

ISLAMIC BANK BRAND REPUTATION IN INDONESIA

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Abstract

This study aims to find the reputation value of Islamic banks in Indonesia. This research is a descriptive quantitative research using Net Brand Reputation and Social Network Analysis methods. This research was conducted on a BUS that has a mobile banking application using customer review data for 2016-2018. The results showed that Bank Muamalat had the highest reputation with a score of 0.607 followed by Islamic NTB Bank at 0.57, Bukopin Syariah Bank at 0.43, Mandiri Syariah Bank at 0.34, BCA Syariah Bank at 0.24, and BRI Syariah at 0,22.

Keywords: Islamic Bank, Net Brand Reputation

Introduction

The development of Islamic banking in Indonesia shows an increasing graph in recent years. The skyrocketing rise of Islamic banking is seen not only in Islamic countries but also non-Islamic countries over the last few decades.(Suzuki et al., 2020). In Indonesia, the development of Islamic banks can be seen from the increase in Islamic banking assets. in July 2018 Islamic banking assets were recorded at Rp. 431.427 trillion, an increase compared to July 2017 assets which were recorded at Rp. 378.569 trillion. The number of Sharia Commercial Banks (BUS) is 13 and Sharia Business Units (UUS) are 21(Financial Services Authority, 2018)

Table 1
Development of Islamic Banking in Indonesia

Indicator	2015	2016	2017	July 2018
Number of buses	12	13	13	13
Number of UUS	22	21	21	21
Total Assets of BUS	Rp. 213.423	Rp. 254.184	Rp. 288,027	Rp. 292.197

UUS Total Assets	Rp. 82.839	Rp. 102.320	Rp. 136,154	Rp. 139,230
Total Assets of BUS and UUS	Rp. 296,262	Rp. 356.504	Rp. 424,181	Rp. 431,427

**in billion rupiah*

Source: OJK Sharia Banking Statistics July 2018

One of the reasons for the development of Islamic banking in Indonesia is the better services provided to the public in the form of products and services. One of the services that are widely used and enjoyed by the community today is Information Technology (IT)-based services. According to Baller, Kozeta et al (2011), IT is a strategic tool that can be used as a tool to compete and develop with similar organizations in the present and in the future. IT is one of the factors that will greatly determine the development of Islamic banking in the future which is increasingly developing towards financial technology. According to (Baller et al., 2016)

One of the IT products that is widely used is a mobile-based application. Based on the results of a survey conducted by the Association of Indonesian Internet Service Providers (APJJI) in 2016 which stated that 47.6% of Indonesian internet users use mobile devices and only 1.7% use computer devices. (APJJI, 2016)

Also a survey by MEF, the global association for mobile content and commerce and communications company Ooredoo, showed that 80% of smartphone users had made mobile banking transactions in 2014 compared to 2013 which was only 58%. The growth in the use of mobile banking is also in line with the increase in smartphone sales which reached 24,800,000 in 2014, an increase of 80% compared to 2013 based on data from Internet Data Corporation. (dailysocial.id, 2018)

Especially for Islamic banking, the use of mobile banking has increased significantly, one of which is BCA Syariah. At the launch of mobile banking in 2014, there were 1,105 mobile banking users and 3,176 transactions with a total value of Rp. 3.1 Billion. In 2017, there was a significant increase where mobile banking users were 8,790 and 43,189 transactions with a total value of more than Rp. 46 Billion (biz.kompas.com, 2018).

The increase in the use of mobile banking is due to the convenience provided to customers in conducting banking transactions anywhere based on smartphones which have

become a primary need for the community. This has an impact on the increasing competition for Islamic banks to improve IT-based services. In line with the appeal of the Financial Services Authority to immediately improve IT infrastructure as an enabler or supporting factor to encourage the growth of Islamic Banks(blog.ub.ac.id, 2018)(Komulainen & Saraniemi, 2019; Mustika & Puspita, 2021; Riptiono et al., 2021; Samsudeen et al., 2022; Souiden et al., 2021; Suhartanto et al., 2020; Yussaivi et al., 2021; Zhou et al., al., 2021) . Improving the quality of IT-based mobile banking services carried out by Islamic banks will have an impact on the reputation of the Islamic bank's brand. Brand reputation is one of the important problems that are the goals of the organization. The brand reputation of an organization greatly affects the image of an organization itself. The more positive the image, the more Customer Satisfaction will increase and Return on Investment (ROI) can be achieved.(Lahap & et al, 2016). Likewise with Islamic banks in Indonesia, the more they have a brand that has a positive image in the eyes of the public, the more people will become customers of the bank.

