

Perception of Non-Muslim Religious Leaders to Islamic Financial Institutions

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ABSTRACT

Islamic Financial Institutions have emerged using Islamic values as the basis for institutional development. Meanwhile, the existence of faith-based institutions both for social purposes and profits is often seen as an exclusive institution and is considered a threat to followers of other religions. This study aims to determine the perception of religious leaders about the existence of Islamic financial institutions. This research uses descriptive exploration method through interviews with religious leaders (Christian, Catholic, Hindu, Buddhist and Confucian) related to their knowledge and perceptions about Islamic financial institutions. The results showed that in general the non-Muslim community knows about Islamic financial institutions, but 40% held that Islamic financial institutions were institutions that were only intended for Muslims (exclusive institutions). the type of institution known by the majority of religious leaders is only an Islamic bank and its institutional form is the same as a savings and credit cooperative or conventional bank. Although considered an exclusive financial institution, Islamic financial institutions are not considered a theological threat to other religious communities. The results showed that socialization efforts regarding the existence of Islamic financial institutions to the religious community were still needed so that the actualization of the concept of Islam through inclusive financial institutions could be realized.

Keywords: perception, religious leaders, Islamic financial institutions

1. INTRODUCTION

Library is the symbol of academic life in education institution. It is used as a facility to broaden the insight and knowledge among school communities. In the study [1], library is stated to play a critical role as a learning source predicted to bring an effect on the students' achievement. Key, in the book about the crisis of school libraries in Canada argued that a good library management can bring a learning impact for a lifetime for both students and teachers. Hence, the existence of school library is not simply about the storage of lesson books but it must be capable of being the references for the life values for the students. This issue has then become an essential part for the strategic planning of Ministry of Education and Culture in the period of 2015 – 2019; one of which was the education paradigm. Indonesia is a pluralistic country in terms of religion. There are six official religions recognized by the state, with the following religious distribution [1]:

Table 1. Population based on religion

| Religion | N | % |
|--------------|--------------------|------------|
| Islam | 207.176.162 | 87,2 |
| Christian | 16.528.513 | 6,9 |
| Catholic | 6.907.873 | 2,9 |
| Hinduism | 4.012.116 | 1,7 |
| Buddhism | 1.703.254 | 0,7 |
| Kong Hu Cu | 117.091 | 0,1 |
| Others | 299.617 | 0,1 |
| No answer | 896.700 | 0,4 |
| Total | 237.641.326 | 100 |

The data above illustrates that Indonesian society has a heterogeneous nature in religious treasures. This causes matters relating to religion may be a source of conflict if not addressed wisely and wisely. One way is to develop an inclusive attitude in religion. Inclusivism is a religious attitude which holds that outside of the religion it embraces, there is also truth, although it is not as complete and perfect as the religion it professes [2].

Islamic Financial Institutions is a financial institution that bases its establishment and operations based on Islamic values. This institution exists to meet the needs of Muslims for non-usury financial institutions, as part of the implementation of religious values. one of them is interest-free. Interest is an entity that is considered part of usury. This means that the value of Islamic religious substance is at the core of the activities of Islamic financial institutions. As a financial institution that carries the mission of rahmatan lil'alamin, Islamic financial institutions should have an inclusive character. What is meant by inclusion is having open access for all levels of society, including non-Muslims. This article aims to describe the perceptions that non-Muslims have of Islamic financial institutions and complement other studies that discuss the same theme.

Starting a study of the opinions expressed by Steven M Caffé who said that responses are divided into three parts, namely (1) Cognitive, i.e. responses that are closely related to knowledge skills and someone's information regarding something, this response arises when there is a change to that understood or perceived by the public; (2) Affective, i.e. related responses with emotions, attitudes and judging someone against something. This response arises when there is a change liked by audiences against something, and (3)

Conative, i.e. related responses with real behaviors which include action or deed. The response referred to in this study is the perspective of non-Muslim followers of the existence of Islamic financial institutions in Indonesia. Of the three types of responses above, this study emphasizes cognitive responses. Studies with the same big theme have been conducted on people in several countries in the world.

