



THE RELEVANCE OF MONZER KAHF'S VIEWS ON ISLAMIC BANKING IN INDONESIA

Buana Handa Wijaya¹, Akbar Dzukha Asyiqin², Sherly Marno Rahayu³

Pascasarjana Institut Agama Islam Negeri Ponorogo, Indonesia

Email: handa.buana@gmail.com¹

Email: akbardzukha@gmail.com²

Email: sherlyrahayu589@gmail.com³

DOI: 10.21154/invest.v3i1.5875

Received: 2023-02-21

Revised: 2023-06-06

Approved: 2023-06-08

Abstract: This article aims to analyze the relevance of Monzer Kahf's view of Islamic banking to the development of Islamic banking in Indonesia, with a particular focus on Bank Syariah Indonesia (BSI). Although Islamic banking has grown rapidly in Indonesia, there are still challenges in understanding the factors that influence its success and how these banks can serve the community more effectively. To achieve this goal, the method used is library research, which aims to collect some information obtained through books, journals and online media that have relevance to the topic with Monzer Kahf's Islamic banking thinking and secondary data on the development of Bank Syariah Indonesia. The results of the analysis show that some of the key factors identified by Monzer Kahf, such as increasing the form of deposits, improving the quality of customer service, expanding the banking service base, capital protection, and providing social and humanitarian services, are very relevant in the context of the development of Islamic banks in Indonesia. Bank Syariah Indonesia, as the largest Islamic bank in Indonesia, plays an important role in driving the country's economic growth. In addition, the bank is also expected to improve its social services to the community through various aspects, including education, health, environment and renewable energy. In conclusion, Monzer Kahf's views on Islamic banking are highly relevant to the development of Islamic banking in Indonesia.

Keywords: *bank syariah indonesia, islamic banking, monzer kahf, social services*

Abstrak: Artikel ini bertujuan untuk menganalisis relevansi pandangan Monzer Kahf tentang perbankan syariah dengan perkembangan perbankan syariah di Indonesia, dengan fokus khusus pada Bank Syariah Indonesia (BSI). Meskipun perbankan syariah telah berkembang pesat di Indonesia, namun masih terdapat tantangan dalam memahami faktor-faktor yang mempengaruhi keberhasilannya dan bagaimana bank-bank tersebut dapat melayani masyarakat secara lebih efektif. Untuk mencapai tujuan tersebut, metode yang digunakan adalah penelitian kepustakaan (library research), yang bertujuan untuk mengumpulkan sejumlah informasi yang diperoleh melalui buku-buku, jurnal, dan media online yang memiliki relevansi dengan topik dengan pemikiran perbankan syariah Monzer Kahf serta data sekunder mengenai perkembangan Bank Syariah Indonesia. Hasil analisis menunjukkan bahwa beberapa faktor kunci yang diidentifikasi oleh Monzer Kahf, seperti peningkatan bentuk simpanan, peningkatan kualitas pelayanan nasabah, perluasan basis layanan perbankan, perlindungan permodalan, dan pemberian layanan sosial dan kemanusiaan, sangat relevan dalam konteks perkembangan bank syariah di Indonesia. Bank Syariah Indonesia sebagai bank syariah terbesar di Indonesia memiliki peran penting dalam mendorong pertumbuhan ekonomi negara. Selain itu, bank ini juga diharapkan dapat meningkatkan pelayanan sosialnya kepada masyarakat melalui berbagai

aspek, termasuk pendidikan, kesehatan, lingkungan dan energi terbarukan. Sebagai kesimpulan, pandangan Monzer Kahf mengenai perbankan syariah sangat relevan dengan perkembangan perbankan syariah di Indonesia.

Kata Kunci: bank syariah indonesia, layanan sosial, monzer kahf, perbankan islam

INTRODUCTION

Economics study is a part of the social sciences. Historical studies in economics need to be developed in scopes of economic history thought and the history of economic unity. According to Monzer Kahf, we need to be careful in matching the theory of science with its implication.¹ Monzer kahf is known as Islamic man. Mozer Kahf as contemporary islamic thinker who had many ideas about the economy based on islamic values.² Monzer Kahf has published 28 books and booklets in English and Arabic. The topics writings are about Islamic banking and finance, Islamic economics, zakat, waqaf, and have been translated into various languages, including Indonesian, Turkish, and Korean.³ Various types of scientific journals related to the relevance of the idea of Islamic economic thought initiated by Kahf based on the phenomena in society, or related to the comparative analysis of Kahf's thought to other islamic economic thinkers. Monzer Kahf's rationale concepts is based on the Qur'an and hadith. Monzer Kahf's thinking led to the realization of economic justice based on islamic theories and concepts. The Muslim community is expected to be able to carry out the country's economic activities based on the principles of the Qur'an and Hadith.⁴

Some of the theories, namely the theory of consumption that explains the presentation of the concept of Islamic rationalism, the Islamic concept of goods, the ethics of consumption in Islam. Market structure theory that explains the presentation of the concepts of economic freedom, cooperation, and government involvement in the market. Monetary theory provides explanations related to the concepts of zakat, usury, interest, rent and capital, Al-Qirad, money and monetary authority, islamic credit and financial structures, national debt and money markets. Monzer Kahf's concept of economic policy provides an explanation of economic policy objectives and economic policy tools. In the journal written by Eka Sriwahyuni, it provides an explanation related to various concepts of Islamic economic thought by Monzer Kahf. which aims at realizing socioeconomic

¹ Ahmad Ubaidillah, "Metodologi Ilmu Ekonomi Islam Monzer Kahf" 3, no. 1 (March 2018): 54-66, <https://doi.org/10.30736/jes.v2i2.39>.

² Netta Agusti, "Islamic Man: Deep Insight Monzer Kahf" 21, no. 02 (Desember 2021): 82-92, <https://doi.org/10.29300/syr.v21i2.5352>.

³ Monzer Kahf, "About Monzer Kahf," 1999, <http://monzer.kahf.com/about.html>.

