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PENGANTAR REDAKSI

Dengan mengucapkan puji syukur kehadhirat Allah SWT, volume 9 nomor 1 edisi Januari – Juni 2020 telah berhasil diterbitkan. Dari puluhan artikel yang masuk, hanya lima artikel yang kami anggap layak untuk dimuat dalam Jurnal Share edisi ini. Kami berkomitmen untuk selalu mengedepankan kualitas berbanding kuantitas dalam setiap edisi. Jadi, hanya artikel yang sudah melewati proses review yang ketat yang dapat diterbitkan pada Jurnal Share.

Artikel yang dimuat dalam edisi kali ini mendiskusikan berbagai isu dalam bidang ekonomi dan keuangan Islam. Artikel pertama "What Determines Islamic Stock Returns in Indonesia?" yang ditulis oleh Rina Novi Yani, dkk mendiskusikan pengaruh berbagai determinan keuangan terhadap tingkat pengembalian saham syariah di Indonesia. Artikel berikutnya, "Information Technology Governance in A Sharia Microfinance Institution: An Evaluation Based on Cobit 5 Framework" yang ditulis oleh Zayyinatul Khusna, & Syaiful Ali mendiskusikan penerapan teknologi informasi pada sebuah lembaga keuangan mikro syariah di Jawa Tengah dengan memfokuskan pada software tertentu. Selanjutnya, artikel "The Attitude of Merchants Towards Riba and Fatwa on Interest of Conventional Bank in Langsa Aceh" yang ditulis oleh Muhammad Dayyan dan Rifyal Dahlawy Chalil. Artikel ini menguji tingkat tingkat pengetahuan yang dimiliki oleh para pedagang di pasar tradisional Langsa terhadap konsep riba, alasan (faktor) mereka melakukan transaksi dengan bank konvensional, dan sikap para pedagang terhadap fatwa yang dikeluarkan oleh Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI).

Artikel keempat "How Does Islamic Banking Support Economic Growth?" yang ditulis oleh Mustika Noor Mifrahi dan Achmad Tohirin mendiskusikan pengaruh pembiayaan bank syariah terhadap pertumbuhan ekonomi di negara-negara yang secara empiris dianggap sukses dalam mengembangkan keuangan Islam baik di tingkat nasional maupun internasaional, yaitu Qatar, Indonesia, Saudi Arabia, Malaysia, UAE, dan Turkey (QISMUT). Artikel terakhir yang tidak kalah menarik adalah "Islamic Financial Literacy Among Sharia Bankers in Bandar Lampung" yang ditulis oleh Any Eliza dan Vitria Susanti. Artikel ini mendiskusikan hasil survey dan menunjukkan tingkat literasi keuangan para praktisi perbankan syariah di Kota Bandar Lampung.

Kami menyadari bahwa edisi ini tidak akan bisa terbit secara berkualitas tanpa bantuan dari para reviewer. Untuk itu, kami sangat berterima kasih mempunyai para reviewer yang sangat ahli di bidangnya masing-masing. Tim redaksi dengan segala kerendahan hati menantikan saran-saran yang konstruktif dari para pembaca demi menjamin mutu terbitan pada edisi-edisi selanjutnya. Akhirnya, dewan redaksi mengharapkan agar seluruh sajian dalam jurnal ini bisa bermanfaat bagi pembaca semuanya sambil menantikan tulisan-tulisan bermutu lainnya untuk dapat diterbitkan dalam edisi-edisi mendatang.

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WHAT DETERMINES ISLAMIC STOCK RETURNS IN INDONESIA?

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ABSTRACT – This study aims to empirically explore and analyze the effects of profitability, liquidity, solvency, and firm size on the rate of returns of Islamic stocks in Indonesia. A total of 30 companies registered in the Jakarta Islamic Index were selected as samples of the study using purposive sampling techniques during the 2013-2017 period and estimated using the panel model of Generalized Least Square (GLS). This study found evidence of a positive and significant effect of profitability on the Islamic stock returns, while liquidity, solvency, and company size were documented to insignificant in affecting the Islamic stock returns. The results of this study imply that to gain a maximum rate of returns, investors should pay attention to the profitability gained by the companies listed on the Islamic stock market.
Keywords: Company size, Investment diversification, Islamic stock returns, Liquidity, Profitability, Solvency.

ABSTRAK – Apakah yang Menentukan Tingkat Pengembalian Saham Syariah di Indonesia? *Penelitian ini bertujuan untuk menguji dan menganalisis pengaruh profitabilitas, likuiditas, solvabilitas, dan ukuran perusahaan terhadap tingkat pengembalian saham syariah di Indonesia. Sebanyak 30 perusahaan yang terdaftar di Jakarta Islamic Index dipilih sebagai sampel dalam penelitian ini dengan menggunakan teknik purposive sampling selama periode 2013-2017 dan diestimasi dengan model panel Generalized Least Square. Penelitian ini menemukan bukti bahwa profitabilitas berpengaruh positif dan signifikan terhadap tingkat pengembalian saham syariah, sedangkan likuiditas, solvabilitas, dan ukuran perusahaan tidak berpengaruh signifikan terhadap tingkat pengembalian saham syariah. Hasil penelitian ini menunjukkan bahwa untuk memaksimumkan tingkat pengembalian, investor harus memperhatikan keuntungan yang diperolehi perusahaan yang terdaftar di pasar saham syariah.*
Kata Kunci*: Diversifikasi investasi, Likuiditas, Profitabilitas, Return saham syariah, Solvabilitas, Ukuran perusahaan.*

INTRODUCTION

Capital markets are avenues for investment activities that are not prohibited in Islam. Investments in the capital market are not prohibited as long as they are carried out following Islamic principles and do not conflict with the provisions outlined by Islam. One form of investment in the capital market is the purchase of stocks.

There are many types of stocks traded and classified according to certain criteria, and one of them is Islamic stocks. In Indonesia, the first Islamic stocks were launched on July 3, 2000 (Soemitro, 2014). Islamic stocks that were first published in the Indonesian capital market are company stocks listed in Jakarta Islamic Index (JII) (Huda and Haykal, 2015). The stocks listed under the JII are those from companies that do not involve themselves in activities related to gambling, speculation, and traditional banking and financing. The JII excludes list stocks that produce or distribute food, drink, or morally harmful items that stand in contradiction with Islamic values. In investing in stocks, unlike conventional investors that expect to gain the highest rate of returns, Muslim investors do not only expect to gain maximum returns, but their investments are also in harmony with the Islamic principles such as free from interest (*riba*), uncertainty (*gharar*), gambling (*maysir*), and other exploitative activities. However, in reality, it is not easy to accumulate returns as expected since the returns of stock have been volatile from one period to another.

Table 1 illustrates the changes in returns of selected Islamic stocks listed in the JJII over the 2013 to 2017 period.

Table 1. The Returns of Selected Islamic Stocks Listed in the JII, 2013-2017

Stock	**Year**				
	2013	**2014**	**2015**	**2016**	**2017**
AKR Corporindo Tbk	0.05	-0.06	0.74	-0.16	0.06
Indofood CBP Sukses Makmur Tbk	0.13	0.02	-0.23	0.53	-0.04
Telekomunikasi Indonesia Tbk	0.76	0.33	0.08	0.28	0.12
Unilever Indonesia Tbk	0.25	0.24	0.15	0.05	0.44

Source: JII, 2019 (Data processed).

As illustrated in Table 1, stock returns of the companies listed in the JII have fluctuated over the period 2013-2017. Of these companies, the stock of Telekomunikasi Indonesia Tbk was recorded to be the most volatile returns in 2013 by 76%, but in 2014 and 2015 it continued to decline to 33% and 8%, respectively. Even though it increased to 28% in 2016, but it again decreased to 12% in 2017. The lowest returns were recorded by Indofood CBP Sukses Makmur Tbk in 2015 by -23%. On the average, the rate of returns of AKR Corporindo Tbk, Indofood CBP Sukses Makmur Tbk, Telekomunikasi Indonesia Tbk, and Unilever Tbk was 18.7% over 2013-2017.

Predicting changes and the determinants of stock returns have been a major concern not only for investors but also for researchers. Many factors have been identified in determining stock returns. These factors include profitability (Fitriana et al., 2016; Mariani et al., 2016; Anwaar, 2016; Nandani and Sudjarni, 2017; Aroujo and Machado, 2018; and Safitri, Nadirsyah, and Darwanis, 2016), liquidity (Mayfi and Rudianto, 2014; Raningsih and Putra, 2015; Parwati and Sudiartha, 2016; Anwaar, 2016; and Nandani and Sudjarni, 2017), solvency (Widayanti and Haryanto, 2013; Erari, 2014; Rufaida and Hermanto, 2015; and Bisara and Amanah, 2015), company size (Sugiarto, 2011; Yuliantri and Sujana, 2014; Rosiana et al., 2014; and Raningsih and Putra, 2015), and many other characteristics of firms (Basri et al., 2019; and Kasmon et al., 2016).

Many previous studies on the determinants of the stock market have found mixed findings. For example, the studies by Fitriana et al. (2016), Mariani et al. (2016), Anwaar (2016), Nandani and Sudjarni (2017), and Aroujo and Machado (2018) found that profitability affected positively stock returns. However, this contradicts the results of studies by Nidianti (2013), Rosiana et al. (2014), and Gunawan and Hardyani (2016) who found an insignificant effect of profitability on stock returns. In their studies, Mayfi and Rudianto (2014), Raningsih and Putra (2015), Parwati and Sudiartha (2016), Anwaar (2016), and Nandani and Sudjarni (2017) found a significant effect of liquidity on stock returns, while Haanurat (2013), Gunawan and Hardyani (2016), Anggrahini and Priyadi (2016), and Fitriana et al. (2016) documented insignificant effect of liquidity on stock returns.

Furthermore, Widayanti and Haryanto (2013), Putra and Dana (2016), and Fitriana et al. (2016) found a significant influence of solvency on stock returns. This empirical evidence contradicts the finding of the insignificant effect of solvency on stock returns (Erari, 2014; Rufaida and Hermanto, 2015; Bisara and Amanah, 2015; and Hawu and Amanah, 2016). Additionally, some previous studies documented positive significant effect of the size of the company on stock returns (Sugiarto, 2011; Yuliantri and Sujana, 2014; and

Putra and Dana, 2016), while some other studies found insignificant effect of company size on stock returns (Rosiana et al., 2014; and Raningsih and Putra, 2015).

These mixed empirical evidences, some found positive, negative, and insignificant effects of factors affecting stock returns, have motivated the present study to re-examine the effects of profitability, liquidity, solvency, and company size on the Indonesian Islamic stock returns. Most of the previous studies focused their analyses only on the overall Islamic stock market using aggregate data, while none of them has explored all 30 Islamic stocks using panel multiple regression analysis using the latest data. Additionally, considering the vast growth of Islamic stocks worldwide, and particularly in Indonesia, previous studies on Islamic stocks in Indonesia focusing on these variables has been still relatively scarce. Therefore, it is necessary to fill up these existing gaps by re-examining the effect of firms' characteristics on Islamic stocks in Indonesia. Thus, this study specifically aims to empirically examine and analyze the effects of profitability, liquidity, solvency, and company size on 30 Islamic stocks listed in the Jakarta Islamic Index in Indonesia over the period 2013-2017 using the panel Generalized Least Square method.

The findings of this study are expected to shed some light for investors and investment managers to properly select portfolio stocks to gain maximum benefits for investment diversification. The findings of the study are also important for companies offered Islamic stocks to manage their activities in producing maximum returns by properly managing their characteristics and, in turn, attract more investors.

The remainder of this study is organized as follows: Section 2 reviews selected relevant theories and works of literature on the determinants of stock returns. Section 3, in turn, highlights data and research methods, followed by the presentation of empirical evidences and their discussions in Section 4. Finally, Section 5 provides conclusions and suggestions for further researches.

LITERATURE REVIEW

A signaling theory that has gained momentum in the last decade is useful for describing the behavior of the two parties when they have access to diverse information. Typically, one company would select whether and how to communicate (or signal) that information and the investor must choose how to interpret the signal (Connelly et al., 2011). In other words, companies would provide signals to the market so that the market is expected to be able to distinguish between good and bad information (Suhadak et al., 2018).

Signaling theory discusses what kind of signals companies (managers) must provide to users of financial statements (i.e., investors) (Suhadak et al., 2018). This signal theory helps reduce asymmetric information. Accurate information is very important for investors using for decision making (Taj, 2016). The annual report provided by the manager is a signal for investors to be used as a reference in making investment decisions. Therefore, the company, in this case, the manager (signal provider) who is more aware of internal information and the prospects of the company must produce more quality and accurate financial reports to investors (signal recipients) to reduce asymmetric information. Thus, referring to the signals provided by companies could be used by the investors to predict stock returns. An ability to accurately predict the stock returns would provide investors maximum benefits of investment diversifications.

Stock Returns

The main purpose of investors allocate their monies into the stock market is to gain maximum returns. Return is the profit gained from an investment in a certain period. Return is the profit gained by companies, individuals, and institutions as the results of their investments (Fahmi, 2011). The distribution of returns in investments in Islamic stocks is based on the proportions specified in the mutually agreed contract. According to Huda and Nasution (2008), returns that can be gained from investing in Islamic stock include: (i) dividends; (ii) right to pre-order securities granted by the issuer; and (iii) capital gains which are the profits derived from the sale and purchase of Islamic stocks.

Profitability

Profitability in a company shows a picture of the company's performance. A good company is a company that can maintain its performance (Syamni et al., 2018). According to Jumingan (2006), profitability is a ratio that measures the efficiency of a company's activities and its ability to produce profits. In addition to describing the company's ability to generate profits, profitability also shows a measure of the effectiveness of a company's management in generating profits from sales and investment income (Kasmir, 2008). Thus, the better the profitability of the company, the better the company is in generating profits.

Liquidity

Liquidity indicates the ability of a company to pay its short-term debt, which is generally less than one year. It is the company's ability to pay off short-term obligations (Katchova and Enlow, 2013). Liquidity is also used to analyze and interpret short-term finance, for liquidity management, it is very helpful to measure the efficiency of working capital used in the company. For liquidity investors, it is also very important to know the prospect of expected dividend payments they would receive. The high level of liquidity shows the higher ability of a company to pay off debt and other short-term bills.

Solvency

Solvency is a ratio that illustrates a company's ability to manage and pay off its long-term debt. Solvency is also used to measure the extent to which a company's assets are financed with debt, meaning how much the company bears the burden of debt compared to its assets (Kasmir, 2008). If a company has very high debt, the burden of debt is also large so that the company's ability to repay its obligations if associated with assets or company capital becomes difficult (Gumanti, 2011). Investors as funders would certainly pay attention to the level of debt adequacy of a company so that investors believe the funds invested can be returned by the company.

Company Size

The size of the company is a reflection of the size of a company's activities that is related to opportunities and ability to enter the capital market and other types of external financing that show the ability to borrow from external sources (Yuliantri and Sujana, 2014). Company reputation often increases in line with company size and success in acquiring other companies (Baker et al., 2013; Mailinda, Ibrahim, and Zainul, 2018). Large companies will attract investors to invest as they own a large number of assets so that this is a guarantee of return on the funds that have been invested.

Effect of Profitability on Stock Returns

In investing their monies into stock markets, all investors expect to gain a high return; thus they should take into consideration factors affecting stock returns.

Previous studies also documented that that profitability has positively affected stock returns (Fitriana et al., 2016; Mariani et al., 2016; Anwaar, 2016; Nandani and Sudjarni, 2017; and Aroujo and Machado, 2018). These findings showed that the high profitability of a company will attract investors' to invest in the company's stock. Thus, it leads to an increase in stock price and it, in turn, has an impact on increasing stock returns. Thus, it can be concluded that the higher the profitability of a company, the rate of return received by investors is also high. Based on this explanation, thus the study proposed the first hypothesis to be tested in the study, as follows:

H1: Profitability affects Islamic stock returns.

Effect of Liquidity on Stock Returns

Companies that are disciplined and able to pay their short-term obligations on the schedule are said to be liquid. Liquidity is the company's ability to pay short-term debt with available assets. (Budialim, 2013) argues that investors can gain a higher rate of return on invested stocks if the company can meet its higher short-term obligations. This will provide confidence for investors to buy stocks, increase the company's stock price, and consequently its returns. This is in line with the previous studies that provide evidence of the significant relationship between liquidity and stock returns (Mayfi and Rudianto, 2014; Raningsih and Putra, 2015; Parwati and Sudiartha, 2016; Anwaar, 2016; and Nandani and Sudjarni, 2017). Thus, it can be concluded that liquidity affects the return of Islamic stocks. Based on this explanation, the second hypothesis is proposed to be tested in the study, as follows:

H_2: Liquidity affects Islamic stock returns.

Effect of Solvency on Stock Return

Solvency illustrates how much the company's assets are financed by debt (Kasmir, 2008). Bisara and Amanah (2015) also stated that solvency is the company's ability to meet its long-term obligations when the company is liquidated. When a company is liquidated or suffers losses, a company with a high debt burden will not be able to pay off its debt or dividends. This makes investors reluctant to invest their monies in the company so that the stock price decreases and it consequently causes reduces stock returns. Referring to this, thus the third hypothesis to be tested in the study is proposed, as follows:

H3: Solvency affects Islamic stock returns.

Effect of Company Size on Stock Return

Company size is a picture of the size of a company's activities. The size of the company determines the company by taking risks. Companies with larger sizes have lower risks because they have better control over their activities (Prasetyorini, 2013). Companies with large sizes also have broad expansion so that it is known in the community. For investors, this gives a positive signal because investors will more easily obtain valid information about the company's performance. Therefore, investors will be more interested in buying the stock of large companies. Thus, this causes the company's stock price to increase as well as its stock returns. Thus, it can be said that the size of the company affects the return of Islamic stocks. On this basis, thus the last hypothesis to be examined in the study is proposed, as follows:

H4: Firm size influences Islamic stock returns.

RESEARCH METHOD

Data

The population of this study is all 30 companies' stocks that are listed on the Jakarta Islamic Index (JII), the Indonesian Stock Exchange. The purposive sampling technique is used to select the Islamic stocks based on the certain set criteria (Sugiyono, 2010) to be explored and analyzed their stock returns' determinants, including profitability, liquidity, solvency, and company size. The sample selection in this study is based on the criteria, i.e., that companies are listed on the JII, the Indonesian Stock Exchange and their needed data for analyses are available during the 2013-2017 period. Based on these criteria, 85 observations were identified for further analyses. The secondary data used in this study are gathered from the company's financial statements listed in the JII, the Indonesian Stock Exchange over the 2013-2017 period.

Measurement of the Variables

As stated earlier, this study intends to explore and analyze the effects of four independent variables (i.e., profitability, liquidity, solvency, and company size) on one dependent variable (i.e., Islamic stock returns) in Indonesia. The measurements of the variables are illustrated in Table 2.

Table 2. Measurements of Variables

Variable	Measurement	References
Islamic Stock returns (ISR)	$Rt = \frac{P_t - P_{t-1}}{P_{t-1}}$ where R_t is the stock returns, P_t is the current stock price, and P_{t-1} is the last year stock price.	(Fakhruddin dan Sopian, 2001; and Majid and Benazir, 2015).
Profitability (PRO)	$ROE = \frac{\text{Net Profit}}{\text{Equity}}$ where ROE is the Return on Equity	(Brigham and Houston, 2015)
Liquidity (LIQ)	$CR = \frac{\text{Current Assets}}{\text{Current Liability}}$ where CR is the Current Ratio	(Brigham and Houston, 2015)
Solvency (SOL)	$DER = \frac{\text{Total Liability}}{\text{Total Equity}}$ where DER is the Debt to Equity Ratio	(Brigham and Houston, 2015)
Firm Size (FSZ)	Natural logarithm on total asset	(Belz et al., 2018).

Empirical Model

To measure and analyze the effects of profitability, liquidity, solvency, and firm size on the returns of 30 Islamic stocks listed in JII, the Indonesian stock exchange over the period 2013-2017, panel Generalized Least Square analysis was adopted and estimated using the E-Views statistical software. The panel data regression analysis is adopted because the data utilized in this study is a combination of time series data for five years (2013-2017) and a cross-section of 30 different companies.

Before the data is estimated, it is necessary to test the classical assumption, comprising the tests of normality, multicollinearity, autocorrelation, and heteroscedasticity. After ensuring all variables fulfilled the classical assumptions, the hypotheses testing would be conducted following the studies by Majid and Maulana (2012) and Amalia et al. (2014), as below:

$$ISR_{it} = a + b_1 PRO_{1it} + b_2 LIQ_{2it} + b_3 SOL_{3it} + b_4 FSZ_{4it} + u_{it} \quad (1)$$

where ISS is the Islamic stock returns, PRO is the profitability, LIQ is the Liquidity, SOL is the solvency, FSZ is the firm size, b_i is the estimated variables, a is a constant term, and u_{it} is an error term.

To estimate panel regression, there are two common models often used, namely: the fixed effect model and the random effect model (Ajija et al., 2011). To determine which of the two models is more appropriate to use in the study, it will be statistically tested by the Hausman test. This test follows the statistical distribution of Chi-square with the degree of freedom is equal to the number of independent variables. If the Hausman statistic value is greater than the critical value of Chi-square statistics, this indicates that the fixed effect model is a more appropriate model to be adopted. On the other hand, if the Hausman statistic value is smaller than the critical value of Chi-square statistics, then the random effect model is a more appropriate model to be used.

The fixed-effect model uses dummy variables to capture intercept differences as the following equation:

$$ISR_{it} = a_1 + b_1 PRO_{1it} + b_2 LIQ_{2it} + b_3 SOL_{3it} + b_4 FSZ_{4it} + u_{it} \quad (2)$$

Meanwhile, the random effect model assumes the coefficient of intercepts differ between individuals and between time (random effect). The random effect model is estimated as the following equation:

$$ISR_{it} = a + b_1 PRO_{1it} + b_2 LIQ_{2it} + b_3 SOL_{3it} + b_4 FSZ_{4it} + e_{it} + u_{it} \quad (3)$$

As stated earlier, before estimating the panel regression, the classical assumption tests of normality, multicollinearity, autocorrelation, and heteroscedasticity are conducted first. The normality test is conducted by referring to the asymptotic probability. If its probability value is greater than 0.5, then the data is said to be normally distributed. A multicollinearity test is conducted by using the Variance Inflation Factor (VIF). If the VIF value is below 10, then the data is said to be free from multicollinearity problems. As for the autocorrelation test, the Durbin Watson (DW) test is used, if the DW statistical value is around 2, then the data is said to be free from the autocorrelation problem. Finally, the heteroscedasticity test is performed by referring to the Bruesch-Pagan (BP) test. If the value of the BP Chi-square is greater than its p-value, then the data concluded to be free from the heteroscedastic problem.

FINDINGS RESULT AND DISCUSSION

Descriptive Statistics

In Indonesia, a stock is categorized as Islamic is determined by the National Shariah Boards of the Indonesian Ulema Council (*Dewan Syariah Nasional Majelis Ulama Indonesia* – DSN MUI) in every six-month. The Islamic stock is evaluated based on their shariah compliance. Jakarta Islamic Index (JII) is one of the Islamic stock indexes in the Indonesia Stock Exchange. The JII was first launched on July 3, 2000 (Soemitro, 2014). PT. Jakarta Stock Exchange together with PT. Dana Reksa Investment Management launched the JII, comprising 30 companies. These companies are considered their operational activities have been in harmony with the Islamic principles (Huda and Haykal, 2015; Majid, 2016; and Majid, 2018). The selection of Islamic stock categories is determined based on certain criteria. These criteria include the company's core activities that are free from interest (*riba*), uncertainty (*gharar*), and gambling (*maysir*) and financial performance that is below the threshold values. The presence of Islamic stocks provides an avenue for Muslim investors to invest their monies following the principles of Islamic transactions (*muamalah*).

Table 3 illustrates the descriptive statistics of investigated variables. The descriptive statistics describe trends of the variables, covering their minimum, maximum, and mean values as well as the dispersion of variables (standard deviation).

