

THE ISLAMIC ECONOMIC PERSPECTIVE ON BRANCHLESS BANKING

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ABSTRACT - Bank Indonesia (BI) launched Branchless Banking, also known as Non-Branch Banking Services. In other words, Branchless Banking offers limited payment services not conducted at a bank's physical office. This study aims to enhance financial inclusion by reaching people living in remote areas or those without easy access to physical bank branches. Branchless Banking has great potential to improve financial inclusion and provides conventional banks broader access to the population, especially in remote regions. Branchless Banking can deliver financial services that are easy, fast, and effective, supporting the principles of justice, transparency, and mutual benefit, which are essential in every Islamic economic transaction.

Keywords: Branchless Banking, Islamic Economic Perspective

ABSTRAK – *Pandangan Ekonomi Islam Terhadap Branchless Banking.* Bank Indonesia (BI) meluncurkan Branchless Banking, juga dikenal sebagai Layanan Tanpa Kantor Cabang. Dengan kata lain, Branchless Banking menawarkan layanan pembayaran terbatas yang tidak dilakukan di kantor fisik bank. Tujuan dari konsep ini adalah untuk meningkatkan inklusi keuangan dengan menjangkau orang-orang yang tinggal di daerah terpencil atau tidak memiliki akses yang mudah ke kantor bank fisik. Branchless banking memiliki potensi besar untuk meningkatkan inklusi keuangan dan memberi bank konvensional akses yang lebih luas kepada masyarakat, terutama di wilayah terpencil. Branchless Banking dapat memberikan layanan keuangan yang mudah, cepat, dan efektif untuk mendukung prinsip keadilan, transparansi, dan kemaslahatan bersama yang sangat penting dalam setiap transaksi ekonomi Islam.

Kata Kunci: Branchless Banking, Pandangan Ekonomi Islam

INTRODUCTION

In this increasingly advanced era, many aspects of life have changed, including the way people interact with the banking sector. In Indonesia, several major banks have adopted branchless operations, such as BRI with its BRILink Agent, BNI with its BNI46 Agent, and Mandiri with its Mandiri Agent. Bank Indonesia (BI) introduced Branchless Banking, also known as the Branchless Service. This model offers limited payment services not conducted at the bank's physical office. The National Strategy for Financial Inclusion (SNKI), an initiative of the Indonesian government, emphasizes the importance of financial inclusion, which includes branchless banking (Yudiana, 2018). One type of branchless banking that utilizes third-party bank agents is Digital Financial Services (LKD). Initially launched by Bank Indonesia in 2013, the LKD system underwent a trial from May to November 2013, receiving positive feedback from the public and participating banks.

In the Indonesian banking industry, LKD allows customers who are registered with a bank agent to have an account number linked to their mobile phone number. This enables them to perform various financial transactions such as deposits, cash withdrawals, and bill payments. Bank agents, spread across the country, assist in delivering these services (Bank Indonesia, 2022). In this system, the agents act as intermediaries between customers and the bank. The goal of branchless banking is to increase financial inclusion by reaching people living in remote areas or those without easy access to physical bank branches. Consequently, branchless banking services offer convenience, efficiency, and comfort in conducting banking transactions.

LITERATURE REVIEW

Branchless Banking is a service that allows customers to make financial transactions without needing to visit a bank branch. This service leverages digital technology, such as mobile phones, the internet, or bank agents located across various areas, to provide banking products and services such as money transfers, bill payments, account openings, and cash withdrawals (I.G.N. Alit Asmara Jaya, 2017).

