

Indonesia's Islamic Banking Strategy For Sustaining Financial Operations During The Pandemic

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ABSTRAK

Penelitian ini bertujuan untuk mengetahui perkembangan Perbankan Syariah di tengah pandemi covid-19, dan untuk mengetahui strategi bisnis yang di implementasikan di tengah pandemi covid-19. Penelitian ini menggunakan metode penelitian kualitatif dengan menjelaskan perkembangan dan strategi bisnis perbankan syariah. Hasil penelitian menunjukkan bahwa pertumbuhan Perbankan Syariah pada periode Maret 2020 sampai dengan Juli 2020, pertumbuhan terbesar pada komponen asset yang tumbuh sebesar 1,16 persen. Pada komponen lainnya mengalami penurunan, yakni pada komponen penempatan pada bank lain yang turun hingga sebesar -7,14 persen. Strategi bisnis yang digunakan oleh Perbankan Syariah di tengah pandemi covid-19 antara lain yakni peningkatan pelayanan kantor dengan menerapkan protokol kesehatan, fasilitas mesin ATM, meningkatkan layanan dengan berbasis digital, Mobile Banking dan juga Cash Management System ditingkatkan pula untuk memenuhi kebutuhan transaksi nasabah. Lalu untuk pembiayaan recovery pada pembiayaan yang terdampak covid-19 agar bisa pulih kembali, serta tetap melaksanakan penawaran produk dan juga penetrasi guna untuk mendapatkan pembiayaan baru.

Kata kunci : Strategi Bisnis, Perbankan Syariah, Dan Pandemi Covid-19

ABSTRACT

The purpose of this research is to determine the development of Islamic banking in the midst of the COVID-19 pandemic, as well as the business strategies that have been implemented in the midst of the COVID-19 pandemic. The development and business strategy of Islamic banking are explained using qualitative research methods in this study. The results showed that the asset component grew by 1.16 percent during the period from March 2020 to July 2020, with the largest growth in the asset component occurring between March 2020 and July 2020. Other components fell, most notably the component for placement with other banks, which fell 7.14 percent. In the midst of the COVID-19 pandemic, Islamic Banking is increasing office services by implementing health protocols, ATM machine facilities, increasing digital-based services, mobile banking, and improving the Cash Management System to meet customer transaction needs. Then, for COVID-19 recovery financing, so that they can recover and continue to carry out product offerings and penetration in order to obtain new financing.

Keywords: *Business Strategy, Islamic Banking, and the Covid-19 Pandemic*

PENDAHULUAN

Business is defined as the total number of businesses engaged in marketing goods and services to consumers, including transportation, communication, distribution, production, agriculture, service businesses, construction, and government (Imroatus Sholiha, 2019). In essence, the term "business" is frequently used to refer to three things: (1) individual small businesses; (2) large corporations; and (3) large corporations (2) large businesses that require large sums of money and employ a large number of people, such as factories, newspapers, hotels, and transportation; and (3) banking. While the third scope of meaning is much broader, namely (3) business in a nation's or state's economic structure, Business and the economy cannot be separated, and the current economy necessitates a tool that connects entrepreneurs and necessitates a tool that connects the two in transactions that are already valid in the world using a currency exchange tool. Nowadays, everything related to finance is inextricably linked to the banking industry (Ilyas, 2018).

The establishment of a sharia bank in 1992, namely Bank Muamalat Indonesia (BMI), marked the beginning of the sharia economic system's implementation in Indonesia. This was a watershed moment in the dual banking system's implementation (Imam, 2020). A dual banking system refers to the simultaneous operation of two banking systems, the operation of which is governed by various applicable laws and regulations. As a result, Islamic banks do not operate independently, and their operations are still based on conventional banks. If this is the case, Islamic banking only carries out one of the programs that are part of the development of conventional banks, despite the fact that what is hoped for is a truly independent Islamic bank with various instruments as part of banking that is recognized nationally (Syahputra, 2021).

The presence of Islamic banks in general is intended to encourage the acceleration of a society's economic progress by carrying out banking, commercial, financial, and investment activities in accordance with Sharia principles (Hidayat & Surahman, 2017). This is in contrast to traditional banks, whose primary goal is to maximize profits (profit maximization).

