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# Marketing Strategy for Rahn Products and Transactions at an Indonesian Bank

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*The aims of this research were (1) to analyze the advantages and disadvantages of sharia unit Nagari Bank rahn products. (2) to analyze the transaction process of the Bank Nagari sharia rahn's transaction process, and (3) to understand and analyze barriers and constraints in slowing Bank Nagari's rahn transactions. To determine the right strategy in order to increase sharia rahn sales at the Padang Branch of Bank Nagari Sharia, descriptive analysis was used, namely through SWOT analysis. The results of this study obtained the main constraints faced by Bank Nagari Sharia Unit in marketing rahn products related to weak socialization, lack of promotional activities, appropriate facilities and infrastructure. The strategies that must be developed include aggressive and diversified strategies.*

**Keywords:** Rahn, SWOT analysis, cultural marketing, Indonesia, marketing strategy

**JEL Classification:** M31

## 1. Introduction

Human needs are the main factor driving the community economy. With this need, it will encourage people to carry out production and distribution activities. Therefore, as long as there is a need, all this time there is economic activity to fulfill it. Fulfilling economic activities, certainly requires resources to carry out these activities and one of them is capital (money).

Islamic banking is one of the Islamic financial institutions that conducts intermediary activities using the principles of sharia principles that operate in raising funds, channeling funds and providing Bank Services.

One of the functions of Islamic banking in driving the economy of the community is, among others, in the field of financing, which is channeling funds to the public for productive activities both commercial and consumptive.

Based on these conditions, Islamic banking has innovated financing products according to market needs, and one of them is the rahn. Currently, Rahn is a key product for people who need fresh and fast funds.

Rahn is a product of cash distribution by utilizing collateral for an asset in the form of gold which is used as a pawn object which includes gold jewelry, gold coins and gold bullion, therefore iB pledge is better known as Rahn.

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Rahn generally uses several contracts, namely the Qardh Agreement in the framework of Rahn and Ijarah Contract. The Qardh contract in the framework of Rahn is a contract for granting loans from banks to customers accompanied by the delivery of collateral in the form of gold. The Rahn contract is a contract for the maintenance of gold collateral items along with the withdrawal of rental fees for the storage and maintenance of gold collateral in the bank. However, there are also Islamic banks to divide the contract including qardh contract, rahn contract and ijarah contract. By definition, the rahn contract namely the delivery of collateral from the loan facility provided as a guarantee of payment.

The market target that is intended for financing rahn products is very broad with various professions of prospective customers that are diverse such as individuals who have fixed income, civil servants and employees of BUMN / BUMD as well as individual entrepreneurs, professionals (doctors, notaries, lawyers etc.) with the provision of gold assets to be guaranteed.

At Bank Nagari Sharia, Rahn products have not been optimal and are currently dominated by murabahah financing, both murabahah working capital, investment and consumptive short and long term. These evolutions can be seen in the data below, in Table 1.

**Table 1.** Realization of Outstanding Financing Bank Nagari Sharia until December 2017

No	Financing	Nominal (Rp.)	%
1	Murabahah	1.283.435,-	96,76%
2	Qardh	5.452,-	0,41%
3	Mudharabah	5.050,-	0,38%
4	Musyarakah	32.511,-	2.45%
TOTAL		<b>1,326.448,-</b>	100%

From the data above, it appears that the amount of Rahn (Qardh) financing is compared to the total financing in Bank Nagari Sharia for only Rp. 5.4 Billion or 0.41% so that the income generated from the rahn product is also small in its contribution as bank income. From Table 1 there are several problems as follows:

1. What are the obstacles in the implementation of the rahn at Bank Nagari Sharia Business Unit?
2. How far is the application of the marketing of the rahn at Bank Nagari Sharia Business Unit?
3. What is the strategy in increasing iB Gold Pawn Transactions at Bank Nagari Sharia Business Unit?

Although rahn products have been preceded by other competitors (such as PT Pegadaian, Bank Mandiri Sharia, BNI Sharia and BRI Sharia, this is a challenge for Bank Nagari Sharia Unit to be expansive in distributing rahn products. For this reason, a new way is needed to make it happen through product innovation, layout, new ways to market the rahn product. The purpose of this study was carried out:

1. Analyze the advantages and disadvantages of Bank Nagari rahn Products Sharia Business Unit.
2. Analyzing Bank Nagari Bank Sharia rahn transaction process.
3. Knowing and analyzing obstacles and constraints in slowing Bank Nagari rahn transactions.