As illustrated in Table 3, the minimum value for stock returns was -50%, which is recorded by the Adaro Energi Tbk in 2015, while the maximum value was 46%, which recorded by Kalbe Farma Tbk in 2014. The average value of Islamic stock returns was 6.3% and its standard deviation was 21.6%. This showed that the returns across the 30 Islamic stocks in JII have differed from one stock to another.

Table 3. Descriptive Statistics of the Variables

Variable	Minimum	Maximum	Mean	Standard Deviation
Islamic Stock Returns	-0.500	0.460	0.063	0.216
Profitability	0.030	1.360	0.213	0.277
Liquidity	1.010	4.510	1.930	0.676
Solvency	0.002	0.096	0.010	0.011

Firm Size	15.891	19.504	17.585	0.905

Furthermore, the minimum value for profitability was 0.030, recorded by Lippo Karawaci Tbk in 2017, while the maximum value was 1.360, documented by the Unilever Indonesia Tbk in 2016. The average value of probability was 0.213 and a standard deviation was 0.277. The minimum value for liquidity was 1.010, recorded by PT. Gas Negara Persero Tbk in 2013, whilst the maximum value was 4.510, documented by Kalbe Farma Tbk in 2017. The average value of liquidity was 1.930 and its standard deviation was 0.676.

With regards to the solvency, the minimum value was 0.002, which is recorded by Kalbe Farma Tbk in 2017, while the maximum value was 0.096, documented by AKR Corporindo Tbk in 2016. The average value of this variable was 0.010 and its standard deviation was 0.011. Finally, the minimum value for a company size was 15.891, recorded by PT. PP London Sumatra Indonesia Tbk in 2013, whilst the maximum value was 19.504, documented by PT. Astra International Tbk in 2017. The average value of firm size was 17.585 and its standard deviation was 0.905.

Effects of Profitability, Liquidity, Solvency, and Firm Size on the Islamic Stock Returns in Indonesia

Based on the Hausman test, the study found that the fixed effect model was the most appropriate model of Generalized Least Square as compared to the random effect model to estimate the effects of profitability, liquidity, solvency, and firm size on the Islamic stock returns in Indonesia during the 2013-2017 period. This is illustrated in Table 4, where the p-value of the Hausman test was below the probability value of 0.05. Table 4 also provides the estimated coefficients of regression based on the Panel Generalized Least Square analysis. It also reports the findings of classical assumption tests.

Table 4. Effects of Profitability, Liquidity, Solvency, and Firm Size on Islamic Stock Returns Based on the Fixed Effect Model

Variable	**Coefficient**	**t-Statistics**
Constant	0.550	0.273
Profitability	0.634*	3.615
Liquidity	0.106	1.517
Solvency	-1.986	-0.876
Firm Size	-0.058	-0.523

Hausman test (p-value) = 0.007; F-statistic (p-value) = 0.001; Adj. R^2 = 0.335; KS-test (p-value) = 0.892; VIF = 1.291 - 1.085; DW = 2.117; and BP (p-value) = 0.060.

Note: * shows significance at the 1% level, the Hausman test is performed to select a proper model between fixed and random effect models, Adj. R^2 is the Adjusted R-squared, KS is the Kolmogorov-Smirnov test for normality, VIF is the variance inflation factor criteria for multicollinearity, DW is the Durbin-Watson test for autocorrelation, and BP is the Bruesch-Pagan test for heteroscedasticity.

As reported in Table 4, of the four investigated determinants of Islamic stock returns, only profitability is documented to have a positive significant effect on the returns of Islamic stocks at the 1% level of significance, while liquidity, solvency, and firm size has an insignificant effect. Specifically, the study found that an increase in profitability by 1% has caused the value of stock returns will also increase by 16.34%. Thus, to gain a higher profit, investors in the Indonesian Islamic stock market should select firms with higher profitability. This empirical evidence support the findings of earlier studies by Gunawan and Hardyani (2016), Amalia et al. (2014), Antara et al. (2014), Raningsih and Putra (2015), Gunadi and Kesuma (2015), Midesia et al. (2016), and Nandani and Sudjarni (2017), which documented that profitability has a positive significant effect on stock returns.

On the other hand, liquidity, solvency, and firm size were found to have insignificant influences on Islamic stock returns. This conclusion is made due to the insignificance probability values of these estimated independent variables. Thus, these findings imply that liquidity, solvency, firm size played insignificant roles in determining and predicting the Islamic stock returns. In other words, to gain maximum benefits of investment diversifications in the Islamic stock market, investors should not rely on these insignificant determinants.

The insignificant effect of liquidity on the Islamic stock returns is in line with the empirical evidences documented in the studies by Haanurat (2013), Gunawan and Hardyani (2016), Anggrahini and Priyadi (2016), and Fitriana et al. (2016). However, our finding contradicts the results of studies by Mayfi and Rudianto (2014), Raningsih and Putra (2015), Parwati and Sudiartha (2016), Anwaar (2016), and Nandani and Sudjarni (2017) that found a significant effect of liquidity on stock returns.

Furthermore, the study also found an insignificant effect of solvency on Islamic stock returns. Firms whose capital is sourced from debts or huge loans are certainly riskier than companies with their own capital because the interest expense is also large. However, companies listed in the JII are companies that have certain restrictions on the use of external loans. The interest-based debt allowed in Islamic stocks is less than 45%, thus with this limit, the company's debt would be more controlled and insensitive when there was an increase in interest rates. This makes investors have confidence in the JII companies in managing their debts so that investors did not pay attention to the solvency of the firms when deciding on Islamic stocks. This explains the insignificant effect of the firms' solvency on the returns expected by investors into the Islamic stocks.

The finding of an insignificant effect of solvency on the Islamic stock returns is in line with previous studies by Erari (2014), Rufaida and Hermanto (2015), Bisara and Amanah (2015), and Hawu and Amanah (2016). However, the result of our study contradicts the empirical evidences documented by (Widayanti & Haryanto, 2013), (Putra & Dana, 2016), and (Fitriana et al., 2016) that recorded a significant effect of firms' solvency on stock returns.

Finally, the study also found an insignificant effect of firm size on Islamic stock returns. This implies that the size of the company did not necessarily reflect the company's good performance. This could be partially due to the total fixed assets of the firms were greater than their current assets and other possibilities were also related to the company's decision regarding the profits of investors, large companies provided smaller dividend payments, thus investors did not select the firms with the larger size to buy their Islamic stocks. In other words, investing in larger firms' stocks did not provide a guarantee for investors to gain higher returns. This finding is in harmony with the empirical evidences of previous studies by Rosiana et al. (2014) and Raningsih and Putra (2015) that showed that company size had no significant effect on stock returns. However, our finding contradicts the results of previous studies by Sugiarto (2011), Yuliantri and Sujana (2014), and Putra and Dana (2016) which documented the significant influence of firm size on stock returns.

As observed from Table 4, the study found that the overall determinants of profitability, liquidity, solvency, and firm size significantly affected Islamic stock returns, as indicated by the significance of F-statistics at the 1% level. This explains that variations in Islamic stock returns were explained by 33.5% of changes in variables of profitability, liquidity, solvency, and company size, while the rest 66.5% changes in Islamic stock returns were explained by other determinants, both firm's characteristics and macroeconomic variables. This further implies that in predicting the changes in Islamic stock returns, these variables should be taken into consideration. Additionally, this shows that the estimated Generalized Least Square model in our study is free from misspecification and a good fit to predict Islamic stock returns using profitability, liquidity, solvency, and company size as their independent variables.

Additionally, our estimated Generalized Least Square model also fulfilled the classical assumption requirements. As shown in Table 4, the Kolmogorov-Smirnov (KS) was found to be insignificant with the p-value of 0.892, signifying the normality of the variable, the Variance Inflation Factor (VIF) with the values of less than 10 (VIF = 1.291 - 1.085), showing the independent variables were free from problem of multicollinearity. The Durbin-Watson (DW) test for autocorrelation has a value of 2.117, showing the inexistence of autocorrelation problem, and the Bruesch-Pagan (BP) test for heteroscedasticity with the value of 0.060, signifying the variable were homoscedastic. These findings further confirmed that our estimated model was fit enough to measure the effects of profitability, liquidity, solvency, and firm size on the Islamic stock returns in Indonesia over the 2013-2017 period.

Our findings further showed that the companies' financial reports provide important information for the investors and other stakeholders about the performance of the firms, which is in line with the signaling theory, however, to utilize that information for selecting the proper stocks to maximize benefits of investment diversification, investors should accurately measure and interpret them, such as by exploring their financial ratios' interconnections as provided by our study using the Generalized Least Square regression model.

The results of this study are expected to provide additional empirical evidence and strengthen previous studies and offer an alternative reference for investors in making investment decisions in Islamic stocks, especially Muslim investors. The study only focused on companies listed on the JII. Therefore, the results of this study cannot be used generalized to other companies that have dissimilar characteristics.

CONCLUSIONS

This study empirically explored and analyzed the effects of profitability, liquidity, solvency, and firm size on the rate of returns of Islamic stocks in Indonesia. A total of 30 companies registered in the Jakarta Islamic Index have been selected as samples of the study using purposive sampling techniques during the 2013-2017 period and estimated using the panel model of Generalized Least Square (GLS). The study found evidence of a positive and significant effect of profitability on the Islamic stock returns, while liquidity, solvency, and company size were documented to have an insignificant effect in affecting the Islamic stock returns. The results of this study imply that to gain a maximum rate of returns, investors should pay attention to the profitability gained by the companies listed on the Islamic stock market.

To provide higher returns for their investors, the JII companies should improve their performance, especially in generating corporate profits so that investors are interested in buying their stocks. With so much interest from investors buying JII stocks, the prestige of Islamic stocks has also increased. Companies listed in the JII become the attractive destination for investors since they provide higher returns, in addition to their shariah-compliant transaction activities based on the Islamic tenets. This study also provided evidences of the insignificant influence of liquidity, solvency, and company size on the Islamic stock returns. Therefore, based on this research, neither companies nor investors need to pay attention and consider these variables for their investment decisions.

The study only used variables of profitability, liquidity, solvency, and firm as the determinants of Islamic stock returns in Indonesia over the 2013-2017 period. To provide more comprehensive and robust empirical evidence on the determinants of Islamic stock returns, further studies on this topic could add more determinants of Islamic stocks in their analyses. These determinants do not only comprise firms' characteristics as suggested by the Signaling Theory, but they also include macroeconomic determinants as suggested by the Arbitraging Pricing Theory. A comparative analysis of determinants of Islamic and conventional stock returns would also provide a more insightful on this topic. Finally, a comparative analysis of the determinants of Islamic stocks across the global Islamic stock markets would also offer a comprehensive nature of relationships between Islamic stock returns and their determinants.

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INFORMATION TECHNOLOGY GOVERNANCE IN A SHARIA MICROFINANCE INSTITUTION: AN EVALUATION BASED ON COBIT 5 FRAMEWORK

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ABSTRACT – This research aimed to analyze the implementation of Information Technology (IT) management and to measure the level of IT management in Bina Ummat Sejahtera KSPPS BMT (Saving-Loan Cooperation and Sharia Financial Baitul Maal Wat Tamwil) using the COBIT framework 5. Bina Ummat Sejahtera KSPPS BMT is one of the Sharia Micro Finance Institutions in Central Java. The process capability model in COBIT 5 was used to measure the level of IT management in Bina Ummat Sejahtera KSPPS BMT. This research applied a qualitative approach using interviews and documentation to collect data. The results show that Bina Ummat Sejahtera KSPPS BMT has implemented the management process and met all the process domains in the COBIT 5 framework. Also, the level of IT governance at Bina Ummat Sejahtera KSPPS BMT is currently at level 3 (established process), the defined process level. Overall, the management process can only reach the level of "largely achieved" (L) so that it makes assessment unable to proceed to the next level, which is the deployment process. The results are expected to provide information and input to Bina Ummat Sejahtera KSPPS BMT in optimizing the implementation of its IT management.
Keywords: IT governance, COBIT 5, Process Capability Model, Sharia Micro Finance Institution.

ABSTRAK – Tata Kelola Teknologi Informasi pada Lembaga Keuangan Mikro Syariah: Evaluasi Berdasarkan Kerangka COBIT 5. *Penelitian ini bertujuan untuk menganalisis penerapan tata kelola Teknologi Informasi (TI) dan mengukur tingkat pengelolaan TI pada KSPPS BMT Bina Ummat Sejahtera dengan menggunakan framework COBIT 5. KSPPS BMT Bina Ummat Sejahtera adalah salah satu Lembaga Keuangan Mikro Syariah di Jawa Tengah. Model kapabilitas proses dalam COBIT 5 digunakan untuk mengukur tingkat pengelolaan TI pada KSPPS BMT Bina Ummat Sejahtera. Penelitian ini menggunakan pendekatan kualitatif dengan metode pengumpulan data wawancara dan dokumentasi. Hasil penelitian menunjukkan bahwa KSPPS BMT Bina Ummat Sejahtera telah menerapkan proses tata kelola dan memenuhi semua domain proses pada framework COBIT 5. Selanjutnya, tingkat pengelolaan TI pada KSPPS BMT Bina Ummat Sejahtera saat ini berada pada level 3 established process tingkat proses definisi. Pada tingkat proses definisi secara keseluruhan proses tata kelola hanya dapat dicapai sebagian besar atau largely achieved (L), sehingga penilaian tidak dapat dilanjutkan pada tingkat selanjutnya yaitu proses penyebaran. Hasil dari penelitian ini diharapkan dapat memberikan informasi dan masukan kepada KSPPS BMT Bina Ummat Sejahtera dalam mengoptimalkan pelaksanaan tata kelola TI.*
Kata Kunci: *Tata Kelola TI, COBIT 5,* Process Capability Model, *Lembaga Keuangan Mikro Syariah.*

INTRODUCTION

Information technology (IT) plays a vital role in organizations. Both profit-oriented and non-profit organizations use information technology in assisting their business operations; because information technology can improve the efficiency and effectiveness of business processes. Also, enterprises can improve their growth and performance by exploiting information technology (Turban, Wood, & Volonino, 2015). In financial institutions, information technology plays a vital role in operations and providing services to customers. Currently, all transactions required by customers can be done using information technology, for example, through ATM (automated teller machines), EDC (electronic data capture), internet banking, and mobile banking. Therefore, IT investment is vital for the development of the organization. However, not all organizations are successful in making IT investments. One of the reasons for the failure is due to inadequate information technology governance within the organization (IT Governance Institute, 2008; Islam, 2016).

Organizations need to have effective IT governance so that their IT investments provide expected benefits. IT governance is the leadership, organizational structure, and processes that ensure that information technology supports corporate strategy and objectives (IT Governance Institute, 2003; Hawariyuni & Kassim, 2016). Organizations can ensure that information technology supports business goals, maximizes IT investment, and appropriately manages IT-related risks and opportunities through effective IT governance (ISACA, 2012a).

In Indonesia, one of the Sharia microfinance institutions that first developed is known as *Baitul Maal wa Tamwil* (BMT). BMT is one of the Islamic financial institutions that have a social (*Baitul Maal*) and commercial mission (*Baitul Tamwil*) and operated by using the principle of profit sharing (Ibrahim, Ashal, & Nanda, 2016). The Chairperson of the Board of Management of the Indonesian BMT Association revealed to Kompas that the growth of the BMT branch in the first quarter of 2017 was relatively not high (Nadril, 2017). The low growth may be due to many large financial institutions have entered the micro-market, thus increasing the competition within the market. The increased competition forced microfinance institutions and BMT to innovate to compete with the macro-financial institutions.

This study analyzes the application of IT governance and measures the level of IT governance in a micro Islamic financial institution in Indonesia. The financial institution used in this study was a BMT in Central Java named Bina Ummat Sejahtera KSPPS BMT (KSPPS BMT BUS). Currently, KSPSS BMT BUS is focusing on improving its IT governance. The organization makes use of information technology for operations and providing services to customers and also integrating data from its various branches (116 branches in Java and Kalimantan). KSPPS BMT BUS has offered technology-based services using an ATM, EDC, and virtual account. Based on the initial interview with the executive secretary, the IT implementation was supported by third parties. However, some problems occurred in the process of IT implementation. In addressing the problems, evaluation needs to be done to assess the level of IT governance at KSPPS BMT BUS. Therefore, this study aims to analyze the implementation and level of IT governance at KSPPS BMT BUS.

This study used the COBIT (Control Objective for Information and Related Technology) 5 framework. According to De Haes, Van Grembergen, & Debreceny (2013), COBIT covers the governance, strategic, and tactical lifecycles in the IT domain, while the governance framework like COSO only covers governance and organizational issues. Other IT governance frameworks like Tick IT (the standard used to assess the quality of software development), ITIL (Information Technology Infrastructure Library), and CMMI (Capability Maturity Model Integration) relate to management issues that tend to tactical management rather than strategic management as shown in Figure 1.

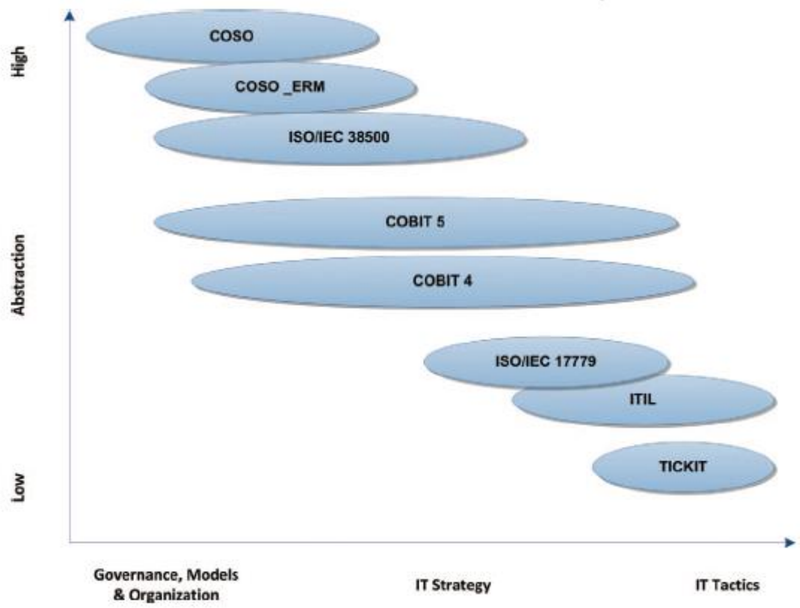

Figure 1. IT Related Frameworks-Level of Abstraction and Lifecycle of IT

(Source: De Haes, Van Grembergen, & Debreceny, 2013)

COBIT 5 is a framework that assists organizations to create optimal value from IT by maintaining a balance between realizing benefits and optimizing risk level and resource use (ISACA, 2012a). In COBIT 5, there are process reference models that divided into two main process domains, that is evaluated, direct, and monitor (EDM) at governance process and 1) align, plan, and organize (APO); 2) build, acquire, and implement (BAI); 3) deliver, service, and support (DSS); and 4) monitor, evaluate, and assess (MEA) at the management process.

Several studies on IT governance in financial institutions using the COBIT framework have been conducted, such as (Vugec, Spremic, & Bach, 2017; Hanief, 2013; Winardi, 2012), but the three did not study Sharia Micro Finance Institutions using the COBIT 5 framework. Vugec, Spremic, & Bach (2017) researched two banks and two insurance companies using the COBIT framework, while Hanief (2013) researched Islamic banks in Bali and Winardi (2012) in Sharia Micro Finance Institutions in Yogyakarta utilizing the COBIT 4.1 framework. Also, this study conducted in Sharia Micro Finance Institution using the latest COBIT framework, i.e., COBIT 5.

This study aims to answer two primary questions which are 1) how is the implementation of IT governance in KSPPS BMT BUS assessed using COBIT 5 framework, and 2) how is IT management level according to COBIT 5 on KSPPS BMT BUS. This paper consists of five sections. The first section discusses the importance of IT governance in a financial institution, including the research questions. The second sections contain a literature review on IT governance using the COBIT 5 framework that reinforces and underpins this research. The third section discusses the methodology that is used in this study. The fourth section explains the finding and analyses the problem so that the research questions answered. The last section contains the conclusion and recommendation for KSPPS BMT BUS.

LITERATURE REVIEW

IT Governance

There are several definitions of IT governance. Weill & Woodham (2002) define IT governance as the determination of decision-making authority and accountability framework to encourage desirable behavior in IT usage.

Furthermore, according to Van Grembergen (2002), IT governance is a process carried out by directors, executive management, and IT management to control the implementation of IT strategies and ensure that information technology supports business strategies.

IT governance is an important thing. It can help ensure that information technology support business goals, maximize investment in IT, and manages the risks and opportunities that arise with IT (ISACA, 2011). The organization will succeed when the board of directors (BOD) and executives pay attention to information technology like other significant parts of doing business (ISACA, 2012a). Therefore, BOD and management, together with IT departments within companies, must collaborate and work together, so that information technology is included in corporate governance and management.

COBIT 5

COBIT (Control Objectives for Information and Related Technology) is a set of guidelines for conducting IT management created by the Information Systems Audit and Control Association (ISACA) and the IT Governance Institute (ITGI) (Hartono & Abdillah, 2011). COBIT provides a comprehensive framework in the management and IT governance so that it can help companies achieve their goals (ISACA, 2012a, p. 13). This is because COBIT helps companies create optimal value from IT by maintaining a balance between the profit realization and optimizing the level of risk and the resources used.

The latest edition of COBIT, COBIT 5.0, was released in 2012. COBIT 5 provides end-to-end business descriptions, enabling companies to manage information technology holistically for the whole company (ISACA, 2012a, p. 13). COBIT 5 was designed by ISACA and ITGI based on the COBIT framework version 4.1, which was integrated with Val IT and Risk IT. COBIT 5 consists of 2 main parts, namely governance, and management. The COBIT 5 framework can be used for all types of companies both on a large scale and SMEs, profit-oriented or not, even the public sector.

Process Reference Model in COBIT 5

COBIT 5 has two main areas, namely, governance and management. These areas have their respective domains. Governance area has one domain, namely evaluate direct, and monitor (EDM). The EDM domain encompasses the IT governance process by ensuring that the company receives optimal value with acceptable risk and available resources. Also, this domain ensures that corporate objectives agreed by stakeholders can be achieved (ISACA, 2012b).

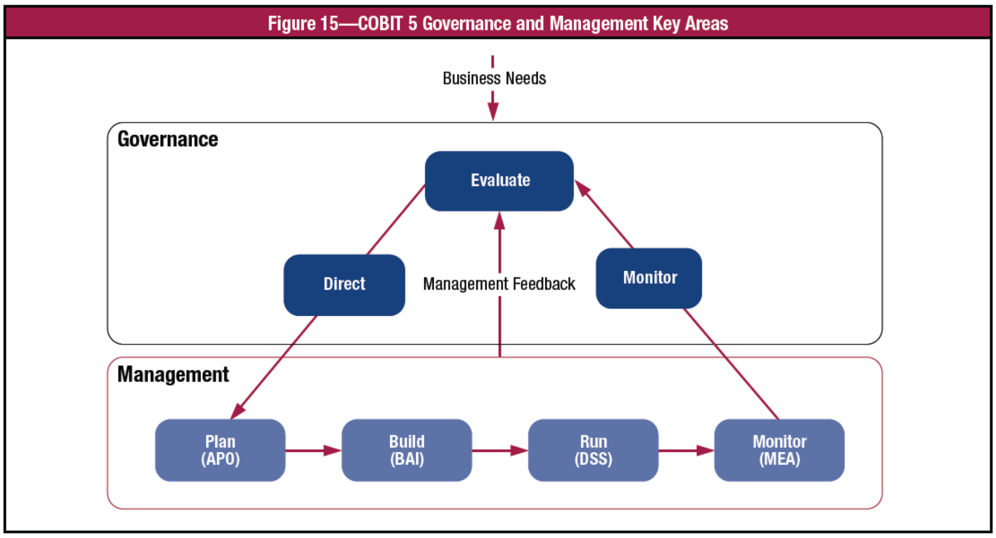

Figure 2. COBIT 5 Area and Domain.
(Source: (ISACA, 2012a, p. 32))

Furthermore, the management area consists of four domains, namely: 1) Align, Plan, and Organize (APO); 2) Build, Acquire, and Impellent (BAI); 3) Deliver, Service, and Support (DSS); and 4) Monitor, Evaluate, and Assess (MEA).

