



Opportunities And Challenges of Indonesian Sharia Banking Digital Services for Hajj-Umrah in Saudi Arabia

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Abstract

Indonesia's growing Hajj and Umrah pilgrim population, along with a significant number of Indonesian expatriates in Saudi Arabia, has increased the demand for accessible and efficient Sharia-compliant financial services. The purpose of this paper is to analyze strengths, weaknesses, opportunities and threats (SWOT) Indonesian sharia banking digital services for Indonesian citizens in Saudi Arabia (Hajj and Umrah pilgrims as well as Indonesian citizens living in Saudi Arabia) and finally prioritizing strategies according to expert assessments, including experts, practitioners, regulators and stakeholders. Since SWOT analysis is unable to rank the strategies developed, an analytical network process method is applied to prioritize them according to expert judgment. The results are compared with the results of the Analytic Network Process (ANP). The results of this research analysis found that the SWOT analysis found strengths, weaknesses, threats and opportunities in Indonesian sharia banking digital services for Indonesian citizens in Saudi Arabia. The criteria tested are digital sharia banking services, sharia banking regulations, budget, human resources, infrastructure. The results of the ANP analysis found that regarding the criteria for aspects of digital sharia banking services in Indonesia for Indonesian citizens in Saudi Arabia, the indicator that is the main priority is infrastructure. Then, in the sub-criteria for the digital service aspect of sharia banks, the main indicator is mobile banking, the sub-criteria for sharia banking regulations is the MoU on sharia banking in Indonesia and Saudi Arabia. Furthermore, the main indicators in the budget sub-criteria are costs required in Indonesia, the HR sub-criteria are IT HR in sharia banking in Saudi Arabia, and finally in the infrastructure sub-criteria is infrastructure in Indonesian sharia banking.

Keywords: Digital Services; Sharia Banking; Hajj; Umrah; SWOT; ANP.

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1. Introduction

The implementation of the Hajj and Umrah pilgrimage, which was suspended for two years due to the Covid-19 pandemic, marks a significant event in modern history. Since the establishment of the Kingdom of Saudi Arabia in 1932, the Hajj pilgrimage has never been halted annually. The suspension of foreign pilgrims was an unprecedented occurrence in the past two centuries ([Khalife, 2020](#); [Chulov, 2020](#)). The closure of the Hajj and Umrah pilgrimage for two years, followed by its reopening in 2022, necessitates reforms in its implementation to prevent a similar crisis in the future. The pandemic has significantly affected various aspects, including religious, social, and economic dimensions ([Aishath Muneeza et al., 2021](#)).

The Covid-19 pandemic has also transformed financial industry services, including both Islamic and conventional banking, by accelerating the adoption of digital technologies ([Majid, 2022](#)). Research from McKinsey's 2021 Personal Finance Survey reported a significant rise in digital service usage, from 65% in 2017 to 88% in 2021 ([Nasir Tajul Aripin, Nur Fatwa, & Mulawarman Hannase, 2022](#)). The restriction on mobility due to the pandemic has driven digitalization in various business sectors, including Islamic banking ([Amrani & Nazab, 2020](#)). Three key aspects support the digitalization of Islamic banks: digital opportunities, digital behavior, and digital transactions ([Financial Services Authority, 2021](#)). The demand for digital banking services has elicited mixed responses: some stakeholders support it, some oppose it due to various concerns, and others remain neutral ([Haidar et al., 2022](#)).

Moreover, financial security issues persist, particularly among Hajj and Umrah pilgrims and Indonesian Migrant Workers (PMI) in Saudi Arabia. Cases of lost money during their stay or while remitting funds to Indonesia remain a concern. Reports indicate that as of January 11, 2008, there were 88 cases of lost money among Indonesian Hajj pilgrims, amounting to Rp. 298,103,500. The reported causes included pickpocketing (33%), fraud (9%), forgetfulness (5%), and other causes (60%) (Ministry of Religion, 2011). Locations where money was lost included mosques (45%), accommodations (8%), and other places (54%).

To support the financial ecosystem of Indonesian Hajj and Umrah pilgrims, Bank Syariah Indonesia (BSI), formerly BRI Syariah, signed a Memorandum of Understanding (MoU) with Al Rajhi Bank Malaysia on March 29, 2019, in Kuala Lumpur, Malaysia. Al Rajhi Bank, one of the largest Islamic banks in Saudi Arabia, collaborates with BSI to establish an Islamic Payment Gateway System to enhance financial transaction efficiency within the Hajj and Umrah industry. This initiative is expected to reduce transaction costs and improve processing speed compared to previous methods such as SWIFT, which required two to three days for transfers. Similarly, PT Bank Muamalat Indonesia Tbk entered into a remittance cooperation agreement with Al Rajhi Bank, including Indonesian language menu facilities at Al Rajhi Bank ATMs. This collaboration, formalized on December 12, 2018, in Kuala Lumpur, enhances financial transaction efficiency for Indonesian Hajj and Umrah pilgrims and affiliated travel agencies ([Indopremier, 2018](#)).

Despite these advancements, challenges remain, such as the absence of Al Rajhi Bank branches in Indonesia, which could further facilitate personal and business transactions for Hajj and Umrah travel operators. Additionally, the recent opening of a Bank Syariah Indonesia branch in Dubai, UAE, in May 2022 raises questions about why no branch has been established in Saudi Arabia, where the number of Indonesian customers is significantly higher ([Kompas, 2022](#)). Indonesian customers in Saudi Arabia comprise two major groups: Hajj & Umrah pilgrims and Indonesian citizens residing in Saudi Arabia, including official and non-official workers, students, and professionals ([Jumali & Fitriyani, 2024](#)). These groups require digitalized financial solutions for efficient and secure transactions, both in Saudi Arabia and for remittances to Indonesia.

Despite the significant role of digitalization in enhancing financial transactions, especially in the context of Hajj and Umrah pilgrims, existing studies have yet to comprehensively examine the effectiveness and challenges of digital banking services for Indonesian citizens in Saudi Arabia. Prior research has primarily focused on the broader impact of financial technology on Islamic banking ([Majid, 2022](#); [Amrani & Nazab, 2020](#)) without specifically addressing the unique needs of Hajj and Umrah pilgrims or Indonesian expatriates. This study aims to fill this gap by analyzing the strengths, weaknesses, opportunities, and threats (SWOT) of Indonesia's Sharia banking digital services for these groups. By incorporating expert evaluations from practitioners, regulators, and stakeholders, this research offers a novel strategic framework to enhance digital financial accessibility and efficiency in cross-border transactions, ultimately contributing to the development of a more inclusive and seamless financial ecosystem for Indonesian Muslims undertaking religious pilgrimages.

2. Literature Review

2.1 Digitalization of Sharia Bank Services

Sharia banking in responding to digitalization developments with the issuance of Financial Services Authority Regulation Number 12 /POJK.03/2018 concerning the Implementation of Digital Banking Services by Commercial Banks that Electronic Banking Services are services for Bank customers to obtain information, communicate and carry out banking transactions via media. electronic.

Digital banking services are electronic banking services developed by optimizing the use of customer data in order to serve customers more quickly, easily and according to customer needs (customer experience), and can be carried out completely independently by customers, taking into account security aspects. In another article it is stated that the bank provides Digital Banking Services which can be in the form of advanced products from Electronic Banking Services. Also in another article, the Digital Banking Services provided by the Bank are in the form of: a. account administration; b. transaction authorization; c. financial management; and/or d. other financial product services based on approval from the Financial Services Authority.

The Financial Services Authority (OJK) classifies digital banking services as follows: **(1) Internet Banking**, namely banking transactions, both financial and non-financial, carried out by customers using the internet network without coming to the bank; **(2) Phone Banking**, namely banking transactions carried out by customers via telephone, where the customer contacts the bank's contact center and the bank provides special staff who carry out customer transactions or automatic programs for customer transactions; **(3) SMS Banking**, namely banking transaction services carried out by customers via cellular telephone (cell phone) in Short Message Service (SMS) format. The customer sends an SMS to the bank's telephone number or uses the application installed by the bank on the customer's cellphone; **(4) Mobile Banking**, namely banking services that are accessed directly via cellphone, such as SMS banking, but have a higher level of sophistication. The bank collaborates with cellular operators, so that the Global for Mobile Communication (GSM) SIM Card (cellular chip card) has been installed with a special program to be able to carry out banking transactions.