## 2. Literature Review

### 2.1. Understanding of iB Gold Pawn

Before discussing the definition of rahn, it is necessary to first understand the meaning of pawn in general. Pawn in Islamic jurisprudence is called Ar-Rahn. Ar-Rahn is a type of agreement to hold an item as debt liability. The definition of pawning (rahn) in language is permanent, eternal and collateral whereas in terms of holding a number of assets that are given as collateral in a right, and can be retrieved a number of the intended assets after being redeemed (Law Corner, 2016).

Based on the understanding of the pawning stated above, it can be concluded that the pawn is to hold collateral that is material belonging to the borrower (rahin) as collateral for the loan received and the goods received are of economic value, so that the party holding (murtahin) gets a guarantee to take back the entire or a portion of its debt from the pawned goods, if the pawning party cannot pay the debt at a specified time.

While rahn is a product where the bank provides loan facilities to customers with collateral in the form of goods / assets in the form of gold using the pawn principle. The goods / assets referred to are placed in the control and maintenance of the bank, for this maintenance the bank charges a rental fee based on the principle of ijarah.

## **2.2. Principles and Rahn Requirements**

### *a. Rahn principles as follows:*

1. Ar-Rahin (who is pawn) is a person who is baligh, intelligent and trustworthy and has goods to be pawned.
2. Al-Murtahin (who receives a pawn) is a party or institution that is trusted by rahin to get capital with the guaranteed goods (pawning).
3. Al Marhun (goods pawned) are items used by rahin to be used as collateral in obtaining funds or debt.
4. Al-Marhun bih (Loan) is a number of funds that are given murtahin to rahin on the basis of the amount of marhun's estimate.
5. Sighat (ijab and qabul) is an agreement between rahin and murtahin in making pawning transactions.

### *b. Rahn Requirements:*

1. Rahin and Murtahin, namely parties that make a rahn agreement namely rahin and murtahin must follow the conditions and capabilities, namely common sense and the ability of a person to make pawning transactions.
2. Sighat in the sense of not being bound by certain conditions and the time to come. For example, the party that pawned his property requires a grace period to expire and the debt has not been paid, so that the party can be extended one month grace period.
3. Marhun bih (Loan) includes the rights that must be given and submitted to the owner, there is a utilization of the pawning transaction and can be calculated in nominal terms.
4. Marhun (goods) is an collateral of economic value and can be used in Islamic terms, having a balanced value if sold, can be determined specifically and intact, the collateral is legitimately owned by the customer and tied to other parties.

## **2.3. The Rahn Contract**

In the rahn transaction, there are several contracts that are being promoted, among others (Mysharing, 2015) as follows:

### 1. Qardh contract

Referring to the National Sharia Council Fatwa - the Indonesian Ulema Council (DSN-MUI) Number 19 / DSN-MUI / IV / 2010 states that Al Qardh is a loan agreement to the customer provided that the customer is customer must return the funds he received to the LKS at a time agreed upon by the LKS and the customer. Therefore, Al Qardh can be understood as loans in the form of money given by LKS to customers who need it.

### 2. Rahn contract

Rahn's contract, in terminology, means making something (goods) as the collateral for rights (receivables) that might be used as a payer of rights (accounts receivable) both in whole and in part of the item. In DSN-MUI Fatwa Number 26 / DSN-MUI / III / 2002 concerning rahn stated "withholding goods as collateral for debt".

### 3. Ijarah contract

Ijarah means language of wages, rent, services or rewards. The terminology of the ijarah agreement is a contract for certain intended benefits that are mutually beneficial and may be used with certain rewards.

From the above information it is concluded that rahn transactions use three contracts, namely the qardh agreement in the form of loans given to customers. Rahn's contract is in the form of collateral for a loan. The Ijarah contract is in the form of maintenance / lease fees on goods that are pledged as collateral and is a source of bank income from rahn transactions.

## **2.4. Marketing Strategy Analysis**

Kotler and Keller (2009); Gasparsz (1997); Kartajaya (2005); Sumarwan., Et al (2010); Gasparsz (1997) said the marketing strategy is basically a comprehensive, integrated and integrated plan in the field of marketing which provides guidance on activities to be carried out in order to achieve the marketing objectives of a company. In general, in achieving the company's objectives, there needs to be a marketing strategy analysis that includes an internal environmental analysis.