Align, Plan, and Organize (APO)

The APO domain includes IT adjustment, planning, and procurement processes. It determines the best way to use IT to help achieve goals by considering the capabilities and circumstances of the company (ISACA, 2012b; Novianda, Pranomo, and Nugroho, 2014).

Build, Acquire, and Impellent (BAI)

The BAI domain includes the process of identifying IT-related needs in companies, obtaining technology and IT-related needs and their implementation (ISACA, 2012b; Novianda, Pranomo, and Nugroho, 2014)

Deliver, Service, and Support (DSS)

The DSS domain includes the process of managing IT operations and overcoming problems that arise related to IT so that the services provided are maximized (ISACA, 2012b)

Monitor, Evaluate, and Assess (MEA)

The MEA domain includes three processes. First, assessment process IT strategies and services in meeting agreed on needs and goals within the company. Second, monitor and evaluate internal control. Last, evaluate IT processes and IT-supported business processes following applicable regulations and requirements (ISACA, 2012b)

This model is a model that represents all the processes that are usually found in companies related to IT activities. This model is also a general model that can be understood by operational IT and business managers. Having an operational model for all parts of the company involved in IT activities is one of the essential things to achieve good governance. It can also be a framework for measuring and monitoring IT performance, communicating with third parties who provide services, and integrating best management practices (ISACA, 2012b).

Process Capability Model in COBIT 5

Six levels can be achieved by a process in the Process Capability Model.

Level 0: Incomplete process

A process at level 0 means that the process was not implemented or failed in achieving its objectives. At this level, there is little or no evidence of achieving the goals of the systematic process (ISACA, 2012a).

Level 1: Performed process

Processes that reach level 1 mean that the process can be implemented and achieve its objectives (ISACA, 2012a).

Level 2: Managed process

Processes at this level mean they can be implemented and managed (planned, monitored, and adjusted). The results of the process can be determined, controlled, and maintained appropriately (ISACA, 2012a).

Level 3: Established process

The process that reaches level 3 is a process that has reached the level previously applied and subsequently knows the process that can achieve the specified process results (ISACA, 2012a).

Level 4: Predictable process

The process at this level is a process that is defined at the previous level and has reached the limits set to achieve the results of the process (ISACA, 2012a).

Level 5: Optimising process

The process that reaches level 5 is a process that has reached the previous level and is enhanced to achieve current and determined business goals for the future (ISACA, 2012a).
This model can measure the performance of governance and management processes. Also, this model can help to identify improvements (ISACA, 2012a).

RESEARCH METHOD

Research Design

This research is qualitative research with the study case method. Qualitative research is an approach that uses to examine people's experiences in detail by using a set of research methods such as in-depth interviews, focus group discussions, observation, content analysis, visual methods, and history life or biographies (Hennink et al., 2011: 8-9). Further, a case study is a method that use to evaluate (Yin, 2014: 2).

Data Types and Sources

The types and sources of this research data are primary and secondary data. Primary data are interview results. Interviews are semi-structured conducted to various parties as to the president director, operational and financial director, head of information technology division, IT division staff of network and hardware parts, and IT division staff software development section, which numbered five people. Each will be interviewed separately using questions that have been arranged based on the processes in each domain in the COBIT 5.

Furthermore, secondary data obtained by the researcher through document analysis. Required documents such as policies and procedures, accountability reports, organizational structures, and other relevant documentation.

Data Analysis Technique

This research uses the data analysis method, according to Miles and Huberman (2014) consist of data condensation, data display, and conclusion drawing. Data condensation has done by thematic analysis. According to Braun and Clarke (2006), there are six phases in the thematic analysis as follows: familiarizing yourself with your data, generating initial codes, searching for themes, reviewing themes, defining and naming themes, producing the report.

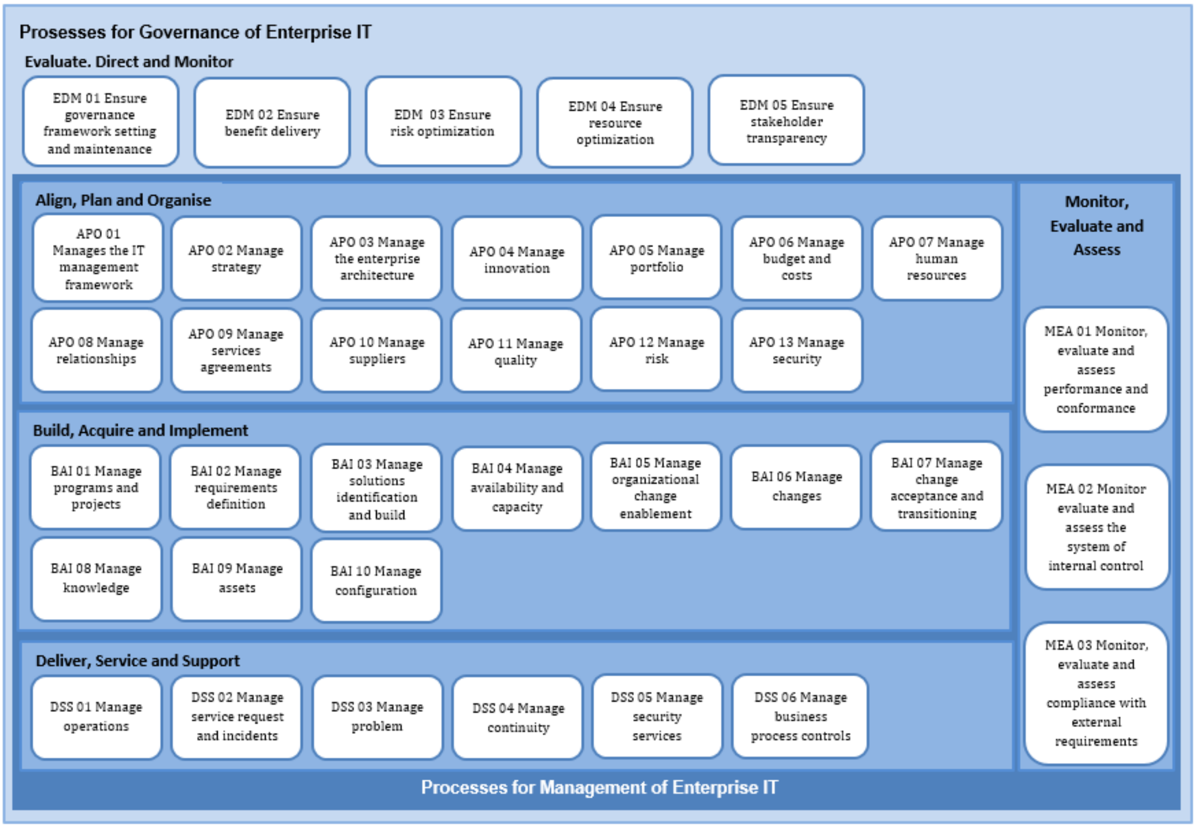

Figure 2. Process Reference Model in COBIT 5
(Source: (ISACA, 2012a, p. 33))

Data Analysis Tool

This research uses the COBIT 5 framework as a data analysis tool to evaluate IT governance at KSPPS BMT BUS. COBIT 5 has two main areas of governance and management. The governance area has one domain, is evaluate, direct, and monitor (EDM). Furthermore, the management area consists of 4 domains, namely 1) align, plan, and organize (APO), 2) build, acquire, and implement (BAI), 3) deliver, service, and support (DSS), and 4) monitor, evaluate, and assess (MEA). The five domains have several processes, as shown in Figure 2. The processes in figure 2 are described in Table 1.

Table 1. Process Reference Model in COBIT 5.

Domain Process	Description
EDM 01 ensure governance framework setting and maintenance	Analyze and articulate the requirements for the governance of enterprise IT and put in place and maintain effective enabling structures, principles, processes, and parties with clear responsibilities and authorities to achieve the enterprise's mission, goals, and objectives.
EDM 02 ensure benefit delivery	Optimize value contributions to the business from business processes, IT services and IT assets resulting from IT investments at acceptable costs
EDM 03 ensure risk optimization	Ensure that the risk chosen by the enterprise is understood, articulated, and communicated and that risk to enterprise value related to the use of IT is identified and managed
EDM 04 ensure resource optimization	Ensure that IT-related capabilities (people, process and technology) are available to support enterprise objectives effectively at optimal cost
EDM 05 ensure stakeholder transparency	Ensure that the enterprise's IT performance, measurement, and reporting compliance is done transparently, with stakeholders approving the goals, metrics, and the necessary remedial actions.
APO 01 manages the IT management framework	Implement and maintain mechanisms and authorities to manage information and the use of IT in the enterprise in support of governance objectives in line with guiding principles and policies.
APO 02 manage strategy	Provide a holistic view of the current business and IT environment, the future direction, and the initiatives required to migrate to the desired future environment.
APO 03 manage the enterprise architecture	Establish a common architecture consisting of business process, information, data, application, and technology architecture layers for effectively and efficiently realizing enterprise and IT strategies by creating key models and practices that describe the baseline and target architectures.

Domain Process	Description
APO 04 manage innovation	Analyze what opportunities for business innovation or improvement can be created by emerging technologies, services, or IT-enabled business innovation, as well as through existing established technologies and by business and IT process innovation.
APO 05 manage portfolio	Execute the strategic direction set for investments in line with the enterprise architecture vision and the desired characteristics of the investment and related services portfolios, and consider the different categories of investments and the resources and funding constraints
APO 06 manage budget and costs	Manage the IT-related financial activities in both the business and IT functions, covering budget, cost and benefit management, and prioritization of spending through the use of formal budgeting practices and a fair and equitable system of allocating costs to the enterprise.
APO 07 manage human resources	Provide a structured approach to ensure optimal structuring, placement, decision rights, and skills of human resources. This includes communicating the defined roles and responsibilities, learning and growth plans, and performance expectations, supported with competent and motivated people.
APO 08 manage relationships	Manage the relationship between the business and IT in a formalized and transparent way that ensures a focus on achieving a common and shared goal of successful enterprise outcomes in support of strategic goals and within the constraint of budgets and risk tolerance.
APO 09 manage services agreements	Align IT-enabled services and service levels with enterprise needs and expectations, including identification, specification, design, publishing, agreement, and monitoring of IT services, service levels, and performance indicators.
APO 10 manage suppliers	Manage IT-related services provided by all types of suppliers to meet enterprise requirements, including the selection of suppliers, management of relationships, management of contracts, and reviewing and monitoring of supplier performance for effectiveness and compliance.
APO 11 manage quality	Define and communicate quality requirements in all processes, procedures, and related enterprise outcomes, including controls, ongoing monitoring, and the use of proven practices and standards in continuous improvement and efficiency efforts.
APO 12 manage risk	Continually identify, assess, and reduce IT-related risk within levels of tolerance set by enterprise executive management.
APO 13 manage security	Define, operate, and monitor a system for information security management.

Domain Process	Description
BAI 01 manage programs and projects	Manage all programs and projects from the investment portfolio in alignment with enterprise strategy and in a coordinated way. Initiate, plan, control, and execute programs and projects, and close with a post-implementation review.
BAI 02 manage requirements definition	Identify solutions and analyze requirements before acquisition or creation to ensure that they are in line with enterprise strategic requirements covering business processes, applications, information/data, infrastructure, and services.
BAI 03 manage solutions identification and build	Establish and maintain identified solutions in line with enterprise requirements covering design, development, procurement/sourcing, and partnering with suppliers/vendors.
BAI 04 manage availability and capacity	Balance current and future needs for availability, performance, and capacity with cost-effective service provision.
BAI 05 manage organizational change enablement	Maximize the likelihood of successfully implementing sustainable enterprise-wide organizational change quickly and with reduced risk, covering the complete life cycle of the change and all affected stakeholders in the business and IT.
BAI 06 manage changes	Manage all changes in a controlled manner, including standard changes and emergency maintenance relating to business processes, applications, and infrastructure.
BAI 07 manage change acceptance and transitioning	Formally accept and make operational new solutions, including implementation planning, system, and data conversion, acceptance testing, communication, release preparation, promotion to the production of new or changed business processes and IT services, early production support, and a post-implementation review.
BAI 08 manage knowledge	Maintain the availability of relevant, current, validated, and reliable knowledge to support all process activities and to facilitate decision making.
BAI 09 manage assets	Manage IT assets through their life cycle to make sure that their use delivers value at optimal cost, and they remain operational (fit for purpose), they are accounted for and physically protected. Those assets that are critical to support service capability are reliable and available.
BAI 10 manage configuration	Define and maintain descriptions and relationships between key resources and capabilities required to deliver IT-enabled services, including collecting configuration information, establishing baselines, verifying and auditing configuration information, and updating the configuration repository.
DSS 01 manage operations	Coordinate and execute the activities and operational procedures required to deliver internal and outsourced IT services, including the execution of pre-defined standard operating procedures and the required monitoring activities.

Domain Process	Description
DSS 02 manage service request and incidents	Provide a timely and effective response to user requests and resolution of all types of incidents. Restore normal service; record and fulfill user requests; and record, investigate, diagnose, escalate, and resolve incidents.
DSS 03 manage problem	Identify and classify problems and their root causes and provide timely resolution to prevent recurring incidents. Provide recommendations for improvements.
DSS 04 manage continuity	Establish and maintain a plan to enable the business and IT to respond to incidents and disruptions in order to continue the operation of critical business processes and required IT services and maintain the availability of information at a level acceptable to the enterprise.
DSS 05 manage security services	Protect enterprise information to maintain the level of information security risk acceptable to the enterprise under the security policy.
DSS 06 manage business process controls	Define and maintain appropriate business process controls to ensure that information related to and processed by in-house or outsourced business processes satisfies all relevant information control requirements.
MEA 01 monitor, evaluate and assess performance and conformance	Collect, validate, and evaluate the business, IT, and process goals and metrics. Monitor that processes are performing against agreed-on performance and conformance goals and metrics and provide reporting that is systematic and timely.
MEA 02 monitor evaluate and assess the system of internal control	Continuously monitor and evaluate the control environment, including self-assessments and independent assurance reviews. Enable management to identify control deficiencies and inefficiencies and to initiate improvement actions.
MEA 03 monitor, evaluate and assess compliance with external requirements	Evaluate that IT processes and IT-supported business processes are compliant with laws, regulations, and contractual requirements.

Source: (ISACA, 2012b)

Assessments of the capability level were done based on interview data and criteria on each level. Measuring the capability level is based on a set of process attributes under the domain process on COBIT 5 by using the Process Capability Model. According to ISACA (2012a), there are six levels of capability that a process can achieve.

1) Level 0: Incomplete process, the process is not implemented or fails to achieve its purpose.
2) Level 1: Performed process, the process is implemented and achieve its process purpose.

3) Level 2: Managed process, the process is implemented and manage. Further, its work products are appropriately established, controlled, and maintained.
4) Level 3: The Established process is the previous process implemented using a defined process that is capable of achieving its process outcome.
5) Level 4: Predictable process is a previously implemented process that operates within defined limits.
6) Level 5: Optimising process is a previously implemented process that continuously improved to meet relevant current and projected business goals.

According to IT Governance Network levels of achievement of the process attributes are scored as follow:

1) Not achieved (N) – the achievement of the process attributes is 0 until 15%.
2) Partially achieved (P) – the achievement of the process attributes is more than 15% until 50%.
3) Largely achieved (L) – the achievement of the process attributes is more than 50% until 85%.
4) Fully achieved (F) – the achievement of the process attributes is more than 85% until 100%.

The assessment of the capability level was done gradually from each level. Assessment can be continued at the next level is that the process attributes can be achieved fully (F).

Data Validity Technique

This research used triangulation and member checking to do data validity. Triangulation is a technique of data validity by collecting data from various sources such as interviews, observation, and document analysis (Creswell 2014). Also, Creswell (2014) suggests using member checking to determine the accuracy of qualitative findings. Member checking was performed by taking the final report or specific descriptions or themes back to participants and determining whether these participants feel that they were accurate. Therefore, after the data is collected, the results of interviews are conducted by member checking, and the results are used for the next technique, triangulation by comparing it with the results of observations and document analysis.

RESULT AND DISCUSSION

IT Governance at KSPPS BMT Bina Ummat Sejahtera

IT governance currently being conducted by KSPPS BMT BUS assessed using the COBIT 5 framework will be described in table 2.

Tabel 2. IT Governance at KSPPS BMT BUS

No.	Domain Process	Governance/ Management Process	Work Product	Existence	Information
1	EDM 01 ensure governance framework setting and maintenance	Doing planning and procedures for IT management	Have IT management guidelines and procedures	√	This practice has been done by developing an IT road map for five years, but there is no schedule for IT management in the road map
2	EDM 02 ensure benefit delivery	Improve employee competence in IT usage	Training for employees	√	This practice has been done and proven by the list of training on the accountability report
3	EDM 03 ensure risk optimization	Minimize risks that may be received	- Have data back-up - Working with third parties who have the ability	√	This practice has been done and proven with an invoice from PT IMFIS every month. Further, working with PT ISI and PT TELKOM.
4	EDM 04 ensure resource optimization	Resource optimization such as employee, process, and technology	- Employee efficiency and applying Zero growth - Applying the four-eyes principle for process - Using ATM, EDC, and virtual account related to technology.	√	This practice has been done and proven with table employee and branches growth, a latter of the provision of financing authority, the photos of ATM, EDC, and BUS mobile product
5	EDM 05 ensure stakeholder transparency	Communicating IT plan with supervisors, administrators, founders, and members	Communicating IT-related improvement with supervisors and administrators at strategic plan meeting, also founders and members at the Annual Member Meeting.	√	This practice has been performed and proven with a list of a present strategic plan and the photo of IT development presentation at the Annual Member Meeting.
6	APO 01 manages the IT management framework	Provision authority and mechanism for managing information and IT usage	Username and password for each employee	√	Every employee must have a user name and password to the system login. This practice has been done and proven with system initial view

No.	Domain Process	Governance/ Management Process	Work Product	Exis-tence	Information
7	APO 02 manage strategy	Integrated IT strategy with a business objective	Strategic plan meetings and coordination meetings	√	Strategic planning and coordination meetings to ensure business objectives are supported by IT
8	APO 03 manage the enterprise architecture	Define models, standards, and guidelines for IT usage	Road map	√	This practice has been done by determining IT development standards listed on the road map
9	APO 04 manage innovation	Identified IT potential to services innovation	- BUS mobile equipped with PPOB (payment points online banking) feature - e-money	√	This practice has been done. the development of services to be carried out is listed on a road map
10	APO 05 manage portfolio	Have a portfolio of IT investment	Give customer services using ATM, EDC, and BUS mobile	√	This practice has been done by the core system as the main foundation and switching with ATM, EDC and virtual account
11	APO 06 manage budget and costs	Doing budgeting practices	Budget for IT division	√	This practice has been done with the proposed budget of the IT division made by the head of the division approved by the operational director
12	APO 07 manage human resources	Determining the policy for recruitment process human resource in the IT division	The policy for recruitment process human resource in the IT division	√	This practice has been done and proven by additional question list form IT division in the recruitment process
13	APO 08 manage relationships	Doing coordination between division	Monthly meetings	√	This practice has been done with monthly meetings attended by top management and regional heads
14	APO 09 manage services agreements	Coordinate between divisions for service development	Coordination and monthly meetings	√	This practice has been done with monthly meetings and coordination meetings every week which attended by top management
15	APO 10 manage suppliers	Determine the policy of cooperating	Have the policy to working with third parties who have the ability	√	This practice has been done and proven by working with PT Telkom and PT ISI which has cooperated in 3 sharia banks
16	APO 11 manage quality	Improve the quality of service to members	Providing services using EDC	√	This practice has been done, evidences by the service using EDC
17	APO 12 manage risk	Minimize risk by managing data	- transaction failure analysis - managing database with data cleansing	√	This practice has been done, but until now the data cleansing process is still running

No.	Domain Process	Governance/ Management Process	Work Product	Exis-tence	Information
18	APO 13 manage security	Establish an information security system	- Firewall - Data back-up.	√	This practice has been done using firewall and data back-up but not yet built disaster recovery center
19	BAI 01 manage programs and projects	Reported system performance	Transactional event news	√	This practice is done by creating transactional event news to record system problems
20	BAI 02 manage requirements definition	Setting a requirement for IT development	- Coordination meetings - Cost and benefit analysis - Roadmap	√	The provision of the management system for internal management is made by conducting coordination meetings and cost and benefit analysis. For the core system has been determined on the roadmap
21	BAI 03 manage solutions identification and build	Manage software and hardware	- Server management is done by data center - Software management is done by self	√	Software management is done daily; problems are handled by remote. However, when the network dropout IT staff will contact the data center to check
22	BAI 04 manage availability and capacity	Manage availability and capacity	Determine the need for IT development that supports the company's goals	√	This practice has been carried out and is outlined in the roadmap
23	BAI 05 manage organizational change enablement	Managing IT changes	Establish a test plan prior to system implementation	√	This practice has been done by performing a system test before launching.
24	BAI 06 manage changes	Manage changes in IT usage	Coordination of management	√	This process is done by engaging in coordination between management; what changes are desired. When the change is agreed upon it will be submitted to all employees
25	BAI 07 manage change acceptance and transitioning	Resolve data left behind during system transition	Data cleansing	√	This practice has been done by cleansing data left behind
26	BAI 08 manage knowledge	Provide knowledge about technology using	Training continuously	√	Practice has been done by the training to the user continuously
27	BAI 09 manage assets	Managing and overseeing IT assets	- Assets management is assisted by the general affair division - Assets oversight is carried out by IT areas	√	Practice has been done with the assistance of the general affair division in the process of assets management and IT area for assets oversight in each branch
28	BAI 10 manage configuration	Inform service to all users	- Submission of SOP by the operating directorate	√	This practice has been done, as evidenced by the training and delivery of information to

No.	Domain Process	Governance/ Management Process	Work Product	Exis-tence	Information
			- Training for practice - Submission of information to members		members by tellers and branch AO
30	DSS 02 manage service request and incidents	Provides a system to facilitate user inquiries	Help desk system	√	Practice has been done by issuing a help desk system to help users report problems easily
31	DSS 03 manage problem	Handles problems that appear on the system	Repair actions are done alone or assisted by the programmers who work together	√	This practice has been done but is still assisted by programmers who work together because the Core system is not built alone.
32	DSS 04 manage continuity	Determining sustainable plans	The sustainable plans listed on the road map	√	This practice has been done with a road map made for five years
33	DSS 05 manage security services	Maintain information security	The permissions fields for all users	√	Practice has been done by creating the permissions fields for all users in accordance with their positions.
34	DSS 06 manage business process controls	Protecting information from outsiders	Use list lines like virtual private network and static IP	√	This practice has been done using the list line, so not everyone can access the network.
35	MEA 01 monitor, evaluate and assess performance and conformance	Monitor, evaluate, and assess performance to adjust governance	Have guidelines for assessing and evaluating performance appropriateness	√	This practice has been done by adjusting the business processes and programs executed with the agreed strategic planning results
36	MEA 02 monitor evaluate and assess the system of internal control	Supervise and evaluate internal control systems	- Implementing four-eyes principle and limitation of authority - Having internal control division	√	Practice is done by applying four-eyes principle and limiting authority for each transaction, and there is a division of internal control which assist in the internal control system
37	MEA 03 monitor, evaluate and assess compliance with external requirements	Ensure that IT-supported business processes comply with external laws and regulations	Has a compliance division that helps in overseeing business processes to conform to internal and external regulations	√	Practices have been done with the compliance division that oversees and ensures that business processes comply with internal and external regulations such as local laws and regulations

IT Management Level at KSPPS BMT Bina Ummat Sejahtera

Level 0: Incomplete Process

Based on Tabel 2, we can see that all domains of the IT governance process, according to the COBIT 5 framework, have been performed on KSPPS BMT BUS. However, not all domain processes performed well. There are still some processes that need to be improved. These processes are: ensures governance framework setting and maintenance (EDM 1), manage risk (APO 12), manage security (APO 13), manage solutions identification and build (BAI 03), and manage the problem (DSS 03).

