

Innovations in Islamic Banking on Conventional Banks (Study on Banking Industry Players)

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Abstract

To answer how big the rate of innovation made by Islamic Banks compared to conventional Banks from the perspective of banking industry players and to find out which innovations need to be improved so that Islamic Banks can compete with Conventional Banks. The research method used is quite easy, starting with a study using 100 samples of Islamic banking industry players and 100 samples of conventional banking industry players domiciled in the city of Bandung. Using the independent samples T-test, it can be seen that innovation in Islamic banks is still below the average compared to conventional banks. The use of the Independent-Samples T Test method for non-parametric statistics (Man Whitney U-Test) was used to evaluate the mean difference between two groups of unrelated samples. The results obtained are quite unique where a test is carried out whether it is true that Islamic banks are considered as innovations from conventional banks.

Keywords

innovation; Islamic bank;
conventional bank; t-test



I. Introduction

Currently, the role of banks is very important in efforts to increase the economic growth of a country. Various business sectors really need banks in conducting every financial transaction. All business sectors or individuals today and in the future will not be separated from the banking sector and even become a necessity in carrying out financial activities in an effort to support business smoothness (Ismail, 2010). The number of banks is increasing, then competition is often associated with a situation where the competition between several parties in fighting over something becomes unavoidable. Competition is also often associated with market power even though these two things are actually different. Market power refers to the behavior of individual companies in setting price strategies while competition is more related to the interaction of market members or is more aggregated (de Rozas, 2007). Based on its function, the main function of the bank is to collect funds from the public and channel them back to the public for various purposes or as a financial intermediary. More specifically, banks can function as agents of trust, agent of development, and agent of services (Budisantoso et al, 2006).

As a regulator, Bank Indonesia pays serious and serious attention to encouraging the development of Islamic banking. This spirit is based on the belief that Islamic banking will bring 'benefit' for economic improvement and equitable distribution of public welfare. First, Islamic banks are closer to the real sector because the products offered, especially in financing, always use underlying transactions in the real sector so that their impact is more tangible in encouraging economic growth. Second, there are no speculative products (gharar) so that they have strong durability and have been tested for their toughness from the direct hit of the global financial crisis. At the macro level, Islamic banking can provide support for the creation of financial system stability and the national economy. Third, the profit-loss sharing system which is the spirit of Islamic banking will bring fairer benefits to

all parties, both for the owner of the funds as depositors, entrepreneurs as debtors and the bank as fund managers (Halim, 2015).

Islamic banks can be considered as innovations because their existence can provide answers to anxiety about the conventional banking system. Behind all the expectations of Islamic banks there are several things to fear, namely the competition in the banking industry in line with innovation. Especially for Islamic banks, it will be quite difficult and all banks will compete in developing innovations to win the competition (Puspoprano, 2004). There is an analysis of the influence of Islamic finance on macroeconomic indicators using the Autoregressive-Distributed Lag (ARDL) approach. The results show that Islamic finance already has an important role in the economic sector by collecting and distributing funds effectively for investment. Islamic banking can contribute to the real sector by performing intermediary functions such as collection and distribution to investment activities efficiently. (Kassim, 2015). The development of Islamic banks is evidenced from the accounts in September 2018 based on the OJK, there are 14 Islamic commercial banks, 20 sharia business units, and 729 head offices/branch offices.

The Financial Services Authority (OJK) said that the Islamic capital market contributed the most to the assets of the Islamic finance industry in Indonesia. "The biggest contributor to the assets of the Islamic finance industry in Indonesia is the Islamic capital market," said OJK's Director of Sharia Capital Markets, Fadilah Kartikasasi in Jakarta. In aggregate, the market share of the Islamic finance industry in Indonesia has only reached 8.47% of the total assets in the financial services industry. Therefore, there is still a lot of room for the growth of the sharia industry in the future [1]. Meanwhile, according to Islamic economics academics from UIN Sunan Gunung Djati Harry Maksum, currently the market share of Islamic banking is still 5% of the total bank account owners. The achievement of 5% was also after Bank Aceh and Bank NTB were converted from conventional to Islamic banks. "Without it (conversion), previously it did not reach 5%. Even though Islamic banking has been around for almost 3 decades in Indonesia. Unlike Malaysia, the market share of Islamic banking is already above 20%," said Harry Maksum on the sidelines of launching the sharia news portal Suara Persaudaraan.com at the West Java Book Fair at the Landmark Building, Bandung City

