

Factors Affecting Corporate Decision Makers to Transact With Indonesian Sharia Banks

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Abstract

This study aims to examine the factors that influence corporate decision-making factors in transactions with Sharia Bank in Indonesia and recommend strategies to increase *corporate customers* in Islamic banking to increase their market share considering that *corporate customers* have large purchase power parity. This study was conducted to fill the research gap where it will be analyzed how the factors that influence the decisions of *corporate customers* in Indonesia in transacting with Islamic banking. The sample in this study is financial decision-makers in corporations consisting of the CEO, CFO, Head of Finance, Vice President Finance, and GM Finance. Sampling in this study used the Slovin formula with a target sample of 394 respondents, both Muslim and non-Muslim. The results of this study indicate that in general the level of knowledge of sharia from both Muslim and non-Muslim respondents is still minimal for basic muamalah fiqh knowledge. From the results of the analysis, it was found that the variables of *service quality* and *sharia compliance* affect the *reputation* of *Sharia Bank* in Indonesia, where the *reputation* of *Sharia Bank* is the only variable that directly affects the decisions of corporate decision-makers in transactions with *Sharia Bank*. Meanwhile, the variables of religiosity, sharia knowledge, the role of company shareholders do not have a positive influence on the dependent variable. Finally, this study recommends the management of *Sharia Bank* to determine strategic steps to improve *reputation* as the most decisive variable for a company to transact with *Sharia Bank*. *Reputation* is enhanced by improving *service quality* and *sharia compliance*.

Keywords: *Sharia Bank, Reputation, Sharia Compliance, Service Quality, Corporate Customers.*



1. Introduction

Since the issuance of Law No. 28 of 2008 concerning Islamic Banking, the Islamic banking business has a strong legal basis and is growing rapidly from 2008 to 2013. However, since 2014 the growth of Islamic banking has stagnated. Compared to conventional banking, the growth of Islamic banking tends to be slower, especially since the last few years.

Based on data from the Financial Services Authority (OJK), the total assets of Islamic banking, both Islamic Commercial Banks (BUS) and Sharia Business Units (UUS) as of September 2018 were Rp. 456.92 trillion or 5.88% of total banking assets as a whole, which does not reflect Indonesia as the country with the largest Muslim population based on the 2010 census, the total Muslim population in Indonesia is 87.18% of 237,641.32.

The composition of third-party funds (DPK) in Islamic banking for the 2017 and 2018 periods. From that period, the percentage of the individual (retail) TPF was in the range of 44%, then the percentage of Corporate/Private TPF was in the range of 30% (Financial Services Authority, 2019). This illustrates that most of the depositors in Islamic banking are individual or retail depositors.

Retail financing in Islamic banking is also still greater in value compared to corporate financing in the 2017 and 2018 periods. In that period the percentage of financing for corporations was around 37%, while the percentage for retail financing was in the range of 41% in 2017 and increased by 43% in 2017. 2018 (Financial Services Authority, 2019). This illustrates that in Islamic banking, household financing or retail financing is greater than corporate financing.

In contrast to the phenomenon that occurs in Islamic banking, credit in conventional banking is dominated by corporate financing compared to retail financing in the 2017 and 2018 periods. In the 2018 period, the percentage of the credit for corporations was around 54%, while the percentage for retail loans was in the range of 28% (Financial Services Authority, 2019).

This confirms that in conventional banking, corporate loans are much larger than retail loans. In contrast to Islamic banking, which attracts more retail customers, conventional banking attracts more corporate customers who have a purchase power parity (PPP) which is much larger than the retail or household customers.

Based on data reports from companies listed on the Jakarta Islamic Index (JII) in 2017 and 2018, it can be seen that large companies in Indonesia prefer conventional banks Sharia Bank for placement of funds and obtaining financing. The company data at JII was taken. After all, the companies listed on the index are large companies that, although they have not done business fully based on sharia principles (have not placed third party funds and received full funding from sharia banks) but have listed their shares on the Stock Exchange as sharia shares because they meet the criteria as shares. sharia follows the Fatwa of the National Sharia Council - Indonesian Ulema Council (DSN-MUI) No. 40/DSN-MUI/X/2003 concerning Capital Market and General Guidelines.

