

## Perception of Non-Muslim Community's Attitude to Islamic Banking in Kupang City, NTT

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### Abstract

The presence of Islamic banking in East Nusa Tenggara (NTT) continues to receive mixed responses from the public, particularly non-Muslims. This situation has led to various public perceptions of Islamic banking, which poses challenges for banks. This study aims to determine the perceptions of non-Muslim communities in East Nusa Tenggara (NTT) towards Islamic banking and the strategies offered to market Islamic banking products to non-Muslims in NTT. The method used in this study is qualitative research, with the type of research being: *field research* and the research approach is descriptive qualitative. The data sources in this study consist of primary data sources and secondary data sources. In order to collect data, data collection methods such as documentation and interviews were also used. The inductive cognitive method was used to conduct data analysis. The results of this study indicate that non-Muslim communities have different perspectives on Islamic banking. This is due to the lack of knowledge of non-Muslim communities in Kupang City regarding Islamic banking, and one of the factors that causes the community to have different views on Islamic banking is the education and socialization factors carried out by banks have not reached the community, which results in different perceptions among the community.

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## 1. INTRODUCTION

Banking is an institution that plays a major role in a country's development. This role is manifested in the bank's function as a financial intermediary institution (*financial intermediary institution*) namely collecting funds from the public in the form of savings and distributing funds to the public in the form of credit or other forms in order to improve the people's standard of living. The development of banking that exists among the public has become the beginning of the formation of two banking models in Indonesia: Conventional Banks and Sharia Banks. Sharia banking in Indonesia is a reflection of the need for an alternative banking system that can have a positive impact on increasing the stability of the national banking system and aims to support the implementation of national development in the context of equitable distribution of public welfare through financing in accordance with Sharia principles. Sharia banking as an alternative to conventional banking is expected to stimulate the real sector (*Monetary Based economy*) Therefore, Islamic banks require different regulations than conventional banks. Islamic banking regulations must take into account various interests. The existence of Islamic banking in Indonesia is not limited to areas with a Muslim majority. However, it also exists in non-Muslim areas, such as Kupang City, East Nusa Tenggara. A sociological examination of the existence of Islamic banking in non-Muslim-majority areas demonstrates that Islamic banking is not solely for the Muslim community, but for all Indonesians, offering a new concept that better

fulfills a sense of justice and is prepared for everyone, including non-Muslims. The prospects for Islamic banking offered by Islamic-affiliated banks generally utilize a profit-sharing or interest-free system, aiming to offer a fair service concept. The urgency behind the existence of Islamic banking lies in several reasons: the creation of a just and prosperous society based on economic democracy that is just, together, equitable, and beneficial. Furthermore, the need for banking services among Indonesians is increasing, in line with the growing awareness among both Muslims and non-Muslims that Islamic banking services are more suited to their real needs. Based on Christian beliefs, interest is also prohibited by their teachings. However, there are many different responses from non-Muslims regarding this issue, depending on their perspectives and future financial orientations.

Sharia banking, proven to be more open, honest, and fair, is now increasingly sought after by the public and has earned considerable trust. This trust comes from various groups, including non-Muslims. In Europe, Sharia banking has become an alternative to conventional banking systems that use additional (interest) systems. This is due to various factors, including religion, profit-sharing, facilities and services, security levels, and so on. The above considerations are certainly very interesting to further examine the response of non-Muslims to Sharia banking, particularly in Kupang City, East Nusa Tenggara. The prospects for Sharia banking offered by Islamic-affiliated banks generally use a profit-sharing or *riba*-free system, aiming to offer a concept of equitable service. The urgency of the purpose of Sharia banking lies in several reasons, namely the creation of a just and prosperous society based on economic democracy that is just, together, equitable, and beneficial. Furthermore, the Indonesian public's need for banking services is increasing, along with the awareness of both Muslims and non-Muslims that Islamic banking services are more suited to their real needs. Based on the Christian belief that usury is also prohibited by their teachings. However, there are many different responses from non-Muslims, depending on their perspectives and future financial orientation prospects. The prospects for Islamic banking offered by Islamic-affiliated banks generally use a profit-sharing or non-usury system aimed at offering a concept of equitable service. The urgency of the purpose of Islamic banking is due to several reasons, namely the creation of a just and prosperous society based on economic democracy that is just, togetherness, equality, and benefit. Furthermore, the Indonesian public's need for banking services is increasing, along with the awareness of both Muslims and non-Muslims that Islamic banking services are more suited to their real needs. Based on the Christian belief that usury is also prohibited by their teachings. However, in this case, there are many different responses from non-Muslim communities depending on their perspectives and future financial orientation prospects. The selection of the location and research object of the non-Muslim group because they are the majority religious group in Kupang City, East Nusa Tenggara Province. Based on data taken from the Central Statistics Agency (BPS), Kupang City has a population of 442,281 people, divided into 223,632 men and 218,649 women. The following is the percentage of religious communities in Kupang City:

## 2. RESEARCH METHODS

This study uses a descriptive qualitative approach to deeply understand how non-Muslim communities in Kupang City view and evaluate the existence of Islamic banking. This approach was chosen because it can explore the meanings, perceptions, and subjective experiences of informants within the local social and cultural context. Data were collected through in-depth interviews, focus group discussions (FGDs), and observations of non-participatory, and documentation. The researcher acted as the primary instrument (human instrument), assisted by interview and observation guides. Data validity was ensured

through triangulation of sources and methods, including credibility, transferability, dependability, and confirmability. The study also considered research ethics, such as maintaining informant confidentiality and respecting religious diversity. The results of this method are expected to comprehensively describe the perceptions, understandings, and social and cultural factors influencing the acceptance of Islamic banking among non-Muslim communities in Kupang City. Therefore, the research findings can form the basis for developing more inclusive and effective marketing strategies for Islamic financial institutions in non-Muslim-majority areas.

### 3. RESULTS AND DISCUSSION

In general, an "Islamic Bank" is a bank that operates in accordance with Islamic law. Currently, there are many terms used to refer to Islamic banking entities other than "Islamic Bank," such as "Interest-Free Bank," "Riba-Free Bank," and "Sharia Bank." In Indonesia, the official term for an Islamic bank is "Bank Syar'ah," or more fully, "a bank based on Sharia principles." Sharia banks perform the same function as conventional banks, namely acting as intermediaries that collect funds from the public and return these funds to those in need through financing facilities. In 2008, there was considerable progress in the regulation of Islamic banking and finance. Two new laws, Law No. 19/2008 concerning Islamic Banking and Law No. 21/2008 concerning Islamic Banking, were passed by the Indonesian House of Representatives on June 17, 2008. Law No. 21/2008 may be too late for a country that has had Islamic banks since the founding of Bank Muamalat Indonesia (BMI) in 1991, while Law No. 19/2008 is somewhat late if Indonesia is positioned as a competitor. Bank Syariah Indonesia (BSI) was formed in 2021 through a merger between Bank Syariah Mandiri, BNI Syariah, and BRI Syariah. This created a bank sharia, the largest in Indonesia with a wide network, including in NTT, as part of a national expansion strategy to reach more people. The Kupang branch of Bank Syariah was established as a result of the rapid growth of Bank Syariah Indonesia. It was strategically chosen for its location in a non-Muslim area. Bank Syariah Indonesia (BSI), which operates in Kupang City, East Nusa Tenggara, faces unique challenges in operating in an area with a predominantly non-Muslim population. However, several obstacles need to be overcome, particularly regarding public understanding of the Islamic banking system implemented by BSI. People in Kupang City tend to have limited understanding of the Islamic banking system. Initially, Islamic banking in NTT may face challenges in terms of acceptance by people who are less familiar with the Islamic-based banking system. Many still believe that BSI only serves Muslims. However, Islamic banking services are accessible to all regardless of religion, as sharia principles prioritize justice and the common good. The perception that Islamic banks are exclusively for Muslims can discourage non-Muslims from using BSI services.

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The increase in the number of non-Muslim customers could be caused by several factors, including: other: Service Satisfaction, Trust in the Sharia System, Excellence of Sharia Products, Education and Promotion

Data on the Number of Financing Customers of Bank Syariah Indonesia Kupang Branch for the 2017-2021 Period

NO	YEAR	NUMBER OF CUSTOMERS
1	2017	972
2	2018	1.250
3	2019	1.600
4	2020	2.200
5	2021	2.400

Source: Bank Syariah Indonesia Kupang branch

From the table above, it appears that there has been an increase in the amount of financing from 2017 to 2021 with an average growth of 25.89% per year

Thus, the increase in non-Muslim customers at the BSI Kupang branch shows that Islamic banking is able to attract various groups of people through innovative and inclusive services.