2.2 QRIS & E-Wallets

Quick Response Code Indonesian Standard (QRIS) is the standardization of payments using the QR Code method from Bank Indonesia so that the transaction process using QR Codes becomes easier, faster and more secure. With QRIS, all payment applications from any provider, both bank

and non-bank, that are used by the public, can be used in all shops, traders, stalls, parking lots, tourist tickets, donations (merchants) with the QRIS logo, even though the QRIS provider at the merchant is different from the application provider. used. Indonesia has started connecting payment systems with a number of ASEAN countries. Starting Monday 29 August 2022 Indonesia and Thailand have implemented full implementation of the QR payment system connection. QRIS interconnection between countries will increase cost efficiency, so that business actors, especially MSMEs and tourism, can produce goods with competitive value in foreign markets. According to Bank Indonesia Governor Perry Warjiyo, Indonesia has received commitments from four ASEAN countries, namely Thailand, Malaysia, Singapore and the Philippines, to connect payment systems in the form of QR, fast payment, currency. The Central Banks of four ASEAN countries, namely Bank Indonesia (BI), Bank Negara Malaysia (BNM), Bangko Sentral ng Pilipinas (BSP), Monetary Authority of Singapore (MAS), and Bank of Thailand (BOT), have agreed to collaborate in realizing and supporting payments that are faster, cheaper, transparent and inclusive (www.bi.go.id, 2023).

Meanwhile, E-wallet is an electronic service that functions to store data and payment instruments. Users can save funds for financial transactions both online and offline. The e-wallet functions like a physical wallet for payments. Users can make cashless payments when they want to pay for food, cinema tickets, plane tickets and online shopping and others.

2.3 Bank Indonesia Regulations Regarding Digital Money

Bank Indonesia as the banking regulator in Indonesia has issued regulations regarding the use of digital money, namely Bank Indonesia Regulation Number 20/6/PBI/2018 concerning Electronic Money which has been in effect since May 4 2018. Where electronic money regulations are regulated by minimum paid-up capital, composition of share ownership, grouping of permits, additional paid-in capital, composition of ownership, grouping of permits, additional paid-in capital in line additional paid-in capital in line with the development of activities, as well as float fund management mechanisms. The licensing and approval for electronic money operations includes obligations and grouping of permits, general requirements and feasibility aspects, procedures for submitting and processing permits and approval applications, fit and proper assessments, controlling shareholders, permit evaluation, as well as licensing and approval policies. Meanwhile, the implementation of Electronic Money includes the implementation of risk management, information system security standards, processing of electronic money transactions in Indonesian territory, interconnection and interoperability, implementation of anti-money laundering and prevention of terrorism financing, application of consumer protection principles, implementation of electronic money activities, and implementation of Digital Financial Services (LKD).

This Bank Indonesia Regulation concerning Electronic Money revokes: (a) Bank Indonesia Regulation Number 11/12/PBI/2009 concerning Electronic Money; (b) Bank Indonesia Regulation Number 16/8/PBI/2014 concerning Amendments to Bank Indonesia Regulation Number 11/12/PBI/2009 concerning Electronic Money; and (c) Bank Indonesia Regulation Number 18/17/PBI/2016 concerning Second Amendment to Bank Indonesia Regulation Number 11/12/PBI/2009 concerning Electronic Money.

2.4 Fatwa of the Indonesian Ulema Council on Digitalization

Responding to innovations in the development of digital services by sharia banking and sharia finance, the National Sharia Council of the Indonesian Ulema Council (DSN-MUI) issued two fatwas related to digital services in sharia banking and sharia finance, namely the fatwa on Sharia Electronic Money and Information Technology Based Financing Services (IT) Based on Sharia Principles. Fatwa on Sharia Electronic Money (Fatwa No: 116/DSN-MUI/IX/2017) and Fatwa on Information

Technology-Based Financing Services Based on Sharia Principles (Fatwa No:117/DSN-MUI/II/2018) are a group of fatwas related to activities and products of sharia financial institutions (LKS) and sharia business institutions (LBS).

In the Fatwa of the Indonesian Ulema Council (MUI) No: 116/DSN-MUI/IX/2017, it is stated that electronic money is a means of payment that fulfills the following elements: first, it is issued based on the nominal amount of money deposited in advance to issuer, second, the nominal amount of money is stored electronically in a registered medium, third, the nominal amount of electronic money managed by the issuer is not a deposit as intended in the law governing banking, fourth, it is used as a means of payment to traders who are not is the issuer of electronic money. Sharia electronic money must comply with sharia principles. The contracts used can be wadi`ah contracts, qardh contracts, ijarah contracts, ju`alah contracts and wakalah bi al ujah contracts. Sharia electronic money must not contain riba, gharar, maysir and tadlis, riswah and israf. This fatwa regulates legal relations between the parties involved in electronic money transactions and the general principles that must be adhered to when carrying out electronic money transactions.

Another fatwa regarding technology-based services is the Fatwa of the Indonesian Sharia Council of the Indonesian Ulema Council No: 117/DSN-MUI/II/2018 concerning Information Technology-Based Financing Services Based on Sharia Principles. The fatwa is in the form of Information Technology Based Financing Services Based on Sharia Principles, namely the provision of financial services based on sharia principles that bring together or connect Financing Providers with Financing Recipients in order to carry out financing contracts through an electronic system using the internet network. The contracts used for this service are the ijarah contract, Musyarakah contract, Mudharabah contract, Qardh contract, wakalah contract and wakalah bi al-ujrah contract. This service must not contain usury Gharar, Maysir, Tadlis and Dharar.

2.5 Islamic Bank Regulations in Saudi Arabia

Islamic banking Saudi Arabia has 2 main regulations, namely the Bank Control Law (BCL) and the Sharia Governance Framework (SGF). The position of Islamic Bank in Saudi Arabia itself is included in the Directorate of Research & International Deputyship within the Saudi Arabia Monetary Authority (SAMA) organization. These regulations are as follows:

2.5.1. Bank Control Law (BCL, 1966)

Regulates all banking activities within the kingdom of Saudi Arabia and gives banking regulatory authority to the Saudi Arabia Monetary Authority (SAMA). BCL does not limit the bank's operational system in Saudi Arabia to Islamic only, but also to conventional banks in Saudi Arabia and provides freedom for conventional banks to also operate in the jurisdiction of Saudi Arabia.

2.5.2. Saudi Arabia Monetary Authority (SAMA, 2020)

Conventional banks that carry out Sharia business activities (Syariah Window) are required to have mechanisms and control systems to ensure the separation of sharia assets from non-sharia and must also fulfill three mandatory requirements: (a) Separation of Sharia business financial statements; (b) Separation of Sharia business bookkeeping; and (c) Periodic control by the audit work unit.

The Sharia Committee (SC), namely sharia supervision in Saudi Arabia, is fully the responsibility of the DPS. With the decentralized model, each DPS at each Sharia Bank and UUS has the authority to issue sharia compliance fatwas. Every fatwa issued by DPS only applies to the Sharia Bank and UUS. This is different from several other countries that have a National Sharia Board. The basis of fiqh is that from the legal aspect of fiqh there is no difference between Sharia Commercial

Banks and Sharia Business Units considering that BUS and UUS are strategies for running a business as long as the business complies with all sharia rules.

2.6 Infrastructure

Lack of supporting infrastructure is a significant barrier to financial access ([Allen et al., 2012](#); [Kimutai, 2015](#); [Zins and Weill, 2016](#)). Lack of infrastructure will give rise to other problems, such as high costs, distance barriers and lack of suitable financial products. Therefore, providing adequate infrastructure is critical to improving financial access, and hence, financial inclusion. Indicators for measuring infrastructure readiness include location, distance, branding ([Kimutai, 2015](#)), ATM penetration ([Allen et al., 2012](#)) and mobile banking ([Zins and Weill, 2016](#)). For example, [Abel et al. \(2018\)](#) found a negative correlation between distance and financial inclusion. The greater the distance between society and the financial center, the smaller the number of people who will be financially excluded.

2.7 Human Resources

Humans as an institution founded within the scope of sharia, the sharia financial industry is a special industry, which requires a set of special competencies and skills, such as understanding sharia and financial knowledge. Skilled staff will ensure that Islamic banking products and services are efficient without compromising Shariah principles. Insufficient knowledge and lack of human resource expertise, for example, will affect the quality of Islamic financial products in terms of Sharia compliance and efficiency levels ([Izhar, 2012](#)). ([Li et al., 2016](#)) and ([Zhou et al., 2018](#)) confirmed the influence of employee education on financial inclusion. Thus, [Wang and Liu \(2016\)](#) included workforce training as an input for measuring human capital.

2.8 Indonesian Customers in Saudi Arabia

Sharia bank customers are bodies or individuals who use or receive sharia bank facilities, either in the form of products or services. Sharia banks are inclusive business entities so that people from various religious backgrounds can become customers because they have a positive perception of the bank's services and products ([Pratiwi, et al., 2020](#)).