Of course, many factors influence the decisions of corporate customers in choosing or not choosing to transact with Islamic banking. This can happen due to several factors including religiosity, knowledge, sharia compliance (compliance with sharia from sharia banking), service quality (level of service), sharia bank reputation, and shareholder influence. Thus, corporate decision-makers who have the authority to make decisions in choosing Islamic banking services are expected to become prime movers in increasing the market share of Islamic banking in Indonesia.

Research that analyzes the factors that influence consumer or customer preferences in choosing conventional banks or Sharia Bank currently tends to be limited to the individual or retail customers. Research conducted by [1],[2],[3],[4],[5],[6],[7],[8], only examines the preferences of individual customers in saving at Sharia Bank .

This study also intends to fill the research gap where no one has analyzed further the decisions of corporate decision-makers to transact with Sharia Bank . In this study, of course, the decision-makers of a company will be the object of research, both the Chief Executive Officer (CEO) or president director, Chief Financial Officer (CFO) or finance director, financial vice president, financial general manager, and financial manager as the party who determines decisions in terms of investment and financing transactions. This research is not only different

in terms of sampling but will also be analyzed how the role of shareholders in influencing decision-makers in companies related to the decision to transact with Islamic banking.

This study uses the Structural Equation Modeling (SEM) method in analyzing the factors that determine corporate decision-makers regarding the decision to transact with Islamic banking. The independent variables in this study are the level of religiosity, knowledge, sharia compliance, service quality, reputation, and shareholder influence. Meanwhile, reputation becomes an interference (intervening) variable which will strengthen the role of sharia compliance and service quality variables.

2. Research Method

2.1. Research design

The type of research in this study was conducted through hypothesis testing. [9] define a hypothesis as a statement which at the time of its statement is not known to be true, but the statement allows it to be tested in empirical reality. The hypothesis to be tested is a causal hypothesis where this hypothesis consists of statements about the relationship between two or more variables.

This study will analyze the factors that influence the decisions of customers or prospective corporate customers in transacting with Sharia Bank . Factors analyzed can be in the form of factors from Sharia Bank such as sharia compliance, service, and reputation as well as factors of the level of religiosity and knowledge of decision-makers (in this study the Chief Financial Officer (CFO), Chief Executive Officer (CEO), Vice President, General Manager, and Finance Managers) as well as shareholder influence. CEO, CFO, General Manager, and Financial Manager will be respondents in this study considering the importance of their role in making decisions to transact with Sharia Bank . Corporate customers play an important role in the banking business because the amount of funds managed is large so it is quite effective in increasing the share of Islamic banking in Indonesia.

[10] states that financial decision-makers or financial managers (including finance directors, financial managers, or other positions in companies that make decisions related to company finances) have a crucial role in determining investment decisions, allocating existing funds, balancing fixed assets and current assets, seeking and decide to add debt/financing, as well as assess the risk of the decisions that have been taken.

2.2. Population and Sample Method

The sample chosen is that the respondents in this study are the Chief Financial Officer (CFO), Chief Executive Officer (CEO), Vice President, General Manager, and Finance Manager in large companies who can act on behalf of the company to decide to use Islamic financial services.

Determination of sample fulfillment in this study follows the minimum number of samples required in the Structural Equation Modeling (SEM) method. According to [11], the minimum number of samples required for SEM analysis is generally between 200 to 400 samples. If the sample is below 200 for a large number of samples, this can cause the estimation of the data to be unstable and the statistical test to be inaccurate.

For this study, the sample size was obtained using the Slovin formula based on the statistical formula [12]; $n = N / (1 + Nd^2)$, where; n = number of samples, N = Population Size, d = specified precision or percentage of allowance for inaccuracy due to sampling error that is still tolerable or desirable, in this case, 5%. Based on the calculation using the formula, the number of samples taken in the study are as follows; $n = 26,322 / (1 + (26,322 \times (5\%)^2)) = 394$ Samples.

