## CHAPTER I

## PREFACE

## A. Introduction

May 1992 represents a new chapter in Indonesian banking industry. Since then, sharia banking exist in Indonesia, precisely with the operation of PT Bank Muamalat Indonesia (BMI), on the initiative from Indonesian Ulama Council (MUI), which is supported by a group of businessmen and Muslim scholar<sup>1</sup>. The legal basis for the operation of banks that use Islamic system, when it is only categorized as "sharing system banking" without specifying the legal basis of sharia and the types of businesses which allowed.<sup>2</sup>

Kasmir said, according to pricing method, banks are divided into two kinds : conventional banks and sharia banks. The main difference between those two is the pricing method, either the selling price or the purchase price. Pricing is always based on the interest for conventional banks, whereas Islam, wearing a draft scheme for sharing profit, either profit or loss<sup>3</sup>, until the marketing aspect in Islamic financial institutions

<sup>&</sup>lt;sup>1</sup>Amir Machmud dan Rukmana, *Bank Syariah : Teori, Kebijakan, dan Studi Empiris di Indonesia* (Jakarta : Erlangga, 2010), 97.

<sup>&</sup>lt;sup>2</sup>Ali Mutasowifin, "Menggagas Strategi Pengembangan Perbankan Sharia di Pasar Non Muslim, *Jurnal Universitas Paramadina*, Vol. 3, No. 1 (Jakarta : Paramadina University, September 2003), 27.

<sup>&</sup>lt;sup>3</sup>Kasmir, *Bank dan Lembaga Keuangan Lainnya*, (Jakarta : Rajawali Press, 2013), 37.

and Islamic business transactions using the principles and teachings which have been taught by Islam.

Marketing is one of the things that can not be separated in business activity. Marketing is not just as a function within the company, but how the market could run in a creative and innovative. Marketing is not just a study to sell or as understood in some circles just mere marketing mix. However, understanding of marketing itself has a broader scope.<sup>4</sup>

Event marketing has always been there in every business, whether profit-oriented or social enterprises. The importance of marketing is a must in order to meet the needs and desires of the community for product or service. Marketing increases importantly as the increasing knowledge of the community. The marketing process becomes an important part in offering products to prospective buyers. Marketing can also be done in order to face competitors from time to time<sup>5</sup>. in the other terms, marketing is a process that begins long before the activities of goods / materials in the production process.<sup>6</sup>

As a business strategy, marketing is the act of adjusting a marketoriented organization in the face of the reality of business, both within

<sup>&</sup>lt;sup>4</sup>Hemawan Kartajaya, *Syariah Marketing*, (Bandung : Mizan Media Utama, 2006, 139.

<sup>&</sup>lt;sup>5</sup>Kasmir, *Pemasaran Bank*, (Jakarta : PT Kencana, 2008), 52.

<sup>&</sup>lt;sup>6</sup>Sofjan Assauri, *Manajemen Pemasaran*, (Jakarta : Rajawali Press, 2004), 3.

the micro and macro environment which constantly changing.<sup>7</sup>Based on the development of theory and concepts, Hermawan Kartajaya divide his thoughts into three milestones, which indicates three waves of evolution growing marketing in general. The first milestone of the marketing concept that was developed more emphasis on Marketing Rational approach. In the second milestone, he saw that this approach is not enough anymore so we need an approach called Emotional Marketing. In the third milestone, he argues that the approach to business has shifted from a rational, to emotional, then to spiritual.<sup>8</sup>

In the present and in the future, especially after the outbreak of the financial scandal that erupted in the United States in the 2000s were marked by the collapse of the giant companies such as Enron, Worldcom, or Global Crossing, then the economic crisis that hit Indonesia and Asia particularly, recession and global economic imbalances in general, is a proof that there is something "wrong" in the system adopted today. The fact that 63 banks have been closed, 14 banks have in-take-over, and nine more banks is recapitalized at a cost of hundreds trillions rupiah.<sup>9</sup>

Marketing era has shifted towards spiritual marketing. In this spiritual level, marketing is already addressed as "call of the soul". The marketing practices returned to the essential functions by a thick morality. The principles of honesty, empathy, love, and concern for others

<sup>&</sup>lt;sup>7</sup>Ali Hasan, *Marketing*, (Yogyakarta : Media Pressindo, 2008), 1.

<sup>&</sup>lt;sup>8</sup>Hermawan Kartajaya, *Marketing 3.0*, (Jakarta : Erlangga, 2010), 13

<sup>&</sup>lt;sup>9</sup>Syafi'i Antonio, *Bank Syariah Dari Teori ke Praktik*, (Jakarta : Gema Insani Press, 2001), 8.

become dominant. On the intellectual level, language used is "language of logic" and on the emotional level is "language of sense", then on a spiritual level used "language of heart". Because conscience is a lantern that lights will indicate which direction to be addressed. Conscience is the "ultimate weapon" to win the competition.