Indonesian customers in Saudi Arabia are entities related to Saudi Arabia, namely the Umrah Travel Organizing Company (PPIU) and the Special Hajj Organizing Company (PIHK). Usually every PIHK becomes a PPIU and not all PPIUs become PIHK because to become a PIHK there are certain requirements. The number of Umrah Travel Organizing Companies (PPIU) and Special Hajj Pilgrimage Organizers (PIHK) is following:

Table 2.1. Number of Company Customers

No	Information	Amount
1.	Umrah Travel Organizer (PPIU)	1793 companies
2.	Special Hajj Organizer (PIHK)	440 companies

Source : www.kemenag.go.id (accessed, 3 November 2022)

This is company data that is definitely related to Saudi Arabia because they are the company that organizes the Hajj and Umrah pilgrimages. This does not include import-export companies that transact trade with Saudi Arabia and companies that invest in Saudi Arabia or Saudi Arabian companies that invest in Indonesia.

Meanwhile, Indonesian customers who are individuals in Saudi Arabia as Hajj and Umrah pilgrims who are in Saudi Arabia for around 7-40 days, are also Indonesians whose purposes are business and tourism in Saudi Arabia. Apart from Indonesian Citizens (WNI) who live in Saudi Arabia

as official and non-official Indonesian Citizens, Indonesian Migrant Workers (PMI), Students and Students who are studying at universities and schools in Saudi Arabia.

Table 2.2. Number of Hajj and Umrah Pilgrims

NO	YEAR	HAJJ PARAGRAPHY	UMRAH JAMAAH
01.	2014	154,467 people	649,000 people
02.	2015	154,455 people	677,509 people
03.	2016	154,441 people	876,246 people
04.	2017	203,070 people	1,005,336 people
05.	2018	203,350 people	974,650 people
06.	2022	100,051 people	1,006,306 people
07.	2023	221,000 people	230,289 people
	Amount		

Source: www. Kemenag.go.id (accessed 31 July 2023)

Meanwhile, Indonesian citizens (WNI) who live in Saudi Arabia consist of Indonesian Migrant Workers (PMI), official Indonesian citizens, students and students, and others. Apart from official Indonesian citizens, there are also undocumented Indonesian citizens who are estimated to be much larger in number. They entered Saudi Arabia with various types of visas, namely work visas which then became illegal for various reasons. There are those who use Umrah visas and visit visas (pilgrimage) then settle and work in Saudi Arabia. In the working area of the Indonesian Consulate General in Jeddah, the majority of Indonesian citizens work in the domestic sector as household assistants and family drivers. There are also Indonesian citizens who are skilled, but their numbers are not large. They work in companies and agencies, such as cooks in restaurants, hotel employees, vehicle mechanics, and health workers in hospitals and others. (www.kemlu.go.id, 2022).

There are two Indonesian schools in the accreditation area of the Indonesian Consulate General in Jeddah in Saudi Arabia, from kindergarten to high school, namely the Indonesian School of Jeddah (SIJ) with a total of 1,103 students in the 2019/2020 academic year, and the Indonesian School of Mecca (SIM) with 374 students. students in the 2019/2020 academic year.

3. Methodology

This approach uses two interview methods with analysis *Strengths, Weaknesses, Opportunities and Threats (SWOT)* then the questionnaire was analyzed using the Analytical Network Process (ANP). The author conducted interviews with practitioners, experts, regulators and stakeholders as well as an ANP questionnaire to them. To ensure the credibility of the results, the authors selected respondents based on their experience in the field, as well as their perspectives that would complement the group as a whole.

The research was carried out descriptive qualitatively using the case study method. Interviews with experts, practitioners, regulators and stakeholders using the Analytic Network Process (ANP) as a measurement of the priority of several alternatives to objectives ([Saaty, 2005](#)). The method used in this research is the Analytic Network Process (ANP) approach.

ANP – a mathematical theory developed by Saaty in 1996 – as a new generation of analytical hierarchy process – to enable a single variable to handle dependencies and feedbacks systematically, which can capture and combine tangible and intangible factors. using a ration scale ([saaty, 2005](#)). ANP allows researchers to examine the complex interrelationships between decision levels and

attributes. The ANP approach replaces hierarchies with networks where relationships between levels are not easily reflected as higher or lower, dominated or dominated, direct or indirect (Lee, 2010). The ANP network is built based on clusters consisting of criteria and alternatives which are usually called nodes.

In the Analytic Network Process (ANP) methodology, the data used is primary data from the results of interviews (in-depth interviews) with experts, practitioners, regulators and stakeholders who have an understanding of the problems discussed. Followed by filling out the questionnaire at the second meeting with the respondent. Data ready to be processed in ANP are respondents' assessment variables regarding the problem that is the object of research on a numerical scale (Jarkasih, 2008). The selection of respondents was carried out using a purposive sample (intentionally) and the condition was that they were people who were experts in their field related to the topic of discussion. The respondents selected in this survey were Islamic economics experts or researchers, practitioners or professionals, regulators and stakeholders in the issue of digital sharia banking services in Indonesia for Indonesian customers in Saudi Arabia. The question is in the form of a pairwise comparison (comparing pairs) between elements in a cluster to find out which of the two has a greater influence (more dominant) and how big the difference is seen from one side. The 1-9 numerical scale used is a translation of the verbal assessment.

Table 3.1. Comparison of Verbal Scale and Numerical Scale

Verbal Scale	Numerical Scale
The impact is much greater	9
	8
The impact is much greater	7
	6
Greater influence	5
	4
Slightly bigger impact	3
	2
Just as big an influence	1

Source: Ascarya (2005)

The type of ANP used is general network ANP. The series is as follows:

Goal: Analysis of the need for digital sharia banking services in Indonesia for Indonesian citizen (WNI) customers in Saudi Arabia

Criterion I: Digitalization of sharia banking services

Sub Criteria I: * Internet Banking

- Telephone Banking
- SMS banking
- Mobile banking
- QRIS
- E Wallet

Criterion II: Sharia banking regulations

Sub Criteria:

- Sharia banking regulations in Indonesia
- Islamic banking regulations in Saudi Arabia
- MoU on sharia banking in Indonesia and Saudi Arabia

Criterion III: Budget

Sub Criterion III:

- Costs required in Indonesia
- Costs required in Saudi Arabia

Criterion IV: Human Resources (SDI) / Human Resources (SDM)

Sub Criterion IV:

- SDI / HR IT in sharia banking in Indonesia
- SDI / HR IT at Islamic Bank in Saudi Arabia

Criterion V: Infrastructure

Sub Criteria V:

- Sharia banking infrastructure in Indonesia
- Islamic banking infrastructure in Saudi Arabia

Alternative:

- Improvement of sharia banking IT infrastructure
- Strengthening Indonesia's bilateral relations with Saudi Arabia
- Financial regulatory support (OJK, BI, Ministry of Religion)
- Increasing IT human resources in Islamic banking in Indonesia and Saudi Arabia
- Increased budget

The author selected respondents based on their experience in the field, as well as their perspectives that would complement the group as a whole from regulators, practitioners, experts and stakeholders. From the regulator, the author met the Middle East Director of the Indonesian Ministry of Foreign Affairs, namely Bagus Hendraning Kobarsih, who was accompanied by the Minister Counselor of the Middle East Directorate, namely Safaat Ghofur, apart from that, the Director of Foreign Services of the Indonesian Ministry of Religion, namely Subhan Chalid, then the Hajj Finance Implementing Agency, namely Arif Mufraini. They are high-ranking officials in government agencies related to cooperation between Indonesian sharia banking and the Islamic Bank of Saudi Arabia.

From practitioners the author met *Head of HC Strategy and Development* Bank Muamalat Indonesia, namely Anton, then the Director of one of the Hajj and Umrah travel companies, namely Ahsanta Travel, namely Budi Firmansyah and the Head of BSI Institute, namely Luqyan.

From the expert informants, namely The IT expert who serves as Director of Information and Communication Technology is Heru Sutadi, then the Management of the National Sharia Council of the Indonesian Ulema Council (DSN MUI) is Yulizar Djamaluddin Sanrego.

Meanwhile, from the stakeholders, namely *Indonesian Islamic International School, Jeddah Saudi Arabian* namely Elly Warti Maliki, then the President of the Indonesian Saudi Business Council, namely Hasan Gaido, and the supervisor of the Asphorindo hajj travel association, namely Ahmad Yani. They are directly related to digital sharia banking services for Indonesian citizens in Saudi Arabia, both Hajj and Umrah pilgrims and Indonesian citizens who live in Saudi Arabia.

