



Marketing in Indonesia Islamic Banking and Finance

A Systematic Literature Review

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Abstract. Islamic banking has a long history in Indonesia, and it is frequently researched in numerous studies, particularly from the viewpoints of economics, finance, and accounting. On the other hand, there have been few marketing studies on Islamic banking in Indonesia. Furthermore, studies on commercial banks dominate marketing studies on Islamic banking. Marketing research on Islamic Rural Banks, Islamic Finance, Islamic Cooperation, and other Islamic microfinance institutions, on the other hand, has been sparse. Due to the disparity in market share between Islamic and conventional banking in Indonesia, academics have reviewed studies on the marketing of Islamic banks in the country. In economics, finance, and accounting, previous academics did a literature review on Islamic banking in general. On the other hand, this study conducted a literature review on the marketing of Islamic banks in Indonesia, including commercial and microbanks. The purpose of this paper is to determine the design and research methods, the theory used, and the variables involved in the marketing of Islamic Banks and Islamic microfinance institutions in Indonesia. This study did a thorough literature review to discover prior studies' literature. Articles were selected from Proquest, Science Direct, Emerald, Taylor Francis, and EBSCO databases. Only ten articles were connected to marketing in Islamic banking in Indonesia, according to the title, abstract, and content of the 224 articles that matched the search string that has been identified. The result of this study explained (i) the different research designs and methodologies used to study marketing in Islamic banks in Indonesia, (ii) the theories used to explain marketing studies in Islamic banks in Indonesia, and (iii) the variables involved in the Marketing study in Islamic banks in Indonesia. In addition, this work provides a marketing-related model for Islamic banking in Indonesia, which might be extended further for future research. This study's output is a synthesis of other papers on connected subjects. This is because the findings of this study may be utilized to locate, browse, assess, and analyze all existing research on Indonesia's Islamic banking and microfinance industries.

Keywords: Islamic Bank · Islamic Finance · Indonesia · Marketing · Systematic Literature Review

1 Introduction

The banking business in Indonesia is currently considered quite developed. This condition is indicated by data from the Indonesian Banking Statistics, which was released by the Financial Services Authority (OJK) in December 2021, showing that the total assets of conventional banking in December 2018 were around IDR 7,809 Trillion, and in December 2021, total assets grew to IDR 10,114 Trillion [1]. However, conventional banking growth is not like the growth of Islamic banking in Indonesia. Since appearing in 1992, until now Islamic Banks have not been able to do much. Sharia Banking Statistics released by OJK in December 2021 showed that the total assets of Sharia banking as a whole in December 2018 was only around Rp316 trillion, and in December 2021, the total assets of Sharia Banks grew to Rp441 trillion [2]. From the presentation of the data above, it can be illustrated that the market share of Islamic banks is less than 5%. This condition is certainly a problem because based on data from the Ministry of Home Affairs of the Republic of Indonesia, most of Indonesia's population is Muslim, which is around 237 million people, or about 87% of the total population of Indonesia [3]. The large Muslim population should be a potential market for Islamic banks in Indonesia. However, in reality, Islamic banks have not been able to attract Indonesian people, who are predominantly Muslim, to use the banking products and services offered. This phenomenon is certainly interesting to learn, especially since Islamic banks carry the theme of Islam in their business.

Islamic banks use profit-sharing provisions in determining the price of Islamic financial transactions because the concept of interest is prohibited in Islam [4]. Interest rates are considered as *gharar* and *usury*. *Gharar* exists when there is fraud in the trade, such as misrepresentation of quality, price, and product type. While *riba* can be defined as charging rent for the use of money. *Riba* has a closer meaning to interest than *gharar*. However, both are embedded in many transactions in the current financial system. Therefore, interest rates are prohibited in Islamic finance [5].

Sharia banking issues have been widely studied, both from the economic aspect [6–8], finance and accounting [9–11], HR Management [12, 13], and Marketing [14–16]. In addition, literature studies on Islamic banking have also been carried out by several researchers, including a study to identify research topics at Islamic Microfinance Institutions [17], a study to identify research topics in Islamic banks using Data Envelopment Analysis (DEA) [18], a study to identify the topic of Islamic economics and finance [19], and a study to identify the topic of shariah governance [20].