One of the most influential factors on the reputation of Islamic banks is the service factor. The services provided by Islamic banks will affect their reputation in the eyes of users. Mobile banking is one form of service provided by Islamic banks to customers to improve services and also get a good reputation in the eyes of users(Suhartanto et al., 2020). With the better quality of existing mobile banking, it will make customers more served and can improve the reputation of the bank. Meanwhile, if the opposite happens, customers will feel that they are not being served properly and can worsen the bank's reputation in the eyes of customers(Samsudeen et al., 2022).

The opportunity for increasing Islamic bank customers is very large in Indonesia. This is because the majority of people in Indonesia have an Islamic background. In the 2010 Population Census, the number of adherents of Islam in Indonesia reached 207,176.162 million(bps.go.id, 2010). Meanwhile, according to the Director of Research, Development and Regulation and Licensing of Sharia Banking OJK Dhani Gunawan, in 2015 the number of Islamic bank customers reached 15 million people.(beritasatu.com, 2018) This shows that there is still a very large market share in the development of Islamic banks in Indonesia.

The existence of a large market share makes existing Islamic banks compete to

provide the best service so that they have a good brand reputation in the community which has an impact on increasing customers. This study seeks to further examine how the brand reputation of Islamic banks in Indonesia is based on mobile banking applications between 2016-2018 and what factors influence this.

Theoretical basis

Islamic Bank

Law Number 21 of 2008 article 1 paragraph 12 concerning Islamic Banking states that what is meant by sharia principles are Islamic legal principles in banking activities based on fatwas issued by institutions that have the authority to determine fatwas in the sharia sector (Law No. 21 of 2008).

According to Karnaen Purwaatmadja, Islamic banks are banks that operate in accordance with Islamic principles, namely banks whose procedures and operations follow the provisions of Islamic sharia. One of the elements that must be avoided in Islamic muamalah is practices that contain elements of usury (speculation and deception).(Muhammad Firdaus, 2005)

Company Reputation

According to Afdhal, in Martin Tarigan (2014) a company's reputation is an intangible asset. The state of reputation will depend on what the company does as an entity. Furthermore, it will depend on the communications and signals chosen to be presented to the market. A symbol of reputation, the name of the company, if managed properly, will present the company to be supported by the community. It will even be of great value to consumers.

Fombrun in Rani Sherly Fajrina (2012) reputation is the embodiment of a person's experience with the product or service they get. A good reputation will increase credibility, making consumers more confident that they will get what has been promised to them. Reputation is a guarantee that what consumers get will match their expectations.

According to Herbig, Millewicz, Golden in Rofifah Mau'idzah (2015) basically the company's reputation is an award that is obtained by the company because of the advantages that exist in the company, namely the capabilities possessed by the company so that the company will continue to be able to develop itself to continuously can create new things to

meet consumer needs. Besides that, there is also a high level of integrity on the part of service providers for services provided to consumers so that companies can provide the best service, the ability of service providers to be able to establish close relationships with consumers so that the company can provide services that suit various consumers.

Brand

According to The American Marketing Association (AMA) defines a brand as: "A name, term, sign, symbol, or design, or a combination thereof, intended to identify the goods or services of one seller or group of sellers and to differentiate the products or services of those of competitors." (Kotler 2009;258). Meanwhile, according to Kartajaya (2010; 62), defines a brand as: "Assets that create value for customers by increasing satisfaction and respecting quality." One of the things that plays an important role in marketing is the brand. There are several differences between products and brands. A product is something that is produced by a factory and is easily imitated by competitors. While the brand is something that is bought by consumers, have certain values and identities or characteristics that are legally protected so that they cannot be imitated by competitors. Brands affect consumer perceptions of the products to be purchased, so competition between companies is perception competition, not product (Tjiptono 2011:34).

Research methods

The scope of research

This type of research is descriptive research with a quantitative approach because in this study it analyzes independent variables, which are not related or compared with other variables. This research was conducted by analyzing the response data of mobile banking application users which were then tabulated to determine the reputation value of Islamic banks.

