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THE OBSTACLES AND CHALLENGES OF ISLAMIC BANKING INCLUSION IN BANKING DIGITALIZATION IN THE ERA OF FINANCIAL TECHNOLOGY (FINTECH)

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Abstract

This study aims to find out and examine what are the Barriers and Challenges of Islamic Banking Inclusion in the Digitalization of Banking in the Era of Financial Technology (FINTECH).The research method used isdata collection methods through library research.using qualitative analysis, which means describing the data processed in detail in the form of sentences (descriptive). Qualitative analysis is carried out starting from empirical analysis, which in its deepening is complemented by normative analysis.To analyze the data, the three methods of data analysis used are inductive, deductive, and comparative methods. The research results areThe development of Islamic banking has several shortcomings such as: vision, capital, products, financing, human resources (HR), services, information, public understanding; FINTECH's presence influences Islamic banking, namely contributing such as: easy and inexpensive services as well as effective and efficient, helping Islamic banks in the speed and accuracy in processing business operations and product marketing data, providingsignificant impact on several aspects of the economy, while at the same time rearranging the face of the Islamic financial industry,rapid developmentFINTECHdirectly proportional to the challenges faced,a driver for achieving financial inclusion, the presence of a strong consumer protection system and digital ecosystem, FINTECH Islamic banking with massive development in Indonesia, FINTECH and banjs wil collaborate together.

Keywords: Financial Technology, Digitalization of Islamic Banking, Financial Inclusion

1. INTRODUCTION

Today, the business world, from telecommunications, transportation and retail companies, is enlivened by the same mission, namely to carry out innovation in technological and digital development along with changing ways of communication, consumption and transportation. The world of finance and banking is also not immune from digital disruption, it is only a matter of who implements it first and to what extent they transform. This change is expected to be able to break the classic assumption that banking is a rigid industry, because it is hampered by strict systems and regulations (Leonardo Koesmanto, 2017).

Banks are the heart of the country's economy, without banking economic activities will be paralyzed. When the banking world advances rapidly, it has an impact on national and global economic growth. Banking is the center of economic transactions. In retail banking, it is determined by the absorption of third-party funds and the expansion of banking businesses is determined by financing. Banking institutions mediate people with surplus units lent to those with deficit units (Salam, 2018). Digital banking is considered a new way of doing business, especially thanks to its potential to save costs. Banks should see that this is not just about digitizing existing products, but changing mindsets and solutions to digital according to people's behavior and needs. For example; understanding people's pain points - such as paying off home loans, planning children's education, investing in retirement and old age - then analyzing obstacles, and building solutions (Leonardo Koesmanto, 2017).

The development of information technology brings many changes and shifts. Today's business success is more influenced by how quickly companies can respond to these changes. The urgent transformation of the banking world is the digitalization of services. Digitalization is not only aimed at moving manual transactions to automatic ones. Banking digitalization has a broader meaning, especially to meet the needs of the banking business concept, providing the latest services to strengthen customer transaction behavior. The emergence of technology-based financial companies or financial technology (Fintech) has forced the Islamic banking industry to improve. Fintech has the technology and innovation to reach customers who cannot access the traditional banking system (Salam, 2018).

One of the technological developments that is currently being studied in Indonesia is Financial Technology (Fintech) in banking institutions. According to the definition outlined by the National Digital Research Center (NDRC), financial technology is a term used to refer to an innovation in the field of financial services, where the term comes from the words "financial" and "technology" (Fintech) which refers to financial innovation with a touch of modern technology (Sukma,2016). The FINTECH concept adapts technological developments that are combined with the financial field in banking institutions, so that it is expected to facilitate a more practical, safe and modern financial transaction process, including digital-based financial services that are currently developing in Indonesia, namely payment channel systems, digital banking, online digital insurance, Peer to Peer (P2P) Lending, and crowd funding (Siregar,2016). The above concept is in line with what was conveyed by the Deputy Director of the Directorate of Banking Licensing and Information of the OJK, Tris Yulianta, who stated that banking institutions need to utilize the application of financial technology to improve the efficiency of operational activities and the quality of bank services to their customers, because the use of financial technology is in line with the increasing need of the community for online-based financial services and the use of internet media for digital data access (Apriyani, 2016).