The progress of Islamic banking, which is already quite high, has had a positive impact on the skills of each institution, in order to increase their market share and attract as many customers as possible. Seeing these consequences, the institution must have a wise strategy. The strategy of Islamic banking is interesting to observe because of the implementation of Islamic law that is put forward to prospective customers (Muhammad Hikmah, 2017). Therefore, all Islamic banks need to compete in order to attract customers, especially Muslims,

who are also one of the targets. However, Islamic banks are also not allowed to close themselves to potential non-Muslim customers because they also have a fairly large market share. Islamic banking can use this to show that Islamic banking is truly able to compete, is immune to crisis, and is also able to grow significantly. Therefore, strategic steps are needed to make it happen.

Islamic banking is basically a banking system whose business is based on legal principles that refer to Islamic sharia based on the Qur'an and Sunnah (Al-Hadith). When viewed from the functions and activities they perform, Islamic banks take part in the social sector and also provide financial services. Meanwhile, conventional banks offer intermediary units as well as financial service providers. The mechanism and business object of the sharia banking system is the prohibition of the practice of Maysir, gharar, and usury. whereas in conventional banks, the lending system is prioritized. The collection of Islamic bank funds comes from investment and only halal fundraising (Sari, 2016). Meanwhile, in conventional banks, the collection of funds comes from a value-free system. Because conventional banking is more profit-oriented, while the Islamic banking system aims at profit and is also *falah*-oriented.

However, since the COVID-19 outbreak, business activities in the Islamic banking sector have been hampered. Because of the COVID-19 outbreak, all activities are restricted to prevent the virus's transmission and spread. Congestion and a slowdown in business activity are the results of this. Because the economic sector declined, many business actors saw a decrease in their income, resulting in their inability to meet their obligations to pay their debts or their ongoing financing in the banking sector. And, of course, one of the sectors that will be affected in this situation is the banking sector, which has provided credit or financing to business actors (Zunaidi, Arif. Natalina, 2021).

In these circumstances, conventional banks and Islamic banks must develop distinct business strategies from those previously employed. To fulfill its obligations at financial institutions, the Financial Services Authority (OJK), as the financial institutions' supervisory agency, has issued OJK Regulations to parties affected by the COVID-19 outbreak. However, depending on how the institution, in this case, Islamic banking, handles the financing customer's payment difficulties, the bank's income will, of course, suffer. As a result, in the face of a pandemic like the current one, different business strategies must be implemented, particularly for Islamic banking institutions, which are also affected by COVID-19 (Trimulato et al., 2021).

During the pandemic, the Indonesian government has decided to prioritize three sectors: real estate, health, and banking. The COVID-19 pandemic has caused problems in banking because it has the potential to cause problems in the real sector/business world, which in turn has the potential to cause problems in the banking sector (Muhyiddin, 2020). Of course, this is possible because the banking sector serves as an intermediary or liaison institution for the needs of investment funds in the business world. In the midst of the COVID-19 pandemic, Islamic banking in Indonesia faces a number of threats. According to Adiwarman Karim, a Sharia Economic Observer and the founder of Karim Consulting, the Islamic banking industry's condition may deteriorate sooner than the conventional banking industry's. Based on the explanation above, the author wants to discuss the management of Islamic banking business strategies in the midst of the COVID-19 pandemic.

RESEARCH METHODS

I use field research or field research as primary data derived from existing data in the field. This study is descriptive qualitative in nature, which means that it describes a research topic. It is a type of business strategy management practiced by Islamic banking in the midst of the COVID-19 pandemic.

The method used in this study is a sociological method, which means it is grounded in reality. The purpose of this research is to explain the impact of the COVID-19 outbreak on the state of Islamic banking. In addition, Islamic banking implemented business strategy management in the midst of the COVID-19 pandemic in order to survive and continue to improve its business. The focus of this study is a type of business strategy employed by Islamic banks in the midst of the COVID-19 pandemic. as well as the general state of Islamic banks in the aftermath of the COVID-19 pandemic.

RESULTS AND DISCUSSION

The Rise of Islamic Banks in the Face of the COVID-19 Pandemic

It is well known that the development of Islamic banking since the emergence of the COVID-19 outbreak has been extremely slow, accounting for no more than 2% of several components. According to these data, the asset component grew by 1.16 percent during the period from March 2020 to July 2020, with the largest growth in Islamic banking. Other components fell, most notably the component for placement with other banks, which fell 7.14 percent (Seto & Septianti, 2021).

