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Boosting Islamic Banking Market Share in Indonesia: Prioritized Strategies

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Abstract. *In Indonesia, despite having the necessary infrastructure, the Islamic banking sector holds only a 7% market share after 30 years. This study, utilizing the Analytic Hierarchy Process (AHP) with experts from various fields, aims to identify and prioritize strategies to enhance the market share of Islamic banking. The findings highlight three key strategies: first, enhancing regulatory support for Islamic banks; second, cultivating skilled human capital and advancing knowledge in Islamic finance; and third, improving Islamic economic literacy among stakeholders.*

Keywords: *Islamic Banking; Market Share; Strategies*

Abstrak. *Di Indonesia, meski memiliki infrastruktur yang memadai, sektor perbankan syariah hanya menguasai 7% pangsa pasar setelah 30 tahun. Penelitian yang memanfaatkan Analytic Hierarchy Process (AHP) dengan para ahli dari berbagai bidang ini bertujuan untuk mengidentifikasi dan memprioritaskan strategi untuk meningkatkan pangsa pasar perbankan syariah. Temuan ini menyoroti tiga strategi utama: pertama, meningkatkan dukungan peraturan bagi bank syariah; kedua, menumbuhkan sumber daya manusia yang terampil dan memajukan pengetahuan di bidang keuangan syariah; dan ketiga, meningkatkan literasi ekonomi syariah di kalangan pemangku kepentingan.*

Kata kunci: *Perbankan Syariah; Pangsa Pasar; Strategi*

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Introduction

After 30 years of its establishment, the Islamic banking industry in Indonesia still has a limited market share, around 7.38% of the total market share of the banking industry as of March 2024 (OJK:2024). Although the Islamic banking industry has exhibited relatively significant growth over the last two decades, the market share of this industry has yet to reach the expected target. In contrast, the conventional banking industry, at the same time, enjoys considerable growth.

Many studies have been conducted to explore challenges faced by the Islamic banking industry in various countries, including Indonesia. The obsolete legal system (Meisamy & Gholipour, 2020), inadequate supporting regulations and supervision (Iswanaji, 2018; Gherbi, 2018), lack of support from the government (Zulfikar, 2020), and lack of standardization and harmonization on implementation of Sharia principles (Karbhari et al., 2004; Zainordin et al., 2016) are among the factors that hinder development of Islamic banking industry.

However, Indonesia possesses the necessary infrastructure to support the Islamic banking industry with the availability of specific regulations and accounting standards and standardized sharia rules (fatwa) for Islamic banks. Moreover, the government also strongly supports the Islamic economy by establishing the National Islamic Economic and Finance Committee, led directly by the President of the Republic of Indonesia. Furthermore, stakeholders of Islamic banking in the country have contributed many things to the industry. However, the expectation to have a significant share of Islamic banks is still a long way to go. This situation leads to several questions, i.e., what happens to the Islamic banking industry in Indonesia? What strategy needs to be undertaken to boost the industry's market share?

After a series of interviews and focus group discussions conducted during April 2022 with various regulators from Otoritas Jasa Keuangan (Indonesia Financial Services Authority), Bank Indonesia (Central Bank of Indonesia), Ministry of Finance, Dewan Syariah Nasional (National Sharia Board), as well as Islamic bankers and academicians, we found that prospective customers of Islamic banks in Indonesia, including those from highly religious Muslims groups, do not want to use Islamic bank because they think there is no significant difference between Islamic and conventional banks. In their opinion, *Riba* or usury still exists in Islamic banking transactions. On the other side, institutional investors are still reluctant to migrate their funds to Islamic banks because they already enjoy several conveniences and thus feel no necessity to migrate from conventional banks. From the perspective of Institutional investors, Islamic and conventional banks are

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similar, and they feel that the additional value that they get by moving their funds to an Islamic bank is not significant.

Government officials also express similar opinions. Although the government politically supports the Islamic economy, they still feel that giving incentives to Islamic banks is unnecessary if the business models of Islamic banks are similar to those of conventional banks. Due to limited incentives, shareholders of Islamic banks, mostly conventional banks as parent banks, tend to only provide partial support to their Islamic subsidiaries or windows. Because the products and services are relatively similar, the parent banks treat their Islamic subsidiaries as competitors. Thus, parent banks do not see the urgency of providing additional support to Islamic subsidiaries if they can offer such services themselves.

