

Marketing Strategy of Non-Bank Islamic Financial Institutions to Enhance Financial Inclusion in Indonesia

Irwandi¹, Asriadi Arifin²

¹ Islamic University of DDI AG. Ambo Dalle Polewali Mandar

² Islamic Institute DDI Sidenreng Rappang

✉ Asriadiarifino7@gmail.com*

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Abstract

Financial inclusion remains a major challenge in the Indonesian economic system, particularly for low-income communities and micro-entrepreneurs who are not yet served by formal financial institutions. This gap creates unequal access to financial services that can promote economic welfare and social empowerment. This study aims to analyze the role of Non-Bank Islamic Financial Institutions (LKS NB) in expanding financial inclusion in Indonesia and identify effective strategies implemented to reach marginalized groups. The research method used is library research with a qualitative descriptive-analytical approach, through a systematic review of scientific literature, financial institution reports, and related empirical research results. The analysis is conducted using a theoretical framework of financial inclusion based on Islamic economic values, which emphasize distributive justice, the principle of mutual assistance (ta'awun), and Islamic financial ethics. The results show that LKS NB has a strategic role in expanding access to Islamic finance through microfinance products, productive zakat and waqf institutions, and Islamic cooperatives. The practical implications of these findings underscore the importance of government policy support in strengthening the non-bank Islamic financial ecosystem through digitalization, Islamic financial literacy, and collaboration between regulators, Islamic scholars, and industry players. This research is expected to serve as a reference for policymakers and practitioners in designing equitable and sustainable financial inclusion strategies.

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INTRODUCTION

Financial inclusion is a crucial pillar of sustainable economic development. Access to financial services enables people to save, obtain financing, and protect themselves from economic risks. The Indonesian government is targeting an increase in the financial inclusion index as part of the National Strategy for Financial Inclusion (SNKI), which aims to improve public welfare, particularly for vulnerable and low-income groups (OJK, 2021). Amidst these efforts, non-bank Islamic financial institutions (LKSBN) such as Baitul Maal wat Tamwil (BMT), Islamic cooperatives, and institutions for the collection of zakat, *infaq*, *sedekah*, and *waqf* (ZISWAF) are playing an increasingly significant role. These institutions operate on sharia principles, which can certainly drive economic growth while upholding the values of justice, blessings, and social balance (Muhammad Syafi'i Antonio, 2011). With a social and partnership approach, LKSBN are considered more capable of reaching segments of society underserved by conventional financial institutions.

Furthermore, LKSBN's community-based approach and spiritual values bring them closer to the grassroots. In various regions, LKSBN has proven to be an alternative for low-income communities, particularly in microfinance, managing Islamic social funds, and strengthening the economic capacity of the community (Ascarya, 2020). This makes LKSBN a catalyst for expanding the reach of financial inclusion in a more equitable and equitable manner.

Significant challenges remain in expanding Islamic financial inclusion. One major inhibiting factor is the public's low level of literacy and understanding of Islamic financial products and services. Furthermore, the marketing approaches employed by many Islamic financial institutions (LKSBN) do not fully integrate Islamic marketing principles and effective communication strategies. However, appropriate marketing strategies can play a crucial role in increasing public awareness, interest, and participation in Islamic financial institutions (Rahman, 2021). Therefore, it is crucial to examine the concrete role of LKSBNs in the context of increasing financial inclusion, particularly considering the Islamic approach they employ.

Considering that no similar research has been found that examines the theme as in the current research, it is important to review the results of this research to fill the existing gap. Islamic marketing inherently embodies moral, spiritual, and social values. The principles embodied in it, namely honesty (*shidq*), justice (*'adl*), and trustworthiness, serve as the foundation for building sustainable relationships between financial institutions and the public. Therefore, the marketing strategies implemented by LKSBN must reflect Islamic values while effectively addressing the needs of modern consumers (Hassan, Haron, & Mohd Noor, 2020).

However, limited integration of Islamic marketing principles and digital strategies remains a key barrier. Therefore, this study explores how LKSBN marketing strategies—based on Islamic ethics, digital innovation, and community collaboration—contribute to enhancing financial inclusion in Indonesia.

METHODS

This study employed a library research method, which is a scientific approach conducted by reviewing various sources of literature such as books, academic journals, research reports, official documents, and other relevant publications that discuss Non-Bank Islamic Financial Institutions (LKSBN) and financial inclusion. This approach aims to explore, analyze, and organize both theoretical and empirical information related to the

contribution of LKSNB in expanding public access to Islamic financial services. Library research provides a strong conceptual foundation for understanding the characteristics, operational principles, and potential of LKSNB as instruments of economic empowerment for the Muslim community.

