

Chapter 11

Opportunities and Challenges of Social Media to the Islamic Banks in Indonesia

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ABSTRACT

The Islamic banks in Indonesia have a serious issue of a low market share of 5%. This emerged due to the limited/unvaried product range, low literacy and inclusion level of Islamic finance, unfavorable perception for Islamic banking, and limited distribution networks and outreach. All of these causes could be resolved by using social media, which will bring several opportunities such as transparency and openness, effective marketing channels, stakeholders' relationship, social media content, brand image and reputation, shariah compliance activity, learning and knowledge, and greater personalization. Meanwhile, in using social media, the Islamic banks face few challenges such as network infrastructure, negative comments, information risk management, privacy, and deception. This chapter can be a reference to any institutions, particularly the Islamic banks which associated with digital interfaces and interactions in their daily businesses. Thus expectedly, the Islamic banks could enhance the public trust and establish a good Islamic identity.

INTRODUCTION

Islamic banks are obligated to conduct their activities in accordance with shariah principles, which strictly forbid any receipts or payments of interest. Other prohibited

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activities include having or taking usury, *gharar* (uncertainty) and *maysir* (gambling). All the guidelines are written clearly in *Al-Qur'an* and *Hadith*.

Islamic banking still takes a large portion of 75% on global Islamic finance total asset. Meanwhile, in Indonesia, the largest portion of Islamic finance belongs to the Islamic capital market contributed up to 93% of government sukuk issuance. The total assets of Islamic banks in Indonesia reach US\$29.94 billion, which is far behind the total assets of Islamic banks in Malaysia with US\$181 billion (GIFR, 2017). Moreover, the Islamic banks in Indonesia have a low market share of 5% which ironically contrasts with the potential as the most Muslim population of 265 million in the world. Among the problem emerged are limited/unvaried product range, low literacy and inclusion level of Islamic finance, unfavorable perception for Islamic banking, lack of talent and qualified employees, limited distribution networks and outreach, and only focus on the retail segment (Bappenas, 2015).

There are initiatives had been started and taken to resolve the above constraints, one of them is through continuous socialization. By then, public awareness is increasing and followed with the creation of public trust among the Islamic banks. These actions are purposely to be done to stimulate the public to use Islamic banks' financial solutions and promotethe Islamic banking sector in Indonesia.

In promoting products and services, the Islamic banks need to find the best and effective tool to achieve their aim that is to increase its market share. The latest and commonly used is social media. It is a low-cost channel which will enable the Islamic banks to reach a broader audience and then communicate widely their products and services' offerings. Other uses of this social media are expanded to the recruitment of highly talented employees, and support networks and outreach.

LITERATURE REVIEW

The Social Media

Social media can be defined as internet-based applications that foster creations and exchange user-generated content (Kaplan & Haenlein, 2010). Its rapid global growth is influenced by its ability to allow users to personalize their social media accounts and to interact with other users across the globe (Zolkepli & Kamarulzaman, 2015).

Social media classified into two key dimensions: social presence/media richness and self-presentation/self-disclosure (Kaplan & Haenlein, 2010). It also can be grouped into two broad categories depending on their main purpose; a) expressive social media where users express themselves by sharing text, video, picture, music; and b) collaborative social media where users share knowledge or content and work

Opportunities and Challenges of Social Media to the Islamic Banks in Indonesia*Table 1. Types of social media*

No	Main Usage	Example	Function
1	Blogs and microblogs	Twitter	Provide freedom for users to express their feelings, experiences, statements, and criticism on the platforms
2.	Content communities	YouTube	Enable users to share multimedia content, such as e-books, videos, photos, images, and more
3.	Social networking sites	Facebook	Allow users to connect by creating personal or social information that can be accessed by others
4.	Social networking app	Instagram	Allow to share and update of photos and videos.

Source: Kaplan and Haenlein (2010)

together for a common goal (Kotler, Kartajaya, & Setiawan, 2010). There are types of social media which designed to meet various needs of users as shown in Table 1:

The above types of social media are among the largest and fastest-growing social media platforms. For example, Facebook and Twitter platforms have been fundamentally used as marketing tools by most of the US companies (Joyce, 2011; Barnes, Lescault, & Wright, 2013). Facebook has a massive increase of users by 25 percent in one year (Hockenson & Molla, 2013), while, Twitter has 36 percent of the annual increase (Edwards, 2013). Both platforms have millions of active users as the potential consumers that can get updates of information easily. Pan, Vorvoreanu, and Zhou (2014) mentioned that Facebook provides extensive content with relatively longer information, which is significant for influencing an audience by sharing experience and delivering values. Meanwhile, Twitter enables prompt, brief, and more on superficial discourses. Its simplicity is imperative for the public to understand news easily.

Other social media platforms are Youtube and Instagram. Youtube creates the opportunity for the provider of content to target a niche market which is focused on their similar interest and need. Youtube is now the world's 2nd biggest search engine for more than 1,8 billion people registered on the site. Meanwhile, Instagram is seen as the "rising star" which has a visual-sharing platform that allows users to post photos and videos. Instagram is considered more follower-friendly in terms of post visibility, tendency to comment, and share ability which allows Instagram users to be more engaged with their followers (DeMers, 2017). In 2016, it had approximately 500 million users, and this number has been continually increasing since 2015. The user engagement level on Instagram brand posts reaches about 4% of total followers, much higher than the figure for Facebook and Twitter of less than 0.1% (Vendramin, 2016).

