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A STRATEGY FOR STRENGTHENING PUBLIC PERCEPTION TOWARD SHARIA BANKING

Abstract

The number of Muslims in Indonesia reaches 85% of the total population of 270 million, but the progress of the Islamic economics in the country is stagnant. This is evidenced by the sharia banking assets, which only reach 5% and never increase every year. Therefore, it is necessary to investigate the primary obstacles hindering the development of sharia banking, from the perspective of sharia banking per se, and not from the society, as was the case in most previous studies. Besides, this study offers a strategy through a combination of Ibn Khaldun's ashabiyyah and social construction theory of Peter L. Berger and Thomas Luckmann to strengthen the public perception toward sharia banking. The method used to reveal the obstacles is a field survey method in the form of an obstacle's questionnaire with optional answers, which were distributed to several Islamic banks as samples, and then the most selected answers are calculated. Meanwhile, to find a strategic solution, it is necessary to review the literature using a philosophical approach. The results of a questionnaire that was distributed to several Islamic banks indicate three primary obstacles: low level of public awareness about the use of sharia banking (80 %), low level of public understanding and knowledge on sharia banking products (60 %), and low level of government support for sharia banking (40 %). Meanwhile, the theoretical application of asabiyyah theory with the help of the social construction theory can be used to strengthen public perceptions of Islamic banking through a three-stage process: externalization, objectivation and internalization.

Keywords

Islamic economics, sharia banking, ashabiyyah theory, social construction theory

JEL Classification

E71, Z12, Z13, Z18

INTRODUCTION

In the early 1980s, Islamic banks emerged in Egypt, Sudan, the Gulf States, Pakistan, Iran, Malaysia, Bangladesh, and Turkey. The pilot practice of Islamic banking in Indonesia began in early 1980s through discussions of an Islamic bank as a pillar of the Islamic economics. More specific initiative regarding the establishment of a Sharia bank in Indonesia took place in 1990. Exactly on August 18-20, Indonesia Ulama Council (Majelis Ulama Indonesia (MUI)) organized a workshop of bank interest and banking in Cisarua, Bogor, West Java. The outcome of this workshop was discussed in more detail at the fourth MUI National Deliberative Council in Jakarta on August 22-25, 1990, which resulted in a mandate to form a workgroup for establishing a Sharia Bank in Indonesia. This workgroup is called by MUI Banking team who are charged with the responsibility of approaching and consulting on all related aspects. As a result, Banking MUI team is the establishment of PT Bank Muamalat Indonesia (BMI). Similar to its deed of incorporation, it was established on November 1, 1991, but BMI officially operated on May 1, 1992, with the initial capital of Rp 106,126,382,000 (Arfan, 2017, p. 111).



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Sharia bank development in Indonesia since its appearance in the 1990s until now shows a significant growth. Sharia Banking statistics in the October 2013 report released by Bank Indonesia (BI) on February 12, 2014 shows that there is a significant increase in the distribution of funds (financing/credit) of sharia banking to clients with the principle of profit-sharing in *mudharabah* and *musyarakah* contracts. Total *mudharabah* contract financing in 2007 was Rp. 5,578 billion, 6,205 billion in 2008, 8,631 billion in 2009 and 2010, 10,229 billion in 2011, 12,023 billion in 2012 (December), and 13,664 billion in 2013 (October). Also, the *musyarakah* contract shows a significant increase (Arfan et al., 2016, p. 214).

However, it turns out that the development of the Islamic economy with sharia banking as a driving force in Indonesia tends to run in place, as assessed by the Minister of National Development Planning/ Head of the National Development Planning Agency Bambang Brodjonegoro. Indonesia has a great potential to be a center of global Islamic economy as its Muslim population reached approximately 85 per cent of the total Indonesia's population (Pitoko, 2018). Muslim population that reached almost 85 per cent from the total of Indonesian citizens as of July 1, 2019, is in total of 268,074,600 million and is the fourth-ranking in the world, or amounts to 3.54% of total world population (Wikipedia, 2019).