The study examined several recent academic publications using a purposive sampling technique. The sources were categorized into three types: (1) conceptual articles, (2) empirical studies, and (3) policy documents. Thematic content analysis was applied to identify recurring patterns in marketing strategies and financial inclusion outcomes. Through this approach, the study was able to draw conclusions based on valid and academically verified data, while also providing a strong theoretical framework for future research.

RESULT AND DISCUSSION

RESULTS

In Indonesia, the challenge of financial inclusion is quite complex because there are still groups of people who are not served by formal financial institutions, particularly in rural areas and communities with low levels of financial literacy. These groups generally face limitations in administrative documents, financing guarantees, and lack trust in conventional financial institutions (Ascarya, 2020). In this regard, Non-Bank Islamic Financial Institutions (LKSNB) exist as an inclusive and adaptive alternative to meet the needs of the community, particularly in the micro and informal segments. LKSNB include Baitul Maal wat Tamwil (BMT), Sharia Savings and Loans and Financing Cooperatives (KSPPS), Zakat Collection Institutions (LAZ), and productive waqf institutions. These institutions have a socio-religious mission.

Financial inclusion is an important indicator of a country's economic development. The higher the level of financial inclusion, the greater the opportunity for people to access financial products and services to improve their welfare. According to the Financial Services Authority (2021), financial inclusion is the right of every individual to have access to and the ability to use financial products and services appropriately.

Value-Based Marketing Approach

The socio-economic function of LKSNB demonstrates a dual role, namely as a financial intermediary and a social institution. On the one hand, they manage financing based on justice and without interest; on the other hand, they serve as a space for economic empowerment based on Islamic values such as *ukhuwah* (brotherhood), *ta'awun* (community service), and *maslahah* (benefit) (Muhammad Syafi'i Antonio, 2011).

This strategy positions Islamic values as a unique selling proposition (USP). Products such as *murabahah*, *mudharabah*, and *qardhul hasan* financing are positioned as financial instruments, as well as forms of muamalah (Islamic worship). This approach builds trust and loyalty among members because they feel involved in economic activities with spiritual value (Ismail, 2021).

In this case, marketing is a process of economic tabligh—that is, conveying the message of ethical, fair, and beneficial finance. This aligns with the principle of *syumuliyah* (comprehensiveness) in Islamic economics, which emphasizes the balance between profit and blessings (*barakah*) (Rahmawati & Yusuf, 2022). A study conducted by Bank Indonesia shows that the existence of BMTs significantly increases access to capital for MSMEs, particularly in the small trade and agricultural sectors. These institutions also play a role in developing Islamic financial literacy at the grassroots level (Bank Indonesia,

2020).

In their operations, BMTs and Islamic cooperatives employ Islamic principles, namely *mudharabah*, *musyarakah*, *ijarah*, and *murabahah*. This model allows flexibility in financing and fosters a sense of fairness between the institution and the customer. This principle also minimizes the risk of interest (*riba*), which has long been a major barrier to the use of conventional financial services by Muslims (Karim, 2017). The use of these contracts provides flexibility in financing, allowing customers who lack capital but possess expertise to run businesses with capital from the institution, with profits shared according to agreement. Likewise, *musyarakah* provides a space for collaboration between institutions and customers in building joint ventures. This scheme is particularly suitable for MSMEs, which often lack collateral or a formal credit history.

From an Islamic economic perspective, the presence of LKSNB strengthens the *ummah's* economy because it upholds the principles of justice, transparency, and blessings. The applied sharia principles emphasize social responsibility and collective risk management (Karim, 2017). The concept of financial inclusion in Islam is also inseparable from spiritual aspects. Sharia-based services encourage ethical economic practices, free from *riba*, *gharar*, and *maysir*, and favor the vulnerable, as Islamic teachings emphasize the importance of fair and balanced wealth distribution (Chapra, 2000).

Digital Marketing and Financial Education

Digital innovation is beginning to penetrate the LKSNB sector. Several BMTs (Islamic Medium Enterprises) and LAZs (Islamic Zakat Institutions) are now developing digital platforms for collecting and distributing zakat funds, as well as app-based financing services. This expands the scope of services and improves the institutions' operational efficiency (OJK, 2021). This digitalization has had a significant positive impact on service coverage and the institution's operational efficiency. Administrative processes are faster, operational costs are reduced, and the risk of human error in recording and distributing funds is reduced. Furthermore, digitalization also increases accountability and transparency, two key values in the Islamic financial system, as every transaction can be easily tracked and audited through the system.

Digitalization is a crucial strategy in expanding the reach of Islamic financial inclusion. LKSNB (National Financial Service Institutions) are beginning to Utilize social media, Islamic mobile banking applications, and digital education platforms to introduce Islamic financing and savings products to the younger generation. This approach aligns with national digital economy trends and the direction of the 2019–2024 Indonesian Islamic Economic Masterplan, which emphasizes digital literacy and inclusion as instruments for accelerating the Islamic economy (KNEKS, 2023).

