

UKT PAYMENT CONTRIBUTION TO THE EXISTENCE OF SHARIA BANKING

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ABSTRACT

Payment of UKT (Single Tuition Fee) by students at tertiary institutions in Indonesia has an important contribution to the existence and development of Islamic banking. UKT payments play a role in increasing the number of Islamic bank customers in Indonesia. UKT paid by students often involves the banking system to manage and distribute these funds. Many universities in Indonesia have collaborated with sharia banks to provide UKT payment facilities that comply with sharia principles. Through the involvement of Islamic banks in the UKT payment process, students tend to be more inclined to use Islamic banking products and services. Thus, UKT payments contribute to an increase in the number of Islamic bank customers in Indonesia. the use of funds from UKT payments can help the development of the Islamic economy in Indonesia. Funds collected from UKT payments can be used by Islamic banks to support Islamic economic activities, such as financing micro, small and medium enterprises (UMKM) in accordance with sharia principles. Through the utilization of these funds, Islamic banks can provide financial access to sharia-based business actors, thereby strengthening the Islamic economic sector in Indonesia. In addition, funds from UKT payments can also be used for sharia banking product development and innovation, increasing operational efficiency, and expanding the range of services.

Keywords: UKT Payment, Indonesian Sharia Bank, Existence

INTRODUCTION

Banks are financial institutions whose main activities are collecting money from the public and returning it to the community and providing other banking services (Kasmir, 2005). Islamic banking is banking based on sharia principles in running its business (Andrianto and M. Anang, 2019).

Before the existence of Islamic banking in Indonesia, people only used traditional banking. Conventional banks use practices prohibited by Islamic law. Islamic banking in Indonesia began with the establishment of Bank Indonesia in 1991. Its existence was strengthened by the issuance of Law no. 10 of 1998 which is a refinement of Law no. 10. 7 concerning Banking in 1992 which states that there are two banking systems in Indonesia, namely the conventional banking system and the Islamic banking system (Muhammad, 2011).

With the division of the banking system, many new banks and financial institutions have also emerged. This creates competition between conventional banking and Islamic banking. Therefore, Islamic banking must have a strategy that improves service quality in the face of intense competition. Because good service quality creates a good reputation in the eyes of society. Sharia banking must provide good service in accordance with sharia law and the teachings of the Prophet Muhammad SAW. Islamic banks must also be able to keep up with the times. The mission of Islamic banking is not only to collect money efficiently and effectively and direct it to the community, but also to provide quality services or services. The quality orientation is broadly customer satisfaction, which is the goal of both companies and banks (Al-Arif, 2010). Currently, many banks offer services and collaborate with universities or other educational institutions. For example, the A. Rivai branch of Bank Syariah Indonesia collaborates with the Raden Fatah State Islamic University Palembang. This is because the campus no longer accepts Single Tuition Fee (UKT) payments manually, so BSI provides UKT payment services to UIN Raden Fatah Palembang students. This is done to make it easier for universities and students to do business.

Cooperation must benefit both parties, this includes the meaning of cooperation, namely the concern of one person or party with another person or party, which is expressed in an activity that benefits all parties based on the principle of mutual trust, respect and the existence of regulatory standards. To achieve the goal of good cooperation, it must meet customer satisfaction factors, one of which is service quality. Five dimensions are used to measure service quality, namely physical appearance, reliability, responsiveness, assurance and empathy (Supranto, 2011).

This research is motivated by several factors such as the large number of UIN Raden Fatah Palembang students who pay UKT manually which causes several problems including students complaining about unsatisfactory bank services, visible queues that have piled up, making students wait. long and narrow waiting area and parking lot. Queue buildup can make the service or attitude of the bank unsatisfactory because they have to serve students in queues to pay UKT.

This article attempts to solve this problem by explaining the following two problems. The author tries to provide an explanation of the growth of Islamic banking and customer loyalty, so the author describes the formulation of the problem one by one:

1. What is the contribution of UKT payments to the increase in the number of Islamic bank customers in Indonesia?
2. What are the management challenges in maintaining the loyalty of students who pay UKT at Islamic banks?