Therefore, in this study, two problem formulations are determined to solve these problems. First, what are the main obstacles that are faced by sharia banking in Indonesia in implementing Islamic Economic System? This is very crucial to know so that strategic steps can be taken to overcome these obstacles. Second, how is the strategic move of *the ashabiyyah's* Ibn Khaldun used to strengthen public perception towards sharia banking with the help of the social construction theory by Peter L. Berger and Thomas Luckmann? This is also very important to understand, since it can be used as a strategic step to optimize this great potential.

1. LITERATURE REVIEW

Islamic banking theory is based on the theory of money and the neoclassical banking system, which implies that money is a 'neutral lubricant' that facilitates exchange. Meanwhile, a bank's position as an intermediary institution equates saving investment in the economy (Siddique, 2020). Maswood (2019) states that every banking activity carried out within the Islamic jurisprudence parameters is called Islamic banking. In practice, Islamic banking applies strong ethical values and risk minimization principles (Maswood, 2019), since the Islamic banking system does not recognize the interest in lending and borrowing activities. It is contrary to the conventional investment banks in which its value is built upon 'real money' – not upon virtual activity from *swap* or *asset derivative* (Musa et al., 2020). Besides, the difference between Islamic banking and the conventional banking can be seen through their *profit* concept and *loss sharing* paradigm (Maswood, 2019). Financial institutions driven by Islamic principles acquire new clients without over-marketing as the conservative values are continuing to be cultivated (Musa et al., 2020). In accordance with com-

petition stability theory, the presence of Sharia banks does not affect profitability, but they have made the banking industry more stable (Rizvi et al., 2020). This stability emerges through asset and liability channels (Rizvi et al., 2020).

They are two types of the Islamic banking structure in Indonesia, namely *Fully-Fledge Bank* or *Bank Umum Syariah (BUS)* and *Subsidiary Unit* or *Usaha Unit Syariah (UUS)*. In Indonesia, Sharia banks still rely on the market-driven approach (Purwanto et al., 2020). Therefore, the structure concept suggested by Yuspin et al. (2020) is the *Fully-Fledge Bank (BUS)* that can be independent, innovative, and increase the market share, which, in turn, can elevate the involvement of Islamic banking in national economic development. Contrary to that, Islamic banking in Malaysia uses a state-driven approach so that their development is relatively better, compared to Indonesia (Purwanto et al., 2020). The ups and downs of Indonesian Islamic Banking occur in sequence with the development of the conventional banking industry (Purwanto et al., 2020), which must be separated from a sharia business unit as regulated in Article 68 of Law no. 21 of 2008 (Pasal 68

UU No. 21) concerning Islamic banking (Yuspin et al., 2020). All banks must perform this separation before 2023. The asset value of *Subsidiary Unit* or *Usaha Unit Syariah (UUS)* has reached 50% of Conventional Commercial Banks' total asset value (Yuspin et al., 2020). Something similar happened in Bangladesh, where many conventional banks have also started Islamic banking by maintaining separate branches/windows and sometimes carrying out a complete conversion strategy (Suzuki et al., 2020).

Islamic banking's prospect depends on the consumer's knowledge of Islamic banking (Ezeh & Nkamnebe, 2019b; Abbas & Shirazi, 2015). In other words, the success of Islamic banking ultimately depends on the readiness of consumers and their implementation (Charag et al., 2020; Jinjiri Ringim, 2014). According to Charag et al. (2020), customer intention to use Islamic banking collectively lies on the attitude, religiosity, culture, risk perception, and government support. In contrast to that, Ezeh and Nkamnebe (2019a) identify four factors – Islam ethics, convenience, awareness of Islamic banking service, and physical evidence – to determine the level of public awareness of Islamic banking. Banks can use the knowledge and understanding of consumers in formulating strategies in positioning and targeting Islamic banking products (Charag et al., 2020). Nevertheless, the front-line employees' knowledge often leads to the inadequate promotion of Islamic banking products (Damon & Bayat, 2018).