*Opportunities and Challenges of Social Media to the Islamic Banks in Indonesia***Social Media in Indonesia**

Islamic banks can take advantage of the usage of social media in Indonesia. In 2019, over 150 million Indonesian are the users of social media, increased by 15-20% compared in 2018. Below Table presents the figures related to social media users:

As presented in the below chart, there are more than 100 million users of social media in Indonesia that potentially access the Islamic banks' content. Assumably, they like to see attractive and creative content that able to convince them to switch from other content.

Other facts of social media in Indonesia which can be used as opportunities and challenges for the Islamic banks as presented below:

Table 2. Figures related to social media users

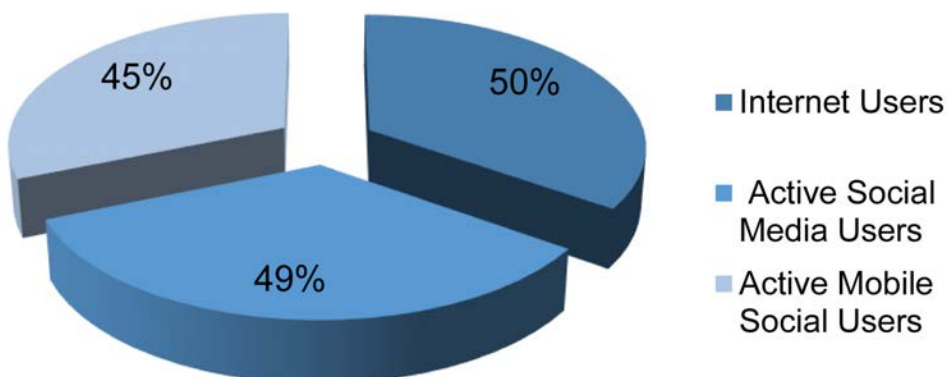
Social Media Platform	User Monthly Worldwide (Million Users) - April 2019			Penetration of leading social networks in Indonesia (%)
	Worldwide Users (Million Users)	Indonesia Users (Million Users) / Share Percentage (%)	Indonesia Rank in the World	
Instagram	1000*	56 / 12.3%	4th	80
Facebook	2375	120 / 40.88%	4th	81
YouTube	1900**	50***/ 19.3%	-	88
Twitter	330	22.8 /17.23%	3rd	52

*June 2018; **Sept 2018; *** Dec 2017

Source: Statista Internet (2018)

Figure 1. Digital in Indonesia

Source: McKinsey Asia PFS Survey (2017); We Are Social (2017); GSMA Intelligence (2017)



Opportunities and Challenges of Social Media to the Islamic Banks in Indonesia*Table 3. Social media in figures in Indonesia*

Facts	Numbers
Average Daily Time Spent Using Social Media	3 Hours 23 Minutes
Believe that New Technologies offer More Opportunities than Risks	71%
Believe Data Privacy and Protection are very important	79%
Has a Bank Account	36%
Searched Online For a Product or Service to Buy	45%
Mobile Network Infrastructure	41.39 (Out of a Maximum Score of 100)
Digital banking penetration has doubled in the last 5 years	58%
Frequency of digital channel usage in 2017	42%

Source: Google Consumer Barometer (January, 2018); Global WebIndex (2017); World Bank Global Financial Inclusion (2015); GSMA Intelligence (2017); McKinsey Asia PFS Survey (2017).

The Islamic Principle of Using Social Media in Islamic Banks

All activities in the Islamic banks have to comply with the shariah principles. This is aligned with the verse in the Holy *Qur'an* of Al Baqarah (2): 208 as follows:

O you who have believed, enter into Islam completely [and perfectly] and do not follow the footsteps of Satan. Indeed, he is to you a clear enemy. (Al Baqarah (2): 208)

This verse explained that Allah the Almighty commanded His servants to embrace Islam in its entirety and to avoid abandoning any part of it. All guidance have been written as well as rules to be obeyed. Hence, in relation to social media, the Islamic banks should act according to the shariah by means of maintaining a good image as one of the Islamic institutions which they could consider as doing *da'wah* to all customers (Muslim and non-Muslim).

Da'wah can be done in many ways including writing in the form of books, articles, and other short messages or videos, in this case; Instagram, Twitter, Facebook, and Youtube. This rapid growth of social media can be used by the Islamic banks for disseminating the truth of information or news.

Moreover, the content of social media in Islamic banks must be right which can be a reliable reference in helping adherents to be more obedient to Allah the Exalted, able to avoid any controversies and any violations. Allah the Almighty will raise the degrees of whoever informing others as he/she teaches others for some knowledge.

The role of social media in Islamic banks can be used to respond to any comments particularly on negative issues, thus the truth can be explained. It is a '*tabayyun*'

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platform for any misunderstood matters. This is in accordance with the verse of *Al-Qur'an* in An-Nisa' (4): 83 as follows:

And when there comes to them information about [public] security or fear, they spread it around. But if they had referred it back to the Messenger or to those of authority among them, then the ones who [can] draw correct conclusions from it would have known about it. And if not for the favor of Allah upon you and His mercy, you would have followed Satan, except for a few. (An-Nisa' (4): 83)

Some consumers need pictures, photos and videos to understand the content of social media easily. This is an opportunity for the Islamic banks to present a good content and prepare verified materials which accordance with Islamic principles to get consumers' attentions. The Islamic banks should understand their limits and responsibilities in creating any contents on social media, thus need to protect and aware of not to reveal any inappropriate images or contain of unnatural meanings. With this, the aim of increasing awareness and encouraging more interests in Islamic banks' products and services by the public can be attained.