⁴ Eka Sriwahyuni, "Pemikiran Ekonomi Islam Monzer Kahf" 3, no. 1 (March 2017): 172-85, <http://dx.doi.org/10.29300/aij.v3i2.1195>.

justice.⁵ In the journal written by Siti Nailul Izzah provides an explanation of the concept of consumption according to Kahf's thinking.⁶ In the other journals, there is also a comparative analysis of Islamic economic thought of consumption concept initiated by Muhammad Abdul Mannan with Monzer Kahf.⁷ In 2020, there are also other journals that describe the relevance of the concept of Monzer Kahf consumption to the consumption phenomenon that occurs in the millennial generation.⁸

Monzer Kahf also gave a presentation on the concept of Islamic securities and Islamic banking.⁹ Monzer Kahf on his website has published several writings related to the Islamic bank's strategy¹⁰, factors that influenced the success of the Islamic bank,¹¹ and the existence of the Islamic bank in the second half of the 20th century.¹² If the Shari'a has been implemented in Islamic banking, a pure Islamic sharia bank will be realized so that it gets the blessing of Allah Ta'ala in accordance with QS. Al-Baqarah verse 208:

يَا أَيُّهَا الَّذِينَ آمَنُوا ادْخُلُوا فِي السِّلْمِ كَآفَّةً وَلَا تَتَّبِعُوا خُطُوَاتِ الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوٌّ مُبِينٌ

Meaning: "To you who believe, enter into Islam as a whole, and do not follow the steps of Setan. Verily Satan is a real enemy to you." (Quran 2:208)

In this verse it is explained that initially this verse was revealed regarding Abdullah bin Salam and his friends who came from the Bani Nadhir Jews in Medina. Even though they have embraced Islam, they are still influenced by Jewish religious norms such as respect for Saturday and the prohibition of camel meat. Therefore, if it is related to life in the present time, a Muslim must enter Islam as a whole, in totality and not half measures. By always complying with all regulations both in muamalah in the

⁵ Sriwahyuni.

⁶ Siti Nailul Izzah, "Konsumsi dalam Perspektif Pemikiran Ekonomi Islam Monzer Kahf" 5, no. 3 (2021): 17, <https://doi.org/10.31955/mea.v5i3.1640>.

⁷ Irham Fachreza Anas, "Analisis komparatif pemikiran Muhammad Abdul Manan dan Monzer Kahf dalam konsep konsumsi Islam" (Jakarta, UIN Syarif Hidayatullah, 2008), <http://repository.uinjkt.ac.id/dspace/handle/123456789/18157>.

⁸ Arlinda Nidia Corinna and Eko Fajar Cahyono, "Pola Perilaku Konsumsi Generasi Millennial Terhadap Produk Fashion Perspektif Monzer Kahf : Studi Kasus Mahasiswi Universitas Airlangga," *Jurnal Ekonomi Syariah Teori dan Terapan* 6, no. 2 (January 22, 2020): 319, <https://doi.org/10.20473/vol6iss20192pp319-330>.

⁹ Sriwahyuni, "Pemikiran Ekonomi Islam Monzer Kahf."

¹⁰ Monzer Kahf, "Strategic Trends in the Islamic Banking And Finance Movement," in *Proceedings of the Fifth Harvard University Forum on Islamic Finance: 2000*. (Islamic Finance, Massachusetts, Harvard University, 2002), 169–81.

¹¹ Monzer Kahf, "Success Factors of Islamic Banks" (Brunei Symposium on Islamic Banking and Finance, Brunei, 2004), 40.

¹² Monzer Kahf, "Islamic Banks at the Threshold of the Third Millennium," *Thunderbird International Business Review* 41, no. 4–5 (July 1999): 445–60, <https://doi.org/10.1002/tie.4270410409>.

economic field or in other fields. Actually, all of the activities carried out by Muslims have been written in the Al-Qur'an and Hadith.

Monzer Kahf Islamic economic thought is included in the mainstream madzhab which has the characteristic of enriching Islamic scientific treasures by adopting best practices in conventional economics, for example in banking, and then adding values accompanied by Islamic principles in subsequent developments.¹³ Monzer Kahf was the first to qualify the analysis in the use of several Islamic institutions (zakat) on economic aggregates, such as savings, investment, commerce and income. Monzer Kahf gave an early presentation on mathematical analysis in Islamic economics. Monzer Kahf has the point of view that economics is a certain part of religion. Monzer kahf is known as "Islamic man" which has a different meaning from the assumption in conventional economics of "rational economic man". Islamic man shows rational behavior that is consistent with Islamic principles aimed at realizing the welfare of society.¹⁴ Islamic man in using goods sees halal, haram, israf, or tabzir, as well as mudhorot. Islamic man in using goods is not only oriented towards self-satisfaction.¹⁵

This article will be try to elaborated and described the Monzer Kahf's view about Islamic bank and the factors that supported the development of Islamic bank success. The research method used is library research which aims to collect some information and data obtained through books, journals, and online media that have topic relevance to the thought of the Islamic bank "Monzer Kahf" and its elevation to the development of Bank Syariah Indonesia. This research is descriptive qualitative which aims to provide a systematic and objective description and description related to the facts and relationships between elements in the discussion.¹⁶

DISCUSSION

The discourse presents a comprehensive analysis of the relevance to the thought of the Islamic bank "Monzer Kahf" and its elevation to the development of Bank Syariah Indonesia. Monzer Kahf has published several writings related to Islamic banks, including development strategies, to the elaboration of factors that influence the success

¹³ Rahmad Hakim, "Islamisasi Ekonomi Madzhab Mainstream: Tinjauan, Model, Dan Implikasi," *IQTISHODIA, Jurnal Ekonomi Syariah* 1, no. 1 (March 2016): 79-94.

¹⁴ Sugeng Santoso, "Sejarah Ekonomi Islam Masa Kontemporer," *AN-NISBAH* 3, no. 1 (2016): 60-86.

