

INDONESIAN HIGHER EDUCATION CONTRIBUTION TOWARD THE GROWTH OF ISLAMIC FINANCIAL INDUSTRIES: AN EARLY STUDY

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The emergence of Islamic banks and other financial institutions in Indonesia since 1990s has reveal significant growth and creating more job opportunities in the past decades. In the stakeholder perspective, Islamic finance offer a promising and more profound way to contribute in an honest way of conducting business as the world today needed, in terms of transparancy and full disclosure. Therefore, more experts and professionals in Islamic Finance are extremely needed nowadays. Regarding this matter, Indonesia suffers a prominent lack of human resources that mastering the Islamic Finance concepts. This is not a favorable condition and could force more foreign experts to come and occupy many related job opportunities existed. Therefore there is an urgent need to prepare a new education strategy to respond to this challenge. The objective of this study is to find out how well the preparation in Indonesia's higher education in establishing or enhancing the curriculum and research in Islamic financial educational system. As an early study, this research took 50 top universities in Indonesia based on Ranking Web of World Universities (Webometrics) in July 2011. By this research, it is hoped that further study of Islamic Finance concepts among academician and business practitioner will be increased as well as the awareness and promotion of the value-added within those concepts.

Keywords: Islamic Finance, Educational System.

1. Introduction

Indonesia commenced the development of Islamic finance through the establishment of Muamalat Bank in 1992. According to the Bank Indonesia, as the biggest Muslim populated country, Indonesia has the biggest potential market in developing monetary and Islamic banking industry. This tendency has shown by the high growth of the Industry, moreover, it is the highest compared to other nations that has the industry. However, the high growth is still considers small once it is compared to the huge market, which is available. Since the enactment of Act no. 21 of 2008 issued on July 16, 2008, the Indonesian Sharia banking and finance industry progress impressively.

In Economic Update (5 April 2011), 'Indonesia's Islamic banking institutions held more than \$11bn in assets as of the end of 2010, a steep increase on the \$7.7bn of the previous year. While this rate of growth represented an almost 50% increase, the total still only amounted to some 3% of the combined assets of the nation's banking sector. This is a far cry from the 20% of Malaysia's total banking assets held by that country's Islamic lenders, with Indonesia's Islamic banking assets equivalent to just 9% percent of Malaysia's in 2010, according to data released by the Indonesian central bank. Bank Indonesia forecast that Islamic lenders can expect to see asset growth of more than 50% this year, in part due to an increase in acceptance by clients. Islamic banking has emerged as one of the most rapidly expanding sectors in the nation's economy and is expected to play a significant role in the coming years, according to the report, with asset levels topping \$17.9bn by the end of the year.'

Based on data from Bank Indonesia (Tabel 1), as of May 2011 there are 11 Islamic Commercial Banks with 1,280 offices, 23 Conventional Banks with Islamic Business Unit with 298 offices and 153 Islamic Rural Bank with 299 offices spread across Indonesia. The data specify only to the Islamic banking sector, does not include the data from the Takaful or Islamic insurance, Islamic mutual funds and other sector-based Islamic finance.