METHODOLOGY

This chapter was conducted using a qualitative method of descriptive and content analysis based on a review of literature from academic research journals, websites, social media platforms, electronic databases (secondary data), and other relevant sources. From the sources of previous studies, the arguments and discussions are created.

The Use of Social Media in Islamic Banks

The fact is, only 7.39% of the total social media users are accessing banking-related matters (APJII, 2017). While none of studies analysing the adoption of social media by the Islamic banks particularly in Indonesia. Although the following figures are uncomparable with the figures of the conventional banks, the growing interest in the Islamic banks' contents is gradually significant via social media. Below are the Tables of Islamic banks' figures on Instagram, Twitter, YouTube, and Facebook:

The number of followers and posts on Instagram indicating potential responses by the public on Islamic banks' products and services. As it is depicted in the above Table, Bank BNI Syariah has the most followers with 51,100, followed with Bank Syariah Mandiri, Bank BRI Syariah, and Bank Muamalat Indonesia. In fact, BNI

Opportunities and Challenges of Social Media to the Islamic Banks in Indonesia*Table 4. Islamic banks with it's Instagram usage*

No.	Islamic Banks	Instagram Account	Posts	Followers
1	Bank Muamalat Indonesia	bank.muamalat	5,426	28,800
2	Bank Syariah Mandiri	banksyariahmandiri	1,101	44,200
3	Bank BRI Syariah	Brisyariah	2,307	36,300
4	Bank Mega Syariah	bankmegasyariah	757	5,890
5	Bank Syariah Bukopin	bank_syariahbukopin	792	2,906
6	Bank BNI Syariah	bni.syariah	759	51,100
7	Panin Dubai Syariah Bank	Panindubaisyariah.bank	111	268
8	Bank Aceh Syariah	hababankaceh	579	5,752
9	Bank Sinarmas Syariah	banksinarmas_syariah	841	6,407
10	Bank BJB Syariah	bankbjbsyariah	662	9,280
11	Bank Syariah Al Salaam	banksyariahalsalaam	556	4,258

Sources: Retrieved on 3th May 2019

Table 5. Islamic banks with it's Twitter usage

No.	Islamic Banks	Twitter Account	Following	Followers
1	Bank Muamalat Indonesia	@BankMuamalat	121	33,100
2	Bank Syariah Mandiri	@syariahmandiri	5,819	260,000
3	Bank Mega Syariah	@Mega_Syariah	11	295
4	Bank Syariah Bukopin	@BsyariahBukopin	8,639	20,200
5	Bank BNI Syariah	@BNISyariah	634	274,000
6	Panin Dubai Syariah Bank	@panin_syariah	280	2,876
7	Bank Sinarmas Syariah	@BankSinarmas_iB	26	2,299
8	Bank BJB Syariah	@bankbjbsyariah	9	626

Sources: Retrieved on 3th May 2019

Syariah won the Satisfaction, Loyalty and Engagement (SLE) award in 2019 which held by Marketing Research Indonesia (MRI) collaborated with Info bank. It can be assumed that BNI Syariah, as the most followers, able to grow emotional bound feelings with their customers, one of them through social media.

Twitter sends a short message to the audience/public and it would be a sufficient way to remind and give comments. It is also could nominate the trending topic with its hashtag (#) which indicates as a popular topic to be discussed. Both Bank BNI Syariah and Bank Syariah Mandiri are the most followers with 274,000 and 260,000 respectively.

Opportunities and Challenges of Social Media to the Islamic Banks in Indonesia*Table 6. Islamic banks with it's YouTube usage*

No.	Islamic Banks	YouTube Channel	Subscriber	Video
1	Bank Muamalat Indonesia	Bank Muamalat	1,641	42
2	Bank Syariah Mandiri	Bank Syariah Mandiri	1,920	91
3	Bank BRI Syariah	BRI Syariah	1,108	14
4	Bank BNI Syariah	BNI Syariah	777	56
5	Bank BJB Syariah	Bank BJB Syariah	109	17

Sources: Retrieved on 3th May 2019

Table 7. Islamic banks with it's Facebook usage

No.	Islamic Banks	Facebook Account	Like
1	Bank Muamalat Indonesia	Bank Muamalat	24,369
2	Bank Syariah Mandiri	Bank Syariah Mandiri	76,161
3	Bank BRI Syariah	BRI Syariah	56,542
4	Bank Mega Syariah	Bank Mega Syariah	2,397
5	Bank Syariah Bukopin	Bank Syariah Bukopin	2,143
6	Bank BNI Syariah	PT Bank BNI Syariah	51,931
7	Panin Dubai Syariah Bank	Panindubai Syariahbank	4,610
8	Bank BJB Syariah	bank bjb syariah	14,805
9	Bank Syariah Al Salaam	Bank Syariah Al Salaam	16,696

Sources: Retrieved on 3th May 2019

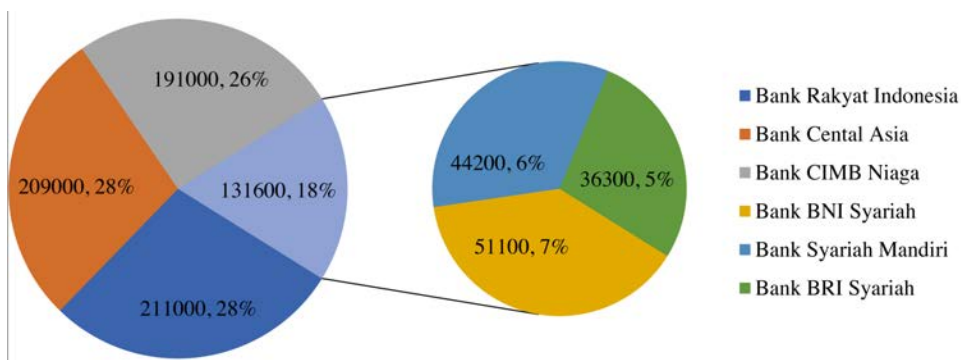
Both numbers of subscribers and videos are important signs to see the growing interest of Islamic banks' customers to their content via YouTube. Currently, Bank Syariah Mandiri as the most subscribers (1,920) and videos (91) compare to other Islamic banks. Some customers that like to see the full video to learn and get the pictures of Islamic banks' products and services. It is an easy, quick, and convenient way to absorb things. With these facts of YouTube channels owned by the Islamic banks, the information can be disseminated effectively and efficiently.