2.3. Measurement of Research Variables

In this study, the ordinal answer choices were categorized using a Likert scale. The Likert scale is a set of items or statement items, where there are an equal number of favorable and unfavorable statements [13]. On the Likert scale, there is one neutral statement that mediates between favorable and unfavorable statements. The Likert scale in this study consisted of five statements in which there were two favorable and unfavorable statements

each, and one neutral statement. The Likert scale in this study ranges from 1 to 5. To avoid misunderstandings in interpreting the variables and constructs analyzed in the hypothesis, operational explanations of the variables are presented in Appendix 1.

3.2 Literature Review

Broadly speaking, the attitude of Islamic bank customers consists of two parts, rational customers and emotional or religious customers. Rational customers will choose Sharia Bank if they feel that Sharia Bank can be economically profitable, while loyal or religious customers are not affected by economic benefits solely because of religious factors that Sharia Bank avoid interest or usury being the main thing [14]. The level of religiosity which according to [15],[16] has a positive correlation and influence on customer preferences in choosing Islamic banking services. On the other hand, religiosity can also hurt customer decisions in choosing Islamic bank services. Research conducted by [17], shows that in the sample studied, most Muslim customers in Sharia Bank tend to use an emotional approach based on religious aspects.

Sharia Bank have a different character from conventional banks, where Sharia Bank have their characteristics in their operations. Therefore, especially regarding literacy, fiqh muamalah, the basic operational dam of banking, choosing sharia can at least influence consumer decisions in Islamic banking services. [18],[19],[20] in their research suggest that there is a positive correlation and influence of science (in understanding the basic operations of Islamic banking) on customer decisions in choosing Islamic bank services.

In this case the quality of service or service quality, according to [21],[22],[23] service quality is one of the factors that encourage customers to transact with Sharia Bank so that it has a positive effect on customer preferences in conducting transactions with Sharia Bank . On the other hand, the research proposed by [24] hurts customer preferences in Sharia Bank because the customers who are the sample are mostly loyal so they stay in Sharia Bank on the encouragement of other factors outside of service quality.

The next factor is sharia compliance. Islamic banking developed because of the needs of the Muslim community for Islamic banking products and services. The results of a study by [25] show that most of the customers of Sharia Bank prioritize the aspects of sharia compliance in transactions at Sharia Bank , although they still tolerate some small aspects as long as they do not have too big an impact on the aspects of sharia compliance [26],[27],[28],[29] state that there is a significant correlation and influence of sharia compliance on customer preferences.

[30] state that in addition to service, the company's reputation influences consumer buying decisions, and that the company's reputation can strengthen the influence of service innovation on consumer buying decisions. [31],[32] in their research revealed that the reputation of an Islamic bank is the reason for customers to use Islamic banking services. Meanwhile, [33] stated that bank reputation

Management's task is to maximize shareholder value, in this case, company profits, including investing in bank placements with the aim of getting the maximum possible return and obtaining financing facilities with the lowest possible level of financing. However, based on the research proposed by [34], the cost of funds or the ratio in Islamic banking is still not as competitive as in conventional banking. [35] mapped the competition between conventional banks and Sharia Bank by analyzing their respective deposit rates. The study found that the average deposit rate offered by Sharia Bank in 20 countries in the period 2000 to 2014 was only 3.8%/year, lower than the average deposit rate of conventional banks of 4. 2%/year in the same period. Furthermore, the deposit rate of conventional banks will be higher in value in countries where the population is predominantly Muslim.

3. Findings

3.1 Problem

One of the challenges of Islamic banking is how Sharia Bank can compete with conventional banks in increasing corporate transactions, be it for funding transactions or financing transactions. In 2018, there is an opportunity for Islamic banking to increase its

corporate market share given the high demand for credit from large companies, especially from commodity companies where the sector has shown rapid development.

To get a comprehensive picture of the factors that influence corporate customers to transact with Islamic banking, this study analyzes the decisions of corporate decision-makers and the factors behind these decisions. From various corporate transactions with Islamic banking, it is expected to increase banking assets. sharia banking in Indonesia whose long-term goal is to increase the loyalty of corporate customers to sharia banking.

In this study, the research targets are corporate decision-makers in the financial sector from medium and large-scale companies, namely the President Director (Chief Executive Officer), Finance Director (Chief Financial Officer), Head of Finance, VP Finance, and GM Finance, both whether Muslim or non-Muslim. The researcher included non-Muslim respondents, considering that the majority of the wealth of the richest people in Indonesia is still dominated by non-Muslims, which is 93% of the wealth of the richest people in Indonesia [36]. So to be big, Islamic banking is not only targeting Muslim customers but also non-Muslim customers. This is following previous research which shows that Sharia Bank are not only intended to serve Muslim customers but also customers of other religions.

