

## **Optimization of Islamic Financial Literacy and Inclusion in the Competition of the Banking Industry in a Pandemic Period (Analytical Hierarchy Process Review and SWOT Analysis)**

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### **ABSTRACT**

The banking industry is one of the leading sectors in the Indonesian economy. Through the bank as an intermediary, the community is able to access various economic transactions to meet their needs. So the bank has certainly contributed greatly to the economic growth of the community and national development. Indonesia has a dual banking system as an alternative transaction option for the public. Especially for the Muslim community, they should have used Islamic financial transaction services at the Islamic bank. During the pandemic, both conventional banks and Islamic banks will certainly have a big impact on their operations. The two are always competing to develop businesses to increase their role in the country's economic development. This study discusses the optimization of Islamic financial literacy and inclusion in Islamic banks as a form of competitive strategy in the banking industry in Indonesia during the pandemic. The problem will be examined in a qualitative approach through a literature study to discuss the problem. The analysis of the problem will use two methods, namely the Analytical Hierarchy Process (AHP), which compares the two objects to determine the leading position; and SWOT analysis, to see various indicators in Islamic banks. The results of this study explain that, based on the AHP method, conventional banks are superior to Islamic banks on several criteria used for comparison. Meanwhile, based on the SWOT analysis, Islamic banks have strength in the characteristics of Islamic values to optimize opportunities. In addition, the existing deficiencies must be resolved by responding to the present challenges in the form of product innovation and the use of technology.

**Keywords:** Literacy, Inclusion, Islamic Banks, AHP, SWOT Analysis

### **INTRODUCTION**

The beginning of the 2020 pandemic period can be said to be the beginning of the impact on all sectors in Indonesia. Various sectors are certainly affected by the pandemic outbreak, and the economy is no exception. Based on the data successfully processed by the author, it can be seen that Indonesia's economic growth is as follows:

<b>Indonesian Economic Growth</b>		
<b>No.</b>	<b>Year</b>	<b>Economic growth (%)</b>
1.	2019	5,02
2.	2020	-2,07
3.	2021	3,69

Source: Statistics Indonesia, 2021

Through the data above, it can be seen that there is a decline in Indonesia's economic growth rate in 2020. This can be said to be normal with the condition of the country having to fight against the epidemic, which stops various economic sectors in society. 2020 is the initial period of adjusting conditions to the impact of the pandemic outbreak so that all areas of life including the economy have not been able to stabilize.

In other facts, it was found that the development of assets for the Islamic finance industry increased. The Islamic finance industry can be said to be important for the lives of the Indonesian people with the largest Muslim population in the world. So that in meeting the need for economic transactions, it must be adapted to sharia principles. In a study, it was stated that the Islamic finance industry has been very beneficial for the lives of Indonesian people, especially Islamic banks. Through these intermediary institutions, the community can meet the need for business capital, and the interests of other financial transactions (Apriyanti, 2018). Therefore, the Islamic finance industry is present as an alternative economic transaction for Muslims. The following is the development of Islamic financial assets during the pandemic in Indonesia:

**Table 1.2.**

<b>Development of Islamic Financial Assets</b>		
<b>No.</b>	<b>Year</b>	<b>Total Assets (Trillion)</b>
1.	2019	1,4
2.	2020	1,8
3.	2021	2

Source: OJK and DJPPR Ministry of Finance, 2021

Good developments in the Indonesian Islamic finance sector during the pandemic, of course, also come from the composition of each sector in existing Islamic finance. Some of the developments in each of Indonesia's Islamic finance sectors during the pandemic include the following:

**Table 1.3**

**Development of Islamic Finance in Indonesia**

No.	Sector in Islamic Finance	Total Assets (Billion)		
		2019	2020	2021
1.	Syariah banking	538,32	608,90	693,80
2.	LKCNB Syariah	105,56	116,28	120,81
3.	Syariah Capital Market	1,02	1,07	1,23

Source: OJK, 2021

Through the data above, it can be seen that all sectors in Indonesian Islamic finance have increased every year. Even during the 2020-2021 pandemic, there was a significant increase in assets. So that the existence of the Islamic finance sector can help recover from the slump in the Indonesian economy due to the pandemic. Especially the Islamic Banking sector with the largest number of assets among other Islamic financial assets. The banking industry is still a forum for public transaction activities that are in demand today.