All of these circumstances hinder the growth of Islamic banks. Due to limited economies of scale, Islamic banking financing becomes more expensive, leading the banks to channel their funds to relatively riskier portfolios. This condition triggers relatively lower performance of Islamic banks. Consequently, their conventional parent banks are reluctant to inject more capital as the parents can manage the funds better and generate higher returns.

Their small sizes also expose the banks to limited capacities and services that can be offered to customers. This influences individual and institutional customers, government entities, and corporations to think twice about shifting their funds to Islamic banks. In addition to that, a small bank's size also creates problems for human resources. Islamic banks have a different capacity than conventional banks to hire highly qualified employees. Therefore, in terms of innovation, Islamic banks always need to catch up compared to conventional counterparts. It makes it more difficult for Islamic banks to innovate, including to develop better Sharia-compliant products and services.

The inability of Islamic banks to come up with more ideal Islamic banking products and services, however, is more than just the failure of the respective banks. Lack of awareness and understanding of Islamic economics and sharia values among industry stakeholders is also one of the reasons. It is difficult for Islamic banks to offer the ideal Islamic banking products and services, particularly those based on the risk-sharing concept, if customers, including Muslim communities, demand higher returns but are not willing to take higher risks. In addition, although there are specific regulations for Islamic banks, some regulations still limit Islamic banks from offering ideal products and services based on an idealistic version of Islamic finance. The regulator still thinks Islamic banks should operate in the

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same environment as conventional banks. This makes it difficult for Islamic banks to develop unique products and services based on Islamic characteristics, as such products are outside the domain of existing banking products and services.

Another factor that makes Islamic banks seem reluctant to change is the Key Performance Indicators (KPI) set by their parent banks. According to the Islamic economy's view, the KPI is mainly based on commercial performance without considering Islamic banks' ultimate purpose. Moreover, because many senior managers of Islamic banks come from conventional backgrounds, they tend to copy the conventional practices with some adjustments to make the products and services structurally comply with Sharia principles. As doing this is already enough to help Islamic banks reach their KPI, they need more urgency in introducing new products and services that meet specific characteristics of Islamic finance. On the other hand, introducing new products takes a long time, educating the market, and getting approval from regulators.

To cut the vicious cycle, many initiatives should be undertaken. This study aims to explore and prioritize strategies that could boost the market share of the Islamic banking industry more quickly. The novelty of this study is that it focuses on prioritizing the possible strategies for how to enlarge the market share of Islamic banking, where all the requirements for Islamic banks already exist. The results of this study can contribute to the consideration of the government, banking regulators, and other stakeholders of Islamic banking industries to formulate policies and responses to promote further development of the Islamic banking industry in Indonesia.

Literature Review

Numerous studies have been carried out over the past few decades regarding the difficulties in developing Islamic banking. Three notable studies that have been conducted in Malaysia are Hassan et al. (2011), Bello (2014), and Zainordin (2016). Other research has also been carried out in various national contexts, including studies carried out in Ghana by Mbawuni and Nimako (2017), Kenya by Kinyanjui (2013), and Iran by Meisamy and Gholipour (2020). Similar research has also been conducted by Iswanaji (2018) in Indonesia. However, after many things have been done to promote the Islamic banking industry in the country, the target set has yet to be achieved. For this reason, it is necessary to reconsider which strategy is the most appropriate to be carried out first so that sharia banking in Indonesia can grow faster.

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To make sure the strategy selected is the best, we must determine whether it has been successfully implemented in other nations or whether empirical research has recognized it as a challenge that needs to be resolved. One study that is relevant to the context of this study is Iswanaji (2018). This study identified and prioritized challenges hindering Islamic banking growth in Indonesia. Using the Analytic Hierarchy Process (AHP), this study argued that the biggest challenge faced by the Islamic banking industry in the country is the regulatory framework. In their opinion, Islamic banking requires favorable government policies and regulations to promote a positive impact on the industry. This finding is in line with results found in other countries, such as Algeria, as stated by Gherbi (2018). According to Gherbi (2018), legislation is the most critical factor in determining the success or failure of the Islamic banking establishment in that country. The findings of Iswanaji (2018) and Gherbi (2018) confirm the results found by Hassan et al. (2011). Hassan et al. (2011) stated that Islamic banking in Malaysia faces several legal obstacles: legislative, juridical, shariah governance, documentation, and money laundering. A similar argument is given by Bello (2014). This study analyzed institutional challenges that may hinder the establishment and management of Islamic banking in Nigeria. The challenges are inappropriate institutional framework, inadequate legal framework, and poor supervisory framework.