Meanwhile, Facebook offers complete features that everyone could interact through chat, messages, pictures or videos. It is expected can attract more customers from various interfaces. Based on its 'like' means at least that an individual has attention to the content, Bank Syariah Mandiri has the most likes on its content on Facebook, followed with Bank BRI Syariah and Bank BNI Syariah.

Below is a comparison of Instagram followers of top three conventional and Islamic banks. It is also shows that the three of Islamic banks represent 18% of the

Opportunities and Challenges of Social Media to the Islamic Banks in Indonesia*Table 8. A summary of social media by top five conventional banks*

Banks	Instagram		Twitter Followers	YouTube Subscriber	Facebook Like
	Followers	Posts			
Bank Mandiri	162000	1037	126000	16815	279461
Bank Negara Indonesia	178000	3755	1100000	5151	333603
Bank Rakyat Indonesia	211000	1014	138000	7683	560735
Bank Cental Asia	209000	890	76300	22957	162508
Bank CIMB Niaga	191000	1406	69600	6396	1176812

Figure 2. Instagram followers of Islamic banks versus conventional banks

number of Instagram followers, whereby the number of Instagram followers of Bank CIMB Niaga alone exceeds by 8% than those three Islamic banks.

Below is a comparison of Twitter followers of top three conventional and Islamic banks. It also shows that the three of Islamic banks represent 29% of the number of Twitter followers, while the two conventional banks; Bank Mandiri and Bank Rakyat Indonesia have less Twitter followers than the two of Islamic banks' followers; Bank Syariah Mandiri and Bank BNI Syariah.

Below is a comparison of YouTube subscribers of top three conventional and Islamic banks. It also shows that the three of Islamic banks represent 9% of the number of YouTube subscribers, whereby the number of Youtube subscribers of Bank Rakyat Indonesia alone exceeds by 6% than those three Islamic banks.

Below is a comparison of Facebook likes of top three conventional and Islamic banks. It also shows that the three of Islamic banks represent 8% of the number of Facebook likes, whereby the number of Facebook likes of Bank Negara Indonesia alone exceeds by 7% than those three Islamic banks.

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Figure 3. Twitter followers of Islamic banks versus conventional banks

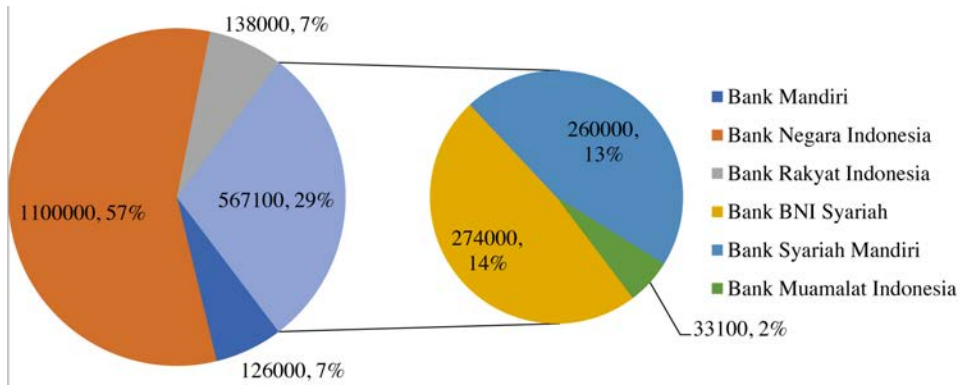


Figure 4. YouTube subscribers of Islamic banks versus conventional banks

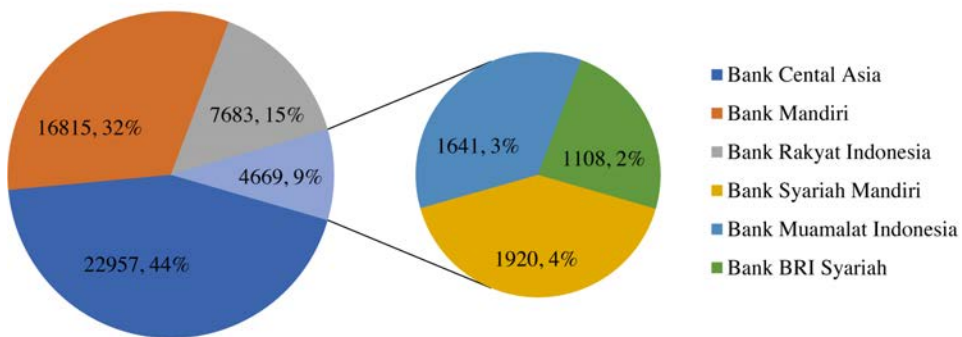
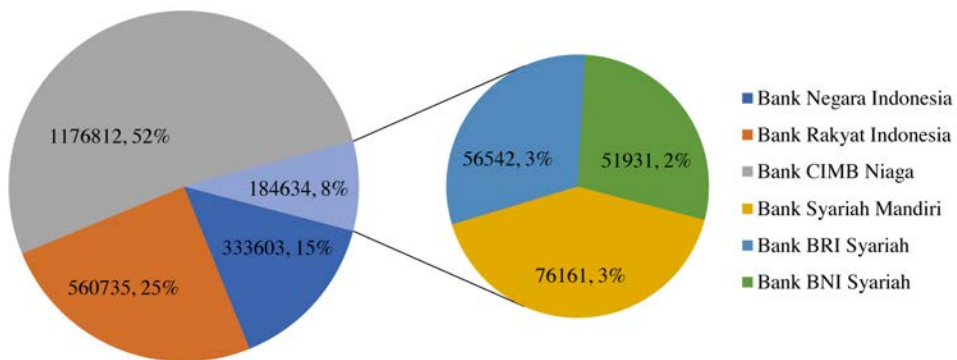