Islamic banks have also been proven to have played a role in the community's economy, especially during the pandemic. There is a restructuring policy on customer financing, optimization of CSR, as well as the application of health protocols in services, and the transition of activities to digital services (Zulfikar, 2021). The presence of Islamic banks is also a form of economic equity for the community, as well as creating an atmosphere of economic transactions for the Muslim community based on sharia principles. Contribution to the community's economy can be seen in several products offered to the community, most of which function to increase the productivity of the community's economy (Hamid and Aris, 2017).

The existence of a large number of assets and a role that has been proven to have contributed to the improvement of the community's economy is not comparable to the market share. As we know, the presence of Islamic Banks in Indonesia began in 1992 through the establishment of Bank Muamalat Indonesia. Then over time, there are several Islamic Commercial Banks (BUS) in Indonesia. In contrast to the Conventional

Bank which has existed since the Dutch colonial era, then it is growing well in Indonesia. So it is not surprising that the market share of Islamic Banks loses to conventional banks. The market share data for Islamic Banks during the pandemic is as follows:

Table 1.4

Market Share of Conventional Banks and Islamic Banks

No.	Industry	Market Share (%)		
		2019	2020	2021
	<b>Banking</b>			
1.	Conventional Bank	93,82	93,49	93,26
2.	Syariah Bank	6,18	6,51	6,74

Source: OJK, 2021

Through the table data above, it can be seen that the market share of Islamic Banks is far less than conventional banks, but when viewed based on its growth, it shows an increase. The government's success in increasing the market share of Islamic banks during the pandemic can be a breath of fresh air and hope for even better growth in the future.

The increase in market share can be managed by optimizing the use of Islamic Bank products for the community. In other words, people who have used Islamic Bank products will affect the level of market share. The utilization of Islamic Bank products or services in the community can also be referred to as Inclusion or more specifically Islamic Financial Inclusion. In general, the ease of access for the public to financial services at financial institutions is the definition of financial inclusion. So now it is hoped that there is a need for a strategy to realize easy, cheap, safe, and reliable financial access (PP No. 82, 2016). Financial Inclusion will encourage the implementation of financial transactions that can be reached by the community, including small communities for their economic empowerment and development (OJK, 2018). In a study, it was stated that financial inclusion provided to a sharia financial institution could increase community empowerment and the productivity of their economic activities (Solihat, 2008).

The condition of Financial Inclusion in Indonesia, in general, has increased every year, both in National Financial Inclusion and Islamic Financial Inclusion. However, what is of concern is the contribution of Islamic Financial Inclusion which is still very low in the National Financial Inclusion Index. The following is the data on the Financial Inclusion Index in Indonesia in the National Financial Literacy Survey (SNLK) conducted by the OJK every three years:

**Table 1.5**  
**Sharia Financial Inclusion**

No.	Year	National Inclusion (%)	Syariah Inclusion (%)
1.	2013	59,74	-
2.	2016	67,80	11,1
3.	2019	76,19	9,1

Source: OJK, 2021

To attract public interest in the use of Islamic Bank products or services, it is necessary to create special strategies such as increasing literacy in the community. various kinds of information that have been obtained (Abidin, 2017). The condition of the level of financial literacy, specifically Islamic financial literacy in Indonesia, has significantly increased each period. Following the results of the National Financial Literacy Survey (SNLK) conducted by OJK every three years:

Table 1.6  
National Financial Literacy and Islamic Financial Literacy

No.	Tahun	Literasi Keuangan Nasional (%)	Literasi Keuangan Syariah (%)
1.	2013	21,84	-
2.	2016	29,66	8,1
3.	2019	38,03	8,93

Source: OJK, 2021

A study explained that Islamic financial literacy can increase public interest in the use of services and products of Islamic financial institutions, including Islamic banks (Izzah, 2021). In another study, it was stated that financial literacy had a significant effect on people's decisions to use Islamic financial products or services (Sujianto, et al, 2019).

The competition faced by Islamic banks in the banking industry in Indonesia will be increasingly fierce with the current reality of rapid technological developments. During the pandemic, digitizing service is a strategy to keep banking operations running. Therefore, Islamic Banks need to optimize Financial Literacy and Inclusion to respond to competition between banking industries. Through Analytical Hierarchy Process analysis, which will show the priority factors that can be used to compete in the banking industry. In addition, the existence of a SWOT analysis can show the advantages and potential of Islamic banks, and the challenges in the competition in the banking industry in Indonesia.