One study find that indicated customer perception can be mediated the effects of bank service quality on performance. Customer perception and satisfaction can be considered as the key gap to bank for overall performance. The delivery of high standard of service quality may manage to increase customer satisfaction which is related to perception of non-Muslim toward Islamic banking product and services [3].

Islamic banking in Tanzania and in the world, is at an early stage of development and has a high growth potential in the future to serve people of all religions. Findings of this study reveal that there are significant differences between Muslim and non-Muslim citizens in Tanzania with respect to perceptions of Islamic banking and awareness towards Islamic banking. Nearly two thirds of Muslim respondents are aware of Islamic banking whereas only one third of non-Muslim citizens are aware of it and the difference in awareness is significant with respect to religion.

Muslims and non-Muslims tend to have different factors which encourage and discourage them to use and not to use Islamic banking. The most important factors for Muslims to prefer Islamic banking is because it complies with Islamic principle and unavailability of interest charge in the loan, while non-Muslim prefer Islamic banking because they offer products and services with no interest and low services charge. Furthermore, the most important factor for Muslims for not using Islamic banking in the future is the belief that Islamic banking lacks proper mechanism of transparency and disclosure to the public, whereas the most important factor for non-Muslims to use Islamic banking in the future is unfamiliarity with Islamic banking products and services. Apparently, most of the citizens in Tanzania are unaware of Islamic banking. If citizens, especially non-Muslim citizens, are well educated on Islamic banking; Islamic banking in Tanzania can outweigh conventional banking in the future. It can be suggested that to enhance the participation of people in Islamic banking and to promote the growth of Islamic banking, policy makers should develop programs and procedures that will improve the awareness of people of Islamic banking and boost knowledge of people about Islamic banking products and service [4].

In line with above research, a results study at Malay show that Muslims as supportive of Islamic Banking while non-Muslims view Islamic Banking as relevant primarily to Muslims. However, among non-Muslims, the X-Generation has a more favorable perception towards Islamic Banking than Baby Boomers [5]. While in Nigeria, a country with a population of approximately 186 million people, with 50% of the Muslim population having the same phenomenon. the factors determining the choice of Islamic banking among non-Muslims in Nigeria found subjective norm, perceived behavioral control and attitude to be of significant influence on the choice of Islam in banking. Furthermore, it found subjective norm to be the most important factor, followed by perceived behavioral control and attitude. Therefore, it is important for Islamic banking institutions and relevant

regulatory agencies to take proactive steps that will protect and enhance these factors in a bid to promote patronage and eventual success of Islamic banking in Nigeria, especially in the face of growing skepticism. More importantly, parties spreading mischievous impressions about Islamic banking and gullible individuals convinced by the misinformation need to retrace their steps and support the advancement of Islamic banking in view of the potentials it holds for the society at large as attested to by sample in this research. Moreover, Islamic banking has been making headway in non-Muslim dominated jurisdictions as well [6].

In India, Islamic banking has many advantages over conventional banking and the major being that it has the potential to increase financial inclusion which is crucial if India wants to become an economic giant in the near future. India, however, has been shying away from Islamic banks. The reason for the same is probably more political than economic. The SWOT analysis undertaken for Islamic banking in India shows that India should open its doors to Islamic banking as the strengths and opportunities far outweigh the weaknesses and threats. Thus, Islamic banking would be another alternative mode of banking that would strengthen market efficiencies with innovations and competition. This is why Islamic banking in India is accepted by Muslims and non-Muslims [7].

In another study shows that non-Muslims of Colombo district have a general awareness level of Islamic financial institutions but require further knowledge to better understand the difference between Islamic financial institutions and conventional financial institutions. It is recommended that Islamic financial institutions in Sri Lanka, especially, should actively seek participation to raise awareness among the non-Muslim population about Islamic financial institutions and its differences with conventional financial institutions [8].