A lot of research has been conducted on public perceptions or views on sharia banking since the establishment of sharia banks in 1992. For instance, studies conducted by Bank Indonesia in 2000 in collaboration with several research institutions to map the development potential of sharia banking, based on the analysis of economic potential and attitudes of economic actors and sharia banking, as well as to examine the characteristics and behaviors of users and prospective users of sharia banking services in the community as a basis for establishing sharia banking strategies. The studies were carried out throughout the region of Java Island, including West Java, Central Java, and East Java, with samples in several districts and cities (Mu'allim, 2003, p. 22).

The findings of the research are that public knowledge of the sharia banking system is relatively high, but the understanding of sharia unique banking services and products is relatively low. The factors that can motivate the public to use sharia banking services and products in the West Java and East Java are dominated by the service quality and the proximity of a bank's location from the activity center. On the other hand, for the Central Java region, religious consideration is a significant motivator to encourage the use of sharia banking services and products. Interestingly, the research conducted among the people of West Java revealed that non-costumer communities who were briefed an explanation about sharia banking services and products have a strong tendency to become a sharia banking customer; in contrast, people that already became a sharia banking costumer tend to stop becoming customers due to an inadequate service factor or doubts about the consistency of sharia principles application (Mu'allim, 2003, pp. 22-23).

In most of the studies, the low public perception and interest of the public toward sharia banking are caused by two main factors: first, the factor of sharia banking's service is not yet optimal to their customers. This service variable is the main variable that mostly contributes to their relation with the result of public perception towards sharia banking as similar to the result of field study by Sholihah (2015, p. 82) in East Lombok. Second, the factor of sharia system application is not yet optimal by most of the sharia banks, as the result of field research by Abbas Arfan et al. (2016) towards all sharia banks in Malang City.

Mukri (2014, p. 17) emphasized that it is necessary to have strategical moves in Islamic economy system optimization that should be done by the government, central bank, and economic agents who care about sharia monetary system. Related to that, there are at least five steps in accelerating the development of sharia monetary system, either national or international. First, it is necessary to strengthen Sharia monetary institutional regulation and supervision of Sharia financial institutions. Second, international coordination and collaboration are needed. Based on its nature, Sharia monetary system is more resilient and stable compared to monetary financial shocks. Even though,

in reality, it should be realized that the operation of sharia monetary system is not isolated from the conventional financial system. Therefore, international collaboration and coordination are needed. In status quo, there are some international institutions, like International Financial Services Board (IFSB) in Malaysia, International Islamic Financial Markets (IIFM), and Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI) in Bahrain. Third, collaboration is needed at the level of supervision of cross-border Islamic economic system. There are many sharia monetary institutions that are operated globally, but they still lack collaboration in multilateral supervision. Almost all collaborations in the Islamic economy system focus on standard regulation and liquidity management. Fourth, it is necessary to set sharia monetary system business model, especially in sharia banking, focusing on the real sector than the financial market. Besides, the continuity of development should be more promoted. This model can withstand monetary crisis pressure. Islamic economic monetary development in Indonesia is still in line with the business model. This happened due to the development of sharia monetary product system, which is boosted by the market to fulfill demands in the real sector. However, this strategy does not mean forgetting efforts to develop Islamic monetary/financial products in Indonesia, which are still somewhat lagging. Fifth, the benchmark rate of return based on real sharia principles should be determined. Profit and deficit sharing principle is the spirit of the actualization of the Sharia financial system.

Thus, research related to sharia banking like nowadays public perception should not only criticize sharia banking's shortcomings that affect the low public perception. Positive-applicative solutions should be offered besides constructive critiques. In addition to offering an applicative alternative solution, the research on sharia banking also should dig up direct information from related sharia banking about the main obstacles in the Islamic economy system application, not only assessment and unilateral views, from the sharia banking service users. Based on this, the main objectives of this study are to determine the main obstacles faced by Sharia banking in Indonesia in implementing the Islamic economic system and identify strategic steps to strengthen public perceptions of Islamic banking.