According to Dr. Ignacio Mas and Dan Radcliffe (Bill & Melinda Gates Foundation), Branchless Banking offers a way to provide financial services without relying on the physical infrastructure of traditional banks. By utilizing digital technology, such as mobile phones and banking agents, it can reach people who lack access to conventional financial services, thus increasing financial inclusion in underserved regions. Similarly, Claudia McKay and Mark Pickens (CGAP - Consultative Group to Assist the Poor) explain that Branchless Banking delivers banking services through agents and digital devices, allowing people to access financial services more easily and affordably. They view this as a solution to achieve financial inclusion,

especially for those living in remote areas not yet served by banks. According to Bank Indonesia, Branchless Banking is a service without branch offices designed to expand financial access across communities. Bank Indonesia emphasizes that this service can be delivered through banking agents, mobile phones, or internet networks, making it accessible to people in areas hard to reach by conventional banks (Bank Indonesia, 2022)

METHODOLOGY

This research is a type of library research, where the object of study relies on library data in the form of books as its primary data source (Hadi, 2002). The research was conducted by reading, reviewing, and analyzing various existing literature, including the Qur'an, hadith, books, and prior research findings.

The author employs a qualitative research approach, which is a systematic method used to study or examine an object in a natural setting without manipulation or hypothesis testing. The data sources used in this study consist of both primary and secondary data. Primary data include the Qur'an, Hadith, and previous research. Secondary data refer to information obtained from other sources, not directly gathered by the researcher from the study's subjects. To acquire secondary data, a literature study was conducted, focusing on library materials such as books and scientific works.

The data collection technique used by the researcher is the library research method, specifically a literature review. This method involves gathering data from books, magazines, and other sources available in the library. The research activity entails collecting data from a wide range of literature, not limited to books but also including previous research results.

DISCUSSION

The Existence of Branchless Banking in Several Banks in Indonesia

Branchless Banking at BRI Bank is known as BRILink Agent, which was established in 2016 (Bank Rakyat Indonesia, 2021). BRILink Agents act as an extension of BRI Bank, where the bank collaborates with customers who serve as agents capable of providing real-time online banking services to the community under a fee-sharing arrangement. These agents utilize the EDC mini-ATM feature to facilitate various banking transactions for the public. Through BRILink Agents, people can easily conduct online transactions such as cash withdrawals, deposits, transfers, electricity token purchases, mobile credit top-ups, and other financial transactions. BRILink Agents can be seen as the "long arm" of BRI Bank, offering significant convenience to customers in their local communities. As of 2024, many individuals have expanded or developed their businesses by becoming BRILink agents, largely due to the attractive fee-sharing system offered by BRI. While BRILink functions

similarly to a traditional BRI Bank branch, it cannot handle loan applications. Nonetheless, BRILink represents a key innovation from BRI, aimed at enhancing convenience for people in remote areas of the country.

Transaction fees charged by the bank through the BRILink EDC machine include IDR 3,000.00 for transfers between BRI accounts, IDR 15,000.00 for interbank transfers, and IDR 3,000.00 for PLN or Telkom payments, among others. These services are accessible via the mini-ATM menu. In addition to these transaction fees, customers are also charged agent fees or service charges, which are paid to the BRILink agents (Suryani et al., 2022).

Branchless Banking at BNI Bank, known as BNI46 Agent, was established in 2017. This initiative was formalized through the signing of BNI's partnership with a platform development company and an information technology consulting service provider (Bank Negara Indonesia, n.d.). BNI46 Agents act as extensions of BNI, providing banking services to individuals who do not yet have access to traditional banking services. Through BNI46 Agents, the public can open accounts, make deposits and withdrawals, purchase mobile credit and electricity tokens, and pay monthly bills such as electricity, water (PDAM), and e-commerce transactions. The services provided by BNI46 Agents include Laku Pandai Services, LKD (Digital Financial Services), and e-Payment Services.

Similarly, Branchless Banking at Bank Mandiri, known as Mandiri Agent, is part of the bank's "Laku Pandai" program, which stands for Branchless Financial Services for Inclusive Finance. This program, launched in 2014, aims to increase financial access, particularly in frontier, outermost, and disadvantaged (3T) areas by utilizing Mandiri Agents (Bank Mandiri, 2024). Individuals or shops partner with Bank Mandiri to provide basic banking services to people in remote locations, far from bank branches. Through Mandiri Agents, the public can open savings accounts, make deposits and withdrawals, transfer funds, and pay bills (such as water, electricity, phone, BPJS, etc.). Mandiri Agents extend Bank Mandiri's reach, helping rural and remote communities easily access banking services, thus contributing to increased financial inclusion in Indonesia

Public Views on the Existence of Branchless Banking

Branchless Banking has garnered mixed reactions from the public. Many view this service positively, as it offers easier access to banking services, especially for individuals living in remote or rural areas. With Branchless Banking, people no longer need to travel long distances to visit a bank branch, saving both time and money. The service is also praised for its convenience, enabling quick transactions like transfers, bill payments, and mobile credit purchases. Additionally, Branchless Banking plays a key role in enhancing financial inclusion, offering opportunities for those who previously lacked access to banking services to save, access credit, and participate in the economy (Aripin et al., 2022).

