
COMPARATIVE ANALYSIS OF PUBLIC INTEREST IN USING ISLAMIC BANK SERVICES AND THE NON-BANK FINANCIAL INDUSTRY (A CASE STUDY OF A VILLAGE COMMUNITY MULYAMEKAR BABAKANCIKAO PURWAKARTA)

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Abstract

There are two types of banks, namely conventional banks and Islamic banks. Both types of banks have become part of the process of fulfilling the daily needs of the Mulyamekar Babakancikao Purwakarta community, even though the community as a whole is Muslim. As for money lending and borrowing financing transactions, the people of Mulyamekar Babakancikao Purwakarta Village still use more conventional financial services, compared to sharia banking services, this can be seen that more people also use the services of loan sharks, rather than sharia-based services, although they do not think about how important the amount of interest set. The purpose of this study (a) to determine the interest of the people of Kampung Cihideung, Mulyamekar Village, Babakancikao District, Purwakarta Regency in using Islamic bank services; (b) to determine the interest of the people of Mulyamekar Village, Babakancikao Purwakarta in using the non-bank financial industry; (c) to determine the comparison of the interest of the people of Mulyamekar Village, Babakancikao Purwakarta in using Islamic bank services and the non-bank financial industry. The type of research used is qualitative research with an analytical descriptive approach, for data collection carried out through observation, interview, and documentation techniques, while to be sharper, it is carried out through the data analysis process used in this study, the data that has been collected is re-examined regarding the completeness of the answers received, their clarity, consistency of answers and their relevance to the problem and through the data validity test process by triangulation. The results of the research findings show that a). very little public interest in using Islamic bank services, due to lack of socialization to the community, lack of understanding of Islamic banks, Islamic banking services that have not been maximized, finally the community does not use Islamic bank services and has product factors, promotional factors, service factors and need factors that influence the community's interest because it is very difficult to understand it; b). Public interest in using the non-bank financial industry, because it is not limited by the existence of a non-bank financial industry institution that comes to Cihideung Village, Mulyamekar Village, Babakancikao District, Purwakarta Regency, easier disbursement on the use of non-bank financial industry services so that for the needs of life more quickly help, for capital and have products, promotional factors, location factors, installment factors can be reached quickly; c) Comparison of public interest in using Islamic bank services and the non-bank financial industry, the most prominent thing that compares these two banks is seen from the interest system. If the non-bank financial industry is seen from the function of the non-bank financial industry, it provides more capital to the middle to lower economic community, so that they are able to build a business with a loan system, while Islamic banks use a profit sharing system, because for Islamic banks the interest system is haram. The conclusion on the analysis of the results of research on the comparative analysis of public interest in using Islamic bank services and the non-bank financial industry is that between each institution has factors that influence interest and has different provisions where the people of Cihideung Village, Mulyamekar Village, Babakancikao District, Purwakarta Regency use the non-bank financial industry more than Islamic bank services.

Keywords: Comparison, Community Interest, Islamic Bank Services and Non-bank Financial Industry

Introduction

The banking world is one of the institutions that plays a very important role in the economic life of a country, especially in the field of economic financing. Based on Law No.10 of 1998 concerning banking, a bank is a business entity that collects funds from the public, especially in the form of deposits and distributes them to the public in the form of financing and other forms in order to improve the lives of many people (Fitriah et al., 2011)

The more developed people's lives and economic transactions of a country, it will also require an increase in the banking sector through the development of its service products (Fitriah et al., 2011). Moreover, the development of

service products is not only conventional banks, but also the emergence of sharia banks. So that scientists provide an opportunity to use products from two types of services, including providing financial services in sharia which should be of interest to the Muslim community of Cihideung Village in particular.

But sometimes there are many perceptions that assume that Islamic banking is the same as conventional banking. Islamic banking has fundamental differences with conventional banking, namely regarding legal aspects, organizational structure, business activities financed and work environment. Islamic banking operations are based on sharia principles, namely the principle of profit sharing, the principle of buying and selling and renting by doing business through *mudharabah*, *musyarakah*, *murabahah* and *ijarah* contracts (Sobarna, 2021)

The emergence of the Non-Bank Financial Industry (IKNB) is expected to be a problem solver for the problems of the Indonesian economy, as well as being able to become one of the long-term economic instruments. A well-developed Non-Bank Financial Industry (IKNB) has the potential to fulfil economic development goals. By providing additional and alternative financial services, the Non-Bank Financial Industry (NBFI) improves access to public finance across the system. They also help facilitate long-term investment and financing, which is often a challenge in the early stages of bank-oriented financial sector development (Faza & Wibowo, 2019)