Figure 5. Facebook likes of Islamic banks versus conventional banks



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Based on the tables and figures presented above, there are important points to be highlighted as follows:

- § The Islamic banks are aware of the crucial role of social media, thus, they open their accounts and actively presented attractive content to persuade customers.
- § The Islamic banks have the potential of a huge number of active users using social media in Indonesia
- § The Islamic banks realized to gain competitive advantage through social media

Opportunities in Social Media

With the elaborated use of social media, there are opportunities that can be exploited by Islamic banks as follows:

a. Transparency and Openness

Both transparency and openness are interrelated. The social media's active presence can lead to further transparency and openness to the customers. Customers who doubted the details of Islamic banking products, now they can see it and have all the information needed. Some of the Islamic banks' concepts are related to Islamic jurisprudence which exposes debates and arguments. Through social media, everyone can ask and give any explanation based on their understandings. In particular, for non-Muslims, they might have the interest to know the Islamic banks' products and services, thus the social media is a suitable platform for them to learn.

With the new concepts of fintech and big data, social media can play a role in distributing complete data, figures or content that can be accessed by customers openly. Additionally, Harris and Rae (2009) explained that social media can help to facilitate transparency where trust can be established between two parties. Trust is one of the Islamic banks' principles and related to *amanah*, which means to cooperate or deal with the permitted parties according to the *amanah* given by customers. Trust generates closer relationships with the consumers, which then consumers can feel that the Islamic banks are friendlier, more real and more gracious towards them. By emphasizing transparency, the banks' employees can respond to negative comments. When the Islamic banks' systems are performed honestly and with an emphatic manner, thus the followers' trust can be regained and increased (Duncan, 2016; Shukle, 2015).

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b. An Effective Marketing, Communication, and Promotion Channel

Many financial institutions including Islamic banks have started to utilize this social media platform as one of the efficient channels, to communicate, reach out and provide consumers with updated information including discounts on the products and services, and other vital news. Social media also enables open communication that helps companies to understand better their customers' needs and motivates them to proactively and efficiently respond to them (Parveen, et al., 2016).

For the millennials, the online interfaces and transactions bring easiness and convenience, thus any marketing approaches can be used to attract their attentions. Social media is less costly than mainstream media advertising, means able to reduce marketing and communication expenses (Parveen, Jaafar, & Ainin, 2016). It enables to identify key influencers of the audiences and respond it in a timely manner (Weinberg & Pehlivan, 2011). With regards on costs matter, a consulting company known as NM Incite which has a partnership with Nielsen and McKinsey did a survey and found that social customer care costs around \$1 per interaction while using phone support costs at least \$6, and further interaction per e-mail costs \$2.50 to \$5 (BenMark, 2014).

Previously, the banks have widely used the TV or direct sales marketing/email marketing to reach out their consumers but today the social media offers a unique way to promote the products, thus it called as a very effective marketing tool (Mitic & Kapoulas, 2012). The promotional activities can be accessed 24 hours a day and 7 days a week by consumers. In fact, 45% of the users in Indonesia are using online platforms to buy products or services. With social media, the Islamic banks can do a research on customer data, create customized advertising in a simple method, and widen the coverage of markets through a deepening partnership that offers financial services to customers anywhere in the world; eliminating geographical constraints.

c. Stakeholders' Relationship

The Islamic banks use social media as an efficient platform to improve the relationship between the company and other stakeholders such as government, suppliers, distributors, customers, etc and then could figure out the needs of the stakeholders and addressing its expectations. Constant interactions via social media may generate effective relationships among stakeholders. Social media offers a unique opportunity to reform the relationship between stakeholders from a mono or bi-directional information exchange into a many-to-many communication process (Agostino, 2013) which considered as a medium to increase engagement with potential customers by publishing quizzes or rewards etc., that can help to improve services of the banks (Kumar, Rajan, Gupta, & Pozza, 2017). These various benefits may explain why

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about 79% of Fortune 100 companies use social media to communicate with their stakeholders (Dekay, 2012).

Social media can be interpreted as a multi-directional communication between parties where accurate and important data of the Islamic banks can be distributed to the customers immediately. A relationship with stakeholders is created through interactions with the absence of physical presence, offers flexibility to accommodate various types of tasks and increases the individuals' access to companies' websites (Stern & Ibarra, 2011; Tajvidi & Karami, 2017). The increase in social media's role and presence, will open ways to plan for future communication strategies and enables businesses to build sustainable relationships by engaging their audiences through exchanges of ideas (Ang, 2011; Ray & Singh, 2010).

d. Social Media Content

Refers to Instagram's posts, the Islamic banks have a significant number of posts, it is slightly lesser than the conventional banks. The content indicates that the banks are having initiatives and efforts to introduce or promote their products. An attractive content consists of information that can be read, see and understand easily. The social media content allows creativity in presentations and aggressiveness in conveying the news on products and services. As most of the consumers prefer to have flexibility in uploading or updating the content, thus the Islamic banks must deliver the ultimate customer experience through its content.