According to Rangkuti (2011); Supranto (2008); Griffin (2005); Tjiptono (2010); Khurniyah et al. (2013); Wahyu and Ramdani (2015); Mas'ud. (2009); Ridwan and Jualan (2016); Wahyuni (2013); Yuliarni et al. (2007), the analysis of the company's internal environment is a process in strategic planning that examines the company's internal factors to determine where the company has strengths and weaknesses. This means that

companies can take advantage of opportunities and avoid threats in the most effective way. Factors related to the internal environment include segmentation, targets and positions.

### **3. Research Methods**

#### **3.1. Research Types and Populations**

The research that has been carried out in this paper is a descriptive research. The population of this research is 42 rahn customers of Bank Nagari Padang sharia Branch. The sampling method used is a census, while the type of data used is primary data.

#### **3.2. Analysis Method**

To determine the right strategy in order to increase rahn sales at the Bank Nagari sharia of Padang branch we used a descriptive analysis, namely a SWOT analysis. In implementing the SWOT analysis, we used the following stages:

##### **3.2.1. Internal Analysis**

In general, internal analysis is carried out using two dimensions which include:

*a) Strength Analysis* - It reflects the powerful aspects that are associated to the Bank Nagari sharia of Padang branch in particular in increasing the sale of rahn products.

*b) Weakness Analysis* - It reflects the negative internal aspects that are associated to the Bank Nagari Sharia of Padang branch in encouraging the increase in the sale of rahn products.

##### **3.2.2. External Analysis**

External analysis relates to the opportunities and threats faced by the Bank Nagari sharia of Padang branch. In general, external analysis includes:

*a) Opportunity analysis* - It reflects the opportunities that can be utilized by the Bank Nagari sharia of Padang branch in order to increase rahn sales.

*b) Threat Analysis* – It is a process of identification that is related to threats that can affect the increase of rahn sales.

##### **3.2.3. Proportion Analysis**

Is an analysis of the level of importance, which aims to determine the level of importance of each SWOT element. Proportion analysis starts from the smallest proportion to the largest proportion with a total assessment proportion up to 100% or 1.

#### **3.3. Strategy Analysis**

Determine the combination of SWOT dimensions to create the right and accurate strategy. In conducting an analysis is done in combination of SWOT elements which includes Strength-Weakness (SW) and Opportunity-Threat (OT) strategies. In general, the formulation of the strategies used include:

*a. SO strategy* - Utilizing all the power to seize and take advantage of opportunities, as much as possible.

*b. ST Strategy* - Using the strengths of the company to overcome threats.

*c. WO Strategy* - This strategy is applied based on the utilization of existing opportunities by minimizing existing weaknesses.

*d. WT Strategy* - This strategy is based on activities that are defensive and the company minimizes existing weaknesses and avoids threats.

### **4. Four SWOT Quadrant Analysis**

According to Rangkuti (2001), SWOT analysis is a systematic identification of various factors to formulate a company strategy. Furthermore, Kusuma (2010); Arikunto (2010); Creswell (2012); Ghazali (2011); Sugiyono (2008); Hair et al. (2010) explained that SWOT analysis is one method to describe conditions and evaluate a problem, project or business concept based on internal factors and external factors, namely strengths, weaknesses, opportunities, and threats (Figure 1).