¹⁵ Wulan Lailatus Azzahra, "Penerapan Ekonomi Islam Pada Masa Kontemporer Dengan Pemikiran Rosulullah," *Jurnal Hukum Dan Ekonomi Islam* 2, no. 1 (2022): 112-24.

¹⁶ Sumarno, "Peranan Umat Islam Dalam Perkembangan Ekonomi Syariah Di Indonesia," *Jurnal Pendidikan Dan Konseling* 4, no. 5 (2022).

of Islamic banks. There are some reviews that described of Islamic bank according to Monzer Kahf.

1.1 Biography of Monzer Kahf

Monzer Kahf was born in 1940 in Damascus, the capital of Syria. He currently lives with a wife and children at United States whose address is at 10232 Bellehurst Ave., Westminster, California 92683, USA. Monzer Kahf speaks three languages, namely English, Arabic, and French. Monzer Kahf is a consultant, trainer, lecturer, practitioner of Islamic banks, economics and finance. Monzer Kahf is a consultant engaged in the preparation of sharia drafts and reviews containing financial, legal and operational approvals of systems in Islamic Financial Institutions, California, USA, Canada, Trinidad, Nigeria and Guyana. He became a consultant for companies, companies, and attorneys related to Islamic aspects in financial transactions, asset management in Islam, and Islamic law in finance, banking, waqaf, and so on. Monzer Kahf is an international trainer in finance who has developed several modules related to Islamic banking and finance. Monzer was a professor of Islamic economics and banking at the School of Shari'ah, Yarmouk University, Jordan, 2004-2005.¹⁷

Education history of Monzer Kahf, he got his Ph.D in Economics: University of Utah, Salt Lake City, Utah, March 1975, High Diplome in Social and Economic Planning: UN Institute of Planning, Damascus, Syria, 1967, B.A, Busniess: University of Damascus, Damascus, Syria, June 1962. Graduated with high honors awarded by the President of Syria. He has been certified as a public accountant in Syiriah since 1968. Monzer Kahf's work history, namely: senior economic researcher at the Islamic Research and Training Institute (IRTI) of the Islamic Development Bank (IDB). Jeddah, Saudi Arabia, 1995 - 1999, economic researcher at the Islamic Research and Training Institute (IRTI) of the Islamic Development Bank (IDB). Jeddah, Saudi Arabia, 1985 - 1999, Head of research division of IRTI of IDB, Jeddah, Saudi Arabia. 1989 - 1991, Business consultant in New York, NY, 1981 - 1985, Chief financial officer of the Islamic Society of North America, Plainfield, Indiana, 1975 - 1981, Teaching assistant to the Department of Economics, University of Utah, Salt Lake City, 1971 -1975, Auditor at the Government State Audit Office, Damascus, Syria. 1963 - 1971, Principal at the School of Business, University of Damascus, Damascus, Syria. 1962 - 1963.¹⁸

Monzer Kahf has been a lecturer for 34 years and being a part of the Muslim communities in North America that focuses on financial and economic issues. Since 1999,

¹⁷ Kahf, "About Monzer Kahf."

¹⁸ Kahf.

he has built an Islamic On-Line Website and dialogue as a forum for conducting online questions and answers with citizens around the world regarding the Islamic economy, waqaf, zakat, and various other topics. Monzer Kahf has published 28 books and booklets in English and Arabic.¹⁹ His writings are about Islamic banking and finance, Islamic economics, zakat, waqaf, and have been translated into various languages, including Indonesian, Turkish, and Korean. Monzer Kahf has also published more than 100 articles in English and Arabic, related to Islamic economics, Islamic finance, Islamic banking, zakat and waqaf, and is also included in the Oxford Encyclopedia of the Modern Islamic World. Monzer Kahf in 2001 was awarded the IDB Prize for Islamic Economics, and the President of Syria Award for best University Graduating Student, July 1962.²⁰

1.2 The Concept of Islamic Bank in Monzer Kahf's View

The development of Islamic banks is currently very popular in communities ranging from the country of Indonesia, to Guinea-Conarky. In its development, there are financial institutions in the North America region that offer the concept of Islamic banking and finance. The new phenomenon that has arisen has led to a link in the development of Islamic banking and finance in the last four decades. The emerging concept of Islamic banking combines the alliance of "ulama" and "bankers". This phenomenon has an impact on the development of Islamic banking and finance in the future. Planning of banking strategies, banking service activities, and transaction processes in Islamic banking and finance is carried out in accordance with Islamic law.²¹ Islamic banks have similarities with other financial institutions including legal modalities, constitutive structures, institutional objectives, and the means used in achieving these goals. Islamic banks carry out financial activities based on sharia principles.²² Islamic banks in determining prices or obtaining profits have a benchmark based on sharia principles in a way, namely²³

1. Mudharabah is financing carried out based on the principle of profit sharing.
2. Musharakah is financing carried out based on the principle of capital participation. The customer contributes to the capital.
3. Murabahah is the principle of buying and selling with the accompanying profit.
4. Ijarah is financing on capital goods based on pure rent without remuneration.

¹⁹ Kahf.

²⁰ Kahf.

²¹ Kahf, "Strategic Trends in the Islamic Banking And Finance Movement."

²² Kahf, "Success Factors of Islamic Banks."

²³ Onan Marakali Siregar et al., *Presepsi Masyarakat Terhadap Bank Syariah* (Sumatera Utara, Indonesia: Puspantara Publishing, 2020).

5. Ijarah wa iqtina i.e. the emergence of the option of transfer of ownership of goods leased from the bank by the other party.