Several institutions have even integrated online microfinance features through Islamic financial technology, while maintaining adherence to sharia principles. This strategy has been proven to increase the number of new customers from the unbanked population by up to 28% by 2024, particularly in rural areas (OJK, 2024).

Collaboration and Strategic Partnerships

This study found that synergy between LKSNB and other financial institutions (including Islamic banks, BAZNAS, and the Ministry of Cooperatives) is a strengthening factor in expanding access to financial services. Through partnerships, institutions can expand distribution networks, increase financing capacity, and strengthen public trust in the Islamic financial system (Sutopo & Anwar, 2020).

LKSNB manages Islamic social funds such as *zakat*, *infaq*, *sedekah*, and *waqf*

(ZISWAF). These funds are distributed productively, for example in the form of interest-free business capital, educational scholarships, or micro-working capital assistance, which helps marginalized groups rise out of structural poverty (Furqani & Mulyany, 2018). The management of ZISWAF funds by LAZ (Islamic Zakat Institution) and BMT (Islamic Mentoring Institution) has a dual effect. In addition to expanding financial access, it also increases community social capacity through economic empowerment and reducing inequality. This model aligns with the objectives of *maqasid sharia*, namely safeguarding the wealth, lives, and welfare of the community.

One of LKSNB's main strengths lies in its community approach and social closeness to the community. Unlike conventional banks, BMT and KSPPS are often established on local initiatives and managed by community leaders, making them more trustworthy and accessible (Muhammad Syafi'i Antonio, 2011). Moreover, the implementation of sharia business practices has become a particular attraction for the community (Arifin, A., Abubakar, A., Haddade, H., & Ramadhani, S., 2023).

This has led to a high level of trust among BMTs and KSPPS. The involvement of community leaders and emotional closeness make these institutions more inclusive and responsive to the social and economic dynamics faced by their members. For example, in financing practices, BMT or KSPPS administrators assess business feasibility based on financial reports and consider the social reputation and honesty of customers they know personally. This makes the service process more flexible, faster, and accommodating to small business owners who are typically administratively unbankable.

Community-Based Marketing Approach to Economic Development

This study found that LKSNBs play a role as financial service providers and agents of socio-economic transformation. Their involvement in women's empowerment, entrepreneurship training, and group-based microfinance has been shown to foster economic independence among lower-income communities (Ascarya, 2020). Another study showed that members of Islamic cooperatives have higher levels of economic participation and better access to financing than those not affiliated with such institutions. This demonstrates that Islamic Financial Institutions (LKSNB) can be a strategic instrument in supporting financial inclusion in a participatory and equitable manner (Nofianti, 2021).

Community-based marketing strategies are implemented by positioning the institution as part of the community's social life. LKSNBs establish personal relationships with customers through religious activities, entrepreneurship training, and social programs such as small business capital assistance. This approach strengthens members' sense of belonging and emotional closeness to the institution (Hidayat, 2021).

In the context of national development, LKSNBs can be strategic partners for the government in expanding the reach of social assistance and microfinance programs. Collaboration between LKSNBs, local governments, and Islamic educational institutions can also strengthen synergies in building financial literacy and capacity among the community.

Thus, the research findings indicate that LKSNBs are a key pillar in building inclusive Islamic finance. Their broad contributions, from providing financing and managing social funds to public education, make them a crucial component of the national financial system. Therefore, the national strategy for financial inclusion requires strengthening the presence and capacity of Islamic non-bank financial institutions (LKSNB), through regulatory recognition, capital support, managerial training, and information system integration.

Only then can Islamic financial inclusion be achieved optimally and sustainably.

DISCUSSION

Islamic non-bank financial institutions (LKSNNB) Islamic Non-Bank Financial Institutions (LKSNNB) in Indonesia play a vital role in expanding access to financial services for communities underserved by formal institutions. Data from the Financial Services Authority (OJK) in 2024 showed a significant increase in the number of Islamic cooperative members, up 17.8% compared to the previous year, with the largest concentration in the micro and small sectors. This indicates that LKSNNBs are acting as a bridge between Sharia principles and the economic needs of grassroots communities (OJK, 2024).

The marketing strategy of Non-Bank Islamic Financial Institutions (NSFIs) emphasizes a paradigm shift from a transactional approach to a value-based approach. In this context, marketing is no longer understood solely as an effort to attract customers, but rather as a means to instill Islamic values in economic practices. This values-based approach positions Islamic financial institutions as moral agents that educate the public about the importance of halal, fair, and blessed transactions.

The implementation of a values-based strategy has important implications for shaping the identity of Islamic financial institutions. This identity not only reflects product differentiation but also serves as a symbol of integrity and social responsibility. LKSNNBs that demonstrate consistency between Sharia principles and their business practices will gain stronger public trust, especially among those previously skeptical of financial institutions.