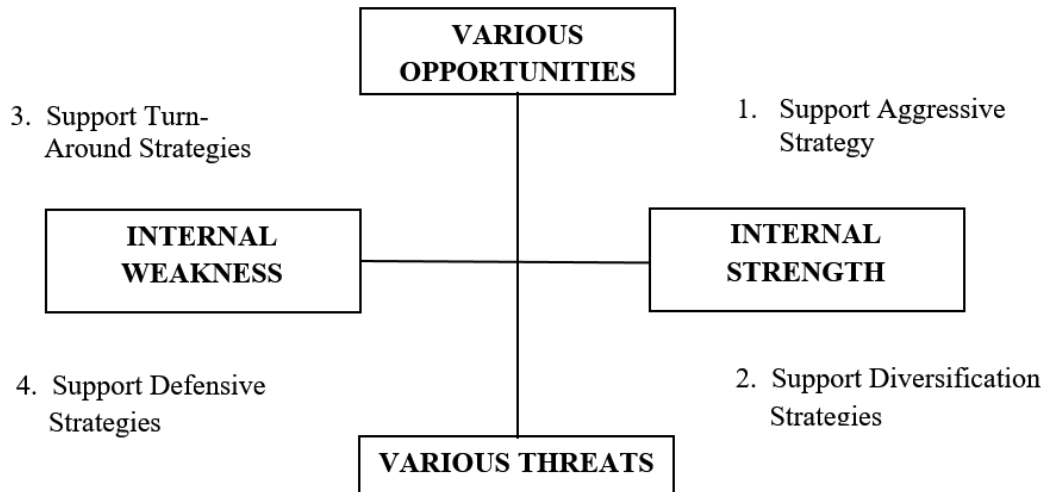


Figure 1. SWOT Analysis Diagram

#### 4.1. SWOT Analysis of Rahn Products

The SWOT analysis process is carried out in several stages, namely carrying out internal and external analysis, making a SWOT combination and determining a strategy analysis that can be developed by Bank Nagari Sharia Unit.

##### 4.1.1. Internal Analysis

Internal analysis is an analysis of strength with weaknesses owned by Bank Nagari Sharia Unit of Padang Branch. Strength analysis aims to find out all the strengths or advantages possessed by the Bank Nagari Sharia Unit of Padang Branch, while the weakness analysis relates to the deficiencies of the Nagari Sharia Unit of Padang Branch. Based on the data processing that has been done, a summary is shown in Table 2 below:

Table 2. The Frequency Distribution Summary of Strength Analysis Bank Nagari Sharia Unit of Padang Branch

Dimensions	SS		S		N		KS		STS		Mean	TCR	Inf
	Fi	%	Fi	%	Fi	%	Fi	%	Fi	%			
<b>Strength</b>													
Free from financial problems	13	32.50	16	40.00	6	15.00	5	12.50	0	0.00	3.93	78.50	High
Using pure sharia principles	13	32.50	13	32.50	13	32.50	1	2.50	0	0.00	3.95	79.00	High
Strong cooperation with agencies	11	27.50	16	40.00	11	27.50	2	2.00	0	0.00	3.90	78.00	High
Financially healthy	10	25.00	21	52.50	8	20.00	1	2.50	0	0.00	4.00	80.00	High
Healthy in management	13	32.50	17	42.50	8	20.00	2	5.00	0	0.00	4.03	80.50	High
Mean											3.96	79.28	High

The above table, identified that most customers recognize that from a managerial point of view Bank Nagari Sharia Unit is healthy and safe for customers. The statement gets an average score of 4.03 with the total level of achievement of respondents at 80.50%. In accordance with the frequency distribution process that has been carried out, it is also known that most respondents acknowledge that the Bank Nagari Sharia Unit of Padang Branch in particular has a strong bond with a number of agencies, especially agencies or business entities managed by the local government so that they have strong capital, average score what the respondent gives for the statement is 3.90 with the percentage of the respondent's achievement level of 78%. Overall in conducting a strength analysis, the total score obtained reached 3.96 with a total percentage of the level of achievement of respondents amounting to 79.28% so that it can be concluded according to the customer of rahn product that Bank Nagari Sharia has a strong advantage to continue to grow.

The second dimension in carrying out internal analysis is to find out the weaknesses of the rahn Products of Bank Nagari sharia. In accordance to the calculations that have been carried out, a summary of results is shown in Table 3 below:

**Table 3.** *The Frequency Distribution Summary of Strength Analysis Bank Nagari Sharia of Padang Branch*

Dimension	SS		S		N		KS		STS		Mean	TCR	Inf
	Fi	%	Fi	%	Fi	%	Fi	%	Fi	%			
<b>Weakness</b>													
Socialization of the concept of a weak rahn	16	40.0	13	32.5	9	22.5	2	5.0	0	0.0	4.08	81.50	Very High
Has a small operational area	11	27.5	18	45.0	7	7.0	4	10.0	0	0.0	3.90	78.00	High
Service is not optimal	4	10.0	28	70.0	7	17.5	1	2.5	0	0.0	3.88	77.50	High
Service facilities that are not yet optimal	6	15.0	27	67.5	5	12.5	1	2.5	1	2.5	3.90	78.00	High
Weak service consistency	8	20.0	24	60.0	5	12.5	2	5.0	1	2.5	3.90	78.00	High
Score Mean											3.93	78.60	High

