

MUSLIM PERCEPTIONS OF SHARIA CONTRACTS IN HOME FINANCING AT BANK SYARIAH INDONESIA



Danial Paripurna¹

Universitas Islam Negeri Syarif Hidayatullah, Jakarta, Indonesia
paripurnadanial@gmail.com

Muhajirin²

Universitas Islam Negeri Syarif Hidayatullah, Jakarta, Indonesia
muhajirin@uinjkt.ac.id

Nur Hidayah³

Universitas Islam Negeri Syarif Hidayatullah, Jakarta, Indonesia
nurhidayah@uinjkt.ac.id

Abstract

This study aims to analyze the level of Muslim consumer awareness of Sharia contracts in financial transactions, their perceptions of Islamic Home Ownership Credit (KPR) products, and the strategies implemented by Bank Syariah Indonesia (BSI) in addressing the challenges of Sharia-compliant mortgage implementation. Using a qualitative approach with a literature study method, data were collected from various academic sources, official reports, and publications from financial institutions and government agencies. The findings indicate that the level of Sharia financial literacy among the public remains low, resulting in limited understanding of contract principles such as *murabahah*, *istisna'*, *ijarah muntahiya bit tamlik*, and *musharakah mutanaqisah*. Consumer perceptions also reveal doubts regarding the implementation of contracts, which are often viewed as deviating from Sharia principles. Meanwhile, BSI's strategies focus on institutional consolidation, expanding financial literacy, and offering competitive products to build trust and enhance Sharia financial inclusion. This study recommends increasing public education and ensuring transparency in contracts to strengthen public trust in Sharia-compliant mortgage products.

Keywords: Consumer Awareness, Sharia Contract, Islamic Home Financing, Financial Literacy, BSI

INTRODUCTION

The Islamic banking industry plays a strategic role in the economic development of society, contributing to economic transformation while providing added value and inclusivity (Werdi Apriyanti, 2018). According to Suryani in Marlina et al., the pioneer of Islamic banking in Indonesia was Bank Muamalat Indonesia (BMI), established in 1991 (Marlina et al., 2021). Over the past two decades, the Islamic financial industry has experienced significant growth both globally and nationally. The *State of the Global Islamic Economy Report 2018/2019* recorded that the global Islamic finance sector had reached USD 2.2 trillion in assets, with strong projected growth in the future. The growing awareness among Muslims of financial products that comply with sharia principles has been one of the main drivers of this development (Komite Nasional Keuangan Syariah, 2018).

As the country with the largest Muslim population in the world, Indonesia has great potential for developing the Islamic financial industry. However, Indonesia's position in the Global Islamic Economy Index (GIEI) 2018/2019 was still ranked 10th in the sharia finance category. This ranking reflects that, although Indonesia has a large domestic market potential, its contribution to the global Islamic financial industry remains relatively low compared to countries such as Malaysia, the United Arab Emirates, and Saudi Arabia (Komite Nasional Keuangan Syariah, 2018).

According to Irfan et al. in Tyas, Islamic banks have developed not only in Muslim-majority countries but also in countries with non-Muslim majorities such as the United Kingdom and the United States. In Indonesia, the establishment of Islamic banks began with Bank Muamalat Indonesia in 1991 (Tyas & Rusydiana, 2021). Based on data from the Financial Services Authority (OJK) in 2019, there were 14 Islamic Commercial Banks, 20 Islamic Business Units, and 164 Islamic Rural Banks operating in Indonesia. Furthermore, the *Global Islamic Finance Report 2018* noted that Indonesia ranked sixth in the development of the Islamic financial industry globally, with an index score of 24.13 out of 100 (Cambridge Institute of Islamic Finance, 2018). This growth of Islamic financial institutions has the potential to become an alternative solution to complex socio-economic issues, one of which is the issue of decent housing.

One of the flagship products of Islamic banking is the Islamic Home Ownership Credit (KPR Syariah). This product is offered as a solution to the public's need for decent and affordable housing under sharia-compliant schemes. However, the growth of Islamic home financing in Indonesia has remained fluctuating. In 2017, it only grew by 9%, down from 12% the previous year, and further declined to 7% in 2018. A similar trend was observed in Malaysia, indicating challenges in enhancing public literacy and preferences for sharia-compliant financing products (Apriliansyah et al., 2024).