Monzer Kahf has been explained that "Interest-free Islamic financing is derived from two sharic a axioms related to the fiqh of transactions: achieving a balance between the obligations of the two parties in exchange contracts, and a close tie to reality". Sharia financing in Islam is carried out without "interest". In Islamic banking, capital financing is defined as a real commodity, which is given to consumers with the provision of financing with a certain time limit (having a maturity period in the future). Islamic banking in conducting equity financing, the income earned is based on the ratio of profit distribution, which is carried out between financiers, and beneficiary business ventures. Financing based on profit sharing or loss on investments made, where Islamic banks will focus on profitability investments.²⁴ Success Factors of Islamic Bank as an islamic financial institution must have awareness that maximizing profits is a priority in the success of financial institutions. However, in the scope of banking, the proposal must be narrowed, where there are factors that can influence the success of Islamic banks as financial institutions. Monzer Kahf has been explained that the criteria for the success of Islamic banks through all aspects include increasing the form of deposits, improving the quality of customer service, expanding the banking service base, capital protection, providing humanitarian and social services, and various other types of factors that can increase the profit margins of Islamic banking.²⁵

1.3 The Relevance of Islamic Bank in Monzer Kahf's View to the Development of Indonesian Sharia Banks

Based on history, it is known that Indonesia and Malaysia as countries in this region are the center of the development of the Islamic banking industry among ASEAN member countries. This condition encourages other Southeast Asian countries to participate in the development of the Islamic banking industry. Significant developments still occur in two countries, namely Malaysia and Indonesia, while in several countries such as Thailand, Singapore and the Philippines the development of Islamic banking is still minimal. Malaysia is the fastest growing Islamic banking among ASEAN countries. Indonesia began to make optimal efforts in its efforts to develop Islamic banking, although the development was slow when compared to Malaysia, because the approach used was different. Banking operations in Indonesia are based on two systems: the interest system and the sharia system, while conventional commercial banks can adopt a dual banking

²⁴ Kahf, "Strategic Trends in the Islamic Banking And Finance Movement."

²⁵ Kahf, "Success Factors of Islamic Banks."

system. As a law that specifically regulates sharia banking, this law regulates the issue of sharia compliance (sharia compliance) whose authority lies with the MUI which is represented through the Dewan Pengawas Syariah (DPS). Then, it must be formed at each Islamic bank and Sharia Business Unit. The existence of this law is also a solid foothold for Bank Indonesia Regulations that regulate technically Islamic banking in Indonesia.²⁶

Islamic banks are one of the banking products based on the Islamic economic system, the Islamic economic system or sharia is currently being discussed in Indonesia. Bank Syariah Indonesia, abbreviated as BSI, is the largest Islamic bank in Indonesia as a result of the merger of three Sharia Banks including PT Bank BRI Syariah, PT Bank Syariah Mandiri, and PT BNI Syariah. Sharia banks play a very important role in encouraging the pace of economic growth in Indonesia, this can be done by growing the investment sector through third party funds and growing financing through financing provided to the community. Bank Syariah Indonesia also plays an important role in the development of the economy of the people nationally, this is because Sharia banks carry the concept of prohibiting the practice of riba and implementing the principles of the mudharabah, musharakah, murabahah, and ijarah systems in the application of the system, then the existence of BSI received a positive response from various aspects of the community throughout both locally, nationally and even internationally, especially in Indonesia with the potential of the majority population The largest Muslims in Asia and even in the world, especially the regional and central governments, are very supportive of the establishment of Bank Syariah Indonesia. Facing contemporary muamalah problems all that must be done is to identify the basic principles and philosophies of Islamic teachings in the field of economics, and then identify all those that are prohibited. The presence of Islamic banks is one solution to increase public confidence in banking activities, especially in Indonesia as an effort to anticipate public needs and provide a sense of security, comfort in banking transactions.²⁷

In this journal, several factors according to Monzer Kahf's view about the success factors that influenced the Islamic bank will be described. The influential factors are fully spelled out by Monzer Kahf in his article entitled "Success Factors of Islamic Banks" and its elevation to the development of Bank Syariah Indonesia. There are 23 factor has been explained by Kahf on his article. Monzer Kahf gave an early presentation on

²⁶ Mohammad Ghozali, Muhammad Ulul Azmi, and Wahyu Nugroho, "The Development of Islamic Banks in Southeast Asia: A Historical Study," *Falah: Journal of Sharia Economics* 4, no. 1 (2019): 44, <https://doi.org/10.22219/jes.v4i1.8700>.

²⁷ Heri Irawan, Ilfa Dianita, and Andi Deah Salsabila Mulya, "The Role of Bank Syariah Indonesia in National Economic Development," *Jurnal Asy-Syarikah: Journal of Islamic Finance, Economics and Business Institutions* 3, no. 2 (2021): 147-58, <https://doi.org/10.47435/asy-syarikah.v3i2.686>.

mathematical analysis in Islamic economics. On the other hand, in this journal, the researchers will be focused only on five factors that supporting the long term success of Islamic banks , namely

1.3.1 Increasing Deposits.

Every bank institution has demands in actualizing the largest possible profit, both Islamic banks and conventional banks. Profits are projected in long-term, and short-term gains. According to Monzer Kahf, long-term profit perspectives should not come at the expense of short-term perspectives. Islamic banks have three types of deposits that determine their capacity to increase the rate of return to shareholders, namely current accounts, unlimited investment deposits in savings and mudharabah accounts, and off-balance sheet investment deposits in special or limited investment funds. Some types of such deposits are interconnected and have a positive impact on each other. Therefore, according to Monzer Kahf, Islamic banks must pay attention to the impact of offering all types of deposits to customers. The securities must be measurable by Islamic banks.²⁸

Bank syariah Indonesia organizes several forms of receivables and profit-sharing financing products including murabahah receivables, istishna receivables, multi-service receivables, qard receivables, and lease receivables. In the type of profit sharing financing, several types of options are organized including mudharabah, and musharakah. In these products, it is known that the highest receivables widely used by customers are in Murabahah receivables, and the highest profit-sharing financing widely used by customers is in musharakah profit sharing.²⁹ Based on previous research by Kristina, D. and Nurdiansyah, D. on the assessment of mudharabah financing using bank data for five years in the form of quarterly data at Bank Syariah Indonesia. In the study, quantitative testing was carried out to determine the relationship between mudharabah and musharakah on profit sharing income, it was found that mudharabah financing did not have a partial relationship to profit sharing income ($t_{table} = 2.110$ and $t_{calculate} = -0.752$, $t_{calculate} < t_{table}$). In the musharakah study using bank data for five years in the form of quarterly data, it is known that musharakah financing has a partial relationship to profit sharing income ($t_{table} = 2.110$ and $t_{calculate} = 3.292$, $t_{calculate} > t_{table}$). In the simultaneous test,

²⁸ Kahf.

