

Strategic Positioning Of Islamic Banks In Constructing Brand Image To Strengthen Brand Equity

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Abstract: *Islamic banking in Indonesia has significant potential, supported by a large Muslim population and a strong regulatory framework. However, its market share remains stagnant compared to international benchmarks such as Malaysia and Saudi Arabia. This study aims to examine positioning strategies of Islamic banks in strengthening brand image to improve brand equity and to identify factors behind their limited growth. Using a descriptive qualitative approach, the research draws on literature reviews and secondary data from the Financial Services Authority, Bank Indonesia, and academic sources between 2019–2024. The findings reveal that the market share target of 20% in the Sharia Banking Roadmap 2020–2025 has not been met, with actual achievement only 7.72% in 2024. The shortfall is driven by weak product differentiation—for example, financing schemes and savings products that closely resemble conventional banks—along with underdeveloped digital platforms, relatively high financing margins, and low public awareness of sharia-based values. Compared with Malaysia's emphasis on digital innovation and Saudi Arabia's integration of Islamic banking into national identity, Indonesia still relies heavily on "riba-free" narratives. This study contributes by integrating positioning, brand image, and brand equity analysis while drawing international lessons. The implications highlight the need for halal lifestyle positioning, digital service transformation, and cross-sector collaboration to build stronger brand equity and accelerate market growth.*

Keywords: Positioning, Brand Image, Islamic Bank, Brand Equity, Marketing Strategy

JEL: M31, G21, L8

1. INTRODUCTION

The Islamic banking industry in Indonesia is widely regarded as one of the most promising financial sectors globally. With over 87% of the national population identifying as Muslim (BPS, 2023), Indonesia possesses immense potential as a primary market for financial products based on Sharia principles. This potential is further reinforced by a robust regulatory framework, including Law No. 21 of 2008 concerning Islamic Banking and the development blueprint issued by Bank Indonesia since 2002. A key milestone in this regulatory journey is the Sharia Banking Roadmap 2020–2025, designed as a strategic guide for the transformation of the industry toward inclusive and competitive Sharia finance (Bank Indonesia, 2020).

At the global level, the Islamic financial services industry has also exhibited remarkable growth. According to the Islamic Financial Services Industry Stability Report (IFSB, 2024), global Islamic financial assets reached USD 4.5 trillion in 2023, with the banking sector accounting for nearly 70% of this total. The Middle East, South Asia, and Southeast Asia remain the core markets. These facts underscore Indonesia's strategic position as a prospective hub for Islamic financial growth in Southeast Asia, supported by its demographic strength and enabling policy environment.

Nevertheless, the substantial potential has yet to be fully realized. Data from the Financial Services Authority (Otoritas Jasa Keuangan, 2024) reveal that Indonesia's Islamic banking market share increased only modestly from approximately 6% in 2019 to 7.4% by the end of 2024. This figure falls significantly short of the 20% target set forth in the 2025 roadmap, indicating a fundamental gap between market opportunity and actual industry performance.

One of the key barriers to accelerated growth is the weak brand equity of Islamic banks. Cahyono and others (2024) highlight that low brand equity is primarily attributed to inconsistent positioning strategies and a lack of product differentiation. Public perception of Islamic banks remains narrowly focused on the “riba-free” narrative, without deeper awareness of their competitive advantages, digital service quality, or value-added product innovations. The continued stagnation of market share at around 7.3–7.4% throughout 2024 (Bank Indonesia, 2020; Otoritas Jasa Keuangan, 2024) reinforces the severity of these challenges.

The Islamic Economic and Financial Review (Bank Indonesia, 2020) emphasizes the need to strengthen brand identity and ecosystem development as strategic pillars for achieving national roadmap targets. However, most existing literature discusses brand equity, brand image, or positioning in isolation and is often limited to domestic contexts. Very few studies have integrated these three concepts simultaneously, nor provided comparative insights with international best practices, particularly in the post-merger context of Bank Syariah Indonesia (BSI).

Therefore, this study addresses the gap by proposing a novel conceptual framework that integrates positioning, brand image, and brand equity, while benchmarking against Malaysia and Saudi Arabia. This approach also incorporates digital service innovation and halal lifestyle-based financial products. The novelty lies in offering a comprehensive post-merger perspective for BSI and generating practical insights for regulators and industry stakeholders in formulating brand repositioning strategies to accelerate the achievement of national roadmap targets.