The role of the legal system, support from the government, and adequate supervision are also found to be the challenges in developing Islamic banks. As addressed by Meisamy and Gholipour (2020) in Iran, there are top five challenges of the Islamic banking system in that country, namely (1) the position of government towards Islamic banking; (2) lack of competition; (3) un-updated law / legal system (Riba-Free Banking Act/RFBA); (4) lack of shariah supervision; and (5) lack of accounting and auditing standards.

Specific to Sharia compliance implementation, previous studies are also concerned with the application of Sharia law by Islamic banks. Abozaid (2016) noted that Islamic banks' most severe internal challenge is the need for enforceable, robust Sharia governance. This led to creating an avenue for "*fatwa* shopping" and the presence of controversial products endorsed by Sharia scholars using peculiar justifications. In line with this finding, Khan et al. (2021) stressed some Sharia issues related to Islamic banks, capital markets, and *takaful*. For Islamic banks, the Sharia issues include the implementation of *taʿwīḍ* (compensation) and *gharāmah* (penalty) and the trend of debt-based financing, which contradicts the *maqāṣid al-sharīʿah*. This research also identifies several challenges Islamic finance faces, among

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others: human capital, misconceptions of Islamic finance, and standardization and harmonization of *fatwa* and regulation.

Related to standardization, Zainordin et al. (2016) investigated the main challenges in developing Islamic banking in Malaysia. This study found that the biggest challenge faced in Malaysia is the misunderstanding and need for more standardization of Islamic financial concepts. This finding aligns with Karbhari et al. (2004), who stated that more standardization and clarity make it difficult for regulators to understand Islamic banking. As a result, regulators tend to limit the issuance of permits for Islamic banks.

Next, Zainordin et al. (2016) emphasize that the lack of a practical supervisory framework has also become a challenge faced by Islamic banks. This finding is supported by Iqbal et al. (1998), who stated that the lack of a practical supervisory framework is one of the weaknesses of the prevailing system that needs serious attention. In practice, especially in Indonesia, supervisors use a similar supervisory framework for conventional and Islamic banks. This approach makes it difficult for help to offer different products and services than their conventional counterparts, as the banking supervisor often rejects a specific Islamic banking product by saying that it is not the type of products and services of the banking industry. Even when there is the idea that allows Islamic banks to provide certain kinds of products based on Islamic finance specificities, the banking supervisors addressed that the same products should be allowed to be practiced by conventional banks, too, in the name of a level playing field. Therefore, having difficulties offering specific products distinctively different from conventional banks is another challenge Islamic banks face.

Regarding products and services, a lack of innovation is also considered one of the biggest challenges that Islamic banks face. Zainordin et al. (2016) noted that the limited market-based financial intermediaries and products are another challenge Islamic banks face as there is a need for a developed money market and a shortage of short-term investment securities. Zulfikar (2020) recommends that it is essential for Islamic banks to promote more innovation and enhance the competitiveness of Islamic banks. Innovation, the capacity to provide services that meet customers' needs, and the capability to compete with conventional banks are also considered essential factors in promoting the development of Islamic banks in Kenya, as Kinyanjui (2013) addresses.

A similar finding is also found in Ghana. Mbawuni and Nimako (2017) examine factors affecting the adoption of Islamic Banking in Ghana, a non-Islamic Sub-Saharan African country. This study found that consumer attitude, readiness to comply with Sharia law, knowledge, perceived innovativeness, and perceived benefits are the critical determinants of bank customers' intention to adopt Islamic banks in Ghana's Muslim and non-Muslim sub-groups. This study suggested that Islamic banks develop innovative financial products that are Sharia-compliant and economically beneficial to customers' individual and business needs.

More skilled human resources may be another reason Islamic banks need help producing innovative products and services. According to Iswanaji (2018), the Islamic banking sector requires human resources with expertise in economics and sharia law. However, only a few people in the country have such qualifications. In the case of Indonesia, it is no longer a secret that in the Islamic banking sector, on numerous occasions, Indonesian banking industry leaders have acknowledged that many of the employees they assign to work in Islamic banks or Islamic banking windows are not the best ones. Those who joined Islamic banks from conventional banks are primarily people looking to advance their careers but cannot compete in the conventional banking sector or those who will soon retire. Furthermore, talented individuals are reluctant to work for Islamic banks because they cannot offer the same compensation as their conventional counterparts.