When viewed as a whole, the impact of COVID-19 has slowed the growth of Islamic banks. Under such circumstances, Islamic banks must maintain the stability of their performance while also maintaining relationships with their customers. One of the efforts that Islamic banks can make to improve their performance is to provide excellent service to their customers, both third-party fund customers and financing customers, as well as attempting to attract more customers despite the COVID-19 pandemic (Trimulato et al., 2021).

Since the presence of the coronavirus outbreak in March 2019, which has not subsided until now, has had many negative effects, not only on health but also on economic activity, which is declining. Many businesses have seen a drop in performance as a result of the coronavirus's negative impact, creating an abnormal situation. Various regulations were implemented to ensure that the virus outbreak did not spread further and instead had an impact on economic activity, with no exceptions for banking institutions that were severely impacted by the virus outbreak. Islamic banking is also affected, causing the development of Islamic banks to slow (Oktafia et al., 2021).

Many Islamic bank financing customers were also affected, making it difficult for customers to meet their obligations to pay their financing. The number of customers who meet their needs while staying at home is also influential, and many customers take their funds. The excellent service that must be provided to Islamic banks under these conditions is unquestionably different from normal conditions. In order to maintain performance and customer relationships in the midst of the COVID-19 pandemic, Islamic banking can implement several excellent service patterns. To deal with the effects of the COVID-19 pandemic, the government implemented a number of policies, one of which was the publication of the Financial Services Authority Regulation of the Republic of Indonesia Number 11/POJK.03/2020 concerning National Economic Stimulus as a Countercyclical Policy for the Impact of the Spread of the 2019 Coronavirus Disease, which included provisions for credit restructuring or financing (Imam, 2020).

Loan repayment assistance is provided by financing restructuring. Restructuring is not a write-off, but it does give you more time to pay off your debts. Loans must still be paid, but waivers are granted based on the assessment and agreement with the bank. This relaxation applies to both non-SME and SME debtors and has a one-year validity period from March 13, 2020 to March 31, 2021. Implementation is also influenced by the policies of each bank. POJK No. 18/POJK.03/2020 takes steps to maintain financial system stability, particularly in the banking sector, in the face of the community's economic slowdown caused by the COVID-19 pandemic. For the first time, OJK issues orders to the bank for consolidation,

merger, takeover, or integration. The second is accepted through consolidation, acquisition, merger, or integration (Trimulato et al., 2021).

Management of Islamic Banking Business Strategies in the Face of the COVID-19 Pandemic

The management of business strategies implemented by Islamic banking in the midst of the COVID-19 Pandemic, specifically in conditions such as this, is quite affected by financing products where there are many customers who have received affected financing facilities, making it difficult for them to fulfill their obligations to banks. As a result, the bank's income falls. The policy was implemented by the bank in order to run the bank's business efficiently by adhering to the instructions and also the POJK regarding stimulants for parties affected by COVID-19 to obtain relief in fulfilling their obligations to the bank (Muhammad Niltal & Hapsar, 2015).

To ensure that the business continues to thrive, the bank will continue to offer and improve products that are appealing to the public, ensuring that they continue to use Islamic banking services. Because the economic conditions are not as usual, it is necessary to be selective in fulfilling the wishes of customers who apply for financing. It must also be ensured that those who apply for financing can actually provide benefits and that the rate of return is better measured. There are still many people who apply for financing; it's just that banks decide whether each proposed financing is feasible or not, given that the current conditions are not typical. It must be ensured that the business element, as well as its ability to fulfill its obligations to the bank, are not misunderstood in assessing financing distribution, resulting in a slowdown in fulfilling its obligations. This business strategy will be very much needed, especially in these times, in addition to still considering revenue generation but not originating in financing, being selective and thorough in every application obtained.

In terms of office services, there is essentially no change or significant influence; rather, provisions must be implemented so that services can continue to run smoothly in the office, particularly in the application of health protocols. There are several provisions in the implementation of health in the midst of a pandemic that are carried out so that services, particularly for customers, remain comfortable. Every employee in the office is required to wear a mask, take their body temperature, and prepare hand sanitizer so that everyone present can feel safe and the chain of transmission of the coronavirus is broken. Employees are required to wear masks and, in some areas, a barrier is installed to prevent direct contact between customers and employees. Maintaining social distance or social distancing is also

used by Islamic banks to avoid crowding, which can lead to the transmission of the Corona virus.