Method of collecting data

Data collection techniques used in this research are, documentation and interviews. The documentation method in this study is data collection in the form of reviews of the use of mobile banking in Islamic banks in Indonesia. Interviews in this study are in the form of interviews with Islamic banks to see what factors cause positive and negative responses from

customers who use mobile banking. This interview data is used to strengthen or support the data so that the data obtained is more valid and objective.

Object of research

The Islamic banks that are the object of this research are all Islamic banks that have mobile banking applications. Of the 14 existing Islamic banks, only 6 Islamic banks that meet the research criteria have mobile banking and user reviews.

Data analysis method

In this study the data were analyzed by two approaches:

1. NBR (Net Brand Reputation) Method

$$\text{NBR} = \frac{\text{itif Respon if}}{\text{Total All Responses}}$$

Net Brand Reputation (NBR) is the net brand reputation value across a number of internet features such as social media and google play applications. Calculation of Net Brand Reputation (NBR) aims to simplify the method of measuring consumer loyalty to a brand. With this index, we can focus on increasing positive mentions and reducing negative mentions.

2. Social Network Analysis Method

Social network analysis is the scope of Graph Theory. Graph consists of Node and Vertex. Nodes represent actors (or objects) while vertices are liaisons between nodes. The process of identifying the main actors is a top priority in social network analysis (Wasserman & Faust, 1994). The social network formed is indicated by where a Node can connect with other actors through Vertex.

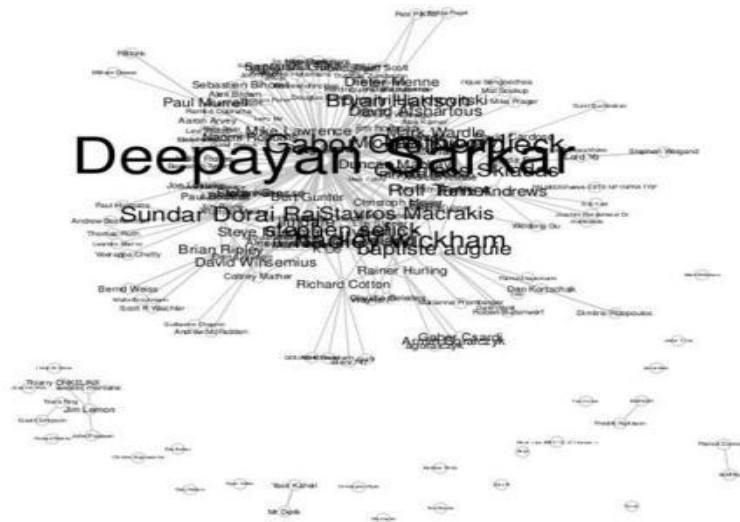
Social network analysis is of the view that the relationship between nodes is important. The focus of SNA is to find out the actors/nodes involved and how the relationship occurs. With whom the actor is connected, how strong the relationship is, what kind of relationship occurs, is the relationship one-way or two-way, how the relationship is facilitated, through what medium the relationship occurs to other

applications such as who has the most ties, who is isolated in the network, what is the distance (gap) and span (length) between each node, where the bottleneck occurs, who is the key player and so on.

To see how much influence an actor has, there are 2 most popular values used:

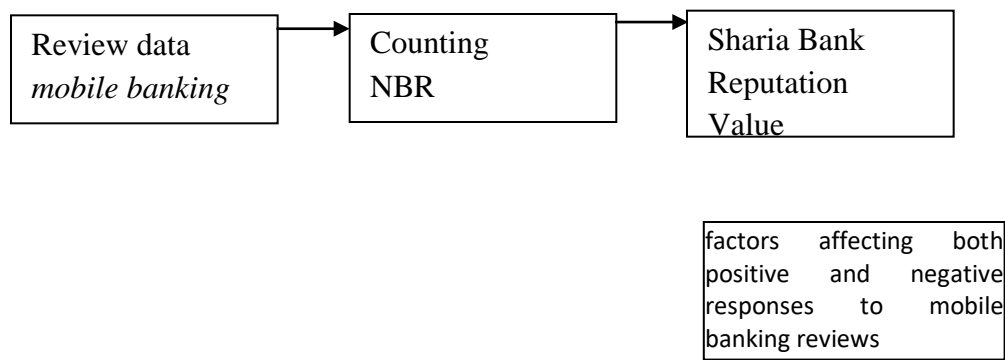
- *Degree centrality*: the number of connections a node has.
- *Betweenness centrality*: this measure shows the role of a node as a bottleneck. The more roads that must pass through the intersection, the more important the meaning of the intersection.

