

QUO VADIS OF INDONESIAN ISLAMIC BANKING: A DELPHI STUDY

Abdillah Ubaidi^a

Imron Mawardi^b

Luthfi Rosyidi^c

Nor Balkish Zakaria^d

^aSharia Banking Study Program, Faculty of Economics and Business, Universitas Islam Raden Rahmat, Indonesia

^{b, c}Islamic Economics Department, Faculty of Economics and Business, University of Airlangga, Indonesia

^dAccounting Research Institute, Universiti Teknologi MARA, Malaysia

Email: abdillah@uniramalang.ac.id^a, ronmawardi@feb.unair.ac.id^b, luthfinr@feb.unair.ac.id^c, norbalkish@uitm.edu.my^d

ARTICLE HISTORY

Received:

9 December 2024

Revised

24 May 2025

Accepted:

24 May 2025

Online available:

30 June 2025

Keywords:

Islamic Banking,
Market Share,
Sustainable
competitive
advantage, Delphi,
Stakeholder
perspective

***Correspondence:**

Name: Abdillah Ubaidi

E-mail:

abdillah@uniramalang.ac.id

ABSTRACT

This paper aims to determine what factors make Islamic banks in Indonesia have a low market share and what factors will drive Islamic banking to achieve a sustainable competitive advantage. The Delphi approach is used to gather experts' opinions in the Islamic banking field. There are 15 experts involved in three rounds, all representing the stakeholders of the Islamic banking industry in Indonesia, namely academics, government, regulators, community and practitioners. The Delphi panel consensus of the five categories of Islamic banking stakeholders revealed that what causes the Islamic banking market to be low is the implementation of the market share trap and the low assets of Islamic banks as problems to be solved. As for the Islamic finance hub, Islamic values and stakeholder relations as a component system of Islamic banking can gain a sustainable competitive advantage. This study contributes empirically to increasing the market share of Islamic banks and achieving a sustainable competitive advantage of Islamic banking in a dual-banking system. The study will broaden knowledge and provide insight into the sharia economic ecosystem for policymakers, operators, regulators and practitioners of the Islamic banking sector in Indonesia regarding stakeholder perspectives, which can be part of the solution for development in the banking industry. This contribution is an integral part of the roadmap for developing Indonesian banking.

INTRODUCTION

The biggest strength of the global Islamic economy shows its seriousness in manifesting Islamic values in the economy (Yusof et al., 2015). It not only fosters ethical business practices but also encourages sustainable development and social justice, aligning economic activities with the principles of fairness and equity central to Islamic teachings. This is evidenced by the rapidly increasing number of Islamic banks, which have seen their assets grow quickly around the world (Albaity et al., 2019), even at twice the rate of conventional banking (Alqahtani & Mayes, 2018). The evidence indicates that Islamic banking is a productive and efficient intermediary institution (Zin et al., 2011), where its products and services are compatible with Islamic teachings (Abedifar et al., 2016). Islamic doctrine determines the extent of market acceptance and recognition based on the consistency of this system with the religion practiced in society (Mirza et al., 2015).

However, despite these global developments, the Indonesian case presents a paradox. Indonesia is a country with a majority Muslim population (83%) (CIA Factbook, 2020). However, at the same time, Indonesia's Islamic banking assets (as a measure of market share) were only 6.13% in 6.74% (OJK, 2022). Whereas, since the 1990s, the existence of Islamic banking (initiated by PT. Bank Muamalat Indonesia) has continued to be supported by various stakeholders, including; the government through Bank Indonesia, The Indonesian Council of Ulama (MUI), the Financial Services Authority (OJK), the National Committee for the Islamic Financial Economy (KNEKS) and others. However, the development of the market share of Islamic banking in Indonesia is still not as expected, even though all stakeholders have shown extraordinary support. Currently, even though Indonesia is part of the top 10 contributing countries of global Islamic bank assets, the market share of Indonesian Islamic banks is very far behind compared others, for example, Bahrain 60%, Kuwait 55%, Qatar 40% and Saudi Arabia 38% (Albaity et al., 2019).

Although various studies have examined the performance and growth of Islamic banks, there remains limited research that focuses specifically on the stakeholder-based factors contributing to this underperformance. Existing research has yet to sufficiently explore how stakeholder relationships can influence the market share and sustainable competitive advantage (SCA) of Islamic banks in Indonesia. From a stakeholder perspective, performance improvement hinges on trust, credibility, and coordinated support among various actors (Freeman, 1984; Greuning & Iqbal, 2008; Hussein, 2014). As such, Islamic banks must actively engage stakeholders to strengthen their strategic positioning and increase market acceptance (Bella & Al-Fayoumi, 2016; Boaventura et al., 2019).

To address this research gap, our study adopts a Delphi method to gather expert consensus from various stakeholder groups regarding the strategic priorities for enhancing Islamic banking's market share and SCA in Indonesia. First, we reviewed stakeholder theory within the Islamic banking context to guide our research design.

Then, we developed open-ended questions adapted from Self et al. (2019) and categorized stakeholders into five groups: government, regulators, academics, communities, and practitioners (Haniffa & Cooke, 2002; Dusuki, 2008; Iqbal & Mirakhor, 2014; Ahmed et al., 2017). The Delphi study was conducted with 15 panel members across three rounds to reach consensus (Huang & Horiuchi, 2020).

This study offers several key contributions. First, by investigating how Islamic banks interact with various stakeholder groups, we expand the application of stakeholder theory within the banking sector (Behery & Eldomiaty, 2010; Höwer, 2016). Specifically, we respond to the call by Beck et al. (2013), who examined Islamic versus conventional banks across 22 countries but excluded Indonesia due to data limitations. Second, we build upon and refine prior studies that identified correlations between stakeholder relations and Islamic banking performance but did not specify the nature of these relationships (Bella & Al-Fayoumi, 2016; Lujja et al., 2018; Almutairi & Quttainah, 2020). Third, we contribute to cross-country comparisons in Islamic banking stakeholder research, which has focused heavily on countries like Malaysia (N. A. M. Ali et al., 2020), Saudi Arabia (Lone et al., 2017), UAE (Kaakeh & Van-hemmen, 2019), Jordan (Kaakeh & Van-hemmen, 2019), and Bahrain (Vinnicombe, 2012).

In this light, examining the Indonesian case – the country with the largest Muslim population yet underwhelming Islamic banking market share – provides a unique and essential contribution to the stakeholder theory literature and strategic discourse on Islamic finance development.