In its development, Sharia Bank are not only intended for Muslim customers but can also serve non-Muslim customers. Globalization in doing business or muamalah, There are 5 independent variables and 1 intervening variable studied which are the determining factors for corporate decision-makers to transact with Sharia Bank in Indonesia, namely: religiosity, sharia knowledge, service quality, sharia compliance, shareholder influence, and sharia bank reputation.

3.1.1 Religiosity

[37] states that religiosity is an individual's appreciation and experience of religious teachings or beliefs in which religious activities cannot be separated from human life, including in muamalah and in decisions to transact with Sharia Bank .

However, in this study, it was found that the level of religiosity of corporate decision-makers is not a positive determinant for decision-makers to transact with Sharia Bank . This happens because of the determinant factors of non-Muslim respondents who in this study are considered to have a low level of Islamic religiosity and also like Hatmawan's research [5], most Muslim customers in Sharia Bank tend to use a rational approach rather than an emotional approach based on religious aspects.

3.1.2. Sharia Knowledge

The results of research on 394 corporate decision-makers show that Sharia knowledge is still low on the principles of muamalah, in this case, what is studied is knowledge of usury, contracts, and perceptions of Sharia Bank. This is in accordance with [30] where some of the respondents studied indicated that they were not familiar with Sharia Bank. On average, respondents already know that using or using the proceeds of usury is not allowed, but most of them still think that the original bank interest is not excessive is permissible, and does not include usury. Most respondents also believe that bank interest for business loans is permissible. The same results were also shown for Muslim respondents, who did not show a better understanding of the issue of Riba.

Respondents' knowledge of contracts is even lower than respondents' understanding of Riba, where respondents are not yet able to distinguish between the principles of murabahah and mudharabah, which are the most common and most widely used contracts in Islamic banking transactions in Indonesia. Respondents still believe in the concept of interest in murabahah and mudharabah contracts. The limitation of sharia knowledge on the concept of Riba, sharia contracts, or sharia banking does not only apply to non-Muslim respondents but also Muslim respondents as explained in the discussion of descriptive analysis of the sharia knowledge variable.

From the results of the study, it was found that there was no positive effect of sharia knowledge on the reputation of Sharia Bank and corporate decision-makers to transact with

Sharia Bank in Indonesia. This study contradicts the research proposed by [14] which states that there is a positive influence of sharia knowledge on attitudes towards Islamic bank products so that customers choose to transact with Sharia Bank . However, this research is in line with research from [20] which states that knowledge does not have a positive effect on interest in transactions using Islamic bank products. In terms of the influence of knowledge on the reputation of Sharia Bank , this study contradicts [12] who suggests a positive influence of knowledge on the reputation of Sharia Bank . With knowledge related to contracts and products used, customers can understand the strengths and weaknesses of Sharia Bank so that customers can consider how good the reputation of an Islamic bank is. It can be said that the low sharia knowledge of corporate decision-makers does not make this variable a variable that affects the reputation of Sharia Bank and the decision to transact with Sharia Bank in Indonesia.

3.1.3. Sharia Bank Service Quality

From the results of this study, there is a positive influence on the service quality of Sharia Bank on the perception of corporate decision-makers on the reputation of Sharia Bank , but there is no direct influence on the decisions of corporate decision-makers to transact with Sharia Bank. Service quality which includes products and services according to Fombrun et al. (2000) is one of the components that can shape a company's reputation along with vision and leadership as well as financial performance. This is also in accordance with [10] which states that service quality provides support to strengthen the hypothesis that these variables have a positive effect on company reputation.