RESEARCH METHOD

This research uses the library study method, this is done because literature sources are obtained from journals, research reports, information from print media, online, and other sources. The approach in this research uses descriptive qualitative. In this study, researchers seek to provide an overview of the influence of UKT payment contributions on the existence of Islamic banking.

RESULTS AND DISCUSSION

1. The Contribution of UKT Payments to the Increase in the Number of Islamic Bank Customers in Indonesia

Paying a Single Tuition Fee (UKT) is a significant financial responsibility for students and has an important impact on several aspects, including:

- 1) Higher Education Sustainability: UKT payments from students are the main source of income for higher education institutions. This financial contribution is important to maintain operational sustainability and institutional development. Consistent UKT payments from students help universities provide good educational facilities, infrastructure,

equipment, quality academic programs, and the development of teaching staff.

- 2) Access and Availability of Education: Payment for UKT also affects the accessibility and availability of education for students. Affordable tuition fees are an important factor in enabling students to access and obtain higher education. When students pay UKT, it gives them access to the facilities, resources, and educational opportunities provided by the institution. (Farida, 2012)
- 3) Quality of Education: UKT payments also play a role in influencing the quality of education students receive. Educational institutions that receive funding from UKT can allocate resources to improve teaching quality, curriculum development, research, facilities and educational infrastructure. Hence, timely and adequate payment of UKT by students helps in maintaining and improving the standard of education provided by the institution.
- 4) Personal Responsibility and Financial Education: The process of paying for UKT also has an impact on students' personal responsibility and financial education. Students learn about financial management, budget management, and financial responsibility as they manage their UKT payments. This helps them develop financial skills that will be important in their lives after graduation.
- 5) Ownership and Commitment: When students pay for UKT, they have a sense of ownership and commitment to their educational institution. They feel financially involved and have a stake in the success of the institution. This can increase the sense of identity, pride, and loyalty to the institution. (M.Fadholi, 2021)

The influence of students in paying UKT is very important for the sustainability and development of higher education institutions. Students' consistent and timely UKT payments help create a quality educational environment, ensure educational accessibility, and develop their personal finance skills. (Mulyadi, 2022)

The contribution of the Single Tuition Fee (UKT) payment to the increase in the number of Islamic bank customers in Indonesia may not be immediately apparent, but there are several factors that can play a role in increasing public interest in using Islamic banks.

- 1) Increased purchasing power of students: Affordable UKT payments through a fair and transparent system can help students manage their finances better. This can give impetus to students' economic growth, which in turn can increase their interest in using banking services.
- 2) Awareness of Islamic finance: UKT payments through Islamic banks can acquaint students with the principles of Islamic finance, such as the prohibition of usury (interest) and unclear transactions. By understanding these principles, students may become more interested in getting involved in a banking system that matches their beliefs.
- 3) Offer appropriate products and services: Islamic banks often offer products and services that suit the needs of people who want to follow Islamic finance principles. UKT payments through Islamic banks can introduce students to these products, such as Islamic-based savings, Islamic education financing, and Islamic insurance. If students are comfortable with the experience of using these products, they probably will consider using Islamic banking services further after completing their studies.
- 4) Social and environmental factors: Peer influence and social environment can also play an important role in the decision to use Islamic banking. If a large number of students pay UKT through Islamic banks and are satisfied with the service they receive, they will probably recommend Islamic banks to their friends. This can lead to a gradual increase in the number of Islamic bank customers.