Based on the weakness analysis of the Bank Nagari Sharia of Padang branch, it can be seen that most respondents acknowledge the biggest weakness of the Bank Nagari Sharia Unit in the marketing of their product lies in the weak socialization of rahn concept, with an average score of 4.08, with the percentage of TCR reaching 81.50%. While the value of the weakness that is considered the lowest by respondents is related to services that are not optimal, especially in providing information about the existence of rahn products to potential customers. The average score generated was 3.88 with a percentage of TCR reaching 77.50%. Overall, the average accumulated score obtained reached 3.93 with the percentage of TCR reaching 78.60%, so that it can be concluded that the weaknesses of the Bank Nagari sharia unit of Padang branch in marketing the rahn products are relatively high.

Furthermore, based on the observation process that the researcher has done, a number of strengths can be put forward by Bank Nagari sharia unit as shown in Table 3.

a) Bank Nagari sharia unit is a bank managed by the government, so it is very small for the bank to experience financial problems that can harm customers.

b) Bank Nagari sharia unit applies pure sharia principles and does not carry out the usury principle in its banking operations.

c) Bank Nagari sharia unit has a bond of cooperation with a number of agencies managed by the government or private institutions. The agencies in question start from government agencies to education and health agencies spread throughout West Sumatra.

d) From the financial aspects of Bank Nagari sharia unit is a healthy bank because accounting is able to obtain an increase in profit in three consecutive years, namely from 2014 to 2016, and has a good capital adequacy position which is above 8%.

In accordance with the strength analysis held by Bank Nagari sharia unit, it can be concluded that the bank has the power that can be used to develop in the future. In addition, the bank also has the potential to have a higher customer market share in the future.

Based on the observations that have been made, it is known that the weaknesses of the Bank Nagari sharia unit are as follows:

1. The community is not yet familiar with the concept and working principles of Islamic banks in particular, so there are still many people who use conventional banks to carry out various banking transactions, such as saving, investing or doing other financial activities.

2. Nagari Banks sharia units have relatively smaller operational areas and are not spread throughout the West Sumatra region.

3. In bank operations there are still principles that are beyond the concept of sharia, especially in relation to interest.

4. Supporting facilities of Bank Nagari sharia service activities are still relatively limited such as the availability of ATMs in strategic locations or shared ATM facilities are still relatively small.

5. Administrative fees for transfer activities using Bank Nagari sharia accounts are subject to relatively high administrative costs compared to other Islamic banks.

6. Quality and service quality provided by officers are still not consistent so that some customers do complaint.

#### 4.1.2. External Analysis

External analysis is an analysis of the opportunities and threats owned by Bank Nagari Sharia Unit in its survival. In accordance with the description of the data and information that the researcher has obtained, an external analysis can be submitted which is part of the SWOT Analysis as shown in Table 4 below:

**Table 4. Summary of External Analysis of Frequency Distribution of Rahn Product Bank Nagari Sharia Unit**

Dimension	SS		S		N		KS		STS		Mean	TCR	Inf
	Fi	%	Fi	%	Fi	%	Fi	%	Fi	%			
<b>Opportunities</b>													
The majority of people are Muslims	6	15.0	33	82.5	1	2.5	0	0.0	0	0.0	4.13	82.5	Very High
Society tends to have a habit of storing gold	3	7.5	30	75.0	3	7.5	4	10.0	0	0.0	3.80	76.0	High
MUI declaration about bank interest is unclean	23	57.5	13	32.5	4	10.0	0	0.0	0	0.0	4.48	89.5	High
majority of productive age people	25	62.5	15	37.5	0	0.0	0	0.0	0	0.0	4.63	92.5	Very High
The population growth of Padang City	19	47.5	20	50.0	1	2.5	0	0.0	0	0.0	4.45	89.0	Very High
Mean											4.30	85.9	High

In table 4, it is identified that the best opportunity that is owned by Bank Nagari sharia unit for marketing rahn products is related to the majority of people in Padang City in particular and West Sumatra in general who are Muslims. The statement was supported by the average score given by respondents at 4.63 with the level of respondents' achievement 89.50%, while the relatively lower answer score was given by respondents in assessing statements that revealed that the habits of the people in Padang city and West Sumatra to store gold as a guard mode keep. The average score obtained is equal to 3.80 with the percentage level of respondents' achievement 76%. Overall five statement items that show the magnitude of the opportunities in marketing rahn products produce an average score of 4.30 with a total percentage of the achievement respondents' 85.90%. So it can be concluded the opportunity for Bank Nagari sharia unit to increase the development of sales of rahn products in Padang city is very large.