Nowadays, the number of followers of Islamic banks is increasing and received positive comments from the consumers which often presented in attractive content, thus the awareness of the Islamic banks' products is increasing. This means, the content plays an important role in the development of Islamic banks. Meanwhile, the followers' inputs through social media content can be analyzed to predict and monitor customers' trends, understand customers' interests, emotions and behavior, find and identify the priorities for future plans, and useful information for further investigation and evaluation for the banks' products and services.

The continuous improvement of the social media content is required to accommodate the fact that users are spending 3 Hours 23 Minutes on an average of their daily time of using social media. The audience attention is increasing because social media store kinds of information which give various ideas. Additionally, with 42% frequency of digital channel usage in 2017 in Indonesia, there is a potential of engaging more on social media content and more access to the Islamic banks' products. Furthermore, a study of Deutsche Bank Research shows that social media users have a stronger demand for financial information which contrasts with the less desire to see a bank consultant face to face, i.e. to this user the personal contact is slightly less important (Thomas, 2011).

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e. Brand Image and Reputation

Studies show that social media communications strongly influence brand image (Bruhn, Schoenmueller, & Schäfer, 2012). Through social media, the brands of products appear and pop up daily with attractive content. Once the number of likes or followers is increasing, it means the reputation is strengthened. Any differentiations which notified by social media are associated with brand equity that influences consumer's brain. This asserted by Tajvidi and Karami (2017) that social media is strengthening company branding, while Parusheva (2017) mentioned that another role of social media in companies' management practice is to build a brand image, brand equity and to improve brand awareness. Most importantly, the Islamic banks could promote Islamic identity and reputation through its products' characteristics. Thus, no reason for Islamic banks to not exploiting social media to grab these opportunities.

In fact, the image of financial sectors is negatively perceived by the consumers after the global financial crisis in 2008, where now the consumers' trust need to be rebuilt by capitalizing the social media (Parusheva, 2017).

f. Shariah Compliance Activity

The activity of using social media is permitted by the *shariah*. It meant that the activities related to social media could be encouraged, enhanced and developed to attract more customers and create awareness. Through social media, the Islamic values and principles are exposed and will be known by the audience, which is called *da'wah*. This is considered as an effective and efficient *da'wah* of reaching wider coverage and having lower costs.

Through social media, the disputes and disagreements of financial products can be discussed. For example, the issue of e-money product or cashless transactions which explained by the contemporary *fiqh muamalah* to do not lead to *riba*. This open argument will be responded by the social media users or at least get their attention to the principles of the products/concepts.

g. Learning and Knowledge

The educational level impacts the understanding level of consumers on the products' offerings. The products and services of the banks related to financial literacy in which not familiar with, the public has the opportunity to learn via social media.

This knowledge and willingness to learn are able to resolve an issue of consumer awareness that becomes a classic constraint faced by the Islamic banks. Parusheva (2017) mentioned that digital channels allow people to go through Facebook, Twitter,

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YouTube, Instagram and other social networks to gain the necessary education and information regarding the services, products and financial institutions. This asserted by Weinberg and Pehlivan (2011) that social media helps companies educate audiences about their services. Even it can use to recruit qualified employees (Madia, 2011).

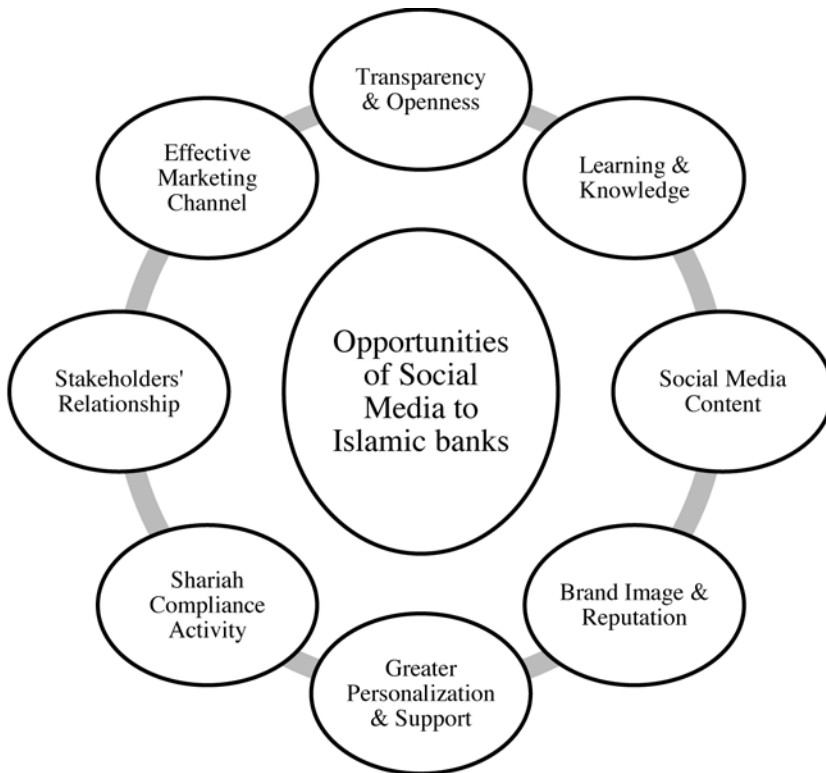
No doubt that social media channels have become a very significant source of information in our world today. Companies including the Islamic banks rely on social media purposely to get the latest news. Thus, they did efforts to make social media as a medium of transfer of knowledge in which will bring the invaluable return to the businesses for the long term. Additionally, with evidence of 58% digital banking penetration has doubled in the last 5 years in Indonesia, it opens possibilities for the audience to learn the Islamic banks' products or at least can cultivate the consumers' interests to know about the Islamic banks' products.