LITERATURE REVIEW

Islamic Banking

Islamic banking is a banking system that functions according to Islamic law (Shariah). It is built on principles such as the prohibition of interest (*riba*), the avoidance of uncertainty (*gharar*), and the prohibition of activities considered unethical according to Islamic principles. Islamic banking is defined as banking activity that is guided by Islamic law (Iqbal & Molyneux, 2005). Its main goal is to ensure equitable wealth distribution and avoid exploitative practices (Usmani, 2002), with financial transactions aligned with moral and ethical guidelines derived from the Quran and Sunnah (Choudhury & Malik, 1992). It ensures that all transactions comply with Islamic jurisprudence and contribute positively to society and the economy (Ahmad & Hassan, 2007). So, it can be described that the core concept of understanding Islamic banking is as follows: Riba Prohibition: All types of interest are prohibited; Risk sharing: A focus on splitting gains and losses; Asset-Backed Financing: Deals need to be connected to real assets; Ethical Investment: Actions must be in accordance with the moral precepts of Islam and Social justice ensures equity and a fair distribution of wealth.

Stakeholder Theory

Stakeholder theory primarily focuses on corporate stakeholders' responsibility and managing stakeholders (Freeman, 1984; Friedman & Miles, 2006); these interests are closely related to organisational survival and success (Preston & Sapienza, 1990). To improve performance, organisations are advised to create value for stakeholders (Boaventura et al., 2019). This is carried out through the value distribution process provided to stakeholders before these stakeholders provide feedback, which contributes to the organisational value creation process (Harrison & Bosse, 2013). Organisations need to allocate at least sufficient value to stakeholders so that they will continue to collaborate with the organisation (Coff, 1999) and will even exert tremendous effort on behalf of the organisation when the organisation provides more than expected total value, which means this relationship has positive reciprocity (Harrison & Bosse, 2013). Suppose the organisation can produce a positive reciprocal cycle among its stakeholders. In that case, the organisation should be able to create more value and have a higher performance than its competitors (Bosse et al., 2009).

By discussing the performance and difficulties faced by Islamic banks (Abedifar et al., 2016; Alqahtani & Mayes, 2018) and emphasising the impact of stakeholders on institutional growth (Bella & Al-Fayoumi, 2016; Boaventura et al., 2019), this study contributes to the body of literature. Important lessons can be learnt from Malaysian and Bahraini comparative analyses (Ali et al., 2020; Vinnicombe, 2012), which highlight the importance of stakeholder alignment in boosting market share and sustained competitive advantage.

Empirical evidence on Islamic Banking strategic priorities for enhancing Islamic banking's market share and SCA

Recent studies show that the global Islamic banking market share varies across countries, with Indonesia facing challenges in expanding its market share of 6-7% (Al Arif et al., 2023). Malaysia and the GCC region have achieved higher penetration through progressive policy and institutional strategies, highlighting the need for further growth (Almutairi et al., 2024; Alhammadi, 2024; Alam et al., 2019).

Various SCA strategies in Islamic banking are highlighted in various studies. One of the identified ones is entrepreneurial marketing: According to Suandi et al. (2023), proactive marketing practices (product innovation, customer interaction, etc.) increase a bank's competitive advantage and, consequently, its performance. This implies that Islamic banks need to develop marketing-driven capabilities. Another emerging SCA factor is corporate social responsibility (CSR). Islamic banking adopts CSR practices as a result of stakeholder pressure, and these practices strongly predict better financial (Ali et al., 2023). Moreover, CSR initiatives have been shown to enhance the reputation and credibility of Islamic banks in the eyes of their customers and stakeholders, ultimately leading to increased trust and loyalty. By integrating CSR

into its operations, Islamic banking can improve its financial performance and fulfil its ethical and social responsibilities (Di Bella & Al-Fayoumi, 2016).

RESEARCH METHODS

The Delphi method is used to build consensus among experts in a field and gain insight into a complex issue (Sobaih et al., 2012). The Delphi method is an effective mechanism for explaining the expertise of professionals in all aspects of the field to inform a problem (Strear et al., 2018). Another strength of this method is that it allows for a wider group of experts to participate because geographic factors are not a potential source of bias (Raskin, 1994).

Panel Selection

Experts in a field use the Delphi method to build consensus and gain insight into a complex issue (Sobaih et al., 2012). The Delphi method is an effective mechanism for explaining the expertise of professionals in all aspects of the field to inform a problem (Strear et al., 2018). Another strength of this method is that it enables a broader range of experts to participate, as geographic factors do not introduce potential bias (Raskin, 1994). The Delphi method consists of a series of questionnaires that provide controlled feedback to the panel at each iteration, which allows the researcher to construct a knowledge base of experts in a field to build consensus (Landeta, 2006).

The Survey

The research used the three-round Delphi method because it is considered sufficient for experts to reach a consensus (Skulmoski et al., 2007). The first round of Delphi consisted of six open questions to obtain opinions from experts (Trevelyan & Robinson, 2015). The six questions have five main themes: Market Shared Trap, Bank Asset, Halal Ecosystem, Sustainable Competitive Advantages (SCA), Islamic Value, and Stakeholder Relationship. The first two questions focused on the market share trap and the low assets of Islamic banks, then asked what causes both. The third question is related to the halal ecosystem and asked what illustration depicts Islamic banks having a contribution to the financial system. The fourth question focused on SCA and asked what input makes Islamic banks achieve sustainable competitive advantage. Finally, the last two questions are asked regarding Islamic value and stakeholder relationships and what is the pull-push factor in increasing the market share of Islamic banks.

The second and third round of questions asked panellists to answer each question by selecting answers on a Likert scale from 1 to 5, where scale 1 indicates very unimportant. Scale 5 (five) indicates very important. The answers in the second round were a pre-consensus of the answers given by the experts in the first round,

and the answers in the third round were a consensus of the second-round questionnaire. Table 1 provide brief information and references on selecting proper questionnaire to the experts.