The following is a table of informants ANP:

Table: 3.2. ANP interview informant

No	Information	Institution	Name	Position
1.	Regulators (3 people)	1. Ministry of Foreign Affairs 2. Ministry of Religion 3. BPKH	1. Bagus Hendraning Kobarsih 2. H. Subhan Chalid Lc MA 3. Prof. Arif Mufraini Lc P.hd	1. Middle East Director 2. Director of Foreign Services 3. Implementing Body
2.	Practitioner (3 people)	1. Bank Muamalat 2. Hajj and Umrah travel 3. Bank Syariah Indonesia Institute	1. Anthony 2. H. Budi Firmansyah, LC MA 3. Dr. Luqyan	1. Head of HC Strategy and Development 2. Director 3. Director
3.	Expert (2 persons)	1. Indonesian Ulema Council 2. IT expert	1. Dr. Yulizar Djamaluddin Sanrego, MEC 2. Ir. Heru Sutadi Msi.	1. MUI DSN 2. Director of Information and Communication Technology
4.	Stackholders (3 people)	1. Indonesia Saudi Business Council 2. Indonesian Islamic International School, Jeddah Saudi Arabia 3. Asporindo (hajj and umrah travel association)	1. H. Muhammad Hasan Gaido 2. Dr. Elly Warti Maliki Lc MA 3. H. Ahmad Yani Lc	1. President 2. Director 3. Supervisor

4. Results And Discussion

4.1 SWOT Analysis

The application of the SWOT method to sharia economics is widely carried out by researchers such as Maizaitulaidawati Md Husin [And Razali Haron \(2020\)](#) which integrates SWOT analysis into a study of business risk exposure and takaful protection from an MSME perspective. These findings can expand the available knowledge about MSMEs, especially for businesses in the logistics industry. Such knowledge can also facilitate things for takaful operators interested in entering the market.

Besides that Md. Mahmudul Alam, Ala Eldin Awawdeh, [Azim Izzuddin Bin Muhamad\(2021\)](#) analyzed the e-wallet phenomenon using SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) to assess Malaysian business development. This is supported by findings from literature and secondary data. Relevant secondary data was collected from Bank Negara Malaysia and the World Bank.

In this research, after the informants filled out the ANP questionnaire, the author conducted interviews to explore further the analysis of strengths, weaknesses, opportunities and threats (SWOT) and the latest information regarding the opportunities and challenges of digital services. Indonesian sharia banking for Indonesian citizens in Saudi Arabia. It is hoped that we will receive complete and actual information about future conditions and progress.

If we discuss SWOT analysis, namely strengths, weaknesses, opportunities and threats, according to Hasan Gaido, President of the Indonesia Saudi Business Council:

"We have the largest population of Hajj pilgrims in the world as well as a very large number of Umrah pilgrims."

Apart from that, Yulizar D. Sanrego, who is the MUI DSN administrator, said:

"In principle, the MUI fatwa strongly encourages the digitalization of financial transactions, the fatwa of which we can see on the MUI DNS website, namely the Fatwa on Sharia Electronic Money (Fatwa No: 116/DSN-MUI/IX/2017) and the Fatwa on Information Technology-Based Financing Services Based on Sharia Principles (Fatwa No:117/DSN-MUI/II/2018) is a group of fatwas related to the activities and products of sharia financial institutions (LKS) and sharia business institutions (LBS).

When the author conducted an interview with Bank Muamalat Indonesia, the author interviewed with Agus Andripratma, Head of Islamic Business and SME at Bank Muamalat, said:

"Muamalat bank customers are quite satisfied with the debit cards issued by Muamalat bank which can withdraw cash at various ATMs in Saudi Arabia with fees that are considered relevant and can be used to pay for customer shopping while in Saudi Arabia."

Apart from that, the author also interviewed with Anton, Head of HC Strategy and Development Bank Muamalat who said:

"The BPKH program encourages young Hajj so that the number of Hajj pilgrims from the younger generation will increase and can balance with the elderly, where the younger generation will like digital even though they live in remote areas."

In terms of weaknesses, according to the Director of Foreign Services of the Indonesian Ministry of Religion, Subhan Chalid, said:

"Hajj pilgrims must be differentiated between regular Hajj pilgrims and plus Hajj pilgrims. The majority of regular Hajj pilgrims are middle to lower class people who come from rural areas and many are elderly with financial and intellectual abilities in the lower middle class so it is not possible to apply financial digitalization to them. "Meanwhile, Hajj plus pilgrims are upper middle class people with economic capabilities and upper middle education which allows them to use payments and other things digitally."

When the pilgrims arrived at Jeddah airport, they were given *living costs* (living costs) of 1,500 Saudi riyals. Which consists of 2 notes of 500 Saudi riyals and denominations of 100 Saudi riyals, 50 Saudi riyals, 20 Saudi riyals and 10 Saudi riyals. The living costs are aimed at the Hajj pilgrims' needs while they are in the holy land, apart from the meals that are provided 2 or 3 times.

Meanwhile, the opportunity is according to Heru Sutadi, who is an IT expert who owns a Research Institute called *Information Communication Technology (ICT)* say:

"If digitalization of financial and banking transaction services is to be carried out in Saudi Arabia, the first step is the need for sharia banking regulations between Indonesia and Saudi Arabia. If this has been agreed upon then the next step will be to provide infrastructure, human resources, budget, data security and others considering that this is cross-border."

He strongly encouraged the digitalization of financial transaction services in Saudi Arabia, saying:

"So far Quick Response Code Indonesian Standard (QRIS) applies to ASEAN countries such as Thailand, Malaysia, Singapore, the Philippines, where Indonesian people's trips to these four countries are still small compared to Saudi Arabia, so if you look at the number of Indonesian people who visit Saudi Arabia for the Hajj and Umrah and other countries, it should be an Arab country. "Saudi is prioritized compared to other countries, as Bank Indonesia opened a branch in the United States but this has not been done in Saudi Arabia, even though the government is currently encouraging a global sharia economy targeting Middle Eastern countries rather than other countries."

Then he continued:

"In digitalization there are no long distance obstacles, but the important thing is that the application in Indonesia matches the destination country. What is important is that there is an adequate network so that digitalization between countries can be carried out."

Meanwhile, in terms of threats, according to Safaat Ghofur, as Minister Counselor of the Middle East Directorate of the Ministry of Foreign Affairs:

"If we intensify digitalization, we have to be careful about how not too much of Indonesia's foreign exchange goes to Saudi Arabia while little of Saudi Arabia's foreign exchange goes to Indonesia, as happened with the Ministry of Religion which handed over around 7 trillion for the needs of Indonesian Hajj pilgrims to Saudi Arabia while financial transactions came from Arabia. "Saudi to Indonesia is still low, this is a challenge to balance Indonesia's foreign exchange to Saudi Arabia and Saudi Arabia's division to Indonesia."

Apart from that, according to Hasan Gaido, other challenges are:

"The high nominal amount applied by Saudi Arabia to open a banking branch in Saudi Arabia, the latest development that can open a branch in Saudi Arabia is that Bank Syariah Indonesia (BSI) has sent a letter to the Saudi Arabian Embassy in Jakarta to open a branch office in Saudi Arabia because of BSI has sufficient CAR according to the nominal required by Saudi Arabian regulations, while Muamalat Bank and others do not yet have funds of that amount so they do not have the ability to open a branch office in Saudi Arabia." The following is the SWOT Analysis table:

Table 4.1. SWOT Analysis

NO	SWOT	INFORMATION	SOURCE
1.	Strengths	<p>1. The largest population of Hajj pilgrims in the world is also accompanied by a very large number of Umrah pilgrims.</p> <p>2. Bank Muamalat customers are quite satisfied with the debit cards issued by Bank Muamalat which can withdraw cash at various ATMs in Saudi Arabia with fees that are considered relevant and can be used to pay for customer shopping while in Saudi Arabia</p> <p>3. BPKH program that encourages young Hajj so that the number of Hajj pilgrims from the younger generation will increase and can be balanced with the elderly, where the younger generation will like digital even though they live in remote areas.</p> <p>4. MUI strongly encourages the digitalization of financial transactions by issuing fatwas regarding the digitalization of financial transactions.</p>	<p>1. Hasan Gaido, President of the Indonesian Saudi Business Council</p> <p>2. Agus Andripratma, Head of Islamic Business and SME at Bank Muamalat.</p> <p>3. Anton, head of HC Strategy and Development Bank Muamalat</p> <p>4. Yulizar D. Sanrego, DSN MUI</p>
2.	Weaknesses	<p>1. The majority of regular Hajj pilgrims are middle to lower class people who come from rural areas and many are elderly, so digitalization of financial transactions is not possible.</p>	<p>1. Subhan Chalid, Director of Foreign Services of the Indonesian Ministry of Religion</p>

