



Rejection of the single banking system in Aceh after the merger of three general banks into BSI (Case study on students and Acehnese society in Yogyakarta)

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ARTICLE INFO

ABSTRACT

This article has undergone peer review and was presented at the Islam in World Perspectives Symposium 2024 on August 14, 2024

Keywords

Single Banking,
Qanun LKS,
Bank Syariah Indonesia (BSI),
Aceh Sharia Banking

This article examines the rejection of a single banking system in Aceh after the merger of three commercial banks into Bank Syariah Indonesia (BSI). This study focuses on the views of students and the Acehnese community in Yogyakarta, who felt the direct impact of the implementation of the Sharia Financial Institution Qanun (LKS) in Aceh. The implementation of Qanun LKS has required all financial institutions in Aceh to operate based on sharia principles, however this policy has generated criticism, especially regarding limited banking facilities and options. The research results show that the people of Aceh face various obstacles, including lack of accessibility of BSI facilities, technical problems with mobile banking services, and changes in banking culture that force people to adapt to the new system. This study highlights the challenges faced by BSI in meeting sharia banking needs in Aceh, as well as the need to improve facilities and services to support the implementation of a more effective and inclusive sharia banking system in the area.

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Introduction

The implementation of the single banking system in Aceh has become a topic of debate among the public, especially after the merger of three commercial banks, namely PT Bank BRI Syariah Tbk, PT Bank Syariah Mandiri and PT Bank BNI Syariah into Bank Syariah Indonesia (BSI). The decision of the Aceh regional government in implementing the 2018 Qanun concerning Islamic Financial Institutions (LKS), requires all financial institutions to operate in accordance with sharia principles, has significant implications for the banking sector in Aceh province. However, this policy has drawn criticism and rejection from some Acehnese people regarding the LKS Qanun, especially from students and the Acehnese community in Yogyakarta. Before the implementation of the LKS Qanun, the Acehnese people still used conventional banks and when single banking was implemented in

Aceh, the community was not yet accustomed to this situation. So far, the growth of Islamic banking in Aceh has been relatively smaller than national banking, which means that there are still obstacles or constraints that Islamic banking must face. (Nadia, Ibrahim, and Jalilah 2019). Limited Human Resources (HR) and lack of socialization have significant implications in causing a slowdown in the growth of Islamic banking (Nadia et al. 2019).

This concern is increasing because the spread of Islamic banks in Aceh is still lacking, only opening branch offices in certain cities and districts, making BSI the only national bank with a wide reach in Aceh due to the merger and implementation of the Qanun LKS. Thus, BSI looks like it is monopolizing the market in Aceh, limiting people's choices. So far, it shows that Islamic banks, including BSI, still face various technical problems such as frequent maintenance on mobile banking, limited facilities, and inadequate services. The development of Islamic banks has a very positive impact on the number of branch offices (ZM Mandak, RJ Kumaat, D Mandej 2023)

This paper aims to further review the rejection of single banking in Aceh, explore the views of students and the Acehnese community in Yogyakarta, and evaluate the challenges faced by BSI in meeting the needs of Islamic banking in Aceh. Through this analysis, it is expected to provide insight into the readiness and steps needed to improve the effectiveness of the Islamic banking system in Aceh. This paper is based on an argument that the dependence of the Acehnese people on BSI is due to the lack of socialization in the implementation of the Qanun LKS. The implementation of single banking is the desire of the Acehnese people to transact according to sharia (Pospos 2017). However, there are several obstacles to the implementation of single banking in Aceh, such as the lack of understanding of Islamic banks, as well as the lack of development of Islamic banks in Aceh, resulting in the role of Islamic banks being less popular in Aceh.

Method

This study uses a qualitative method with a case study approach strengthened by literature studies. This study focuses on a specific situation in Aceh that implements Qanun LKS. Case Study on Students and Acehnese Society in Jogja which is subjective. This approach was chosen to explore in-depth understanding of the views and attitudes of students and Acehnese society in Jogja towards the policy on Qanun LKS and merger. Case studies allow this study to focus on the context of social dynamics that influence the perceptions and reactions of students and Acehnese society in Jogja towards the phenomenon.

Data collection in this study was conducted through three methods: secondary data, interviews, and observations. First, secondary data was obtained from various sources such as journal articles, policy reports, news, and academic publications that discuss bank mergers and the banking system in Aceh. This secondary data provides an initial understanding of the background and implications

of the merger policy that resulted in Bank Syariah Indonesia (BSI). In addition, interviews were conducted with students and Acehese people in Jogja who functioned as key informants to explore their perspectives, experiences, and views on the single banking system.

Observations were conducted to observe the interactions and social dynamics among students and Acehese people in Jogja. These observations help researchers understand the context of everyday life and how banking policies affect their behavior and perceptions. Through observation, researchers can directly see the responses and discussions that arise regarding the issue of single banking, and how this affects their financial and social decisions. Data from these observations provide additional insights that support the findings from interviews and secondary data.