Through social network analysis, it will be seen which actor has the most role in the emergence of negative and positive responses from mobile banking users based on the value of degree and betweenness centrality. The actors in this study are the words



used by mobile banking users in reviews.

Framework





Discussion

Calculation of the Reputation of Islamic Banks by Using the Net Brand Reputation (NBR)

The reputation of Islamic banks in this study was calculated using the NBR method by comparing the number of positive response scores and the number of negative scores. The data is obtained from customer responses using Islamic bank mobile banking. The data collected is as follows:

Table 2
Customer Response of Islamic Bank Mobile Banking Users in Indonesia

No	Bank	Negative Response	Positive Response	Neutral Response	Total Response
1	BCA Syariah	75	32	39	146
2	BRI Syariah	243	70	144	457
3	Bukopin Syariah	37	6	13	56
4	NTB Syariah	79	19	18	106
5	Mandiri Syariah	1190	977	332	2499
6	Muamalat	1701	1132	327	2260

Source: processed data

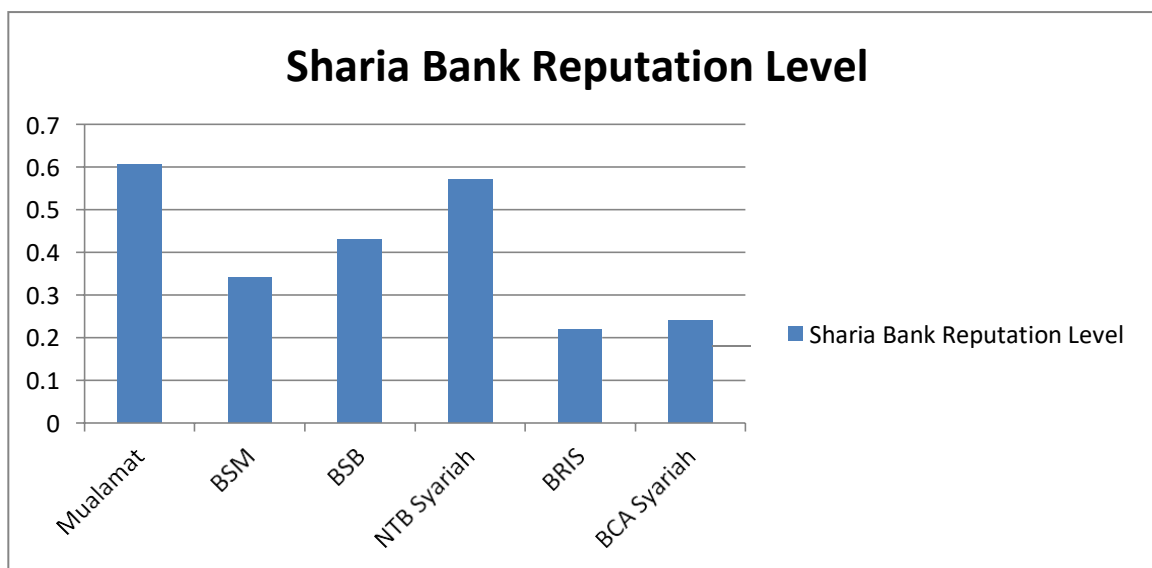
After collecting the data, it is processed using the NBR calculation method. From there it will be able to assess how much NBR a bank has. Where the greater the positive response, the reputation value will be positive, otherwise the higher the negative response value, the bank's reputation will be negative.

Table 2

Reputational Value of Islamic Banks in Indonesia

No	Bank	Reputational Value
1	BCA Syariah	0.24
2	BRI Syariah	0.22
3	Bukopin Syariah	0.43
4	NTB Syariah	0.57
5	Mandiri Syariah	0.34
6	Muamalat	0.61