Further, the governance process has been assessed based on each level. The governance process at KSPPS BMT BUS was considered to pass the level 0 capability level, and the assessment continued at the next level. This means that the IT governance process, following the COBIT 5 framework, has been implemented by KSPPS BMT BUS. A process is at level 0 when the process is not implemented at all, or the implementation process is incomplete so that it fails to reach the goal.

Level 1: Performed Process

The first level performed process means the process is implemented and achieved a predetermined objective. At this level, the process has a work product, and there are inputs, processes, and output in producing work products. Based on Table 2, it can be seen that all IT governance practices in KSPPS BMT BUS assessed using COBIT 5 framework have work products. Thus, it can be concluded that the practice of IT governance on KSPPS BMT BUS is at level 1, and the assessment of the level of IT governance process capability can be continued to level 2.

Level 2: Managed Process

At level 2 of the managed process, the implemented process has been planned, monitored, and adjusted to achieve the specified objectives. According to COBIT 5, level 2 requires two criteria; that is, the *performance is managed* (PM), and *work products are managed* (WPM). Each level has attributes that must be met. Assessment at level 2 and beyond is done by giving a predicate level of attainment of process attributes, as follows.

1) Not achieved (N) – the achievement of the process attributes is 0 until 15%.

2) Partially achieved (P) – the achievement of the process attributes is more than 15% until 50%.
3) Largely achieved (L) – the achievement of the process attributes is more than 50% until 85%.
4) Fully achieved (F) – the achievement of the process attributes is more than 85% until 100%.

IT governance process can rise to a higher level if it has *fully achieved*. At this level, IT governance assessment on KSPPS BMT BUS is performed by assessing the process of governance based on process attributes at each level. The assessment is presented briefly in Table 3.

Tabel 3. IT Governance at KSPPS BMT BUS Level 2

No	Domain	Governance/ Management Practice	PM	WPM
1	EDM 01	Perform planning and procedures for IT management	F	L
2	EDM 02	Increase employee competence in IT usage	F	F
3	EDM 03	Minimize risks that may be accepted	F	F
4	EDM 04	Optimize resources such as employees, processes, and technology	F	F
5	EDM 05	Communicate IT plans to supervisors, managers, founders, and members.	F	F
6	APO 01	Determination of authority and mechanisms for managing information and IT usage	F	F
7	APO 02	Integrate IT strategy with business objectives	F	F
8	APO 03	Define models, standards, and guidelines for using IT	F	L
9	APO 04	Identify IT potential for service innovation	F	F
10	APO 05	Has an IT investment portfolio	F	F
11	APO 06	Practicing budgeting	F	F
12	APO 07	Determining policies in IT HR recruitment process	F	F
13	APO 08	Coordinate between divisions	F	F
14	APO 09	Coordinate between divisions for service development	F	F
15	APO 10	Determine the policy of cooperating	F	F
16	APO 11	Improve the quality of service to members	F	F
17	APO 12	Minimize risk by managing data	F	F
18	APO 13	Establish an information security system	F	F
19	BAI 01	Reported system performance	F	F
20	BAI 02	Setting requirements for IT development	F	L
21	BAI 03	Manage software and hardware	F	L
22	BAI 04	Manage capacity needs and supervision	F	L
23	BAI 05	Managing IT changes	F	F
24	BAI 06	Managing changes in IT usage	F	F
25	BAI 07	Resolve data left behind during system transition	F	F
26	BAI 08	Provide knowledge about the use of technology	F	F
27	BAI 09	Managing and overseeing IT assets	F	F
28	BAI 10	Inform service to all users	F	F
29	DSS 01	Manage the framework	F	F
30	DSS 02	Provides a system to facilitate user inquiries	F	F
31	DSS 03	Handles problems that appear on the system	F	F
32	DSS 04	Determining sustainable plans	F	L
33	DSS 05	Maintain information security	F	F

No	Domain	Governance/ Management Practice	PM	WPM
34	DSS 06	Protecting information from outsiders	F	F
35	MEA 01	Monitor, evaluate, and assess performance to adjust governance	F	F
36	MEA 02	Supervise and evaluate internal control systems	F	F
37	MEA 03	Ensure that IT-supported business processes comply with external laws and regulations	F	F

Remarks:

- F (*fully achieved*),
- L (*largely achieved*),
- P (*partially achieved*),
- N (*not achieved*).

For *performance is managed* (PM) level, all IT governance processes at KSPPS BMT BUS have predicate *fully achieved*. This means that all attributes at the managed performance level were *fully achieved*. However, at the level of *work products are managed* (WPM), not all governance processes can be fully achieved. Some IT governance processes have predicate *largely achieved*.

From the whole domain process, there are 6 (six) domains that get predicate *largely achieved*, whereas most of the process domain get the predicate *fully achieved*. Therefore, the overall assessment of IT governance capability level in KSPPS BMT BUS at level 2 was considered fully achieved, so the assessment can be continued at level 3 that is *established process*.

Level 3: Established Process

At level 3, the IT governance process that has been implemented is built on a predefined standard process to achieve the outcome of the process. At this level, there are two levels to be met, namely the process definition (PDef) and the process deployment (PDEP). Both levels have their respective attributes that must be met. Assessment is performed sequentially from the process definition level and then proceeds to the process deployment if at the process definition level IT governance process can be *fully achieved*. The assessment is presented briefly in Table 4.

Tabel 4. IT Governance at KSPPS BMT BUS Level 3

No	Domain	Governance/ Management Practice	PDef
1	EDM 01	Perform planning and procedures for IT management	L
2	EDM 02	Increase employee competence in IT usage	F
3	EDM 03	Minimize risks that may be accepted	L
4	EDM 04	Optimize resources such as employees, processes, and technology	F
5	EDM 05	Communicate IT plans to supervisors, managers, founders, and members.	L

No	Domain	Governance/ Management Practice	PDef
6	APO 01	Determination of authority and mechanisms for managing information and IT usage	L
7	APO 02	Integrate IT strategy with business objectives	F
8	APO 03	Define models, standards, and guidelines for using IT	L
9	APO 04	Identify IT potential for service innovation	F
10	APO 05	Has an IT investment portfolio	F
11	APO 06	Practicing budgeting	F
12	APO 07	Determining policies in IT HR recruitment process	F
13	APO 08	Coordinate between divisions	F
14	APO 09	Coordinate between divisions for service development	F
15	APO 10	Determine the policy of cooperating	L
16	APO 11	Improve the quality of service to members	L
17	APO 12	Minimize risk by managing data	L
18	APO 13	Establish an information security system	L
19	BAI 01	Reported system performance	F
20	BAI 02	Setting requirements for IT development	L
21	BAI 03	Manage software and hardware	L
22	BAI 04	Manage capacity needs and supervision	P
23	BAI 05	Managing IT changes	F
24	BAI 06	Managing changes in IT usage	L
25	BAI 07	Resolve data left behind during system transition	L
26	BAI 08	Provide knowledge about the use of technology	F
27	BAI 09	Managing and overseeing IT assets	F
28	BAI 10	Inform service to all users	L
29	DSS 01	Manage the framework	L
30	DSS 02	Provides a system to facilitate user inquiries	F
31	DSS 03	Handles problems that appear on the system	P
32	DSS 04	Determining sustainable plans	L
33	DSS 05	Maintain information security	L
34	DSS 06	Protecting information from outsiders	L
35	MEA 01	Monitor, evaluate, and assess performance to adjust governance	F
36	MEA 02	Supervise and evaluate internal control systems	F
37	MEA 03	Ensure that IT-supported business processes comply with external laws and regulations	F

Information: F (fully achieved), L (largely achieved), P (partially achieved), N (not achieved).

Assessment of the capability level of the IT governance process at level 3 was only performed at the definition process level and was not continued at the process deployment level. This was because, at the process definition level, the overall IT governance process was not achieved fully, but can only be *largely achieved*. However, some processes can be *fully achieved*. Based on Table 3, there are 18 (eighteen) processes that are *largely achieved*, and 2 (two) *partially achieved* processes. These processes need improvement so that KSPPS BMT BUS can reach the level of capability of the next process.

CONCLUSIONS

KSPPS BMT BUS has implemented most of the governance and management processes following the COBIT 5 framework. All process domains within the COBIT 5 framework have been implemented. Although currently, the development of IT is not self-developed but in collaboration with other parties who have the ability in their fields. The results of the study showed that IT governance and management processes in KSPPS BMT BUS are at level three of the five levels in COBIT 5.0.

Corrective actions that can be carried out by BUS KSPPS BMT to achieve the next process capability level (level 4 and 5) are: first, prepare a roadmap as a guide and guidance in developing more strategic and more accessible IT to be implemented. In the roadmap, it is necessary to add a schedule so that the IT development plan is more apparent when it will be carried out and more comfortable in evaluating the effectiveness and suitability of the process. Second, determine the standard processes that need to be carried out together with the sequence of processes to manage the capacity of IT resources and manage the problem process. Finally, determine the right method to monitor the effectiveness and suitability of each governance process that has been carried out with the company's needs. Further research is expected to involve more BMTs and use a survey approach to improve external validity from the research.

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THE ATTITUDE OF MERCHANTS TOWARDS RIBA AND FATWA ON INTEREST OF CONVENTIONAL BANK IN LANGSA ACEH

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ABSTRACT – This research aims to analyze and examine the level of knowledge possessed by the merchants in the traditional market of Langsa on the concept of riba, the reasons (factors) the merchants transact with the conventional bank, and the attitude of merchants on fatwa given by the National Sharia Board of the Indonesian Ulema Council (DSN-MUI). The research population is an unknown population that consists of all market traders in Langsa City and the sample selected is 117 respondents. This research implements a non-probability sampling technique with purposive sampling as the method. The result shows that majority of the respondents has a profound understanding on the haram concept of interest (riba) and the role of DSN-MUI as the obligated council in setting the fatwa, which needs to be followed, yet the respondents do not mind interacting with the conventional banks in terms of getting business financing. They believe that riba (usury) is forbidden, yet they do not mind borrowing some amount of funds or saving their money in conventional banks, which implemented the interest-based system. More than 31 respondents (26,5%) perceive that interest is not the same as riba, and 50 respondents (42.7%) say that conventional bank is very helpful in promoting business. A more aggressive role is needed from the Sharia banks to reach all layers of society and educate as well as promote sharia-based banking products, especially financing products.
Keywords: Merchants, Riba, Sharia Banking, Fatwa MUI

ABSTRAK – Perilaku Pedagang terhadap Riba dan Fatwa Bunga Bank Konvensional di Langsa Aceh. *Penelitian ini bertujuan untuk menganalisis dan menguji tingkat pengetahuan yang dimiliki oleh para pedagang di pasar tradisional Langsa terhadap konsep riba, alasan (faktor) mereka melakukan transaksi dengan bank konvensional, dan sikap para pedagang terhadap fatwa yang dikeluarkan oleh Dewan Syariah Nasional Majelis Ulama Indonesia (DSN-MUI). Sebanyak 117 responden telah dipilih sebagai sampel dari seluruh pedagang di Kota Langsa sebagai populasi yang tidak diketahui jumlahnya. Pengambilan sampel menerapkan teknik non probability sampling dengan metode purposive sampling. Hasilnya menunjukkan bahwa mayoritas responden memiliki pemahaman yang mendalam tentang konsep riba dan peran DSN-MUI sebagai dewan yang wajib menetapkan dan mengeluarkan fatwa dan perlu diikuti oleh masyarakat. Meskipun demikian responden tidak keberatan berinteraksi dengan bank konvensional dalam hal mendapatkan pembiayaan bisnis. Mereka percaya bahwa riba dilarang, namun mereka tidak keberatan meminjam sejumlah dana atau menyimpan uang mereka di bank konvensional, yang menerapkan sistem berbasis bunga. Lebih dari 31 responden (26,5%) merasa bahwa bunga tidak sama dengan riba, dan 50 responden (42,7%) mengatakan bahwa bank konvensional sangat membantu dalam mempromosikan bisnis. Peran yang lebih agresif diperlukan dari bank-bank Syariah untuk menjangkau semua lapisan masyarakat dan mengedukasi serta mempromosikan produk-produk perbankan berbasis syariah, terutama produk-produk pembiayaan.*
Kata Kunci: *Pedagang, Riba, Perbankan Syariah, Fatwa MUI.*

INTRODUCTION

Most muslims still look cynical regarding Sharia banking and Sharia financial institutions, arguing that the difference between Islamic banks and conventional banks is only on the term of "interest” and "profit sharing". This is the most common opinion found in the wider community. People only know that Sharia banks are interest-free, but they have limited understanding about the mechanism of "profit sharing" (Mu’Allim, 2003; Ibrahim & Arifin, 2016). Some people think that Sharia banks are not able to provide certainty of income as the interest of conventional banks did. Meanwhile, the merchants think that it is more difficult to apply loan at Sharia banks compared to conventional one. Misunderstanding of Sharia banking and other Sharia financial institutions shows the uneven dissemination of information on Sharia banking and other Sharia financial institutions. Many people do not understand completely what Sharia financial institutions is, the system used, the types of products, and what the advantages of Sharia financial institutions are when compared to conventional financial institutions (Mirawati, 2011). Although the government has passed Law No. 21 of 2008 concerning Shariah Banking, it does not attract the public to become customers of Islamic banking (Khalidin, 2012).

Muslims believe that *riba* is forbidden in Islam, which is part of economic activities that have emerced since the jahiliyah era until now. The theme of *riba* (usury) has always been an issue that has dominated the study of Islamic economics. The prohibition of *riba* as one of the main pillars of the Islamic economy aims to create a system that supports the investment climate. The implications of prohibiting *riba* in the real sector, among others, can encourage investment optimization, prevent the accumulation of assets in a group of people, prevent inflation and increase productivity as well as encourage the creation of fair economic activity. The presence of the Islamic economy in the midst of society is to create economic justice and income distribution towards the achievement of people's welfare. Riba is strongly opposed or prohibited by Islamic teachings described in the Qur'an which means "Those who devour *riba* shall not rise except as one whom Satan has driven by his touch to insanity. That is because they say: ‘Buying and selling is like *riba* whereas Allah has permitted buying and selling and has forbidden *riba* ..." (Surah Al-Baqarah verse 275). Broadly speaking, the hallmark of Islamic banking is its prohibition of the interest (*riba*) on money capital. Islamic banking strives for a just, fair and balanced society as envisioned by the Islamic economics. Hence, the many prohibitions (e.g. riba, gharar, maisir, ect.) are given to provide an equitable platform to protect the interests and benefits of all parties involved in market transactions and to promote social harmony (Dusuki & Abdullah, 2011; Ibrahim, 2015).

Nevertheless, the fact that in the province of Aceh which is predominantly Muslim, the community is still "loyal" in dealing with conventional banks to solve various economic problems such as lack of venture capital, purchase luxury goods such as cars and motorbikes, housing, as well as electronic goods. This fact is supported by the data submitted by Yason Taufik Akbar (Serambinews, 2019) from Aceh Representative of Bank Indonesia which stated that until 2019 there are 60% of Acehnese bank accounts are still belong to conventional Banks. Unfortunately, at the same time Bank Aceh has been converting from conventional banks to Sharia banks since 2016 supposed to be the first alternative for Achenese to open or access any financial support. Whereas the people of Aceh are known as adherents of Islamic fanatics and even the province of Aceh has been designated as a foyer of Mecca since the seventh century AD. Even the people of Aceh always fight for the implementation of Sharia law in all aspects of life including the economy and finances. Interesting phenomenon occurs in the people of Aceh, they believed that riba was forbidden, yet they felt no objection to take loan or save money at conventional banks.

However, Allah does not like anyone who remains in disbelief and sins. "Indeed, the greater the *riba*, the less *infaq* (alms); the smaller the *riba*, the greater the *infaq*. In a society where *riba* has become so rampant, the level of *infaq* will be small. Conversely, if the practice of *riba* is eliminated from the economy, *infaq* will flourish (Al-Arif & Amalia, 2010). In relation to the conventional banking operational system that uses interest in each of its banking product, according to the opinion of the scholars consisting of Muhammadiyah Tarjih Assembly, Bahsul Nahdhatul Ulama, Islamic Conference Organization Session (OIC), Egyptian State Mufti, Consul for World Islamic Studies and Fatwa (Islamic legal pronouncement) from other institutions such as the Muslim League of the World and the Head of the Da'wah Center, Counseling, Study, and Fatwa of the Kingdom of Saudi Arabia which stated that interest in banking is included in the form of riba and unlawful. In addition to forbidding bank interest, the *ijtima* ruling 'Ulama Fatwa Commission in Indonesia also imposed illicit law with banks that use the interest system (conventional banks) where the area already has Sharia financial institutions.

Limited public knowledge of Sharia banks gives rise to false perceptions and results in low public decisions to choose Sharia banks. This not only impeded the expansion of the Sharia bank market but also inhibited the spread of universal values. For this reason, a consistent socialization must be carried out, supported by a strong commitment from all human resources of Sharia banks to implement sharia principles in all banking practices (Sadhana, 2012). However, the Indonesian government has given great attention to Islamic banking with the passing of Law No. 21 of 2008 concerning Sharia Banking, but based on the results of research conducted by Khalidin (2012) has no effect on increasing third party funds and public participation in Sharia banking and also the level of financing provided by Sharia banking as an intermediary function, has not changed after the enactment of the Banking Act The Sharia. Specifically, in Langsa, Dayyan (2016) had mentioned that the majority of traders understood the products of Sharia financial institutions. However, profit orientation and the level of convenience offered by conventional financial institutions are still higher compared to Sharia financial institutions which cause many traders resistances to become customers of Sharia banking (Ibrahim & Fitria, 2012). However, the people of Langsa really hope that all conventional banks become sharia in accordance with Islamic teachings adopted by the community. They are very enthusiastic if all banks operating in Aceh are based on sharia. However, Sharia banks have many shortcomings in terms of facilities so as the public continue using conventional banks as an alternative (Kismawadi & Al Muddatstsir, 2018; Ibrahim & Kamri, 2017).

This phenomenon raises an interesting gap for further study to reveal marchants' understanding of riba and their willingness to take a fund with the interest-based system at conventional banks. Therefore this study aims to (1) analyze the level of knowledge of Langsa's merchants about *riba* in Islam, (2) analyze the factors that influence the merchants tend to use conventional bank services compared to Sharia bank services, and(3) analyze the attitude of them towards the fatwas in relation to the conventional bank and sharia bank. The novelty of the research is the understanding of the behavior of Muslim traders towards *riba* and the Islamic scholars' fatwa relating to Sharia banking in Indonesia, especially in Aceh. In the future, it is hoped the stakeholders can take various policies to empower Muslim traders with the Shariah financial system. Also, the researchers can continue their studies on how sharia banks can convince traders to become sharia-based bank customers.

LITERATURE REVIEW

How bad riba and how great the sin is, the verses and hadith below suffice to answer it. The sinner is not just the culprit, but even who paid for it, the writer and also the witness. The Holy Prophet mentioned that the smallest sin of *riba* was the same as the sin of a man who commits adultery with his biological mother. Both the Qur'an and the Hadith curse *riba* with the strongest curse. According to the Koran which is generally translated as *riba* or interest, national wealth decreases while zakat increases it. Collecting usury in the Qur'an's view is tantamount to declaring war against Allah and His Messenger (Chaudhry, 2012). In the Qur'an, riba is mentioned eight times in four different surahs, namely once in verse 39 of surah Ar-Rûm, once in verse 161 of Surah An-Nisâ ', once in verse 130 of surah Âli' Imran, three times in verse 275 Surah Al-Baqarah, once in verse 276 Surah Al-Baqarah, and once in verse 278 Surah Al-Baqarah (Syarif, 2011).

The production factors include land, labor, organization and capital. Capital is an asset used to help the next distribution of assets. Without the availability of sufficient capital, it is almost impossible to develop business as targeted. To achieve the desired target this system can justify any kind of method without thinking whether the system adopted is beneficial or detrimental to other parties. The application of the interest system, for example, is an example of a capitalist system to continue to develop the capital owned regardless of whether the borrower loses or not. What important for capital owner is the returned should accordance with the amount of excess interest that has been set plus the principal loan (whether the business is successful or failed).

Therefore, in financial services to increase business capital, a profit-sharing method must be shared based on the principle of profit sharing and loss. According to this system, business capital will continue to be saved without harming any party. To increase capital in a country, people should continue to try to increase their income, save money and manage the spending income well. There should be a sense of security for the public in getting assets easily without *riba*. Interest is prohibited in Islam and society is not allowed to earn money or provide capital with interest or riba element in it.

Riba which literally means additional, fertile, growing, and flowering shows that *riba* is fertile and adds wealth to the human side as the word of God in QS Ar-Rum verse 39. Technically, *riba* refers to the payment of interest to be paid by the borrower in addition to the principal return as a condition of the loan or the extension of the due date. In this sense, according to Chapra (2000), the terminology of *riba* is divided into two categories, namely *riba nasiah* and *riba fadl*. *Riba nasiah* means to delay, suspend, or wait, which refers to the time given by the creditor to the person who own the debt plus interest based on the length of time. In short, any additional to the principal loan either fixed or changing,, or gift giving or a form of service received as a condition of borrowing. As the Prophet forbade his ummah from taking gifts, services, or even the smallest sign as a condition of the loan. Ash-Shiddieqy (2000) in the An-Nuur of Qur'anic exegesis defines *riba* as a treasure taken from someone with no balance (compensation) and is also not justified by *syara'*. Including in *riba* is a profit that exceeds the loan principal limit.

Ar-Razi defines five reasons why riba was prohibited in Islam as quoted by Latifa & Lewis (2004) namely;

1. *Riba* is nothing but the deprivation of the rights of others without any balances ofvalue, even though the Prophet's hadith states that one's property is forbidden to others as blood is bloody. Rebuttal arises saying that, *halal* usury for creditors as a reward for the use of money and profits obtained by the debtor of the money. If this money is in the hands of a creditor, he will make a profit by investing it in one business. But keep in mind that profits in business are uncertain, so the amount of excess obtained by creditors in lieu of uncertainty is a crime committed against the debtor.
2. *Riba* is prohibited because it prevents people from participating in active professions. A rich person, if he earns income from *riba*, will depend on this easy way to make money and eliminate thoughts of hard work or earn money from trading or crafts, thus hampering human progress and prosperity.
3. The *riba* agreement creates a strained relationship between human beings. If *riba* is forbidden there will be no difficulty in lending and returning what has been borrowed, but if it is halted then people, to fulfill their desires, will borrow even at very high interest rates which cause disunity and disagreement and disarm the community from prosperity.
4. The *riba* agreement is a tool used by the rich to be able to take advantage of capital and this is *haram* and is against justice and equality. Consequently, the rich will be richer and the poor will be poorer.

5. Forbidden *riba* is stated in the Qur'an and humans do not have to know the reason. We need to avoid it since it's unclean even though we don't know the reason.

There are three different opinion related to bank interest in Islamic law: first, the group that forbids bank interest, they argue that bank interest (interest rate) includes usury and is clearly prohibited as stated in the Qur'an and as-Sunnah. Second, groups that justify bank interest, they assume that bank interest is in a state of emergency, double interest is prohibited. Third, groups who are still doubtful because there is no measurement in the Qur'an or as-Sunnah (Suhendi, 2002). According to Swartz (2009) there is an ambivalence on the concept of usury (riba) and interest, among Muslim scholars: One group argued that not all forms of interest is *riba* (usury), where as the another groupsaid that usury (riba) covers all forms of interest and not only "excessive" interest. He asserts that interest is moderate and riba exorbitant and oppressive. However, during the last or four decades, after a period of proacted debates, Muslim scholars have reached a fair degree of agrement regarding *riba*. The point of agreement is that *riba* signifies the stipulated excess over and above the principal of loan required to be paid. Regardless of whether the stipulated excess over the principal is negligible or subtantial, the loan spent on consumption or is devoted to profit-yielding ventures, every stipulated excess over principal is riba, and it is prohibited (Khan, 2004).