2. RESEARCH METHODS

The type of this study is qualitative research, which is the opponent of quantitative. As Moleong (2001, p. 2) explains, the term of qualitative research, in Kirk and Miller's view, in the beginning, came from the qualitative observation that is opposed by quantitative research. Quantitative observation includes the level measurement of a particular thing. In another term, quantitative research includes the measurement or number or quantity, while qualitative includes quality, which refers to the natural aspect. This study is qualitative as it fulfils the characteristics of qualitative research. According to Zamroni (1992, p. 82), there are five qualitative research characteristics:

- a) it has a natural background and a researcher him/herself as a core instrument;
- b) it is descriptive in nature;
- c) it focuses more on the process than product;
- d) tends to analyze data inductively; and
- e) the meaning is really important.

The data collection technique is used to address the first problem formulation, it is a field survey method with a questionnaire distributed to several Islamic banks in Malang City. The questionnaire includes questions about what the main obstacles are faced, by selecting several optional answers from the seven obstacles provided in the questionnaire. After the answers were collected, their number was calculated and the most selected answer by Islamic banking out of the seven obstacles in the questionnaire was determined.

The data collection technique, to answer the second problem formulation, is the literature study method by reading and analyzing Ibn Khaldun's *asabiyyah* theory and the social construction theory of Peter L. Berger and Thomas Luckmann with the approach of ushul fiqh (Islamic legal philosophy) to be applied as a strategic step to strengthen public perceptions of Islamic banking.

After both data were collected, they were analyzed using the content-analysis method, then they

were explained using the descriptive qualitative method. To analyze data, the descriptive method is used. Descriptive method is a method to examine the status of human groups, an object, a condition, a system of thought or a class of events in the present. The purpose of descriptive research is a systematic, factual and accurate description of the facts, characteristics and relationship between the analyzed phenomena. Besides that, since data resulted from this research is qualitative data, a qualitative analysis method with reflective (deductive-inductive) reasoning is used.

3. RESULTS

3.1. Obstacles facing Malang sharia banking

To find out what obstacles Malang Sharia Banking faces in applying the Islamic economic system, it is enough to fill out a simple questionnaire to which Malang sharia banking, both Sharia Bank and Bank Pembiayaan Rakyat Syariah (BPRS) need to answer. Furthermore, there are eight sharia banks in Malang, they are:

- 1) Bank Syariah Mandiri (BSM);
- 2) Bank Tabungan Negara (BTN) Syariah;
- 3) Bank Muamalat Indonesia (BMI);
- 4) Bank Rakyat Indonesia (BRI) Syariah;
- 5) Bank Negara Indonesia (BNI) Syariah;
- 6) Bank Panin Syariah;
- 7) Bank Mega Syariah dan;
- 8) Bank CIMB Niaga Syariah.

There are eight banks (100%) in the sample of this study, but only three banks were willing to respond and to answer the questionnaire (37.5%), they are: BSM, BTN Syariah, and BMI, while the other five Sharia banks were not willing for various reasons; some reasoned that they were auditing and some wanted to fill out the questionnaire, but they did not return the ques-

tionnaire until this article was written. Also, for BPRS in Malang City, there are just two banks such as BPRS Mitra Harmoni and BPRS Bumi Rinjani. Both BPRS also like the samples from this study (100%), so the total of samples taken is five out of ten sharia banks (50%).

The questionnaire that was distributed to some of those sharia banks, there are eight choices related to the obstacles that sharia banking in can/often faces in applying the Islamic economic system:

- a) There are no clear standards and guidelines yet.
- b) Lack of experienced human sources.
- c) The high cost of professional financial management according to sharia principles.
- d) Low public awareness of using sharia banking in the economy transactions.
- e) Low level of public awareness and understanding of contracts in sharia banking products.
- f) Lack of government support.
- g) They are less competitive compared to conventional commercial banks.

According to the answers, the following table was compiled (Table 1).