II. Review of Literature

2.1 Definition of Islamic Bank and Conventional Bank

Based on the Law of the Republic of Indonesia Number 21 of 2008 concerning Islamic Banking, the definition of a Bank is a business entity that collects funds from the public in the form of deposits and distributes them to the public in the form of credit and/or other forms in order to improve the people's standard of living. Sharia Banking is everything related to Sharia Banks and Sharia Business Units, including institutions, business activities, as well as methods and processes in carrying out their business activities. Then Conventional Bank is a Bank that carries out its business activities conventionally and based on its type consists of Conventional Commercial Banks and Rural Banks.

Banks that operate in accordance with Islamic sharia principles are banks that in their operations follow the provisions of Islamic sharia, especially those concerning the procedures for muamalah in Islam. In the procedure for converting to Islam, practices that are feared to contain elements of usury are avoided, to be filled with investment activities on the basis of profit sharing and trade financing or business practices carried out at the

time of the Prophet or other existing forms of business, but not prohibited by him (Edy, 2005).

Mobile banking services are service products that can facilitate and accelerate customers in making transactions, services that can be done electronically without having to go to a bank to make transactions (Financial Services Authority (OJK), 2020). To get a lot of consumers, one way to do this is to create customer loyalty (Harahap, 2021). Service quality and innovation are two elements that can build competitive advantage, because the quality of service as a infrastructure that is adequate in providing services, while innovation is applied because consumers want a renewal in the services perceived by consumers, so the end result of service quality and innovation is the creation of competitive advantage (Kusumadewi, 2019).

Differences between Islamic Banks and Conventional Banks. The difference between Islamic banks and conventional banks can be seen in several aspects such as the collection system, fund allocation, payment, risk sharing, legal aspects, organizational structure, type of business financed and relationships with customers (Antonio, 2001). The differences between Islamic banks and conventional banks are summarized in the table below:

Table 1. The differences between Islamic banks and conventional banks

Islamic Bank	Conventional Bank
Investment in a <i>halal</i> business	Investment in the <i>halal</i> and <i>haram</i> business
“Intermediary and investor” status of the bank	“Intermediary” status of the bank
Profit sharing, margin, and fee systems	Interest and fee systems
<i>Nisbah</i> of profit sharing from sales projection	Basic principle interest
The profit sharing payment depends on the surplus realization	The interest payment does not consider the business condition
Bank bears also the risk of the business	Bank does not bear the risk
<i>Halal</i>	The <i>halal</i> condition of interest is doubted
Presence of Islamic Board of Supervisors	There is no Islamic Board of Supervisors
Partnership relation with the customer	The relationship is in form of creditor and debtor
Creating an accord between them	Contributing in creating the gap between the real and monetary sectors
Does not give you in cash but by financing the good and service	Creating a chance for loan fund abuse

2.2 Sharia Bank and Conventional Bank Funding System

The collection of funds in Islamic banks can be in the form of demand deposits, savings and time deposits. The operational principles of sharia applied in the collection of public funds are the principles of wadi'ah and mudharabah. The principle applied is wadi'ah yad dhammah which is applied to checking account products. Wadi'ah dhammah is different from wadi'ah amanah, in principle, the deposited property should not be used by the entrusted person. Meanwhile, in the case of wadi'ah dhammah, the party entrusted with it (the bank) is responsible for the integrity of the deposited property so that he may take advantage of the deposited property. In applying the mudharabah principle, the depositor or depositor acts as shahibul maal (owner of capital) and the bank as mudharib (manager). The funds are used by the bank to perform murabahah or ijarah as previously described.