2. LITERATURE REVIEW

2.1. Brand Image Theory

2.1.1. Concept of Brand Image

Brand image refers to consumers’ perceptions and beliefs about a brand, formed through their experiences, knowledge, and interactions with products or services. Keller (1993) explains that brand image is built through associations in the consumer’s mind, which can be functional, symbolic, or emotional.

In the context of Islamic banking, brand image is not only shaped by product and service attributes but also by religious values such as the prohibition of *riba* (usury) and support for real-sector development. Yuvita & others (2019) emphasize that a strong brand image significantly enhances consumer trust and loyalty toward Islamic banks. Similarly, Mukminin & Latifah (2020) highlight that brand image functions as a differentiator that strengthens consumer preference. Together, these studies suggest that while the concept of brand image is rooted in general marketing theory, in Islamic banking it requires additional integration of spiritual and ethical dimensions.

2.1.2. Dimensions of Brand Image in Islamic Banking

Rachmawati & Widana (2019) identify three main components that shape brand image in Islamic banking:

- (1) product attributes, including service quality and feature advantages,
- (2) consumer benefits, which highlight functional and emotional satisfaction, and
- (3) brand personality, which reflects spiritual values and social responsibility.

Saputra (2018) further asserts that these components play a pivotal role in distinguishing Islamic banks from conventional banks by linking financial services to faith-based values. Hamid & others (2023) strengthen this perspective by arguing that a positive brand image contributes directly to brand equity, particularly through brand awareness, perceived quality, brand associations, and customer loyalty. Thus, the theoretical framework on brand image must be contextualized within Sharia values to be effective in Islamic banking.

2.2. Brand Equity Theory

2.2.1. Classical Perspective on Brand Equity

Aaker (1991) defines brand equity as a set of brand assets and liabilities associated with a brand

name or symbol that can add to or subtract from the value of a product or service for both the company and the customer. The main elements of brand equity include brand awareness, perceived quality, brand associations, and brand loyalty.

While this model is highly influential, its applicability in Islamic banking is limited because it does not explicitly consider religious or ethical values. For example, in a Sharia context, trust, compliance, and spiritual alignment are crucial drivers that go beyond conventional measures of brand equity.

2.2.2. Brand Equity in Islamic Banking

Hamid & others (2023) develop Aaker's framework further by demonstrating how religious attributes such as compliance with Sharia principles and halal assurance strengthen customer loyalty in Islamic banks. In their findings, brand equity serves as a crucial instrument to build consumer preference, enhance retention, and improve competitiveness against conventional banks.

However, Otoritas Jasa Keuangan (2024) shows that in Indonesia, the implementation of brand equity remains suboptimal. Contributing factors include less competitive financing margins, weak digital transformation, and limited public understanding of Sharia principles. This suggests that while Aaker (1991) theory provides the foundation, its development in the Islamic banking context requires adaptation, as elaborated by Hamid & others (2023).

2.3. Positioning Theory

2.3.1. Concept of Positioning

Kotler & Keller (2016) define positioning as a company's effort to occupy a distinctive place in the minds of target consumers through clear differentiation and a unique value proposition.

2.3.2. Positioning Strategy in Islamic Banking

Andespa et al., (2024) argue that positioning strategies in Islamic banking must emphasize Sharia-based service advantages, including freedom from *riba*, support for sustainable economic development, digital innovation, and transactional convenience. Without such clear positioning, the unique advantages of Islamic banks become difficult to communicate, thereby weakening brand equity and lowering customer loyalty.

This shows that while general positioning theory provides useful foundations, its implementation in Islamic banking must integrate value-based communication rooted in Sharia principles to achieve competitive differentiation.

2.4. Sharia Banking Development Framework

The Blueprint for Sharia Banking Development (2002–2015) laid the foundation for strengthening Indonesia's Islamic financial industry. Building on this, the Sharia Banking Roadmap 2020–2025 sets a market share target of 20% through three main pillars: strengthening Sharia brand identity and image, accelerating service digitalization, and expanding the halal ecosystem (Bank Indonesia, 2020).

Nevertheless, Otoritas Jasa Keuangan (2024) reports that by 2024, the market share had only reached 7.72%. This underperformance underscores the urgent need for more aggressive positioning strategies to build stronger brand perception.