h. Greater Personalization and Support

Personalization is an opponent of privacy. A partnership between banks and social media users will open up new doors in terms of personalizing customer experiences where data are shared and exchanged between the two parties. Some customers looking for privileges or they want faster and accurate information for all questions being asked, thus the Islamic banks must prepare with sufficient materials through social media.

Personalization creates a sustainable relationship by knowing and understanding each other better. The social media tries to build strong communication which consumers may ask questions without any limits. Through personalization, Islamic banks are creating customer satisfaction and loyalty. Moreover, social media is already being used for customer support by most of the banks, but a deeper partnership with social media platforms will empower the banks to offer more support services. This will help in establishing better relationships with customers to further improve the response time. This asserted by Shankar & Khan (2012) that the bank institutions are aware of the power of social media and actively used the social platforms because they want to meet the rising customer expectations for personalization, demonstrating value to them and positive social care.

As 36% of the social media users have a bank account, they might need additional services related to the products. The supports to customers consist of account information, cards' promotions or applications, updates on profit and loss offers, important dates and events. Personalization and support made every consumers feel that they are treated professionally and proportionally.

Opportunities and Challenges of Social Media to the Islamic Banks in Indonesia*Figure 6. Opportunities of social media to Islamic banks***Challenges of Social Media**

Despite having opportunities in using social media, there are challenges for the Islamic banks as follows:

a. Network Infrastructures

The technology infrastructures may differ in each country particularly for the Internet network. As many of the social media users are mobile users, they expect to access the content of Islamic banks' products and services anywhere and anytime, thus the Internet network must be supported especially in the suburban or rural areas.

With the fact of a score of 41.39 out of 100 for the network infrastructure in Indonesia, it is quite slow, which may discourage the interactions of two parties. The Islamic banks have to find other alternatives to get a reliable network and faster, to be able to reach the customers in real-time. Moreover, 71% of social media users in

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Indonesia believe that new technologies offer more opportunities than risks, which means that a network is required to support of using new technologies.

b. Negative Comments and Unresponsiveness Queries

The social media offers direct replies and comments from the public or customer, some of them are negative comments. The Islamic banks need to have full-time personnel to control and counter those nagged comments. The personnel must have capabilities to be actively switching, managing and answering those inappropriate comments. This is considered as a serious challenge for the banks.

An interaction is an important part of social media. One of the ways to boost such interactions is by responding comments left on the relevant posts. Data generated from gramwiki.com showed that only five out of the nine Indonesian Islamic banks (namely Bank Syariah Mandiri, Bank Mega Syariah, BRI Syariah, Bank Syariah Bukopin, and BNI Syariah) which were sufficiently responsive in addressing their followers' comments. However, it seems those Islamic banks do not use social media particularly Instagram to monitor customer trends. This indicates the encouragement of capitalizing the use of social media still low.

c. Information Risk Management

There is possibly sensitive information that may disclose intentionally through the Islamic banks' content where the public can access it instantly. Thus the Islamic banks have to manage and concern on the safety and security of the social media pages as a platform related to the financial transactions. To anticipate this case, the Islamic banks may appoint a manager/supervisor that specialized in managing these risks associated with IT (information technology) compliances and functions. Meanwhile, social media sites pose an equal threat to the security of personal information and other concerned data. The hacking of the websites is the most common feature and considered an immediate threat to the audience of social media.

As Islamic banks carry the identity of Islam, it should be noted that every aspect/item posted in social media must be compliance with Islamic values stated in *Al-Qur'an* and *Hadiths*. Therefore, every posts made on social media must avoid conflicts with *shariah* principles. An example of making promotions, which include giving gifts to customers. This issue must be carefully posted because it needs further review as guided in *fiqh muamalah*. Consultation to the experts or advisory board is required to ensure the posted items comply with *shariah*, however, it has to go through a certain process and will take times.

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d. Privacy

The primary challenge posed by social media is privacy. Many people restrain themselves from taking part in a dialogue with a fear of losing their privacy. Some banks' employees are disclosed by negative comments from customers without going through a proper channel on how to criticize the products' contents, systems or procedures. At the same time, the Islamic banks' employees have to carefully upload or create captions that oppose certain tribe, race, religion, nationality or other personal matters. It is a direct message that can be seen by the audience in real-time, thus any misinterpretation or misunderstanding may emerge. Based on the users' profile that 79% of users believe that data privacy and protection are very important elements associated with social media content.