The bank can also use the funds to perform a second mudharabah. The results of this business will be divided according to the agreed ratio. In the event that the bank uses it to perform the second mudharabah, then the bank is fully responsible for the losses incurred. (Adiwarman, 2004). Conventional Banks also have a fund-raising system such as from deposits where deposit withdrawals can be made by check or demand deposit, deposit money or deposit in the bank with the provisions applicable by the bank, and the deposit time is within a certain time (Hidayat et al, 2012).

2.3 Similarities between Islamic Banks and Conventional Banks

The similarities between Islamic banks and conventional banks are in payment techniques, transfers, computer technology, general requirements for obtaining funds, for example, identification numbers, tax pay identification numbers, proposals, and financial statements (Marimin et al, 2015).

2.4 Definition of Innovation

The term innovation is always interpreted differently by several experts. According to Suryani (2008:304), Innovation in a broad concept is not only limited to products. Innovation can be in the form of ideas, methods or objects that are perceived by someone as something new. Innovation is also often used to refer to changes that are perceived as new by the people who experience it.

2.5 Innovation Dimension

In the OECD Oslo Manual (2005) there are four types of innovation, namely product, process, marketing, and organizational innovation. Product innovation is usually related to a product or service that is new and has never been on the market or the improvisation of an existing product or service is becoming more recent. Process innovation is usually associated with improvisation in the production process or the way a product or service is delivered to the market. Marketing innovation is the implementation of new marketing methods including packaging, design, and product placement that makes market expansion and sales increase. Then the last organizational innovation is the implementation of organizational methods both internally and externally with the aim of minimizing costs.

III. Research Methods

This study aims to analyze the comparison between innovations made by Islamic banks and conventional banks from the perspective of banking industry players. This comparison uses the dimensions of product innovation, process, marketing and organizational innovation from both banks. Comparisons were made both as a whole and from each dimension to identify which dimensions were the most significantly different. The last step is to look at which factors have significant differences, so an analysis with the same method is needed to compare each required indicator. To analyze quantitatively, this study uses the Independent-Samples T Test for non-parametric statistics (Man Whitney U-Test) with a comparison model to test the significance of the difference in mean between two independent/unrelated sample groups (Sugiyono, 2010) . The population in this study are banking industry players who are domiciled in the city of Bandung, with the determination of the sample using a purposive sampling technique, namely the sampling technique of data sources with certain considerations. The considerations used as sample criteria in this study are 100 Islamic banking players and 100 conventional banking players in the city of Bandung. The sample data collection was carried out from September 2018 to

October 2018. The techniques used in this study were library research and field research. Library research was conducted to obtain theoretical data obtained from books, journals and other sources related to the concept of innovation in Islamic banking and conventional banking. Then field research is done by giving a questionnaire to the sample based on the appropriate criteria.

IV. Results and Discussion

4.1 Independent Average Difference Test Results Overall Banking Innovation

In this first part, we look at the overall dimensions of all dimensions whether there is a significant difference between the average innovation in Islamic banks and conventional banks. Decision Making Basis:

1. If the value of Asymp Sig. (2-tailed) < 0.05 then there is a significant difference between Conventional Banks and Islamic Bank innovations
2. If the value of Asymp Sig. (2-tailed) > 0.05 then there is no significant difference between Conventional Bank innovation and Islamic Bank innovation

Test Statistics ^a	
	Result
Mann-Whitney U	774396.500
Wilcoxon W	1900146.500
Z	-16.205
Asymp. Sig. (2-tailed)	0.000

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std.Deviation
Conventional Banking	1500	1	5	4.06	0.750
Islamic Banking	1500	1	5	3.62	0.685
Valid N (listwise)	1500				

Decision-making

It is known that the value of Asymp. Sig. (2-tailed) of 0.000 < 0.05, it can be concluded that there is a significant difference between Conventional Bank innovation and Islamic Bank innovation. With the overall innovation average value of Conventional Banks is 4.06 and the overall innovation average value of Islamic Banks is 3.62. The Average Difference Test Results for Each Innovation Field