In terms of service quality studied in this study, all dimensions have almost the same effect on the service quality variable. Of the five dimensions studied, respondents think that the Assurance factor with a value of 1.102 is the most important factor where respondents feel safe placing their funds in the bank, there is a belief that the service products at Sharia Bank are complete and able to meet the needs of corporations and also the convenience of transactions based on sharia principles in Sharia Bank. Sharia Bank have non-performing loans of IDR 9.1 trillion of the total financing of IDR 125.26 trillion of the total disbursement of IDR 5,294 trillion, or around 2.36%. When viewed from the NPL level, it means that the level of *assurance* at conventional banks is still better than in Sharia Bank . In this case, the elements of security, trust, and service are key factors for Islamic banking to win the competition, especially with conventional banks.

For completeness of sharia bank products, currently, sharia banks are still focused on 2 buying and selling transactions (*murabahah*) and profit-sharing cooperation (*musyarakah/mudharabah*) where profit-sharing assets in December 2018 were recorded at IDR 145.5 trillion and *murabahah* assets amounting to IDR 154.8 trillion. These two types of transactions represent 93.8% of total Islamic bank financing, with the remaining 6.2% being *Qardh*, *Istisna*, and *Ijarah* contracts. The limitations of Sharia Bank in disbursing financing are an obstacle to service quality in terms of the assurance. The development of Islamic financial products that are in accordance with customer needs is increasingly needed, especially in the service industry which is increasingly emphasizing customer orientation.

In terms of financing, the company needs letters of credit, pre-export financing, post import financing, overdraft facility, project financing, discount LC, factoring, construction financing, refinancing from other financial institutions, and others that cannot be fully provided by the government. Islamic Bank. The research proposed by [16] explains that Islamic bank products are relatively lagging behind compared to conventional banks. Product innovation must be accompanied by a good marketing culture through various existing channels by various parties, including the government, the community, academics, and other parties who have concerns in the development of the Islamic banking industry.

After that, the Responsiveness factor with a value of 1.042 is the level of service from Islamic bank employees to corporate customers. So it is very important here the literacy and understanding of Islamic bank employees be able to explain products clearly, be able to answer critical questions about sharia contracts, and the ability to solve problems in a not too

long time. One of the characteristics of corporate customers is the amount of transaction value carried out and the frequency that is quite frequent so that a positive and fast response from Islamic bank employees is needed by corporate customers.

As for the Reliability dimension, it also has a large influence with a value of 1.039 where corporate customers demand convenience in transactions and complete supporting facilities such as internet banking and do not want to experience problems in transactions. The Tangible dimensions, which include the number of branches, strategic branch locations, and capable technology, are slightly below the three factors above in terms of their influence on the service quality of Sharia Bank, with a value of 1.00 based on the perceptions of corporate decision-makers. Corporate decision-makers are more concerned with services that directly affect the company's financial performance. [32] stated that corporate customers may not need attractive facilities such as ATMs, EDC machines, Banking Halls as well as retail customers.

The Empathy dimension has the smallest effect on the service quality variable with a value of 0.968 where things that are personal touch are not the most important service factor expected by corporate decision-makers.

This study shows that there is a positive influence of the service quality of Sharia Bank on the reputation of Sharia Bank, [34] states that trust positively affects customer commitment. To achieve customer commitment, it is necessary to build strong trust because the key to success in achieving customer commitment is trust. Trust that is built through the totality dimension of good performance, using the right working principles, providing optimal service will build a good reputation of a company. These results are also in accordance with [37] which states that service quality has a positive influence on the company's reputation.

However, based on this study, there was no correlation of the positive influence of service quality on corporate decision-makers in transacting with Sharia Bank which is contrary to the [36],[5],[29] which state that service quality is one of the factors that encourage customers to transact with Sharia Bank. In this study, the customers studied were mainly retail customers.

3.1.4. Sharia Compliance

The bank's compliance is conformity with sharia principles is often questioned by customers. This implicitly shows that the practice of Islamic banking so far has not paid attention to sharia principles and this is one of the causes of the low reputation of Sharia Bank. In this study, sharia compliance has a positive influence on the reputation of Sharia Bank, which with Islamic banking implementing sharia governance will affect the reputation and subsequently customer trust. This is in accordance with the research that states that there is a positive influence of sharia compliance of Sharia Bank on the reputation of Sharia Bank. Islamic banking, as the name implies, is perceived as a bank that was established because of the Muslim community's need for products and services that are in accordance with Islamic sharia, so that the perception of sharia compliance is inherent as a necessity that is owned by Sharia Bank in shaping their reputation.