Table 1. Obstacles facing Malang city sharia banking

Obstacle Banks	Obstacle							Total
	a	b	c	d	e	f	g	
BMI	-	-	-	√	-	-	-	1
BSM	-	-	-	√	√	√	√	4
BTNS	-	-	-	-	-	√	-	1
BPRS Mitra Harmoni	-	-	-	√	√	-	-	2
BPRS Bumi Rinjani	-	√	-	√	√	-	-	3
Total	0	1	0	4	3	2	1	11

3.2. The Ashabiyyah and social construction theory

The definition of *the ashabiyyah* etymologically came from the word *ashaba*, which means bind. Functionally, *ashabiyyah* pointed to socio-culture bond that could be used to measure the power of social groups. Other than that, *the ashabiyyah* could be understood as social solidarity, by emphasizing awareness, harmony, and group unity (Esposito, 2001, p. 198). However, Ibn Khaldun divided *ashabiyyah* term into two meanings. First, *ashabiyyah* term in the positive meaning, which is related to *the brotherhood* concept. In the history of Islamic civilization, this concept builds social solidarity of Muslim society to collaborate, and set aside *self-interest*, and fulfilling the responsibility toward others. This spirit then encourages the actualization of social harmony and become a powerful strength to support the rise and advancement of civilization. Second, *ashabiyyah* term in the negative meaning, which affects blind loyalty and fanaticism that is not based on the truth aspect (Huda, 2008, pp. 41-52). The context of this second term is the undesired one in the Islamic economic system because it will blur the truth values brought by Islamic Economic Principals.

If it is related to economics, so this *ashabiyyah* theory can be interpreted as “community based economy” that was stated by Ibn Khaldun as *badawah* (traditional/village-based community) and *hadharah* (city/modern based community). Besides that, there are other communities called as family-based communities, workers and merchants. Although Ibn Khaldun with his *the ashabiyyah* explained more about a country and policy, he also used his *the ashabiyyah* theory when discussing the economic problem. According to him, rich people in the city who are famous in helping their community needs will need the power to protect them. This could be gained through people who are close to the king (government), or king’s close friends, or a particular community that the king will respect (Ibn Khaldun, 2000, p. 428). He also added that human will not be able to live alone, he/she still need others. A human could not do much without joining some other power if he/she wants to get foods for him/herself or others. By collaboration, human needs will be fulfilled (Ibn Khaldun, 2000, p. 72).

Moreover, Ibn Khaldun emphasized that religion played an important role in creating unity in *the ashabiyyah*. The spirit of public unity created through religion could not be compared with other spirit unity’s factors, like ethnicity, blood/descent, or even the family (Zainuddin, 1992, p. 155). Therefore, *the ashabiyyah* referred to this study is Islamic religious *the ashabiyyah*, that is the spirit of unity in the Muslim community or *ukhuwwah Islamiyyah* without dividing one mazhab toward another to be together in creating and developing *tsaqafah Islamiyyah* in the form of Islamic economic system culture within the wider community.

Social construction theory, one of contemporary sociology theories was discovered by Peter L. Berger and Thomas Luckmann in their book, *The Social Construction of Reality: A Treatise in Sociology of Knowledge* (1966). This book was a joint project of several sociologists and philosophers; it was initiated in 1962–1963, but for some particular reasons some philosophers could not participate in writing this book, hence it was just written by Berger and Luckmann. Peter L. Berger is a sociologist from the New School for Social Research, New York, and Thomas Luckmann is a sociologist from the University of Frankfurt. This Social Construction Theory, in their view, is as a theoretic and systematic study of the sociology of knowledge (systematically theoretical reasoning) and not as a historical review of the development of scientific disciplines. Therefore, this theory is not focused on matters such as character reviews, influences or others, but rather emphasizes Humans as creative actors in their social reality (Berger & Luckmann, 1966, pp. 40-41). This theory entrenched from a constructive paradigm that sees social reality as a social construction created by an individual who is free. An individual becomes determinant in the social world, which is constructed based on their free will. A human individual in many ways has the freedom to act outside the limit of the control of their social structures and social institutions. Moreover, an individual is a free human being who has a freedom to have relationships with others, so they will create a new social institution together with the community they have created. Hence, in the social process,

an individual is seen as a social reality creator who is relatively free in his/her social world. This means that an individual is not a victim of social fact, but is a production machine and creative reproduction in constructing their social world.