## **THEORETICAL FRAMEWORK**

### **Financial Literacy**

According to OJK, financial literacy is a process of managing public finances which includes knowledge, skills, and beliefs. So in general financial literacy is also referred to as the knowledge of finance, which is used for transactions for the individual needs of the community (Hidajat, 2015). Financial literacy will increase understanding of financial products or services available at Financial Institutions in Indonesia. It can be concluded that if the level of public financial literacy is good, it will increase the potential use of financial products or services (Ismanto, et al, 2019).

Financial literacy can be achieved through several stages, including:

1. Financial Knowledge

Indicators are the level of public understanding of the elements in economic transaction activities. For example, in banking, there is such a thing as savings, credit, savings, and various types of other bank products.

2. Financial Attitude

This indicator is an advanced stage after the process of acquiring knowledge related to finance. Public interest in the use of financial products of a financial institution will be the benchmark for this indicator.

### 3. Financial Behavior

This indicator is the final stage in creating financial literacy in the community. Usually, at this stage, the community has started using financial products or services, as well as carrying out practices related to financial knowledge that has been previously acquired.

## Financial Inclusion

Financial inclusion according to the Ministry of Finance is defined as part of the process of ensuring the availability of access to financial products or services for small communities and those with low incomes. The access provided must of course be affordable to small communities fairly and efficiently. Through easy access to finance, Financial Inclusion can have a good impact on the economy of the community, as well as the State. According to the United Nations Conference on Trade and Development (UNCTAD), financial inclusion will help alleviate poverty and create good socio-economic development (Wahid, 2014).

Financial inclusion can be demonstrated through the level of use of products in formal financial institutions that provide easy access and can be reached by small communities. This financial inclusion can be influenced by several dimensions, including:

1. Accessibility shows the level of ease of access in formal financial institutions.
2. Availability is a measurement used to see the extent to which a product or service of a financial institution can be perceived by the public.
3. Use, measurement in showing the level of management of financial products or services in helping the community's economic activities.

In the Islamic finance sector, Financial Inclusion that can be felt is based on the results of the management of Islamic financial institution products as well as on the philanthropic path. Currently, access to Islamic finance has developed with the use of digital technology, which can be used to compete with other conventional financial industries. Based on this, each Islamic financial institution needs to innovate products in

providing easy access for the community through the use of existing technology. This includes the philanthropic path, as the basic basis of human values in Islam and a form of empowering small communities (Fahlefi, 2018).

### **Syariah Bank**

In Law no. 21 of 2008 concerning Islamic banking, it is stipulated that the Islamic Banking industry consists of Islamic Banks founded on sharia principles and Sharia Banks which are the result of a dual system, such as Conventional Banks that have Sharia Business Units (UUS) (Sjahdeini, 2018).

According to Bank Indonesia Regulation Number 9/19/PBI/2007, the operational activities of Islamic Banks include the following:

1. Collecting funds from the public through several contracts as follows:
  - a. Akad *wadi'ah*
  - b. Akad *mudharabah*
2. Distributing funds to the community through several contracts as follows:
  - a. Akad *mudharabah*
  - b. Akad *musyarakah*
  - c. Akad *murabahah*
  - d. Akad *salam*
  - e. Akad *istishna*
  - f. Akad *ijarah*
  - g. Akad *ijarah muntahiyah bittamlik*
  - h. Akad *qardh*
3. Conducting other financial service activities through several contracts as follows:
  - a. Akad *kafalah*
  - a. Akad *hiwalah*
  - b. Akad *sharf* (Usman, 2013), 21.