The implementation of Sharia Compliance principles is the main differentiator between conventional banks and Sharia Bank. From the dimensions of Identity, Systems, and Techniques [21], the technical factor has the largest effect with a value of 1.308 which is expected to be able to minimize interest Sharia Bank and the like, Islamic bank employees can explain the difference between conventional banks and Sharia Bank and the provisions that stipulated by Sharia Bank to their customers is not financially burdensome. The system factor has a lower effect with a value of 1.070 which includes aspects of compliance with regulations that are in accordance with Islamic law, adequate internal and external supervision. It can be seen that the technical dimension is a dimension that can be felt directly by corporate customers which has a direct impact on company performance, while the system dimension is more final for information to be known or perceived by corporate customers.

However, it turns out that the sharia compliance variable does not have a positive

influence on the transaction decisions of corporate shareholders. This contradicts [8],[25],[28] which state that there is a significant correlation and influence of sharia compliance on customer decisions in transacting with Islamic Bank. Also, [15] shows that some customers of Sharia Bank prioritize the aspect of sharia compliance in transactions with Sharia Bank . This is closely related to the low knowledge of sharia from corporate decision-makers. Without a correct understanding of sharia contracts, usury, and sharia banking, it shows that corporate decision-making in transactions with sharia banks is not based directly on the sharia compliance variable.

3.1.5. Reputation

In this study, the reputation of Sharia Bank has a significant positive influence on corporate decision-making in transactions with Sharia Bank in Indonesia. This is in line with [25] which in his research revealed that the reputation of an Islamic bank is the reason for customers to use Islamic banking services. It is also in line with [12],[27] which states that increasing reputation and trust in the long term will increase customer loyalty which in turn will increase the market share of Sharia Bank . The achievement of an increase in market share and customer loyalty of Sharia Bank occurs because of the transaction decisions of their customers.

In this case, the dimension that has the most effect on the reputation variable is Product & Services, with a value of 1.122 where Sharia Bank have a large selection of fund placement products and financing products that suit the company's needs at competitive prices with conventional banks, making the bank have a reputation. good. After that, Vision and Leadership with an effective value of 1.00, which Sharia Bank with a good reputation are Sharia Bank that have management ranks with good leadership, have clear goals for business development and are able to see and take market opportunities. The financial performance indicator has a weaker effect than products & services as well as vision and leadership with a value of 0.719.

Reputation itself is directly influenced positively by the service quality variable and sharia compliance where the service quality variable has a greater effect with a value of 0.693 compared to the sharia compliance variable with an effective value of 0.511. Based on the Sobel Test, it can be seen that the reputation of Sharia Bank as an intervening variable has a role in strengthening the influence of sharia compliance from Sharia Bank on corporate decision-makers to transact with Sharia Bank in Indonesia. The results of this study are in line [33] However, this power of influence has not been able to provide direct influence from sharia compliance to make decisions in transactions with Sharia Bank for corporate decision-makers.

3.1.6. Shareholder Influence

The main purpose of establishing a business entity or company is to continue to increase the value of the company so that it can increase the wealth of the owners of the company [36], so that the directors who are corporate decision-makers have the duty and responsibility to maximize the company's profits, including those obtained from the level of return. maximum results from each investment activity or placement of funds in the bank. Profits can also be obtained by reducing the cost of financing interest rates or transaction fees at the bank and also ensuring that the placement of funds in the bank is safe.

For medium and large companies whose total managed funds and loan/financing amounts can reach tens of billions to trillions of rupiah, the difference in yields or interest rates greatly affects the company's financial performance. Therefore, in choosing to transact with Sharia Bank , corporate decision-makers will always compare the price levels offered by Sharia Bank and conventional banks which have been discussed previously.

From the shareholder influence variable, it turns out that the Objective dimension has the most dominant effect where, like the theory above, it is stated that shareholders want optimal profits from the company they lead, shareholders recommend placing funds in banks that provide higher rates of return and recommend applying for financing. at a bank that provides

a lower cost level.