The United Nations Center for Human Settlements states that more than one billion people worldwide live in inadequate housing, including one hundred million homeless individuals. Regulations concerning the right to adequate housing are contained in Article 25(1) of the Universal Declaration of Human Rights (UDHR). Additionally, Article 28H(1) of the 1945 Indonesian Constitution states that the state has an obligation to fulfill the need for decent housing. This regulation is reaffirmed in Article 40 of Law No. 39 of 1999 on Human Rights, which declares that everyone has the right to live and lead a decent life. This reflects the Indonesian government's commitment to prioritizing public welfare. Every

human right is recognized without discrimination based on gender, skin color, religion, age, political views, nationality, or local language (Safrin, 2021). However, in practice, the fulfillment of the right to decent housing continues to face complex structural obstacles. One of the key indicators used by the government to measure the housing sector condition is the **backlog**.

Backlog refers to the gap or discrepancy between the number of habitable houses built and the number of decent homes needed by the population. This term is one of the key indicators used by the Indonesian government, as stated in the Strategic Plan and the National Medium-Term Development Plan 2020–2024, to measure the housing sector. Although both international and national legal instruments classify the fulfillment of adequate housing as a form of respect for human rights, its realization is still hindered by various complex issues. These include the gap between high population growth rates and the slow pace of housing and settlement development, due in part to limited land availability. Moreover, the increase in the poverty rate—from 9.22% to 10.19% in 2020 due to the impact of the COVID-19 pandemic has further worsened the issue. Data from Statistics Indonesia (BPS) as of September 2020 show that the number of poor people increased by 2.76 million. This increase was more significant in urban areas than in rural areas. The rise in poverty is largely due to large-scale social restrictions (PSBB) implemented by the government, particularly the limitation of public mobility. These conditions have significantly contributed to the rise in the housing backlog (Bimantoro & Widayanti, 2020).

In this context, the role of Islamic banks in providing housing financing through Islamic Home Ownership Credit (KPR Syariah) schemes becomes highly relevant. However, the success of such programs heavily depends on the level of public awareness and perception regarding the principles of Islamic contracts (*akad syariah*) applied. Therefore, it is essential to conduct research to examine the extent of public understanding and perception of Islamic mortgage products, and to assess the strategies implemented by institutions such as Bank Syariah Indonesia (BSI) in addressing the existing challenges.

Research Questions

1. How is consumer awareness of sharia contracts in financial transactions?
2. How do consumers perceive Islamic mortgage (KPR Syariah) products?
3. What are the strategies of Bank Syariah Indonesia (BSI) in responding to current conditions and challenges?

Research Objectives

1. To determine the level of consumer awareness regarding sharia contracts in financial transactions.
2. To understand consumer perceptions of Islamic mortgage (KPR Syariah) products.
3. To analyze the strategies of Bank Syariah Indonesia (BSI) in facing conditions and challenges related to Islamic mortgage products.

REVIEW OF LITERATURE

The Development of Islamic Banking in Indonesia

Indonesia is the country with the fifth largest population in the world, with approximately 237 million people, of which around 204 million (about 86 percent) are Muslims (BPS, 2015). According to Ariff (1988) and Wouters (2007), Indonesia is a country with the Pancasila ideology and essentially reflects a secular state character, with a monetary system similar to that of capitalist countries. Conventional economics is characterized by a positivistic philosophy based on empirical experience, secular in nature, and distant from divine guidance. In secular economics, the happiness pursued is purely worldly, and people tend to be highly materialistic. Meanwhile, Islamic economics relies on divine revelation in the form of the *Qur'an*, *Sunnah*, *Qiyās*, *Ijmā'*, and *Ijtihād* (Utama, 2018).

Islamic banking in Indonesia was established in 1992 through the founding of Bank Muamalat Indonesia (BMI). The establishment of Islamic banks in Indonesia is considered late compared to other Muslim-majority countries such as the Philippines (1973) and Malaysia (1983). Ariff (1998) stated that the delay in establishing Islamic banks in Indonesia was due to a lack of support from both the Muslim community and the government, lack of political will (Dwi Sari, 2016).

One of the principles in Islamic economics is the application of various relevant systems and approaches. With the profit-sharing principle, Islamic banks can create a healthy and fair investment climate, as all parties share both profits and potential risks, resulting in a balanced position between the bank and its customers. In the long run, this will encourage economic equity, as profits are not only enjoyed by capital owners but also by those who manage the capital. The application of Islamic law in Indonesia is based on three main reasons: philosophical, sociological, and juridical. Philosophically, Islamic teachings serve as a way of life, moral ideals, and law for Muslims in Indonesia, and they have played an important role in the formation of Pancasila's basic norms. Sociologically, the historical development of Islamic society in Indonesia shows that the law and legal consciousness regarding Islamic teachings maintain a continuous relevance. From a juridical perspective, as stipulated in Articles 24, 25, and 29 of the 1945 Constitution, Islam holds a legitimate place within the Indonesian legal framework (Utama, 2018).

