows: i) Lack of attention to obedience; ii) The training is relatively short and not continuous; iii). Islam is only in the physical aspect, such as uniforms and other accessories; iv). Unfavourable work habits and cultures, such as smoking habits and employee hedonic culture. Sharia banks need to be maintained and developed, namely in sharia skills, or can also be understood as sharia competence. In practice, this is manifested as a series of training programs and workshops on *Fiqh Muamalat* as a unit.
- c. Promotions that are built to increase growth have not been optimally implemented. This is not solely due to the inability of Islamic Banking to build an excellent promotional program, but also external factors, such as the promotion of Conventional Banks, which is very intense so that the competition is not balanced with the promotions carried out by Islamic Banks. Moreover, it is supported by large conventional banks that have a strong baseline in terms of cheap third-party funds, financial technology and service features that increase the Fee-Based Income (FBI) of Conventional Banks. Brief internal problems are as follows: a). Prioritizing the business aspect is very far from the ethical and moral aspects, even the MUI Fatwa; and b). Promotional communications that still use conventional cultures, such as displaying luxury and capitalism. From a sharia perspective, the promotion of Islamic banking must also present *Shidiq* (genuine and honest), *Amanah* (trustworthy, credible), *Fathanah* (intelligent), and *Tabligh* (communicative) in its promotion program.
- d. The government's strategic policies to increase Islamic banking's market share have not yet had a significant impact. Although the regulations and other supporting regulations have been greatly assisted, Islamic banking is still underlined in terms of support in

terms of growth in financial performance. Every Islamic bank must fight each in competition with conventional banks, which have decisive intervention from the state. For example, in the case of civil servant Salary (Payroll) services, only in 2015 there were 2 (two) Islamic Banks that could provide civil servant Payroll services with the status of Operational Bank Two (BO 2) namely Bank Syariah Mandiri and BNI Syariah. Bank Syariah Mandiri is the only Sharia Bank included in the BUKU 3 category (Commercial Banks based on Business Activities /BUKU 3: namely banks with a core capital of IDR 5 trillion-IDR 30 trillion). Given this, efforts to increase market share can be carried out in the following ways: i) The promotion of Islamic banking is carried out well for customers without neglecting ethics, morality, and sharia principles. By continuing to prioritize blessings in transactions and always maintaining the halal of the products; ii) It is necessary to carry out Islamic Bank Education and Training for employees and or prospective employees with a curriculum that prioritizes professionalism and work ethic and aspects of sharia knowledge and sharia competence - implementing a sound education system by building sharia knowledge into sharia spirit. As well as providing qualified professionalism (soft skills and hard skills); iii). The Government's Strategic Plan, namely coordinating with all parties to realize the Sharia Banking development plans following the Sharia Banking Roadmap; and provide more significant opportunities for Sharia Banks as Main Financial Institutions in financial systems and transactions central and regional levels; and d). It is making Islamic Banks the leading choice in state financial transactions. This is one of the factors encouraging Sharia Banks to improve and improve service quality to customers continually.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Based on the research and discussion results, the following research results were obtained:

- a. Promotion costs, tuition fees and promotion costs have a positive and significant effect on the market share of Islamic banking in Indonesia.
- b. The current growth of market share shows that there is still a lack of learning process and public understanding of the Islamic banking business, or that conventional governance patterns still prevail in it, and
- c. Promotion costs, education and training costs, and strategic government policies simultaneously have a significant positive effect on the market share of Islamic banking in Indonesia.

Recommendation

Thus, it can be suggested that promotion, education training and providing broader policy opportunities in encouraging the development of financial service products are increasingly becoming essential needs in increasing market share and supporting the growth of existing real sectors.

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