However, Iswanaji (2018) also noted that a lack of knowledge about Islamic banking, particularly among Muslims, is impeding the industry's expansion. The results of this study indicate that people need to be made aware of the fundamentals of Islamic banking and its terminology and offerings. Zulfikar's (2020) research also confirms this opinion. Furthermore, in actual practice, a lack of understanding of the significance of Islamic banking not only contributes to the industry's slow growth from a demand standpoint but also hinders the development of regulations that support Islamic banking. This is because regulators need to have adequate knowledge of Islamic banks. They also need to be sufficiently informed about why the Islamic banking sector needs to be suppressed and how Islamic banking can promote better economic development in their country. Therefore, they are hesitant to give Islamic banks more support, including incentives that may promote better growth in this industry.

Methods

Based on problems that have been identified in promoting the Islamic banking industry in Indonesia and an extensive review of literature on challenges

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in developing the Islamic banking industry, this study applies the qualitative approach of the Analytical Hierarchy Process (AHP) to answer the research objective of how to boost the market share of the Islamic banking industry in Indonesia. The AHP is a Multi-Criteria Decision Making (MCDM) rank method initially developed by Saaty (1977, 1980). More recent literature by Ansari et al. (2019) describes the AHP as a method based on the hierarchical analysis for selecting a particular problem. It helps to decompose the hierarchical problem (commonly called a "framework") and solve it partially. The combination of partial solutions is again combined to get the overall solution to the initial problem. The AHP method enables decision-makers to structure a complex problem in a simple hierarchy and systematically assess many quantitative and qualitative factors.

Given the nature of the research question, i.e., prioritizing strategies to boost the market share of the Islamic banking industry, the AHP approach is deemed the most proper method to address the question since it is designed to produce a decision given a set of constraints and conditions which are difficult to quantify.

In our study, after conducting extensive literature reviews, we conducted a Focus Group Discussion (FGD) with experts from various backgrounds. The experts consist of fifteen Islamic banking stakeholders, including regulators (5 experts), Islamic banking practitioners (5 experts), and other stakeholders from various backgrounds, such as government officials, institutional investors, and academics (5 experts). The experts are mid-to-senior-level professionals with considerable work exposure to Islamic banks.

We then constructed a single AHP framework consisting of "criteria" and "alternatives" clusters. This is to determine the strategies (defined in the "alternatives" cluster) that must be prioritized to ensure the effectiveness of stakeholders' initiatives to enlarge the market share of the Islamic banking industry in this country, which is selected given the criteria. As demonstrated by Tu et al. (2020), to operationalize the AHP, the study's main problem must be clearly stated in the AHP framework. Next, criteria must be developed before analyzing possible strategies as objects of analysis ("alternatives"). The AHP framework is given in Figure 1 below.

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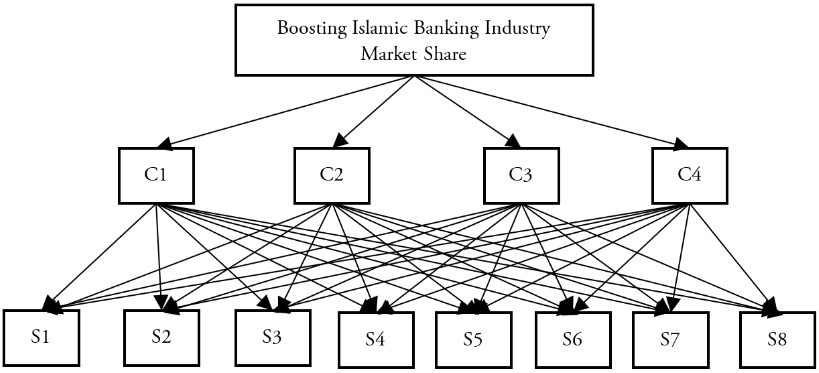
Figure 1. AHP Framework



Source: Authors' compilation of literature reviews.

These criteria and alternatives being analyzed in this AHP are given in Table 1 below.

