

# Gold Pawn Marketing in Islamic Bank

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## **GOLD PAWN MARKETING IN ISLAMIC BANK**

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### **ABSTRACT**

One of the institutions that also implements a marketing strategy is Islamic Bank. Islamic banks were established with the aim of developing the principles of Islam in the banking world. The principle of Islamic banking is to operate without rely on interest or usury. BSI KCP Sidoarjo Waru Juanda has offered one of its products, namely a gold pawn. The gold pawn can be used by community as an alternative financing in economic problems. Gold pawn products are present in the midst of people in need financing without worrying about losing their valuables. Using qualitative method by interview and direct observation, the research resulted a conclusion that promotion held by Islamic bank is far from ideal. Still using conventional types of promotion, it is suggested that the bank should use nowadays social media platform to ensure higher brand awareness.

**Keywords:** Gold Pawn; Islamic Bank; Promotion

### **INTRODUCTION**

In the era of globalization with the development of science and technology, Technology makes people have to adapt to current conditions. Likewise with marketing science which has experienced rapid developments significant. Whatever business you are running, it will not last long if not accompanied by a qualified marketing strategy. It's not only applies to the marketing division, but all aspects that are in an institution or company that is required to know the basics and functions of marketing itself. One of the institutions that also implements a marketing strategy is Islamic Bank. Islamic banks were established with the aim of developing the principles of Islam in the banking world. The principle of Islamic banking is to operate without rely on interest or usury. One of the Islamic banks currently operating in Indonesia, namely PT. Indonesian Islamic Banks that already have offices branches spread throughout Indonesia. One of the branch offices that has operating is BSI KCP Sidoarjo Waru Juanda which is also used as a place for to carry out the Field Work Practice by the author. BSI KCP Sidoarjo Waru Juanda has offered one of its products, namely a gold pawn. Product offers to be able to meet economic needs, especially to the people of Sidoarjo and its surroundings. The gold pawn can be used by community as an alternative financing in problems economy. Gold pawn products are present in the midst of people in need financing without worrying about losing their valuables in this case the valuable item is gold.

Currently, not only BSI KCP Sidoarjo Waru Juanda has offers gold pawn products but also many bank financial institutions. and non-banks that have offered similar products for the same purpose the same, namely providing financing facilities to customers. Then from from that it must be equipped with a qualified marketing strategy by BSI KCP Sidoarjo Waru Juanda. From this, the marketing strategy is very important important for a bank. The marketing strategy in question is measuring the quality of model, market share, sales, and profit. Marketing strategy also concerns at a price that is suitable to be marketed to the public.

Based on the description above, the experience gained from the implementation of street vendors carried out by the author in a company or institution which is in accordance with the Islamic Economics study program, namely at BSI KCP Sidoarjo Waru Juanda by providing an overview of what and how the strategy is marketing of gold pawn products in Islamic banking and not on Sharia pawnshops that are already common.

## LITERATURE REVIEW

### Bank Marketing Strategy

Strategy in general is the steps taken by a company in achieving its main goals and objectives. Therefore, a strategy has a basis or scheme for achieve the intended goals and objectives. (Kasmir, 2004: 171). The definition of strategy is (Suryana, 2006: 173): a) Strategy is a plan, which is a concept Marketing cannot be separated from aspects of planning, direction or reference motion The company's steps to achieve future goals; b) Strategy is perspective (perspective), in this strategy look at the way an organization carries out its activities; c) Strategy is a position (position), placing certain products in the market specific target market. This strategy looks at positioning in the context of competition; d) Strategy as a game (play), strategy as a game to outwit competitors.

Marketing is an activity that is always present in every business, be it a profit-oriented business or a social enterprise. The importance of this marketing is done because in order to fulfill the people's needs and desires for a product or service, marketing is also becoming increasingly important because of the increase in knowledge from the public. So that the competitors are getting more intense in conducting marketing efforts to market their products (Kasmir, 2004: 59-63).

Marketing is necessary because it can help companies establish long-term and mutually beneficial relationships with target. For consumers, the function of marketing is to facilitate the process purchasing through the provision of a choice of products and services, information regarding those options, product availability in physical/virtual locations convenient and easily accessible.

A bank's marketing strategy is a process for creating and exchanging bank products or services aimed at meet the needs and desires of customers by providing satisfaction to customers. (Kasmir, 2008: 63). Bank products that referred to are services offered to customers for get attention to be owned, used, or consumed as the fulfillment of customer needs and desires.

### Sharia Marketing

Marketing in Islam is a form of muamalah that is justified in Islam, as long as all transactions are protected from prohibited by sharia provisions. Sharia marketing is a strategic business discipline that directs the process of creating, offer and change in value from an initiator to stakeholders which in the whole process is in accordance with the contract and principles the principle of muamalah (business) in Islam (Marwan Asri, 1991: 14).