Based on the previous literature review described, several references can be used in conducting this research. First, no literature review examines marketing topics about Islamic banks, including Islamic banks and Islamic microfinance institutions. Second, the literature review is only limited to identifying and describing data from articles on certain topics. Based on this explanation, this study aims to offer an overview of marketing in Islamic banks and Islamic microfinance institutions and to answer the following research questions:

RQ1: What research design and methods are used to review the marketing of Islamic banks and microfinance institutions in Indonesia?

RQ2: What theory is used to review the marketing of Islamic banks and microfinance institutions in Indonesia?

RQ3: What variables are used in assessing the marketing of Islamic Banks and Islamic microfinance institutions in Indonesia?

The goal of this study is to identify the design and research methodologies, the theory applied, and the variables involved in the marketing of Islamic banks and Islamic microfinance institutions in Indonesia based on the research questions posed.

2 Method

This study used a Systematic Literature Review (SLR) approach to provide an overview of marketing studies in Islamic banks and Islamic microfinance institutions. This study applied the five steps of the SLR process [21, 22]. This process allows for a more systematic, transparent, and replicable process [21]. The five-step SLR method consists of (1) formulating review questions, (2) searching for materials, (3) evaluating and selecting materials, (4) analyzing and synthesizing, and (5) reporting the results.

2.1 Formulating Review Question

Formulation of research questions is necessary to establish focus and provide a clearer direction for the review. The formulation of research questions is based on the research objectives that have been mentioned previously. The research questions have been presented in the previous section.

2.2 Searching for Materials

Based on the research objectives, the following terms were used to find related articles in the database: (“islamic bank” OR “islamic rural bank” OR “bail maal” OR “islamic microfinance” OR “sharia microfinance”) AND (Indonesia) AND (adoption OR acceptance) AND (customer OR consumer). The searching step was restricted based on the following inclusion criteria: (1) articles and journals; (2) articles must be published in English; (3) the full text of the article must be accessible; (4) the focus of the study should be on marketing in Islamic banks and Islamic microfinance institutions. To find published articles on marketing in Islamic banks and Islamic microfinance institutions, the Science Direct, Emerald, Proquest, Taylor Francis, and EBSCO databases using predefined search terms were examined.

2.3 Evaluating and Selecting Materials

In conducting an article search, several filtering steps were performed. First, apply the search string that has been determined and the inclusion criteria. Second, select the article's topic; only articles that discuss Islamic banks and Islamic microfinance institutions were taken. Third, advance selecting the article's topic; only articles that discuss marketing topics were taken. From the results of the screening, ten articles were obtained for analysis.

The funnel diagram of articles selection as shown in Fig. 1.

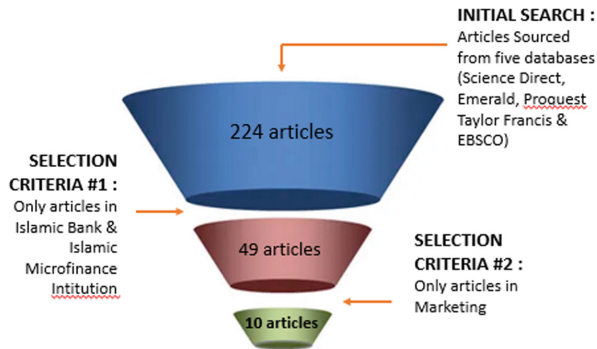


Fig. 1. The funnel diagram of articles selection.

2.4 Analyzing and Synthesizing

The analysis phase aims to read, assess, and research each individually selected paper and determine the evidence of the component in question [21]. Next, to synthesize the review, a two-step approach was taken. In the first stage, the synthesis concentrated on the quantitative aspect by grouping the research according to predetermined criteria. Then, in the second step, a qualitative meant to synthesize information from each selected article and attempted to answer the research questions posed [22].

2.5 Reporting the Results

The final process of SLR is reporting the review results and highlighting marketing studies in Islamic banks and Islamic microfinance institutions in Indonesia.

3 Result and Discussion

3.1 Publication Year

The number of articles in the last ten years as shown in Fig. 2.

The number of publications on the marketing of Islamic banks and Islamic microfinance institutes has increased since 2016. As it can be seen from these figures, 2020 is the year with the highest number of articles on the marketing of Islamic banks and Islamic microfinance.

3.2 Authorship

See Fig. 3 for Authorship.

In Fig. 3, it can also be observed that the trend of single-author articles is abandoned. There are currently a large number of studies that have two or more co-authors.

