

THE FUTURE OF ISLAMIC BANKS IN INDONESIA: OPPORTUNITIES, CHALLENGES AND PROSPECTS

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ABSTRACT

This article discusses the opportunities, challenges, and prospects of Islamic banking in Indonesia. Indonesia is a country with the largest Muslim community in the world that has a dual banking and financial system consisting of Islamic and conventional banks. However, Islamic banking and financial institutions face several major challenges in Indonesia because the conventional financial system is more profitable. The research findings show that there are great opportunities in Indonesia for the development of Islamic financial banking because Muslim and non-Muslim communities are eager to take Islamic financial products and they are willing to spend their lives according to their religion. Bank authorities need to improve the information system and Islamic banking institutions are needed to work hard to survive and compete with the conventional banking system in the regulatory and supervision sectors in Indonesia.

KEYWORDS: *Islamic Banking, Opportunities, Challenges, Prospect*

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