The prohibition of *riba* is understood as relating to the exploitation of the economically disadvantaged in the community by the relatively affluent. This element of exploitation may or may not exist in modern bank interest. However, the evolution of the concept of *riba* to interest cannot be separated from the development of financial institutions. To find out whether bank interest is identical to riba, the bank's activities must be understood first. Banks deal with its customers on the basis of debt, whether lending money to customers or customers who deposit their money in the bank. That is the core activity of banks, although there are other activities such as services, investments, and so on. By understanding the activities of banks, it can be concluded that bank interest is forbidden. Albeit some scholars allow bank interest in the case of *dharurat* or needs that can not be avoided. Emergency conditions allow something unclean to be done.

Nowadays the general posisition that interest is riba. Interest is prohibited in Islam because it is seen as an unjustified means of profit and wealth creation, since the exchange of an equivalent for a higher non-equivalent does not require the creditor to hold market and systematic risk, as the loan are collateralized and secured by a third-party guarantee. The creditor provides practically no value-added services to the debtor. This is a common feature in most fixed-income instruments. By doing so, economic justice is at risk and the ensuing concentration of wealth in the hands of a few people can threaten social welfare and stability (Rosly, 2010)

For this reason, the Indonesian Ulema Council (MUI), which is a forum for deliberation of ulama, *zu'ama*, and Muslim scholars and an umbrella for all Indonesian Muslims try to solve and answer every social religious problem arises and faced by the community. They have won the trust full, both from the community and from the government. Session of ijtima 'ulama of the MUI fatwa commission was the MUI Fatwa Commission, which on December 16, 2003 decided to forbid bank interest (Amin, 2017). The working mechanism of the fatwa commission in determining the prohibition of bank interest are: firstly, it has been seen from the prohibition of *riba* itself as clearly stated in the Qur'an and Sunnah, namely surah al-Baqarah: 278, an-Nisa ': 160, ali-Imran: 130, ar -Rum: 39. Secondly, the meaning of *riba* itself is only based on nasi'ah or *riba jahiliyah*. The criteria for bank interest practice is said to be *riba* if between two parties in the debt receivable there is a chance that the debtor (debtor) will pay interest (additional), calculated from the payment due date that has been promised and so on. The amount of the additional loan in line with the addition of time, regardless of the amount the small interest rate and without also considering the objective of using the credit, whether productive or consumptive.

After conducting a thorough and comprehensive discussion and taking into account the opinions and views developed, the meeting established the MUI fatwa decision on illicit bank interest. The commission's decision on illicit bank interest reported to the Leadership Council and published to disseminate to the public. MUI made a decision that bank interest is haram, because interest has an element of *riba*, while *riba* is illegal. Apart from the additional interest required in advance and the amount remains. Bank interest is worse than *riba jahiliyah*. Because *riba jahiliyah* is only charged extra when the borrower is unable to return the loan when due date comes. Meanwhile, bank interest has been subject to additional loan direct since the transaction occurred.

The following is the result of the decision of Ijtima 'Ulama of the Indonesian Fatwa Commission concerning the Bank's Fatwa on December 14-16, 2003, as follows:

1. Definition of Riba and Interest is an additional (*ziyadah*) without compensation that occurs due to a delay in payment or exchange of two similar goods promised earlier. Interest is money paid as compensation for loan money calculated from the principal without considering the results of the principal and calculating or fixed fixed in advance.
2. Bank interest is haram, because bank interest is identical to *riba* which is forbidden in the Qur'an.
3. Trading with conventional financial institutions
   a) Areas with existing sharia bank offices or networks, transactions with conventional banks are not permitted.
   b) Areas where there is no Sharia bank office or network, transactions in conventional banks are permitted based on the principle of emergency.

Fatwa is an important case that has many advantages related to solving problems faced by someone *mustaftî*. The law resulted through fatwa is considered as *fardlu kifâyah*. Therefore, all possible fatwa mistakes must be avoided (Susamto, 2016). According to Iswanto (2016), in the formulation of its fatwa, MUI DSN is quite strict in the use of various instruments of the formulation of Islamic law, especially in the field of muamalah. The process of formulating fatwas related to trading (muamalah) usually uses 2 (two) theories:

1. The theory of separating halal from the haram (*tafriq al-halal min al-haram*)

   This theory states that basically money is not a substance that is illegitimate ('*ainiyyah*) but it becomes illegitimate or halal based on how to get it (*kasbiyyah*). Therefore, the effort that must be done is to separate the illegitimate money obtained from the illegal way. This is done as long as the money / assets can be identified as halal and haram. Examples of the application of this theory in Islamic financial studies are the ability to open sharia units in sharia banks, and the permissibility of sharia mutual fund products where the investment returns obtained must be ensured clean of illicit elements first.

2. Review theory (*i'adah al-nazar*)

   This theory is done by reconsidering the opinions of scholars who have been considered weak. However, it can be used again because of the new benefit. An example of the application of this theory is permissible to appoint a representative in a lease transaction. All this time the prohibition applies because there is a concern that the representative is strongly suspected of making a lie detrimental to the owner. If the owner gives a clear tariff on the assets to be leased to his representative, then they agrees to the tariff. Then, he himself acts as the renter of the goods, the 'legal *illat* is considered lost and becomes permissible.

Therefore, the DSN fatwa has very significant role to guide shariah banking in Indonesia. According to Hardi (2019), within last ten years Sharia banking has referred to the National Sharia Council (DSN) fatwa before issuing a service product. The DSN MUI fatwa is a guideline for Islamic banking in Indonesia in order to maintain sharia compliance with the principles established by Islamic law. The number of fatwas that have been ratified by DSN-MUI until 2017 amounted to more than 109 fatwas related to banking operations and Islamic financial institutions (Al-Hakim, 2013). DSN-MUI sharia economic fatwa today not only binds practitioners of Islamic economic institutions, but also the Indonesian Islamic community, even for Islamic economic actors the position of the fatwa is binding especially since the fatwas have now been translated through Bank Indonesia Regulations (PBI) (Umam, 2012).

The number of studies related to perception of public whether on the bank side or society's side had been done by the number of researchers. Among other, Mu'allim (2003) showed that people's trust for Sharia Banking has been still relatively low. It shown by the moslem participation on investment and capital movement. His study urgently required for sharia banking to improve its profesionality, in order to arise its image. In the future, it is hopefully able to spread wider merciful benefit. Mirawati (2011) claims that one's lack of awareness of the responsibility for the laws that have been established by the Sharia causes someone to perceive the MUI fatwa on the interest of convensional banks is just a mere discourse. Futhermore, Mardian (2015) looked at the level of sharia compliance in sharia financial institutions. His study concluded that various limitations, especially resources, cause the enforcement of sharia compliance not yet running optimally. He suggests all parties including the community must continue to support the development of the Islamic economy with a high level of sharia compliance in the future.The study by Dayyan (2016) shows the people in Langsa not yet fully trust the operational of Islamic banks in this 14 years since the islamic banks established. They think the difference between Islamic banks and conventional banks is only on the term used only. Therefore, this paper discusses the attitude of merchants in Langsa toward riba and conventional bank.

RESEARCH METHOD

This is a qualitative research that uses a descriptive approach. According to Cooper and Schindler a descriptive study is a study that focus on trying to figure out answers to the questions who, what, when, where,and how (Cooper & Schindler, 2011). This study tries to define a subject through creating a profile of problems, events or people, collect data as well as create of a distribution of frequnecy the researcher observes characteristic or a single event (research variables), or to relate interactions of two or more variables.Data processing utilising descriptive statistics analysis procedure in order to figure out the picture or description of a event as cleary as possible without having ada treatment on the researched object. This step started by undertaken questionnaire tabulation (Sugiono, 2004).

Survey data is a primary data obtained from questionnaire distribution toward merchants (respondents). Non probability sampling technique with purposive sampling as the method is implemented on this research. The criteria of sampling is based on the criteria defined beforehand by the researcher which is Langsa merchants that become a customer for both conventional and sharia banks as well as have ever taken a financing support for its business.

The research population is unknown population which consist of all market traders in Langsa market. Therefore, questionnaires distribution was carried out randomly aimed at market traders (accidental) as well as consideration on the time schedule limitiation started on 4 November until 10 November 2019. From the distribution of questionnaires during that time period, 117 respondents who were willing to fill out and fulfill the criteria for purposive random sampling were obtained.

Marchants who are willing to fill out the research questionnaire consist of various kinds of traders, such as fruit and vegetable traders, grocery and wholesale traders, fish and meat traders, spices traders, noodle makers, tailors, household equipment traders and barbers / shavers.

The research questionnaire was designed using a 5-point Likert scale. The questionnaire consisted of 36 questions / statements devided into four parts. The first part is the respondent's personal data including gender, age, education, amount of savings and the amount of credit from banks. The second part contains questions / statements about the traders' view of riba. The third part contains statements / questions about traders' view of the conventinal banks. While the fourth part contains the views and understanding of traders of the DSN-MUI fatwas.

RESULT AND DISCUSSION

Langsa has the largest traditional market located next to the Grand Mosque of Darul Falah. Traditional marchants who sell at Langsa market, the majority of the native inhabitants of the city of Langsa are from the original Aceh tribe. The marchants in Langsa City are referred to all traders who sell merchandise for the basic needs of the community starting from dawn until dusk. This means that trading activities are only carried out in one place and in a certain time. Marchants used as respondents consisted of a variety of traders, such as fruit and vegetable traders, grocery and wholesale traders, fish and meat traders, spices traders, noodle makers, tailors, household equipment traders and barber / barbers.

From the results of the distribution of questionnaires obtained, researcher found out that the Langsa's merchants always looking for an access for loan fund to increase its business capacity. The solutions available commonly taken by the marchants are obtaining financing or capital from conventional and sharia banking. However, many merchants choose to take a financing from conventional banks due to the ease of applying for financing support. An explanation relating the reasons that merchants applying for loan fund at conventional banks will be explained in the next sub-chapter.

Respondent Characteristics

From the data presented in Table 4.1, it is known that the number of male respondents in total was 69 respondents with percentage of 59%, while female respondents in total was 48 respondents with percentafe of 41%. Then the age distribution of the majority of respondents in this study was at the age of 25-29 years (as much as 25.6%) and 20-24 years (as much as 19.7%). While the educational level of the majority of respondents was the high school level (as many as 52.1%), Juniour high school was 17.9%, bachelor 12.8%, elementary school 12.8 % and uneducated 5.1 %.

Table 4.1 Respondents' Demography

Gender		Age		Education	
Male	69 (59.0%)	< 20 y	16 (13.7%)	Uneducated	6 (5.1%)
		20-24 y	23 (19.7%)	Elementery	14 (12.0%)
		25-29 y	30 (25.6%)	Juniour High	21 (17.9%)
Female	48 (41.0%)	30-34 y	10 (8.5%)	Senior High	61 (52.1%)
		35-39 y	14 (12.0%)	Bachelor	15 (12.8%)
		>60 y	24 (20.5)		

In Table 4.2 below presented on the results of the distribution of questionnaires related to the amount of savings and the amount of financing (credit) of the Langsa's marchants. From the data shown in the table, it is known that the majority of marchants which is 47 respondents (40.2 %) have savings less than IDR2,000,000,27 respondents (23.1%) have savings in IDR2,100,000 – IDR5,000,000,23 respondents (19.7%) have savings in IDR5,100,000 – IDR10,000,000,11 respondents (9.4%) have savings in IDR 10,100,000 – IDR 15,000,000, and only 9 respondents have saving more than IDR15,000,00.

Table 4.2 Total Savings and Financing of Merchants in Langsa (in IDR Thounsand)

Total Savings		Total Financings	
<IDR2,000	47 (40.2%)	<IDR 20,000	47 (40.2%)
IDR 2,100 – IDR 5,000	27 (23.1%)	IDR20,100,000 – IDR 50,000	34 (29.1%)
IDR 5,100 – IDR 10,000	23 (19.7%)	IDR50,100,000 – IDR100,000	21 (17.9%)
IDR 10,100 – IDR 15,000	11 (9.4%)	IDR100,100 – IDR150,000	9 (7.7%)
>IDR 15,000	9 (7.7%)	>IDR 150,000	6 (5.1%)

Meanwhile for the percentage according to amount of loan taken by the merchants was 40.2% who take financing less than IDR 20,000,000, 34 respondents (40.2%) take financing support between IDR20.100.000 – IDR50.000.000, 21 repondents (17.9%) take between IDR50.100.000 – IDR100.000.000, 9 respondents (7.7%) take between IDR100.100.000 – IDR150.000.000, and the rest 6 respondents (5.1%) take more than IDR150.000.000.

This phenomenon of the data presented is interesting because the majority of marchants have a much larger amount of loan than the amount of saving. The researcher suspects that respondents feel taboo to mention the amount of the real savings, so that there is a tendency for respondents to cover up (secretly) by just checking in the first column of the questionnaire (<IDR 2,000,000).

The View of Langsa's Merchants Against Riba

As a country with the largest quantity of Muslim population in the world, banking institutions in Indonesia are challenged to be able to operate a banking system based on sharia principal. Until now, the emerged of sharia banking is very rapid in terms of the number of businesses, offices, collection and financing, and the variety of products. Even in Aceh Province, there were the first regional banks to convert from conventional banks to sharia in 2016, the Aceh Syariah Regional Development Bank. Surely this has become good news in an effort to advance Islamic banking in Indonesia.

Sharia banking began in Indonesia since 1992. It is alongside conventional banking began to operate simultaneously by running what is known in Indonesia as the dual banking system. Conventional banking which applies interest runs side by side with Sharia banking which based on profit sharing system. This policy structure is a realistic optional the present "mindset" in the community is also the same. As revealed in this study, marchants are already understand what interest (riba) is. They also have an attitude of hate related to the practice of interest in conventional banks.

Table 4.3 Market Traders' View on *Riba*

Questions					
Trader Understanding About *Riba*		Traders' Opinions on *Riba*		Trader Concerns on *Riba*	
Not understand	3 (2.6%)	Really hate it	51 (43.6%)	Does not matter	3(2.6%)
Lack of understanding	15(12.8%)	Hate it	19 (16.2%)	Careless	6(5.1%)
I understand a little	11(9.4%)	Can be	39 (33.3%)	Rather care	15(12.8%)
Understand	58(49.6%)	No problem	7 (6%)	Care	33(28.2%)
Very understanding	30(25.6%)	Extremely no problem	1 (0.9%)	Very care	60(51.3%)
Mean	3.8	*Mean*	2.0	*Mean*	4.2
Median	4.0	*Median*	2.0	*Median*	5.0
Modus	4.0	*Modus*	1.0	*Modus*	5.0

From the results, it was revealed that the understanding of marchants towards riba as shown in Table 4.3. In Table 4.3, it is known that the understanding of marchants towards *riba* is very good. As much as 49.6% respondents answered the "understand" response to the questionnaire question "how do you understand *riba*?". As for the question "what do you think about *riba*?" Also received a majority response "very hate" from marchants or as much as 43.6%. Then for the question "how much do you care about *riba*?" Also get the majority response "very caring" as much as 51.3%. From the frequency statistics obtained through the questionnaire, it can be concluded that the understanding of marchants towards *riba* and the attitude of traders towards *riba* has shown a good understanding.

Based on this result become the challenge for sharia banking to improve and socialize that their system is free from *riba*. According to Imaniyati (2009) the challenge for sharia banking must be responded with the spirit to improve the quality of sharia banking. This is both related to Human Resources (Bank owners, controlling shareholders, employees) and sharia banking products. Because sharia banking products must comply with the assembly fatwa Ulema to be used nationally or internationally.

Merchants View on the Conventional Bank

The phenomenon revealed was regarding the views of marchants about conventional banking which runs interest-based banking operations or called ribawi banks. In Table 4.4. showed that as many as 6% (strongly disagree) and 27.4% (disagree). They felt the existence of conventional banks did not help the traders at all. In contrast, there are 2.6% (strongly agree) and 26.5% (agree) respond to the existence of conventional banks is very helpful for market traders. While the majority of them are doubt (37.6%). This is an interesting finding when marchants are doubt about the benefits of conventional banks directly in their trading.

The next question in the questionnaire states "I think conventional banks have an interest system that is not the same as *riba*?". For this question the majority of market traders answered with a "hesitant" response of 40.2% and answered with a "disagree" response of 23.9%. This indicates that the Langsa City marchants already knew about the prohibition of *riba* practices in conventional banks.

However, market traders have various reasons (factors) to continue to prefer to interact with conventional banks compared to sharia banks. Among them argued that interest is not the same as riba (26.5%), the services offered by conventional banks are friendly and comfortable (15.4%), the location of bank office that is close to a place of residence/business (6%), it is very helpful in promoting business (42.7%), and other reasons 9.4% said other reasons.

Table 4.4 Merchants View on the Conventional Bank

Questions					
The existence of Conventional Bank is very helpful for traders		Interest system is not the same as the riba system		Consideration of opening an account / financing at conventional bank	
Strongly disagree	7(6%)	Strongly disagree	18(15.4%)	Interest is not the same as riba	31(26.5%)
Disagree	32(27.4%)	Disagree	28(23.9%)	Friendly and comfortable service	18(15.4%)
Doubt/ hesitant	44(37.6%)	Doubt/ hesitant	47(40.2%)	The office is close to home / work place	7(6%)
Agree	31(26.5%)	Agree	21(17.9%)	Very helpful in advancing the business	50(42.7%)
StronglyAg ree	3(2.6%)	StronglyAg ree	3(2.6%)	Others	11(9.4%)
Mean	2.9	*Mean*	2.6	*Mean*	2.9
Median	3.0	*Median*	3.0	*Median*	4.0
Modus	3.0	*Modus*	3.0	*Modus*	4.0

From the results it was revealed that the marchants continued to make accounts in conventional banks and continued to take financing support in conventional banks. This is based on Table 4.4 where the majority of traders' responses (42.7%) stated that opening an account/applying for loan fund at conventional banks is a solution to help traders in advancing business. This thing happen due to the conventional banks offered more simple process and procedure for financial support compared to sharia banks. This finding certainly surprised researchers, that traders still consider conventional banks as an easy solution in applying for loans. An in-depth evaluation from various competent parties is needed in order to find the solution so that the process and procedure for financing application in Sharia banks can be facilitated, and people's perceptions can change by itselfs.

Marchants' Assessment on DSN-MUI

The data collected through a questionnaire on the marchants traders informed that the traders have a very good understanding of the existence of DSN-MUI. This is known in Table 4.5, where the majority of traders answered the response "agreed" to the statement in the questionnaire relating to the DSN-MUI. Furthermore, this study also wants to find out the assessment of the marchants on the fatwa issued by DSN-MUI. In Table 4.6 it can be seen that the majority of traders already understand that the DSN-MUI issues a fatwa that is binding and must be followed by Muslims. This is proven from the acquisition of the majority of respondents who answered "agree". The interesting thing is that respondents gave almost the same response to the reversed statement "I never knew about the DSN fatwa", which answered "agree (24.8%), doubt (23.9%), and disagree (22.2%) ". This phenomenon may occur because market traders do not follow (lack of information) what types of fatwas have been issued by DSN-MUI related to Indonesian sharia financial institutions.

Table 4.5 Traders' Assessment on DSN-MUI

Questions/ Statements	Answers/ Responces (%)				
	Strongly disagree	Disagree	Doubt/ hesitant	Agree	StronglyAgree
DSN MUI is an agency that is competent to make fatwas	4.3	0	14.5	54.7	26.5
DSN MUI consists of scholars who must be followed	0	4.3	17.1	64.1	14.5
DSN MUI always directs the community towards good	0	0.9	17.1	56.4	25.6
DSN MUI is responsible for the people	0	5.1	19.7	53.0	22.2
Muslims are bound by the MUI fatwa	0	6.0	17.9	62.4	13.7
Mean	3.9	3.8	4.0	3.9	3.8
Median	4.0	4.0	4.0	4.0	4.0
Modus	4.0	4.0	4.0	4.0	4.0

Eventhough, on the prationers side DSN-MUI fatwa lacks a significant influence on the development of Indonesian sharia bank products and services. This is because the launch of the fatwa was issued only in response to the products of sharia banks which had already run first as demands of the Law related to Shariah Compliance. Then the position of the fatwa does not innovate by itself to provide law before the launch of Islamic bank products and services (Hardi, 2019). This is not suprising why the Muslim marchants in Langsa is not aware about the DSN fatwa.

Table 4.6 Traders' Assessment of DSN-MUI Fatwa

Questions/ Statements	Answers/ Responces (%)				
	Strongly disagree	Disagree	Doubt/ hesitant	Agree	StronglyAgree
The DSN fatwa has the power to guide Muslims	0	1.7	17.1	62.4	18.8
All DSN fatwas must be followed by Muslims	0	10.3	24.8	47.9	17.1
Not all DSN fatwas must be followed	9.4	25.6	30.8	23.9	10.3
I must obey the DSN fatwa	0	7.7	25.6	51.3	15.4

I never knew about the DSN fatwa	21.4	22.2	23.9	24.8	7.7
Mean	3.9	3.7	3.0	3.7	2.7
Median	4.0	4.0	3.0	4.0	3.0
Modus	4.0	4.0	3.0	4.0	4.0

Evaluation of DSN-MUI Fatwa Regarding Bank Interest and Haram with Conventional Banks

In Table 4.7 it appears that traders have doubts in responding to the statement "I can maintain the sanctity of property from the element of usury (doubtful, 34.2%) and I do not need to obey the Fatwa should not engage in a conventional bank (doubtful, 49 , 6%), and I am obliged to follow the MUI Fatwa on conventional bank haram (doubtful, 47.0%) and I am sure that the fatwa is not mandatory (doubtful, 30.8%) ". This phenomenon is an interesting finding because traders are very confident in the prohibition of bank interest and are very confident in the role of DSN as a competent fatwa maker in which every fatwa issued by DSN-MUI is binding and must be followed.

Table 4.7 Evaluation of DSN-MUI Fatwa Regarding Bank Interest and Haram with Conventional Banks

Questions/ Statements	Answers/ Responces (%)				
	Strongly disagree	Disagree	Doubt/ Hesitant	Agree	StronglyAgree
I know that MUI has forbidden bank interest	5.1	4.3	14.5	56.4	20.5
I do not need to obey the Fatwa prohibiting bank interest	10.3	39.3	19.7	19.7	11.1
I am obliged to follow the MUI Fatwa concerning the prohibition of bank interest	6.8	15.4	15.4	43.6	18.8
I am sure that the illegitimate fatwa on bank interest is correct from MUI	0	2.6	18.8	59.0	19.7
I can maintain the sanctity of property from usury	0.9	1.7	34.2	30.8	32.5
I know that the MUI has forbidden conventional banks	4.3	4.3	27.4	51.3	12.8
I do not need to obey the Fatwa and may not engage in a conventional bank	9.4	17.1	49.6	14.5	9.4
I am obliged to follow the MUI Fatwa on the prohibition of conventional banks	4.3	5.1	47.0	29.1	14.5

I am sure that a haram fatwa is not required to be followed	5.1	21.4	30.8	23.9	18.8
I can maintain the sanctity of property from usury	0	1.7	29.9	41.9	26.5
Mean	3.8	2.8	3.5	3.9	3.9
Median	4.0	3.0	4.0	4.0	4.0
Modus	4.0	2.0	4.0	4.0	3.0

Assessment after Financing from Conventional Bank

In this study, the questionnaire provides questions related to the assessment of Langsa marchants after getting loan from conventional banks. The results of the questionnaire can be seen in Table 4.8, where respondents feel "happy" after getting loan from conventional banks. The majority of respondents responded "agree" to the statement of the questionnaire that implements the assessment after obtaining financing from the conventional bank, showed by the existence of a comfortable feeling of worship (37.6%), respondents can meet health needs (46.2%), respondents can meet the needs education (47.9%), respondents can meet family needs (37.6%).