However, it is important to remember that the contribution of UKT payments to the increase in the number of Islamic bank customers is not alone (Ana, 2022). Other factors such as Islamic finance education, product innovation, public trust, and supportive regulations can also affect the growth of the Islamic banking sector as a whole. Islamic banks are here as a new forum for Islamic financial institutions which are expected to develop rapidly along with the times. To realize the expectations of many people for sharia banking, of course, it must be supported by a sophisticated information system and technology. The progress of effective banking services should make it easier for users, if a system/service makes it difficult for users then the system will not be used because it is considered

complicated. Financial institutions and banking have developed along with advances in technology and information. Product innovation and banking services are continuously being upgraded for the convenience and convenience of its customers in making various transactions as well as in terms of marketing the services offered to make them more effective. (Hasibuan, 2022)

2. The Management Challenges in Maintaining the Loyalty of Students who pay UKT at Islamic Banks

Maintaining the loyalty of students paying UKT (Single Tuition Fee) through Islamic banks involves several management challenges. The following are some of the challenges that may be faced:

- 1) Awareness and Preference: Not all students have the same understanding of the Islamic financial system. Some students may not have sufficient understanding of Islamic banking or may have different personal preferences regarding the selection of a financial institution (Sandrina, 2018). This challenge can be overcome through education and raising awareness about the advantages and principles of Islamic banking. Availability of Facilities: Banking services and facilities offered by Islamic banks may not be as comprehensive or as extensive as those offered by conventional banks. Students may feel uncomfortable if they cannot easily access the services they need. In this case, Islamic banks need to continue to improve and develop their facilities to meet the needs of students.
- 2) Trust and Reputation: Some students may have doubts or uncertainties about the reliability or reputation of Islamic banks. They may question the financial stability or compliance of Islamic banks with Islamic principles. To overcome this challenge, Islamic banks need to build trust through transparency, consistency and compliance with sharia principles.
- 3) Competition with Conventional Banks: Students have the choice of using conventional banks or Islamic banks in paying UKT. Conventional banks often offer various incentives and benefits, such as reward programs or lower interest rates. Islamic banks need to innovate in offering competitive and profitable services for students so that they

continue to choose Islamic banks. (Haryanto, 2020)

- 4) **Customer Service:** Good customer service is very important in maintaining student loyalty. Islamic banks need to ensure that they provide responsive, efficient and friendly services to students. Challenges such as long waiting times, limited online services, or technical issues can impact student satisfaction. To overcome this challenge, Islamic banks can take several actions such as increasing education and awareness about Islamic banks, developing and improving banking facilities, building trust through transparency and compliance with Islamic principles, offering competitive services, and providing good customer service. In addition, collaboration with educational institutions to provide better information about the advantages and benefits of using Islamic banks can also be an effective strategy.

The following is a further explanation of these strategies:

- 1) **Increase Education and Awareness:** Islamic banks can collaborate with educational institutions to provide better information to students about the advantages and benefits of using Islamic banks. This can be done through seminars, workshops or other activities aimed at increasing students' understanding of Islamic banking principles and the benefits they offer.
- 2) **Developing and Improving Banking Facilities:** Islamic banks need to continue to develop and improve their banking facilities to suit the needs of students. This includes developing innovative banking technologies, increasing service accessibility through easy-to-use banking applications, and providing relevant products and services, such as savings accounts with special benefits for students. (Seanewati Oetama & Desy Herlina, 2017)
- 3) **Building Trust through Transparency and Compliance with Sharia Principles:** Islamic banks must maintain transparency in their operations and ensure compliance with Islamic principles. This can be done by providing clear information about the sharia principles followed by banks, as well as involving sharia experts in decision-making and bank supervision. Trust will be built when students feel confident that Islamic banks meet Islamic standards consistently.

- 4) **Offer Competitive Services:** Islamic banks need to offer products and services that are competitive with conventional banks. This involves providing competitive interest rates, reasonable transaction fees, and attractive additional features such as reward programs or special incentives for students. Thus, Islamic banks can attract students and encourage them to continue using their services.
- 5) **Providing Good Customer Service:** Islamic banks must prioritize good customer service. This includes training staff to be responsive, friendly, and helpful in addressing student needs and inquiries. Efficient handling and adequate solutions will give students a positive experience and help maintain their loyalty.

Collaboration with educational institutions in providing better information and a more targeted approach can be an effective strategy to broaden students' understanding and interest in using Islamic banks as their choice in paying UKT.