Table 1
Questionnaire to the experts

No.	Question	References
1.	What causes the shared market trapped in the Islamic banking industry?	(Al Arif & Rahmawati, 2018)
2.	What is the reason for the low assets of the Islamic banking industry?	(Ismal & Haryati, 2013)
3.	What illustration shows that the Islamic banking industry in Indonesia has an important contribution?	(Rizvi et al., 2020; Pratiwi, 2016)
4.	What inputs should Islamic banking have to achieve sustainable competitive advantage (SCA)?	(Abdelrahim, 2024)
5.	What are the Pull factors for Islamic banks to increase market share?	(Hati et al., 2022)
6.	What are the push factors for Islamic banks to increase market share?	(Al Arif & Rahmawati, 2018; Hati et al., 2021)

As a result of the Likert scale responses, the higher the mean value indicates the level of importance, while the lower standard deviation indicates consensus. The aim was to determine the most popular responses and the highest level of consensus so a combined mean score and standard deviation was used (Holey et al., 2007). Responses that scored higher than the average per dimension were the most important. As for determining the presence of consensus, items with standard deviation values lower than the mean were defined as consensus (Holey et al., 2007; Jones et al., 2013). Calculate the mean from the Likert scale.

$$\bar{X} = \frac{1}{n} \sum_{i=1}^n X_i$$

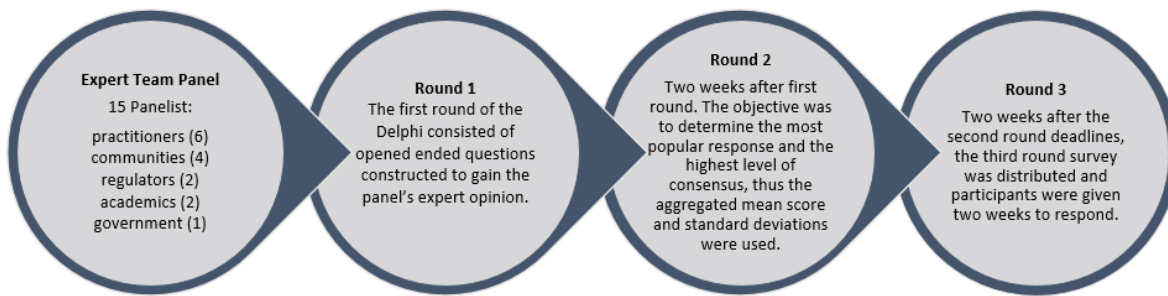
Notes

\bar{X} = Mean

X_i = Numeric value of each Likert response
(e.g., 1 = least important; 5 = extremely important)

n = Total number of responses

Invitations for panellists expressing willingness included instructions and descriptions of the Delphi method. The panellists were involved in an online FGD (Focus Group Discussion) to provide opinions on six open-ended questions. After completing the first half, the authors coded the responses as a Likert scale survey statement to be used in the second and third rounds, which was also done in the research of Self et al. (2019). Two weeks after the first round, the second-round survey was distributed. After two weeks, the second round of the survey and the third round of FGD were conducted.



Sources: Adopt by Skulmoski et al. (2007)

Figure 1. Delphi Process Rounds

Participant profile

Referring to Skulmoski et al. (2007), the panel involved at least 4 experts. This research involved a total panel of 15 experts, with backgrounds of 40% practitioners (6 experts), 27% community (4 experts), 13% regulators and academics (2 experts each), and 7% government (1 expert). Table 2 below presents the profile of the panellists.

Table 2
Participant Profile

No.	Job Title	Institutions	Stakeholder category	Experience (years)
1.	Director	Sharia Ecosystem Infrastructure, National Committee on Sharia Economics and Finance (KNEKS)- National committee chaired by the President of Indonesia	Government	11 – 15
2.	Head of Division	Financial Market Regulation and Development, Department of Islamic Economics and Finance (BI)	Regulator	11 – 15
3.	Deputy Director	Sharia Banking Development, Directorate of Sharia Banking Regulation and Licensing, (OJK)	Regulator	16 - 20
4.	Member	National Sharia Council-The Indonesian Council of Ulama (DSN-MUI)	Community	> 20
5.	Deputy head of Division	Digital Economy Development, Association of Indonesian Islamic Economists (IAEI)	Community	< 5
6.	Member	Expert Council, Sharia Economic Community (MES)	Community	16 - 20
7.	Commissioner	Islamic Rural-Bank (BPRS Bakti Sumekar)	Practitioner	> 20
8.	Lecturer	Islamic Economics College – SEBI	Scholar	5 - 10
9.	Branch Manager	Bank Muamalat Indonesia	Practitioner	11 - 15
10.	Branch Manager	Bank Syariah Indonesia (BSI)	Practitioner	11 - 15
11.	Researcher	Centre of Islamic Banking, Economics and Finance (INDEF)	Community	< 5
12.	Branch Manager	Bank Syariah Indonesia (BSI)	Practitioner	16 - 20
13.	Branch Manager	Bank Syariah Indonesia (BSI)	Practitioner	5 - 10

14.	Operational manager	BCA Syariah	Practitioner	< 5
15.	Rector	Tazkia Islamic Institute of Religion	Scholar	> 20

RESULT

The findings from the study are presented under the topic areas covered in the Delphi process, where the individual results of each round are grouped under the topic areas for each round. This format allows individuals to understand each dimension of the question into answer items derived from round one and then ranked in rounds two and three. The topic area also presents results tables to facilitate the transition between the written results and their visual representation. The following topic areas cover the causes of market share trap in the Islamic banking industry, the causes of low Islamic banking industry assets, illustrations that the Islamic banking industry in Indonesia has a significant contribution, and the inputs that Islamic banks must have to achieve a sustainable competitive advantage (SCA), Islamic bank pull factors to increase market share. Islamic banks push factors to increase market share.

Market Share Trapped

In the first round of the Delphi study, participants were asked open-ended questions about "what causes the 5% market share trap in the Islamic banking industry?" which gave rise to 15 response items. In Round 2, using a Likert agreement scale, the panel was asked to assess the event's importance and consensus. Six items were considered significant, and there was a consensus (Self et al., 2019). With the latest grand mean on this dimension, the three remaining items do not have a consensus because they have a standard deviation value of 1.23 to 1.26, above the grand mean, standard deviation (Holey et al., 2007; Jones et al., 2013). Round 3 follows the same process as the previous question, where the panel ranks it again using a Likert agreement scale. (See Appendix Table 1 for item-by-item descriptive statistics for Rounds 2 and 3).

Islamic Banking Industry Assets

Participants in the first round were asked the open-ended question "What causes the low assets of the Islamic banking industry?", which gave rise to 22 response items. Then, in Round 2, using a Likert scale of the agreement, the panel was asked to assess the importance and consensus that occurred. Of 22 items, there are ten items were considered essential and a consensus. The most item that important assessed causes the low assets of the Islamic banking industry were "the bank age in the Islamic banking industry is lower than conventional banking" ($M = 4.33$, $SD = 1.05$). The remaining 9 items above the grand mean ranged from 3.87-4.33 with a standard deviation of 0.74-1.16 included in the acceptable range as consensus (Holey et al., 2007; Jones et al., 2013). In round 3 the items presented to the expert are the same as in round 2. In this round, item "The government has not provided real support, in this case the placement of funds from the government to be managed by Islamic banking in a significant

volume” has the highest rated that have a mean of 4.40 and standard deviation of 0.63. This item is the eighth highest item in round 2. At this stage only the remaining 2 items are important and reach consensus; “The halal ecosystem (industrial and non-industrial) is not yet fully connected to Islamic banks and “the name is a bank as capital, the bigger the bank's capital, the bigger the bank can leverage it into even bigger assets, the fact is that Islamic banks have small capital” which have a means of 4.20-4.13 and a standard deviation of 0.99-1.01. (See Appendix Table 2 for item-by-item descriptive statistics for Rounds 2 and 3).