Table 4.8 Assessment After Obtaining Finacing from Conventional Bank

Questions/ Statements	Answers/ Responces (%)				
	Strongly disagree	Disagree	Doubt/ hesitant	Agree	StronglyAgree
I feel comfortable in practicing worship (Hifz al-Dien)	5.1	4.3	33.3	37.6	19.7
I can meet my health needs (Hifz al-Nafs)	0.9	6.0	27.4	46.2	19.7
I can fulfill my educational needs (Hifz al-‘Aqal)	0.9	6.0	26.5	47.9	18.8
I can meet family needs (Hifz al-Nasl)	3.4	3.4	32.5	37.6	23.1
I can maintain the sanctity of property from *riba* (Hifz al-Maal)	3.4	0.9	38.5	35.0	22.2
Mean	3.6	3.7	3.7	3.7	3.7
Median	4.0	4.0	4.0	4.0	4.0
Modus	4.0	4.0	4.0	4.0	3.0

The respondent answered the last statement of the questionnaire which "I can maintain the sanctity of property from *riba*". It has been revealed that the response of the majority of marchants are skeptical about the sanctity of their assets originating from conventional bank loans that contain elements of *riba*.

This is prooved by the results of the response "doubtful (38.5%)". This indicates an inner rejection in respondents as marchants who consciously feel guilty because they still benefiting from financing obtained from conventional banks. Or the another reason is because of rational trader as stated by Waluyo (2016) that the rational societies who are not ready to use the principles of sharia purely contribute to the incomplete fulfillment of sharia principles within sharia banking. This also confirms to previous research that the traders in Langsa which prefer to profit orientation than shariah principle which is less profit. Other reasons are convensional bank offer more convenience level compared to Sharia financial institutions (Dayyan, 2016).

Some people might think that even the sharia bank does not fully obey the fatwa of DSN MUI as Tahmid research in Bandar Lampung stated (2019). He concluded that the MUI DSN fatwa has not been fully implemented in the activities carried out by the Bandar Lampung BPRS, for example *murābahah* financing. Especially in the case of ordered goods that are not yet fully owned by the bank, the percentage of profit margins determined unilaterally by the banks, and early repayment deductions in the *murābahah* contract. Hence, it would not be sufficient that MUI simply declare interest-based system that is practiced by conventional banks are *riba*, the shariah bank and all stakeholders hand in hand must do everything possible in motivating people to practice business with interest free based system. So that the larger objective of sharia banking could be obtained that is the objective of Shariah (Dusuki & Abdullah, 2011). All in all, shariah banks have to incorporate both profit and social responsibility into their objective to ensure spiritual well-being at the inner core of human consciousness, and justice and fair play at all levels of human interaction.

The attitude paradigms give a quite interesting nuance as it describes the knowledge, attitudes, perceptions, and behavior (actions) of the community in addressing the dual banking system policy in Indonesia, specifically in Aceh Province. Further research is needed to dig deeper explaining the phenomena revealed from this study. The big question that arises for further research is that why merchants who know the forbidden of interest (riba) practiced in conventional banks, still willing to deal with conventional banks for getting business financing support and why merchants still have doubts about the sanctity of their assets.

CONCLUSIONS

This study reveals that the understanding of Langsa merchants regarding *riba*, conventional banks, fatwas and the role of DSN-MUI. In term of riba, merchants in Langsa are very well-versed and understand about riba and how riba is strictly forbidden in Islam. They belief about riba practices must be avoided, however this belief are not in line with the actions / behaviors of marchants shown by the number of financing taken in conventional banks. The reason for marchants is that in order to find solutions to improve or extend their business through adding capital by applying financial support at conventional banks. Some of them still assume that bank interest is not the same as usury.

Discussing on the factors that make traders tend to prefer conventional banks over Sharia banks in solving financial problems is that it is merely a perceived of convenience obtained from conventional banks compared to Sharia banks, for example in applying for financing.While the attitude of the majority of marchants in Langsa towards the DSN-MUI fatwa in relation to the conventional bank was well understood by respondents, and that the MUI fatwa regarding the prohibition of the practice of bank interest (riba) was also understood by respondents. They also believe that if the ulama (DSN-MUI) has adopted a fatwa, the fatwa is binding and must be obeyed.

Here is some implication of the research:

1. High level of awareness from market merchants regarding the understanding of riba which clearly defined as *haram* and has consequences of sin from Allah SWT and condemned from Rasulullah SAW is needed. For this reason, the role of the government, scholars, lecturers, academics, who understand riba is very necessary in making merchants aware of leaving riba including interest based of financing. By the ratification of Aceh Qanun No. 11, the year of 2018 on Islamic Financial Institutions (LKS) on December 31st2018. It is hoped that by the conversion of all conventional financial institutions into sharia in Aceh, the practice of riba can also be reduced and the community becomes more aware of leaving interest-based system which is consider as riba.
2. From the phenomena revealed in the research, a more aggressive role is needed from the Sharia banks to reach all layers of society. They have to deliver correct information as well as promote sharia-based banking products, especially financing products. Education and promotion can be

done by putting up posters and distributing many brochures on various pro-merchant banking products, and the notification of the financing application process and profit-sharing system. Since the merchants are a profession that is very close to the need for sources of capital both to open new businesses as well as to develop business. It is unfortunate if the merchants still think that it is difficult to get fiancing at Sharia banks because of their ignorance of the real process.

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HOW DOES ISLAMIC BANKING SUPPORT ECONOMIC GROWTH?

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ABSTRACT – Some researchers have argued that the financial system has a vital role in economic growth. Islamic banking that has existed widely in many countries is expected to have a positive role in economic growth. This study aims to examine the impact of Islamic bank financing on economic growth in QISMUT countries. To compare with other full Islamic banking systems, Iran and Sudan also included in this study. By using annual panel data (2005-2015), this paper utilizes an approach to multiple mediating analysis models. The findings demonstrate that Islamic banking financing does not significantly impact economic growth directly. However, Islamic banking financing can possibly influence economic growth indirectly through investment and consumption spending.
Keywords: Islamic banking financing, Economic growth, Mediating analysis

ABSTRAK – Bagaimanakah Peran Perbankan Syariah dalam Pertumbuhan Ekonomi? *Beberapa peneliti berpendapat bahwa system keuangan memiliki peran penting dalam pertumbuhan ekonomi. Perbankan Islam yang telah ada secara luas di banyak negara diduga memiliki peran positif dalam pertumbuhan ekonomi. Penelitian ini bertujuan untuk menguji pengaruh pembiayaan bank Islam pada pertumbuhan ekonomi di negara QISMUT. Iran dan Sudan dimasukkan dalam objek penelitian ini sebagai pembanding penggunaan sistem keuangan Islam. Menggunakan data panel tahun 2005-2015, penelitian ini menggunakan pendekatan analisis media dengan banyak faktor. Hasil penelitian menunjukkan bahwa pembiayaan bank Islam tidak dapat mempengaruhi pertumbuhan ekonomi secara langsung. Akan tetapi, Bank Islam dapat mempengaruhi pertumbuhan ekonomi secara tidak langsung, yaitu melaui investasi dan konsumsi.*
Kata Kunci: *Pembiayaan bank Islam, Pertumbuhan ekonomi, Analisis mediasi*

INTRODUCTION

Islamic finance is one of the fastest-growing sectors in the global financial system in Islamic countries. Islamic financial industry has developed since 1950 in many different Islamic countries. Nowadays, this industry has even widespread to non-Islamic countries. Surprisingly in the mid-1990s, the financial asset of Islamic finance reached USD 150. From then on, this figure surpasses USD 1,78 trillion in 2018. The most interesting part about this was, 71.7 % of this entire financial asset was dominated by banking (Islamic Financial Services Board, 2019). Islamic banking and its assets were mostly spread in Qatar, Indonesia, Saudi Arabia, Malaysia, UAE, and Turkey (abbreviated as QISMUT countries). In the future, these six countries expected will play a significant role in the development of global Islamic finance. The reason behind this prediction is the huge population of the QISMUT countries which accounts for more than half of the world population. This potential is likely to help the growth of the financial sector and in the end, also help develop economic growth (Beck et al., 2000)

However, other researchers suggested that the growth of financial sector does not significantly influence the growth of the economy, whether the financial system is more bank-based or market-based (Levine, 1997). The specific organizational alignments that offer financial services to the economy are insignificant; the important one is the condition of the whole financial development (Barajas et al., 2013; King & Levine, 2016; Pradhan et al., 2013). Cecchetti & Kharroubi (2012) and Beck et al., (2000) also found that there is no significant impact between financial development and economic growth. So far, researches discussing whether financial growth can affect economic growth have conducted in countries with a single monetary system called interest system. Therefore, it is important to conduct a research to prove whether financial sector play an important role in countries with interest free system (done by Islamic banks)

Mishkin, (1995) stated that the most significant financial channel influencing economic growth is through investment and consumption spending. In line with the statement, Islamic banks have developed through investment and consumption without running an interest system. Instead, they used what is so-called by Mudaraba and Musharaka (Ibrahim, 2018. Mudaraba, in detail, is a system of trust in Islamic finance, in which one makes an investment (rab-ul-maal) and the other use the money in a business enterprise (mudarib).

Musharaka is a type of joint enterprise through which the partners share their profit or loss according to a predetermined ratio, like Mudaraba. From this financial system, it can be assumed that Islamic bank asset affects the growth of the investment (Nisak & Ibrahim, 2014). However, to meet market needs, Islamic banks prefer to do selling buying contracts, Murabahah contract rather than Mudaraba and Musharaka (Ibrahim, 2015). Islamic Financial Services Board (2016) reported that the most used financing system in Islamic bank is Murahabah. This will likely increase the rate of consumption because there is a financing facility offered by Islamic banks (Hamza & Saadaoui, 2018).

What makes this research is different from other studies under the same topic is the inclusion of Iran and Sudan as other important Islamic countries, beside QISMUT. Iran and Sudan have fully implemented Shariah-compliant (Islamic law) in their banking system, which is interest-free. Based on Islamic Financial Services Board (2019), Iran sustained its historical position as the largest market share since 2015. In case of Sudan, although Sudan has used an interest-free system in its monetary system for a long time, the share of its global asset was under 1%. The different high rate of asset between Iranian and Sudan Islamic banking system will also help to understand whether interest-free banking systems will positively impact economic growth.

Another reason that motivated us to conduct this study is that there were limited sources that explained how Islamic banking, represented by the number of credits provided to the people (in Islamic banking system, this is called financing) could affect economic growth. Previous studies conducted by Furqani & Mulyany (2009), Tabash & Dhankar (2014), Tabash & Anagreh (2017) investigated the role of Islamic banks on economic growth directly by using GDP variables to represent the economic growth. Daly & Frikha (2016), Caporale & Helmi (2018) included some countries on their study without differentiating the country's financial system, Lebdaoui & Wild (2016) in Southeast Asia country, and Boukhatem & Moussa (2018) in MENA region. The similarity of these studies is using the country where asset capitalization of Islamic banks is high. What about the opposite? The low asset capitalization of Islamic banking resulted in the impact of Islamic banking role (Yüksel & Canöz, 2017). On the contrary, Goaied & Sassi (2010) found that Islamic banking financing is insignificant to economic development.

The existence of Islamic banks in some countries, thus, benefits economic growth, particularly through its resources. Despite this appeal, it is also important to note that they have a lower market share compared to those of the entire banks in a country (Reuters, 2018; Duasa, 2018). According to Keynesian, the source of growth are investment, consumption, and government expenditure as its primary sector. From this phenomenon, a further question must be addressed, if Islamic banking financing could possibly affect economic growth, then through which sector it would occur?

This study is expected to broaden the scope of other research findings, concerning the role of Islamic financial sectors, which is still in its early stage of development. However, the existence of Islamic banks and their system still is not able to shift ordinary banks and their conventional system (interest-based). In this case, Islamic banks exist to meet the need of financial system (Imam & Kpodar, 2015).

Meanwhile, it does not rule out that the possibility to Islamic banks with a small asset capitalization would have an impact on economic growth globally because their capital asset growth rate continues to increase (Islam, 2016). Moreover, each government always finds any sources to increase national income through various sectors and financial sectors are considered as a promising industry. The current study also contributes to the process of policymaking, especially in improving Islamic banking sector which also leads to economic growth. Besides, it is essential to explain how Islamic banking impacts economic growth from two aspects: investment and consumption. This research attempts to investigate the following questions. First, does Islamic banking financing have a significant impact on economic growth directly or indirectly through investment and consumption? Second, is there any difference between countries implementing a full Islamic banking system and those who use dual banking system (Islamic banking and non-Islamic banking system) to enhance economic growth? Additionally, this research is conducted to answer a question about a direct or an indirect effect of capitalization asset of Islamic banks, which is still low in some countries.

LITERATURE REVIEW

Several researchers have found the role of the financial sector on economic growth. Preceded by Schumpeter in 1911, who argued that financial intermediaries play a pivotal role in economic development because they used savings to finance any business sectors (Shcumpeter, 1934). (Beck et al. (2000), Levine (2003), Law & Singh (2014) continued Schumpeter's, who found that there was a threshold effect in the finance-growth relationship. Nevertheless, Pradhan et al. (2013), Rioja & Valev (2004), proved that the nexus of financial developments depends on the position of a country.

Having considered the importance of the role of financial intermediaries, some researchers tried to analyze how Islamic banks take part in economic growth. Levine (2003), Cecchetti & Kharroubi (2012), Pradhan et al. (2013), (Beck et al. (2000), Law & Singh (2014), Goaied & Sassi (2010) used credit as an indicator of the development of financial intermediaries. However, other researchers do not use credit as an indicator but using Islamic banking financing instead, to show the role of Islamic bank on economic growth. Furqani & Mulyany (2009), Abduh & Azmi Omar (2012), Farahani & Sadr (2012) studied the impact of Islamic bank's financing on economic growth. They found that there was a significant short-term and long-term effect on the correlation between Islamic financial development and economic growth. The effect appeared to be a bi-directional effect. This study employs empirical evidence to prove the role of Islamic banks' financing on the nation's economic condition (Caporale & Helmi, 2018; Farahani & Sadr, 2012; Furqani & Mulyany, 2009; Khaliq & Thaker, 2017). However, another finding suggested by Goaied & Sassi (2010), showed that there was no significant relationship between banking and economic growth, which reinforces the idea that banks do not spur economic growth (Goaied & Sassi, 2010; Yüksel & Canöz, 2017). However, they also found that Islamic bank total loans and credit to private sectors is associated with economic growth.

Other research findings suggested that the existence of Islamic banking positively impact economic growth, especially in financial sector (Abduh & Azmi Omar, 2012; Yüksel & Canöz, 2017; Zarrouk et al., 2017). Tohirin & Ismail (2011) stated that Islamic bank still positively impacts economic growth. These studies used a regional country/divided country where Islamic banking is well-established, in which a survey from a high capitalized asset of Islamic banks suggested a clear relationship between the role of Islamic banks and economic growth. However, they do not give an analysis of how significant the impact of Islamic banking sector development on economic growth, especially in terms of statistics. Therefore, this research tries to analyze how big the effect of Islamic banks on economic growth. This research also conducts cross-sectional countries with different sizes of market capitalization to get the whole picture of the impact of Islamic bank on economic growth.

Tohirin and Ismail (2011) argued how Islamic banking financing through equity-based financing could impact the economic growth. Mudaraba, Musharaka, and Murabaha (MMM) financing become genuine tools to promote the economic growth as an Islamic bank offers two forms of investment, which are equity-based and debt-based financing. Bank-based view considers equity-based financing will build a stronger basis in describing finance-growth relation under Islamic bank system.

According to Tohirin and Ismail (2011), the equity mode of financing in the form of Mudaraba and Musharaka contracts represents a mode of profit and loss sharing that will bring a better approach for transmitting finance to the real economic sector. As it is commonly known that the better the economic sectors, the better the economic growth. Next, the debt-based mode of financing through Murabaha contracts which use profit margin, will strengthen monetary transmission into the real economic sector, especially consumption expenditure. Thus, the existence of Islamic banking can provide more noticeable numbers of equity-based financing via Mudaraba and Musharaka financing. The bank-based view might have a more reliable basis to prove Islamic banks essential role in leading more economic activities in the real sector and finally level up the economic growth.

Limited studies use a mediator variable that focuses on the impact of Islamic banking financing on economic growth through mediation variables. Most researchers try to correlate the effect of Islamic Banking financing on the economic growth by using GDP directly (Abduh & Azmi Omar, 2012; Furqani & Mulyany, 2009; Tabash & Anagreh, 2017). This mediator variable is necessary to explain through which Islamic banking, especially on the financing sector, could affect economic growth. In the view of Islamic banking assets market share, it is just a few amounts if compared with overall banking assets. This finding of economic growth could give a spurious conclusion. Thus, this research proposes investment and consumption as intervening mediator variables.

Several researchers used the mediator variable in their study to give a more comprehensive explanation. Justesen (2008) used the investment variable as an intervening variable to examine the effect of economic freedom on the economic growth (Justesen, 2008). Unnikrishnan & Jagannathan (2015) also used financial inclusion as a mediator variable to estimate the impact of gross domestic product (GDP) on the human development index (HDI). They found that financial inclusion is a mediation component in affecting the economic development of the human development index (HDI) (Unnikrishnan & Jagannathan, 2015). Another study conducted by Belal (2016) discusses the effect of economic openness as the mediator variable on the relationship between foreign direct investment and economic growth in Sudan. His research shows that economic openness partially mediates the relationship between FDI and economic growth. By using a mediator variable, this study is able to explain that FDI did not directly impact economic growth. Instead, the effect of FDI depended on the degree of economic openness in Sudan (Belal, 2016).

Lackmann (2014) stated that QISMUT (Qatar, Indonesia, Saudi Arabia, Malaysia, UAE, Turkey) are six successful countries which can develop Islamic finance growth in the national and global level. Likewise, Yildirim (2015) based on his studies, which included 56 Islamic banks in QISMUT countries, conducted in 2012 and 2014 found that there is a similar financial structure applied by QISMUT countries in operating Islamic banks. For that reason, it is important to conduct this current study on the Islamic banking sector to get empirical information about its impact on economic growth by focusing on Islamic banks in QISMUT countries, including Iran and Sudan, using mediation analysis. Although the current study does not cover all Islamic banks, the object of the study provides an overview of two-third of the Islamic banking system. The difference of the current research from previous researches is that we add Iran and Sudan as a comparison to QISMUT countries because those two countries applied the full Islamic financial system.

HYPOTHESIS DEVELOPMENT

The argument in this research is that Islamic banking financing is expected to affect investment and consumption rate, which in turn impacts the economic growth. The roles of Islamic banking financing on investment are explained as follows:

First, in monetary transmission theory, the increasing number of bank reserves and bank deposits also increases the number of bank loans called credit. Because many borrowers are dependent on bank loans to finance their activities, it increases loans that will cause investment spending (and possibly consumer) to rise (Mishkin, 2007). Law and Singh (2014) and Pradhan et al. (2013) proved this theory. Secondly, the mode of financing offered by the Islamic bank was based on assets backed (Tohirin & Ismail, 2011). Mudaraba and Musharaka contracts used equity mode of financing, showing profit and loss sharing scheme, which will serve a better channel for transmitting finance to real economic activities. A productive performance from profit and loss sharing scheme reflects investment activity and, in the end, also impacts economic growth. Third, Furqani and Mulyany (2009), Farahani and Sadr (2012), Tabash & Dhankar (2014) proved that there was a bi-directional relationship between Islamic banking financing on investment. However, another study conducted by Goaied and Sassi (2010) suggested that Islamic bank financing had an insignificant relation to investment. Therefore, this research proposed the first hypothesis.

H1: Islamic banking financing has a significant impact on investment.

The second channel in which Islamic banking financing might affect economic growth is through consumption spending. Islamic banking financing has proposed a profit and loss sharing scheme with Mudaraba and Musharaka contract (partnership contract) based on a profit-loss sharing scheme rather than interest (IFSB, 2018). The present development shows that the Murabaha contract is the most growing contract used by the Islamic banking system (Ibrahim & Alam 2017). Moreover, this debt-like contract will continue to dominate Islamic banks' assets in the near future (Alam & Parinduri 2016). Financing to the household or personal investment is the most significant exposure for Islamic banks, plausible given the generally strong consumer-led demand for Islamic banking products in the sample markets. This sector represented almost 42% of total Islamic banks' financing exposures. (IFSB 2019). Because of Murabaha financing is a mark-up pricing-based and mostly refer to consumer financing, it is expected to affect consumer spending. Credit card facility by the Islamic bank, according to Idris (2012), this credit facility does not seem to give different behavioral effects on consumption with the conventional one. Léon and Weill (2018) also argued that Islamic bank provides more access to credit than the traditional banking system (interest-based bank).

Moreover, if this Murabaha contract entirely used consumption sectors, it is expected to have a more impact compared with the investment sectors. The mode of financing offered by the Islamic bank has driven the investment sector to grow. However, Hamza and Saadaoui (2018) found that this scheme presents a debt financing channel through the Islamic bank.

H2: Islamic banking financing has a significant impact on consumption.

The third hypothesis, built based on the theory of investment and consumption, is the functions of aggregate output. Karim et al. (2012), Alper (2018) and Spasojević and Đukić (2018) stated that consumption and investment indeed impact economic growth in the short-run, and Radulescu et al. (2019) found that on the consumption result is hesitant. As the financial institution, especially the banking sector has a significant role in economic growth, the increase of investment and consumption in general, will increase the aggregate output. Eller et al. (2006), combining the FDI-growth and the finance-growth-literature, found that the level and quality of foreign investment influences the financial sectors' contribution. Consider the low capitalization of the global market share of Islamic banks, it will be difficult to predict the direct influence of Islamic banks on economic growth. From the H1 and H2 hypotheses, if Islamic banking expected to have a significant impact on investment and consumption, Islamic banking financing (any contract) is expected to improve economic growth, although in an indirect way.

H3: Islamic banking financing has a significant impact indirectly on the economic growth mediated by investment and consumption.

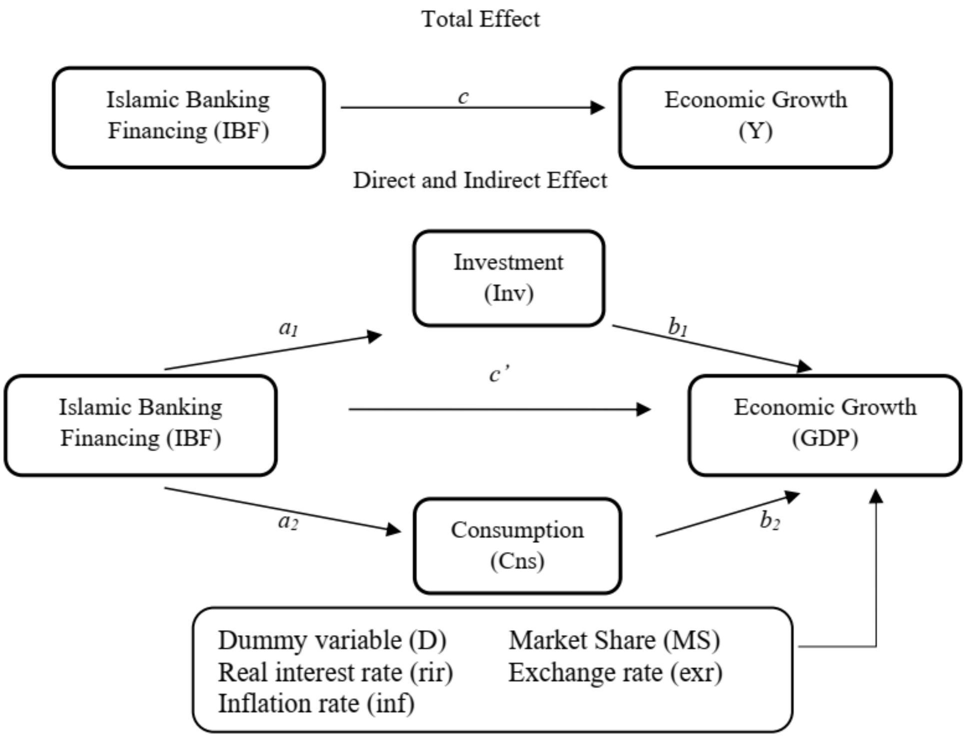

Figure 1. Conceptual Framework

RESEARCH METHOD

Figure 1 shows the primary purpose of this research. Single arrows indicate causation between exogenous or intermediary variables and the dependent(s). Arrows also connect the error terms with their respective endogenous variables. The use of control variables shows that current study utilizes the use of multiple mediator models. The testing of numerous mediation models has been developed in the form of script macros by Kristopher and Hayes (Preacher & Hayes, 2008).