This means that in sharia marketing, the whole process is good the creation process, the supply process, as well as the value change process, there should be no things that are contrary to the contract and principles Islamic muamalah. As long as it can be guaranteed, and deviations from the principles of Islamic muamalah do not occur in a any transaction in marketing is allowed. Sharia marketing is a solution to market needs who dream of implementing business in accordance with values and rules religion. There are four things that are the key factors for success in managing a business in order to obtain high moral values, namely as follows: 1) Siddiq (true and honest), if a leader always behave correctly and honestly throughout his leadership must animate all his behavior in doing marketing, in dealing with customers, in transactions, and in entering into an agreement with a business partner; 2) Amanah (trusted), has the meaning of being trustworthy, responsible answer, also means the desire to fulfill something according to under the condition; 3) Fathanah (intelligent), can be interpreted as intellectual, ingenuity or wisdom. A fathanah leader is a leader who understand deeply everything that is the task and his obligations; 4) Thabligh (communicative), people who have this trait will convey correctly with good and appropriate speech.

Talk to other people using something easy understand, discuss and make business presentations with Easy-to-understand language so that the person is easy understand the message you want to convey. The concept of Islamic marketing (marketing) has four characteristics that can be used as a reference, namely: 1) Theistic (Rabbaniyyah), sharia marketers must have the characteristics of divinity and religion. This character appeared not because compulsion, but starting from self-awareness of the urgency of Which spiritual values are based on the Bible and as-Sunnah? both have become a way of life for them, so that they

able to follow the truth of Islamic teachings and stay away from falsehood which can harm others; 2) Ethical (Akhaqiyyah), sharia marketers always prioritize problems ethics and morals in every marketing activity. The nature of the ethical is the original nature of theitis (rabbaniyah). Therefore, It is undeniable that Islamic marketing is a marketing concept that emphasizes the elements of values, morals, and ethics as well as universal; 3) Realistic (Al-Waqiyyah), sharia marketing is a reflection of facilities provided by Islam. Thus, the perpetrators Sharia marketing always behaves professionally, looks good neat, have good morality, put forward the values of the Shari'a Islam, and always uphold honesty and justice in all marketing activities; 4) Humanistic (Insaniyyah), the purpose of this character is a marketer shariah has knowledge and experience regarding the essence of the creation of sharia itself, so that human degrees can be raised. This value aims to make humans controlled and balanced, not making humans more greedy and justifying any way to achieve maximum profit.

#### Pawn

In the Qur'an, the verse that describes the pawn is contained in the Qur'an Surah Al-Baqarah verse 283 which reads: "If you are on a journey (and do not pray cash), while you do not find a writer, let there be dependents to hold." (Surat al-Baqarah: 283). Then the Al-Haditst. The basis for the pledge to be used as a reference is: one of the hadiths of the Prophet Muhammad narrated by HR. Bukhari and Muslim which reads: "From Siti Aisyah ra that the Messenger of Allah was once food by pawning armor."

### METHODS

This study uses qualitative research methods with descriptive analysis. The location of this research is at Bank Syariah Indonesia. The research was conducted for a period of one month, starting from August 23 to September 23, 2021. Primary data is the source of data carried out in this study. Primary data were obtained from field observations and interviews with consumers and employees of Bank Syariah Indonesia. Purposive sampling is a technique used in taking the subject, where the subject of this research is the consumers and employees of Bank Syariah Indonesia. There are two data collection techniques used in this study, namely interviews and observation. This study uses participatory observation, in which the researcher observes for one full month to find out the marketing of gold pawns in Islamic banks. The data validity test technique used in this study is the triangulation technique in which data collection is obtained from observations and interviews.

### RESULTS

During the implementation of activities in Bank Syariah Indonesia, the author follows every applicable regulation at Bank Syariah Indonesia, At the time the author was placed in several fields Existing activities include Operations, Back Office, and marketing, the author is more interested in the marketing section of financing products Pawn Gold, especially in its marketing strategy. So the author wants discussing marketing strategies, especially for products Gold Pawn Financing at Indonesian Sharia Bank. From the explanation above, the following are some things about: Gold Pawn product at Bank Syariah Indonesia.

Definition of Gold Pawn Products at Bank Syariah Indonesia Pawn (rahn) is an agreement in which the goods as a dependent or make an object of value according to view of syara as a loan or marhum bih, so that the existence of a dependent on the debt, all or part of the debt can be received. The person who gives the pawn is called rahin those who receive the pawned goods are called murtahin, and the goods pawned is called marhun (Fahmi, 2016: 148). Pawning Gold at Bank Syariah Indonesia is one of the financing products that use qard contracts with guarantees in the form of gold tied to a rahn contract, gold used are kept maintained by the bank for a period of time certain time by paying maintenance fees on gold the object rahn which is bound by the ijarah contract.