It also competes with bank deposits, thereby mobilising long-term funds needed for the development of the capital market sector as well as the corporate bond market, infrastructure finance, mortgage bond market, leasing, factoring, and venture capital. Collective depository institutions also allow for better management of funds while helping to reduce potential system risk through pooling of resources, risk allocation, and the application of portfolio management techniques that transfer risk across diversified parts of the financial system (Faza & Wibowo, 2019)

The potential of the Non-Bank Financial Industry (IKNB) is of course also owned by both the Conventional and Sharia Non-Bank Financial Industries (IKNB). The Sharia Non-Bank Financial Industry (IKNB) is based on sharia principles or in its transactions does not contain at least three things, namely usury, *gharar* (uncertainty), *maysir* (gambling) which are believed to be the cause of instability and economic crises that occur in various parts of the world. The Islamic Non-Bank Financial Industry (IKNB) also uses the risk sharing paradigm. This concept will make the parties involved careful in channeling financing or in making investments (Faza & Wibowo, 2019)

The process of fulfilling the daily needs of the community is different, there are those who make buying and selling transactions, leasing, transaction lending and borrowing, and others. By fulfilling these needs, the community prefers to make transactions that offer money loans which are certainly tempting for the community to get money quickly and easily, so that when these needs are met, the community only needs to follow the terms and conditions in the institution (Faza & Wibowo, 2019)

However, based on the results of direct research observations, the problem of lending and borrowing financing transactions of the people of Kampung Cihideung, Mulyamekar Village, Babakancikao District, Purwakarta Regency still uses conventional financial services. Therefore, along with the increasing and urgent needs of the community that are not balanced by a good economy, therefore the community prefers to fulfil their needs by borrowing from the non-bank financial industry compared to Islamic bank services (Dariana, 2020)

For a Muslim, sharia and non-sharia transactions, or between halal and haram, will affect the life of a Muslim. Islam does not look at economic issues from a capitalist perspective or from a socialist perspective, but it does allow for individual rights without damaging society. The Islamic concept of buying and selling places both the moral and material aspects of life as the basis for building the power of buying and selling on moral values. Allah and the Prophet (peace and blessings of Allah be upon him) have defined the exchange of goods with the consent of both parties to a trade transaction as permissible and prohibited the taking of other people's property without their consent and permission (Khodijah et al., 2023)

In addition to maintaining the relationship between a Muslim in conducting transactions With the basis of mutual consent without any element of fraud in it and halal or haram, there is an impact on the life of a Muslim community in Mulyamekar Babakancikao Purwakarta Village, the majority of Muslims, all transactions carried out must be sharia as well, or avoid elements of *Maisir*, *Gharar*, *Riba*, *Dzulm*, and *Najasy*. Affirmed in the hadith of Rasulullah S.A.W. Surah An-Nisa verse 29 (Kementrian Agama RI, 2018) , is as follows :

يَا أَيُّهَا الَّذِينَ ءَامَنُوا لَا تَأْكُلُوا أَمْوَالَكُمْ بَيْنَكُمْ بِالْبَاطِلِ إِلَّا أَنْ تَكُونَ تِجَارَةً عَنْ تَرَاضٍ مِنْكُمْ وَلَا تَقْتُلُوا أَنْفُسَكُمْ إِنَّ اللَّهَ كَانَ بِكُمْ رَحِيمًا

Hai orang-orang yang beriman, janganlah kamu saling memakan harta sesamamu dengan jalan yang batil, kecuali dengan jalan perniagaan yang berlaku dengan suka sama-suka di antara kamu. Dan janganlah kamu membunuh dirimu; sesungguhnya Allah adalah Maha Penyayang kepadamu.

The presence of Islamic financial institutions as a forum for Muslims to transact according to sharia rules, so that the profits and lives of Muslim communities are more blessed. With the existence of Islamic financial institutions, the public is more aware that Islamic banks do not use interest as a means of obtaining income or charge interest on the use of funds and loans, but instead apply a profit-sharing pattern. While conventional banks get rewards in the form of high deposit interest, while the interests of shareholders include obtaining an optimal spread between deposit interest rates and loan interest rates. Therefore, people must be able to compare which one should be interested or not, in accordance with sharia rules..