A number of companies which collapsed above shows that no matter how great a business strategy, whatever sophisticated marketing tools that run, all of it would be useless if it is not based on spiritual values solid. The accounting manipulation case in the history of US business activity that shows how the increasing complexity of the business, the more sophisticated management tools, and more advanced devices did not make the regulation of business practices are becoming increasingly mature and civilized. On the contrary, the more excessive without ethics, without morals and without handles.<sup>10</sup>

Sooner or later the company must improve its ability to maintain and develop the company. Company's benchmark is the subscription and all the functions work together to serve and satisfy the customers. Finally, many marketing experts say that marketing needs to be prioritized in the company if the customer needs to be satisfied efficiently. In this case, the management of marketing plays an important role for the company to keep running ahead in business. Successful marketing is certainly a good concept anyway, there is no element of

<sup>&</sup>lt;sup>10</sup>Hermawan Kartajaya, *Marketing 3.0*, 64.

fraud or dishonesty, and such a marketing uses the concept of marketing like religious or putting in religious elements. So that there is a prudence in marketing.

Marketing activity in sharia perspective is all business in the form of creation activities, offers and value changes that allow perpetrators to grow and leverage their emergence fortified with honesty, fairness, openness, sincerity, according to the contract process based on Islamic principles<sup>11</sup>. Allah Swt reminded to always avoid unjust acts in the business included in the process of creation, supply and process of value changes in marketing.<sup>12</sup>

Allah said in surah s<mark>ha</mark>ad : 24<sup>13</sup>

قَالَ لَقَدۡ ظَلَمَكَ بِسُوَّالِ نَعۡجَتِكَ إِلَىٰ نِعَاجِ<sup>ج</sup>ُ ۖ وَإِنَّ كَثِيرًا مِ<mark>ّنَ</mark> ٱلۡخُلَطَآءِ لَيَبۡغِي بَعۡضُهُمۡ عَلَىٰ بَعۡضٍ إلَّا ٱلَّذِينَ ءَامَنُواْ وَعَمِلُواْ ٱلصُّلِحٰتِ وَقَلِيلۡ مَّا هُمٍۗ وَظَنَّ دَاوُدُ أَنَّمَا فَتَنُّهُ فَٱسْتَغۡفَرَ رَبَّهُ وَخَرَّ رَاكِغًآ وَأَنَابَ

He (Dawood)said, "Certainly, he haswronged you bydemanding your ewe (inaddition) to his ewes. And indeed, manypartners oppress oneanother, except thosewho believe and dorighteous deeds andthey are few." AndDawood become centainthat We had tried him, and he askedforgiveness of his Lordand fell down bowing(in prostration) andturned (to Allah) inrepentance.<sup>14</sup>

<sup>&</sup>lt;sup>11</sup>Abdullah Amrin, Asuransi Sharia, (Jakarta : PT. Elex Media Komputindo, 2006), 207.

<sup>&</sup>lt;sup>12</sup>Muhammad Syakir Sula, *Asuransi Sharia (Life and General); Konsep dan Sistem Operasional,* (Jakarta : Gema Insani press, 2004), 424.

<sup>&</sup>lt;sup>13</sup>Departemen Agama RI, Al-'Aliyy, Al Qur'an dan Terjemahnya, (Bandung : Penerbit Diponegoro, 2005), 363.

<sup>&</sup>lt;sup>14</sup>Abdullah Yusuf Ali, *The Holy Qur'an : Text, Translation, and Commentary*, (New York : Tahrike Tarsile Qur'an, Inc., 2001), 635-636.

Sharia market is an emotional market while the conventional market is a rational market. It means people are interested in doing business in sharia market for religious reasons which more emotional, not because a benefit financially. On the contrary, in conventional marketing people want to get profit as much as possible, without being too concerned whether the business they do and how to get those results may be distorted or even contrary to Islamic principles.

An expert in Islamic economics, Hafidhudin Didier says otherwise, that people who are on the sharia market are actually very rational in determining the choice. He also said people who are in the category of emotional market is usually more critical, more thorough and meticulous in comparing with conventional bank or insurance that had been used before its choice to sharia market.

In addition, according to Budi Wisakseno<sup>15</sup> who is a former Board of Directors of Bank Muamalat Indonesia said that the understanding of dichotomy between the rational customer and emotional customer is wrong. How to think like that, he said, is based on the theory of secular conventional marketing.Everything is based on religious way of thinking will be said as something irrational. When a rational customers get the information that the bank interest rate (conventional) is high, he will drawhis funds from Islamic banks to the conventional banks

<sup>&</sup>lt;sup>15</sup>Budi Wisakseno, "Rasionalitas Nasabah Perbankan Sharia", *Harian Republika*. (25 February 2005), 11.

Conventional marketing theory says this is a rational attitude as he tries to escape from the situation which less favorable. However, this fact can also be said to be emotional way of thinking, because only consider the advantages of the world, but ignore the advantages hereafter. Instead, an emotional customer, according to some people has two time perspectives actually. First, the perspective of the time, when he was still alive in the world. Second, the perspective of time after death, namely the period since the customer dies or life beyond the grave until the time when humans will be calculated good deeds and bad for living in the world (judged).