World Economic Forum(2015) predicted that Indonesia would become one of the largest digital markets in Southeast Asia by 2020. This confirms the opportunity for digital financial inclusion, reinforced by the new reality that around 36 percent of adults in Indonesia have bank accounts or around 120 million people are in the unbanked category. Contradictorily, the Indonesian Internet Service Providers Association (APJII) noted that 132.7 million Indonesians have been connected to the internet, thanks to the development of infrastructure and the ease of obtaining smartphones or handheld devices (Salam, 2018). This statement is also supported by the results of a survey published by the Indonesian Internet Service Providers Association (APJII) in March 2015, which stated that the number of internet users in Indonesia increased from 71.9 million in 2013 to 88.1 million users by the end of 2014, or around 34.9 percent of the total population today (Heriyanto, 2015). This shows that in terms of numbers, the penetration of digital technology utilization in Indonesia is very large, even exceeding the combined population of other countries in ASEAN, and has changed people's behavior in almost all aspects of life, such as online buying and selling (e-commerce), digital social interaction, e-books, e-newspapers, public transportation (taxis and motorcycle taxis), tourism support services, and financial technology (Siregar, 2016). When compared to 2014 which only reached 83.7 million levels of financial technology users, in this case internet access in Indonesia, has shown a significant increase and can be observed in detail in the following table 1 (Julianto, 2016):

Table 1
Internet Usage in Indonesia Based on Customer Opinions of 6 Banks 2012-2015

Year	Total population	Number of Internet Users	Internet User Penetration
2012	240,000,000	22%	26%
2013	245,000,000	30%	34%
2014	248,000,000	37%	44%
2015	250,000,000	42%	56%

Source: Sharing Vision (2013) in MRI (2016)

In addition to the relatively low use of financial technology for access to banking institutions, another factor that makes it difficult for Indonesian people to access banking services, especially in the 3T (Frontier, Outermost, and Remote) areas is the unequal access to these banking services. The unequal access to banking services is still a problem that continues to be faced by banking institutions, especially people in remote areas that cannot be reached by banking institutions and financial services, which is caused by the condition of the community who are not yet fully familiar with banking services and other financial services, so that they have the potential to be exploited by irresponsible parties (Habibi, 2016).

Currently, the technology and communication industry, retailers, and travel agents have developed their systems to enter the banking market. Starting from the increasing social interaction in various social media (medsos), then continuing to electronic buying and selling transactions, electronic money, document storage through cloud computing, and of course banking. This means that banks can no longer turn a blind eye to the presence of digital banking. Every industry must accelerate the implementation of digital banking in order to be able to compete, both with the banking industry and across industries. According to data from the Financial Services Authority (OJK), transactions through electronic banking (e- banking) have grown quite significantly every year. Based on data from 13 major banks in Indonesia, the frequency of transactions through e-banking in 2012 was recorded at 3.79 billion transactions with a nominal value of IDR 4,441 trillion. Then, the frequency increased to 4.73 billion transactions with a nominal value of IDR 5,495 trillion in 2013 and to 5.69 billion transactions with a nominal value of IDR 6,447 trillion in 2014. This growth has the potential to increase in line with the tendency of bank services towards digital banking. Because, in addition to having attractive and convenient features, e-banking services make it