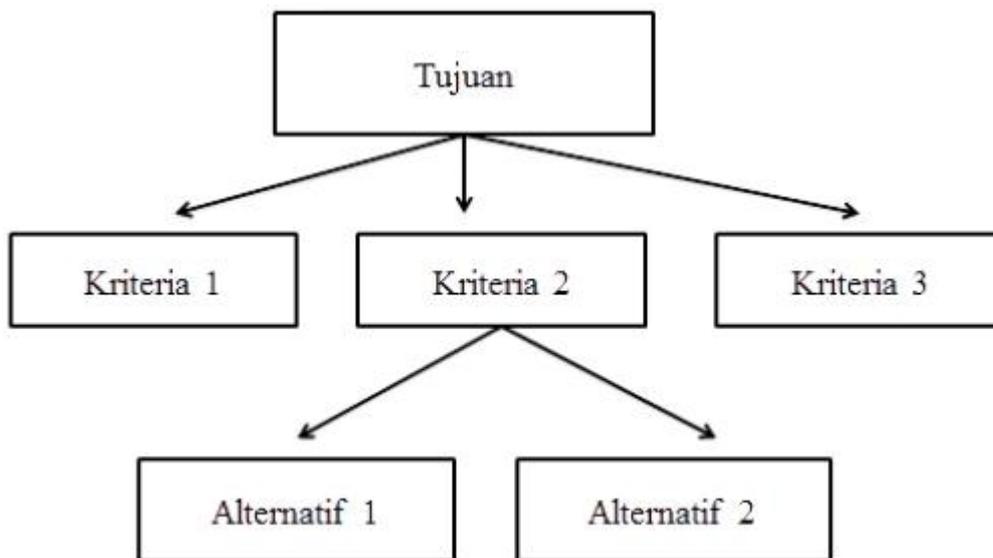
### **Analytical Hierarchy Process (AHP)**

The AHP method is an alternative form of a decision by ranking several criteria. Or it can also be referred to as a strategy for determining decisions based on the  
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existence of several criteria as comparisons. Usually, some of these criteria have a hierarchical level to see which positions are prioritized.

This method can be used as an alternative in making decisions among the many other supporting elements. Comparison between elements is made using a matrix to determine the relationship with the main goal to be achieved. The advantage of this method is that there is a hierarchical form that contains several indicators for decision-making to be compared.

The following is a hierarchy that is arranged in the AHP method:



**SWOT analysis**

According to Philip Kotler, this analysis is a form of evaluation of the strategies that have been carried out involving several indicators such as strengths, weaknesses, opportunities, and threats. In another sense, it is stated that SWOT analysis is a logical analysis used to maximize opportunities through strengths, as well as minimize threats and manage existing weaknesses (Rangkuti, 2013).

SWOT analysis is an assessment of various factors that support the operation of an Institution. This analysis will show you how to maximize opportunities, and minimize threats that can come. Proper management of SWOT analysis will increase the efficiency of an organization's strategy, and will certainly have a positive impact on

the organization. Some of the indicators in the SWOT analysis include the following:

1. Strength

Indicators are the potential and resources of the company to compete with other industries. The existence of good competence will maximize the potential of the company and create opportunities for achieving company goals. Several types of resources can be used as strengths such as corporate image, financial performance, good marketing strategies, superior HR competencies, and so on. Superior resources will create a positive competitive climate in an industry, so companies need to know their advantages.

2. Weakness

This indicator shows the weaknesses of a company and must be managed properly for organizational development. The existence of weaknesses can be an obstacle in competing in a company's industrial area. Some of the weaknesses of a company can be in the form of inadequate facilities and infrastructure, a lack of human resource competence, ineffective strategies, and so on. Weaknesses in a company will certainly affect people's interest in using the company's products.

3. Opportunities

This indicator is a picture of a favorable situation for a company in the present or in the future. Identification of opportunities for a company is very important, to look for good opportunities in developing the company for the better. Opportunities can arise from the conditions surrounding the company, existing policies, and the potential for efficiency of the strategies implemented.

4. Threats

This indicator is the opposite of opportunity, it can be said as a bad condition that can befall a company in the future. This threat can be an obstacle for the company to develop the company and achieve its goals. Several types of threats to a company can be from new competitors, inappropriate strategies, poor managerial management, and so on. So it is important to manage existing threats to achieve success in the company.

## RESEARCH METHODOLOGY

This research is qualitative research using descriptive analysis. This analysis is used to provide a description or description of the research subject based on variable data obtained from certain subject groups. The data taken is secondary data, namely data that already exists. This study uses a literature study, which obtains data from various sources such as books, scientific articles, official websites, and data reports on the object under study. The data obtained will be recorded, read, and processed to help answer the problems in the research. The data obtained, will be analyzed based on the existing literature in existing scientific books or articles.

## DISCUSSION

### **AHP Analysis of Syariah Bank Competition in the Banking Industry in Indonesia**

Based on the hierarchical level of the AHP method, some levels are the main focus in looking at the competition in the Banking Industry in Indonesia. So the AHP hierarchy for banking competition in Indonesia is as follows:

#### 1. First level hierarchy

The pinnacle of the problem in this research is the Banking Industry Competition in Indonesia.