Islamic Finance Hub

In Round 1, the panel was asked to illustrate Islamic banks as part of the halal ecosystem by asking an open question: "What illustrations show that the Islamic banking industry in Indonesia has an important contribution?" This produced 17 response items. Then in Round 2, with a Likert scale of the agreement, the panel was asked to assess, resulting in four items considered essential and consensus. At this stage, the item “The halalness of Islamic banking products is an alternative for people/institutions that are anti-conventional banking products” are items that have the highest rated by experts ($M = 4.40$, $SD = 0.83$). In round 3, the items presented in round 2 were again presented using a Likert scale of agreement, the top item assessed by experts have the same item as round 2; “The halalness of Islamic banking products is an alternative for people/institutions that are anti-conventional banking products” with a mean of 4.47 and a standard deviation of 1.06 which are considered important and reach consensus. (See Appendix Table 3 for item-by-item descriptive statistics for Rounds 2 and 3).

Sustainability of Competitive Advantage (SCA)

The open question in Round 1 asked the panel to describe the sustainable competitive advantage (SCA) with the question, "what input must a sharia bank have to achieve SCA?" The open question raised 27 response items, and then in round 2, with a Likert scale of agreement, the panel was asked to assess, resulting in 17 items deemed necessary, and consensus occurred. The highest average of each item, the top three are: “Support and alignments of the government and regulators to Islamic banks” ($M = 4.87$, $SD = 0.35$), “The need for real Government support in terms of Fund Placement for Islamic Banking” ($M = 4.80$, $SD = 0.41$), “Transformation (institutions, services, systems, products, human resources, financial systems, etc.) from traditional to digital systems” ($M = 4.80$, $SD = 0.41$). In Round 3, item “Owners and practitioners must have the true intention and willingness and ability to develop Islamic banking” be the item that has the highest mean value according to the panel, which was previously assessed to have an average rating of 3. In this section, it is also known that only 6 items are considered unimportant with means 4.40-4.60 and 5 items do not reach a consensus

standard deviation value of 0.52 to 0.83. (See Appendix Table 4 for item-by-item descriptive statistics for Rounds 2 and 3).

Islamic Value

In Round 1, the panel was asked to illustrate the Islamic value of Islamic banks in increasing market share by asking an open question: "what are the pull factors for Islamic banks to increase market share?" This generated 16 response items, then, in Round 2, with a Likert scale of agreement, the panel was asked to assess, resulting in six items that were considered necessary, and consensus occurred. Items "Universality, benefit, brotherhood, justice, and the balance of the Islamic economic concept" are rated the highest according to the panel ($M = 4.80$, $SD = 0.41$). In round 3 there are three items that are important and reach a consensus consisting of; "Universality, benefit, brotherhood, justice, and the balance of the Islamic economic concept", "Islamic banking brings closer to the halal/ Islamic lifestyle", and "Apart from religious values, other values in Islamic banking are ethical value, social value, and environmental value" with a mean of 4.73 and a standard deviation of 0.46, respectively. In Round 3, out of the total six items, three of them did not reach a consensus, and three items did.

Stakeholder Relationship

Open questions in Round 1 asked the panel to describe stakeholder relationships with the question, "what are the push factors for Islamic banks to increase market share?" The response to the open question raised 23 response items. Then, in Round 2, with a Likert scale of aggregation, the panel was asked to rate, resulting in 14 items considered essential and consensus. Items "Social sector integration (zakat, infaq, sadaqah, and waqf)" and "Integrated halal ecosystem (industrial and non-industrial)" rated the highest according to the expert with a mean of 4.73 respectively and a standard deviation of 0.46. In Round 3, the highest items in round 2 also occupy the highest rank assessed by the expert where each mean is 4.73 and standard deviation is 0.46. In this section, it is known that there are 10 items that are not considered important by the expert with a mean value of 4.53-4.60 and there are 6 items that do not reach consensus with a standard deviation of 0.52-0.63. (See Appendix Table 6 for item-by-item descriptive statistics for Rounds 2 and 3).

DISCUSSION

This study is designed to determine the factors that make the Islamic banking market low in Indonesia and the factors that will drive Islamic banking to achieve a sustainable competitive advantage. In this discussion section, we use Grace's framework (Grace, 2007), divided into problems to be solved, the system of components, and consequences (Table 3 and Figure 1).

Table 3
Framework Development

No.	Grace's Framework	Dimension	Cause/ course/ result
1.	Problems to be Solved	Market share trapped	The uniqueness of Islamic banking to work together with aspects of the social sector has not been optimized; Low Islamic banking literacy and inclusion.
		Islamic Bank Assets	The government has not provided real support, in this case, the placement of funds from the government to be managed by Islamic banking in a significant volume; The halal ecosystem (industrial and non-industrial) is not yet fully connected to Islamic banks; The name is a bank as capital, the bigger the bank's capital, the bigger the bank can leverage it into even bigger assets, the fact is that Islamic banks have small capital.
2.	System of components	hub Islamic finance	The halalness of Islamic banking products is an alternative for people/institutions that are anti-conventional banking products; The size of the contribution of Islamic banking will provide a portfolio value to the financial industry system; Market share continues to increase, although very slowly shows the contribution and existence of Islamic banks in the national financial industry.
		Islamic value	Universality, benefit, brotherhood, justice, and the balance of the Islamic economic concept; Islamic banking brings closer to the halal / Islamic lifestyle; Apart from religious values, other values in Islamic banking are ethical value, social value, and environmental value.
		stakeholder relationship	Social sector integration (zakat, infaq, sadaqah, and waqf); Integrated halal ecosystem (industrial and non-industrial); Ulama as agents of change in driving the Islamic economy; increased literacy, inclusion, level of regulation, licensing, and supervision
3.	Consequences	Sustainability competitive advantage (SCA)	<p>Contributing factor for SCA:</p> <ul style="list-style-type: none"> a. Product attribute: The benefits of using Islamic banking products must be emphasized and communicated; Diversification of Islamic Banking Products and Services. b. Superior Resources: Updating of Information Systems and Technology; Support from all Islamic banking stakeholders; Transformation (institutions, services, systems, products, human resources, financial systems, etc.) from traditional to digital systems. c. Firm Orientation: New marketing strategy, emphasis on 'how ethical/sustainable values on top of religious values' to attract non-Muslim and non-religious customers. d. Relationship Development: The need for real Government support in terms of Fund Placement for Islamic Banking; Integrating each other and synergize among stakeholders. e. Organisational Learning: Owners and practitioners must have the true intention and willingness and ability to develop Islamic banking; The ability to lobby large institutions such as Jamsostek to put their funds in Islamic banking.

