
PROMOTE HALAL LIFESTYLE WITH DIGITAL TECHNOLOGY ON ISLAMIC BANKING

Muhamad Wildan Fawa'id¹, Yopi Yudha Utama², Yuliani³

^{1,2,3}Kediri State Islamic Institute

Sunan Ampel Street, No. 07, Kediri City, 64127, Indonesia

wildanfawaid@iainkediri.ac.id

ABSTRACT

Lifestyle is the way a person lives his daily life which is influenced by each other's standards, values, and principles. Everyone's standards, values, and principles are different from each other. The purpose of the research is to show the potential of the halal industry, especially the financial sector in Indonesia, that can be worked on. Because the majority of the Indonesian population is Muslim. PT Bank Syariah Indonesia Tbk (BSI) in the first year since the merger in February 2021 made a positive performance. This can be seen from the net profit of Rp 3.03 trillion, up 38.42% year on year (YoY). However, this potential is still inferior to Malaysia which received the highest score in almost all fields in the *halal industry* in the first position with a value of 207.2 while Indonesia had to settle for fourth place with a value of 68.5 according to the *Global Islamic Economy (GIE) 2021* version. Actually Indonesia has a great opportunity to be better than Malaysia if there is good collaboration between three institutions, namely the government as policy makers, banks as implementers in the field and universities as agents of change, researchers and also strategic catalysts.

Keywords: Global Islamic Economy 2021; Halal lifestyle; Halal Industry

INTRODUCTION

In early January 2020, the World Health Organization (WHO) announced a new virus that previously caused unusual pneumonia cases in China. The virus is named 2019-nCoV and is identified as a family of coronaviruses that includes SARS and the common cold. This virus causes Corona Virus Disease 2019 (COVID-19) and spreads droplets from the respiratory tract through coughing or sneezing. People with COVID-19 may experience fever, dry cough, and difficulty breathing. Sore throat, runny nose, or sneezing are less common. In the most susceptible patients, the disease causes pneumonia and multiorgan failure which can then lead to death.

The Indonesian government announced two cases of positive COVID-19 patients for the first time on March 2, 2020. Since then, COVID-19 cases have continued to soar and have caused many deaths. On March 11, 2020, WHO raised the status of the disease from an epidemic to a pandemic. This is due to an extraordinary increase in cases around the world. The spread of COVID-19 in Indonesia was then considered extraordinary. This is indicated by the number of cases and/or the number of deaths that continues to increase. The COVID-19 pandemic also has an impact on the political, economic, social, cultural, defense and security aspects, as well as the welfare of the people in Indonesia.

LITERATURE REVIEW

Halal lifestyle as the best alternative to improve the quality of human life

Lifestyle is the way a person lives his daily life which is influenced by each other's standards, values, and principles. Everyone's standards, values, and principles are different from each other. When adopted into a lifestyle, these standards, values, and principles become the foundation of a person in living his daily life. Lifestyle can also be interpreted as the art of a person living life, ranging from principles, behavior, habits, activities, to interests and interests (Aulianingrum and Rochmawati 2021).

Halal has a very broad dimension. Vertically, halal is the fulfillment of a Muslim's obligation to his god. But horizontally, halal coverage is very broad. Apart from being a principle and quality of life, halal can also be a business value. In addition, halal can also be a customer protection for the peace of mankind.

The word halal itself means 'allowed'. If applied to everyday life, halal means everything that is allowed to be done and consumed as long as there are no rules that prohibit it. The halal lifestyle can be interpreted as the art of living a person's daily life without violating things that have been regulated by religion. This lifestyle is an art that applies the halal principle without leaving the current situation (Darojatun 2018).

Although it is sourced from Islamic values, the halal lifestyle can be applied by anyone. This is because the teachings of Islam have a universal or general nature. The application of a clean and healthy lifestyle, eating moderately without being excessive, always sharing with others, as well as dressing and looking polite are examples of lifestyles based on Islamic teachings that are in accordance with human nature. This shows that the halal lifestyle is not limited to Muslims only, but can be applied by all people of any religion (Dewi et al. 2020).

A person who implements a *halal lifestyle* will of course pay attention to the style of dress, cosmetics, and other goods. in accordance with Islamic law. Not only from the fashion style which must be in accordance with Islamic law, what they eat will always pay attention to the halalness of the product and in accordance with Islamic law. As the word of Allah SWT that eat lawful and good from what is on earth, and do not follow the steps of the devil. Indeed, the devil is a real enemy for you (Surah al Baqarah: 168).