2.5. Research Gap

The literature review indicates that while classical theories such as Keller (1993) on brand image and Aaker (1991) on brand equity provide a strong foundation, their application in Islamic banking remains partial and requires contextualization. Studies by Hamid & others (2023) have advanced these theories by incorporating religious attributes, yet their findings remain limited to specific dimensions rather than an integrated framework.

Furthermore, Otoritas Jasa Keuangan (2024) and Cahyono and others (2024) reveal that Islamic banks in Indonesia still struggle with low public awareness, uncompetitive financing margins, and weak marketing communication. Few studies have attempted to integrate positioning, brand image, and brand equity simultaneously, let alone benchmark them against international best practices.

Therefore, this study aims to address this research gap by formulating effective positioning strategies that integrate brand image and brand equity, benchmarked against Malaysia and Saudi Arabia, to strengthen competitiveness and achieve the targets of the Sharia Banking Roadmap 2025.

3. METHOD

3.1. Data Type and Source

This study is conceptual and exploratory in nature, employing a descriptive-qualitative approach through a library research method. A qualitative literature review is considered sufficient because the research objective is to synthesize and critically analyze existing theories and practices on positioning, brand image, and brand equity in Islamic banking, rather than to empirically test hypotheses. This approach enables the identification of conceptual gaps and the formulation of a new integrative framework that can guide future empirical studies.

The analysis focuses on positioning strategies of Islamic banks in building brand image and enhancing brand equity. The data used are secondary data systematically selected based on the following inclusion criteria:

1. Academic publications indexed in Scopus, DOAJ, or at least Sinta 2 to ensure quality and credibility.
2. Official reports from Bank Indonesia (BI), Otoritas Jasa Keuangan (OJK), and international institutions such as the Islamic Financial Services Board (IFSB).
3. Articles and reports published between 2019 and 2024 to maintain relevance to the post-Bank Syariah Indonesia (BSI) merger context.
4. Publications in English and Indonesian, as both languages are commonly used in Islamic banking research in Indonesia.

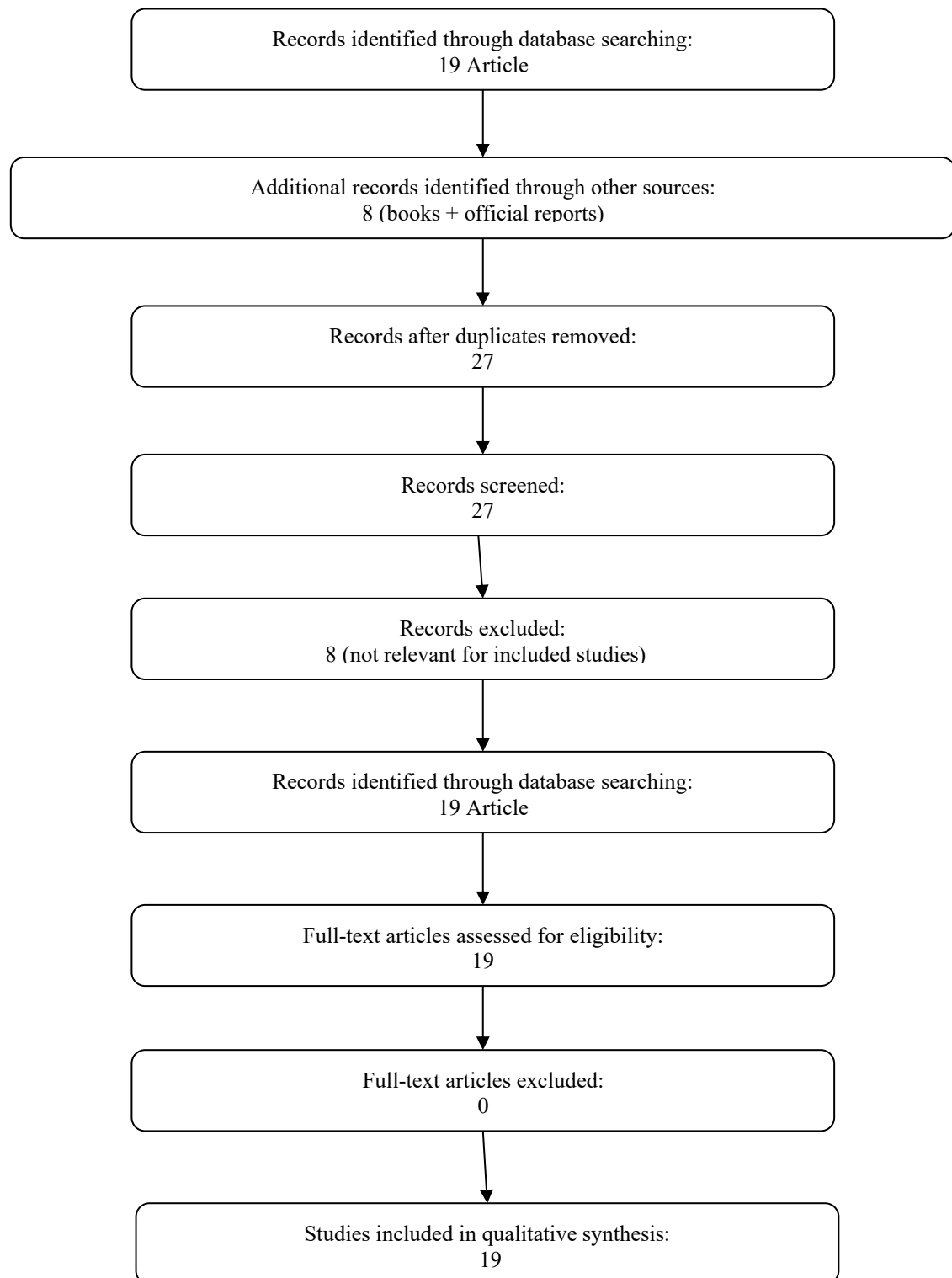
Meanwhile, the exclusion criteria consisted of:

- Non-academic sources such as blogs, news articles, or non-peer-reviewed papers.
- Studies outside the scope of Islamic banking or not directly related to brand image, positioning, or brand equity.
- Articles published before 2019 unless considered seminal theories (e.g., Aaker, 1991; Keller, 1993).

The literature selection followed the PRISMA systematic review framework, which consisted of four stages:

1. Identification of articles using keywords such as “Islamic banking,” “brand image,” “positioning strategy,” and “brand equity.”
2. Screening to remove duplicates and assess topic relevance.
3. Eligibility evaluation based on the inclusion and exclusion criteria described above.
4. Inclusion of final articles for analysis.

A PRISMA flow diagram was used to visualize the selection process and ensure transparency and methodological rigor.



Picture 1. PRISMA flow diagram (Page et al., 2021)

3.2. Research Object

The research object consists of concepts and strategies related to brand positioning and brand image in Islamic banking, as discussed in the selected literature.

Thematic synthesis was conducted using the Braun and Clarke framework, which involved:

1. Familiarization with the selected literature,
2. Initial coding of key findings,
3. Grouping codes into core themes (e.g., product differentiation, value-based communication

- rooted in Islamic principles, and digital innovation), and
4. Final synthesis to formulate strategic recommendations.

To ensure validity and reliability, findings were validated through source triangulation, comparing insights from academic studies, industry reports, and government policies to ensure accuracy and consistency in the analysis.

4. RESULTS AND DISCUSSION

Data from the Islamic Banking Statistics published by the Financial Services Authority (OJK) indicate a moderate increase in the market share of Islamic banking over the past five years. Starting at approximately 6.01% in 2019, the market share gradually rose to 7.72% by the end of 2024. This upward trend was accompanied by growth in total assets, which reached IDR 980.30 trillion in 2024. Table 1. Market Share and Total Assets of Islamic Banking in Indonesia, 2019–2024

Year	Islamic Banking Market Share (%)	Total Assets (in Trillion Rupiah)
2019	± 6,01	526,37
2020	± 6,51	602,09
2021	± 6,98	676,71
2022	± 7,17	758,86
2023	± 7,27	871,98
2024	± 7,72	980,30

Source: Processed by the authors from OJK Islamic Banking Data, 2019–2024.

This growth is considered insignificant, especially when compared to Bank Indonesia's Blueprint 2002–2015, which targeted a 15% market share by 2015—a goal that remains unmet. This phenomenon is particularly noteworthy given the merger of three major Islamic banks into Bank Syariah Indonesia (BSI) in 2021, which was expected to be a primary driver of market acceleration, yet failed to produce a significant increase in market share (Otoritas Jasa Keuangan, 2024).