easier for customers to make financial transactions. For example, interbank transfers and credit card payments, electricity, telephone, mobile phone bills (cell phones), insurance, internet, flight tickets, and virtual accounts. The increasing popularity of online businesses (online shops) and the increasing growth of types and numbers of smartphones also contribute to the growth of e-banking transactions (Probank., 2016). If so far the digitalization of banking financial services has used SMS banking, Internet banking, Mobile banking, Brachless banking in an effort to support financial inclusion, Fintech lending for Commercial Banks will soon be launched by implementing Digital Branch (OJK Press Release, 2017). Digital Branch is a bank branch office that is fully digital. Customers can conduct financial transactions independently at each Digital Branch. Its rapid growth can be seen from the investment value invested by venture capital (VC) in Fintech startups. No less than US$ 13.8 billion throughout 2015, more than twice the investment during 2014. Currently there are 19 Fintechs worth over US$ 1 billion or often called "unicorns (Salam, 2018).

Then, FINTECH startups can improve people's standard of living. Because, FINTECH startups can present merchants who accept debit and credit card payments at low costs. FINTECH startups can also build banking infrastructure as a solution to increase people's purchasing power. In addition, FINTECH startups can eliminate the existence of people or agencies that provide loans with high interest rates to make a profit. The existence of FINTECH startups can make the money lending system carried out in a transparent manner.

The development of banking digitalization above is a picture of the overall digitalization conditions of the banking world nationally and internationally in the Financial Technology Era, then what about Islamic banking related to obstacles and challenges, especially in ratifying financial inclusion and literacy programs in Indonesia.

2. THEORETICAL STUDY

Islamic banks are banks that carry out their business activities based on sharia principles. Islamic banks act as intermediary institutions between parties experiencing surplus units and other parties experiencing a shortage of funds (deficit units). Through the bank, the excess funds are distributed to other parties who need them and provide benefits to both parties. With this principle, there is a relationship not as debtor and creditor, but rather a partnership relationship between the fund provider (shohibul maal) and the fund manager (mudharib). Therefore, the level of profit income of Islamic banks not only affects the level of profit sharing for shareholders, but also affects welfare and profit sharing can be given to depositors. Thus, the ability of management to carry out its function as a depositor of assets, entrepreneurs and professional investment managers will greatly determine the quality of its business as an intermediary institution and its ability to generate profits. In addition to the relationship between shohibul maal and mudharib using a profit sharing system, Islamic banks in carrying out their function as mudharib offer products that are bound by sharia provisions supervised by the Sharia Supervisory Board (DPS). Thus, the types and terms of products used are terms derived from sharia. This has an impact on the lack of familiarity in understanding and knowledge of the wider community. Therefore, the financial inclusion program in Islamic banks has a dual purpose, namely in addition to efforts to provide public access to Islamic banking, it also provides public understanding (literacy) of products that are labeled and have procedures according to those regulated in sharia.

In macro terms, the objectives of financing in Islamic banks are: (1) Improving the people's economy, meaning that people who do not have economic access, with financing they can access the economy; (2) Availability of funds for business development, namely for business development requires additional funds. These additional funds can be obtained from financing. The party with surplus funds distributes them to the party with a lack of funds; (3) Increasing productivity and providing opportunities for the community to increase their production capacity, opening up new jobs.

From the perspective of the community and service providers, there are several causes, including that many people still have low incomes, the long distance to the nearest bank office, the high costs for small volume transactions, limited information, low levels of financial knowledge, inappropriate products and psychological factors.*image*and culture coupled with long queues. Meanwhile, from the financial service provider side, these various obstacles include the establishment of expensive bank branches, very strict requirements set by regulators, complex processes and high formalities (Greetings, 2018).

1. **The Concept of Financial Inclusion**

Financial inclusion is the openness of providing access and use of a variety of convenient and affordable financial services. Financial inclusion includes sustainable, relevant, cost-effective and meaningful financial services for the financially underserved, especially rural populations ((Nwanko, 2014).These services include savings, financing, insurance in a way that is quite convenient, reliable and flexible in terms of access and design.