According to Bley to ensure long-term growth and prosperity of the Islamic finance sector, overcoming widespread ignorance of Islamic financial concepts seems crucial. Educating the market along with the selection of more market friendly packaging of Islamic products would aid in the competitiveness of Islamic financial products relative to conventional products. Facilitating the understanding of Islamic products being offered and making the comparability with similar conventional products easier, will help consumers make better choices. This has the added benefit of insuring that suppliers of financial products and services, whether Islamic or conventional, provide comparative value to consumers. This seems essential in an increasingly competitive financial services sector [9].

Another study explained the mediating effect of perception and awareness about Islamic banking services for the development of Islamic banking in Pakistan. This makes clear that Islamic banking, apart from specific consumer age, income group, and religious factors, level of awareness additionally contribute to consumers trust [10]. Besides that, a study also finds three facts about Islamic banking in Indonesia. First, saving product of Islamic banking is more known than any other Islamic banking products. Second, the non-Muslims' perception in general about the Islamic banking is seen through several aspects, such as its banking services, products offered, ability to attract attention, reliability, and harmony with the philosophy of the religious

affiliation. Third, respondents' demography i.e. gender, age, and level of formal education have a significant effect on the perception of revenue sharing system in Islamic banking [11].

2. RESEARCH METHOD

This research is a descriptive analysis research that begins with searching various recent references about non-Muslim perceptions of Islamic financial institutions that have been done by previous studies. In the next step, instrument making is used to describe, test and analyze data. The data obtained, then analyzed and carried out a discussion using the theories and related regulations to find out the appropriateness of the principles between the applicable theories and activities in the field.

2.1. Data Sample

To achieve the research objectives, the survey was conducted on respondents with the distribution of data as shown in table 2.

Table 2. Demographic characteristic of respondents

| Measure | Item | N | % |
|------------|------------------|----|------|
| Religion | Islam | 45 | 37.8 |
| | Christian | 32 | 26.9 |
| | Catholic | 16 | 13.4 |
| | Hinduism | 15 | 12.6 |
| | Budhaism | 7 | 5.9 |
| | Kong Hu Cu | 4 | 3.4 |
| Gender | Male | 81 | 68.1 |
| | Female | 38 | 31.9 |
| Occupation | Lecturer | 34 | 28.6 |
| | Teacher | 21 | 17.6 |
| | Private Employee | 45 | 37.8 |
| | Civil Servant | 19 | 16.0 |

Source: Authors' analysis

The data in table 2 shows that the respondents in this study consisted of 68.1 percent of men and 31.9 percent of women. In employment, the majority of respondents were Private Employees (37.8 percent), followed by lecturers (28.6 percent), teachers (17.6 percent), and civil servants (16 percent). Most respondents who filled out the questionnaire were Muslims (37.8 percent), followed by Christians (26.9 percent), Catholics (13.4 percent), Hindus (12.6 percent), Buddhists (5.9 percent) and Kong Hu Cu (3.4 percent).

2.2. Data Collection Instruments

Data instruments used in this study are: Questionnaire, used to collect data for research subjects and informants related to information or opinions of non-Muslims on Islamic financial institutions. The questionnaire delivered to respondents relates to two responses, namely cognitive response and affective response. Questions for

cognitive responses relate to knowledge that respondents know is related to Islamic financial institutions. While affective responses are directed so that respondents provide an assessment of the existence of Islamic financial institutions. Questionnaire is open, so that respondents are freer to convey information as it is. Forum Group Discussion, used to collect qualitative assessment data on the performance of Islamic financial institutions in the perspective of non-Muslim religious communities.

2.3. Data analysis

After the data collection properly then edited and sorted. Qualitative data collected by FGD, observation, interview. An interactive data analysis model is possible when researchers are in the field. After all the analysis is done descriptively. That qualitative research allows analysis at the time of research in the field (within site, in the field) and after the analysis of the new field. Furthermore, data reduction is made based on the relevance and adequacy of information to explain the opinions or perspectives of non-Muslim religious communities on the existence of Islamic financial institutions.