- Factors Contributing to Weak Brand Image of Islamic Banks

The identification process revealed several key factors contributing to the weak brand image of Islamic banks:

1. Lack of product differentiation, where Islamic financial products are perceived as similar to conventional offerings without unique value.
2. Subpar service competitiveness, particularly in terms of digitalization, service speed, and accessibility.
3. Limited public understanding of sharia principles.
4. High-cost funding structure, resulting in elevated financing margins, especially for MSMEs.
5. Minimal government incentives to enhance the competitiveness of Islamic banks.

Discussion

Gap between targets and realization although the merger of three major Islamic banks into BSI in 2021 was expected to accelerate market penetration and enhance the industry's market share, outcomes by the end of 2024 indicate otherwise. BSI's market share reached only 7.72%, far below the 20% target outlined in the Sharia Banking Roadmap 2025. Multiple studies support these findings. Utami & others, (2022) noted that the merger reduced market competition based on the Herfindahl-Hirschman Index (HHI), accompanied by a decline in BSI's stock prices. These outcomes also reflect fundamental weaknesses in brand equity dimensions. Referring to Aaker (1991), low product differentiation and weak digital services undermine perceived quality, while limited public understanding reduces brand awareness and brand associations. From (Keller, 1993) perspective, the inability of Islamic banks to build a broader brand image beyond the “riba-free” narrative prevents the formation of strong customer-based brand equity. Thus, the stagnation of market share is not only a structural issue post-merger but also a direct consequence of fragile brand image and positioning strategies. Syamlan et al., (2023) similarly identified the post-merger market structure as oligopolistic, with a concentration ratio exceeding 79%, as indicated by HHI and the Melnik ratio. Musholikhodin et al., (2023) , using the Structure-Conduct-Performance (SCP) approach, found that internal financial

indicators such as ROA, NPF, BOPO, and FDR had no significant impact on BSI's market share growth, partly due to limited post-merger data. Inarawi et al., (2024) added that BSI's sharia compliance performance, as measured by the Maqashid Shariah Index, showed no substantial improvement compared to the pre-merger period, despite relative stability in the first two years of operations.

Positioning strategy to enhance brand image the analysis revealed that weak positioning strategies directly affect brand equity, as outlined in (Aaker, 1991) brand equity model, which emphasizes brand awareness, perceived quality, and brand associations as key pillars. These findings align with (Keller, 1993) customer-based brand equity theory, which identifies brand image as a crucial link between positioning strategy and consumer loyalty. Based on the findings, the following positioning strategies are recommended:

Table 2. Positioning Strategies for Islamic Banks

Aspect	Core Strategy
Product Differentiation	Focus on MSMEs, productive waqf, and halal lifestyle finance
Brand Communication	Public education based on sharia values such as justice and transparency
Market Segmentation	Target millennial Muslims, MSMEs, and digital-savvy consumers
Pricing Strategy	Implement margin subsidy schemes and profit-sharing-based contract innovations
Collaboration	Integrate with Islamic fintech and digital e-commerce ecosystems

Source: Processed by the author from various sources (Syahraeni et al., 2024; Mufti & Samsuri, 2022; Sudi, 2025; OJK, 2024; BI, 2020).

Positioning strategy refers to a deliberate and continuous effort to clearly establish a brand's unique value in the minds of consumers (Kotler & Keller, 2016). In highly competitive industries such as Islamic banking, which must contend with the dominance of well-established conventional banks, a robust positioning strategy is critical for differentiating products and services. By articulating a distinctive value proposition rooted in Islamic principles, banks can build a superior and sustainable brand image that not only appeals to Muslim consumers but also resonates with the broader market seeking ethical and inclusive financial solutions. According to (Aaker, 1991), an effectively defined brand position significantly influences core dimensions of brand equity, including brand awareness, perceived quality, brand associations, and ultimately customer loyalty. These dimensions serve as the foundation for long-term competitive advantage, making positioning strategy indispensable in driving market share growth.

Brand positioning plays a vital role in shaping consumer perceptions that directly affect brand equity. (Aaker, 1991) highlights that positioning is the foundation upon which brand identity and associations are built, while (Keller, 1993) emphasizes its role in fostering customer-based brand equity through consistent messaging and unique differentiation. In the context of Islamic banking, positioning is not merely about promoting sharia compliance but also about communicating superior service quality, innovation, and value-added solutions that address the evolving needs of diverse customer segments. Without a clear positioning framework, Islamic banks risk being perceived as offering undifferentiated products that mirror conventional offerings, thereby weakening their ability to attract new customers or retain existing ones. Establishing a strong and authentic brand narrative is thus essential for cultivating trust and loyalty in a highly competitive financial landscape.