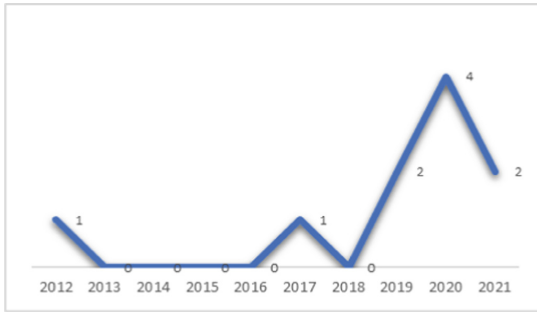


Fig. 2. The number of articles in the last ten years.

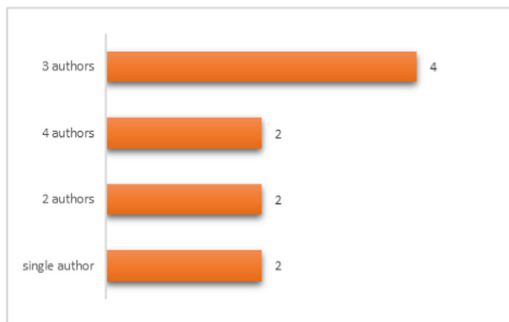


Fig. 3. Authorship.

3.3 Journal and Publisher Distribution

Number of articles per journal is shown in Fig. 4.

Number of articles per publisher is shown in Fig. 5



Fig. 4. Number of articles per journal.

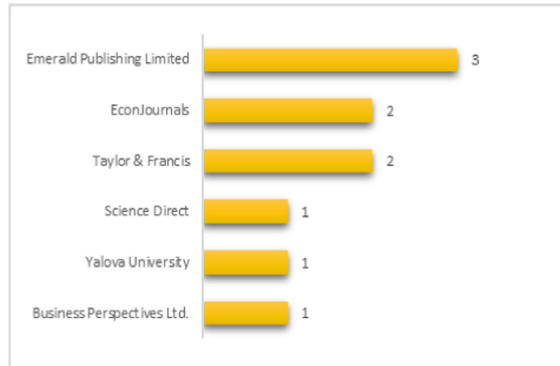


Fig. 5. Number of articles per publisher.

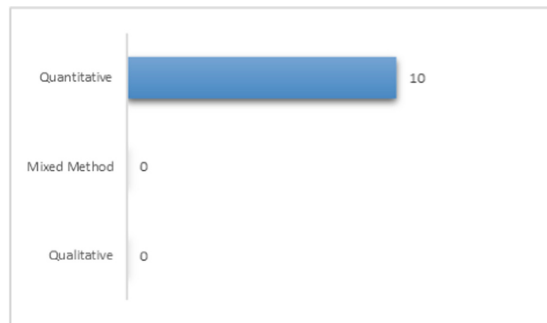


Fig. 6. Research method.

In Fig. 4, the distribution of publication journals shows that the International Review of Management and Marketing is the leading journal in terms of the number of publications on the marketing of Islamic banks and Islamic microfinance institutions. While in Fig. 5, the publishers' distribution shows that Emerald Publishing Limited is the leading publisher in terms of the number of publications on the marketing of Islamic banks and Islamic microfinance institutions.

3.4 Research Design and Method (RQ1)

Figure 6 summarizes the methods that previous studies have carried out. All analyses were quantitative with a survey research design, while qualitative and mixed methods do not exist. So far, quantitative methods are still dominating, especially in social science research [23].

3.5 Theory Perspective (RQ2)

In Fig. 7, several theories are applied to study the marketing of Islamic banks and Islamic microfinance institutions. Service Quality is a leading theory in the Islamic banking

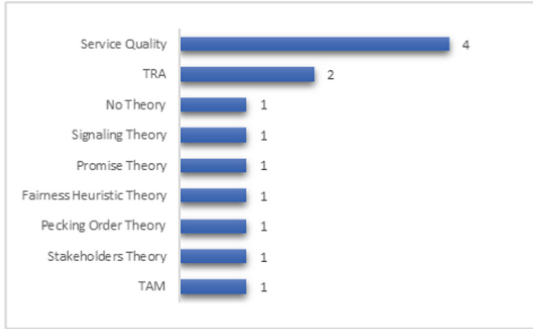


Fig. 7. Used of theory.

literature which has often been used as the theory underlying the study, followed by the Theory of Reasoned Action (TRA). Furthermore, some theories were only used in one study.