The literature study in this study serves to strengthen the analysis of empirical findings by placing them in a broader theoretical framework. By reviewing literature related to the banking system, merger policy, and social reactions to policy changes, this study can link the findings with existing knowledge. The literature study also helps identify important variables and predict the long-term impact of the single banking policy in Aceh. The combination of empirical data and literature provides a deep depth of analysis, so that it can produce a comprehensive understanding of the rejection of single banking among students and the Acehese community in Jogja.

Result and Discussion

Literature Review

The implementation of Qanun LKS implementing single banking in Aceh after the merger of three general banks into Bank Syariah Indonesia (BSI) is a topic that has received extensive attention in studies of Islamic finance and Aceh regional policies. Several relevant literatures can provide insight into various aspects and challenges in implementing this policy.

Single Banking System and Islamic Finance in Aceh

Single banking is a single system that is run in a region or agency. The dynamics faced by the Aceh government in implementing the Qanun LKS with the underdevelopment of Islamic banks operating in Aceh. Research by (Detragiache, Enrica; Garella, Paolo G.; Guiso, Luigi. 1997) His statement in the theoretical model, a company will choose to establish relationships with several banks to reduce the risk of rejection of credit extensions and financing from one if they face liquidity problems. The lack of competing banks in Aceh causes a lack of interest from the community, the influence of competition between is very important and very influential for Islamic banks (Prasetyaningrum, 2021) the important role of banks in the struggle for market share for competitive positions in banks (Gary C. Zimmerman 1995).

Study by (Kusuma Ratnawati et al. 2022) The results of this study indicate that financial

inclusion has a significant negative impact on national development, but can strengthen the stability of the national financial system. This phenomenon may be due to variations in demographics, economic conditions, and geographical conditions that differ across provinces in Indonesia. Underlining the importance of conformity of banking operations with sharia principles to ensure justice and economic welfare. Qanun LKS in Aceh, which aims to integrate all financial institutions into the sharia system (Latifa, Fuad, and Amanatillah 2021).

However, the practical implementation of this policy often faces significant challenges, especially related to the readiness of infrastructure and operational capacity of sharia banks which are not yet adequate in Aceh (Kismawadi and Al Muddatstsir 2018). In terms of overall aspects, sharia banks have also not been able to improve their performance compared to conventional banks (Anggraini Zareta, Ghafur, and Arifin 2024).

Problems of Inclusive Education

Research Interview Results

The implementation of single banking caused a commotion in Aceh which drew some criticism of the government and Islamic banks in serving the community. The biggest commotion arose when the BSI service error occurred in 2023, causing public confidence and trust in Islamic banks to decrease. The BSI service error for 3 days or more caused the economy in Aceh to decline. Many customers were unable to make transactions and even owed money to their friends outside Aceh, they asked to send money to the E-commerce application they used. (statements from several respondents) caused fear in the Acehnese community. There was also an expression when discussing with student friends from Aceh:

"This incident has never happened before the merger, previously we could still make transactions, if one of the banks before the merger had a service error, there were still 2 other banks for us to make transactions"

This incident raised public criticism of the Aceh government to revise the contents of the Qanun LKS, which could possibly result in the return of conventional banks to Aceh. In this case, some of the people who are against it do not have a problem with the Qanun LKS, but they feel that the ability of Islamic banks is not adequate to serve the community, let alone being faced with being able to serve one region of Aceh.

The interviews in this study involved 60 people consisting of 35 active students, 15 students who had finished college, and 10 Acehnese people who work in Jogja. Those involved in this interview came from various districts and cities in Aceh such as Takengon Regency 10 people, Bener Meriah Regency 5 people, Bireuen Regency 4 people, North Aceh Regency 4 people, Lhokseumawe City 3 people, East Aceh Regency 2, Kuala Simpang Regency 1, Pidie Jaya Regency 5, Pidie Regency 4, Aceh Besar Regency 5, Banda Aceh City 4, Meulaboh Regency 4, Nagan Raya

Regency 3, and Gayo Lues Regency 6. The results of the interviews stated that there were 4 problems they experienced. The following is a presentation of the data after conducting interviews and observations:

Table 1. Interview Results

Category	Findings
Limited Facilities	Many respondents complained about the limited facilities provided by BSI, such as the lack of ATMs and easily accessible branch offices.
Mobile Banking Issues	Frequent maintenance in the use of the BSI mobile banking application and the lack of features in the application, disrupt customer convenience in making transactions.
Public views on the Qanun LKS policy	In running the business/needs of students and the people of Aceh Jogja, there is a lack of choice banks in their ease of transactions. As a result of the implementation of Qanun LKS, students and the people of Aceh in Jogja feel like they are being forced to use BSI. Because the implementation of Qanun LKS results in a lack of knowledge of students and the people of Aceh in Jogja regarding Islamic banks
General satisfaction	respondents feel more comfortable with conventional banking services and Islamic banking services before the merger. The availability of links/mini ATMs makes transactions easier, but many customers are annoyed by this because the costs incurred are too expensive.