#### 2. Second level hierarchy

As a form of compared criteria in answering problems at the top of the hierarchy, namely the Competition of the Banking Industry in Indonesia. There are several criteria used to see the level of banking competition in Indonesia, including:

- a. Total assets
- b. Number of BUK and BUS
- c. Market Share
- d. Financial Literacy
- e. Financial Inclusion

#### 3. Third level hierarchy

At the lowest level of the AHP hierarchy, several alternatives are filled as a form of choice for the criteria at the second level of the hierarchy. As for alternatives in the banking industry competition in Indonesia, among others:

- a. Conventional Bank
- b. Syariah Bank

After determining the hierarchical level in the AHP method to see the conditions of competition in the banking industry in Indonesia, a hierarchical tree can be made as follows:



Through the above hierarchy, it can be seen that there are five criteria in the competitive banking industry in Indonesia, so the alternative targets are Conventional Banks and Islamic Banks in Indonesia. Then based on the hierarchical tree above, it can then be compared between the two alternatives made, namely the comparison of Conventional Banks and Islamic Banks related to their competition based on the five criteria that have been made. The form of comparison in question is as follows:

No.	Factor	Conventional Bank	Syariah Bank
1.	Total assets (in billion)	10,112,304	6,767,345
2.	Bank Amount (as of 2021)	107	12
3.	Market Share (as of 2021)	93,26%	6,74%

4.	Financial Literacy (in the national financial inclusion index data according to the 2019 SNLK)	38,03%	8,93%
5.	Financial Inclusion (in the sharia financial inclusion index data according to the 2019 SNLK)	76,19%	9,1%

Based on the table above, through existing data and comparisons between Conventional Banks and Islamic Banks at a glance, it can be seen that of the five factors or criteria in the AHP hierarchy to see the competition in the banking industry in Indonesia, Conventional Banks are indeed far superior to Islamic Banks. Several factors cause Conventional Banks to be superior to Islamic Banks, among others because Conventional Banks have been established since the colonial era. As for some examples of conventional banks that have existed since the Dutch East Indies era, such as Bank Negara Indonesia or commonly referred to as BNI, which was established on July 5, 1946, therefore it is commonly known as BNI 46. Then Bank Rakyat Indonesia which is the origin of E Algemeen Volkcrediet Bank or Syomin Ginko was founded on February 22, 1946. Then the establishment of Bank Indonesia in Palembang in 1946, and the same year also established other banks such as Bank Dagang Nasional Indonesia in Medan, NV Bank Sulawesi in Manado, Bank Dagang Indonesia NV in Banjarmasin, and others (Santi, 2015).

Meanwhile, Islamic banks were first present in Indonesia in 1992 which was initiated by the MUI and the Indonesian Muslim Intellectuals Association (ICMI) by forming Bank Muamalat Indonesia. Developments in 2007 only formed 3 Sharia Commercial Banks (BUS), namely Bank Muamalat Indonesia, Bank Syariah Mandiri, and Bank Mega Syariah. In addition, other conventional banks also have Sharia Business Units (UUS) such as the Indonesian National Bank (BNI), Bank Rakyat Indonesia (BRI), and National Pension Savings Bank (BTPN), and several others (Marimin and Romdhoni, 2017). Based on these facts, it is not surprising that in terms

of total assets, number of banks, market share, and even the level of literacy and financial inclusion in the community, conventional banks are superior.

Through competition in the banking industry in Indonesia today, of course, the government is trying to create positive competition between the two types of banks. To catch up with conventional banks that have triumphed, on February 1, 2021 yesterday, the merger of three Sharia Commercial Banks in Indonesia was inaugurated, namely Bank Syariah Mandiri, BRI Syariah, and BNI Syariah which were merged into Bank Syariah Indonesia (BSI). The government hopes that the merger will create a giant Islamic bank in Indonesia that can not only compete on a national scale but also internationally.