Terms and Conditions for Gold Pawn Financing Customers at Bank Syariah Indonesia Before the customer performs Pawn Gold financing, then, Customers are required to fulfill



several terms and conditions existing conditions. Provisions for Pawn Gold financing customers at the Bank Indonesian Sharia are as follows: a) Individual customers (Indonesian) and competent in law; b) The object of the pawn is gold jewelry (red gold or yellow), bulldoze (bars) and gold coins or dinars with content requirements 16 to 24 carat; c) Specifically for take over pawn financing, gold can be submitted after disbursement of financing; d) Minimum gold pawn financing is IDR 500,000 and the maximum total gold pawn financing is IDR 250,000,000; e) The gold that will be pawned is <sup>4</sup>pt white gold, because the price of white gold is relatively unstable when resold; f) Term: for four months and can be extended or can be re-pawned (after an assessment and payment has been made previous mortgage costs); g) Pawn fees consist of administrative fees, rental fees storage and other costs such as expenses incurred at the time of the sale of collateral and deposit fees; h) Binding (Akad). The binding is define follows: 1) Qard contract, as a financing binder from the Bank to customers; 2) Pawn Agreement (Rahn), as a gold binder as collateral on customer financing; 3) Ijarah contract, as a binding service utilization gold deposit as collateral for customer financing.

Document requirements that must be completed by Pawn customers Gold at Bank Syariah Indonesia is as follows. Have an account at Bank Syariah Indonesia. Customer's identity card, such as KTP (Identity Card) or SIM (Driving Permit) which has been photocopied and then stamp copy according to original and the part of the proposer of financing. Customer NPWP, specifically for the above mortgage financing IDR 50,000,000. Gold pawn application form that has been completely filled out and has been signed by the applicant (customer). Proof of Pawn (SBG) in other agencies (specially for takeover). Gold Pawn Take Over Statement (only for takeover<sup>4</sup>).

Benefits of the Gold Pawn Product at Bank Syariah Indonesia. Gold Pawn Products at Bank<sup>6</sup> Syariah Indonesia provides several benefits, especially benefits for community as follows: a) This product is here to help small groups of people middle and upper class to get cash, easy and practically only with gold backed; b) The community still has a valuable asset in the form of gold while earning cash without selling gold; c) Provide a sense of security and comfort to customers because of gold which is pledged, is kept properly and securely in the bank.

In addition to providing benefits to the community, Pawn products Gold at Bank Syariah Indonesia too provides several benefits for banks, namely, Banks are considered healthy and able to market products. Good and healthy portfolio growth. O<sup>6</sup>ain fee base income from deposit fees. The emergence of a sense of public confidence in the Bank Indonesian Sharia. This Gold Pawn product is a complement to the business bank financing. With the Pawn Gold product, it also makes a bridge to promote other bank products to the public. Advantages of Pawn Gold Products at Bank Syariah Indonesia Gold Pawn Products at Bank Syariah Indonesia has several advantages such as the following. Simply, customers only need to bring gold, identity cards (KTP/SIM) and savings book to get facilities Gold Pawn financing. Pricing (low prices), starting from administrative costs and fees ujah (deposit fee) which is much cheaper than the institution other pawns. More transparent, in terms of cost-cutting transactions because there is a passbook that can be printed for customers. Convenient service, pawn counter space provides a more private and conducive atmosphere. There is no fine when the customer has not yet matured pay on time. There is convenience for customers who want to repay the principal pawn loan. Pawned gold is protected with collateral insurance gold collateral. Fast service and adequate system and high estimate.

## DISCUSSION

Marketing strategy at Bank Syariah Indonesia which was carried out to offer Gold Pawn products to prospective customers, namely by implementing a mix strategy which marketing or marketing mix should this strategy be combining one component with another, that is: a) Product is one of the light financings, The process is easy and the price is cheaper than with other institutions. One of the products offered at Bank Syariah Indonesia is BSI Gold Pawn; b) Price, is one very important aspect to pay attention to, considering the price is very decisive whether or not a product. Determination of administrative and ujah prices (deposit fee) for Pawn Gold products at Bank Syariah Indonesia is very competitive with institutions other and more transparent; c) Place is a very important part, where the bank carries out its operational

activities. Likewise Bank Syariah Indonesia looking for a very strategic place located in a business environment as well as one of the very strategic inter-city borders. Figure 3 shows that the ROE of Islamic commercial banks in Indonesia during 2015-2020 fluctuated with a relatively increasing trend. Moreover, it decreased again in 2020 due to a decline in profits due to the Covid-19 pandemic. The cause of these fluctuations is that the value of net income has fluctuated. In contrast, the equity of Islamic commercial banks, as seen from shareholders' paid-up capital, has increased yearly. Sufficient equity can be used as a strategy to gain public trust. In addition, the benefits of equity can control the risk of loss on investments, especially those from third-party funds (Nursyamsu, 2016); d) Promotion is one of the important strategies implemented by Bank Syariah Indonesia, especially in the promotion of Pawn financing products Gold.