In the company's Articles of Association, there is an article that requires the board of directors as corporate decision-makers to obtain approval from shareholders or commissioners as shareholder representatives in supervising the running of the company, including conducting financing transactions. However, based on this research, it turns out that the influence of shareholders does not have a positive influence on corporate decision-making in transactions with Sharia Bank in Indonesia. which reveals that a strong shareholder role, meaning that it has a positive influence, can significantly increase the efficiency of internal capital management, which affects the investment or financing pattern of a company.

Shareholders in Indonesia have not considered the decision to transact with Sharia Bank as one of the big and important decisions considering the level of corporate transactions in Sharia Bank is still very low. In this study, shareholder decisions do not have a positive influence on corporate decision-making in transactions with Sharia Bank in Indonesia.

3.2 Research Implementation

3.2.1. Theoretical Implications

The theoretical implication of this research is the inclusion of non-Muslim groups as a factor that must be investigated in research on corporate decision-making to transact with Sharia Bank, considering that non-Muslims control the majority of assets in Indonesia. This is in line with the research revealed by [29] which states that the level of religiosity has a positive correlation and influence on customer preferences in choosing Islamic banking services.

By examining their expectations and behavior in the decision to transact with banks, it is hoped that Sharia Bank can take strategic steps so that the aggregate market share of Islamic banking in Indonesia can be increased. This research is a treasure trove of Islamic banking knowledge that has been researching the preferences or loyalty of retail customers more.

The results of this study show the pattern and tendency of corporate customers in viewing Islamic banking services in Indonesia that have not included elements of religiosity and sharia knowledge and have not even made service quality and sharia compliance a determining factor for transactions with Sharia Bank in Indonesia. Corporate decision-makers still rely on the reputation of Sharia Bank, [34] which in his research revealed that the reputation of an Islamic bank is the reason for customers to use Islamic banking services.

3.2.2. Managerial Implications

The managerial implication of this research is how Islamic bank management must determine steps to improve reputation as the most decisive variable for a company to transact with Sharia Bank. Reputation is enhanced by improving service quality and sharia compliance.

Services are improved by increasing the variety of products following the needs of corporate transactions that are more complex than retail customers. Also, the returns from funding products and the level of financing must be able to compete with conventional banks, considering that one of the sizable target markets is non-Muslim customers who do not take into account factors other than commercial and security factors.

Service to corporate customers and sharia compliance must also be improved by increasing the sharia knowledge of sharia bank employees, most of whom were previously employees of conventional banks so that they can become the front gate in explaining the differences in the main principles of transactions between sharia banks and conventional banks. Professionalism reflected in knowledgeable employees, competitive and comprehensive services is expected to enhance the reputation of Sharia Bank.

The expected managerial implication of Sharia Bank for corporate decision-makers who are Muslim is to create programs to increase muamalah fiqh literacy for executives regularly through collaboration with Sunnah da'wah institutions, Muslim businessmen communities,

and experts in the field of fiqh muamalah so that it is hoped that with an understanding of sharia. who is better than executives about the concept of usury, contracts, and Islamic bank products and services, there are no misperceptions or misconceptions about Sharia Bank . It is also hoped that more effective and efficient communication can be established so that the needs of corporate customers for sharia bank services can be realized more precisely.

3.2.3. Policy Implication

It has become the duty of the government as the policymaker to increase the market share of Sharia Bank . If we look at the market share data for Islamic banking in various countries, it can be seen that Iran and Sudan have a market share that reaches 100%, which indicates that the entire banking system in both countries has implemented a sharia system. Furthermore, the market share position of Islamic banking is followed by Brunei, Saudi Arabia, Kuwait, Qatar, Malaysia, United Arab Emirates, Bangladesh, Djibouti, and Jordan which have market shares above 15%. Meanwhile, the market share of Islamic banking in Indonesia has reached 5.83%, while the market share of Islamic banking in the UK is less than 1%. It can be seen that in countries whose economies are dominated by Muslims, Islamic banking has a higher market share. So that to increase the market share of Islamic banking in a country like Indonesia, where the economy is dominated by non-Muslims, the government as a policymaker must provide convenience for Islamic banking or regulatory incentives that can make Sharia Bank as attractive as conventional banks, of course without breaking away from them. sharia principles. The National Committee for Islamic Economics and Finance should play a greater role in bridging corporations with the government so that the needs of corporations to be served by Sharia Bank can be accommodated in the form of incentives that are monetary or administrative.