The potential for the merger of Islamic banks will certainly have an impact on the Indonesian economy. As mentioned in a study that the existence of BSI supported by more than 1200 branch offices will improve Islamic financial services for the community. With this, it will improve the community's economy, and play a role in national development (Sulistiyarningsih and Thanul, 2021). In line with other studies that explain that BSI has a strategic role both in national development through strengthening greater capital for the community, as well as strengthening access to sharia finance to reduce economic transactions for the Muslim community from the potential emergence of usury, gharar, maysir, and others that are prohibited by Islam. (Mahargiyantie, 2020). However, in another study, it was stated that the merger of the three major Islamic banks in Indonesia into BSI could lead to monopolistic practices. Considering that the merger of the three Islamic Banks can make competition in the Islamic Bank industry not run intensely. In addition, BSI can also control the Islamic banking industry in Indonesia based on the number of assets and everything it owns (Anika, 2021).

The existence of BSI can help the Indonesian Islamic Banking industry in increasing Islamic financial literacy and inclusion. The importance of Islamic financial literacy here as a form of understanding for the community and attracting the interest of the Muslim community, then when you have a decision to use Islamic financial services you will be able to enjoy the benefits, or can be called Islamic financial inclusion. The banking industry also plays a major role in improving financial literacy, particularly Islamic finance. In a study, it was stated that Islamic banks have a strategic role in

increasing literacy in Islamic finance in Indonesia. Through the hope that Islamic banks have a special strategy in providing knowledge of their products to the public (Aulia, et al, 2021). Meanwhile, the research states that Islamic banks through various products offered to the public will be able to realize financial inclusion, especially for small communities who need encouragement in the form of capital and empowerment models in alleviating poverty and improving the economy of the Muslim community (Mardani, 2015).

In general, Islamic banks are inferior to conventional banks in terms of the various available data. However, Islamic banks have characteristics that can be used to realize the economic transactions of the Muslim community following the sharia foundation. Therefore, Islamic banks have their advantages in competing with conventional banks. So, through its advantages, it can be used as a competitive strategy in the banking industry in Indonesia. So that the next analysis is needed, namely a SWOT analysis in determining the advantages and potentials of Islamic Banks, as well as the challenges that will be faced.

### **SWOT Analysis of the Potential of Islamic Banks in Facing the Competition of the Banking Industry in the Pandemic Period**

This SWOT analysis approach will show four indicators that are owned by a strategy or condition of an object. In this study, four indicators of conditions owned by Islamic banks will be shown in competing in the banking industry in Indonesia. There are several indicators in the SWOT analysis of the competitive potential of Islamic Banks, including:

#### **1. Strength**

This indicator explains the advantages or disadvantages of an object based on the strategy being carried out or the condition of its potential. In general, Islamic banks have advantages in implementing sharia values in their operational mechanisms. This is following the explanation of a book that states that Islamic banks are a form of banking operations that use sharia values in service to the community (Arifin, 2012). The role of Islamic banks is very important in providing alternative economic transaction services for the people of Indonesia

who uphold sharia principles in their activities. As stated in a study that explains, the presence of Islamic banks as an alternative form of economic transactions for the community, to avoid economic transactions that contain usury, or other transactions that are prohibited in Islam (Mustamin, et al, 2020). Islamic banks do not contain interest that is indicated by usury, which can suffocate the public. So, Islamic bank transactions can be the people's choice in conducting transactions that are safe, comfortable, and of course, follow sharia.

## 2. Weakness

This indicator explains some of the things that are lacking in the object. Of course, Islamic banks also have shortcomings that can be used as a competitive preference in the banking industry. One of the striking shortcomings in Islamic Banks is market share or public interest in Islamic Bank products. This can be seen from the market share which is still very low, although in terms of data the advantages of Conventional Banks occur because they have been around since the colonial era. However, with the existing shortcomings, it requires evaluation in this development strategy so that the public is interested in Islamic Bank products. A study mentioned the factors that make Islamic banks unable to compete with conventional banks, among others:

- a. Insufficient human resources
- b. The profit-sharing technique is still complicated
- c. Controversy over interest and profit taking of Islamic banks are considered the same (Ismanto, 2018).

The existence of deficiencies owned by Islamic banks requires a development strategy for managing existing deficiencies. So that in competition in the banking industry, Islamic banks can still compete positively with conventional banks.