Sources: processed data

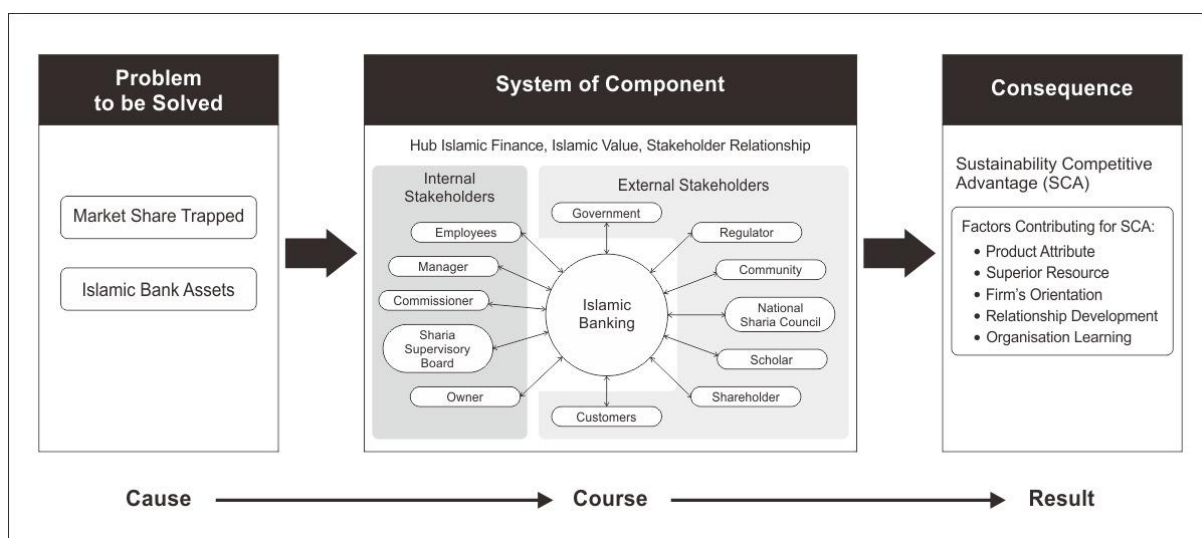


Figure 2. The Framework

Problems to be Solved

We identified that the underdevelopment of Islamic banking in Indonesia is due to the market share trap and low assets of the Islamic banking industry (Putri, 2016). Islamic banking in Indonesia is facing a market share trap where the market share of Islamic banks continues to decline (Nugroho et al., 2017). Our findings indicate that the main factors causing the market share trap are the uniqueness of Islamic banking to be coupled with aspects of the social sector that have not been optimized. Islamic banking is uniqueness and different with conventional bank because more closer toward real sector so that no space for transactions without real-sector connectivity (Ariff, 2014) and are required to improve the welfare of the community (Abasimel, 2022) that implemented in various contracts when sharia bank customers transact with banks (Sarker et al., 2020).

The declining market share impacts the performance of Islamic banking, and it can even impact the performance of national banks (Gheeraert & Weill, 2013). Another problem to be solved is the low assets of Islamic banks. The findings of this study indicate that the factors that influence it are the government has not provided real support, in this case, the placement of funds from the government to be managed by Islamic banking in a significant volume. The low market share caused by the limited involvement of the government in government of funds is still a challenge for the Islamic banking industry in Indonesia (Saifurrahman & Kassim, 2024).

The System of Components

The system of components revealed can be described as an Islamic finance hub, Islamic value, and stakeholder relationship. This section focuses on how to reduce or solve the problem to be solved. Efforts to reduce the market share trap and low industrial assets can be done by taking the action of an Islamic finance hub, where Islamic banks can act as hubs not only at the national level but also internationally (e.g.,

Laldin, 2008). The study shows that the halalness of Islamic banking products is an alternative for people/institutions that are anti-conventional banking products as a factor that has the potential to reduce the market share trap and low Islamic bank assets. This is because most of the Indonesian people are Muslims who are aware and have knowledge that Islamic teachings require Muslims not to do *riba* (Aji et al., 2020) and conventional bank customers will experience cognitive dissonance when receiving information on the prohibition of usury (Munandar, 2016). Islamic banking is a system of banking that is consistent with Islamic law such as a system that prohibits collecting *riba* (Abasimel, 2022).

In this study, it shows the values of universality, benefit, brotherhood, justice and balance of the Islamic economic concept is an important factor as System of Components. Islamic banking is part of Islamic economics that grounded on justice, economic wellbeing, universality in brotherhood, social welfare and equitable of income distribution as Islamic value that have to intend in promoting Islamic value and norms as well as protecting the need of all Islamic society (Siddiqui et al., 2019) and also brings closer to the halal/ Islamic lifestyle. In this study also known that other values in such as ethical value, social value and environmental value which are determinants of Islamic value. Ethical value is a vital part of the operations, procedures and approaches in Islamic banking that stakeholders perceive (Gilani, 2015). The next factor is stakeholder relationships in Islamic banking that need to be improved through cooperation between Islamic banking, Islamic social institutions, and synergies in creating a halal ecosystem and emphasizing their respective roles in minimizing problems related to the halal industry (Utomo & Sekaryuni, 2021). The findings in this study are efforts to create relationships with stakeholders by integrating Islamic banking with the social sector (ZISWAF) and the halal ecosystem (industrial and non-industrial) and using ulama as agents of change in driving the sharia economy, as well as increasing literacy, inclusion, level of regulation, licensing, and supervision.

Consequences

Currently, in Indonesia, there are 32 Islamic banks (12 full-fledged, 20 Islamic windows) (OJK, 2022). This shows the acceleration of the number of developments in Islamic banking in Indonesia (Abduh & Azmi, 2012). However, the market share did not develop according to stakeholders' expectations; this was due to a market share trap and the low assets of the Islamic banking industry. These two things cause a low market share and a significant problem Indonesian Islamic banks face (Wijayanti & Diyanty, 2020). Reducing or resolving these problems can be done by turning Islamic banks into Islamic finance hubs, continuing to affirm Islamic values and increasing the role of stakeholders relational by adopting a model stakeholder relationship (Oladapo et al., 2022) so that it encourages the creation of SCA Contributing Factors (Dubey et al., 2013).