The initiative to establish Islamic banks in Indonesia began in 1990. On August 18–20, 1990, the Indonesian Ulema Council (Majelis Ulama Indonesia, MUI) held a workshop on Bank Interest and Banking in Bogor, West Java. The outcomes of the 4th MUI National Conference in Jakarta on August 22–25, 1990, resulted in the formation of a working team to prepare for the establishment of Islamic banking institutions in Indonesia (Utama, 2018). This step became a significant milestone in the history of the development of the Islamic financial system in Indonesia, marking the beginning of a more systematic and institutional integration of Islamic values into national economic practices.

Islamic Mortgage

The mortgage loan product (KPR) is a product issued by banks to help the public meet their housing needs (Sholikah et al., 2020). Febrina states that the mortgage products in Islamic banking are fundamentally different from those in conventional banks. This difference can be linked to the differing principles between Islamic and conventional banking. In Islamic banking, the concept of profit-sharing is commonly applied, especially

in transactions, whereas conventional banks operate on an interest-based system. The product commonly known as *KPR Syariah* (Islamic mortgage) has several distinctive characteristics, one of which is the absence of a credit system as practiced in conventional banking. Instead, Islamic banks apply systems such as *murabahah* (cost-plus financing based on margin) and *musyarakah mutanaqisah* (a diminishing partnership with shared ownership features). Islamic mortgage products can also use the *murabahah contract*, which is based on a sale and purchase agreement (Hiya et al., 2022).

In Islamic banking practices, **the *murabahah* concept** refers to a trade-based transaction in which payment is made in installments or on a deferred basis (Nurlatifah, 2015). In this contract, the Islamic bank acts as the seller, selling the asset (in this case, the house) to the customer on a deferred payment basis. The bank sells the asset at a price that includes an agreed-upon profit margin. When applying a *murabahah contract* for Islamic mortgage products, the bank must disclose the acquisition cost of the house (purchased from a developer) to the customer. Based on that cost, the bank then determines a profit margin, which is mutually agreed upon by both parties (Hiya et al., 2022).

According to Zulkifli in Rhosyidy, *Al-Istisna'* is a contract derived from the principles of *bai' as-salam*, where the delivery of goods is deferred to a later date while payment may be made in installments or postponed. Thus, the provisions of *al-Istisna'* follow the regulations of the *as-salam* contract (Widiatmika, 2015). This contract is typically used in the manufacturing and construction sectors. Such a contract is what is applied in **Islamic mortgage (KPR) transactions**. In practice, the form used is **parallel *Istisna'***, meaning that a customer who needs a house comes to the bank and places an order for a house with specific criteria. The customer and the bank then agree on the terms of house delivery, the sale price, and the payment mechanism (Widiatmika, 2015).

RESEARCH METHOD

The method used in this study is a qualitative method with a library research approach. This approach was chosen because the main objective of the research is to gain an in-depth understanding of the dynamics of public perception toward Islamic Mortgage (KPR Syariah) products, as well as the strategies implemented by Islamic banks in facing the challenges of financial literacy and the fulfillment of the right to adequate housing. This study uses secondary data obtained from various sources, such as national and international academic journals, scholarly books, annual reports from Bank Syariah Indonesia (BSI), official government documents, as well as data from the Central Statistics Agency (BPS) and the Financial Services Authority (OJK). **The selection of data sources was conducted purposively**, based on relevance and credibility, with a focus on publications released between 2015 and 2024 to ensure the relevance and accuracy of the information. Data collection was carried out through literature searches using academic databases such as Google Scholar, DOAJ, ScienceDirect, and Portal Garuda. Each piece of literature was then categorized into several main themes, namely: the development of Islamic banking, public perception of Islamic mortgage products, the right to housing from a human rights perspective, and Islamic banking strategies within Indonesia's socio-economic context. **Subsequently, the collected data were analyzed using content analysis techniques**, by identifying key themes, grouping information into specific categories, and interpreting the

meanings of various literature findings. The analysis was conducted descriptively and qualitatively by linking empirical data, relevant theories, and applicable regulations to produce a comprehensive understanding of the phenomenon under study.