## 3. Opportunity

This indicator is a condition of opportunities that the object gets as a result of a strategy that is being created or executed. Islamic banks have a great opportunity to be able to develop their potential, through data on the number of assets that are growing every year even during the 2020-2021 pandemic, which has increased. Then the asset growth rate when compared to conventional banks, it

turns out that the growth of Islamic bank assets during the pandemic in the 2021 period is higher. According to the data attached to the Indonesian Islamic Financial Development Report, it shows that the growth of Islamic Bank assets in 2021 will increase by 13.94% while asset growth in Conventional Banks only increases by 9.86% (OJK, 2021). Based on these data, Islamic banks have the opportunity to develop better than conventional banks. This is also inseparable from the solid performance of the Islamic banking industry in Indonesia is helping the development of the community's economy. In a study, it was stated that the characteristics of the use of sharia principles could be an opportunity for Islamic banks to enter the hearts of the Muslim community in realizing economic transactions that were blessed by Allah SWT (Apriyanti, 2018). Sharia currently has shown good performance, so it will have the opportunity to continue to grow in modern society (Alanshori, 2016).

#### 4. Threat

This indicator shows the chain the object can face in the future. Islamic banks as financial institutions will certainly have their own challenges in carrying out activities in Indonesia. The existence of various weaknesses of Islamic Banks that have been known previously can be used as one of the efforts in developing Islamic Banks to become even better in the future. The challenge currently being faced by Islamic banks is product innovation to attract public interest. The development of Islamic Bank products is very important to demonstrate a competitive advantage in the banking industry in Indonesia. Following the results of a study which explains that in the industry, fellow Islamic banks are important to innovate products to show advantages over others. For example, the Mudharabah contract will have the same scheme in every Islamic Bank, but if there is an innovation from a Sharia Bank, it will be an advantage. In this case, superior among other Islamic banks can also excel in the general banking industry (Sukardi, 2012). The utilization of technology becomes a challenge in every community activity, including economic activities. Banking as an institution that is still of public interest in economic transactions, must be able to adapt to the times. In a study, it was stated that Islamic banks must be able to adapt to the development of modern technology to compete among other banks

and provide easy access to services for the community (Nurzianti, 2021).

So based on the analysis of the four indicators in the SWOT analysis above on the condition of Islamic Banks in competing with Indonesian Conventional Banks, a SWOT analysis matrix can be realized based on strengths, weaknesses, opportunities, and challenges as follows:

<b>External</b> <b>Internal</b>	<b>Opportunity</b>	<b>Threat</b>
<b>Strength</b>	The use of sharia values can be used as a strategy to attract the interest of the Muslim community. This advantage can maximize opportunities from good asset growth to develop the potential of Islamic Banks in the future. So that is attracting the community, through optimizing strengths and maximizing opportunities, an educational strategy is needed in any form for the Muslim community, related to products, the importance of transactions according to sharia, and others.	The advantages possessed by Islamic banks must be able to answer challenges. In this case, the shortcomings are such as product development innovation. The strength of these sharia values must be used to answer challenges in product development and technology utilization. The existing sharia values are used in the transaction base in the use of technology. For example, there have been many fatwas that regulate the mechanism of modern banking transactions, the legality of using ATM, and so on.
<b>Weakness</b>	Weaknesses owned by	The existence of

	<p>Islamic banks such as low market share and market share must be overcome with existing opportunities. Good asset growth, as an opportunity for Islamic Banks to develop themselves and compete in the banking industry in Indonesia, especially based on data facts during the pandemic. This opportunity can be used as a solution to minimize deficiencies, through better development to demonstrate the existence and excellence of Islamic Banks in the eyes of the public.</p>	<p>deficiencies in Islamic banks is something that needs to be considered, of course, the existing deficiencies will affect the challenges for Islamic banks in their development. The low market share, HR competence, and contract mechanism can be a challenge for Islamic Banks to able to develop and compete in the banking industry in Indonesia. So good management is needed, by minimizing deficiencies to answer existing challenges.</p>
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## CONCLUSION

Through the discussion that has been described above, it can be concluded several things, including:

1. Based on the Analytical Hierarchy Process (AHP) method, in the competition between the banking industries in Indonesia, it is known that conventional banks are superior to Islamic banks based on the criteria used to describe the conditions of competition between the two. This is not surprising when viewed from the fact that Conventional Banks were present in the community earlier than Islamic Banks.
2. Based on the SWOT analysis, through indicators of Strengths, Weaknesses, Opportunities, and Challenges, Islamic Banks still need to develop themselves

with existing strengths in the form of Islamic values characteristics to maximize opportunities in the form of good asset development. Then the existing shortcomings such as low market share, human resources, and contract mechanisms must be minimized considering there are good opportunities. Then overcoming existing deficiencies, can be used as answers to existing challenges, by developing product innovation and utilizing technology.

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