Table 1. Criteria and Alternatives

	Elements	Denoted by
Criteria	Speed/effectiveness in boosting the size of Islamic banks	C1
	Cost efficiency in implementing the strategy	C2
	Ease of implementing the strategy	C3
	Conformity of the strategy in upholding the value of Islamic economic	C4
Alternatives	Increasing Islamic economic literation among the stakeholders (public, bankers, shareholders, regulators)	S1
	Creating banking products specific to Islamic banks	S2
	Encouraging digitalization-based innovation	S3
	Formulate "Islamic-finance-friendly" regulations that pave the way for value-added Islamic banking characters.	S4
	Improving the quality of human capital and encouraging Islamic finance knowledge creation	S5
	We are providing incentives for the Islamic banking industry, especially those establishing value-added products and services.	S6
	Encouraging more excellent parent banks' involvement in nurturing their sharia subsidiaries, including platform-sharing mechanism	S7
	We are improving the quality of physical facilities of Islamic banking services.	S8

Source: Authors' compilation of literature reviews.

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Afterward, comparisons were conducted to evaluate the criteria weights and alternatives. To this end, the experts were asked to provide the value of importance for each criterion and the alternatives being evaluated. The importance value ranges from 1 (the least important) to 9 (the most important). The inputs from the comparison were then aggregated among the experts using the geometrical mean of the importance values.

Next, a series of calculations are performed to determine the maximum value of the eigenvector, consistency index (CI), consistency ratio (CR), and normalized values for each criterion. The normalized values for each criterion are calculated as the principal eigenvector of the matrix, denoted as follows (Tu et al., 2020):

$$\lambda \max = \frac{1}{n} \sum_{i=1}^{n} \left\{ \frac{\sum_{j=1}^{n} a_{ij} * w_j}{w_i} \right\} \ldots\ldots.(1)$$

Where λmax indicates the maximum eigenvector, n is the matrix size. It denotes an element of the pairwise comparison matrix and w_j and we represent the j^{th} and i^{th} element of values of the eigenvector.

Ansari et al. (2019) stated that if CR is less than 0.1, the inconsistency degree of the comparison matrix is deemed acceptable, and the eigenvalue w can be used as a weight vector after normalization. Otherwise, the comparison matrix needs to be adjusted. If the CI and CR are acceptable, we can then use the normalized values to compile a global ranking of the elements related to the goal (Rasolinezhad, 2009).

Results and Discussion

Using the framework given in Figure 1 (of which the criteria and strategies are presented in Table 1), the group of experts performed their comparative judgments on both the criteria and the alternatives, and the inputs were analyzed to determine the relative priority of the strategy.

As presented in Table 2, the findings indicate that among the four criteria, the experts overwhelmingly emphasized the importance of the C4: Conformity of the strategy in upholding the value of Sharia economics in boosting the market share of the Islamic banking industry. This criterion weighs almost half of the relative importance (0.487). The following essential criteria are C2, Cost efficiency, and C3. Ease of implementing the strategy follows C4, while C1, Speed of effectiveness in boosting the size of Islamic banks, is considered the least important.

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This is a fascinating discovery and unpredictable as the criteria of speed and effectiveness in expanding the size of an Islamic bank are considered less significant than other factors. Many proponents of Islamic economics believe that if the Islamic banking sector were to capture the majority of the market share, more Muslims would find it simpler to engage in business and economic activity according to Islamic principles. Furthermore, possessing a significant portion of the market can enable Islamic banks to provide competitive benefits. Better services, more affordable financing, and, above all, the ability to recruit higher-quality human capital to enable them to compete with traditional firms and foster innovation.

Nonetheless, the fact that nearly half of the component reviewing the best approach to advance Islamic banking development has been allocated to the strategy of ensuring Islamic banks become more in line with Sharia principles indicates that experts genuinely desire Islamic banking to be compliant with Sharia. By having this, Islamic banks can show their differentiation from conventional counterparts. It seems that experts think it is more important for Islamic banks to provide additional value to their customers rather than to focus on enlarging their market share, as customers will eventually come and will prefer to use Islamic banks if they see value in doing transactions with them. This result is supported by previous studies, such as Abozaid (2016) and Khan et al. (2021), who are also concerned with the application of Sharia in the Islamic banking industry.

Table 2. Relative Importance of Criteria Concerning Purpose

Criterion	Weights
C4: Conformity of the strategy in upholding the value of Islamic economic	0.487
C2: Cost efficiency in implementing the strategy	0.202
C3: Ease of implementing the strategy	0.167
C1: Speed/effectiveness in boosting the size of Islamic banks	0.145

Notes: Consistency ratio is 0.002
Source: Authors' compilation of expert choice.