RESULTS AND DISCUSSION

Based on the literature review conducted, several key findings emerged regarding public perceptions of Sharia-compliant mortgage (KPR Syariah) products, as well as the strategies employed by Islamic banks in responding to the challenges of financial literacy and the right to housing.

Consumer Awareness Level of Sharia Contracts in Financial Transactions

Indonesia is one of the countries with the largest Muslim population in the world. It adopts a dual banking system, consisting of both conventional and Islamic banking. Islamic banking in Indonesia has experienced significant growth, although it still lags behind conventional banking. The first Islamic bank established in the country was Bank Muamalat in 1991. Currently, there are 14 full-fledged Islamic Commercial Banks (*Bank Umum Syariah* or BUS) and 20 conventional banks with Islamic Business Units (*Unit Usaha Syariah* or UUS), with a total of 2,433 branches (Adzimatinur & Manalu, 2021). The most commonly offered trade-based products by Islamic banks include *Ijarah*, *Murabahah*, *Salam*, and *Istisna*. According to IFSB (2020), this trend continues across various countries. *Ijarah* refers to the usufruct or benefit derived from a property by one party in exchange for rental payments. Different variations of *Ijarah* are used by Islamic banks, with *Ijarah wal-Iqtina* (a lease contract with a promise to transfer ownership at the end of the lease term) being the most popular. In this contract, leasing is separated from the contract of ownership transfer (either through sale or gift) (IFSB, 2024).

The second trade-based contract is *Murabahah*, a form of trust-based sale with a pre-agreed profit margin. It is commonly used for short- to medium-term financing (Jibril et al., 2021). The third is *Salam*, an advance sale where the seller receives full payment upfront for goods to be delivered at a later date, with agreed-upon price, quality, and quantity. *Salam* benefits the seller by providing full payment before delivery, and benefits the buyer with prices generally lower than the spot market (Ismail et al., 2025). In the development of Islamic finance, it has been noted that there are limited records of Islamic financial institutions applying **risk-sharing** principles, particularly in financing products like *Mudarabah* and *Musharakah*. The high risk and complex nature of these contracts remain key barriers to their implementation. These profit-sharing contracts are typically used in **Profit Sharing Investment Accounts (PSIA)** to mobilize funds. In most Islamic banks, the investment account contract is structured using a *Mudarabah* scheme, where the Islamic bank acts as the *mudharib* (entrepreneur) and shares profits with the account holders (Aulia Fitria Yustiardi et al., 2020).

Studies have shown that financial literacy levels in countries like Malaysia remain low. For instance, the 2018 *Financial Capability and Inclusion Demand Side Survey* conducted by Bank Negara Malaysia (which covered 26 countries, including 12 OECD members) indicated that Malaysians' financial literacy needs significant improvement (BNM, 2018). It is a common practice for bank customers to agree to and sign banking contracts even though they rarely understand, pay attention to, or read the terms of the

standardized contracts offered by Islamic banks (Mahinar et al., 2019). Based on various studies, Islamic Financial Literacy (IFL) can be defined as the level of knowledge, awareness, and skills related to Islamic financial services (Yıldız & Kılıç, 2020). In other words, IFL encompasses five dimensions: (1) Knowledge of Islamic finance; (2) Islamic financial communication skills; (3) The ability to use Islamic financial knowledge in decision-making; (4) The actual use of Islamic financial instruments; and (5) Financial confidence (Makhfud et al., 2022). *Maqasid al-Shariah* is one of the most important principles in Islamic jurisprudence, serving as a guideline for promoting human well-being and national development, as well as ensuring that economic, social, and political policies align with Sharia principles (Maidawa, 2024)

Along with the development of Islamic banking, the use of *Murabahah* contracts has also rapidly increased. According to the 2019 Islamic Finance Development Report by the Financial Services Authority (OJK), financing in Islamic banking is still dominated by *Murabahah* contracts. As of December 2019, *Murabahah*-based financing accounted for 46.04% of total Islamic financing (OJK, 2023). The dominance of *Murabahah* in Islamic banking is largely due to its ease of implementation (Azharyah, 2017). According to Rahmati (in Ibrahim & Salam), this contract allows the bank's profit to be predetermined from the beginning, facilitating financial planning and enabling banks to record transactions on an accrual basis recognizing profits even before payments are made. Moreover, financing risks under this contract are relatively low. The use of other contracts may pose higher risks for banks, particularly in light of the current moral decline in society. According to Ascarya, *Murabahah* financing was originally intended as a transitional mechanism for Islamic banks moving away from the interest-based system. However, even after three decades of Islamic banking in Indonesia, *Murabahah* remains the mainstay of Islamic financing practices (Ibrahim & Salam, 2021).