Berger and Luckmann emphasized that public institutions are created and defended or changed through human action and interaction itself. Although, society and social institutions seem to be real objectively, in fact, everything is built in the subjective definition through the interaction process. Objectivity can occur through repetitive affirmations given by others who have the same subjective definition. In the level of the highest generality, human created the world in the universal symbolic meaning, which is their comprehensive view of their life, that legitimate and control social shapes also give meaning to various areas of their life. This construction process, in Berger and Luckmann theory's perspective, takes place through dialectical social interaction of the three forms of reality that become entry *concept*, they are *subjective reality*, *symbolic reality*, and *objective reality*.

Objective reality is a complexity definition reality (including ideology and belief), routine behavior and action that has been already shaped, that all are internalized by an individual commonly as a fact. *Objective reality* is shaped from experiences in the objective world outside of an individual's world and reality that is guessed as a reality. *Symbolic reality* is all symbolic expression from everything which is internalized as the objective reality, for instance, media industrial product text, like news in print or online. In other words, symbolic reality is a symbolic expression from objective reality in every kind of shape. *Subjective reality* is the construction of a definition of reality owned by individuals and has already been constructed through internalization. This means that subjective reality is a reality created as a re-internalization process from two preceded realities (objective and symbolic) into an individual through internalization (Yuningsih, 2006, p. 61). That is, the subjective reality inherent in every individual is the basis of self-interference in the externalization process or social interaction with other individuals in the social structure.

4. DISCUSSION

4.1. Obstacles faced by sharia banking in Malang City

The results of the field study show that the first position as the most chosen obstacle facing by sharia banking is obstacle d), that is, Low public awareness of using sharia banking in their economy transactions, because this obstacle was chosen by 4 out of 5 sharia banks (80%). Then, the obstacle e) ranked the second, Low public awareness and understanding about contracts in sharia banking products, since it was chosen by 3 out of 5 sharia banks (60%). Both of those obstacles could show that public perception and interest in sharia banking are still low. The third position is occupied by obstacle f): Lack of government support, as it was chosen by 2 out of 5 sharia banks (40%).

As for the obstacle a) (There are no clear standards and guidelines yet) and obstacle c) (High cost of professional financial management according to sharia principles), they are zero (nihil). This means that in sharia banks, there is already a clear guideline from the government to operate sharia banking and not high cost of professional financial management under sharia principals. As for the obstacle b) (Lack of experienced human sources) and g) (They are less competitive compared to conventional commercial banks), each of them was just chosen by one sharia bank. This shows that the current problem with experienced resources is not an obstacle for Islamic banking, because these resources have been fulfilled. Also, nowadays sharia banking can compete with Islamic banking not be inferior to conventional banking.

Low awareness can be seen from the lack of a sense of belonging of each Muslim person to Islamic banking. This is clear evidence that every Indonesian Muslim person does not feel that he belongs, let alone be responsible for Islamic banking's growth and progress. Even though this awareness refers to the socio-cultural ties that can be used to measure social groups' strength by emphasizing group awareness, cohesiveness, and unity.

The low public knowledge about Islamic banking is a condition in which people are not fully

aware of Sharia banks and the difference between Islamic banks and conventional ones. Their primary knowledge of transaction products and their application procedures in Islamic banking are still relatively low.

The development of banking cannot be separated from the government's involvement in the functioning and development of banks. Government support has enabled the banking sector to progress. Simultaneously, the lack of government support, along with a weak legal and regulatory framework, and a low level of public awareness of Islamic finance have resulted in low demand for Islamic banking products (Smolo et al., 2020).

There are three main obstacles for Islamic banking that are found from the perspective of Islamic banking itself, although there are several weaknesses of this study, including few and limited locus and research samples, but at least, it can be a picture of other sharia banking conditions that are likely not much different. In addition, this study can complement the shortcomings of other studies, because the existing research shows that two things mainly cause the low level of public perception and interest in Islamic banking. First, the factor of suboptimal Islamic banking services to its customers (Sholihah, 2015). Secondly, the factor of implementation of the sharia system in most Sharia banks was not optimal (Arfan et al., 2016).