Financial inclusion is an activity that aims to eliminate all forms of financial barriers to access financial services. The implementation of financial inclusion will open access for the poor (people who do not have collateral, do not have permanent jobs, are trustworthy, and cannot obtain credit) to financial services. This means bringing "unbankable people to financial institutions." Other objectives are (1) access at reasonable cost to a range of financial services, including savings, deposits, payments and transfer services for all households, (2) financial and institutional sustainability to ensure continuity and certainty of investment, (3) competition to ensure choice and affordability for customers. Financial inclusion as the range, quality and availability of financial services for the financially underserved (World Bank, 2014). Access to safe, convenient and affordable services that are inadequate for other disadvantaged and vulnerable groups, including low-income rural and undocumented populations, who are underserved or excluded from the formal financial sector (TAFF, 2011). Indicators that can be used as a measure of a country in developing financial inclusion are: (1) Availability/access, namely the ability to use formal financial services in terms of physical affordability and price; (2) Use, the ability to actually use financial products and services (including regularity, frequency and duration of use); (3) Quality, whether the attributes of financial products and services have met customer needs; (4) Welfare, the impact of financial services on the standard of living of service users.

Financial deepening is a term used to indicate an increase in the role and activities of financial services in the economy. The depth of a country's financial system will increase economic growth because it can allocate funds effectively to potential sectors, minimize risk with financial product diversification, increase production factors and increase the efficiency of the use of these production factors which ultimately increases investment or marginal productivity of capital accumulation with increasingly efficient use. A healthy and dynamic economy requires a financial system that is able to channel funds efficiently from people who have more funds to people who have productive investment opportunities. However, the rapidly growing financial industry is not necessarily accompanied by adequate financial access. In fact, access to financial services is an important requirement for the involvement of the wider community in the economic system. How big is the opportunity for the community to be able to access and use financial services, reflects the level of financial inclusion in the economy (azwar, 2017).

At the G20 Pittsbugh Summit in 2009, G20 members agreed on the need to increase financial access for this group, which was emphasized at the Toronto

Summit in 2010, with the issuance of 9 Principles for Innovative Financial Inclusion as a guideline for developing inclusive finance. These principles are leadership, diversity, innovation, protection, empowerment, cooperation, knowledge, proportionality, and framework (Bank Indonesia, 2014). Since then, many international forums have focused their activities on inclusive finance such as the Consultative Group to Assist the Poor (CGAP), World Bank, APEC, Asian Development Bank (ADB), AFI, Financial Action Task Force (FATF), including developing countries and Indonesia (Bank Indonesia, 2014)

Since the 2000s, inclusive finance has been widely used as a major focus of policy in many governments and central banks to develop their countries. In India, inclusive finance emphasizes the process of ensuring that access to adequate financial services and credit systems for the poor at affordable costs (Rangarajan Committee., 2008). In Indonesia, inclusive finance has become a national strategy to encourage economic growth through equitable income distribution, poverty reduction, and financial system stability (Hadad, 2010). The right of every individual is guaranteed to be able to access the full range of quality financial services at affordable costs. The target of this policy is very concerned with low-income poor people, productive poor people, migrant workers, and people living in remote areas (Bank Indonesia, 2014). Simply put, several existing studies have connected at least three points of inclusive finance, namely access, community groups, and financial systems systems (Demirgüç-Kunt et al., 2008).

Efforts to increase financial inclusion and reduce financial exclusion from various parts of the world are carried out in two approaches, namely comprehensively by formulating a national strategy such as Indonesia, Nigeria, Tanzania and through various separate programs, for example financial education as carried out by the United States government after the 2008 crisis. In general, the approach through a national strategy includes 3 (three) aspects, namely the provision of appropriate service facilities, the provision of suitable products, responsible finance through financial education and consumer protection. The implementation of inclusive finance is generally gradual, starting with clear targets such as through recipients of government social program assistance or migrant workers before it can slowly be used by the general public. The inclusive financial strategy in Indonesia is not an isolated initiative, so that involvement in inclusive finance is not only related to the duties of Bank Indonesia, but also regulators, ministries and other institutions in efforts to provide financial services to the wider community. Through the national strategy of inclusive finance, it is hoped that collaboration between government institutions and stakeholders will be created in a good and structured manner.