The model can be explained through the following three stages. First, to separate the effect of Islamic banking financing on economic growth. Thus, the impact of variable Islamic banking financing on the economic growth can be divided into two parts: 1) the direct effect of Islamic banking financing on economic growth, and 2) the indirect impact of Islamic banking financing on economic growth via consumption and investment. The direct and indirect effect of Islamic banking financing on economic growth is combined as a total effect. Second, a direct effect: The direct effect is the effect of Islamic banking financing on economic growth when the mediator is included in the model. In the diagram above, the direct effect is shown as c'. Third, indirect effect: The indirect effect is a measure of how much of the effect of Islamic banking financing on economic growth that is being mediated. Another term for the indirect effect is the mediation effect. In a classical mediation model, the indirect effect is obtained by multiplying "a" coefficient with "b" coefficient in the diagram above (figure 1).

The equation of mediation analysis from figure 1 is described as follows:

Direct Effect:

$$GDP_t = i_1 + cIBF_{it} + \gamma_1 D_{it} + \gamma_2 MS_{it} + \gamma_3 rir_{it} + \gamma_4 exr_{it} + \gamma_5 inf_{it} + e_1 \quad (1)$$

Mediation effect:

$$Inv_t = i_3 + a_1 IBF_{it} + \gamma_1 D_{it} + \gamma_2 MS_{it} + \gamma_3 rir_{it} + \gamma_4 exr_{it} + \gamma_5 inf_{it} + e_2 \quad (2)$$

$$Cns_t = i_4 + a_2 IBF_{it} + \gamma_1 D_{it} + \gamma_2 MS_{it} + \gamma_3 rir_{it} + \gamma_4 exr_{it} + \gamma_5 inf_{it} + e_2 \quad (3)$$

Indirect effect:

$$GDP_t = i_2 + c'IBF_{it} + b_1 Inv_t + b_2 Cns_t + \gamma_1 D_{it} + \gamma_2 MS_{it} + \gamma_3 rir_{it} + \gamma_4 exr_{it} + \gamma_5 inf_{it} + e_3 \quad (4)$$

RESULT AND DISCUSSION

Direct Effect, Indirect Effect, and Total Effect

The direct effect of Islamic banking financing on economic growth is the c' path (figure 1), quantified as the non-standardized regression weight for Islamic banking financing in a model to predict economic growth from both Islamic banking financing and mediators. It quantifies how two cases differ by one measurement unit on Islamic banking financing, but which are equal on mediators are expected to differ on economic growth. The results from data processing, based on Hayes and Preacher (2011), show that the Islamic banking financing in QISMUT countries plus Iran and Sudan is statistically insignificant toward the economic growth directly (see table 1), with p-value in 0.1131 (more than 0.05).

Table 1. Direct Effect and indirect effect of mediation analysis

Variable impact	**Direct**	**Through Inv**	**Through Cns**	**Total**	**p-value**
IBF to Inv	0.2187			0.2187	0.7160**
IBF to Cns	0.8274			0.8274	0.0320*
Inv to GDP	1.3386			1.3386	0.0000*
Cns to GDP	1.0971			1.0971	0.0000*
IBF to GDP		(0.2187 × 1.3386) = 0.2927	(0.8274 × 1.0971) = 0.9078	1.2005	0.0043*

*Notes: entries in * and ** are significant at 5% and 10% significance levels, respectively.*

The finding of mediation analysis is shown through the total value of the indirect effect. The total value of the Indirect Effect, with p value is 0.0043, which means that the Total Indirect Effect is significant. It affirms that Islamic banking financing significantly impacts the economic growth indirectly through the mediation variables, which are investment and consumption spending. As shown in Table 1, the changes in the mediating variable, investment and consumption spending, will improve the economic growth. A change in investment spending by one unit will increase the economic growth by 1.3386 units. Meanwhile, a change in consumer spending will improve the economic growth by 1.0971 units. The indirect effect of Islamic banking financing on economic growth through consumption spending is bigger than the economic growth through investment spending.

Hypothesis Testing

Hypothesis test of Islamic banking financing is described in table 3. It shows that Islamic banking financing is positively significant in affecting investment spending; investment spending will increase by 21.8 million USD, along with the increase in Islamic banking financing for 1 million USD. This finding is similar to the study from Furqani and Mulyany (2009) and Daly and Frikha (2016), stating that Islamic Bank Financing affects investment spending. This finding indicates that the increase of Islamic banking financing would also increase the investment rate represented by the increasing of the Gross Fixed Capital Formation.

Table 2. Model summary estimation

Model	Coefficient	Standard error	p value	Adjusted R^2
Equation 1	0.1214	0.7580	0.1131	
Equation 2	1.3386	0.1299	0.0000*	
Equation 3	1.0971	0.0572	0.0000*	
Equation 4	1.2005	0.3583	0.0043*	0.9847

*Notes: entry in * is significant at 5% significance levels.*

The same result showed that Islamic banking financing is significantly impacting on consumption spending. The effect of Islamic Banking Financing toward consumption is statistically significant at 5 percent ($p < 0.05$) (Table 2). This effect shows a positive nexus, which means that if Islamic Banking Financing increases 1 million US$, it could raise the consumption spending for 49.1 million US$. From these results, the impact of Islamic banking financing higher on consumption pending (82.74%) compared to investment spending (21.87%). The domination of Murabahah mode financing in Islamic bank is proven to increase the consumption spending.

Equation 4 describes the mediation analysis of Islamic banking and the control variable's impact on economic growth. This finding proves that Islamic banking indirectly affects the economic growth mediated by investment and consumption. Moreover, Islamic banking financing impacts the economics growth indirectly-only, with no direct effect. The type of mediation is indirect-only mediation, neither complementary mediation nor competitive mediation (Zhao et al., 2010). The finding explains that a unit increase in Islamic banking financing could increase the economic growth by 1.2005 units indirectly through investment and consumption spending. The result implied from the indirect effect of Islamic banks through investment and consumption indicated that the policymaker needs to improve their financing asset.

Lead to the control variables (Table 3), the size of Islamic banking assets in QISMUT and two countries (Iran and Sudan) has a statistically significant impact on the economic growth. The positive coefficient of market share variable shows that the interest-free system applied by Islamic banks will positively impact on the economic growth. This finding is consistent with the study by Abedifar et al. (2016) that a more significant market share of Islamic banks is associated with higher efficiency of conventional banks, which in turn boosts the economic growth (Abedifar et al., 2016). However, this finding opposes the result by Daly and Frikha (2016) that the market share of Islamic banking is insignificant to the economic growth since this research used a more significant market size than the previous studies.

Table 3. Partial effect of control variables on dependent variable

	coefficient	**standard error**	**t**	**p value**
Market Share	5.9726	0.6101	9.7892	0.0000*
Dummy	-541.7348	53.1287	-10.1966	0.0000*
Exchange rate	0.0009	0.0011	0.8183	0.4156
Real interest rate	-1.1595	0.4744	-2.4444	0.0167*
Inflation	-0.0821	0.6238	-0.1316	0.8956

*Notes: entry in * is significant at 5% significance levels*

The dummy variable testing that describes the use of Shariah compliance on the financial system shows a negative sign. This sign shows the lower impact of Islamic banking financing if it continues using consumption financing rather than the investment one. This finding is consistent with Tohirin & Ismail (2011), where a lower impact of consumption financing (*Murabaha*), it might be inferred that profit-loss sharing schemes should be advanced to a more significant number. It is important *for* the authority of Islamic banking to push their profit-loss sharing financing (i.e., *Mudaraba* and *Musharaka*) to reduce reliance on non-profit-loss sharing financing (*Murabaha*), due to the potential of positive impacts of profit-loss sharing system to the stability of the financial system. These modes of financing do not depend on interest rate fluctuation so that high economic growth can be realized.

Subsequently, the exchange rate does not significantly affect the economic growth. The reason for the lack of the impact of the exchange rate is caused by using a fixed exchange rate relative to the US dollar in QISMUT plus Iran and Sudan countries. Because the object of the current study is a cross-national data level, it has different implications on the effect of the exchange rate and economic growth across countries, as stated by Rapetti et al. (2011). This finding will likely be different if further research uses the standard exchange rate against the other currencies. Moreover, without using the fixed rate, the exchange rate in Malaysia and Turkey from 2005 to 2015 is likely to remain, with the exchange did not reach 1 point each year.

A different result shows the real interest rate effect. The real interest rate has a negatively significant impact on the economic growth. This finding confirms the study from Shaukat et al. (2019) that a high-interest rate hampers the economy to achieve high growth. One of the solutions suggested by (Hamza and Saadaoui (2018) is using profit sharing investment to reduce the negative effect of the interest rate. This finding also confirms the result by Bacha (2008) that Islamic banking may also be subject to interest rates. Changes in interest rates seem still to have an impact on the country with a dual banking system. It is because there is often no Islamic finance equivalent to money market or government securities yield curves that can serve as references to price Islamic banking financing. As a result, some Islamic banks tend to rely on conventional interest rates to price their financing contracts (Bacha, 2008).

On the inflation variable testing, inflation rates do not have a significant impact on economic growth in the last ten years. Such a high estimated inflation rate would decrease the aggregate output because of the more attractiveness of domestic currency so that the investment activity will decline, which in turn drops the economic growth. This finding lacks consistency with the study by Law and Singh (2014) and Imam and Kpodar (2015) that the inflation rate is negatively associated with economic growth (Imam & Kpodar, 2015; Law & Singh, 2014). However, according to Barro (2013), only the high inflation rates that influence economic growth. The means of inflation rate in QISMUT plus Iran and Sudan is 8.7006%, which is classified as mild inflation. High inflation mostly occurred in Iran after the global crisis in 2008, while in Qatar experienced deflation throughout 2009 and 2010.

The overall findings generally confirm the previous study on the economy which reveals that the financial sector matters for growth (Beck et al., 2000; Levine, 1997; Rioja & Valev, 2004). In the monetary transmission mechanism (Mishkin, 2007), through the bank credit channel, increasing bank loans will cause the investment (and possibly consumer) spending rise. This channel also applies to Islamic banking sectors in QISMUT plus Iran and Sudan. The impact of Islamic banking financing on economic growth is in line with the result by Tohirin and Ismail, 2011, which is in the sense that Islamic bank mode of financing (*Mudaraba, Musharaka,* and *Murabaha*) might strengthen the bank-based view driving the economic growth. As the source of growth, Islamic banking played an essential role in supporting the economic growth indirectly and mediated through investment and consumption. Furthermore, economic policies should recognize the finance-growth nexus through Islamic banking development to maintain sustainable development in the economy (Tohirin & Ismail, 2011).

CONCLUSIONS

The study about the role of Islamic banking financing on economic growth is critical because this financial system is still in its preliminary phase in some countries. As financial sector has a significant impact on economic growth, it is important to investigate the Islamic banking role in the economy. The statistics and hypothesis testing show that firstly, Islamic banking financing has an impact on investment spending significantly. Secondly, the impact also occurs on consumption spending, and the effect is more significant on consumption spending rather than investment spending. However, from the direct impact analysis, it is found that Islamic banks are not able to impact the economic growth directly. Although it is not able to do so, due to small asset capitalization in mediation analysis, Islamic banking financing has a positive indirect effect on economic growth through investment and consumption. This affirms Keynesian theory stated that investment and consumption are the most excellent support on the growth of the economy.

From the control variable estimation, market share of Islamic bank assets has a significant effect on economic growth so that the more Islamic bank dominates the financial system, the better impact on economic growth. However, the negative sign of the dummy variable shows a lower effect on economic growth to the country with a full Islamic banking system. The other covariates testing shows the real interest rate which has a significant impact on economic growth. The exchange rate does not have any effect on economic growth because of the use of fixed rate against the US dollar. Meanwhile, inflation is categorized in mild inflation so that it could not influence economic growth significantly.

A policy on economy which improves the assets of Islamic banks in a positive way is one of the solutions to boost the role of Islamic banking in economy. It is a necessity that the development of Islamic banking financing focuses on profit-sharing based financing. For further research, this finding can be improved by doing an analysis of specifics investment and consumption spending financed by Islamic banking. Furthermore, a larger sample of Islamic banks, along with their system and an extended period of research, will lead to a more comprehensive analysis.

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ISLAMIC FINANCIAL LITERACY AMONG SHARIA BANKERS IN BANDAR LAMPUNG

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ABSTRACT – This article reports the findings of Islamic Financial Literacy for Sharia bankers in Bandar Lampung specifically in terms of Islamic financial products and what factors influencing it. The skill is needed to assist transactions, with a clear understanding and appreciation of the unique characteristics and features of Islamic Finance and its real economic value. As mentioned by the Financial Authority Service, one of the challenges that Sharia banking encounters are the inadequacy of capable and highly qualified human resources to support the development of sharia financial products and services. However, up to now there is a lack of studies about Islamic financial literacy in Indonesia, particularly for people who works on Islamic financial sectors. The objectives of this study are (i) to indicate the level of Islamic financial literacy among human resources of Sharia banks in Bandar Lampung, and (ii) to identify significant factors that influence Islamic financial literacy among the bankers. In terms of Islamic Financial Literacy rate, the result of the study is quite distinct from the existing research finding in that it shows that female bankers have higher Islamic Financial Literacy rate than their male counterpart. In addition, based on length of work and age cohort, the median groups also have higher Islamic financial literacy rate. While in terms of type of institution, bankers of Sharia banks exhibit advanced Islamic financial knowledge than Rural sharia banks' staffs. Using Factor Analysis, the study finding revealed the five factors determining Sharia banker's Islamic financial literacy.
Keywords: Islamic Financial Literacy, Sharia Bank, Islamic Financial Sector.

ABSTRAK – Literasi Keuangan Islam para Bankir Syariah di Bandar Lampung. *Artikel ini menyajikan temuan pada studi yang mengidentifikasi faktor-faktor yang mempengaruhi Literasi Keuangan Islam untuk bankir Syariah di Bandar Lampung, khususnya dalam hal produk dan jasa keuangan Islam. Keahlian ini diperlukan untuk membantu transaksi, dengan pemahaman dan apresiasi yang jelas terhadap karakteristik dan fitur unik serta nilai ekonomi riil keuangan Islam. Sebagaimana disebutkan oleh Otoritas Jasa Keuangan bahwa salah satu tantangan yang dihadapi perbankan Syariah adalah tidak memadainya sumber daya manusia yang berkemampuan dan berkualifikasi tinggi untuk mendukung pengembangan produk dan layanan keuangan syariah. Namun, hingga saat ini hanya sedikit studi tentang literasi keuangan Islam di Indonesia, terutama bagi orang-orang yang bekerja di sektor keuangan Islam. Tujuan dari penelitian ini adalah (i) untuk menunjukkan tingkat literasi keuangan syariah sumberdaya manusia bank syariah di Bandar Lampung, dan (ii) untuk mengidentifikasi faktor-faktor signifikan yang mempengaruhi literasi keuangan syariah para banker tersebut. Dalam hal tingkat Literasi Keuangan Islam, hasil penelitian ini cukup berbeda dari temuan penelitian yang ada karena menunjukkan bahwa banker perempuan memiliki tingkat Literasi Keuangan Islam yang lebih tinggi daripada rekan pria mereka. Selain itu, berdasarkan lama bekerja dan kelompok usia, kelompok median juga memiliki tingkat melek finansial Islam yang lebih tinggi. Berdasarkan jenis institusi, bankir bank Syariah menunjukkan pengetahuan keuangan Islam yang lebih baik daripada staf BPRS. Dengan menggunakan Analisis Faktor, temuan penelitian ini mengungkapkan lima faktor yang menentukan literasi keuangan Islam bankir.*
Kata Kunci: *Literasi Keuangan Islam, Bank Syariah, Sektor Keuangan Islam.*

INTRODUCTION

The characteristic of Islamic banking operation is based on mutual benefit principles and partnership that provides an alternative banking system with mutual benefits both for the society and the bank. This system gives priorities to aspects related to fairness in transaction and ethical investment by underlining the values of togetherness and partnership in production, and avoiding any speculative activity in financial transaction. By providing numerous products and banking services supported by various financial programs, Islamic banking will be a trustworthy substitute for the society (Ulum, Ghozali, & Purwanto, 2014). The development of Islamic banking in Indonesia is implemented under a dual banking system in compliance with the Indonesian Banking Architecture (API). In consideration of providing widespread banking services to Indonesian economy, both Islamic banking and conventional banking systems mutually reinforce an extensive public fund mobilization in the agenda of encouraging financing capability of national economic sectors.

According to data 2019 data from Financial Services Authority *(Otoritas Jasa Keuangan - OJK)*, there are around 189 Islamic banks consisting of 14 Sharia Commercial Banks *(Bank Umum Syariah - BUS)*, 20 Sharia Business Units *(Unit Usaha Syariah - UUS)*, and 164 Sharia Rural Banks *(Bank Pembiayaan Rakyat Syariah - BPRS)* in Indonesia. However, such growing condition has not been followed by increasing demand for Islamic finance service products. According to the OJK data in 2016, the Shariah financial literacy is still only 8.11 percent of Indonesia's total financial literacy of 29.7 percent meaning that out of every 100 residents only about 29 people are included in well literate category in terms of their understanding about Islamic financial principles (Otoritas Jasa Keuangan, 2017).

This situation should be addressed accordingly by all the sharia banking stakeholders because the fundamental key in supporting the development of the economy and finance of Indonesian Sharia economy is to increase public awareness and literacy in the field of Sharia economics and finance (Ibrahim & Kamri, 2017). In addition, inadequate quantity and quality of human resources in supporting the development of products and services is a challenge for Sharia Banking in meeting the quality of capable and understanding human resources and implementing Sharia principles (Departemen Perbankan Syariah, 2015; Ibrahim & Kamri, 2016).

Based on PISA 2012, there are two domains in definition of financial literacy: the first refers to the types of thinking and behavior; and the second refers to the objectives and development of specific literacy. As indicators of financial literacy, OECD measures literacy using financial behavior, financial knowledge, and financial attitudes (OECD, 2014). OJK (2016) defines literacy as a series of knowledge, skills, and confidence which influence attitudes and behaviors to increase the quality of decision making and financial management in order to prosper. According to Potrich and Mendes-Da-Silva (2016), financial literacy is a mastery of a set of knowledge, attitudes and behaviors that helps people to make the right financial decisions to strive and reach financial welfare.

In the last decade, government of various countries have set important agendas to improve community's financial literacy and have widely launched programs and research concerning of financial literacy. However, it is still relatively rare to find a research that discusses the measurement of financial literacy among Muslims. As the existing financial literacy have not been properly tailored for Muslims regarding the distinction in financial principles, it is imperative to formulate an Islamic measurement used in determining Muslim financial literacy (Santoso & Meera, 2017; Nmadu & Mika'ilu, 2018). Based on the internal factor, Muslims are obligated to obey the rules of Islam, while from external aspect the availability of complex current financial instruments has raised awareness among the Muslim community to respond through financial decision making based on Islamic financial principles, and as the result, it also has encouraged the need for researching Islamic financial literacy (Setiawati et al, 2018).

Up to now, there is a lack of studies about Islamic financial literacy in Indonesia, particularly for people who work on Islamic financial sectors. Previous research mostly focused on the consumers not the bankers (Abdalla, Huda and Srivastava, Ashok K 2017; Nejad, 2018; Andreou, Panayiotis C. and Anyfantaki 2019). Other research focused on financial literacy among high school students, adults, college students (Chen, Haiyang and Volpe 1998; Danes & Hira 1987; Nidar and Bestari 2012; Potrich and Mendes-Da -Silva 2016). Limited studies cover financial literacy for individual investors or stock market participation (Abdalla, Huda and Srivastava, Ashok K 2017; Rooij, Lusardi and Alessie, 2007). On Islamic banking sectors, study from Abdullah & Anderson (2015) suggest that nine factors determine the financial literacy of bankers in Kuala Lumpur, namely; views on banking product, views on Islamic banking product, parents' influence on Islamic financial product & services, factors determining investment in securities, views on conventional banking product, attitude on personal financial management influences of personal financial management, knowledge on wealth planning & management and attitude on Islamic financial product and services. In Indonesia, Ulum et al., (2014) analyze Intellectual Capital Performance (ICP) using Modified VAIC (M-VAIC) for measuring the value-based performance of the Indonesian banking sector.

It is evident that the bankers including sharia bankers are major players in the banking industry whose main functions are managing the investment of customer funds, providing financial services and payment traffic, and managing social activities as well as the inherent characteristics in Islamic financial institution in terms of collecting, administering, distributing zakat and other social funds. Receiving specific education and training prior to involve in the financial industry, the bankers are presumed to acquire better financial literacy as they are expected to provide the best financial services for the community.

This study aims to empirically determine the instrument for Islamic financial literacy along with its dimensions and indicators through quantitative methods. The formation of Islamic financial literacy constructs with its dimensions and indicators is required as a parameter to measure the level of financial literacy of the community at various groups.

LITERATURE REVIEW

The study of financial literacy has been conducted and measured by numerous researchers. Chen and Volpe (1998) underscored financial literacy as general financial knowledge. Huston (2010) described the concept of literacy which consists of two dimensions - the understanding of personal financial knowledge and the application of personal finance in daily life. Huston explained of concept financial knowledge as an integral dimension, but not equivalent to, financial literacy while Atkinson and Messy (2012) constructed a measurement of financial literacy using knowledge, attitudes, and financial behavior. Rooij et al (2012) considered financial literacy as financial knowledge which consists of the basic concepts of financial knowledge. Klapper and Panos (2011) highlights financial literacy as financial knowledge.

Previous research mostly focused on the financial literacy among high school students and adults. Few of them have examined college students except for

Danes and Hira, (1987) and Vope, Chen and Pavlicko (1996). Danes and Hira (1987) surveyed 323 college students from Iowa State University using a questionnaire covering knowledge of credit card, insurance, personal loans, record keeping, and overall financial management. Further, Mason and Wilson (2000) explained that the important of financial literacy is just helping to make financial decision using the relevant information, but it is not guaranteed the right decision. This is because someone does not always make decisions based on the rationales of economic information only. However, in more recent study, Chinen and Endo (2012) explains that financial literacy will reflect on someone financial behavioral, how someone acts when faced with financial decisions making

Financial literacy is a prominent aspect required in economic, financial and social environment to make proper financial decisions. The importance of financial literacy has been proven by Miller and Levesque (2009) since it especially helps to assess today's increasingly complex financial services and products and sound decision making, to deal with financial complexities (such as accumulated savings, asset diversification and insurance purchases), also improve financial behavior (punctual payment of bill, manage appropriate loans) and it also helps improving the efficiency and quality of financial services. Furthermore, Nidar and Bestari, (2012) explained that financial literacy helps people understand the financial system, thus it will prevent the national economy to fall in the global financial crisis. Additionally, having the same conclusion, Bhushan and Medury (2013) also described that financial literacy has become increasingly complex over the past few years with the introduction of many new financial products.

Although the former research has provided proof about people's personal finance knowledge and improved our understanding on such issue, it retains several limitations. For instance, many studies cover selected areas in personal finances, neglecting others. Furthermore, the validity of the survey instruments is questionable because of the limited number of items included in the questionnaires. These limitations are compounded by the fact that many prior studies only report the levels of financial literacy without further analyze on the factors that influence people's knowledge. Moreover, information regarding bankers' financial literacy unfortunately is still limited, as the previous research of financial literacy more focused consumers not the bankers (Abdalla, Huda and Srivastava, Ashok K 2017; Andreou, Panayiotis C. and Anyfantaki, 2019; Nejad 2018)

The absence of a standard definition of financial literacy shows that financial literacy measurement also does not have a standard so that the standard instruments used to measure the level of financial literacy are also not existing. From several studies on financial literacy showed that financial literacy could be measured using a basic concept, borrowing concept, saving / investment concept and protection concept. (Huston, 2010). Whereas according to Hung et al (2009) it could be measured by savings, investment and debt. This leads to differences in the measurement of financial literacy do not have a standard measure to determine a person's level of financial literacy.