Test Statistics ^a				
	Product Innovation	Process Innovation	Marketing Innovation	Organizational Innovation
Mann-Whitney U	86094.500	37066.000	50368.500	28423.000
Wilcoxon W	211344.500	82216.000	130568.500	73573.000
Z	-9.419	-4.106	-9.827	-8.577
Asymp. Sig. (2-tailed)	0.000	0.000	0.000	0.000

Report					
Banking Type		Product Innovation	Process Innovation	Marketing Innovation	Organizational Innovation
Conventional Banking	Mean	4.020	4.030	4.120	4.090
	N	500.000	300.000	400.000	300.000
	Std. Deviation	0.757	0.740	0.771	0.719
Islamic Banking	Mean	3.580	3.780	3.550	3.590
	N	500.000	300.000	400.000	300.000
	Std. Deviation	0.669	0.667	0.727	0.646
Total	Mean	3.800	3.900	3.840	3.840
	N	1000.000	600.000	800.000	600.000
	Std. Deviation	0.747	0.714	0.800	0.728

Decision-making: (1) It is known that the value of Asymp. Sig. (2-tailed) of 0.000 < 0.05, it can be concluded that there is a significant difference between Conventional Bank product innovation and Islamic Bank product innovation. The average value of conventional bank product innovation is 4.02 and the average value of Islamic bank product innovation is 3.58, (2) It is known that the value of Asymp. Sig. (2-tailed) of 0.000 < 0.05, it can be concluded that there is a significant difference between conventional bank process innovation and Islamic bank process innovation. The average value of conventional bank process innovation is 4.03 and the average value of Islamic bank process innovation is 3.78, (3) It is known that the value of Asymp. Sig. (2-tailed) of 0.000 < 0.05, it can be concluded that there is a significant difference between conventional Bank marketing innovations and Islamic Bank marketing innovations. With the average value of conventional bank marketing innovation is 4.12 and the average value of Islamic bank marketing innovation is 3.55, (4) It is known that the value of Asymp. Sig. (2-tailed) of 0.000 < 0.05, it can be concluded that there is a significant difference between conventional bank organizational innovation and Islamic bank organizational innovation. The average value of conventional bank organizational innovation is 4.09 and the average value of Islamic bank organizational innovation is 3.59.

Thus, it can be stated that there is a significant difference between the innovations carried out by Conventional Banks and Islamic Banks with the most distinguishing form of innovation being marketing innovation because it has the highest average value and also has the average margin value of Conventional Banks and Islamic Banks. the biggest

4.2 Independent Average Difference Test Results for Each Innovation Factor

a. Level of Physical Quality

Level of Physical Quality				
Mann-Whitney U	3665.000	Banking Type		
Wilcoxon	8715.000	Conventional Banking	Mean	4.27
Z	-3.997		N	100
Asymp. Sig. (2-tailed)	0.000		Std. Deviation	0.679
		Islamic Banking	Mean	3.98
			N	100
			Std. Deviation	0.471

Decision-making

It is known that the value of Sig. (2-tailed) of 0.000 < 0.05, it can be concluded that there is a significant difference between the physical condition of the Conventional Bank and the physical condition of the Islamic Bank. The average physical condition of conventional banks is 4.27 and the average physical condition of Islamic banks is 3.98.

b. Level of Banking Cost

Level of Banking Cost				
Mann-Whitney U	2729.500	Banking Type		
Wilcoxon	7779.500	Conventional Banking	Mean	3.55
Z	-6.110		N	100
Asymp. Sig. (2-tailed)	0.000		Std. Deviation	0.744
		Islamic Banking	Mean	2.93
			N	100
			Std. Deviation	0.624
		Total	Mean	3.24
			N	200
			Std. Deviation	0.752