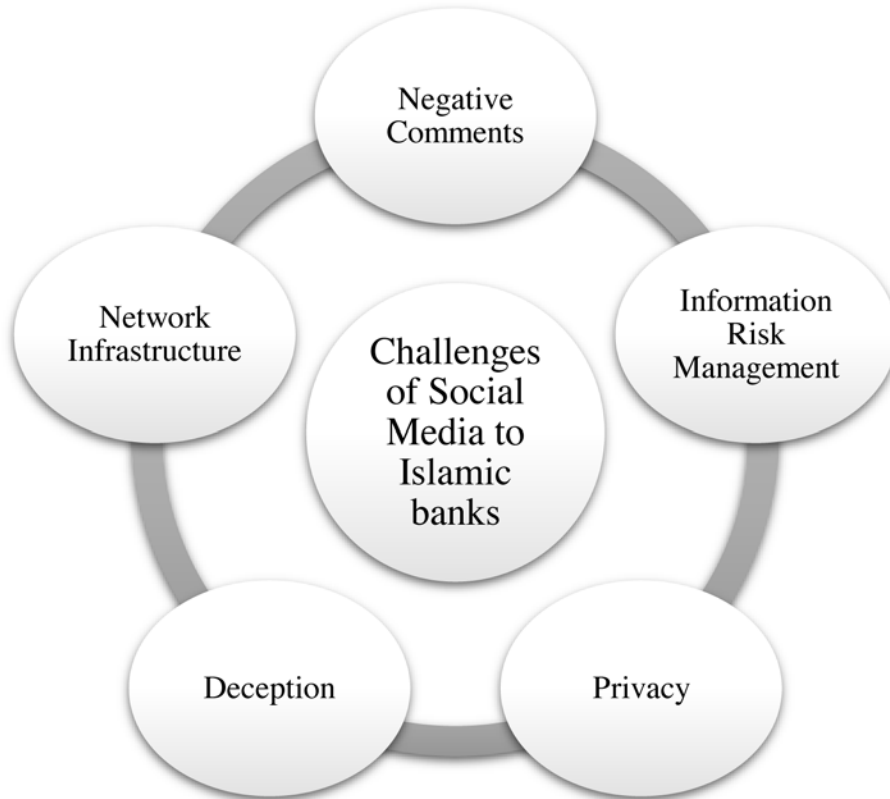
e. Deception

The identity of the individual who joins the social networking sites may either original or fake. This is due to the identity disclosures which are shared with unknown users. Nowadays, there are many cases of deception around the world that have been registered. Social media turns out to be an easy way of deceiving people using technology. For the Islamic banks, they may face or interact with unknown users who could copy or imitate some content.

CONCLUSION

To achieve the expected outcomes, Islamic banks need to ensure that social media helps to increase their engagement with their 'likes' and followers. The Islamic banks have no choice except to manage optimally the social media with its attractive content. Those opportunities can be exploited and resulted in the best outcomes for the development of Islamic banks. The Islamic banks should develop multi-ways of communications and respond directly all comments from the audience, thus creating emotional attachment and better relationships with customers. As it is mentioned by Kumar et al (2017) that companies can retain a higher level of client satisfaction and emotional attachment if they focus their efforts on maintaining positive service experiences for their clients.

Islamic banks have to collaborate with associated parties or authorities to find a solution for the mentioned challenges. A thorough evaluation of the level of social media adoption is crucial in order to know how effective social media is helping the Islamic banks to disseminate information to the public and identify areas that need improvements.

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Authors have suggested that the use of social media supports business institutions' marketing and promotion, deliver real-time and more responsive customer services (problems and issues), send and share information on a regular and continual basis, enhance customer relationships, offer solutions and reach to everyone that is in need, improve an organization's reputation, provide public access to information, create product innovations, participate and collaborate in providing shared social values, and develop customer loyalty and trust (Arnaboldi, Busco, & Cuganesan, 2017; Castells, 2011; Deloitte, 2013; Smith & Sanderson, 2015; Harris & Rae, 2009; Parveen et al, 2016; Tajvidi & Karami, 2017; Etter, Ravasi, & Colleoni, 2017; Parusheva, 2017). However, to maintain Islamic banking's reputation in upholding Islamic values, the use of social media at Islamic banks should be managed to avoid conflict with the principles of *shariah*.

It is found that the listed Islamic banks still have difficulties in creating two-way interactions with the public through social media. An increasing number of

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followers and get constructive comments may encourage Islamic banks to improve their business performance.

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KEY TERMS AND DEFINITIONS

Al-Qur'an: literally meaning “the recitation” which is the central religious text of Islam, which Muslims believe to be a revelation from God (*Allah*). It is the

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sacred writings of Islam revealed by God to the Prophet Muhammad during his life at Mecca and Medina.

Challenges: (The situation of being faced with) something that needs great mental or physical effort in order to be done successfully and therefore tests a person's ability.

Da'wah: an Arabic word which has the literal meaning of "issuing a summons" or "making an invitation".

Deception: is an act or statement which misleads, hides the truth, or promotes a belief, concept, or idea that is not true. It is often done for personal gain or advantage.

Hadith: A collection of traditions containing sayings of the prophet Muhammad which, with accounts of his daily practice (Sunnah), constitute the major source of guidance for Muslims apart from the *Al-Qur'an*.

Islamic Banks: known as non-interest banking, is a system based on the principles of Islamic or *Shariah* law and guided by Islamic economics. Islamic banks make a profit through equity participation which requires a borrower to give the bank a share in their profits rather than paying interest.

Opportunities: A favorable or advantageous circumstance or combination of circumstances.

Privacy: is the ability of an individual or group to seclude themselves, or information about themselves, and thereby express themselves selectively.

Shariah: an Islamic religious law that governs not only religious rituals but also aspects of day-to-day life in Islam. It is literally translated as "the way."

Social Media: are interactive computer-mediated technologies that facilitate the creation and sharing of information, ideas, career interests and other forms of expression via virtual communities and networks.

Transparency: is an element used in science, engineering, business, the humanities and in other social contexts, operating in such a way that it is easy for others to see what actions are performed.