CONCLUSION

The purpose of this study is to find out what factors make Islamic banks in Indonesia have a low market share and what factors can encourage Islamic banking to achieve a sustainable competitive advantage. Reflecting on the findings, an important factor for Islamic banking in Indonesia is to play a strategic role in promoting Islamic values and financial benefits, while embracing digital technology. Stakeholders should encourage Islamic financial literacy and accept Sharia-based products. With full support, Islamic banking can continue to develop into a relevant, innovative, and competitive institution, contributing to a just and inclusive economy.

This study contributes to the academic discourse on stakeholder relationships and explores the role of Islamic banking in promoting Islamic values and addressing the 'market share trap' by aligning with the social sector and the halal ecosystem. The managerial implications of this study emphasise the importance of stakeholder alignment in driving sustainable competitive advantage (SCA). Indonesian Islamic banking must collaborate with government agencies, regulators, Islamic educational institutions, and halal industry players to drive value creation and enhance ecosystem integration. Although this study provides both theoretical and practical perspectives, there are several limitations to consider. First, this research was conducted in Indonesian Islamic banking. An extension to other countries can show the complexity of the problem and have implications for recommendations. Differences in the pattern and depth of stakeholder relationships will have different managerial implications for Islamic banks. Secondly, this study has some limitations related to primarily qualitative and Delphi processes aimed toward authentic consistency of opinion. Therefore, a rigorous quantitative research analysis will broaden our exploration of findings and offer additional ideas for future research.

AUTHOR CONTRIBUTIONS

Author 1: conceptualization, writing original draft, data curation, formal analysis, investigation, methodology, and validation.

Author 2, 3 & 4: review and editing, writing review and editing, supervision, and validation.

FINANCIAL DISCLOSURE

This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

CONFLICT OF INTEREST

The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

REFERENCES

- Abduh, M., & Azmi, M. O. (2012). Islamic banking and economic growth: the Indonesian experience. *International Journal of Islamic and Middle Eastern Finance and Management*, 5(1), 35–47.
- Abedifar, P., Hasan, I., & Tarazi, A. (2016). Finance-growth nexus and dual-banking systems: Relative importance of Islamic banks. *Journal of Economic Behavior and Organization*, 132, 198–215.
- Ahmed, I., Nawaz, M. M., Danish, R. Q., Usman, A., & Shaukat, M. Z. (2017). Objectives of Islamic banks: a missive from mission statements and stakeholders' perceptions. *Journal of Islamic Accounting and Business Research*, 8(3), 284–303.
- Albaity, M., Saadaoui, R., & Hanifa, A. (2019). Competition and bank stability in the MENA region : The moderating effect of Islamic versus conventional banks. *Emerging Markets Review*, 38(2019), 310–325.
- Ali, N. A. M., Shafii, Z., & Shahida, S. (2020). Competency model for Shari'ah auditors in Islamic banks. *Journal of Islamic Accounting and Business Research*, 11(2), 377–399.
- Almutairi, A. R., & Quttainah, M. A. (2020). Foreign directors and corporate governance in Islamic banks. *Journal of Islamic Accounting and Business Research*, 11(3), 765–791.
- Alqahtani, F., & Mayes, D. G. (2018). Financial stability of Islamic banking and the global financial crisis: Evidence from the gulf cooperation council. *Economic Systems*, 42(2), 346–360.
- Altarawneh, G., & Lucas, M. (2012). Understanding the dominance of Western accounting and neglect of Islamic accounting in Islamic countries. *Journal of Islamic Accounting and Business Research*, 3(2), 99–120.
- Beck, T., Demirgüç-Kunt, A., & Merrouche, O. (2013). Islamic vs. conventional banking: Business model, efficiency and stability. *Journal of Banking and Finance*, 37(2), 433–447.
- Behery, M. H., & Eldomiaty, T. I. (2010). Stakeholders-oriented banks and bank performance: Perspectives from international business management. *International Journal of Commerce and Management*, 20(2), 120–150.
- Belkhir, M., Grira, J., Hassan, M. K., & Soumaré, I. (2018). Islamic Banks and Political Risk : International Evidence. *Quarterly Review of Economics and Finance*, October.
- Bella, V. Di, & Al-Fayoumi, N. (2016). Perception of stakeholders on corporate social responsibility of Islamic Banks in Jordan. *EuroMed Journal of Business*, 11(1), 30–56.
- Boaventura, J. M. G., Bosse, D. A., Manuela Cunha de Mascena, K., & Sarturi, G. (2019). Value distribution to stakeholders: The influence of stakeholder power and strategic importance in public firms. *Long Range Planning*, 53(2), 101883.
- Bosse, D. A., Robert Phillips, A., & Harrison, A., J. (2009). The effect of firm compensation structures on the mobility and entrepreneurship of extreme performers. *Strategic Management Journal Strat.*, 30(4), 447–456.
- Coff, R. W. (1999). When Competitive Advantage Doesn't Lead to Performance: The Resource-Based View and Stakeholder Bargaining Power. *Organization Science*,

10(2), 119–133.