Their perspective of time after death on Muslim customers can explain why an Islamic bank customer can even receive a benefit whose value is smaller as long as it was lawful. Indeed, business and marketing practices actually shifted and transformed from an intellectual level (rational), to emotional, and ultimately to the spiritual. In the end, consumers will consider the suitability of products and services to our spiritual values he believed.

The sharia marketing concept itself evolved over the development of sharia economy. Some companies and sharia banks have applied this concept and have yielded positive results. In the future predicted sharia marketing will continue to grow and trusted by the people because of the values that correspond to what the community needs, honesty. Muamalat Bank, as the first Islamic bank in Indonesia which should have strong idealism about sharia principles which applied in the execution of every business activity. Bank Muamalat will sooth the application of Islamic principles muamalat evidenced by the establishment of the institute which aims to educate employees to become professional sharia bankers, including being a reliable sharia marketer.

And to achieve the goal of becoming professional Islamic bank, Muamalat bank trainsits managers and employees in Muamalat Institute. this is done to establish the great sharia bankers and professional sharia marketers.

Despite of that, many staff of Muamalat bank are derived from conventional bank. Guntur Subagja, Chairman Indostrategic Economic Intelligence said that Currently there are 12 Islamic banks which operate with total of 48 directors. From those numbers, the directors who come from conventional banks 37 (77%) and only 11 directors in the last five years doing business in Islamic banking. "Surprising and alarming at the same time," he said.

Two of the largest Islamic banks in Indonesia's iconic national Islamic banking, Bank Syariah Mandiri (BSM) and Bank Muamalat, all directors are derived from conventional banks. BSM take the directors of its conventional bank, Mandiri Bank. MuamalatBank which established with the Islamic spirit by ICMI (Association of Indonesian Muslim Intellectuals), all directors are derived from the conventional foreignowned banks.<sup>16</sup>

When the Islamic bank just be seen as a system, so the bank will run without the Islamic values that have been used as the advantages of Islamic banking. Though these values, which is used to position the banking authority of Islamic banks is more than just a bank (beyond banking).

Moreover, a lot of marketing staff of Muamalat bank was derived from conventional banks. So the understanding aboout Islamic banks, including the implementation of sharia marketing is still lacking. Also in Muamalat bank Surabaya, six out of ten marketing staff is derived from conventional banks. These things need to be questioned regarding the understanding and ability of professional syariah marketer in conducting such as Islamic business.<sup>17</sup>

But even then we can not just blame one party, the Islamic banks. But we also have to investigate whether the values of Islam including sharia marketing has really adopted and applied to the entire layer of banking employees. If not, then it must be followed up, so such incidents will not return in Islamic banks that prejudice the customers, banks and other parties.

<sup>&</sup>lt;sup>16</sup>Paulus Yoga, "Mayoritas Direksi Bank Syariah dari Konvensional", <u>http://infobanknews.com/mayoritas-direksi-bank-syariah-dari-konvensional</u>, "accessed on" 10 April 2016.

<sup>&</sup>lt;sup>17</sup>Uman, *Interview*, Muamalat Bank branch office Sungkono, 10 Juni 2016.

Departing from the problems above, the author would like to investigate more about implementing sharia marketing in Islamic banks that exist today. Due to limitations of time and place, the authors will examine in Muamalat bank entitled " The Evaluation of Sharia Marketing Implementation at Muamalat Bank Branch Surabaya"

B. Formulation Of Problem

By looking at the background above, it can be formulated problems research as follows:

- 1. Is there a gap between the concept of sharia marketing and the practice at Muamalat Bank branch Surabaya ?
- 2. On what dimensions are the gap between the concept of sharia marketing and the practice at Muamalat Bank branch Surabaya ?
- C. Research Purposes

Based on the formulation of problem above, then the purpose of this study is to provide feedback and evaluation for Islamic banks, especially for Muamalat Bank branch Surabaya about its implementation of sharia marketing which are specifically described into two points :

 To determine whether there is a gap between the concept and theory in Islamic marketing applicability in Muamalat Bank Branch Surabaya.  To determine what are the dimensions led to a gap between the concept and practice of sharia maketing in Muamalat Bank branch Surabaya.

## D. Benefits Of Research

The expected results of this study is giving an input for both theoretical and practical. The results of this study were divided into two :

- 1. Theoritical Aspect
  - a. To contribute to knowledge and add the repertoire of knowledge.
  - b. Expected to provide additional for science, especially relating to the marketing field of Islamic banking, especially in the sharia marketing aspects.
- 2. Practical Aspect
  - a. Expected to contribute ideas as study materials as well as consideration for the relevant agencies.
  - b. Expected to be the insight and knowledge to the community, to understand the sharia marketing implementation in Islamic banking.
  - c. For Islamic Banks, with this study are expected to Islamic banks could continue to evaluate the implementation of sharia marketing activities. So that, sharia principles can actually run on their business activities, especially in their products and services. Moreover, Islamic banks will be more trusted by customers as beyond banking to the people in the future.

- d. for author himself, as a studying of knowledge, especially aboutsharia marketing implementation in Islamic banking.
- e. Next researcher, as reference material in researching and reviewing the same problem in the future.