3.	Opportunities	<p>1. In digitalization there are no obstacles over long distances, but the important thing is that the application in Indonesia matches the destination country. What is important is that there is an adequate network so that digitalization between countries can be carried out without having to open a branch office in another country.</p> <p>2. To collaborate with Islamic banks in Saudi Arabia, you don't have to open one</p> <p>Indonesian sharia bank branches in Saudi Arabia or vice versa because it requires large costs, just how to integrate digital applications at sharia banks in Indonesia and sharia banks in Saudi Arabia, how can it become a unified Hajj ecosystem.</p> <p>3. Bank Muamalat is currently the one that received shares from BPKH so it has sufficient CAR and plans to open a branch office in Saudi Arabia.</p>	<p>1. Heru Sutadi, IT expert who owns a Research Institute called Information Communication Technology (ICT)</p> <p>2. Arief Mufraini, BPKH Implementing Body</p> <p>3. Anton, head of HC Strategy and Development Bank Muamalat</p>
4.	Threats	<p>1. Don't let too much of Indonesia's foreign exchange go to Saudi Arabia while little of Saudi Arabia's foreign exchange goes to Indonesia.</p> <p>2. The high nominal value applied by Saudi Arabian regulations to open a branch office in Saudi Arabia means that only Bank Syariah Indonesia (BSI) has CAR capabilities.</p>	<p>1. Safaat Ghofur, as Minister Counselor of the Middle East Directorate of the Ministry of Foreign Affairs.</p> <p>2. Hasan Gaido, President of the Indonesian Saudi Business Council and Luqyan Tamanni, Head of BSI Institute</p>

4.2 ANP Data Results

Since SWOT analysis is unable to rank the developed strategies, the analytical network process method is applied to prioritize them according to expert judgment and the results are compared with the ANP process.

Study Many researchers use the ANP method in finance, such as Shaaban, N., Nojavan, M. and [Mohammaditabar, D.\(2020\)](#) which examines operational aspects of the integration of social and commercial finance in the context of inclusive growth strategies investigating a fuzzy hybrid approach to rank flare gas recovery methods and allocate them to refineries. Besides that Tamanni, L., Indra, I., Syamlan, Y.T and Priantina, A.(2022) examines various forms and models of integration between Islamic commercial finance and social finance, including the problems that arise and solutions from each model to encourage inclusive economic growth, which then identifies strategies to be executed and validated by decision makers.

Then [Ali Asghar Abbassi Kamardi And Sina Sarmadi \(2020\)](#) explores the destructive influence of internationalization on SME employees with a hybrid multi-layer decision-making psychological-model solution. Also [Mahbubi et al \(2020\)](#) who conducted research to reveal the

determinants of Islamic financial inclusion in Indonesia used an analytical network process (ANP) to collect expert opinions and responses from academics, regulators and practitioners.

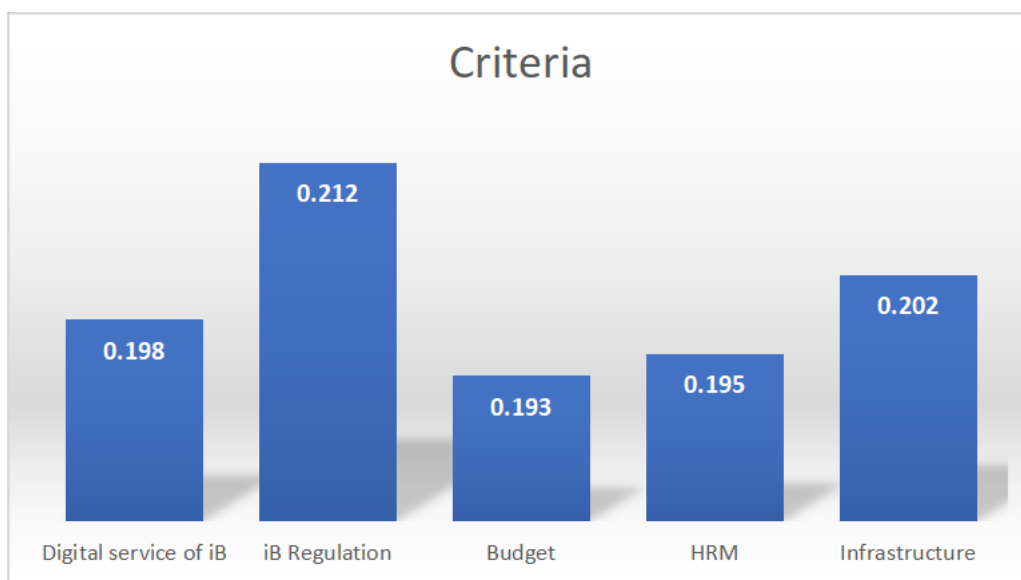
Therefore, it is important to carry out further analysis regarding the need for digital sharia banking services in Indonesia for Indonesian citizen customers in Saudi Arabia using ANP analysis.

4.2.1 Criteria

In this research about the opportunities and challenges of digital sharia banking services in Indonesia for Indonesian citizens in Saudi Arabia, the author created 5 aspects that were asked of the informants. The five criteria are: Digitalization of sharia banking services, sharia banking regulations, budget, Human Resources (SDM) / Human Resources (SDI) and infrastructure.

The ANP results for the five criteria are as follows:

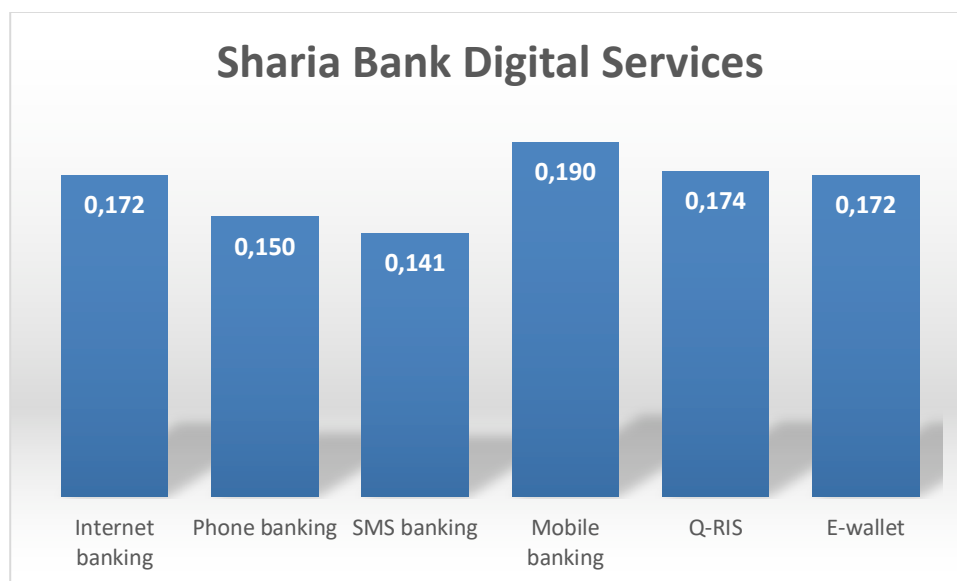
Table: 4.1. Criteria



Based on the picture above, there are five main indicators for the criteria for aspects of digital sharia banking services in Indonesia for Indonesian citizen customers in Saudi Arabia. The processing results found that aspects of sharia banking regulations with an average value of 0.212 were the main criteria or priorities in fulfilling digital sharia banking services in Indonesia for Indonesian citizens in Saudi Arabia. Then, followed by the infrastructure aspect with a value of 0.202, sharia banking digital services with a value of 0.198, HR with a value of 0.195 and finally the budget aspect with a value of 0.193.