The second dimension of external analysis is to analyze the threats that may be faced by Bank Nagari sharia units in marketing rahn products as shown in Table 5 below:

**Table 5. Frequency Distribution Summary of Rahn Products External Analysis Bank Nagari Sharia Unit**

Dimension	SS		S		N		KS		STS		Mean	TCR	Inf
	Fi	%	Fi	%	Fi	%	Fi	%	Fi	%			
<b>Threats</b>													
Sharia bank competition	10	25.00	21	52.50	8	20.00	1	2.50	0	0.00	4.00	80.00	High
Location close to competitors	13	32.50	17	42.50	8	20.00	2	5.00	0	0.00	4.03	80.50	High
The existence of capital and money markets	16	40.00	13	32.50	9	22.50	2	5.00	0	0.00	4.08	81.50	Very High
Negative issue about the prospect of sharia banks	11	27.50	18	45.00	7	17.50	4	10.00	0	0.00	3.90	78.00	High
Conventional bank strategy	4	10.00	28	70.00	7	17.50	1	2.50	0	0.00	3.88	77.50	High
Mean											3.98	79.50	High

In accordance with the frequency distribution process that has been carried out, it can be seen threat serious that is considered to damage the market share of the rahn products is related to the existence of the capital and sharia money market. Besides the existence of the same pawning products from a number of other sharia banks, the average score generated was 4.08 with a percentage of TCR reaching 81.50%. Whereas the lowest score of the score given by the respondent relates to the existence of negative issues about the concept of sharia developed by sharia-based banks, as well as the existence of competing bank products that are



considered more attractive than the rahn product owned by Bank Nagari sharia unit. The score generated is 3.88 with TCR percentages reaching 77.50%. Overall, five statements used to measure threats resulted in an average score of 3.98 with a percentage of TCR of 79.50%. So, it can be concluded that the threat faced by Bank Nagari sharia unit in marketing rahn products is relatively high.

Based on observation process that has been carried out, it can propose a number of opportunities that can be utilized by Bank Nagari sharia unit in developing the marketing of rahn products that they offer as shown below:

1. Communities in Padang and West Sumatra are especially dominated by Muslims who are the main target of Bank Nagari syariah unit. So, it is very likely for banks to increase their customers' market share in the future.

2. There is a declaration of the Indonesian Ulema Council (MUI) which has issued a fatwa stating that interest is part of usury which is unlawful for Muslims.

3. The growing population of West Sumatra continues to increase so that it has the potential to become a potential market for sharia-based bank.

Furthermore, there are several other threats as follows:

1. The large number of sharia-based banks that emerged in Padang branch so that the level of competition to get a wider customer share becomes difficult.

2. The existence of the capital or money market which is the people's choice to make investments, thus minimizing the possibility for banks to get additional cash flow from the public.

3. The existence of negative issues that develop in the community about sharia banks so that it can damage the image of the bank so that it influences the community's decision to become a sharia-based bank customer.

## **4.2. SWOT Strategic Analysis**

Based on the results of the SWOT analysis can be made relating to strengths, weaknesses, opportunities and threats as seen in the sub below:

### **4.2.1. Strengths and Weaknesses Strategy (SW)**

This strategy that is a combination of strengths and weaknesses owned by Bank Nagari Syariah Unit. Based on the internal analysis that has been done, a number of solutions can be proposed to encourage the increase of the strength of Bank Nagari sharia unit as shown below:

1. Bank Nagari sharia unit is a bank managed by the government, so that the bank is believed to have a strong funding structure. Therefore, to strengthen the Bank Nagari sharia unit, the government must improve its bank management, especially in managing the financial performance. Banks must strive to maintain the minimum funding ratio they have, and to be more selective in providing financing activities to customers, so the risk of uncollectible loans is smaller.