²⁹ *Receivables and profit sharing recapitulation of Bank Syariah Indonesia for the January-March 2023, 2023 period.*

mudharabah and musharakah financing affected the amount of profit sharing income obtained ($f_{table} = 3.55$ and $f_{calculate} = 8.791$, $f_{calculated} > f_{table}$).³⁰

Many customers in placing their dressing up at Islamic banks are influenced by the motive to get additional profits (profit sharing). Customers will be investing in large quantities, if the profit sharing value provided by the Islamic bank shows a high value. Based on the journal that describes the factors that influence the growth of mudharabah deposits of Islamic banks, it is known that the interest rate set by Bank Indonesia affects the growth of mudharabah deposits, the profit sharing rate set by Islamic banks also affects the growth of mudharabah deposits, and the Finance To Deposit Ratio (FDR) has a significant effect on the growth of mudharabah deposits. Rasi FDR can demonstrate the ability of Islamic banks to make repayments to depositors who make withdrawals. FDR's high value indicates that liquidity is getting better. Customers will choose mudharabah deposits at Islamic banks with a high FDR value.³¹ The following are the results of tabulating liability and equity data at Bank syariah Indonesia (BSI), based on data from quarter 1 for the period 31 December 2022-31 March 2023, it is known that total liabilities and equity have increased. In the period of December 31, 2022, the value of liabilities was 272,221,828, while in March 2023, the value of liabilities increased to 278,260,647. The liquidity value increased by 6,038,819 or 2.21%. In the period of December 31, 2022, the equity value was 33,505,6102, while in March 2023, the value of liabilities increased to 34,992,047. The equity value increased by 1,486,437 or 4.43%.

Tabel 1. Liability and Equity Quarter 1 2023

Liability	31 Desember 2022	272,221,828
	31 Maret 2023	278,260,647
Ekuiti	31 Desember 2022	33,505,610
	31 Maret 2023	34,992,047

Data source: Data Processing Results of Bank Syariah Indonesia's Financial Position Report for Quarter 1 of 2023

1.3.2 Improving the Quality of Services to Clients.

Some of Islamic banks do not give full attention to the services given to their customers or prospective customers. This is especially commonly done by Islamic banks that occupy monopolistic position. Ultimately, resulting in a weakening of the position of Islamic banks within the community, due to the emergence of conventional banks that

³⁰ Dina Kristina, Dian Hakip Nurdiansyah, "Analysis of the Effect of Mudharabah and Musyarakah Financing on Profit Sharing Income at Indonesian Sharia Banks for the 2017-2021 Period," May 2, 2023, <https://doi.org/10.5281/ZENODO.7884900>.

³¹ Volta Diyanto and Enni Savitri, "FAKTOR-FAKTOR YANG MEMPENGARUHI PERTUMBUHAN DEPOSITO MUDHARABAH BANK SYARIAH," n.d., 13.

enter the Islamic financial market.³² In the book entitled "Public Perception of Islamic Banks, it is explained that the public has a high enthusiasm for the services provided by Islamic banking to customers or prospective customers. Customer response will be good, when Islamic banking provides the best and consistent servants. Good and consistent services can be achieved through determining the standards of the service process so that measurements can be made of the results achieved.³³ Based on the results of customer satisfaction research on Al Rajhi Bank in the Qassim region, Saudi Arabia, through a survey of 184 customer respondents, it was explained that customer satisfaction was significantly influenced by efficiency factors. Efficiency refers to ease of service, diversity of types of online services, information and transactions that have been systematically organized over a period of time. Thus, in this case the role of the management of Islamic banks is very important. In the service dimension, the management must have a system that can handle customer constraints or problems in a short time.³⁴

Based on Monzer Kahf efficiency refers to ease of service, diversity of types of online services, information and transactions that have been systematically organized over a period of time. Bank Syariah Indonesia has developed BSI Mobile banking as an effort to provide ease of service for customers. BSI mobile banking facilitates various customer banking transaction activities so as to improve service efficiency for customers. BSI Mobile has a tagline "Sahabat Finansial, Sosial, dan Spiritual Anda"



BSI Mobile
Sahabat Finansial,
Sosial dan Spiritual Anda

Figure 1. BSI Mobile

Source : [Bank Syariah Indonesia \(bankbsi.co.id\)](http://bankbsi.co.id)

³² Kahf, "Success Factors of Islamic Banks."

³³ Siregar et al., *Presepsi Masyarakat Terhadap Bank Syariah*.

³⁴ Faten A. Al Dugaishem and M. Junaid Khawaja, "Customer Satisfaction with Islamic Banks: A Case Study of Al Rajhi Bank," *Tazkia Islamic Finance and Business Review* 11, no. 1 (April 1, 2018), <https://doi.org/10.30993/tifbr.v11i1.119>.

Previous research related to Islamic values, bank size, and bank age to the performance of Islamic banks as measured by the Sharia Maqashid Index is known to contribute to Islamic bank management. There are financial and non-financial aspects in the performance of sharia maqashid which originate from the objectives of sharia maqashid, so that it can provide a universal picture of sharia bank performance and can be implemented in the form of more comprehensive strategies and policies to achieve sharia objectives. Maqashid syariah index³⁵ is used as a reference in sharia performance appraisal.³⁶ Based on this description, the advice that can be given by researchers to bank syariah Indonesia is that in carrying out operational activities or in maintaining its performance, it is expected to always maintain the Islamic values that can be implemented in various activities to support the achievement of the vision and mission of Bank Syariah Indonesia. Islamic values adopted and applied in the organizational culture of Indonesian Islamic banks. Islamic values becomes the *dominant culture* for Indonesian Islamic banks.