3.2.4. Sharia Application Implications

One of the obstacles for companies to transact with Sharia Bank is that the number and types of products offered by Islamic banking are inadequate for a more complex funding structure. When viewed from the number of DSN fatwas that have been issued, the number is far more than the products currently offered by Islamic banking which still revolves around murabahah and mudharabah/musyarakah financing. DSN is expected to be more active by not only issuing fatwas but actively communicating with Sharia Bank through their DPS to find out the problem with the lack of banking products offered by Islamic banking. In this case, the KNKS is also expected to be able to bridge communication between the management of Sharia Bank , Sharia bank DPS and DSN so that it can be seen the use of the right fatwa for new products.

4. Conclusion

In general, the level of knowledge of sharia from both Muslim and non-Muslim respondents is still minimal for basic level knowledge of muamalah fiqh. However, the variables of service quality and sharia compliance affect the reputation of Sharia Bank in Indonesia, on the other hand, the reputation of Sharia Bank affects the decisions of corporate decision-makers in transactions with Sharia Bank . On the other hand, the variables of religiosity, sharia knowledge, the role of shareholders do not have a positive effect on the dependent variable. Furthermore, the reputation of Sharia Bank as an intervening variable has a role in strengthening the influence of service quality and sharia compliance on corporate decision-makers to transact with Sharia Bank in Indonesia. In detail, the conclusions in this study are as follows:

1. There is a positive influence on the reputation of Sharia Bank on corporate decision-makers. The reputation of Sharia Bank is the most important factor for a corporate decision-maker to decide to transact with Sharia Bank . The banking business is a

service-based trust business. Trust can be obtained from a good reputation, especially for an industry that is still relatively young. A good reputation will create a sense of security for corporate customers to transact in large quantities with Sharia Bank . Reputation in this case is positively influenced by the quality of service and sharia compliance of Sharia Bank .

2. There is a positive effect of service quality on the reputation of Sharia Bank , but there is no positive effect of service quality on corporate decision-making to transact with Sharia Bank in Indonesia. For corporate decision-makers, the better the services provided, the more complete the products offered and the more competitive the prices offered, the better the reputation of the Islamic bank. The good and competitive services and products have not had a direct influence on corporate decision-makers to transact with Sharia Bank .
3. There is a positive effect of sharia compliance on the reputation of sharia banks, but there is no positive effect of sharia compliance on decisions to transact with sharia banks. Sharia compliance is the most important differentiating factor from Sharia Bank to conventional banks so that it becomes a determining factor for corporate decisions to determine the reputation of Sharia Bank as banks that are different from conventional banks.
4. The religiosity of corporate decision-makers does not have a positive influence on the reputation or decision-making to transact with Sharia Bank in Indonesia. This is in line with the control of assets by non-Muslim groups which of course will not include considerations of Islamic law in the decision-making process. As for Muslims, religiosity in terms of worship and belief is not a supporting basis for assessing the reputation of an Islamic bank or for making decisions to transact with Sharia Bank . This is simply because religiosity in terms of worship and belief is not accompanied by sharia knowledge about fiqh muamalah and decision making is still influenced by rationality factors.
5. Sharia knowledge does not have a positive influence on reputation or decision-making to transact with Sharia Bank in Indonesia. The still very low knowledge of sharia about usury, muamalah contracts, and understanding of Islamic banking from corporate decision-makers makes the sharia knowledge variable not taken into account in assessing the reputation of Sharia Bank and making decisions to transact with Sharia Bank . The relatively young age of Islamic banking is not comparable to the length of experience of corporate decision-makers in transacting with conventional banks or in the capital market, so that da'wah about fiqh muamalah has not been spread evenly to their level. This can be seen from the low assessment of sharia knowledge on usury, simple contracts, and Sharia Bank
6. There is no positive influence from the influence of shareholders on corporate decision-makers to transact with Sharia Bank in Indonesia. In this case, the small percentage of placement of funds and financing in Sharia Bank compared to conventional banks does not make this variable a variable that is currently being taken into account. The existence of a factor of asset control by non-Muslim groups as shareholders also causes this variable to have no effect.

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