2. Digital Theory

Digitalization is a modern trend that has been debated since the 1980s, when home computers were introduced to the consumer market, which then opened up new channels for consumers to become more communal and aware of current issues. Modern technology and digitalization have removed the barriers of modern society, especially time, space, data acquisition and engagement allowing consumers to have more freedom to interact with others regardless of time or space (Koiranen et al., 2010).Digitalization can be defined as the use of digital technologies for new business models and providing new opportunities that generate value. It is digital business and the integration of digital technologies into everyday life (Gartner, 2016). Digitalization is an opportunity for companies and organizations to improve their business activities.

In the era of digitalization and automation many office jobs can be produced more efficiently and at lower costs (Schinkel, 2000). Digitalization can be seen as an opportunity to improve customer relationships, business processes, create and adapt new business models (Schumann, C. & Tittmann, 2015). In the financial sector including banking, digitalization is seen as the development of working methods and working environments. Advances in information technology and computer systems are seen as positive improvements, making work more efficient and faster. The general consensus is that due to digitalization, customers will become more independent and the working environment will change to a more digital environment, which can change the entire organization. Telecommuting and working remotely from the office will become more of a working method today and in the future, digital skills will become increasingly important and a workforce requirement (Finance and economics, 2015).

Digital technology has become a transformation in many companies, where they have created various implementations to achieve the full benefits of digitalization of the business sector, including the banking business. Digital transformation requires changes in many elements of company practices, such as management and organizational structure. Because digital transformation is a significant change in organizational structure, it would be logical to combine it with existing business strategies (Matt, C., Hess, T. & Benlian, 2015).

The evolution of information and communication technology has given birth to globalization that can shorten the distance and time to communicate through digital electronics. Digital theory is a concept of understanding the development of the era of technology and science, from all that is human to automatic, and from all that is complicated to concise. Digital is a complex but flexible method that makes it something basic in human life. Digital theory is always related to media, because media is something that continues to develop. New media is media that is formed from human interaction with technology. Among the modern media are the internet, mobile phones, social networks, and so on. This media is an umbrella of life that connects humans with humans, humans with technology in this century.

The internet has a great influence on human life, coupled with the continued development of technological innovations. Internet media can be used for various business activities (e-commerce), education (e-learning), banking (m-banking), including internet networks that are currently used as communication media such as Facebook, Twitter, Yahoo Messenger and so on.

Banking digitization can reduce efficiency. Banking digitization can reduce banking operational costs by up to 25%, maybe even more (McKinsey & Company, 2017). It is a long-term investment, which can reach a wider market by reducing the investment budget for opening new branches, sub-branches and petty cash offices. There are two ways that banking can do. First, digitizing services to provide faster, cheaper and easier services to customers. For example, opening a digital account via smartphone. Second, integrating banking activities with customers' daily lives. Such as through the "Home Connect" application to make it easier for prospective clients to estimate the price of the house they are going to buy based on the average price in the area.

Internethas revolutionized the world of computers and communication that was never expected before. The discovery of the telegram, telephone, radio, and computer is a series of scientific work that led to the creation of the internet that is more integrated and more capable than those tools. The internet has the ability to broadcast to all corners of the world, has a mechanism for disseminating information, and as a medium for collaboration and interaction between individuals and their computers without being limited by geographical conditions. The resolution of the internet creates a new image, namely a new media that most people have used at this time. This is an implementation of the expansion of icons that originate from the internet.

3. RESEARCH METHODS

In achieving the objectives of this study, the author identified a number of methods that can be used in collecting and analyzing data. Data collected and analyzed produce authoritative studies and achieve the desired objectives. The study was conducted using the data collection method through library research.