However, the people of Kampung Cihideung Mulyamekar Village, Babakancikao District, Purwakarta Regency, are still minimal with knowledge about Islamic banking even though the majority of the community are Muslims. Because among the community that Islamic banking financial services are increasingly rapid, therefore socialization activities in the context of increasing public understanding of Islamic banking Islamic law in the Islamic banking sector is still less effective. So that complete information is needed about the characteristics and behavior of customers / prospective customers who are interested in Islamic banking (Observation Result:2023)

In addition, some people in Mulyamekar Babakancikao Purwakarta Village already know about the dangers of usury from loan sharks, but there are still many people who use the services of loan sharks. Because it is no longer a taboo when people use financial loan services, lending their money by applying interest even though sometimes the interest is quite large. As a society, they sometimes do not care how much interest is set by the service provider. Because for them, the important thing is to get money quickly and easily.(observation result : 2023)

Furthermore, what is even more sad is that the marketing of this loan shark service uses the method of promotion to houses by knocking on doors one by one by getting financing, so that it can get more customers. In this way the community is more interested, because they do not have to go far to borrow money from other banks with this opportunity the community is immediately interested in using conventional financial services compared to Islamic banking services. .(Observation Result : 2023)

With regard to this background, the authors are interested in researching related to public interest in using Islamic bank services and the non-bank financial industry. Therefore, the author wants to conduct research with the title "Comparative Analysis of Public Interest in Using Islamic Bank Services and the Non-Bank Financial Industry (Case Study of Mulyamekar Village Community Babakancikao Purwakarta)".

Theory Review

1. Interests

Interest is a source of motivation that drives people to do what they want when they are free to choose, when they see that something is beneficial, they feel interested. This then brings satisfaction. When satisfaction decreases, interest decreases.

Every interest satisfies a need in the child's life, even if this need is not immediately apparent to adults. The stronger this need, the stronger and more enduring the interest. Furthermore, the more often the interest is expressed in activities, the stronger it becomes. Conversely, interest will be extinguished if it is not channeled..

This can be concluded in other words, interest is an intrisik process that binds to choices and changes in individuals, in Surah Ar-Ra'ad verse 11 explained (Applied : 2023)

لَهُ مُعَقَّبَاتٌ مِّنَ بَيْنِ يَدَيْهِ وَمِنْ خَلْفِهِ يَحْفَظُونَهُ مِنْ أَمْرِ اللَّهِ إِنَّ اللَّهَ لَا يُغَيِّرُ مَا بِقَوْمٍ حَتَّىٰ يُغَيِّرُوا مَا بِأَنْفُسِهِمْ ۗ وَإِذَا أَرَادَ اللَّهُ بِقَوْمٍ سُوءًا فَلَا مَرَدَ لَهُ ۗ وَمَا لَهُمْ مِّنْ دُونِهِ مِنِّ وَالٍ

“How (man) there are angels who always guard him in turn, from in front of him and behind him. they guard him at the command of Allah. Verily, Allah will not change the condition of a people until they change the condition

of themselves. And if Allah wills evil for a people, there is no one who can resist it, and there is no refuge for them except Him.”.

The Qur'an describes the desires, likes, interests, passions and goals of human beings in life on earth. In order to achieve their goals, humans are required to work hard and struggle. As with talent, interest is also something that must be passed on to concrete thing.

The factors that influence interest include; product, promotion, service, and needs

2. Shari'ah Bank

Sharia banks are banks that carry out business activities based on Sharia principles, or the principles of Islamic law as regulated in the fatwa of the Indonesian Ulema Council such as the principles of justice and balance ('adlwa tawazun), benefit (maslahah), universalism (alamiyah), such as not containing gharar, maysir, usury, dzalim, and haram objects, so a sharia bank is a state financial institution that provides credit and other services in payment traffic and also money circulation that operates using sharia or Islamic principles.

Sharia banks have an important role as facilitators of all economic activities in the halal industry ecosystem, and sharia banking has been supervised and protected by the OJK (Financial Services Authority) and the DPS (Sharia Supervisory Board) of the Indonesian Ulema Council (DSN-MUI).

The law of sharia banks according to Indonesian law is found in Law Number 10 of 1998 as an amendment to Law Number 7 of 1992 which further strengthens the regulation of sharia banking in Indonesia, banks that carry Islamic law are still in the form of creditors people. This form of people's credit adopts the principle of profit sharing as determined by the government on the legal basis of the sharia bank. The legal basis of the sharia bank is found in QS. Al-Baqarah verse 283 (Kementrian Agama RI, 2018)

3. Non-Bank Financial Industry

The non-bank financial industry (IKNB) is a financial service activity other than banks which includes pension funds, financing institutions, guarantee institutions, pawnshops, insurance companies, and institutions that organize mandatory social security, pension and welfare programs, as well as other non-bank financial industries (Case Study of Mulyamekar Village Community Babakancikao Purwakarta)