Tabel 2. Vision and Mision of Bank Syariah Indonesia

Vision	TOP 10 GLOBAL ISLAMIC BANK
Mision	<p>Providing access to Islamic financial solutions in Indonesia by serving <20 million customers and becoming the top 5 banks by assets (500+T) and book value of 50 T by 2025</p> <p>To be a large bank that provides the best value for shareholders by becoming the Top 5 most profitable banks in Indonesia (ROE 18%) and strong valuation (PB>2)</p> <p>To be the company of choice and pride of Indonesia's best talents, namely a company with strong values and empowering the community and committed to employee development with a performance-based culture</p>

Source: Bank Syariah Indonesia (bankbsi.co.id)

1.3.3 Humanitarian and Social Services.

Ties between banks and the environment can arise through the provision of humanitarian and social services to the community. According to Monzer Kahf view, the provision of humanitarian and social services can have a positive impact on increasing banking

³⁵ The understanding of the sharia maqashid index is taken from the noble values of Islam (maqashid sharia) which is the ultimate goal of Islamic law, which is to prioritize the values of welfare and benefit. The Sharia Maqashid Index (SMI) is a measurement of Islamic banking performance using financial ratios based on the concept of sharia maqashid, in this case SMI bases its maslahah concept on the theory proposed by Abu Zahra. The concept of the Sharia Maqashid Index which refers to the theory presented by Abu Zahrah consists of Tahdzib Al Fard (educating individuals); Iqomat Al-Adl (upholding justice); and Maslahah (welfare).

³⁶ Marfuah Marfuah, Pasha Hilman Ismail, and Selfira Salsabilla, "Determinants of Sharia Commercial Bank Performance as Measured by Maqashid Syariah Index," *Business Review* 23, no. 1 (2022): 21, <https://doi.org/10.35917/tb.v23i1.244>.

transactions and the volume of public deposits. Activities to provide social and humanitarian services are able to cause a sense of empathy in the community towards Islamic banking. Islamic banks are present in the community through various charitable or social activities. Islamic banks are more expected to contribute than conventional banks in charitable or social activities because Islamic banks are run based on sharia principles. Islamic banks have comments on the values in the Quran such as requiring wealthy people to channel their wealth to humanitarian and social activities.³⁷

إِنَّ الْمُسْتَدِّقِينَ وَالْمُصَدِّقَاتِ وَأَقْرَضُوا اللَّهَ قَرْضًا حَسَنًا يُضَاعَفُ لَهُمْ وَلَهُمْ أَجْرٌ كَرِيمٌ

Meaning: "Indeed, those who give charity, both men and women and lend to Allah a good loan, will surely be multiplied in their (payment) to them; and for them a rich reward" (Qur'an 57:18)

In this verse it is explained that those who give charity by spending part of their wealth, both men and women, and they sincerely lend to Allah with good loans, will undoubtedly be multiplied in return for their kindness and they will receive a glorious reward from his side. And those who firmly believe in Allah and His messengers and do not doubt His promises, they are sincere people and lovers of truth, and they are witnesses with their Lord. Because of their faith and kindness they are entitled to reward and light from Allah. But those who disbelieve and reject our verses and deny our teachings, they are the inhabitants of hell. They will live in it forever. Social responsibility implemented by Islamic banks can be carried out in various forms of activities, one of which is through Corporate Social Responsibility (CSR) and sustainable finance in accordance with the Sustainable Development Goals (SDGs) and Maqashid Asy Syariah. Bank Syariah Indonesia as one of the Sharia Banks in Indonesia has provided humanitarian and social services to the community through various activities, namely oxygen cylinder assistance programs to the community, institutions, and hospitals. Bank Syariah Indonesia also carries out its environmental awareness through internal wastewater treatment, and paper waste treatment with third parties.³⁸

Islamic banking is considered to have specificity compared to conventional banking. Islamic banking is everything that concerns Islamic banks and sharia business units, covering institutions, business activities, and ways and processes in carrying out their business activities. Sharia principles are Islamic legal principles in banking activities based on fatwas issued by institutions that have the authority to determine fatwas in the field of sharia. Islamic banking in conducting its business activities must be based on

³⁷ Kahf, "Success Factors of Islamic Banks."

³⁸ "Laporan Tahunan Bank Syariah Indonesia Tahun 2021" (Bank Syariah Indonesia, 2021).

sharia principles, economic democracy, and prudential principles. Islamic banking also aims to support the implementation of national development in order to improve justice, togetherness, and equitable distribution of people's welfare. Islamic banks can carry out social functions in the form of baitul mal institutions, namely receiving funds derived from zakat, infaq alms, grants or other social funds and distributing them to zakat management organizations, besides that they can also collect social origins from waqf money and distribute them to waqf managers (nazhir) in accordance with the will of the waqf giver (wakif). Sharia banking is also constantly supervised by a sharia supervisory board that has been established in each regional region.³⁹

The Maqasid Sharia Index (MSI) was developed with three main factors: education, creating justice and achieving prosperity. These three factors are universal and are requirements for a national bank to be able to design moral education and training programs so that people are able to improve their abilities and skills. Islamic banks must also ensure honesty and fairness in all transactions and in business activities including in products, all interest-free activities. Islamic banking must balance investment projects and social services to improve people's welfare.⁴⁰ Bank Syariah Indonesia is expected to be able to increase the form of social service concern to the community through various aspects including education, health, environment, renewable energy, and so on. This is because the form of public service concern according to Monze Kahf can influence the interest of the public or customers to use Islamic banking services. The following are the results of data processing of zakat and waqf funds distributed by Indonesian sharia banks through amil zakat institutions, amil zakat agencies, Indonesian waqf bodies, BSI Maslahat, Dompot Dhuafa and other lembaga as a form of service concern to the community.