4.2.1.1 Sharia Bank Digital Services

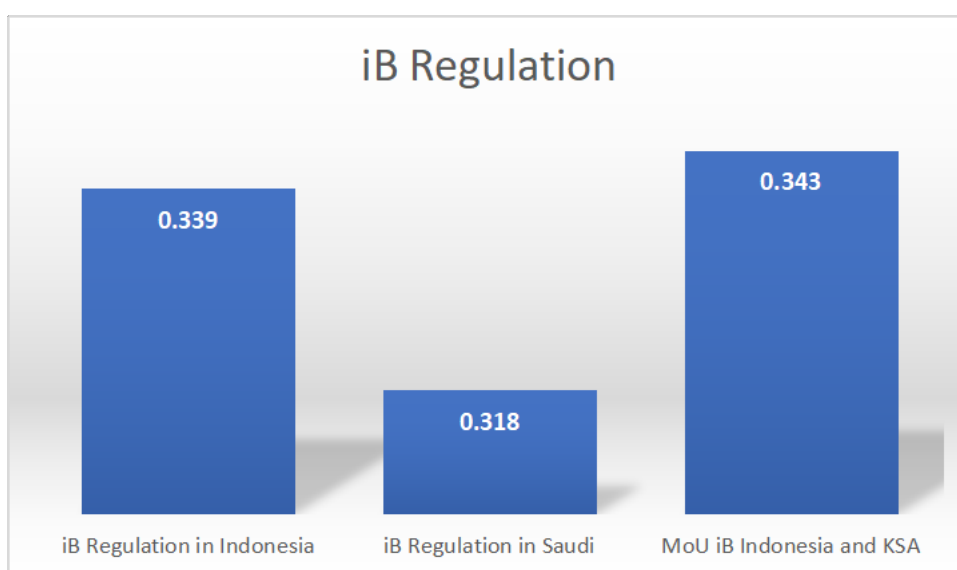
Table: 4.2. Sharia Bank Digital Services



Based on this figure, the criteria for digital sharia banking services in Indonesia for Indonesian citizens in Saudi Arabia are that sharia banking digital services are assessed based on 6 sub-criteria, namely 1) internet banking, 2) telephone banking, 3) SMS banking, 4) mobile banking, 5) Q-RIS, and 6) E-wallet. The processing results show that the indicators with the main priority in assessing the sub-criteria for sharia bank digital services are mobile banking (0.190), followed by Q-RIS (0.174), E-wallet (0.172), Internet banking (0.172), telephone banking (0.150), and finally SMS banking (0.141).

4.2.1.2 Sharia Banking Regulations

Table : 4.3. Sharia Banking Regulations

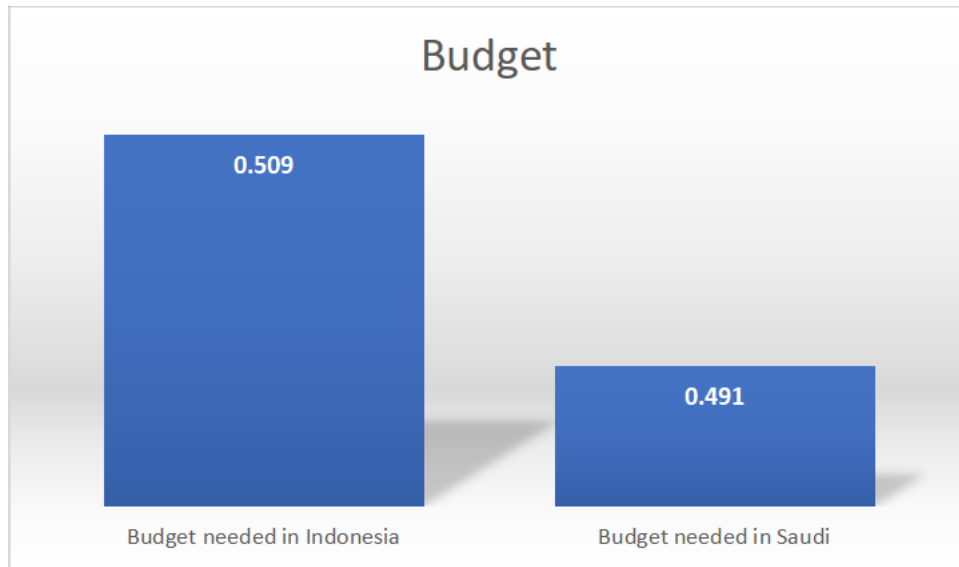


In the picture above, for the criteria for aspects of the need for digital sharia banking services in Indonesia for Indonesian citizens in Saudi Arabia, the sub-criteria for sharia banking regulations

are assessed from 3 indicators, namely 1) sharia banking regulations in Indonesia, 2) sharia banking regulations in Saudi, and 3) MoU on Islamic banking in Indonesia and Saudi Arabia. The processing results show that the main indicators in assessing the sub-criteria for sharia banking regulations are sequentially the MoU on sharia banking in Indonesia and Saudi Arabia (0.343), then sharia banking regulations in Indonesia (0.339), and sharia banking regulations in Saudi (0.318).

4.2.1.3 Budget

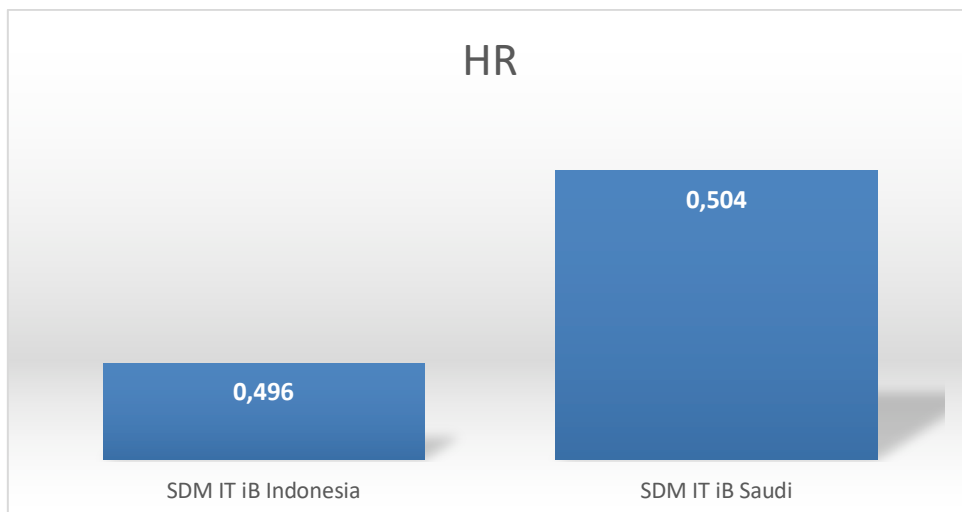
Table: 4.4. Budget



In the picture above, for the criteria for aspects of the need for digital sharia banking services in Indonesia for Indonesian citizens in Saudi Arabia, the budget sub-criteria is assessed from 2 indicators, namely 1) costs required in Indonesia, and 2) costs required in Saudi Arabia. The processing results show that the main indicators in the budget sub-criteria assessment are sequentially the costs required in Indonesia (0.509), then the costs required in Saudi Arabia (0.491).

4.2.1.4 HR

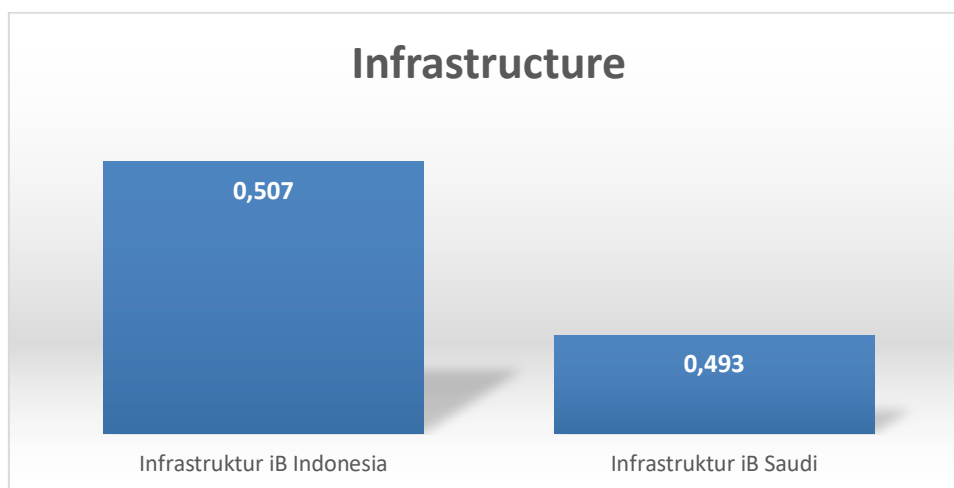
Table: 4.5. Human Resources



In the picture above, for the criteria for digital sharia banking services in Indonesia for Indonesian citizens in Saudi Arabia, the HR sub-criteria is measured from 2 indicators, namely 1) IT HR in Indonesian sharia banking, and 2) IT HR in sharia banking in Saudi Arabia. The processing results show that the main indicators in the assessment of HR sub-criteria are sequentially IT HR in sharia banking in Saudi Arabia (0.504), then IT HR in Indonesian sharia banking (0.496).