Research Methodology

This type of research uses qualitative methods, which are assisted through a descriptive approach. Qualitative research methods are often called naturalistic research methods because the research is conducted in natural conditions (natural settings). Qualitative research is a research procedure that produces descriptive data in the form of written or spoken words from people and behaviors that can be observed. The descriptive approach is not intended to test certain hypotheses, but only describes what it is about a variable, symptom, or situation. Therefore, this research is focused on analyzing the comparison of public interest in using the services of Islamic banks and non-bank financial industries (Wahyuni, 2019)

Primary data is the type and source of research data obtained directly from the first source (not through intermediaries), both individuals and groups Case Study of Mulyamekar Village Community Babakancikao Purwakarta) In this study, primary data sources were obtained from data obtained directly from the field, namely the authors conducted direct observations and interviews with sources from the people of Kampung Cihideung, Mulyamekar Village, Babakancikao District, Purwakarta Regency using a sample of 10 people, related to the comparative analysis of public interest in using Islamic bank services and the non-bank financial industry..

Secondary data is data obtained from graphic documents (tables, notes, meeting minutes, etc.), photographs, video recordings, objects, and others that can enrich primary data . In this study, secondary data were obtained from books, journals, scientific papers, archives, or the internet related to the research material. Case Study of Mulyamekar Village Community Babakancikao Purwakarta)

The data collection techniques can be done in various settings, various sources, and various ways. Based on the research method used, namely qualitative methods, the data collection techniques carried out by researchers are observation, interviews, and documentation.

Observation

In this study, researchers conducted frank observation, where in collecting data, researchers stated frankly to the data source that they were conducting research. The research directly went to the field with the people of Kampung Cihideung RT. 27, 12, 23 RW. 004 Mulyamekar Village Babakancikao District Purwakarta Regency;

Interview

The conversation was conducted by two parties, namely the interviewer who asked questions and the interviewee who gave answers to the questions

In this study, researchers conducted semi-structured interviews which were included in the in-dept interview category, where in the implementation of interviews the researchers and informants were already open to each other, had established social ties so that the atmosphere was not too tense, so that researchers were no longer awkward in asking questions related to research objectives. In this study, researchers conducted interviews with several sources, namely: Mr. Agus Nuryanto as the head of RW.004 Kampung Cihideung Mulyamekar Babakancikao Purwakarta, Mrs. Entin as the head of RT.27, Kampung Cihideung Mulyamekar Babakancikao Purwakarta., Mr. Andri Sulastri as the head of RT.12, Kampung Cihideung Mulyamekar Babakancikao Purwakarta, Mr. Umar Seno Aji as the head of RT.23, Kampung Cihideung Mulyamekar Babakancikao Purwakarta, Ustadz Samsudin as the Religious Leader of RT.27, and Mr. Suparman as the community leader of Kampung Cihideung Mulyamekar Babakancikao Purwakarta, Mr. Ustadz Acu Nursamsu as the Religious Leader of RT.12, and Mrs. Wati Rustiawati as the community leader of Kampung Cihideung Mulyamekar Babakancikao Purwakarta and Mrs. Ustadzh Titi as the Religious Leader of RT.23, and Mr. Karsim as the community leader of Kampung Cihideung Mulyamekar Babakancikao Purwakarta.

Documentation

The documentation used by researchers uses research methods in the form of documentation in the form of photo archives, forms of letters, data and others..

The data that has been collected is checked again regarding the completeness of the answers received, their clarity, consistency of answers and relevance to the problem. The data is rearranged in an organized, sequential and logical manner so that it is easy to understand and easy to interpret. Then the data is placed according to a systematic framework of discussion based on the order of the problem, the data is grouped systematically..

As for the data checking technique in the credibility test, the researcher uses triangulation. Researchers triangulate data with data source triangulation, carried out by rechecking the data that has been obtained through interviews, observation and documentation (Case Study of Mulyamekar Village Community Babakancikao Purwakarta)

Results and Discussion

1. Public Interest in Using Islamic Bank Services

Public interest in using Islamic bank services is small due to lack of socialization to the community, lack of understanding of Islamic banks, branches are less supportive, the process is less fast and easy, which ultimately the community does not have the confidence to use Islamic bank services. In Kampung Cihideung RT.12, 23, 27 RW.004 Mulyamekar Village, Babakancikao District, Purwakarta Regency, interest in Islamic bank services is very lacking, this happens because banks that are in the nearest location, especially in Kampung Cihideung RT.12, 23, 27 RW.004 which often come while promoting products to each house are non-bank financial industries in the form of leasing, pawnshops, cooperatives and BRI..