- Dinar Standar. (2021). *State of the Global Islamic Economy Report 2020/21*.
- Dusuki, A. W. (2008). Understanding the objectives of Islamic banking : a survey of stakeholders ' perspectives. *International Journal of Islamic and Middle Eastern Finance and Management*, 1(2), 132–148.
- Freeman, R. E. (1984). *Strategic management: A stakeholder approach*. Pitman.
- Friedman, A. L., & Miles, S. (2006). *Stakeholders: Theory and practice*. Oxford University Press.
- Greuning, H. van, & Iqbal, Z. (2008). Risk analysis for Islamic banks. In *Risk Analysis for Islamic Banks*.
- Haniffa, R. M., & Cooke, T. E. (2002). Culture, corporate governance and disclosure in Malaysian corporations. *Abacus*, 38(3), 317–349.
- Haron, S., & Ahmad, N. (2000). The effects of conventional interest rates and rate of profit on funds deposited with Islamic banking system in Malaysia. *International Journal of Islamic Financial Services*, 1(4).
- Harrison, J. S., & Bosse, D. A. (2013). How much is too much? The limits to generous treatment of stakeholders. *Business Horizons*, 56(3), 313–322.
- Höwer, D. (2016). The role of bank relationships when rms are nancially distressed. *Journal of Banking and Finance*.
- Huang, F., & Horiuchi, K. (2020). The public good and accepting inbound international students in Japan. *Higher Education*, 79(3), 459–475.
- Hussein, E. (2014). Corporate governance in Islamic financial institutions. *Munich Personal RePEc Archive*, 8(4), 1–81.
- Iqbal, Z., & Mirakhor, A. (2014). Munich Personal RePEc Archive Stakeholders Model of Governance in Islamic Economic System. *Islamic Economic Studies*, 11(2), 43–63.
- Kaakeh, A., & Van-hemmen, S. (2019). Understanding self-e ffi cacy and performance of salespersons in Islamic banking. *Journal of Islamic Accounting and Business Research*, 11(5), 973–988.
- Landeta, J. (2006). Current validity of the delphi method in social sciences. *Technological Forecasting & Social Change*, 73(5), 467–482.
- Lone, F. A., Aldawood, E. M., & Rashid, B. (2017). Comparative Analysis of Customer Satisfaction towards Islamic and Conventional Banking : An Empirical Study from Saudi Arabia. *International Review of Management and Marketing*, 7(1), 273–280.
- Lujja, S., Mohammed, M. O., & Hassan, R. (2018). Islamic banking: an exploratory study of public perception in Uganda. *Journal of Islamic Accounting and Business Research*, 9(3), 336–352.
- Mirza, N., Rahat, B., & Reddy, K. (2015). Business dynamics, efficiency, asset quality and stability: The case of financial intermediaries in Pakistan. *Economic Modelling*, 46, 358–363.
- OJK. (2022). Statistik Perbankan Syariah Indonesia. In *Otoritas Jasa Keuangan (OJK), Januari*.
- Oladapo, I. A., Arshad, R., Muda, R., & Hamoudah, M. M. (2019). Perception of stakeholders on governance dimensions of the Islamic banking sector. *International Journal of Emerging Markets*, 14(4), 601–619.
- Preston, L. E. E. E., & Sapienza, H. J. (1990). Stakeholder management and corporate

- performance. *Prestone, Lee E. Sapienza, Harry J.*, 19(4), 361–375.
- Raskin, M. S. (1994). The delphi study in field instruction revisited : expert consensus on issues and research priorities. *Journal of Social Work Education*, 30(1), 75–89.
- Self, T. T., Gordon, S., & Jolly, P. M. (2019). Talent management: a Delphi study of assessing and developing GenZ hospitality leaders. *International Journal of Contemporary Hospitality Management*, 31(10), 4126–4149.
- Sobaih, A. E. E., Ritchie, C., & Jones, E. (2012). Consulting the oracle? Applications of modified delphi technique to qualitative research in the hospitality industry. *International Journal of Contemporary Hospitality Management*, 24(6), 886–906.
- Strear, M., Forbes, L., & Henninger, J. (2018). Procedures , pitfalls , and product : Delphi methodology in counseling research. *Counseling Outcome Research and Evaluation*, 9(1), 55–66.
- Vinnicombe, T. (2012). A study of compliance with AAOIFI accounting standards by Islamic banks in Bahrain. *Journal of Islamic Accounting and Business Research*, 3(2), 78–98.
- Yusof, R. M., Bahlous, M., & Tursunov, H. (2015). Are profit sharing rates of mudharabah account linked to interest rates? An investigation on Islamic banks in GCC Countries. *Jurnal Ekonomi Malaysia*, 49(2), 77–86.
- Zin, M., Sakat, A., A., Ahmad, A., N., Roslan, M., Nor, M., Bhari, A., Ishak, S., & Jamain, M. S. (2011). The effectiveness of sukuk in Islamic finance market. *Australian Journal of Basic and Applied Sciences*, 5(12), 472–478.

Appendix

Table 1 - Question: What causes the shared market trapped in the Islamic banking industry

Code	causes the shared market trapped	Round 3		Round 2		Round 2 Rank
		Mean	SD	Mean	SD	
1a	The uniqueness of Islamic banking to work together with aspects of the social sector has not been optimized	4.07	1.16	3.87	1.13	3
1b	Low Islamic banking literacy and inclusion	4.07	1.22	4.00	0.88	2
1c	Islamic banking stakeholders have just realized that developing Islamic banking cannot only be internal to Islamic banks. It cannot only encourage product development, socialization, networking, services, etc.	4.07	1.33	3.87	1.25	4
1d	There is no serious political will yet to raise Islamic banks. The indication is that Islamic banks are allowed to grow organically	3.87	1.19	4.33	0.90	1
1e	Support from religious leaders (Ulama) to use Islamic banking products is still minimal	3.80	1.21	3.80	1.26	5
1f	Islamic banks are not very popular with the public	3.40	1.30	3.67	1.23	6
Grand Mean		3.88	1.24	3.99	1.11	

Notes: Scale: 1 = least important; 5 = extremely important; Round 2 n = 15; Round 3 n = 15

Table 2 - Question: What is the reason for the low assets of the Islamic banking industry

Code	The cause of low Islamic banking industry assets	Round 3		Round 2		Round 2 Rank
		Mean	SD	Mean	SD	
2a	The government has not provided real support, in this case, the placement of funds from the government to be managed by Islamic banking in a significant volume	4.40	0.63	3.93	1.16	8
2b	The bank age in the Islamic banking industry is lower than conventional banking	4.33	1.11	4.33	1.05	1
2c	So far, literacy has not been followed by inclusion, ideally learning by experiencing it	4.20	1.21	3.93	0.96	6
2d	The halal ecosystem (industrial and non-industrial) is not yet fully connected to Islamic banks	4.20	1.01	4.13	0.74	2
2e	The name is a bank as capital, the bigger the bank's capital, the bigger the bank can leverage it into even bigger assets, the fact is that Islamic banks have small capital	4.13	0.99	3.93	1.16	8
2f	The minimal role of religious figures who are considered as agents of change, in moving to the Islamic economy (Islamic banking)	4.07	1.28	4.00	1.13	4
2f	Most of the ulama, as role models for the ummah, still use conventional banking services	4.00	1.13	4.00	1.07	3
2h	Government and regulatory policies have not fully supported Islamic banking	3.87	1.13	3.93	1.03	7
2i	The millennial market segment has not yet been worked out	3.73	1.10	3.87	0.99	9
2j	More literacy is carried out to the products and services of Islamic financial institutions, not literacy of what is needed from individuals or society for Islamic financial institutions	3.67	1.18	3.93	0.88	5
Grand Mean		4.06	1.08	4.00	1.02	

Notes: Scale: 1 = least important; 5 = extremely important; Round 2 n = 15; Round 3 n = 15

Table 3 - Question: What illustration shows that the Islamic banking industry in Indonesia has an important contribution