Decision-making

It is known that the value of Sig. (2-tailed) of 0.000 <0.05, it can be concluded that there is a significant difference between the conventional bank fee level and the Islamic bank fee level. With the average value of the conventional bank fee rate is 3.55 and the average value of the Islamic bank fee rate is 2.93

c. Level of Convenience in Product Use

Level of Convenience in Product Use				
Mann-Whitney U	2880.000	Banking Type		
Wilcoxon	7930.000	Conventional Banking	Mean	4.30
Z	-6.056		N	100
Asymp. Sig. (2-tailed)	0.000		Std. Deviation	0.704
		Islamic Banking	Mean	3.80
			N	100
			Std. Deviation	0.449
		Total	Mean	4.05
			N	200
			Std. Deviation	0.640

Decision-making

It is known that the value of Sig. (2-tailed) of 0.000 <0.05, it can be concluded that there is a significant difference between the ease of using Conventional Bank products and the ease of use of Islamic Bank products. With the average value of ease of use of Conventional Bank products is 4.30 and the average value of ease of use of Islamic Bank products is 3.80

d. Level of Product Function Novelty

Level of Product Function Novelty				
Mann-Whitney U	2903.000	Banking Type		
Wilcoxon	7953.000	Conventional Banking	Mean	3.98
Z	-5.508		N	100
Asymp. Sig. (2-tailed)	0.000		Std. Deviation	0.804
		Islamic Banking	Mean	3.38
			N	100
			Std. Deviation	0.632
		Total	Mean	3.68
			N	200
			Std. Deviation	0.781

Decision-making

It is known that the value of Sig. (2-tailed) of 0.000 <0.05, it can be concluded that there is a significant difference between the development of Conventional Bank products and the development of Islamic Bank products. With the average value of conventional bank product development is 3.98 and the average value of Islamic bank product development is 3.38.

e. Level of Human Resource Competency

Level of Human Resource Competency				
Mann-Whitney U	4170.500	Banking Type		
Wilcoxon	9320.500	Conventional Banking	Mean	4.02
Z	-2.246		N	100
Asymp. Sig. (2-tailed)	0.025		Std. Deviation	0.603
		Islamic Banking	Mean	3.83
			N	100
			Std. Deviation	0.551
		Total	Mean	3.93
			N	200
			Std. Deviation	0.584

Decision-making

It is known that the value of Sig. (2-tailed) of 0.025 < 0.05, it can be concluded that there is a significant difference between the competence of HR of Conventional Banks and the competence of HR of Islamic Banks. With the average value of HR competence of Conventional Banks is 4.02 and the average value of HR competencies of Islamic Banks is 3.83

f. Level of Service Process Pace

Level of Service Process Pace				
Mann-Whitney U	3602.000	Banking Type		
Wilcoxon	8652.000	Conventional Banking	Mean	4.13
Z	-4.006		N	100
Asymp. Sig. (2-tailed)	0.000		Std. Deviation	0.63
		Islamic Banking	Mean	3.77
			N	100
			Std. Deviation	0.566
		Total	Mean	3.95
			N	200
			Std. Deviation	0.624

Decision-making

It is known that the value of Sig. (2-tailed) of 0.000 < 0.05, it can be concluded that there is a significant difference between the service speed of Conventional Banks and the service speed of Islamic Banks. With the average value of conventional bank service speed is 4.13 and the average value of Islamic bank service speed is 3.77

g. Level of Convenience in Communication

Level of Convenience in Communication				
Mann-Whitney U	4378.000	Banking Type		
Wilcoxon	9428.000	Conventional Banking	Mean	4.34
Z	-1.715		N	100
Asymp. Sig. (2-tailed)	0.086		Std. Deviation	0.714
		Islamic Banking	Mean	4.24
			N	100
			Std. Deviation	0.515
		Total	Mean	4.29
			N	200
			Std. Deviation	0.623

Decision-making

It is known that the value of Sig. (2-tailed) of 0.086 > 0.05, it can be concluded that there is no significant difference between the ease of communication of Conventional Banks and the ease of communication of Islamic Banks. With the average value of the ease of communication of conventional banks is 4.34 and the average value of the ease of communication of Islamic banks is 4.24

h. Level of Refund Value

Level of Refund Value				
Mann-Whitney U	3964.000	Banking Type		
Wilcoxon	9014.000	Conventional Banking	Mean	3.61
Z	-2.834		N	100
Asymp. Sig. (2-tailed)	0.005		Std. Deviation	0.680
		Islamic Banking	Mean	3.34
			N	100
			Std. Deviation	0.590
		Total	Mean	3.48
			N	200
			Std. Deviation	0.649