The halal industry and lifestyle can encourage the revival of the national economy during and after the COVID-19 pandemic

The halal lifestyle has great appeal and potential in the business aspect. Currently, many non-Muslim entrepreneurs are active in producing halal products because they understand that there is a huge opportunity in the halal product market, considering that Islam is one of the largest religions in the world. Non-Muslim countries are currently starting to focus on developing halal and sharia aspects. This can be seen from various examples, such as New Zealand, which is one of the largest exporters of halal meat in the world, distributing 65% of halal meat to non-Muslim countries. In addition, there is Thailand which claims to be the *Halal Kitchen of the world*, Korea as the *World's Main Destination of Halal Tourism*, China as the *Highest Modest (Halal) Clothing Export*, Japan makes *Halal Industry as Key Economic Contributor by 2020*, Australia as the *Largest Supplier of Halal Beef in the world*, Brazil as the *Largest Supplier of Halal Poultry*, and England as the *Islamic Finance Hub of the west*.

Indonesia with all its wealth has the potential to develop all aspects of halal. As a large country with the largest Muslim population in the world, Indonesia already has a market. In addition, Indonesia also has extraordinary natural resources. Especially now that awareness of the halal industry is also starting to increase. That's why we have the potential to become a leading country in the halal industry. In the midst of this pandemic, creativity and innovation are needed. In addition to innovation and creativity, the digital aspect is also an important key for industrial growth in this era. The development of products and services which, when packaged creatively and using digital platforms, has tremendous development potential. For this reason, each halal industry cluster needs to be developed by utilizing digital media to deal with the limitations of activity due to the COVID-19 pandemic (Lentera Bisnis and Rosita 2020).

METHODS

This study uses a qualitative descriptive method, a research method based on the philosophy of postpositivism. the condition of natural objects (as opposed to experiments) where the researcher is the key instrument. The data collection technique is done by trigulation (combined), the data analysis is inductive/qualitative, and the results of qualitative research

emphasize meaning rather than generalization. Qualitative descriptive research aims to describe, describe, explain, explain and answer in more detail the problems to be studied by studying as much as possible an individual, a group or an event. In qualitative research, humans are research instruments, and the results are written in the form of words or statements that are in accordance with the actual situation (Fadli 2021).

RESULTS

According to *the Global Islamic Economy*, from the nine branches of the Halal Industry, the *Islamic Finance* is the largest part of its use, amounting to \$3,637, followed by *Halal Food* at \$1,267, *modest Fashion* at \$295, *media and creation* at \$231, *halal travel* at \$102, followed by pharmaceutical companies at \$100 and cosmetics at \$70. Forecasts for the next five years of growth in 2025 will reach 7.5% to \$2.8 trillion. (Transition et al. 2019).

When compared to other Muslim countries, *Islamic Finance* Indonesia is in the sixth position, Halal Food is in the sixth position. two after Malaysia, *modest fashion* had to settle for third position after UAE and Turkey, while pharmaceuticals and cosmetics were in ninth position. It is quite strange that a country with various kinds of beautiful natural charms but does not rank in the top 10 in the fields of media and recreation, as well as *Muslim-friendly travel*. This makes Malaysia remain the winner in almost all fields in the *halal industry* in first position with a value of 207.2 while Indonesia must settle for fourth place with a value of 68.5 under Saudi Arabia of 97.8 and AUE of 90.2 based on *Global Islamic economic Index 2021*.

This seems to be quite a homework for Indonesia, which incidentally is a country with a Muslim majority population. Because until 2018 the number of companies engaged in the Hala sector was 11,249 companies, 17,398 new halal certificate holders and 204,228 certified products, even though the obligation of each product to have a halal certificate has been stipulated since 2014 through article 4 and article 67 paragraph 1 of the Law. 33/2014 concerning guarantee of halal products. (Republic of Indonesia 2014).