Table 2. Observation Results

Observation Aspect	Findings
Service Availability	Observations show that there is a shortage of BSI ATMs in several areas of Aceh. Seeing the distance between the ATMs provided is too far.
Technology and Infrastructure	Identified technical disruptions such as maintenance on the BSI mobile banking system.
Limited Choices	People in Aceh feel that banking options are limited after the implementation of the Qanun LKS, with only BSI widely available.

Summary of Interview and Observation Data:

Limited Facilities and Services

Most respondents, around (70%) stated that they had difficulty in getting access to ATM machines and branch offices at BSI. Obstacles at branch offices make it difficult for customers to repair ATM cards and activate Mobile banking that has errors, and at ATM machines customers make cash withdrawals, transfers, lack of features provided such as top ups on E-commerce, and other transactions. Most respondents stated that to get a branch office and ATM machine, they had to travel quite a distance.

Mobile Banking Problems

Observations and interviews showed that 75% of respondents often experienced maintenance on the mobile banking application and 65% of respondents stated that the lack of features provided in the application made it less comfortable for customers to use mobile banking.

Lack of Bank Choices

Implementation of Qanun LKS. The results of interviews and observations, in the statements of most respondents felt that there was a monopoly at BSI, because it was as if they were forced to use BSI. This condition, the lack of distribution of other Islamic banks in Aceh, makes BSI the main choice for the people of Aceh. transact.

General Satisfaction

Overall, 55% of respondents stated that they were dissatisfied with BSI and 80% felt more comfortable with the services before the merger and at conventional banks before the implementation of Qanun LKS. They considered the previous banks in Aceh to meet their needs better than the services available at BSI. 20% of respondents stated that they did not use Islamic banks and most of them also opened other accounts from Islamic banks and conventional banks. even the use of Aceh Islamic banks is very small.

Discussion

The implementation of single banking in Aceh, which requires people to use Islamic banks such as BSI, has significant implications. Acehnese people, who were previously accustomed to conventional banking services, must adapt to a new, sharia-based banking system. The implications of this cultural dilution include decreased convenience and accessibility in banking services, which can affect the stability and economic welfare of the community. Slow adaptation to this new system can exacerbate dissatisfaction and affect financial inclusion in an institution.

Fundamental changes forced by the single banking policy. The implementation of the Qanun LKS changes the structure of the banking system in Aceh, replacing conventional banks with Islamic banks. This change forces people to adapt to a new system, which can result in discomfort and difficulties in cultural adjustment. The policy structure that focuses on sharia compliance results in a loss of flexibility in daily banking practices, affecting the way people interact with their financial system.

Conclusion

The implementation of a single banking system in Aceh, which requires the use of Islamic banks such as BSI, presents significant challenges and implications from both a social and banking

perspective. Based on the results of secondary data and interviews with students and the Acehese community in Yogyakarta, as well as observations made, there are several important conclusions:

1. **Limited Access and Facilities:** The Acehese community faces difficulties in accessing BSI banking facilities due to the limited number of ATMs and branches. This has led to a decrease in convenience and accessibility, as well as increasing dissatisfaction among customers.
2. **Technical and Service Issues:** The BSI mobile banking application is undergoing maintenance. In addition, BSI customer service is considered inadequate in handling customer complaints and problems, which adds to the inconvenience for users.
3. **Cultural Change and Adaptation:** The implementation of the LKS Qanun forces people to switch from conventional banks to Islamic banks, which results in cultural dilution. People must adjust to a new banking system that is different from their previous habits, which affects economic stability and customer satisfaction.
4. **Cultural Reproduction and Commodification:** This policy serves to strengthen Islamic values in the banking system, but also causes discomfort for people who are not yet accustomed to this system. Cultural commodification seeks to integrate Islamic values into financial transactions, resulting in limited choice and flexibility in banking services.

Overall, although the implementation of single banking aims to create harmony with Islamic teachings and strengthen Aceh's cultural identity, the challenges faced indicate that adaptation to this new system still needs to be improved. Limited facilities, technical problems, and inadequate customer service are issues that need to be addressed to ensure that the single banking system can function well and meet the needs of the community effectively. Improvements in the provision of facilities, technological improvements, and improvements in customer service will be critical in increasing satisfaction and financial inclusion in Aceh.

Acknowledgements

The authors would like to express our heartfelt gratitude to Mrs. Fitria Nurma Sari, S.E., M.SEI. for her valuable guidance, support, and direction during the process of writing this journal.

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