Next, Table 3 provides results for the dimension of alternatives. This is generated after the group of experts performed comparative judgments on the alternatives concerning each criterion ("local comparison"). The results from the local comparison are then compiled and aggregated into a "global comparison" by multiplying the local comparison value matrix (Table 3) for each criterion with the relative importance value matrix for each criterion (Table 2).

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Table 3. Local Comparisons of Alternatives for Each Criterion

	Concerning Criteria			
Alternatives	**C1: Speed/ effectiveness in boosting the size of Islamic banks**	**C2: Cost efficiency in implementing the strategy**	**C3: Ease of implementing the strategy**	**C4. Conformity of the strategy in upholding the value of Sharia economic**
S1: Increasing Islamic economic literation among the stakeholders (public, bankers, principals, regulators)	0.159	0.096	0.079	0.156
S2: Creating banking products specific for Islamic banks	0.048	0.057	0.070	0.195
S3: Encouraging digitalization-based innovation	0.115	0.095	0.102	0.059
S4: Formulating “Islamic-finance-friendly” regulations that pave the way for value-added Islamic banking characters	0.171	0.159	0.155	0.192
S5: Improving the quality of human capital and encouraging Islamic finance knowledge creation	0.172	0.114	0.155	0.178
S6: Providing incentives for the Islamic banking industry, especially those establishing value-added products and services.	0.065	0.103	0.148	0.083
S7: Encouraging greater parent banks’ involvement in nurturing their Islamic subsidiaries, including platform-sharing mechanism	0.082	0.262	0.122	0.053
S8: Improving the quality of Islamic banking services.	0.188	0.114	0.169	0.085
Consistency Ratio (CR)	0.003	0.002	0.000	0.003

Source: Authors’ compilation of expert choice.

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Table 4 displays the outcomes of the primary strategies that must be implemented to promote the expansion of Islamic banking. As shown in Table 4, strategy S4: Formulating "Islamic-finance-friendly" regulations is expected to pave the way for value-added Islamic banking characters and is considered the most critical strategy to pursue to boost Islamic banking market share in Indonesia. This result is in line with previous literature from Iswanaji (2018), Gherbi (2018), and Hassan et al. (2011). Most countries with large (or rapidly increasing) market share of the Islamic banking industry have all the necessary support from governments, banking regulators, and the Sharia supervisory board. They play a pivotal role in establishing the regulatory environment to provide opportunities for Islamic banks to rise and innovate by their specific Islamic characteristics. By having such a supporting regulatory framework, the group of experts believes that this will entice interest from the market at large and, thus, will be able to help the Islamic banking industry grab more market share.

Table 4. Global Comparisons of Alternatives

Alternatives	Overall Weights
S4: Formulating "Islamic-finance-friendly" regulations that pave the way for value-added Islamic banking characters	0.176
S5: Improving the quality of human capital and encouraging Islamic finance knowledge creation	0.160
S1: Increasing Islamic economic literation among the stakeholders (public, bankers, principals, regulators)	0.131
S2: Creating banking products specific for Islamic banks	0.125
S8: Improving the quality of Islamic banking services.	0.120
S7: Encouraging greater parent banks' involvement in nurturing their Islamic subsidiaries, including platform-sharing mechanism	0.111
S6: Providing incentives for the Islamic Banking industry, especially those establishing value-added products and services.	0.095
S3: Encouraging digitalization-based innovation	0.081

Source: Authors' compilation of expert choice.

The group of experts put strategy S5: Improving the quality of human capital and encouraging knowledge creation in Islamic finance as the second priority after formulating Islamic-finance-friendly regulations. This is because human capital will act as an agent of change to promote a better Islamic banking industry. They are the ones who will develop specific products for Islamic banks later on.

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This finding also aligns with previous research studies' findings, such as those by Iswanaji (2018). Sufficient, high-quality human capital that understands Islamic finance while being knowledgeable in Sharia law has been proven as a key strategy to promote high Islamic banking growth, as is the case in Malaysia and Bahrain. Both countries are focused on developing and inviting high-quality human capital for the industry and host international standard-setting bodies for Islamic finance industries in their respective countries.