4.2.1.5 Infrastructure

Table 4.6. Infrastructure



In the picture above, for the criteria for aspects of the need for digital sharia banking services in Indonesia for Indonesian citizens in Saudi Arabia, the infrastructure sub-criteria is measured from 2 indicators, namely 1) infrastructure in Indonesian sharia banking, and 2) infrastructure in sharia banking in Saudi Arabia. The processing results show that the main indicators in the infrastructure sub-criteria assessment are sequentially infrastructure in Indonesian sharia banking (0.507), then infrastructure in sharia banking in Saudi Arabia (0.493).

4.3 Discussion of ANP Analysis Results

Based on the results of the analysis, several findings were obtained which can be used as a reference in policy making by related parties. First, the research results found that based on the criteria for aspects of digital sharia banking services in Indonesia for Indonesian citizen customers in Saudi Arabia, the indicator that is the main priority is the regulatory aspect. Regulation is the main aspect in digital Islamic banking services abroad to ensure legal certainty for stakeholders and provide confidence to the public in using Sharia Bank products and services (Baidhowi, 2018). Basically in Indonesia itself, the regulation of Islamic banking digitalization has been regulated through laws and regulations so that it touches the philosophical aspects as mandated by Article 33 paragraph (1) and (4) of the 1945 Constitution, which means that the growth of alternative banks, namely Islamic banks, can be enjoyed by the entire community (Azizah, 2021).

Apart from that, the use of financial technology that is in line with regulations is a good opportunity to improve the quality of sharia banking services for customer comfort and security. The application of financial technology also contains challenges for banking, such as the presence of financial technology giving rise to more varied financing models with lower costs and fast service, so that the role of banking institutions can be shifted. Therefore, the importance of regulations governing digital sharia banking services abroad is utilized to ensure digital sharia banking services operate in accordance with sharia principles and provide high quality services to customers while responding to the challenges posed by financial technology (Baidhowi, 2018; Azizah, 2021).

However, there are still several challenges faced in implementing Indonesian sharia banking digital service regulations abroad. [Yahya \(2021\)](#) explains that there are still many customers who may not fully understand the regulations and requirements for digital sharia banking services, making it difficult to ensure compliance. Additionally, the development of sharia fintech in Indonesia is still in its infancy, and there may be a lack of clear regulations and policies to guide the development of the sharia banking digital services industry in Saudi Arabia. [Baidhowi \(2018\)](#) also revealed that the presence of financial technology has given rise to more varied financing models with lower costs and fast service, so that the role of banking institutions can be shifted. Overall it can be concluded, the challenges of implementing Indonesia's sharia banking digital services regulations abroad, especially in Saudi Arabia, highlight the need for careful planning and collaboration between regulators, banks and other stakeholders to ensure digital sharia banking services are developed responsibly and sustainably.

The second important aspect of digital sharia banking services in Indonesia for Indonesian citizens in Saudi Arabia is infrastructure. One of the challenges faced by Islamic banks in digitalization is old infrastructure and technology ([Dharmayanti et al., 2024](#)). Therefore, improving infrastructure is very necessary to support the digitalization process. Another reason why the infrastructure aspect is very important in meeting digital service needs is that Islamic banks tend to carry out digital transformation due to competition and interference from new entrants and other Islamic banks. This is because competition and disruption cause Islamic banks to have to make changes and adapt to existing conditions. [Deloitte & Noortel \(2015\)](#) explains that as the digital services landscape and the Islamic economy continue to evolve at a tremendous pace, specialized services such as education, finance, and infrastructure development are becoming increasingly important.

[Louw & Nieuwenhuizen's \(2020\)](#) research explains that a digitalization strategy is very important for banks to remain competitive in the digital era. Traditional banks are facing increasing pressure to grow and retain their customer base due to the emergence of internet/digital-only banks that offer an alternative approach to facilitating online transactions and banking in the absence of physical branches. Mobile-optimized services were identified as a key digital business strategy, highlighting the importance of a mobile-first approach not only in traditional and digital banking service strategies, but also in digital business model formulation in general. Therefore, strong infrastructure is needed to ensure digitalization strategies are implemented effectively. Moreover, looking at a truly global economy and wide-scale digitalization of services, electronic banking is an important sector for development and progress due to changing technological and security constraints that not only help create new transactions and user experiences but also create new interaction methods, use cases, and security domains. The role of strong infrastructure is also really needed in this case to ensure e-banking security is maintained ([Sijan et al., 2022](#)).

Second, based on the aspect sub-criteria, the indicator with the main priority in assessing the sub-criteria for sharia bank digital services is mobile banking. Mobile banking enables Islamic banks to provide a better banking experience to customers while adhering to Islamic financial principles. The convenience and accessibility offered by mobile banking allows customers to access banking services anytime and anywhere using a smartphone or mobile device ([Sudarsono et al., 2022](#); [Alam et al., 2022](#); [Yaseen et al., 2022](#)). Mobile banking also offers a series of features and services that enhance the overall customer experience ([Sudarsono et al., 2022](#); [Alam et al., 2022](#)). It includes features like fund transfer, bill payment, account monitoring, and mobile commerce transactions ([Yaseen et al., 2022](#)). By providing these services via a mobile platform, Islamic banks can increase customer satisfaction and loyalty.

Furthermore, mobile banking plays an important role in encouraging financial inclusion, especially in areas with limited access to traditional banking services ([Unal & Aysan, 2022](#)). Islamic

banking, with its focus on ethical and inclusive finance, can leverage mobile banking to reach underserved communities and give them access to Islamic financial products and services. Mobile banking reduces the need for physical branches and manual processes, thereby saving costs for Islamic banks ([Samsudeen et al., 2020](#); [Johar & Suhartanto, 2019](#)). This also simplifies banking operations and transactions, making them more efficient and less time consuming. Overall, mobile banking is very important in digital Islamic banking services because it provides convenience and easy access, enhancing customer experience, driving financial inclusion, and improving operational efficiency.

Third, the main indicator in assessing the sub-criteria for sharia banking regulations is the MoU on sharia banking in Indonesia and Saudi Arabia. A banking Memorandum of Understanding (MoU) is very important in the banking regulatory aspect when wanting to collaborate with external parties. Banking MoUs are an important tool in regulating cross-border banking cooperation by ensuring compliance with regulations, transparency, protection of interests, effectiveness of cooperation, and agreement in resolving problems. This supports the development of strong and mutually beneficial relationships between banking institutions from various countries. As explained by [Remolina \(2019\)](#), the banking MoU provides a legal framework for cooperation between banks in various countries. This outlines the terms and conditions of cooperation, including the responsibilities of each party, the scope of cooperation, and legal and regulatory requirements that must be met. The banking MoU also helps ensure that banks comply with the regulatory requirements of both countries. This helps prevent money laundering, terrorist financing and other financial crimes by establishing a framework for information exchange and cooperation between regulatory authorities.

Furthermore, [Remolina \(2019\)](#) also stated that banking MoUs help banks manage risks associated with cross-border cooperation. This helps identify and mitigate risks related to legal and regulatory compliance, operational risks and reputation risks. On the other hand, the existence of a banking MoU can facilitate cross-border transactions by building a framework for information exchange and cooperation between banks. This can help reduce transaction costs and increase efficiency by simplifying processes and procedures.

Fourth, the main indicator in assessing the budget sub-criteria is the costs required in Indonesia. [Kasri et al \(2022\)](#) explain that building digital sharia banking services abroad involves risks related to cyber security, fraud and other operational risks. These risks require investment in risk management activities, such as risk assessment, risk mitigation, and risk monitoring. Therefore, the costs required in Indonesia are very important if Indonesia wants to open digital sharia banking services abroad. Additionally, building digital banking services requires large infrastructure investments, including hardware, software and network infrastructure. These costs can be substantial and need to be factored into the budget when planning to open digital Islamic banking services abroad ([Ambrose et al., 2020](#)).

[Yusron & Suryandari \(2022\)](#) explained that marketing costs are also an important consideration when opening digital sharia banking services abroad. Effective marketing is essential to attract customers and build brand awareness. Marketing costs can include advertising, public relations, and promotional activities. Additionally, regulatory compliance is an important aspect of banking, and this can become very complicated when operating in many countries. Compliance costs can include legal fees, regulatory fees, and compliance-related staff costs. Furthermore, according to [Louw & Nieuwenhuizen \(2020\)](#) human resource costs are also an important consideration when opening digital sharia banking services abroad. Skilled personnel are required to develop and maintain digital banking services, and these personnel may be expensive to hire and retain. Technology costs are also another important consideration when opening digital Islamic banking services abroad. The costs of developing and maintaining digital banking services can be substantial and need to be factored into the budget ([Ambrose et al., 2020](#)).