Recent research underscores the critical link between positioning, product differentiation, and long-term competitiveness. (Syahraeni et al., 2024) demonstrated that integrating product differentiation strategies across the entire product lifecycle strengthens halal product quality and reinforces a value-based brand image. This integration allows Islamic banks to avoid the trap of price-based competition and instead focus on unique attributes rooted in Islamic ethics, customer service excellence, and innovative product design. Similarly, (Afif & Samsuri, 2022) highlight the importance of strategic collaboration with financial technology (fintech) firms, noting that enhanced digital distribution channels significantly improve financial inclusion for micro, small, and medium-sized enterprises (MSMEs) and digitally savvy consumers. By aligning differentiation strategies with effective positioning, Islamic banks can enhance their relevance across multiple market segments and maintain a durable competitive edge.

Digital transformation has become a central pillar in modern positioning strategies, particularly as consumer expectations shift in the digital era. Sudi (2025) stresses that Islamic banks must prioritize service digitalization, embed sharia principles into digital platforms, and provide educational initiatives on Islamic financial values to better engage millennial and Generation Z consumers. This demographic represents a significant portion of Indonesia's population and is more likely to adopt banking services that combine ethical considerations with technological convenience. Khudhori, K. U., & Hendri, L, (2021) further argue that the most effective collaborations between Islamic banks and fintech firms are those that adopt financing synergy models. These partnerships leverage fintech networks to reach previously untapped markets, expand distribution channels, and offer profit-sharing-based pricing schemes that align with Islamic banking principles. Such strategies not only enhance operational efficiency but also reinforce a brand's unique positioning in the minds of consumers.

Building a strong positioning strategy requires continuous innovation and adaptability in a rapidly changing financial landscape. Afif & Samsuri, (2022) emphasize the need for Islamic banks to conduct comprehensive SWOT analyses and integrate advanced technologies in product development and delivery to remain competitive. Positioning should evolve alongside market dynamics, with clear alignment between brand values, customer expectations, and technological advancements. Furthermore, successful positioning must go beyond simple differentiation; it should communicate a compelling narrative about how Islamic banks create value for society while maintaining financial performance. By adopting integrated strategies that combine product innovation, digital transformation, cross-sector partnerships, and value-driven brand communication, Islamic banks can strengthen brand equity, increase customer loyalty, and accelerate market share growth. These strategic imperatives are essential not only for competing with conventional banks but also for fulfilling broader industry objectives, such as those set out in the Sharia Banking Roadmap 2025.

Strategic Implications for Brand Equity Dimensions The relationship between positioning strategy and brand equity enhancement is evident in three key dimensions:

1. **Brand Awareness:** Can be increased through consistent educational campaigns and narratives emphasizing sharia values.
2. **Perceived Quality:** Grows in line with improved service quality and digital product excellence.
3. **Brand Loyalty:** Develops when customer experiences provide both functional and spiritual added value compared to conventional banks.

Altaf et al., (2017) highlighted that consistent brand awareness campaigns significantly contribute to consumer-based brand equity. Altaf et al., (2017) also emphasized that perceived quality is a core pillar in managing brand equity. Ab Hamid & others, (2023) demonstrated that religious attributes significantly enhance loyalty when customer experiences deliver superior spiritual and functional value. Consistent implementation of these three strategies is expected to accelerate the achievement of the Sharia Banking Roadmap 2025 targets set by Bank Indonesia.

International Comparative Study: Malaysia and Saudi Arabia Lessons from other countries can provide valuable insights for enhancing the positioning strategy of Islamic banks in Indonesia. Two relevant benchmarks are Malaysia and Saudi Arabia, both of which have significantly higher Islamic banking market shares. Malaysia excels in digital innovation and the development of halal lifestyle finance, while Saudi Arabia integrates Islamic banking into national policy and economic identity through Vision 2030. A comparative perspective shows that Indonesia can adopt Malaysia's approach, particularly its emphasis on digital innovation, fintech collaboration, and halal lifestyle financial products, since these align with Indonesia's demographic profile and regulatory flexibility. However, the Saudi Arabian model, which embeds Islamic banking into national identity and macroeconomic policy under Vision 2030, is less directly applicable in Indonesia's pluralistic and democratic context. This suggests that Indonesia must selectively adapt international best practices rather than replicate them wholesale, ensuring alignment with its socio-political and cultural environment.