4.2. Applying Ashabiyyah theory and social construction to strengthen public perception of sharia banking

Low perception of Indonesian society in general and Muslim society in particular toward sharia banking, as explained above, is a social reality. Social reality in the view of constructive paradigm, as understood from Berger and Luckmann's theory, is a social construction created by an individual who is a free human being and, in fact, is a determinant in the social world built based on their will. Therefore, society is not a victim of social reality, but is a creative production and reproduction machine in constructing their social world. Thus, social reality in its relation, with the

low public perception of sharia banking, could be pursued by its change with Ibn Khaldun *the ashabiyyah* theory.

The ashabiyyah in a shape of religion such as Islam, which is the religion with the most followers in Indonesia, is the main modal. Islam could play an important role in creating unity in *the ashabiyyah*. The spirit of society's unity shaped through Islamic religion could not be defeated by other unity spirits shaped by other factors, such as ethnicity, citizenship, blood/descent, or even family. As it has been already explained before, *the ashabiyyah* theory means *the ashabiyyah* of Islamic religion, that is the spirit of unity in Islam community or *ukhuwwah Islamiyyah* without differentiating one mazhab toward others in order to create and develop *tsaqafah Islamiyyah* together in the form of a culture of the Islamic economic system within the wider community.

According to Ibn Khaldun, the application of the *the ashabiyyah* theory to strengthen public perception toward sharia banking independently without help from another theory is relatively hard. This is because *the ashabiyyah* theory is classified as a general and normative theory, thus another theory is needed such as applicative theory. One of the applicative theories that could be used is Berger and Luckmann's social construction theory that has some basic assumptions from its theory, which are as follows:

- a) the reality can the creation of creative humans through the social construction power against their social world;
- b) the relationship between human thought and the social context in which it arises is developed and institutionalized;
- c) society's life is continually constructed; and
- d) there is a difference between reality and knowledge.

Reality is defined as a quality contained in reality that is recognized as existing (*being*), which does not depend on our own will. Knowledge is defined as the certainty that realities are *real* and have specific characteristics.

4.2.1. Externalization: self-adaptation moment

Externalization is the first process in creating social construction. It is a self-adaptation moment with the socio-cultural world. At this moment, the used media are language and action. Language is a human communication tool in the process of self-adaptation, while actions are activities that are inherent when the language is used. At this moment, some managed to adapt and some failed (Syam, 2005, p. 249). Both of them are like two sides of a coin that could not be separated.

In this first stage, a strategical move to strengthen public perception toward sharia banking is socializing *tsaqafah Islamiyyah* (Islamic Economic Knowledge) to the wider community and continually through podium of the mosques, mass media (print and electronic), other place and media that could be an information source to the wider community. The existence of this stage is the first and most important as the success of socialization in this stage will determine the next two stages. Process in this stage is an adaptation effort of each Muslim individual with the holy texts (Quran and Sunnah) and other scholars' view used as a foothold to provide legitimacy about the obligations of every Muslim to use the Islamic economic system in their every economic transaction.

4.2.2. Objectification: self-interaction with socio-cultural world moment

The second social construction stage is *objectification*. In objectification, social reality seems to be outside of human beings. It becomes an objective reality that has two realities, there is a subjective reality of the self and other realities that are outside of the objective self. Those two realities (subjective and objective) create an inter-subjective network interaction through the process of institutionalization (Syam, 2005, pp. 252-253).