3.6 Variables (RQ3)

Based on Table 1, the input variable widely used in marketing research for Islamic banks and microfinance institutions is service quality. In contrast, the process variables that are often used are perceived value and customer satisfaction, and the output variable that is often used is intention.

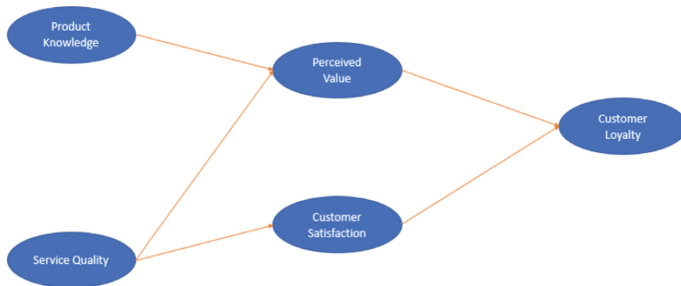
3.7 Discussion

The analysis of studies on the marketing of Islamic banks and Islamic microfinance institutions in Indonesia yields several directions for future studies. The summaries of the research gaps and future research directions are as follows: First, the quantitative method is still the preferred research method, so future research needs to use a qualitative approach or both (mixed method). Second, service quality is the most widely used theory in the marketing literature of Islamic banks and Islamic microfinance institutions in Indonesia. It is recommended for future studies to expand service quality and combine it with other theories. Third, based on the variables involved in the marketing study of Islamic banks and Islamic microfinance institutions in Indonesia, this study proposes an alternative model, namely the Islamic Bank and Microfinance Customer Loyalty Model (Fig. 8).

This model is proposed to predict how Muslims become loyal customers in Islamic banks and microfinance institutions in Indonesia. This model is a combination of models from articles written by [5, 15, 24], where the variables used are as follows: (1) Customer Loyalty, (2) Perceived Value (3), Customer Satisfaction, (4) Product Knowledge (5) Service Quality. This model explains that loyalty is influenced by product knowledge and service quality, which are mediated by perceived value and customer loyalty. Certainly, this proposed model cannot be directly applied, but it needs to be tested first by future researchers so that this model is very open for further development.

Table 1. Used of Variables.

Input	Process	Output
Product Knowledge (1)	Perceived Risk (1)	Intention (1) (2) (4)
Perceived ease of use (2)	Perceived Quality (1)	Customer Loyalty (3) (5)
Religiosity (2) (4)	Perceived Value (1) (3)	Customer Satisfaction (6) (9)
Service Quality (3) (6) (8) (9)	Perceived usefulness (2)	Banking Image (8)
Corporate Image (4)	Attitude toward behavior (2)	Usage Behavior (10)
Profit Loss Sharing (4)	Brand Image (3)	
Tangibility (5)	Customer Satisfaction (3) (5)	
Reliability (5)	Customer Engagement (3)	
Assurance (5)	Trust (5)	
Sincerity (5)	Customer Value (8)	
Personalization (5)	Intention (10)	
Formality (5)	Islamic Bank Knowledge (10)	
Brand Image (6)	Islamic Bank Pricing (10)	
Customer Value (6)		
Product Quality (8)		
Shariah Perception (9)		
Attitude (10)		
Social Influences (10)		

**Fig. 8.** Proposed Model.

4 Conclusion

By synthesizing the literature on religiosity in the marketing of Islamic banks and Islamic microfinance institutions, this article has the following contributions: (1) This paper provides an overview of research methods and designs in the marketing of Islamic banks and Islamic microfinance institutions, (2) this paper provides an overview of the theoretical basis used in the marketing of Islamic banks and Islamic microfinance

institutions, (3) this paper summarizes the variables involved in the marketing of Islamic banks and Islamic microfinance institutions, (4) this paper proposes the Islamic Bank and Microfinance Customer Loyalty Model as an alternative in predicting how to form Muslim loyalty to Islamic banks and Islamic microfinance institutions. Like others, this study has limitations: (1) articles were only taken from a few journal publishers. It is hoped that future studies can expand the search to a wider database, (2) the literature reviewed was only limited to scientific articles. Future studies may consider other types of literature, (3) the inclusion and exclusion of articles and coding were based on the subjectivity of the authors. Future studies are expected to be more objective by conducting FGDs with experts.

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