In addition to improving the quality of human capital, the experts urged strategy S1, Increasing Islamic economic literation to various stakeholders, as the 3rd most important strategy to boost the market share of Islamic banks. This is understandable because, as Iswanaji (2018) found, the lack of awareness of Islamic banking is one of the three most significant challenges in Indonesia. It is not easy to convince regulators to provide Islamic finance-friendly regulations and to ensure that the government provides incentives to Islamic banks if they do not share the same vision and objectives on how Islamic banking should be conducted. Similarly, it would be challenging to persuade shareholders of Islamic banks to provide incentives to the bank to undertake innovation related to specificities of Islamic finance if the shareholders themselves do not know the ultimate motive of Islamic banks other than profit. Moreover, without a proper understanding of Islamic finance among the customers, particularly the Muslim community, it would be difficult for Islamic banks to provide unique Islamic banking products, particularly those based on profit sharing, if the customers still demand to obtain high returns but are reluctant to share any risk.

Strategy S2: Creating products and services specific to Islamic banks that conventional banks cannot offer is considered by the group of experts as the fourth priority. They also consider strategy S8: Improving the service quality of Islamic banks as the fifth priority. Experts are aware that if the current regulations prevent it, Islamic bank products that differ from conventional banks will not be able to be realized. Furthermore, adjusting existing regulations can only be done if the general public, including regulators, understands how important it is for Islamic banks to implement specificities of Islamic finance so that they can provide products and services that conventional banks cannot. All of this, however, will only be feasible if Islamic banks possess high-quality human resources capable of promoting specificities of Islamic banking's distinctive characteristics in their products and services.

Next, strategy S7: Encouraging shareholders to be more involved in promoting Islamic banks, particularly through adopting platform-sharing mechanisms or

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allowing Islamic banks to use the facilities owned by parent banks, is also considered to have an important role but less important than other strategies. This is perhaps because the shareholders of Islamic banks, which are the respective parent banks, first need to understand the value of Islamic economics, as explained earlier. Another reason is that as regulations related to platform-sharing have been issued by the banking regulator in Indonesia (OJK), some banks have just started to implement this mechanism, and a group of experts is still waiting for the results.

Interestingly, strategy S6, providing incentives for Islamic Banking, is deemed less important for the current condition. On the other hand, Islamic bankers always express the importance of incentives to encourage the growth of the Islamic banking industry. This might indicate that the experts still view the fundamental regulatory environment as insufficient, let alone providing incentives for the industry. Moreover, the experts feel that allowing Islamic banks to provide products and services with Islamic economic values is enough to attract more customers. Having incentives will undoubtedly be better, but more critical strategies must be undertaken by the stakeholders that are considered more urgent. Revising the existing regulatory framework that needs to be more flexible to allow Islamic banks to have specific products that are different from those of conventional banks is one of the examples.

Lastly, strategy S3: Encouraging innovation through digitalization is considered the least essential strategy as compared to the other strategies. This finding is shocking as innovation, and digitalization are hot topics in the banking industry and are considered key for a bank to sustain and be competitive in the era of Industry 4.0. However, experts may think Islamic banks must settle more substantial homework before going to the next level through digitalized innovation. However, as rapid growth in technology has a strong influence on the future of the banking industry, all the homework of Islamic banks has to be addressed as soon as possible. If not, we may very soon witness "the end" of Islamic banking in Indonesia if they do not adjust and equip themselves with the necessary innovation that needs to take place.

Conclusion

The results of this study found that all stakeholders have a responsibility to boost the market share of the Islamic banking industry. Regulators play a very crucial role, as the first strategy that has to be executed to boost the market share of Islamic banks is to introduce more Islamic finance-friendly regulations

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for Islamic banks. Moreover, academics, high learning institutions, and research centers in Islamic economics and finance also have a crucial role in executing the following strategy: developing high-quality human capital and promoting knowledge creation in Islamic finance. Similarly, they also play an essential role in the third most important strategy, i.e., to increase Islamic economic literacy to stakeholders at large, in collaboration with Islamic banks, banking regulators, and the government. Aside from introducing specific products and services specific to Islamic banks and increasing service excellence and innovation based on digitalization, Islamic banks need to execute another strategy, which is to encourage shareholders to nurture the growth of Islamic banks, which is also considered important. All of these strategies have to be executed as soon as possible to provide sufficient time for Islamic banks to undertake the next homework, digitalization-based innovation.

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