The data obtained are from materials consisting of Arabic and English literature, Islamic banking, journals and other materials in libraries or knowledge resource centers. To analyze the data, three data analysis methods have been used, namely inductive, deductive, and comparative methods. The inductive method is a way of analyzing data to find evidence of specific arguments to reach a general proposition. This method is used to define and explain the function and development of the internet, especially in Islamic banking. The deductive method is a way of analyzing data and writing on general facts for facts of a certain nature. This method is used to analyze contemporary acts and fatwas related to transactions on internet banking. The comparative method is to make a comparison between the data collected to obtain accurate conclusions with problem research. This method is by making a comparison between existing provisions in acting with fatwas or contemporary fiqh books.

4. DISCUSSION AND ANALYSIS

Based on several findings and facts that have been collected from various sources, this discussion will refer to findings and facts related to Fintech obstacles and challenges that will be linked to related theories and regulations. To make it easier to understand this, here is a table of FINTECH Obstacles and Challenges.

Table 2
FINTECH Barriers and Challenges

Obstacle	Challenge
• Lack of alignment of vision and coordination between the government and banking authorities • Insufficient capital • Islamic banking still relies on financing from expensive funds • Products that are not varied	• The presence of a number of Fintech companies has contributed to the development of Islamic banking in easy, cheap, effective and efficient services. • Fintech has and will help Islamic banks in speed and accuracy in processing business operations data and product marketing. • Collaboration between Islamic banking and fintech

	companies will have a significant impact on
• Inadequate quality of human resources • Public understanding and awareness of Islamic banking is still lacking • Lack of information on Islamic Banking. • Human resources (HR) are still limited. • Limited network and branch offices • Implementation of banking health level standards. • Limited Islamic banking products or service features • The final stigma is the use of Islamic terms in Islamic banks which are not well understood. • Many people are still confused about distinguishing between illegal and legal Fintech.	several aspects of the economy, while also reshaping the face of the Islamic financial industry. • Islamic banking catching up with conventional banking will take time and cost. One of the most effective solutions is to utilize digital services owned by fintech companies. • The rapid development of Fintech is directly proportional to the challenges faced • The winner takes all phenomenon that occurs in the development of e-commerce. Winnest takes all when a handful of e-commerce platforms monopolize the market. • *Fintech*to be a driver of achieving financial inclusion, risk management is needed through a regulatory sandbox model, the presence of a strong consumer protection system, and the existence of a digital ecosystem. • Companies*financial technology*or Fintech is growing massively in Indonesia • There is collaboration. There is no such thing as Fintech, there is no such thing as a bank. All will be one

Source: Processed data, 2020

Based on the table, there are several obstacles and challenges to the inclusion of Islamic banking in the digitalization of banking in the era of Financial Technology (FINTECH). There are several important things that will be discussed regarding the obstacles and challenges (1) The development of Islamic banking has several shortcomings such as: vision, capital, products, financing, human resources (HR), services, information, public understanding; (2) The presence of Fintech affects Islamic banking, namely by providing contributions such as:easy and cheap service that is effective and efficient, helping Islamic banks in speed and accuracy in processing business operations data and product marketing, providingsignificant impact on several aspects of the economy, while simultaneously restructuring the face of the Islamic financial industry,The rapid development of Fintech is directly proportional to the challenges faced,drivers of achieving financial inclusion, the presence of a strong consumer protection system, and the existence of a digital ecosystem, Islamic banking fintech is developing massively in Indonesia, there will be a collaboration between fintech and banks into one.