The researcher's preliminary study indicates a potential discrepancy between fatwas and the implementation of *Murabahah* contracts in Islamic banking in Aceh. One issue is related to the requirement of *milkiyah* (ownership of goods) in the *Murabahah bil Wakalah* contract, in which the bank authorizes the customer to purchase the desired goods. In practice, the bank finalizes the *Murabahah* agreement with the customer beforehand, and during the process, there is no actual handover of goods from the bank to the customer fundamentally indicating that the bank does not yet own the goods. In this process, the bank provides a sum of money to the customer at the time the *Murabahah* contract is finalized to purchase the desired item. The bank then no longer verifies whether the customer actually made the purchase. The transfer of money (instead of goods) leads customers to perceive that they are not buying goods from an Islamic bank, but merely borrowing money as in a conventional bank.

Consumer Perception of Sharia Mortgage Products (KPR Syariah)

Various studies have shown that consumer awareness significantly influences their attitudes and intentions to use Islamic banking products and services. The higher the awareness, the stronger the intention to use Islamic banking services (Aigbovo, 2022). Therefore, consistent public awareness campaigns that are capable of generating interest can contribute to the expansion of the Islamic banking industry, while supporting financial inclusion and sustainable development. Perception is also defined as a marketing concept

that includes customers' impressions, awareness, or understanding of a company or the products it offers (Business Dictionary, 2020). It is the process by which consumers select, organize, and interpret information acquired through their senses (mouth, eyes, ears, nose, and skin) to form a meaningful and coherent view of a product or service (Jibril et al., 2021).

The main goal of any business is to increase sales by understanding the factors that drive consumer purchasing decisions. Thus, a thorough examination of customer perceptions and awareness is crucial for the success of any business initiative. The concept of down payment or *Musharakah Mutanaqisah* was introduced to address criticisms of the *BBA* (Bay' Bithaman Ajil) model. This concept is based on the success of the Islamic Cooperative Housing Corporation (ICHC) in Canada, which was established in 1981 to meet the Muslim community's need to avoid *riba* (usury) and *gharar* (uncertainty) (Dzuljastri Abdul Razak & Muhamad Abduh, 2012).

Sharia-compliant home financing is commonly known as *KPR Syariah* (Islamic Mortgage). In *KPR Syariah*, several contracts are used, such as: cost-plus sales (*murabahah*), deferred payment sales with construction (*istisna'*), lease-to-own contracts (*ijarah muntahiya bit tamlik*), and diminishing partnership with lease (*musharakah mutanaqisah*) (Sholihin & Andayani, 2021).

In principle, Islamic Mortgage (KPR) adheres to Islamic legal principles; however, some people believe that there are deviations in its implementation, such as the following (Faizatunazilla & Jamilah, 2021):

1. In a *murabahah* contract, Islamic banks are not supposed to purchase houses since they are not part of the real sector. However, in practice, Islamic banks do purchase the houses.
2. According to Islamic law, if a product is sold on credit, the product legally belongs to the buyer even if only a down payment has been made. Yet in practice, Islamic banks require customers to pay the full amount before the house legally belongs to them.
3. There is a perceived issue in the Sharia concept because the money used to pay for the house comes from a loan provided by the bank, and the customer is required to repay the bank in installments that exceed the original amount. If the Islamic bank considers itself the buyer of the house, then selling it under these terms violates the prohibition of selling something not fully owned.
4. Some members of the public still believe that Islamic banks contain elements of *riba*. This perception arises because, when comparing total payments in Islamic mortgage schemes with those in conventional mortgages, the final amount often ends up being higher in Islamic banks.

An Islamic Mortgage (KPR Syariah) in an Islamic bank refers to a housing finance scheme that complies with Islamic teachings and principles. In this system, there is a contract or agreement between the customer and the bank, outlining mutual understanding and consent to carry out the financing. The contracts used in *KPR Syariah* include: cost-plus sales (*murabahah*), construction-based sales (*istisna'*), lease-to-own (*ijarah muntahiya bit tamlik*), and diminishing partnership with lease (*musharakah mutanaqisah*).