The method carried out by the Indonesian Sharia Bank in promoting and offering Gold Pawn products are by Promote Gold Pawn products through advertising such as by distributing brochures, installing banners, and X-banner at the office of Bank Syariah Indonesia. And do promotion through social media like Instagram and WhatsApp. Conducting socialization activities with gimmicks in the form of giving souvenirs to customers who have done pawn transaction. Giving a souvenir package is like wall clocks, mugs, tumblr bottles, cooking oil, and others. Through the method of face-to-face sales (personal selling). In essence, this method the staff concerned must: have selling skills that is consistent in service or provide the best service and have knowledge towards the product, especially this Gold Pawn product because, carry out direct conversations with customers or candidates customers must have good selling skills. Through word of mouth marketing, that is, if the customer is satisfied with the Pawn product Gold at Bank Syariah Indonesia, the customer market will tend to inform the environment about experience and recommends using Gold Pawn product at Bank Syariah Indonesia. So that they are interested in pawned the gold because of a recommendation from a customer who have pawned their gold in Islamic Banks Indonesia. also lower.

Company size as a determinant of financial distress model has a high contribution of 33.3% of all other predictor variables. It shows that the size of the company has implications for financial distress. The results of this study align with research conducted by Setyowati & Sari (2019) that company size has implications in determining the occurrence of financial distress. Total assets are indicators that indicate the contribution of Islamic banks to national banking. In addition, total assets are also an indicator of how big the Islamic bank is (Riauwantu & Sulastiningsih, 2019).

People, the entry of people into one of the components The marketing mix shows how important resources are people for business continuity. In this marketing mix Bank Syariah Indonesia implement it by recruiting qualified employees to market their products. Indonesian Islamic Bank also provides training to support employee knowledge and every month will get an appreciation in the form of bonuses or prizes for employees who can achieve the targets set by Bank Syariah Indonesia. Packaging (packaging), this packaging or packaging describes about how to present our products to the market or consumer. However, at Bank Syariah Indonesia for this Gold Pawn financing product does not have packaging for the product. Due to Pawn financing products Gold is a product that offers services to provide financing by pawning gold.

Process (process), on the Pawn Gold financing product at the Bank Sharia the process that must be done carried out by the customer, namely completing the requirements needed. Then if the requirements have been done, the next process is the weighing of gold and the validation process which will be done by the pawnshop staff and double checking by BOSM. if the process goes smoothly which of course in accordance with established procedures, The financing will be transferred directly to the customer who conduct gold pawn transactions.

Pawn transactions are common transactions among the public, especially those who expect legal protection and legal certain that includes all parties (Tongat, 2018). There is a fundamental difference between Islamic gold pawning and conventional gold pawning. Islamic gold pawning uses three contracts, namely Rahn, qardh, and maintenance costs using an ijarah contract (Immawan Muhajir Kadim, 2021). The gold pawning system in Islamic banks is that the customer comes to the Islamic bank with a pawn in the form of gold, after that the customer fills out the application form and makes a contract with the Islamic bank. After all the requirements are submitted to the bank, the bank will realize the application and the customer will get financing (Windy Indah Yulianda, 2018).

The calculation of gold pawn financing using the sharia system is more profitable than the conventional system. The main advantage of pawning gold by using the sharia system, especially in Muslim communities, is to avoid the prohibition of usury (Laily Nurhayati, 2016). However, in practice, Islamic banking in Indonesia applies several items that are contrary to sharia (Balgis, 2017). The cost (ujroh) of the rent charged to the customer still contains costs that are not needed. Evaluation of the combination of sharia gold pawn contracts in Indonesia requires improvements and solutions to comply with sharia provisions. Combining qardh and ijarah contracts is not allowed based on the hadith of the Prophet Muhammad. AAOIFI also expressly prohibits this combination contract.

### CONCLUSION

Based on the research above and combining with several journal recommendation, promotion using only word of mouth and door prize to customers is outdated. Though the bank already trying digital mass media to promote, it is not yet well established. Some reviewer complaining about sharia compliance, but it seems to be not affecting the Gold Pawn promote. It is suggested that the bank should use nowadays social media platform to ensure higher brand awareness.

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