Table 3. Disbursement of Zakat and Waqf Funds of Bank Syariah Indonesia

Period	Total Disbursement (In millions of rupiah)
Desember 2020	3,101
Juni 2021	554,675
September 2021	2,116
Desember 2021	4,307
Juni 2022	1,960
Desember 2022	3,438
Maret 2023	800

Data source: Data Processing Results of Bank Syariah Indonesia Zakat and Waqf Fund Source and Distribution Report for the Quarter Period (2020-2023)

³⁹ Law of the Republic of Indonesia Number 21 of 2008 concerning Sharia Banking

⁴⁰ Inti Ulfi Sholichah, "Realization of Maqashid Syariah Index (MSI) In Evaluating the Performance of Islamic Banking in Indonesia," *Madani Syariah* 5, no. 2 (2022): 141-51.

1.3.4 Expanding the Base of the Banking Services.

Islamic banking is expected to have customer service innovations so as to encourage an increase in assets owned. The continuous innovation process is an important foundation in initiating the progress of Islamic banking.⁴¹ The development of sharia economy in Indonesia is seen through the increasing development of sharia banks, as the key to sharia finance.⁴² Innovation in increasing the strength of Islamic bank assets is exemplified through the inauguration of the merger of three Islamic banks in Indonesia, namely Bank Syariah Mandiri, Bank BRI Syariah, and Bank BNI Syariah into Bank Syariah Indonesia.⁴³ The merger of the three banks is expected to contribute to increasing the growth of the Islamic economy and finance sector. Bank Syariah Indonesia as the Islamic bank with the first largest asset value in Indonesia has a strategic role in increasing economic growth in Indonesia. A high number of assets can support the expansion of business financing and national development. Intangible assets, networks, human capital, and management are also among the asset strengths that arise as a result of the merger of the three banks.⁴⁴ The three banks are subsidiaries of state-owned banks in Indonesia. The merger makes Bank Syariah Indonesia (BSI) have an asset consolidation value of two hundred and thirty-nine point five trillion.⁴⁵

Bank Syariah Indonesia in maintaining its performance has obtained various types of awards as a form of existence of Bank Syariah Indonesia, which are described in the following table

Table 4. Awards of Bank Syariah Indonesia

Year	Type Awards
2021	The World’s Best Banks Forbes 2021 Best Overall Performance Infobank 18 th Banking Service (Excellence Awards 2021) Alpha Southeast Asia Best Islamic Finance Awards 2021 (Best Islamic Finance Bank) GIFA Market Leadership Award (Islamic Banking) 2021 (Global Islamic Finance Awards 2022)
2022	TOP 5 World’s Best Banks versi Forbes 2022 The Best Islamic Bank in Indonesia versi Asiamoney The Best Islamic Finance Bank 2022 versi Alpha Southeast Asia GIFA Market Leadership Award (Islamic Banking) 2022 versi 12 th (Global Islamic Finance Awards 2022) Indonesian Record: The Fastest Sharia Bank Merger Process from the Indonesian Record Museum (MURI)

Data source: Data Processing Results Quarter 1 2023 Report

⁴¹ Kahf, “Success Factors of Islamic Banks.”

⁴² Sumarno, “Peranan Umat Islam Dalam Perkembangan Ekonomi Syariah Di Indonesia.”

⁴³ “Laporan Tahunan Bank Syariah Indonesia Tahun 2021.”

⁴⁴ “Laporan Tahunan Bank Syariah Indonesia Tahun 2021.”

⁴⁵ “Laporan Tahunan Bank Syariah Indonesia Tahun 2021.”

1.3.5 Preservation of Capital

Capital protection is an important aspect in an effort to maximize long-term profits. Loss of capital can have a significant impact on long-term development. One of the important things that can be done in Protecting Capital is through diversifying bank investments, and synchronizing between the maturity of its investments and the maturity of its deposits. According to Monzer Kahf view, one of the mistakes made by Islamic banking experts is the provision of calls to continuously finance musharakah and mudarabah which are long-term, while the fact is that the deposits owned by banks are short-term, such as in current accounts and short-term investments. In musharakah and mudarabah financing, consideration must be taken to the deadline for financing, not exceeding the safe limit in terms of proportionality with the source of financing and the deadline for maturity.⁴⁶

According to Monzer Kahf view , one of the important things that can be done in Protecting Capital is through diversifying and consideration must be taken to the deadline for financing, not exceeding the safe limit in terms of proportionality with the source of financing and the deadline for maturity.⁴⁷ Bank syariah Indonesia has developed several product,such as murabahah receivables and musharakah profit sharing products, istishna products, multi-service receivables, qard receivables, and rental receivables, and mudharabah. Based on the March 2023 quarter 1 data report, it is known that Bank Syariah Indonesia have the highest nominal value in murabahah and musharakah. Bank syariah Indonesia in encouraging diversifying and proportionality must be used other types of receivables and profit sharing products, namely in murabahah and musharakah. This can be done through increasing customer transaction in using istishna products, multi-service , qard , and rental receivables, and mudharabah profit sharing financing.

Table 5. Types of Receivables Products and Profit-Sharing Products

Types of Products	Nominal Value (in Million Rupiah)	
	December 2022	March 2023
Receivables/Credit		
Murabahah	101,181,900	124,284,807
Istishna'	359	132
Multi-service	-	-
Qardh	9,419,231	9,701,609
Lease Receivables	101,507	13,278
Profit Sharing Funding		

⁴⁶ Kahf, "Success Factors of Islamic Banks."

⁴⁷ Kahf, "Success Factors of Islamic Banks."

Types of Products	Nominal Value (in Million Rupiah)	
	December 2022	March 2023
Mudharabah	1,628,437	1,041,397
Musharakah	57,554,436	70,590,511

Data source: Data Processing Results Quarter 1 2023 Report

CONCLUSION

Islamic economist Monzer Kahf emphasizes that several key factors can influence Islamic banks' success. These factors include increasing the form of deposits, improving the quality of customer service, expanding the base of banking services, protecting capital, and providing social and humanitarian services. According to Kahf, the provision of social and humanitarian services by Islamic banks can have a positive impact on increasing banking transactions and the volume of public deposits.