In practical terms, several strategies are realistic for Islamic banks in Indonesia over the next 2–3 years. First, accelerating digital banking platforms tailored for millennials and Gen Z can significantly enhance brand awareness and service accessibility. Second, developing halal lifestyle financial products—such as sharia-based investment apps and waqf-linked savings—can strengthen product differentiation. Third, collaboration with fintech and e-commerce ecosystems will expand market outreach and increase inclusion of MSMEs. Combined with targeted communication campaigns on

transparency and justice, these steps provide actionable pathways to strengthen brand equity while moving closer to the Sharia Banking Roadmap 2025 targets.

Malaysia's experience demonstrates how digital innovation and cross-sector collaboration strategies can substantially drive market penetration. Jaafar et al., (2021) empirically showed that fintech ecosystem readiness, regulatory support, and integrated digital distribution channels are crucial to Malaysia's Islamic banking growth. Government policies such as tax incentives and halal lifestyle finance promotion, including Islamic e-wallets and halal startup financing, helped boost the Islamic banking market share to 46.6% (Bank Negara Malaysia, 2023). Compared to Indonesia's 7.72% at the end of 2024, this highlights significant gaps in digital adoption and proactive fiscal policy.

In contrast, Saudi Arabia incorporates Islamic banking into national identity narratives and long-term development plans under Vision 2030. Shalhoob, (2025) documented the use of artificial intelligence (AI) to enhance sharia compliance, while Nasreddine & Damak, (2025) from S&P Global Ratings highlighted massive growth in Islamic home financing and profit-sharing investments aligned with housing policy and strategic national projects. With a market share exceeding 80% (Sama, 2023), Saudi Arabia illustrates that successful positioning stems not only from product superiority but also from macro-policy support and the reinforcement of sharia identity as a national pride symbol.

These comparisons offer strategic lessons for Indonesia in formulating BSI's positioning. From Malaysia, Indonesia can emulate digitalization and halal ecosystem optimization to engage millennials and MSMEs. From Saudi Arabia, the key lesson lies in integrating macroeconomic policy and national identity into Islamic banking positioning. Currently, Indonesia's strategy remains focused on riba-free product differentiation without optimally leveraging halal lifestyle trends or national narratives. To achieve the 20% market share target in the Sharia Banking Roadmap 2025, Indonesia must expand its positioning beyond sharia compliance toward a value proposition that resonates with modern economic aspirations and aligns with national development visions.

5. CONCLUSION AND SUGGESTION

Main Findings

This study concludes that the market share of Islamic banking in Indonesia remains relatively low, reaching only 7.72% in 2024, far below the 20% target in the Sharia Banking Roadmap 2025. The analysis reveals that positioning strategies and brand image of Islamic banks are still weaker compared to conventional banks. Key challenges include limited product differentiation, suboptimal digital services, high financing margins, and low public understanding of Sharia principles.

Theoretical Implications

Drawing on Aaker's (1991) brand equity model and Keller's (1993) customer-based brand equity framework, the findings demonstrate that weak positioning strategies undermine core dimensions of brand equity—brand awareness, perceived quality, associations, and loyalty. This study extends the theoretical discourse by integrating positioning, brand image, and brand equity with international benchmarks (Malaysia and Saudi Arabia), offering a more comprehensive framework for understanding brand development in Islamic banking.

Practical and Policy Implications

For industry stakeholders, the study highlights the need to prioritize halal lifestyle financial products, target millennial and MSME segments, and accelerate digital transformation to enhance service accessibility. For regulators and policymakers, incentive-based policies are required to reduce financing margins, strengthen public education on Sharia principles, and promote cross-sector collaborations to expand the halal ecosystem. These strategies are essential for achieving the national roadmap targets and improving competitiveness against conventional banks.

Further Research Agenda

Future studies are recommended to empirically test the proposed positioning strategies using quantitative or mixed methods. Cross-country comparative research—particularly between Indonesia, Malaysia, and Saudi Arabia—would provide deeper insights into which strategies are most effective in different institutional and cultural contexts. In addition, further exploration of digital branding and fintech integration is necessary to understand their role in accelerating Islamic banking growth in Indonesia.

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