Collaboration with educational institutions is a very effective strategy in broadening students' understanding and interest in using Islamic banks. Here are some reasons why this partnership can be an effective strategy:

- 1) **Access to Students:** Educational institutions have direct access to the student population. By establishing partnerships, Islamic banks (trimulato, 2020). can access students effectively and provide better information about the advantages and benefits of using Islamic banks in paying UKT.
- 2) **Trust and Authority:** Educational institutions have trust and authority in providing information to students. Students tend to trust the information conveyed by their educational institutions. By getting support and recommendations from educational institutions, Islamic banks can build strong trust and credibility among students.
- 3) **Education and Extension:** Educational institutions have an important role in providing education and counseling to students. In cooperation with Islamic banks, educational institutions can include material on Islamic banking principles in the curriculum or organize counseling sessions involving Islamic banks. This helps increase students' understanding of Islamic banking and provides better information about its advantages and benefits.

- 4) **Network and Resources:** Educational institutions have extensive networks with students, faculty, and administrative staff. In cooperation with Islamic banks, educational institutions can utilize this network and resources to disseminate information about Islamic banks, hold promotional events or seminars, or provide direct access to Islamic bank representatives. This can help increase student interest in using Islamic banks.
- 5) **Institutional Support:** Collaboration with educational institutions also provides important institutional support for Islamic banks. By obtaining official support from educational institutions, Islamic banks can gain the trust of students, parents and other stakeholders associated with these educational institutions.

Overall, cooperation with educational institutions is an effective strategy in widening students' understanding and interest in using Islamic banks as their choice in paying UKT. By leveraging the network, resources and authority of educational institutions, Islamic banks can increase awareness, trust and use of Islamic banking services among students.

Single Tuition Payment (UKT) indirectly contributes specifically to the existence of Islamic banking. However, there are several ways in which UKT payments can have a positive impact on the development of Islamic banking in Indonesia:

- 1) **Increasing Demand for Islamic Financial Services:** With the payment of UKT, students receiving higher education have the opportunity to interact with financial institutions, including Islamic banking. Through this experience, they can become potential customers and contributors to the growth of Islamic banking in the future. UKT payments, which are directed at Islamic financial institutions, can help increase public understanding and awareness of Islamic banking principles, which in turn can increase demand for Islamic financial services. (SF. Oktarian, 2022)
- 2) **Development of Islamic Financial Institutions:** As higher education institutions, universities have a role in supporting the development of Islamic financial institutions. Funds from UKT payments can be used to develop study programs or research centers in the field of Islamic finance, which will produce graduates who understand Islamic banking

principles and can play a role in the industry (Rahman, 2020). In addition, universities can also establish partnerships with Islamic financial institutions for research, product development, or work experience programs for students, which will strengthen the existence and growth of Islamic banking.

- 3) Increase Availability of Human Resources in Islamic Banking: As a source of income, UKT payments can be used by universities to provide scholarships, work experience programs, or training focused on Islamic banking. This will help increase the number and quality of skilled and knowledgeable human resources in the Islamic banking sector. With the existence of quality human resources, Islamic banking can be better at providing quality services to customers, strengthening industry reputation, and developing innovations in Islamic banking products and services.

Although UKT payments have the potential to contribute to the existence and development of Islamic banking, it is also important to note that other factors such as government regulations, Islamic financial literacy, and public trust also play a key role in the development of Islamic banking in Indonesia.

CONCLUSION

The contribution of UKT payments to the increase in the number of Islamic bank customers in Indonesia? Maintaining the loyalty of students paying UKT (Single Tuition Fee) through Islamic banks involves several management challenges. This can be done through seminars, workshops or other activities aimed at increasing students' understanding of Islamic banking principles and the benefits they offer. Trust and Authority: Educational institutions have trust and authority in providing information to students. In addition, universities can also establish partnerships with Islamic financial institutions for research, product development, or work experience programs for students , which will strengthen the existence and growth of Islamic banking. Increasing the Availability of Human Resources in Islamic Banking: As a source of income, UKT payments can be used by universities to provide scholarships, work experience programs, or training focused on Islamic banking.

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