Some advantages of *KPR Syariah* include: a) Fixed installments that are not influenced by interest rate fluctuations. b) Customers are not penalized for early repayment,

unlike in conventional banking. c) Family financial planning can be managed effectively due to the fixed installment scheme (Faizatunazilla & Jamilah, 2021).

Strategies of Bank Syariah Indonesia (BSI) in Facing Mortgage Challenges

PT Bank Syariah Indonesia Tbk (hereinafter referred to as Bank Syariah Indonesia or BSI) officially began operations on February 1, 2021. BSI is the largest Islamic bank in Indonesia, formed from the merger of three state-owned Islamic banks (Himbara), namely PT Bank BRI Syariah (BRIS), PT Bank Syariah Mandiri (BSM), and PT Bank BNI Syariah (BNIS). This government breakthrough policy to merge the three Islamic banks is expected to provide the public with a new financial institution option and to drive national economic growth through strengthened capital and larger-scale operations for Islamic banking (Mutmainah et al., 2022).

One of the visions carried by Bank Syariah Indonesia is to become a globally scaled Islamic bank, with the target of entering the world's top 10 Islamic banks in terms of market capitalization by 2025. Achieving this target is a major challenge because, according to OJK (Financial Services Authority) records, the total assets of Islamic banking including Islamic Commercial Banks (BUS) and Islamic Business Units (UUS) as of November 2020, only accounted for 3.97% of the total assets of conventional commercial banks. Moreover, the value of Islamic financing from BUS and UUS was only 2.49% of the total financing in the banking industry. The level of Islamic financial inclusion in 2019 also declined by 200 basis points (bps), from 11.1% in 2016 to only 9.10%. On the other hand, financial inclusion in conventional banking increased from 65.6% in 2016 to 75.28% in 2019 (Mutmainah et al., 2022).

Martha (2022) states that the declining interest in conventional mortgages is due to growing consumer concerns regarding interest rates (*riba*) in conventional mortgage schemes. Consequently, there is a higher interest in Sharia-compliant mortgages, as they offer advantages such as interest-free installments and the absence of penalty fees when customers wish to pay off their mortgage before the end of the contract. This stands in contrast to conventional banks, which still impose penalty charges. Moreover, Islamic mortgages are not affected by interest rate fluctuations as in conventional mortgage systems.

Further evidence of this trend is reflected in the positive trend towards Sharia mortgages as shown by the **Rumah.com Consumer Sentiment Study H2-2020**, which revealed an increase in consumer preference for Sharia mortgages—rising to 35% of total respondents in the second half of 2020, compared to only 29% in the first half of the same year. This is in stark contrast to conventional mortgages, which saw a decline in interest from 37% in the first half of 2020 to 29% in the second half (Endriasari & Nashirudin, 2022).

The main difference between Sharia-compliant and conventional mortgage systems lies in their legal basis and financing mechanism. Conventional mortgages operate under national banking laws, with a value-neutral, interest-based profit orientation, and impose penalties for late payments or early settlement. In contrast, Islamic mortgages are based on Islamic principles derived from the Qur'an and Hadith, with no interest or penalties, and use contracts such as *murabahah* (cost-plus sale), *istishna'* (build-to-order), *ijarah muntahiyah bi tamlik* (lease-to-own), and *musyarakah mutanaqisah* (diminishing partnership). Sharia mortgages are provided by Islamic banks or sharia-based financial institutions, while

conventional mortgages are offered by conventional commercial banks, rural banks (BPR), or pawnshops (Muharram & Burhan, 2024).

CONCLUSION

Based on the results of the literature review, this study concludes that public perception of Sharia-compliant mortgage (KPR Syariah) products is still influenced by the low level of Islamic financial literacy, particularly in understanding contracts such as *murabahah*, *istisna'*, *ijarah muntahiya bit tamlik*, and *musyarakah mutanaqisah*. Although there is a relatively high level of interest in Islamic financing due to its perception as free from elements of *riba* (usury), doubts remain regarding the implementation of these contracts, which are often perceived as not fully aligned with Sharia principles. On the other hand, Bank Syariah Indonesia (BSI) has implemented strategies such as institutional consolidation, public literacy enhancement, and product competitiveness strengthening to address challenges related to financial inclusion and consumer preferences. However, this study has limitations as it solely employs a library research approach, which does not capture direct empirical insights into consumer experiences, perceptions, and levels of understanding. Therefore, future research using qualitative fieldwork or quantitative surveys is recommended to provide a deeper and more comprehensive understanding of public perceptions regarding KPR Syariah.

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