Code	The illustration shows that the Islamic banking industry in Indonesia has an important contribution	Round 3		Round 2		Round 2 Rank
		Mean	SD	Mean	SD	
3a	The halalness of Islamic banking products is an alternative for people/institutions that are anti-conventional banking products	4.47	1.06	4.40	0.83	1
3b	The size of the contribution of Islamic banking will provide a portfolio value to the financial industry system	4.40	1.06	4.33	0.62	3
3c	Market share continues to increase, although very slowly shows the contribution and existence of Islamic banks in the national financial industry	4.40	1.06	4.33	0.72	2
3d	Islamic banks are partners with non-bank financial institutions such as pawnshops, pension funds, and finance companies	4.33	1.23	4.27	0.70	4
Grand Mean		4.40	1.10	4.33	0.72	

Notes: Scale: 1 = least important; 5 = extremely important; Round 2 n = 15; Round 3 n = 15

X

Table 4 - Question: what inputs should Islamic banks have to achieve sustainable competitive advantage (SCA)

Code	Inputs that must be owned by Islamic banks to achieve SCA	Round 3 Mean	SD	Round 2 Mean	SD	Round 2 Rank
4a	Owners and practitioners must have the true intention and willingness and ability to develop Islamic banking	4.87	0.35	4.73	0.59	3
4b	The need for real Government support in terms of Fund Placement for Islamic Banking	4.80	0.41	4.80	0.41	2
4c	New marketing strategy, emphasis on 'how ethical/sustainable values on top of religious values' to attract non-Muslim and non-religious customers	4.80	0.41	4.67	0.49	4
4d	Updating of Information Systems and Technology	4.73	0.46	4.60	0.63	7
4e	Support from all Islamic banking stakeholders	4.73	0.46	4.67	0.49	4
4f	The benefits of using Islamic banking products must be emphasized and communicated	4.73	0.46	4.67	0.49	4
4g	Diversification of Islamic Banking Products and Services	4.67	0.49	4.60	0.51	6
4h	Integrating each other and synergize among stakeholders	4.67	0.49	4.60	0.63	7
4i	Transformation (institutions, services, systems, products, human resources, financial systems, etc.) from traditional to digital systems	4.67	0.49	4.80	0.41	2
4j	The ability to lobby large institutions such as Jamsostek to put their funds in Islamic banking	4.67	0.49	4.67	0.62	5
4k	Support and alignments of the government and regulators to Islamic banks	4.67	0.62	4.87	0.35	1
4l	Focus on making Islamic Bank a market place for <i>shohibul maal</i> as investors	4.60	0.51	4.60	0.51	6
4m	People rest on two aspects. The first aspect of intellectual capital (training of staff, R&D, innovation). The second aspect of social capital (health care of staff, societal empowerment, customer benefits, public services)	4.60	0.51	4.73	0.59	3
4n	Product development that is sharia compliance. So the role of DPS (Sharia Supervisory Board) must be increased	4.53	0.64	4.67	0.62	4
4o	Profit focuses on governance and business dynamic (investment, capital, reducing fraud, mitigating bubble exposure)	4.53	0.52	4.73	0.59	3
4p	Sharing platform, IT infrastructure investment to upgrade customer experience. Specially to get new customers	4.47	0.64	4.60	0.63	5
4q	The planet, resource intensity (energy and water efficiency, green office, green financing)	4.40	0.83	4.60	0.63	5
Grand Mean		4.65	0.52	4.68	0.54	

Notes: Scale: 1 = least important; 5 = extremely important; Round 2 n = 15; Round 3 n = 15

Table 5 - Question: what are the Pull factors for Islamic banks to increase market share

Code	Pull factors for Islamic banks to increase market share	Round 3		Round 2		Round 2 Rank
		Mean	SD	Mean	SD	
5a	Universality, benefit, brotherhood, justice, and the balance of the Islamic economic concept	4.73	0.46	4.80	0.41	1
5b	Islamic banking brings closer to the halal / Islamic lifestyle	4.73	0.46	4.67	0.49	3
5c	Apart from religious values, other values in Islamic banking are ethical value, social value, and environmental value	4.73	0.46	4.80	0.41	1
5d	The benefits of Islamic banking continue to be socialized	4.67	0.49	4.67	0.49	3
5e	There is no interest on interest, there is no compounding interest	4.67	0.49	4.73	0.46	2
5f	The huge economic potential of Islamic finance in Indonesia is obtained from the potential of the halal industry such as halal food, Modest Fashion, Halal Travel, Halal Education, and Halal Pharmaceuticals & Cosmetics	4.53	0.52	4.73	0.46	2
Grand Mean		4.68	0.48	4.73	0.45	

Notes: Scale: 1 = least important; 5 = extremely important; Round 2 n = 15; Round 3 n = 15

Table 6 - Question: what are the push factors for Islamic banks to increase market share

Code	Islamic bank push factors to increase market share	Round 3		Round 2		Round 2 Rank
		Mean	SD	Mean	SD	
6a	Social sector integration (zakat, infaq, sadaqah, and waqf)	4.73	0.46	4.73	0.46	1
6b	Integrated halal ecosystem (industrial and non-industrial)	4.73	0.46	4.73	0.46	1
6c	Ulama as agents of change in driving the Islamic economy	4.73	0.46	4.67	0.49	2
6d	increased literacy, inclusion, level of regulation, licensing, and supervision	4.67	0.49	4.53	0.64	5
6e	The development of Islamic banking technology, either from the support of the parent bank or expansion in the field of Information Technology	4.60	0.51	4.60	0.51	3
6f	Kaffah understanding of Islamic banking, the real sector that is included in the financial sector	4.60	0.51	4.60	0.51	3
6g	Pandemic conditions in all sectors will have an impact, Islamic banks focus on the value sold	4.60	0.51	4.53	0.64	5
6h	The right market segment to be served according to the scale of the economy	4.60	0.51	4.53	0.64	5
6i	The role of stakeholders includes central and local governments and regulators	4.60	0.63	4.60	0.63	4
6j	The real role of the government	4.60	0.63	4.60	0.51	3
6k	Political will from the government in developing Islamic banking	4.53	0.64	4.53	0.64	5
6l	It's about business profitability, it's about business sustainability	4.53	0.52	4.60	0.63	4
6m	There are regulations from the OJK regarding E-KYC, opening accounts, and other online	4.53	0.52	4.67	0.49	2
6n	Developing Islamic banking does not only dissolve management factors, but there are political factors	4.53	0.52	4.67	0.49	2
Grand Mean		4.61	0.52	4.61	0.55	

Notes: Scale: 1 = least important; 5 = extremely important; Round 2 n = 15; Round 3 n = 15