Lusardi and Mitchell (2011) classifies the level of financial literacy into two: basic and advanced. Basic financial literacy includes the knowledge of interest rates (interest rate), the inflationary impact (effect of inflation) and the concept of diversification of risk (risk diversification), while Advanced financial literacy includes knowledge about the relationship of risks and benefits; mechanisms bonds, stocks, options and mutual funds; and assessment of the underlying asset. One of the questions is the basic categories: "Suppose you had $ 100 in a savings account and the interest rate was 2% per year. After 5 years, how much do you think you would have in the account if you left the money to grow: more than $ 102, exactly $ 102, less than $ 102?". However, the question is not in conformity with Islamic principles since Islam does not recognize the existence of the interest as it is usury and prohibited in Islamic law. Hence, Islamic finance requires a different measurement of financial literacy that can be specifically fit with values and Islamic teachings.

Trying to propose a model for Islamic Financial Literacy, this research intends to broaden and complement literatures of Islamic financial literacy, especially in people who are participate directly in the industry, as one of the considerations to make decision for policy makers. This research sets aim to measure and analyze the Islamic financial literacy of Sharia bankers in Bandar Lampung.

RESEARCH METHOD

To assess Islamic financial literacy from sharia banks' staffs, this study constructed a closed-ended survey questionnaire to collect the responses. Furthermore, the questionnaire was distributed into two sections A and B. Section A consists of factors affecting Islamic financial literacy that covers various aspects namely knowledge, attitudes, opinions, behaviors, facts and other information related to Islamic financial literacy (Abdullah and Anderson, 2015). Alternatively, section B involves the indicators related to the knowledge of Islamic financial products representing Islamic financial literacy (Hidajat and Hamdani, 2016). The data collection used is a survey method with purposive sampling technique. The survey involved 57 respondents who works for two sharia rural banks and two sharia banks in Bandar Lampung.

From the questionnaire's section B, Islamic financial literacy rate of bankers can be measured. The responses from each participant are used to calculate the mean percentage of correct scores for each question. Consistent with the existing literature Chen, Haiyang and Volpe (1998) ; Danes & Hira (1987); Voipe et al., (1996), the mean percentage of correct scores is grouped into (1) more than 80%, (2) more than 60%, and (3) below 30%. The first category represents a relatively high level of knowledge. The second category represents a medium level of knowledge. The third category represents a relatively low level of knowledge.

The main analysis technique used in this study is Factor Analysis (FA), which then the data will be processed by using SPSS program. FA is used in performing the multivariate data analysis. FA is able to determine the number of factors to retain without losing too much information. It also explains the variance of the observed data through a few linear combinations of the original data.

Using the attributes suggested by Abdullah and Anderson (2015) in their research, this study proposed the following dimensions:

1. Both conventional and Islamic banking products are no different.
2. Both conventional and Islamic banking products are the same.
3. There is no difference between conventional and Islamic banking products
4. Both conventional and Islamic banking products are similar.
5. Islamic banking products are easy to understand.
6. Most of my clients prefer Islamic products more than then conventional products
7. Most of my clients view it is easy to understand the Islamic financial concepts and terms.
8. I favor to explain Islamic banking products to my customer.
9. I am familiar with the Islamic banking products.
10. My parent(s) has/have always checked on the permissibility of the products before buying

11. My parent(s) reminded me that *haram* products and services are to be totally avoided,
12. I Follow strict adherence to ethical consideration
13. I consider both the risk and return before making investment
14. I strictly follow adherence to religious rules
15. Returns on investment
16. I seek Professional financial Advice
17. Based on my customers opinion, they think it is easy to understand the conventional financial concepts and terms.
18. Most of my customers prefer conventional products more than then Islamic products.
19. I keep money in the cash vault at home.
20. I make sure to pay at least the minimum amount of my credit balance.
21. I have friends that keep record of their income and expenditure.
22. My co-workers record of his/her income and expenditure.
23. I have a list of my asset that I own
24. I prepare budget for my monthly expenditure
25. Islamic financial Products offer competitive yields as the conventional financial Products.
26. Islamic financial products are safer alternative investment products for Muslim.

The FA begins with testing the suitability of data for factor analysis. Firstly, the initial step must be taken is computing the correlation matrix to depict that there were enough correlations to carry out factor analysis. In order to carry on to the next step, firstly the Measure of Sampling Adequacy (MSA) values along the matrix diagonal should be more than 0,5. Completing the first procedure, The Kaiser-Meyer-Oklin (KMO) measure of sampling adequacy is also crucial to check. The Kaiser-Meyer-Oklin (KMO) measure of sampling adequacy is a statistic for comparing the magnitudes of the observed correlation coefficients to the magnitudes of the partial correlation coefficients, with the requirement that the partial correlations should not be very large if distinct factors are expected to emerge from factor analysis (Hutcheson and Sofroniou, 1999) KMO overall statistic varies from 0 to 1.0 and the value of KMO overall should be 0.60 or higher in order to proceed with factor analysis (Kaiser and Rice, 1974)

RESULT AND DISCUSSION

This section starts with a demographic profile of the respondents. Table 1 shows that respondents are quite equal between female and male as much as 50,88% and 49,12% respectively. However, most of them belong to 26-35 age cohorts and relatively youngsters, and lastly the majority of responses are from those who have worked at least 2-4 years in Sharia banking services.

Table 1. Descriptive Statistics of Respondents

Gender	**N**	**Percentage**
Female	29	50.88%
Male	28	49.12%
Total	57	100%

Institution	**N**	**Percentage**
Sharia Rural Bank A	16	28.07%
Sharia Rural Bank B	11	19.30%
Sharia Bank A	22	38.60%
Sharia Bank B	8	14.04%
Total	57	100%

Age Group	**N**	**Percentage**
<25	17	29.82%
26-35	30	52.63%
36-45	10	17.54%
Total	57	100%

Length of Employment	**N**	**Percentage**
<5 years	32	56.14%
6-10 years	22	38.60%
11-15 years	3	5.26
Total	57	100%

Another descriptive analysis that was concluded in this research is the level of Islamic Financial Literacy. To measure the literacy score, summation is done. The score for the answer of "true" is 1 and the score for the answer of "false" or "do not know" is 0. Subsequently, final score was calculated to settle literacy category of "high", "middle", and "low".

Table 2. Bankers' Islamic Financial Literacy

Gender	**Low**	**Middle**	**High**	**N**
Male	10.34%	31.03%	58.62%	29
Female	15.38%	15.38%	69.23%	28

Institution	**Low**	**Middle**	**High**	**N**
Sharia Rural Bank A	93,75%	-	6,25%	16

Sharia Rural Bank B	27,27%	45.40%	27,27%	11
Sharia Bank A	4.55%	40.91%	54.55%	22
Sharia Bank B	12.50%	12.50%	75%	8

Age Group	**Low**	**Middle**	**High**	**N**
<25	11.76%	41.18%	47.06%	17
26-35	13.33%	13.33%	73.33%	30
36-45	-	20%	80%	10

Length of Employment	**Low**	**Middle**	**High**	**N**
<5 years	15.63%	28.13%	56.25%	32
6-10 years	4.55%	22.73%	72.73%	22
11-15 years	-	33.33%	66.67%	3

Lusardi and Mitchell (2011) remarkable research finding presented persistent international gender disparities in financial literacy where in most cases, women are less financially knowledgeable than are men. Surprisingly, quite distinct from the existing research finding, this study result showed that women have higher Islamic Financial Literacy rate than their male counterpart.

However, this research also supported the finding that women are not only less likely to answer the financial literacy questions correctly, but they are more likely to state that they do not know the answers, compared to men. This is a systematic and persistent difference in financial literacy between men and women. In addition, it can be inferred that based on length of work and age cohort, the median groups also have higher Islamic financial literacy rate, while in terms of type of institution, as predicted, bankers of sharia banks exhibit advanced Islamic financial knowledge than rural sharia banks staffs.

DATA ANALYSIS

The technique of analysis for FA is used in performing the multivariate data analysis. The FA is able to determine the number of factors to retain without losing too much information. It also explains the variance of the observed data through a few linear combinations of the original data.

In order to test the suitability of data for factor analysis, this study performed the following steps: Computing the correlation matrix to depict that there were enough correlations to carry out factor analysis. In order to carry on to the next step, firstly the Measure of Sampling Adequacy (MSA) values along the matrix diagonal should be more than 0,5. However, the result showed that some of the statements namely statements 17,18,19 and 25 had values less than 0.5, therefore those were removed from the list and cannot be included in factor analysis.

KMO measure of sampling adequacy was estimated and the KMO value was obtained as 0.716 for overall sample that indicated that the sample was good enough for analysis. Bartlett's test of sphericity was carried out and showed statistically significant number of correlations among the variables. Thus, the data was found to be fit for factor analysis.

Table 3. KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.716
Bartlett's Test of Sphericity	Approx. Chi-Square	863.579
	Df	231
	Sig.	.000

Table 4 provides the eigenvalues of the correlation matrix of the nine individual indicators that compose the factors that determine the Islamic financial literacy of bankers

Table 4. Total Variance Explained

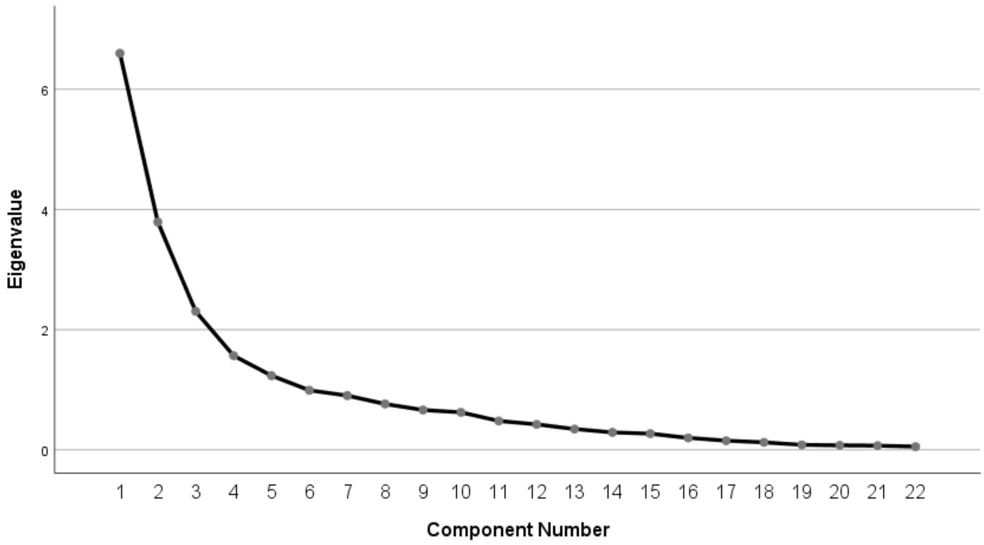
	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.599	29.996	29.996	6.599	29.996	29.996	4.578	20.808	20.808
2	3.791	17.234	47.230	3.791	17.234	47.230	3.596	16.343	37.152
3	2.305	10.479	57.709	2.305	10.479	57.709	2.820	12.817	49.969
4	1.567	7.124	64.833	1.567	7.124	64.833	2.759	12.542	62.511
5	1.234	5.611	70.444	1.234	5.611	70.444	1.745	7.933	70.444
6	.990	4.502	74.946						
7	.902	4.099	79.045						
8	.762	3.465	82.510						
9	.663	3.012	85.522						
10	.624	2.835	88.358						
11	.480	2.184	90.541						
12	.424	1.925	92.467						
13	.346	1.572	94.039						
14	.290	1.318	95.357						
15	.269	1.221	96.578						

16	.198	.901	97.479
17	.152	.689	98.168
18	.124	.563	98.731
19	.083	.376	99.108
20	.074	.338	99.446
21	.069	.313	99.759
22	.053	.241	100.000

Extraction Method: Principal Component Analysis.

For deciding the number of factors to retain, the Kaiser Criterion is used. The rule of Kaiser Criterion states that components that have an eigenvalue of 1 or more are considered. Consistent with this rule, only five factors should be retained in the analysis with an eigenvalue of 6,599 and 1,234. The five components explain a total of 70.44% of the variance. The remaining principal components have eigenvalues less than one and they explain the remaining 29,56% of the variance in the data set. This result is supported by Figure 1. When there is a difference (or elbow) in the shape of the plot in Figure 1, then only components above the point are retained. In this case, there is quite a clear break between the fifth and sixth components. Hence, only five principal components are retained.

Figure 1. Scree Plot



Principal component analysis was used for extracting factors and the number of factors to be retained was based on latent root criterion, variance explained and Scree Plot analysis. All three methods indicated that five factors may be extracted to give valuable results and these factors accounted for 70.44 percent for overall sample. The results were obtained through oblimin rotation and all factor loadings greater than 0.5 (ignoring the sign) were retained, which means that the 26th factor loading was removed since it did not meet such criteria.

The results of principal component analysis with oblimin rotation in the form of the pattern matrix which is actually the rotated factor loading is shown in Table 5. All the factors have been given appropriate names according to the variables that have been loaded on to each factor. The factor loadings and the five factors described in Table 3are shown in the following.

Table 5. Rotated Factor Loading

	Component				
	1	2	3	4	5
Q1	.034	.931	.072	.054	-.111
Q2	-.108	.948	.030	.111	-.012
Q3	-.124	.893	.037	.008	-.063
Q4	-.017	.880	-.029	.119	.072
Q5	.720	-.088	.113	-.155	.002
Q6	.810	-.110	.014	-.030	.003
Q7	.792	.031	.209	.217	-.045
Q8	.762	.032	.201	.282	.145
Q9	.784	-.058	.260	.408	.095
Q10	.602	-.098	-.164	.270	.455
Q11	.563	-.211	-.008	.365	.482
Q12	.574	-.135	.161	.509	.140
Q13	.153	-.029	-.053	.809	-.026
Q14	.588	.134	-.020	.254	.300
Q15	.246	.140	.162	.759	.105
Q16	.053	.232	.134	.605	.036
Q20	.162	.023	-.031	-.053	.817
Q21	.133	.040	.853	-.065	.208
Q22	.101	.053	.857	.073	-.210
Q23	.175	.015	.869	.240	-.026
Q24	-.023	-.220	.473	.318	.579
Q26	.165	.126	.321	.338	.198

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 6 iterations.

Table 5 shows the five factors were formed after the rotation process and the results obtained are factor loadings that can be distinguished from the previous process, the five factors identified from the table are the dimensions derived from the 22 attributes of Islamic financial literacy. The attributes included in each dimension are called the underlying construct.

Table 6. Name of Dimensions and their Factor Loadings

Factor Number	Name of Dimension	Statement Label	Statements
F1	Sharia Conformity and Views on Sharia Banking	Q5	Islamic banking products are easy to understand.
		Q6	Most of my clients prefer Islamic products more than then conventional products
		Q7	Most of my clients consider it is easy to understand the Islamic financial concepts and terms.
		Q8	I favor to explain Islamic banking products to my customer
		Q9	I am familiar with the Islamic banking products.
		Q10	My parent(s) has/have always checked on the permissibility of the products before buying
		Q11	My parent(s) reminded me that *haram* products and services are to be totally avoided
		Q12	Follows strict adherence to ethical consideration
		Q14	Follows strict adherence to religious rulings
		Q16	I seek Professional financial Advice
F2	Views on Banking Product	Q1	Both conventional and Islamic banking products are no different.
		Q2	Both conventional and Islamic banking products are the same.
		Q3	There is no difference between conventional and Islamic banking products.
		Q4	Both conventional and Islamic banking products are similar.
F3	Attitude on Personal Financial Management	Q21	I have friends that keep record of their income and expenditure.
		Q22	My co-workers record of his/her income and expenditure.
		Q23	I have a list of my asset that I own
F4	Attitude on Risk and Return	Q13	I consider both the risk and return before making investment
		Q15	Returns on investment
		Q20	I make sure to pay at least the minimum amount of my credit balance
F5	Knowledge on Wealth Planning	Q24	I prepare budget for my monthly expenditure

Having obtained five factors which are the results of the reduction of 22 attributes, then the next step is to give names to the five factors that have been formed. The names of factors are expected to reflect the characteristics of each component they consist of as they are described in the following:

Factor 1: Sharia Conformity and Views on Sharia Banking. This is the most important factor of the overall sample and it represents 29.96 percent of the total variance. 10 statements load significantly on to this factor. These statements demonstrate the significance of bankers' views on Sharia banking products in and the compliance to sharia law.

Factor 2: Views on Banking Product. This is the next important factor, which accounts for 17.234 percent of the variance. Four statements constitute this factor and all these statements load on highly for this factor. This shows that even though conventional banking and Sharia banking sometimes are perceived as to be no different with each other, the bankers understands special features and truthful values of Sharia banking products and services.

Factor 3: Attitude on Personal Financial Management. This factor accounts for 10.479 percent of total variance and is constituted of three statements. This factor signifies how personal financial management influence bankers' financial literacy

Factor 4: Attitude on Risk and Return. This factor accounts for 7.124 percent of total variance and is constituted of three statements. This shows the factors that bankers perceived as important when considering about risk and return that they have to take and gain.

Factor 5: Knowledge on Wealth Planning. This factor accounts for 5.611 percent of total variance and is constituted of one statement. This factor shows how bankers' knowledge on wealth planning and management affects their financial literacy.

CONCLUSIONS

Measuring Islamic financial literacy rate from Sharia bankers in Bandar Lampung, this study indicated that women have higher Islamic Financial Literacy rate than their male counterpart. It also supported the finding that women are not only less likely to answer the financial literacy questions correctly, but they are more likely to state that they do not know the answers, compared to men. In addition, it can be inferred that based on length of work and age cohort, the median groups also have higher Islamic financial literacy rate, while in terms of type of institution, as predicted, bankers of Sharia banks exhibit advanced Islamic financial knowledge than Rural sharia banks staffs. Subsequent to performing Factor Analysis towards the 26th proposed attributes, this study suggests five new factors that determine the financial literacy of Sharia bankers in Bandar Lampung, namely; Sharia Conformity and Views on Sharia Banking, Views on Banking Product, Attitude on Personal

Financial Management, Attitude on Risk and Return, Knowledge on Wealth Planning.

As a country with the largest Muslim population in the world and with a strong Islamic financial foundation at the grassroots, Indonesia has the potential to become one of the Sharia financial and economic centers at regional and global levels. This potential needs to be balanced with a good and comprehensive understanding in the field of Islamic economics and finance so that its spread is not only in the central environment but also in various regions. Indonesia has a large market potential, so Indonesia must be the main driver of the Sharia economy, not just a target market. The government and all stakeholders have undertaken immense effort to increase sharia financial literacy including education and outreach to encourage the interest of all levels of society to use Sharia banking products and services. However, qualified and skillful human resources in Islamic financial sector, particularly Sharia banking play important parts to deliver Islamic financial products and services to the society, therefore specific training programs and certifications that can boost Islamic financial literacy and ensure the quality of sharia bankers are urgently needed to be design by the authorities.

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KETENTUAN DAN PEDOMAN PENULISAN

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Abstraks. Abstrak merupakan intisari pokok bahasan dari keseluruhan naskah. Ditulis dalam satu paragraf dengan dua bahasa, yaitu Indonesia – Inggris atau Indonesia – Arab. Abstrak terdiri dari maksimum 250 kata di mana sekurang-kurangnya memuat: latar belakang kajian, tujuan penulisan, metode yang digunakan, hasil yang dicapai, kesimpulan dan saran.

Kata Kunci. Kata kunci adalah kata-kata yang dipilih secara cermat sehingga mampu mencerminkan konsep yang dikandung dalam artikel. Kata kunci ditulis di bawah abstrak, antara empat hingga enam kata.

Pendahuluan. Bagian pendahuluan merupakan bahasan yang meliputi latar belakang, rumusan masalah, tujuan dan kegunaan, hipotesis dan metodologi.

Kerangka Teori. Kerangka teori bersifat optional atau harus disertakan hanya dalam penelitian kuantitatif.

Hasil dan Analisis. Bagian yang merupakan inti dari hasil-hasil penelitian, meliputi deskripsi data dan analisis hasil penelitian. Penggunaan grafik dan tabel hendaknya dibatasi jika masih dapat disajikan dengan tulisan secara singkat.

Pembahasan. Bagian ini merupakan interpretasi penulis terhadap bahasan hasil dan analisis penelitian. Pembahasan dilakukan secara mendalam dan fokus dengan menggunakan acuan teori.

Penutup. Merupakan bagian terakhir dari keseluruhan naskah yang meliputi kesimpulan dan saran

Kutipan. Jurnal Share menggunakan teknis innote (catatan dalam teks) dengan style *APA 16th-full name* yang berisi pengarang, tahun, dan halaman yang dikutip (jika berupa kutipan langsung). Misalnya "...... (Ibrahim, 2012) atau (Kamri, Ramlan, & Ibrahim, 2014) atau (Ibrahim & Kamri, 2013a; Rahman, 2011)". Sekiranya dibutuhkan, penulis boleh menggunakan innote sekaligus dengan endnote (catatan di akhir teks) yang isinya berupa catatan (note) atau komentar tambahan.

Daftar Pustaka. Di bagian akhir tulisan, penulis mencantumkan Daftar Pustaka yang memuat daftar buku yang dirujuk di dalam teks (sesuai innote). Sumber rujukan disarankan merupakan terbitan 10 tahun terakhir. Karya klasik yang relevan dapat diacu sebagai sumber masalah tapi tidak untuk pembandingan pembahasan. Penulisan daftar pustaka mengacu kepada ketentuan berikut:

- **Buku**
  Untuk kutipan buku berikut (Ali, 2005) atau , contoh penulisan daftar pustaka adalah:

  Ali, Abbas. (2005). *Islamic Perspectives On Management And Organization*. Chentenham, UK: Edward Elgar Pub.

- **Bab dalam Buku**
  Untuk kutipan bab dalam buku berikut (Ibrahim & Kamri, 2013a), contoh penulisan daftar pustaka adalah:

  Ibrahim, Azharsyah, & Kamri, Nor 'Azzah. (2013). Measuring the Islamic Work Ethics: An Alternative Approach. In Nor 'Azzah Kamri, Azian Madun, & Suhaili Sarif (Eds.), *Islamic Perspective on Management: Contemporary Issues* (pp. 135-163). Kuala Lumpur, Malaysia: YaPEIM Management Academy & Dept. of Shariah and Management, Acad. of Islamic Studies, University of Malaya.

- **Sumber Online**
  Untuk kutipan sumber online berikut (www.kanalislam.com, 2014), contoh penulisan daftar pustaka adalah:

  www.kanalislam.com. (2014). Praktik Akuntansi Pemerintahan Islam. Retrieved from http://www.kanalislam.com/2014/08/praktik-akuntansi-pemerintahan-islam.html

- **Surat Kabar**
  Untuk kutipan surat kabar berikut (Abidin, 2014), contoh penulisan daftar pustaka adalah:

  Abidin, Zainal. (2014, 12 Juni). Bank Syariah Kekurangan Sumber Daya Manusia. *Kompas,* p. 10.

- **Jurnal**
  Untuk kutipan artikel jurnal berikut (Ibrahim, 2012), contoh penulisan daftar pustaka adalah:

  Ibrahim, Azharsyah. (2012). Gala dan Rahn: Analisis Korelasi dari Perpsektif Ekonomi Islam. *SHARE Jurnal Ekonomi dan Keuangan Islam, 1*(1), 41-49.

- **Skripsi/Thesis/Disertasi**
  Untuk kutipan disertasi berikut (Yusuf, 2012), contoh penulisan daftar pustaka adalah:

  Yusuf, Muhammad Yasir. (2012). *Tanggung Jawab Sosial Korporat pada Institusi Perbankan Islam di Aceh: Analisis Kriteria dan Persepsi.* (Doctoral Thesis), Universiti Sains Malaysia, Penang.

- **Makalah Seminar**
  Untuk kutipan makalah seminar berikut (Ibrahim & Kamri, 2013b), contoh penulisan daftar pustaka adalah:

  Ibrahim, Azharsyah, & Kamri, Nor 'Azzah. (2013b, 27-28 November). *Measuring the Islamic Work Ethics: An Alternative Approach.* Paper presented at the International Convention on Islamic Management, Kuala Lumpur, Malaysia.

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