Decision-making

It is known that the value of Sig. (2-tailed) of 0.005 < 0.05, it can be concluded that there is a significant difference between the rate of return of conventional banks and the rate of return of Islamic banks. With the average rate of return for conventional banks is 3.61 and the average rate of return for Islamic banks is 3.34

i. Level of Display Design Update

Level of Display Design Update				
Mann-Whitney U	3569.000	Banking Type		
Wilcoxon	8619.000	Conventional Banking	Mean	4.36
Z	-4.304		N	100
Asymp. Sig. (2-tailed)	0.000		Std. Deviation	0.612
		Islamic Banking	Mean	4.04
			N	100
			Std. Deviation	0.470
		Total	Mean	4.20
			N	200
			Std. Deviation	0.567

Decision-making

It is known that the value of Sig. (2-tailed) of 0.000 < 0.05, it can be concluded that there is a significant difference between the design quality of Conventional Banks and the design quality of Islamic Banks. With the average value of the design quality of Conventional Banks is 4.36 and the average value of the design quality of Islamic Banks is 4.04

j. Level of Promotion Technique

Level of Promotion Technique				
Mann-Whitney U	2524.500	Banking Type		
Wilcoxon	7574.500	Conventional Banking	Mean	4.09
Z	-6.389		N	100
Asymp. Sig. (2-tailed)	0.000		Std. Deviation	0.780
		Islamic Banking	Mean	3.23
			N	100
			Std. Deviation	0.851
		Total	Mean	3.66
			N	200
			Std. Deviation	0.921

Decision-making

It is known that the value of Sig. (2-tailed) of 0.000 < 0.05, it can be concluded that there is a significant difference between increasing conventional bank promotion techniques and increasing Islamic bank promotion techniques. With the average value of conventional bank promotion techniques is 4.09 and the average value of Islamic bank promotion techniques is 3.23

k. Level of Product Pricing Technique Update

Level of Product Pricing Technique Update				
Mann-Whitney U	2785.000	Banking Type		
Wilcoxon	7835.000	Conventional Banking	Mean	3.70
Z	-6.045		N	100
Asymp. Sig. (2-tailed)	0.000		Std. Deviation	0.732
		Islamic Banking	Mean	3.13
			N	100
			Std. Deviation	0.544
		Total	Mean	3.42
			N	200
			Std. Deviation	0.704

Decision-making

It is known that the value of Sig. (2-tailed) of 0.000 < 0.05, it can be concluded that there is a significant difference between the pricing of Conventional Banks and the pricing of Islamic Banks. With the average value of pricing for Conventional Banks is 3.70 and the average value of pricing for Islamic Banks is 3.13

l. Level of Product Access Reach in Convenience

Level of Product Access Reach Convenience				
Mann-Whitney U	2981.000	Banking Type		
Wilcoxon	8031.000	Conventional Banking	Mean	4.32
Z	-5.568		N	100
Asymp. Sig. (2-tailed)	0.000		Std. Deviation	0.777
		Islamic Banking	Mean	3.82
			N	100
			Std. Deviation	0.539
		Total	Mean	4.07
			N	200
			Std. Deviation	0.712

Decision-making

It is known that the value of Sig. (2-tailed) of 0.000 < 0.05, it can be concluded that there is a significant difference between the ease of access of conventional banks and the ease of access of Islamic banks. With the average value of easy access for conventional banks is 4.32 and the average value for easy access for Islamic banks is 3.82

m. Level of Service Information System Update

Level of Service Information System Update				
Mann-Whitney U	2221.000	Banking Type		
Wilcoxon	7271.000	Conventional Banking	Mean	4.25
Z	-7.307		N	100
Asymp. Sig. (2-tailed)	0.000		Std. Deviation	0.702
		Islamic Banking	Mean	3.47
			N	100
			Std. Deviation	0.661
		Total	Mean	3.86
			N	200
			Std. Deviation	0.764