In addition, BSIs are expected to improve forms of social services to the community through various aspects, including education, health, environment and renewable energy. This is in line with Kahf's view that concern for public services can influence public or customer interest in using Islamic banking services.

In an effort to increase asset ownership, Islamic banking is expected to innovate in customer service. An example of this innovation is the merger of three Islamic banks in Indonesia to form BSI. This merger is expected to increase the growth of the Islamic economic and financial sector. In conclusion, Monzer Kahf's view on Islamic banking is very relevant to the development of Islamic banking in Indonesia, and BSI as the largest Islamic bank in Indonesia has a strategic role in driving economic growth in the country.

DISCLOSURE

Conflicts of Interest

The author declares that there is no conflict of interest regarding the publication of this paper.

Funding Statement

This research received no external funding.

Authorship and Level of Contribution

All authors have an equal share in this study. Buana and Sherly studied Monzer Kahf's thoughts on the development of Indonesian Sharia Banks. Akbar collects data on Bank Syariah Indonesia from the internet as literacy material.

Author Bionote

Buana handa wijaya is a Master of Sharia Economics student at the Ponorogo State Islamic Institute. She has an interest in Sharia Economics.

Akbar Dzukha Asyiqin is an IT specialist who focuses on government IT infrastructure. He works at the Islamic Institute State of Ponorogo.

Sherly Marno Rahayu is a student in the master's program at Ponorogo State Islamic Institute. She takes major Economic sharia for both undergraduate and postgraduate

BIBLIOGRAPHY

- Agusti, Netta. "Islamic Man: Deep Insight Monzer Kahf" 21, no. 02 (Desember 2021): 82-92. <https://doi.org/10.29300/syr.v21i2.5352>.
- Al Dugaishem, Faten A., and M. Junaid Khawaja. "Customer Satisfaction with Islamic Banks: A Case Study of Al Rajhi Bank." *Tazkia Islamic Finance and Business Review* 11, no. 1 (April 1, 2018). <https://doi.org/10.30993/tifbr.v11i1.119>.
- Azzahra, Wulan Lailatus. "Penerapan Ekonomi Islam Pada Masa Kontemporer Dengan Pemikiran Rosulullah." *Jurnal Hukum Dan Ekonomi Islam* 2, no. 1 (2022): 112-24.
- Corinna, Arlinda Nidia, and Eko Fajar Cahyono. "Pola Perilaku Konsumsi Generasi Millennial Terhadap Produk Fashion Perspektif Monzer Kahf: Studi Kasus Mahasiswi Universitas Airlangga." *Jurnal Ekonomi Syariah Teori dan Terapan* 6, no. 2 (January 22, 2020): 319. <https://doi.org/10.20473/vol6iss20192pp319-330>.
- Diyanto, Volta, and Enni Savitri. "FAKTOR-FAKTOR YANG MEMPENGARUHI PERTUMBUHAN DEPOSITO MUDHARABAH BANK SYARIAH," n.d., 13.
- Fachreza Anas, Irham. "Analisis komparatif pemikiran Muhammad Abdul Manan dan Monzer Kahf dalam konsep konsumsi Islam." UIN Syarif Hidayatullah, 2008. <http://repository.uinjkt.ac.id/dspace/handle/123456789/18157>.
- Hakim, Rahmad. "Islamisasi Ekonomi Madzhab Mainstream: Tinjauan, Model, Dan Implikasi." *IQTISHODIA, Jurnal Ekonomi Syariah* 1, no. 1 (March 2016): 79-94.
- Izzah, Siti Nailul. "Konsumsi dalam Perspektif Pemikiran Ekonomi Islam Monzer Kahf" 5, no. 3 (2021): 17. <https://doi.org/10.31955/mea.v5i3.1640>.
- Kahf, Monzer. "About Monzer Kahf," 1999. <http://monzer.kahf.com/about.html>.
- — —. "Islamic Banks at the Threshold of the Third Millennium." *Thunderbird International Business Review* 41, no. 4-5 (July 1999): 445-60. <https://doi.org/10.1002/tie.4270410409>.
- — —. "Strategic Trends in the Islamic Banking And Finance Movement." In *Proceedings of the Fifth Harvard University Forum on Islamic Finance*.. 2000., 169-81. Massachusetts, Harvard University, 2002.

— — —. “Success Factors of Islamic Banks,” 40. Brunei, 2004.

“Laporan Tahunan Bank Syariah Indonesia Tahun 2021.” Bank Syariah Indonesia, 2021.
Rekapitulasi Piutang Dan Bagi Hasil Bank Syariah Indonesia Periode Januari-Maret 2023, 2023.

Santoso, Sugeng. “Sejarah Ekonomi Islam Masa Kontemporer.” *AN-NISBAH* 3, no. 1 (2016): 60–86.

Siregar, Onan Marakali, Salwendri, Maulidina, and Muhammad Bahtiar Abdillah. *Presepsi Masyarakat Terhadap Bank Syariah*. Sumatera Utara, Indonesia: Puspantara Publishing, 2020.

Sriwahyuni, Eka. “Pemikiran Ekonomi Islam Monzer Khaf” 3, no. 1 (March 2017): 172–85. <http://dx.doi.org/10.29300/aij.v3i2.1195>.

Sumarno. “Peranan Umat Islam Dalam Perkembangan Ekonomi Syariah Di Indonesia.” *Jurnal Pendidikan Dan Konseling* 4, no. 5 (2022).

Ubaidillah, Ahmad. “Metodologi Ilmu Ekonomi Islam Monzer Kahf” 3, no. 1 (March 2018): 54–66. <https://doi.org/10.30736/jes.v2i2.39>.



© 2023 by the authors. Published as an open-access publication under the terms and conditions of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>).