The underlying things that have been explained above are not far from some underlying things related to conditions in the field, policies, regulations, and certain roles. As follows:

1. The situation in the field is as follows:Insufficient capital makes it difficult for Islamic banking to develop its structure and service segments. Of the 12 BUS, only 10 BUS have capital of less than 2T. The return value on conventional banks is higher than Islamic banks. CASA is not as efficient as conventional banks.Visually and analogically, many people still interpret Islamic banks as conventional banks in general that use a profit-sharing basis in distributing income earned by the bank. Islamic banks are experiencing a human resource (HR) emergency. The network and branch offices of Islamic banks in Indonesia are still far from the number of networks and branch offices owned by conventional banks. The problem of Islamic banking financial reporting standards that are required to present financial reports as profit institutions is also related to bank financial reports that function as social functions. Every product or feature issued by the bank must not deviate from Islamic principles. In Islamic banks, of course, we find the use of contracts in bank operations that use Arabic which is difficult for the general public to understand. The financing process of Islamic banks has so far been carried out manually, with limited HR skills and the manual nature of this financing process makes the time required long and less efficient.The Islamic banking sector in Indonesia still does not have adequate technology like conventional banking which can make it easier for people to access various services..Collaboration between banking and fintech has basically been done by many countries in the world. Specifically in developing services to untapped markets as financial inclusion. This is common in established countries, as well as developing countries.Fintech lending loan

distribution reached IDR 33.2 trillion as of May 2019, while Fintech payment transactions were IDR 47.1 trillion in 2018.

2. Underlying regulations and policies: DSN-MUI Fatwa No: 116/DSN-MUI/IX/2017 on electronic money and DSN-MUI Fatwa No. 117/DSN-MUI/II/2018 on information technology-based financing services based on sharia principles.
3. The role of DSN-MUI in FINTECH: issuing 2 fatwas on FINTECH, encouraging the issuance of POJK/PBI Fintech Syariah, simplifying the sharia compliance process to DSN MUI such as industries under the regulator carrying out sharia compliance in accordance with financial industry standards, only DPS recommendations with certain provisions and industries not under the OJK and BI regulators carry out Sharia certification, providing special training for DPS Fintech Syariah.

5. CONCLUSION AND SUGGESTIONS

2.1 Conclusion

The conclusions that can be drawn from the research on the obstacles and challenges of Islamic banking inclusion in banking digitalization in the era of financial technology (FINTECH) are as follows:

2.1.1 The development of Islamic banking has several shortcomings such as: vision, capital, products, financing, human resources (HR), services, information, public understanding;

2.1.2 PresenceFINTECHinfluence Islamic banking, namely by providing contributions such as: easy and cheap services that are effective and efficient, helping Islamic banks with speed and accuracy in processing business operations data and product marketing, providingsignificant impact on several aspects of the economy, while simultaneously restructuring the face of the Islamic financial industry,rapid developmentFINTECHdirectly proportional to the challenges faced,drivers of achieving financial inclusion, the presence of a strong consumer protection system and a digital ecosystem, FINTECH Islamic bankingdeveloping massively in Indonesia, there will be FINTECH and banks collaborating into one.

2.2 Suggestion

2.2.1 Strengthening Islamic Banking in various areas that are lacking such as: vision, capital, products, financing, human resources (HR), services, information, public understanding, so that it can compete with conventional banks.

2.2.2 Securitization can increase the availability of funds for Islamic banks. Capital in Islamic banking must be significantly strengthened to be sufficient to carry out expenditures.

2.2.3 Islamic banks must tighten underwriting standards and actively monitor customers in industrial sectors affected by the economic slowdown.

2.2.4 Human resources (HR) in Islamic banking must be qualified, such as ethical, understand Islamic banking in terms of its contracts, in order to encourage Islamic banking and make Islamic banking more advanced.

2.2.5 Islamic banking is required to renew the technology used so that the technology used is not left far behind by other financial institutions.

2.2.6 Islamic banks are expected to obtain cheaper funds and need to be involved in the management of government funds.

2.2.7 The government and authorities need to support the growth of FINTECH in Indonesia, such as balancing between risk mitigation and opening up innovation space. Also, there needs to be an understanding of the landscape, ecosystem and dynamics of the industry. Cooperation andcoordination between all relevant parties.

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