Source: processed data



Source: processed data

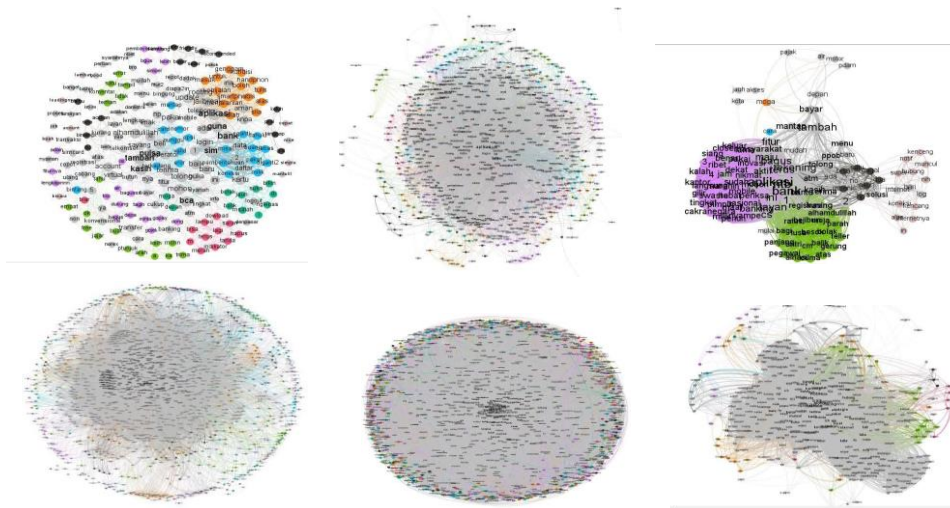
Based on the graphic data above, it can be seen that of all Islamic banks studied in this study, Bank Mumalat has the highest reputation level with a score of 0.607 followed by Bank NTB Syariah, Bank Syariah Bukopin, Bank Syariah Mandiri, Bank BCA Syariah, and BRI Syariah are the lowest. with a value of 0.22. The greater the positive response given by the customer, the better the reputation of the bank from the customer's side.

Social Network Analysis

Dataset

The research used is review data from mobile banking. The data looks at what keywords are the most influential actors in mobile banking reviews for each Islamic bank. This is done so that it can be seen what causes user reviews to be negative or positive. The data is taken with a time span between January 2016 to December 2018. The data is taken and processed using Ghepy and Python which can be used to process data from social networks.

Picture
Islamic Banking Social Network in Indonesia



Source: processed data

Based on the analysis of social networks based on customer responses to mobile banking, the factors that cause negative and positive customer responses are as follows:

1. M-Banking system security.

Security in the use of mobile banking applications is the main reference for Islamic bank customers. Mobile banking with good security will get a good response from customers. The level of security of mobile banking can be seen from the accounts owned with increasingly multilevel password systems. Starting from the account password and mobile banking pin. However, in another view, the increasingly tiered security system also causes customers to feel longer use of mobile banking because it is basically synchronization

between

security and comfort is something that is reversed so that more advanced efforts are needed for Islamic banks to synchronize this.

2. The ease of a website to be accessed.

Accessibility in the use of online service systems through mobile banking is one of the reasons that determine the willingness of customers to choose mobile banking services. The easier it is for consumers to access the website of a banking service company by mobile, it will improve consumer attitudes towards company services and company services will support consumer attitudes.

3. User privacy.

In a mobile banking / financial transaction service system, customers want high privacy. The customer does not want his data to be known or deliberately distributed by the company. Therefore, user privacy is one of the determining factors for customers to use mobile banking services.

4. Service reliability.

Mobile financial transactions have the advantage of unlimited time. Companies that are able to provide services without a time limit (24 hours a day) will be more attractive to customers. Sometimes periodic disturbances occur in a bank's mobile banking, which will have a negative effect on user customers.

5. Credibility of banking service companies.

One of the factors that determine customers to use banking services (m-Banking) is the credibility of the company providing mobile banking services. Companies with a high level of credibility are more attractive to customers to use their mobile banking services.

6. Network connection speed.

Today's consumers or customers have more complex needs/demands for mobile banking service providers. One aspect that must be met is the connection speed in the mobile banking system. Although this error is not found in the banking system but in the provider used by the customer. Network providers

depend on the existing signal on the network, connection errors often occur in places far from signal coverage.

7. Features

The completeness of features in mobile banking is a reference for customers. The more complete the features possessed by the mobile banking service provider, the more customers will be interested in the mobile banking service. The payment, purchase and other features become customer's reference in using mobile banking.

8. Islamic Content

In accordance with the brand, the advantage of Islamic banks is the Islamic side. Mobile Banking which has Islamic content is increasingly in demand by customers. Content such as prayer times, hadith, wisdom and others add to the convenience of customers in using mobile banking.

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