Objectification is a self-interaction process of each Muslim individual with *tsaqafah Islamiyyah*. In the second stage, hopefully, there could be continuous interaction between the two (each Muslim individual in the society with *tsaqafah Islamiyyah*), therefore, there could be a strong tradition entrenched into the society. The society, according to Berger and Luckmann, is an objective

reality where there is a process of institutionalization established based on habitualization that includes continuity action so that the patterns are visible (polarization) and continue to be reproduced as an understood action. If this habitualization has taken a place, then there will be precipitation and tradition. The whole human experience is stored in consciousness, settles and, finally, can understand itself and its actions in the social context of life. Through this tradition process, finally, the experience is transmitted to the next generations. Likewise, *tsaqafah Islamiyyah* is in the form of Islamic Economic Knowledge, if it has been socialized continually to the wider community (externalization process). It then impacts those continuously practiced in public economic transactions, especially in Islamic banking, in such a way that the civilized *tsaqafah Islamiyyah* took its place and entrenched until it could be transmitted to next generations.

As already explained above, the process of objectification is a self-interaction process with their socio-cultural world, so objectification is a process of realizing one's position in the midst of interaction with the social world. Hence, in the objectification process, self-awareness is the most important. Each Muslim individual should have a self-awareness that he/she must know Islamic economic knowledge and practice it in his/her economic transactions, including choosing a sharia bank over conventional banking.

4.2.3. Internalization: self-identification moment with socio-cultural world

Internalization is a process of an individual's self-identification in the socio-cultural world. Internalization is the moment of withdrawal of social reality into oneself or social reality to become a subjective reality. When social reality is in human beings, the human self will be identified in their socio-structural world (Syam, 2005, p. 255). Thus, internalization is the final stage of the new social construction shaping process. This is because internalization is a moment to place ourselves in the middle of social life, hence it will produce some typologies and social classification based on awareness, understanding, and self-identification, which in this context is self-identification of each Muslim individual

with their *tsaqafah Islamiyyah*. This means the actualization of social classification in the society, which is based on theological-ideological society, therefore, it will be easy to distinguish between Muslim identity and non-Muslim in the society during economic transactions.

By nature, humans tend to group and will always be in a group that is mostly based on a sense of identity. Therefore, barriers to social interaction will not be often found when humans are in the same identity, even vice versa, and can interact intensively (Syam, 2005, p. 255). The human tendency to group in the same

identity and keep trying to be in the group is the fact of the instinct (potential) of *the ashabiyyah* of each human individual. However, there are negative and positive *the ashabiyyah*, as already explained above about Ibn Khaldun *the ashabiyyah* theory. Furthermore, *the ashabiyyah* that will be built on the basis of Berger and Luckmann's social construction theory is fanaticism on *tsaqafah Islamiyyah*, which is classified positively as *the ashabiyyah*. This is because one of the main principles of Islamic economics is to realize equality, honesty, and fairness in economic transactions with anyone, even non-Muslims.

CONCLUSION

Based on several studies, this paper indicates that the public perception of Islamic economic system in sharia banking is still low due to several obstacles. Nevertheless, the obstacles in this study are seen from the perspective of sharia banking per se, rather than from a societal perspective, as in most studies. The aim of this study is to investigate the primary obstacles faced by sharia banking and how alternative solutions can be applied as a strategy in an effort to strengthen public perceptions of sharia banking. The findings of this study are as follows. First, there are three main obstacles faced by sharia banking in Indonesia in implementing the Islamic economic system:

- a) lack of public awareness in using sharia banking for their economic transactions;
- b) lack of public knowledge and understanding of the contracts in sharia banking products;
- c) lack of government support to develop an Islamic economic system through sharia banking.

Second, the application of Ibn Khaldun's *ashabiyyah* theory to strengthen public perception of sharia banking with the help of Peter L. Berger and Thomas Luckmann's social construction theory is through three processes:

- a) *externalization*: an effort to adapt each individual Muslim to *tsaqâfah Islâmiyyah* (Islamic economics) through intensive socialization;
- b) *objectivation*: the continuous interaction of Muslim individuals and *tsaqâfah Islâmiyyah*, so that it becomes a strong tradition;
- c) *internalization*: the realization of social classifications in society on the basis of theological-ideological in economic transactions.

Although the locus of this study is in only one city in Indonesia, it is expected to benefit the wider community, especially other Islamic banking researchers, policy makers, and practitioners.

AUTHOR CONTRIBUTIONS

Conceptualization: Abbas Arfan.

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