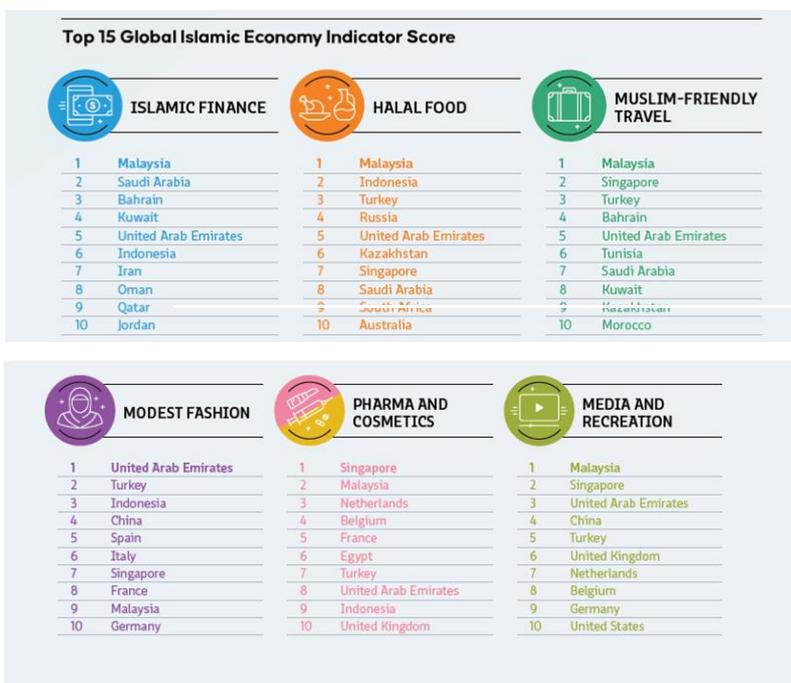


Figure 1. Global Islamic Economy Indicator Score**Source: OJK (2021)**

On the other hand, the government is also building an Indonesian halal industrial area or abbreviated (KIH). This is in accordance with the regulation of the Minister of Industry Number 17 of 2020 concerning procedures for obtaining a certificate in the context of establishing a halal industrial area. The existence of KIH is expected to attract global investors to make Indonesia the world's halal center. The KIH criteria are all or part of the area allocated for Halal product-producing industries, having integrated facilities and infrastructure and supporting the production of halal products such as laboratories, halal inspection institutions, raw water treatment plants, management offices, friend restrictions and halal management systems. Some of the KIH locations are Batamindo Industrial Park in Batam, Riau Islands, Bintan Inti Industrial Estate in Riau Islands, Jakarta Islamic Economic Pulogadung in DKI Jakarta, Modern Cikande Industrial Estate in Serang Banten, Safe n Lock Halal Industrial Park in Sidoarjo, East Java and Surya Industrial Estate. Borneo in West Kotawaringin, Central Kalimantan (Saputri 2020).

DISCUSSION

The low number of the *Global Islamic Economic Index* in Indonesia is actually not because in Indonesia it is rare to find halal products, but because our society does not really care about this halal certification obligation. (Kholil et al. al. 2021) For this reason, the government requires this halal certificate in stages. The phasing starts from food and beverage products. The next stage is for products other than food and beverages and services. On the other hand, this stage does not apply to products whose halal obligations have been stipulated in laws and regulations and products have been certified halal before Law Number 33 of 2014 concerning Halal Product Guarantee applies.

Halal products actually provide tremendous benefits for consumers, and of course this will add to the credibility of a business. Some of these benefits include providing peace for consumers because the goods used are guaranteed safe, be it food, cosmetics, medicines to household appliances. Second, guarantees for the products produced, as a companion to halal guarantees, must first obtain P-IRT and BPOM permits. The third, of course, because it is worth worship. Halal certification is also a form of worship that can be carried out, especially for Muslim consumers (August 2017).

While in the field of financial technology, Islamic banking seems to have to try harder to be better known by the Indonesian people. Based on the results of the National Survey of Financial Literacy and Inclusion (SNLIK) conducted by the Financial Services Authority (OJK) in 2019, the level of financial literacy and financial inclusion in 2019 respectively 38.03% and 76.19%. This figure has exceeded the target set by the Government in Presidential Regulation no. 82 of 2016 concerning the National Strategy for Financial Inclusion (SNKI) of 75% for the level of financial inclusion, while the target for the level of financial literacy set out in Presidential Regulation no. 50 of 2017 concerning the National Strategy for Consumer Protection of 35% has also been exceeded. This figure shows an increase in access to financial products and services by 8.39%.

Islamic banking must enhance digital transformation, by increasing effectiveness and efficiency, creating innovation and promoting inclusiveness. Because actually Indonesia has extraordinary strength, namely the Muslim population which reaches 87% with smartphone users reaching 92.7%. So this is an opportunity to collaborate with *fintech*. Although it is haunted by cyber security which of course must always be updated, on the other hand government regulations are also not as fast as technological developments plus an uneven internet network and a lack of quality human resources (Saripudin, Nadya, and Iqbal 2021).