Decision-making

It is known that the value of Sig. (2-tailed) of 0.000 < 0.05, it can be concluded that there is a significant difference between changes in the Conventional Bank information system and changes in the Islamic Bank information system. With the average value of the

Conventional Bank information system is 4.25 and the average value of the Islamic Bank information system is 3.27

n. Level of Internal Teamwork

Level of Internal Teamwork				
Mann-Whitney U	4885.000	Banking Type		
Wilcoxon	9935.000	Conventional Banking	Mean	3.97
Z	-0.346		N	100
Asymp. Sig. (2-tailed)	0.729		Std. Deviation	0.674
		Islamic Banking	Mean	4.00
			N	100
			Std. Deviation	0.532
		Total	Mean	3.99
			N	200
			Std. Deviation	0.605

Decision-making

It is known that the value of Sig. (2-tailed) of 0.729 > 0.05, it can be concluded that there is no significant difference between improving the quality of the conventional bank bureaucracy and improving the quality of the Islamic bank bureaucracy. With the average value of the quality of the bureaucracy of conventional banks is 3.97 and the average value of the quality of the bureaucracy of Islamic banks is 4.00.

o. Level of Way in Communication with Partner

Level of Way in Communication with Partner				
Mann-Whitney U	2341.500	Banking Type		
Wilcoxon	7391.500	Conventional Banking	Mean	4.05
Z	-7.000		N	100
Asymp. Sig. (2-tailed)	0.000		Std. Deviation	0.757
		Islamic Banking	Mean	3.29
			N	100
			Std. Deviation	0.574
		Total	Mean	3.67
			N	200
			Std. Deviation	0.771

Decision-making

It is known that the value of Sig. (2-tailed) of 0.000 < 0.05, it can be concluded that there is a significant difference between the improvement of relations between partners of Conventional Banks and the improvement of relations between partners of Islamic Banks. With the average value of the relationship between partners of Conventional Banks is 4.05 and the average value of relationships between partners of Islamic Banks is 3.29.

Thus, there are significant differences in each of the sub-indicators of Conventional Bank innovation and Islamic Bank innovation, except for the points of ease of communication and quality of bureaucracy. While the form of innovation that makes the most difference in product innovation is the level of cost because it has the largest average value margin, the form of innovation that makes the most difference in process innovation is the speed of service because it has the largest average value margin. The most differentiating factor in marketing innovation is the promotion technique because it has the largest average value margin and the most differentiating form of innovation in organizational innovation is the information system because it has the largest average value margin

V. Conclusion

From this study the authors can draw conclusions related to the results of the average difference test of conventional banking innovation and Islamic banking innovation from the perspective of banking actors, among others, namely:

Based on the results, if we look at it as a whole, there is a significant difference between Conventional Bank innovation and Islamic Bank innovation. With the overall innovation average value of Conventional Banks is 4.06 and the overall innovation average value of Islamic Banks is 3.62. It is clear that the average innovation of Islamic Banks is lower than that of Conventional Banks, thus indirectly explaining that innovations made by Conventional Banks look more promising than those of Islamic Banks.

More specifically, if we look at each type of innovation, there is a significant difference between the innovations carried out by Conventional Banks and Islamic Banks with the most distinguishing form of innovation being marketing innovation because it has the highest average value with a value of 4.12 for Conventional Banks compared to 3.55 for Islamic Banks. And also has the largest margin of average value for Conventional Banks and Islamic Banks.

When viewed from each sub-indicator, there are significant differences between Conventional Bank innovation and Islamic Bank innovation, except for the points of ease of communication and quality of bureaucracy. While the form of innovation that makes the most difference in product innovation is the level of cost because it has the largest average value margin, the form of innovation that makes the most difference in process innovation is the speed of service because it has the largest average value margin. The most differentiator in marketing innovation is the promotion technique because it has the largest average value margin and the most differentiating form of innovation in organizational innovation is the information system because it has the largest average value margin.

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