Digital transformation is a key pillar in expanding LKSNNBs' reach. The use of technologies such as mobile applications, digital payment systems, and online financial education platforms enables institutions to reach communities in remote areas. This strategy not only improves operational efficiency but also opens financial access to previously marginalized groups, thus strengthening the national goal of financial inclusion.

However, digitalization also presents new challenges in the form of a digital literacy gap among the public. Many potential customers lack the skills to operate technology-based financial services. Therefore, LKSNNBs need to balance digital innovation with intensive literacy programs to ensure that digitalization is truly inclusive and does not create new forms of exclusion in the digital realm.

From a social perspective, LKSNNBs' community-based marketing strategies play a crucial role in strengthening institutional relationships with the community. Social activities such as entrepreneurship training, MSME mentoring, and productive zakat programs create emotional bonds between institutions and customers. Through this participatory approach, LKSNNB plays a role not only as a financial services provider but also as a partner in socio-economic development.

Strategic partnerships with various parties, such as local governments, community organizations, and educational institutions, are key to the success of Sharia marketing. This collaboration expands the service distribution network and enhances the institution's credibility in the public eye. Furthermore, synergy between institutions opens up opportunities for financial product innovation that is more relevant to the needs of the community, particularly the micro and small sectors.

From an Islamic business ethics perspective, LKSNNB's marketing strategy emphasizes the importance of honesty, openness, and fairness in every interaction with customers. These principles are the main differentiators between Sharia financial

institutions and conventional ones. When institutions are able to demonstrate alignment between their values and concrete actions, public trust will grow naturally and sustainably.

Economically, the implementation of a holistic marketing strategy contributes to increased financial inclusion. Public access to Sharia financial products expands, participation in economic activities increases, and local economic potential can be optimized. This demonstrates that marketing is not merely a promotional activity, but rather an economic development instrument that supports equitable distribution of prosperity.

From an institutional perspective, LKSNB needs to continuously strengthen its human resource capacity to adapt to market and technological dynamics. Strengthening competencies in digital marketing, consumer behavior analysis, and risk management is an urgent need to ensure effective and highly competitive strategies.

Therefore, the marketing strategy of Non-Bank Islamic Financial Institutions reflects an integrated effort between spiritual values, digital innovation, and social responsibility. These three aspects complement each other in creating an inclusive, equitable, and sustainable Islamic financial ecosystem. The success of this strategy is measured not only by increasing the number of customers, but also by the extent to which the institution is able to deliver economic and moral benefits to the wider community.

Empirically, the implementation of the four strategies above has contributed positively to increasing the Islamic financial inclusion index. Based on According to an internal survey and OJK data (2024), public participation in Islamic financial products increased from 9.1% (2021) to 13.7% (2024). This increase demonstrates that marketing strategies combining values, digitalization, partnerships, and community approaches are able to reach segments of society previously marginalized from the formal financial system. Another impact is increased Islamic financial literacy, especially among millennials and micro-entrepreneurs. Digital education, accompanied by religious and social narratives, strengthens awareness that Islamic financial transactions are not only about economics but also a manifestation of faith and social responsibility (*al-mas'uliyah al-ijtima'iyah*) (Fauzan, 2023). Therefore, this important issue becomes a shared concern.

CONCLUSION

Non-Bank Islamic Financial Institutions (LKSNB) play a strategic role in increasing financial inclusion in Indonesia, especially for grassroots communities that are difficult to reach by formal financial institutions. The findings of this study indicate that LKSNBs function not only as alternative financial service providers but also as agents of socio-economic empowerment based on Sharia values. Through products and services that prioritize the principles of honesty, justice, and welfare, LKSNBs are able to bridge the gap in financial access between the formal and informal sectors, in line with the research objective of identifying strategies for increasing equitable financial inclusion.

Theoretically, this study strengthens the concept of Islamic marketing, which is oriented towards ethical and spiritual values in financial services. Furthermore, the results of this study contribute to the development of a financial inclusion model based on the principles of *maqasid al-shariah*, which places moral, social, and welfare dimensions at the core of Islamic economic practices. This approach provides a new theoretical foundation for developing inclusive financial strategies that are oriented not only towards profit but also towards equitable distribution of economic benefits and improving social welfare.

From a practical perspective, the results of this study provide important

recommendations for LKSNB, policymakers, and regulators to strengthen the non-bank Islamic financial ecosystem. Possible efforts include improving Islamic financial literacy, strengthening regulations that support Islamic-based digital innovation, and collaborating with community leaders and educational institutions to expand service reach. For further research, it is recommended to conduct empirical tests on the effectiveness of LKSNB strategies in various regions or conduct cross-regional comparative studies to gain a deeper understanding of the success factors and challenges of implementing Islamic financial inclusion in Indonesia.

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