Essentially, office services continue to operate as usual, and nothing has changed in general; it is just that health protocol provisions have been implemented in order to keep everyone who visits the office and customers feeling safe when they come to the office. Service remains at its peak, with employees continuing to provide the best service while also serving customers well. With the implementation of the health protocol provisions, it is hoped that business will continue to grow while also respecting the wishes of customers who wish to visit the office but are afraid to do so. However, you should feel safe meeting his needs in the office.

The next business strategy in Islamic banking is to improve services at digital-based Islamic banks, with several facilities already owned by Islamic banks to support customer transactions by utilizing digital technology as it is today, which can be accessed at any time via an internet network. The ATM facilities are then constantly maintained so that customers can withdraw money or use other services without having to visit the branch office, but only through ATM services that are already available in several areas. Customers can then use the existing mobile banking facilities at Islamic banks, which have more comprehensive features, to meet their financial transaction needs.

Mobile banking is available 24 hours a day, seven days a week, making it easier for customers to complete any transactions they require. And with comprehensive features, it can meet customers' needs for faster, cheaper, and easier access; without leaving the house, customers can perform banking services using only an adequate internet network. Islamic banks will continue to improve digital banking facilities so that customers can feel and use them effectively, eliminating the need for many face-to-face transactions or meetings. Furthermore, the bank's cash management system will be extremely useful in fulfilling every customer transaction.

In the midst of a pandemic like today's, customers need technology-based services that make transactions easier. Of course, by preparing and providing digital facilities, the business segment will grow. Customers who have used good and comprehensive facilities will make decisions about where to locate their business and save money. If customer funds continue to increase, the volume of financing can be increased, resulting in increased profits. For the time being, developing an Islamic banking business requires the use of digital technology facilities and services. One of them is to maintain business competition among other banks, which

compete in providing increased digital services, which will, of course, support the bank's business.

Other business strategies used by Islamic banks include improving service by implementing good and correct health protocols; upgrading and improving digital services so that they are always well maintained and accessible to customers; and not allowing digital services to experience disruptions or errors. so that customers are uneasy about using digital service products. For self-financing the recovery business strategy as well as financing recovery, financing customers who are affected by difficulties in fulfilling obligations are expected to be able to bounce back and restore the economy, so that banks and customers can mutually support each other to get back on their feet.

Then, in addition to maintaining relationships and partnerships with financing customers, namely continuing to penetrate new financing segments, it is still carried out so that the sharia bank business can continue to run even in difficult circumstances. To increase their business volume, Islamic banks continue to offer financing products to new segments, but only on a selective basis. In the midst of a pandemic like today, many businesses have been impacted. However, it is undeniable that there are businesses or parties that can survive or even grow so that opportunities to obtain new financing that are more feasible and profitable can still be obtained by continuing to introduce products. and also make it available to people from all walks of life,

The performance of Islamic banking is also impacted by the COVID-19 pandemic, particularly in financing products, where customers are finding it difficult to meet their obligations due to the financial crisis. However, in the current environment, the company must continue to perform well while also surviving so that it can be trusted by the public, particularly customers who have chosen an Islamic bank. In these conditions, a business strategy is required that is certainly different from normal conditions; maximum service, as little change as possible, and customers still feel comfortable getting services so that they remain safe.

To fulfill customer financial transactions, it is critical to support the sharia banking business strategy, which includes digital service facilities such as mobile banking, ATMs, and cash management. The business strategy is to assist customers in rising and recovering as usual, while continuing to provide increased financing for new ones. Islamic banking's efforts to survive by maximizing financing and being prudent. There are two challenges: on the one hand, Islamic banks are required to provide financing in order to profit; on the other hand, when providing financing, they must also be subject to very strict screening because many

businesses are affected in the midst of a pandemic. The financing selection process in the midst of a pandemic like today's is certainly different from outside the pandemic period because many customers experience a decrease in income during the pandemic.

CONCLUSION

The largest growth in the asset component of Islamic banks in the midst of the COVID-19 pandemic was 1.16 percent from March 2020 to July 2020. Other components fell, most notably the component for placement with other banks, which fell 7.14 percent. When viewed as a whole, the impact of COVID-19 has slowed the growth of Islamic banks. Under such circumstances, Islamic banks must maintain the stability of their performance while also maintaining relationships with their customers. There was a slight decrease during the pandemic due to more selective financial distribution.

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