### Non-Muslim Community Perceptions of Islamic Banking

Viewed from the understanding of non-Muslim society regarding Islamic banking Sharia Bank is a financial institution that carries out its business activities based on sharia principles, namely the rules of agreement based on Islamic law

According to McShane and Gilino, perception is the process of receiving information and understanding the environment, including the process of categorizing and interpreting information. Essentially, perception is concerned with how a person receives information and adapts to their environment. In social life, people have the ability to interpret everything from different perspectives, especially when it comes to expressing their perceptions of Islamic banking. Among non-Muslim communities, varying perceptions of Islamic banking are found, based on location, education level, technological awareness, and other related aspects. This situation, for example, occurs in the city of Kupang, East Nusa Tenggara (NTT), with a predominantly non-Muslim population. As stated by,

Mr. Hopni Bukang, S.H. also provided an explanation regarding his perception of Islamic banking, he stated that:

*"In my opinion, the existence of Islamic banks presents a positive prospect in the banking world. It's a form of public service that aims to improve the economy of the lower classes. I believe that Islamic banks don't have a religious label, but rather contain services that can improve people's lives. Many people don't realize this because they may think Islamic banks are only for Muslims."*

The interview results above show several points that attract non-Muslims to Islamic banking, including: Knowledge of the Islamic Banking System, Inclusive Services, Low Interest Rates, Simple Requirements Process.

This demonstrates a high level of trust in Islamic banks, both in terms of service and fees. This trust likely stems from the interviewees' extensive experience and knowledge of banking in general. Furthermore, the emphasis on unbiased service and simple processes indicates customer satisfaction with the quality of service provided by Islamic banks. This satisfaction can be a crucial factor in increasing customer loyalty and attracting more people to Islamic banking services.

The perception of low interest rates (or competitive profit margins) suggests that Islamic banks offer a more economical alternative to conventional banks. This could be one of the main reasons why customers choose Islamic banks.

## SHARIA BANK STRATEGIES IN MARKETING SHARIA BANK PRODUCTS TO NON-MUSLIM COMMUNITIES

Islamic banking Islamic banks are financial institutions that operate based on Islamic sharia principles, namely avoiding usury (riba), gharar (uncertainty), and maisir (speculation). Although rooted in Islamic values, the concept of Islamic finance is universal, emphasizing fairness, transparency, and sustainability in economic activities. In Kupang City, East Nusa Tenggara, where the majority of the population is Christian, the presence of Islamic banks is an interesting phenomenon. The biggest challenge is how to market Islamic banking products to non-Muslim communities who have different cultural backgrounds, values, and perceptions of the term "sharia." Kupang City is the capital of East Nusa Tenggara Province with a majority non-Muslim population (Protestant and Catholic Christians). Most of the population works in the service sector, trade, and government. The level of Islamic financial literacy is still low because the public is generally more familiar with conventional systems than the concept of sharia.

However, there is significant potential for the development of Islamic banking, particularly given the growing interest in ethical, transparent, and socially just financial systems. An interview with an employee of an Indonesian Islamic bank in Kupang City regarding the strategies employed by Islamic banks to market their products to non-Muslim communities is as follows:

Mr. Hamid Abdulmanan:

*"Basically, there is no difference in marketing Islamic banking products to any group, but our selling point and advantage over Islamic banks is that the low margins attract them to use our services in Islamic banking because there are several church prayer teams who save their cash with us."*

Based on the interview above, there are similarities in the marketing process carried out by the bank without discriminating against the community, by using two approaches to market their products to the community, including socialization and education strategies to provide understanding to the community, which are the steps used by banks in their marketing strategies.

## 4. CONCLUSION

Based on the results of research on non-Muslim perceptions of Islamic banking in Kupang City, it can be concluded that the level of understanding and acceptance of the concepts and principles of Islamic banking among non-Muslims remains diverse. Most respondents expressed a positive attitude toward Islamic banking as a financial institution oriented toward justice, transparency, and ethics. However, limited understanding of Islamic principles such as the prohibition of usury, profit-sharing systems, and asset-based financing are factors that influence the level of participation of non-Muslims in using Islamic banking products. These findings indicate that positive perceptions are driven more by aspects of institutional credibility, service quality, and confidence in the security of funds, rather than solely by religious considerations. However, there is still a perception that Islamic banking is only intended for Muslims, indicating the need for more inclusive education and outreach strategies. From the perspective of human resource management and banking marketing, the results of this study emphasize the importance of improving Islamic financial literacy, a humanistic interfaith communication approach, and product innovation that suits the needs of the multicultural community in Kupang City. With these

strategic steps, Islamic banking can expand its market share and strengthen its image as a universal financial institution that prioritizes the values of justice and economic sustainability.

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