However, the people of Kampung Cihideung RT.12, 23, 27 RW.004 Mulayemakar Babakancikao Purwakarta Village not only use that financial institution, but also use various financial institutions but still use the non-bank financial industry. Judging from the factors that influence interest in Islamic bank services:

- a) The product factor, is everything that can result from the production process and can be offered to consumers in the form of goods or services and can satisfy a desire or need.
- b) Promotion factor, is a means used to introduce products to the wider community. Because promotion affects people's interest in using Islamic bank services.
- c) Service factor, is an act of the best service provided by the company to customers or consumers, so that consumers can fulfill their wishes with. The best service that is based on sincere intentions, then in the view of Islam it is called worship..
- d) The Need Factor, is a person's natural nature so that it is used as a motivation in behavior, namely by utilizing existing facilities.

2. **Public Interest in Using Non-bank Financial Industry**

The existence of a non-bank financial industry in the community does not limit the existence of a non-bank financial industry institution that comes to Kampung Cihideung RT. 12, 23, 27, RW.004 Mulayamekar Village, Babakancikao District, Purwakarta Regency, especially more interesting with the existence of a non-bank financial industry to make it easier for people to meet their needs, for business capital, and others.

Judging from the factors of interest in using the non-bank financial industry:

- a) Product factors the types of products offered by a number of no-bank financial institutions to achieve the objectives of the institution.
- b) Promotional factors are introducing products to the public by providing knowledge about the non-bank financial industry..
- c) The location factor is one of the factors that influence people's interest in using their products. Not only is it strategic, it turns out that the distance from where people live is also one of the factors that influence people's interest in using Islamic bank services. They do not need to go to a distant bank and no longer need to queue for a long time even though there are also those in the non-bank financial industry who do this..
- d) rvice factors in their activities provide services in the financial sector in the form of investment, risk management, as well as contractual savings, loans, etc..
- e) The installment factor is the money used for installments or installments. This installment is one of the proofs for the loan system.

Interest in using the non-bank financial industry to transact in non-bank financial industry institutions..

The community considers that making transactions in Islamic bank financial institutions and the non-bank financial industry is the same, which both provide benefits and help them overcome problems in financial matters..

This happens due to the lack of socialisation from the parties concerned in providing understanding to the public regarding financial institutions. However, there are some people who say that transactions in non-bank financial industry institutions are more profitable than Islamic banks, as evidenced by the lack of understanding of the Islamic bank system

3. **Comparison of Public Interest in Using Islamic Bank Services and the Non-bank Financial Industry**

The comparison of Islamic bank services and the non-bank financial industry is generally seen in terms of the same meaning but different from the system used. The most prominent thing about the comparison of these two banks is the interest system. If the non-bank financial industry is seen from the function of the non-bank financial industry to provide capital to the lower middle economic community so that they are able to build businesses with a loan system, while Islamic banks use a profit-sharing system, because for Islamic banks the interest system is haram.

As well as having factors of interest in using Islamic bank services, namely: promotional factors, product factors, service factors, need factors. While the non-bank financial industry, namely: product factors, promotional factors, location factors, service factors, instalment factors.

Interest in using Islamic bank services can be said to be low. This can be evidenced from the lack of socialization from Islamic banks, lack of knowledge of Islamic bank services compared to the non-bank financial industry selected as 10 respondents, only 3 people are interested in using Islamic bank services and 7 people are interested in using the non-bank financial industry.

Conclusions

Public interest in using Islamic bank services is low due to lack of socialization to the community, lack of understanding of Islamic banks, Islamic banking services have not been maximized which ultimately the community does not use Islamic bank services and has product factors, promotional factors, service factors, need factors that influence interest..

Public interest in using the non-bank financial industry, with the non-bank financial industry the community does not limit the existence of a non-bank financial industry institution that comes to Kampung Cihideung RT. 12, 23, 27, RW.004 Mulyamekar Village, Babakancikao District, Purwakarta Regency, especially more interesting with the non-bank financial industry to make it easier for people to meet their needs, for business capital and have product factors, promotional factors, service factors, location factors, installment factors that affect interest..

Comparison of public interest in using the services of Islamic banks and non-bank financial industries, the most prominent thing about the comparison of these two banks is seen from the interest system. If the non-bank financial industry is seen from the function of the non-bank financial industry to provide capital to the lower middle economic community so that they are able to build businesses with a loan system, while Islamic banks use a profit-sharing system, because for Islamic banks the interest system is haram..

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