Indonesian society itself is divided into three various types of market, according to Hermawan Kertajaya's theory. The first is *rational marketing* (logic language), at this stage still struggling with market segmentation according to economic lines, the position of Islamic banking compared to other conventional banks and the need for a *marketing mix* to increase sales

turnover. In this realm, customers are still weighing the advantages and disadvantages, regarding the value they get when saving at Islamic banks compared to conventional banks. The second is *emotional marketing* (language of taste), Understanding the emotions and feelings of customers is important, there are *visual*, *auditory* and kinesthetic. *Experiential marketing* and *Branding*. At this stage, customers will be more confident if recommended by their closest people who have experienced the benefits first, and of course will invite other customers to feel the same pleasant experience. The third is *spiritual marketing* (the language of the heart), at this stage customers no longer care about expensive and cheap, but more about halal and haram. Because the two are different. Expensive and cheap are business matters, while halal and haram are legal matters. So that whatever people say about Islamic banks will not change their principles to hear the whispers of the sky (Bambang, Kusumawati, and Nimran 2021).

It is time for fintech and banking to collaborate. No longer an enemy. Because both have the same market share and could be an extension of Islamic banking in order to reach customers further. Because we know that Islamic banking offices are only in districts and cities. It doesn't reach the sub-districts as conventional banking. Like Pepsi and Coca-Cola, when they are next to each other, each cupboard runs out 100 bottles (Fariana and Safii 2018).

Some of the weaknesses of Islamic banking, the first is the organizational culture of Islamic banking, since the amalgamation of several Islamic banks under one flag, namely Indonesian Islamic banks., apparently the organizational culture of Islamic banking is not all the same. Bank Rakyat Indonesia Syariah (BRIS) which has more control over micro-economy must be assigned to control the middle- and upper-class community market which is the work of BNI Syariah Bank. (People of Indonesia Syariah Banjarbaru Jalan Yani No et al. 2019). The second is the limitation of reliable human resources. There needs to be more IT experts in the world of Islamic banking who are qualified along with the growing network due to mergers. On the other hand, many of these Islamic banking employees are not graduates of Islamic economics or Islamic banking so that the delivery is only technical in nature and does not touch the spirit of Islamic economics. (Ababil, Muhtadi, and Ratnasari 2017) The third is the large infrastructure costs. It is undeniable that to build telecommunications network a BTS tower is needed. Some locations in Indonesia are still unable to access the internet for this reason. So, they make a wifi shooting tower with makeshift tools and even then, the network often experiences errors, especially when the rainy season arrives. The fourth is digital security. Indonesian people are still easily fooled by lottery prizes, black calls, sending verification codes, easily giving OTP numbers and so on, this is related to the security of customer data that is allegedly sold to third parties illegally, so that it can be misused and harm many people. The Financial Services Authority, as an institution that has the authority to protect consumers of financial services, is expected to provide protection to customers due to the inability of banks to maintain the confidentiality of customer data. (Suing et al. 2022) The fifth is data management. Management information systems require large servers to ensure smooth transactions and speed of application access. Slow applications will be easy for customers to uninstall. Of course, this will have direct implications for the assessment of financial institutions, as credible institutions in sharia-based financial management (Difa et al. 2019).

In addition, campuses have long acted as translators of complex and complicated concepts to the public, because they have adequate access to the "upper" and "lower" groups. The scientific character and objectivity inherent in the campus is a strong foundation on which people's trust is grounded. Most of the captive market relatively do not see the services of Islamic banks as alternative banking services to meet their ideological needs, but only as complementary services. The indication is that users and potential users of Islamic banking services tend to compare Islamic banks and conventional banks based solely on the yield and/or cost figures, even though there are many philosophical components that are more important in Islamic banking which, if implemented, will bring Islamic banking to the level of *economy of scale* which leads to the creation of social prosperity. Various efforts have been made by universities in Indonesia to produce laws that can effectively eliminate the ambivalence that limits the movement of the national Islamic banking industry, either through seminars, workshops, or other scientific studies (Zakaria, Jaafar, and Marican 2012).

CONCLUSION

Promoting Halal lifestyle through digital banking is not enough to be done by the government. Banking itself must also improve starting from increasing the capacity of Human Resources, providing special services for customers. Products that are more familiar to the public and a more competitive margin or profit-sharing ratio because our society is a rational market society. Universities have produced competent graduates in the field of Islamic economics, it is the turn of the banking sector to beautifully execute these various inputs as a concrete step to grounding the halal lifestyle in this Muslim-majority country.

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Sharia Economics,
Islamic Banking
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