However, some concerns have been raised regarding security and privacy when using this service. The potential risks of data breaches and transaction security are significant worries, particularly among individuals unfamiliar with technology. Furthermore, the lack of understanding about how Branchless Banking works poses a challenge, especially for those not accustomed to digital tools. Some customers also find the transaction fees charged by branchless banking agents to be higher than those for direct transactions at bank branches. The limited scope of services offered by agents is another drawback, as more complex transactions still require a visit to the bank. Overall, while Branchless Banking is seen as an innovative solution to increase financial inclusion, issues such as education and security need to be addressed for broader acceptance and optimal use.

Islam's View on the Existence of Branchless Banking

From an Islamic perspective, branchless banking operated in accordance with Sharia principles is generally acceptable. Financial services in Islam must adhere to principles of justice and transparency, and be free from *riba* (interest), *gharar* (uncertainty), and *maysir* (speculation). Branchless banking has the potential to increase financial inclusion, bringing banking services to people who previously had limited access. This aligns with the Islamic emphasis on promoting welfare and mutual benefit. However, it is essential that these services ensure compliance with Sharia principles, such as utilizing appropriate contracts like *Mudharabah* (profit-sharing) or *Wadiah* (safekeeping).

In certain cases, Islamic banks have developed branchless banking services that strictly adhere to Sharia guidelines, extending their reach to the broader public without violating religious laws. Therefore, as long as branchless banking avoids *riba* and upholds fairness in all transactions, its existence is not only acceptable but can also be seen as a solution that supports financial inclusion in accordance with Islamic values.

In the Qur'an, there is no verse that directly mentions Branchless Banking, as this concept is a modern innovation that did not exist at the time of its revelation. However, the basic principles governing financial and economic practices, which can be applied to Branchless Banking, are embedded in Islamic teachings.

Several verses from the Qur'an provide guidance on financial practices that align with the principles of Branchless Banking. For example, “*O you who believe! Do not consume one another's property unjustly, except by way of business that is based on mutual consent between you...*” (QS. An-Nisa: 29) emphasizes the importance of fairness and transparency in financial transactions, which are central to banking services, including Branchless Banking (Ali, 2015). Additionally, the verse “*And help one another in good deeds and piety, and do not help one another in sin and transgression...*” (QS.

Al-Ma'idah: 2) reflects the goal of Branchless Banking to increase financial inclusion and assist communities underserved by traditional banking systems, aligning with the encouragement to engage in good deeds (Ali, 2015).

While the Qur'an does not specifically mention Branchless Banking, the existing Islamic financial principles—such as fairness, transparency, and the prohibition of usury—serve as a foundation to ensure that these services operate in accordance with Sharia values.

CONCLUSIONS

The conclusion of this discussion demonstrates that Branchless Banking is acceptable and aligns with the principles of Islamic economics, provided it adheres to Sharia rules. This service has significant potential to enhance financial inclusion and provide conventional banks with broader access to communities, particularly in remote areas. Branchless Banking can deliver easy, fast, and effective financial services that support the principles of justice, transparency, and the common good, which are essential in every Islamic economic transaction.

However, it is crucial to ensure that these banking services do not involve *riba* (interest), *Gharar* (uncertainty), or *Maysir* (speculation), and that they utilize Sharia-compliant contracts, such as *Wadiah* (deposit) or *Mudharabah* (profit sharing). Therefore, if implemented correctly, Branchless Banking can serve as an effective instrument for promoting financial inclusion and enhancing community welfare in line with the principles of Islamic economics.

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