Data reduction in this study essentially simplifies and systematically compiles these data in the dimensions of the process and the results of the use of waqf assets. The results of the data reduction are then presented in the form of a data display. For presenting data using narrative descriptions. The next step is to make a conclusion and or verification. In this model there is an interactive relationship between the main components in the analysis. Therefore, in this study, verification is done by looking back at the data reduction and data display so that the conclusions do not deviate from the analyzed data. The flow is as follows:

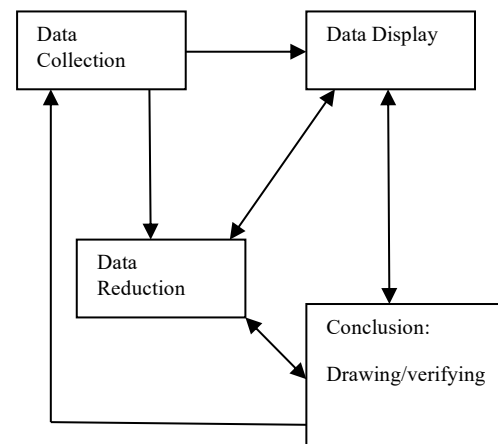


Figure 1. Data analysis technique

3. RESULTS AND DISCUSSION

The existence of Islamic financial institutions in Indonesia is widely known in Indonesia, both by Muslim and non-Muslim communities. The results of the study are related to non-Muslim perspectives on the existence of Islamic

financial institutions, at least it can be divided into two types of responses, namely cognitive responses and affective responses. First, cognitive response is a response relating to information or knowledge possessed by non-Muslim communities about Islamic financial institutions. The information can come from print and electronic mass media, social media, information from other people or from other sources. The results showed that the information obtained by non-Muslim communities led to cognitive responses as follows:

- a. Islamic financial institutions are financial institutions that have been around for a long time and are proven capable of gradually facing the economic crisis that hit Indonesia.
- b. Islamic financial institutions are financial institutions that base their operations on Islamic values.
- c. Islamic financial institutions are financial institutions that do not apply usury
- d. Islamic financial institutions are only intended for Muslims
- e. Practices in some Islamic financial institutions are the same as conventional financial institution.
- f. In general, the types of financial institutions that are known are the Islamic Banking and Baitul Maal Wat Tamwil (BMT)/KSPPS. Other types of institutions such as Islamic insurance, Islamic pawn shops and other types are not widely known by non-Muslim communities.

Second, Affective Response. Affective response is a response related to one's emotions, attitudes or judgments about something. In this study, what is meant by affective response is the evaluation of non-Muslim communities on the existence of Islamic financial institutions, especially those related to religious issues inherent in the label of Islamic financial institutions. The results showed that non-Muslim communities view financial institutions as institutions that do not endanger their religious beliefs (do not consider Islamic financial institutions as institutions that carry the mission of Islamization aimed at increasing the number of Muslims), even though basing Islamic sharia values as the basis of the institution's operations.

4. CONCLUSION

Non-Muslim communities in Indonesia in general have known about the existence of Islamic financial institutions, but the known institutions are Sharia Banks and Sharia Savings and Credit Cooperatives (KSPPS) or Baitul Maal Wat Tamwil (BMT). Non-Muslim society considers Islamic financial institutions as a positive thing, does not pose a threat to life between religious communities and even has a positive impact on the development of the Indonesian economy.

ACKNOWLEDGMENT

This study supported by the Ministry of Research, Technology and Higher Education of the Republic of Indonesia through the PDUP program. We want to extend appreciation to

the Forum Kerukunan Umat Beragama, Pemuda Lintas Agama, and Universitas Muhammadiyah Magelang who have significantly contributed to this research.

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