Fifth, the main indicator in the HR sub-criteria assessment is IT HR in Islamic banking in Saudi Arabia. This is supported by a statement from [Firdiansyah \(2021\)](#) that optimizing human resource management is important to ensure that human resources in sharia banking are utilized effectively. This includes aligning the development and development of available resources with the needs of the digital banking industry. [Hasan \(2020\)](#) also stated that human resources are important in supporting the performance of sharia banking in Indonesia. This includes developing skilled human resources, including IT professionals, bankers and customer service representatives, to ensure digital banking services are developed, implemented and maintained effectively.

Finally, the main indicator in assessing the infrastructure sub-criteria is infrastructure in Indonesian sharia banking. Infrastructure improvements are very necessary to support the digitalization process. The landscape of digital services and the Islamic economy continues to develop at an extraordinary pace, with specialized services such as education, finance and infrastructure development becoming increasingly important ([Deloitte & Noortel, 2015](#)). For this reason, improving Indonesian sharia banking infrastructure must be prioritized first when banks want to improve digital sharia banking services in Saudi Arabia. This is because infrastructure development is important to ensure digital sharia banking services are reliable, safe and user friendly ([Kasri et al., 2022](#)). This includes investment in technology.

Based on the results, regulations are the most important thing in Hajj fund management. This has implications for the importance of government support, especially regarding rules and regulations. Hajj fund management in Indonesia is regulated under the framework of Islamic principles and managed primarily by the Hajj Financial Management Agency (BPKH), the Hajj Financial Management Agency. This body was established to ensure transparency, accountability, and optimization of Hajj funds for the benefit of Indonesian pilgrims. Indonesia's regulatory framework for Hajj fund management aims to uphold the principles of Islamic finance, transparency, and efficiency. BPKH plays a pivotal role in ensuring that the funds collected are utilized effectively for the benefit of the pilgrims while safeguarding their sanctity and integrity. **Implications**

The findings of this study offer practical implications for stakeholders in both Indonesia and Saudi Arabia, considering the unique local challenges and opportunities that shape the digitalization of Islamic banking in each country.

In Saudi Arabia, regulatory challenges remain a significant hurdle despite the country's strong financial sector transformation under Vision 2030. While the Saudi Central Bank (SAMA) has introduced fintech-friendly regulations, the adaptation of digital banking within Islamic financial institutions is still constrained by the need for deeper Shariah compliance integration, cross-border transaction facilitation, and digital identity verification under Islamic law. Additionally, the dominance of large, state-supported banks creates barriers for smaller Islamic fintech firms attempting to penetrate the market. Addressing these regulatory gaps requires a more localized policy approach that considers the operational complexities of digital Islamic finance in Saudi Arabia, ensuring that fintech and digital banking solutions align seamlessly with Shariah principles while also meeting consumer expectations for speed and accessibility.

In Indonesia, the regulatory landscape is more accommodating to digital banking expansion, as reflected in the Financial Services Authority's (OJK) Blueprint for Digital Banking Transformation. However, digital literacy and financial inclusion remain significant challenges, particularly in rural and underserved Muslim-majority areas. Unlike Saudi Arabia, where Islamic banking is deeply embedded in the mainstream financial system, Indonesia still faces a competitive gap between Islamic and conventional banking. Many customers remain hesitant to transition to digital Islamic banking due to trust issues, limited product differentiation, and gaps in financial education. Therefore, regulatory and industry stakeholders must focus on enhancing public awareness campaigns, strengthening collaborations between Islamic banks and fintech firms, and investing in

digital infrastructure that improves accessibility for Indonesia's unbanked and underbanked populations.

While mobile banking was identified as a crucial driver of Islamic banking digitalization, the study did not fully explore the role of customer experience in ensuring successful adoption. In Saudi Arabia, customers expect seamless and sophisticated digital services, given the country's high smartphone penetration and well-developed digital economy. However, local consumer behavior trends suggest that high-net-worth individuals and corporate clients may still prefer traditional banking channels due to trust and security concerns. This calls for a more nuanced approach to digital customer engagement, integrating AI-driven advisory services, real-time Shariah compliance validation, and multilingual digital banking interfaces catering to the expatriate Muslim population.

In contrast, Indonesian consumers, particularly in emerging urban areas, prioritize ease of use and affordability over technological sophistication. The success of digital Islamic banking in Indonesia will depend on how well financial institutions can simplify onboarding processes, ensure reliable customer support in local languages, and develop user-friendly mobile banking applications. Enhancing customer experience through localized, culturally relevant digital banking solutions can help bridge the digital divide and increase consumer confidence in Islamic banking services.

5. Conclusion

This research aims to analyze the strengths, weaknesses, opportunities and threats (SWOT) of Indonesian sharia banking digital services for Indonesian citizens in Saudi Arabia. Then, the SWOT results are compared with the ANP analysis. The results of the SWOT research can be concluded that the strength of Indonesia's digital sharia banking services for Indonesian citizens in Saudi Arabia, namely, the largest population of Hajj and Umrah pilgrims in the world, Muamalat bank customers are quite satisfied with the debit cards issued by Muamalat bank which can be withdrawn. cash at various ATMs in Saudi Arabia, the BPKH program which encourages young pilgrims, and the MUI strongly encourages the digitalization of financial transactions by issuing a fatwa on the digitalization of financial transactions. Then, in terms of weaknesses, the majority of regular Hajj pilgrims are lower-middle class people who come from rural areas and many are elderly, making it impossible to digitize financial transactions for them.

In the opportunity aspect, namely digitalization, there are no long distance obstacles, Saudi Arabian sharia banks do not have to open Indonesian sharia bank branches in Saudi Arabia or vice versa. The important thing is that there is an application that can synchronize between Indonesia and Saudi Arabia. Apart from that, Bank Syariah Indonesia will open a branch in Saudi Arabia in 2024 and Bank Muamalat will receive shares from BPKH so that it has sufficient CAR to plan to open a branch office in Saudi Arabia. Furthermore, the threat aspect is not to let too much of Indonesia's foreign exchange go to Saudi Arabia while Saudi Arabia's foreign exchange is still small to Indonesia, and the high nominal value applied by Saudi Arabian regulations to open a branch office in Saudi Arabia so that only Bank Syariah Indonesia (BSI) has CAR capabilities.

Furthermore, the results of the ANP analysis concluded that based on the criteria for aspects of the need for digital sharia banking services in Indonesia for Indonesian citizen customers in Saudi Arabia, the main priority indicator is infrastructure. Then, in the aspect sub-criteria, the indicator with the main priority in assessing the sub-criteria for Islamic bank digital services is mobile banking. The main indicator in assessing the sub-criteria for sharia banking regulations is the MoU on sharia banking in Indonesia and Saudi Arabia. Furthermore, the main indicators in the budget sub-criteria are costs required in Indonesia, the HR sub-criteria are IT HR in sharia banking in Saudi Arabia, and finally in the infrastructure sub-criteria is infrastructure in Indonesian sharia banking.

Based on the results of this research, recommendations that can be given to related parties, namely regulators, are expected to work together to consider regulations that support cross-border digital financial transactions. OJK and Saudi Arabian financial regulators can support the

development and implementation of an MoU that allows cooperation between Indonesian and Saudi Arabian sharia banks in terms of digital banking services for Indonesian citizen customers. Sharia banks in Indonesia can also collaborate with sharia banks in Saudi Arabia to strengthen digital banking services for Indonesian citizens. Sharia banks need to continue to innovate in developing digital services that are more suited to customer needs and preferences. Furthermore, The Indonesian government can provide support to the Hajj Financial Management Agency (BPKH) and Bank Muamalat in their efforts to expand digital sharia banking services. International financial institutions and Islamic organizations can support collaboration between member countries in developing digital sharia banking services. This can involve providing technical assistance, developing global standards, and advocating for sharia economic and financial interests.

For academics, universities and related educational institutions in Indonesia and Saudi Arabia can contribute to human resource development with a focus on financial technology, IT infrastructure and sharia banking regulations. Specialized training programs and courses can help improve the competence of professionals in this sector. Academics can continue more in-depth research related to aspects of technology, regulation and development of digital sharia banking services. The results of this research can be a guide for making strategic decisions in developing better services.

Authors Contribution Statement

Conceptualization: Sri Sabbahatun

Data curation: Sri Sabbahatun

Formal analysis: Sri Sabbahatun

Investigation: Sri Sabbahatun,

Methodology: Sri Sabbahatun, Aam Slamet Rusydiana

Project administration: Sri Sabbahatun

Writing-original draft: Sri Sabbahatun

Writing-review & editing: Sri Sabbahatun, Muhammad Said, Muhammad Cholil Nafis

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