2. Bank Nagari sharia unit must apply the sharia principles genuinely, an aspect that has not happened thus far, as sharia is free from usury and interest. The genuine implementation of sharia principles that are free from usury and interest will encourage an increased market share of products offered by Bank Nagari sharia unit of Padang branch.

3. Bank Nagari sharia unit is expected to continue to maintain partnerships with a number of agencies both government or managed by the private sector. The maintenance of cooperative ties in the form of partnerships between agencies or service ties managed by the government and the private sector can improve the bank's capital structure that will improve the existence of Bank Nagari sharia unit.

4. Bank Nagari sharia unit must try to socialize about the implementation of sharia principles in the community. Considering that there are still many community members who have the potential to become customers who do not know and understand the workings of sharia banks, in general. Considering that the people in the Padang and West Sumatra Branch have a Muslim majority population, it is very potential for the development of sharia-based banks in the Padang branch.

5. MUI's pronouncement on the disbursement of interest as part of the element of usury in the Islamic view makes the prospect bright for the development of Bank Nagari sharia unit.

6. Bank Nagari sharia unit must try to improve the quality and service for customers. The higher perceived value of service will encourage comfort and satisfaction in the customer, thus encouraging the commitment of the customer to continue to use the services of Bank Nagari sharia unit.

7. Bank Nagari sharia unit must complete all facilities and infrastructure of banking services such as increasing ATM facilities, increasing the effectiveness of the use of technology, especially SMS banking, as well as expanding branches especially in a number of second-tier areas in a number of provinces, in general, and the Padang branch in particular.

#### 4.2.2. Opportunity and Threat Strategy (OT)

The opportunity and treat strategy is a combination of opportunities with threats posed by Bank Nagari sharia unit. In accordance with the external analysis that has been carried out, several important implementations that can be carried out by the company are:

1. Community in West Sumatra in general and Padang branch in particular are dominated by Muslims who are the main target of Bank Nagari sharia unit. So, it is very likely for banks to increase their customers' market share in the future. To gain a larger market share, banks must strive to increase competitive advantage such as increasing promotion, socialize about understanding related to sharia banks and strive to improve service quality for customers.

2. The growing population of West Sumatra continues to increase so that it has the potential to become a potential market for the mining of sharia Banks in the Padang branch. Therefore, a precise promotional strategy is needed to gain a broader customer market share.

The combination of internal and external analysis that has been explained is one of the ways that can be developed by the Bank Nagari sharia unit to continuously improve its operational performance. As well as being a way to maintain the existence of the bank in the long run. In addition to SWOT analysis can be used management as a tool to take strategic policies related to the development of sharia bank.

Considering that the people of West Sumatra are dominated by Muslim communities, the existence of sharia-based banks has bright prospects in the long run. However, the existence of commercial banks can also affect the existence of sharia-based banks in Indonesia. Based on the analysis of the SWOT strategy by combining internal and external analysis, a SWOT matrix can be explored as it is shown in Table 6 below.

*Table 6. SWOT Analysis Matrix of Bank Nagari Sharia Unit*

Internal Analysis	
Strengths	Weaknesses
a) Bank Nagari sharia unit is a bank managed by the government b) Bank Nagari sharia unit applies pure sharia principles and does not practice usury principles c) Bank Nagari sharia unit has a bond of cooperation with a number of agencies managed by the government or private d) From the financial aspect Bank Nagari Syariah is a healthy bank	1. The community is not yet familiar with the concept and working principles of sharia banks in particular 2. Bank Nagari sharia unit has a relatively smaller operational area 3. In bank operations there are still principles that are outside the concept of sharia 4. The supporting facilities for Bank Nagari Syariah Unit service activities are still relatively limited 5. Administrative costs for transfer activities are still relatively high 6. The quality of service provided by officers is still not consistent
Opportunities	Threats
1. Communities in West Sumatra in general and Padang Branch in particular are dominated by Muslims 2. There is a declaration of the Indonesian Ulama Council (MUI) which has issued a fatwa stating that interest is part of usury 3. The population growth of West Sumatra continues to increase so that it has the potential to become a potential market for the development of sharia banks in the Padang branch	a) Number of sharia-based banks that appeared in Padang branch b) Existence of a capital or money market which is the people's choice to invest c) Existence of negative issues that develop in the community about sharia banks can damage the image of the bank

Based on the strategy analysis that has been done can be made into a four quadrant diagram model called the Cartesian model as shown in Figure 2.

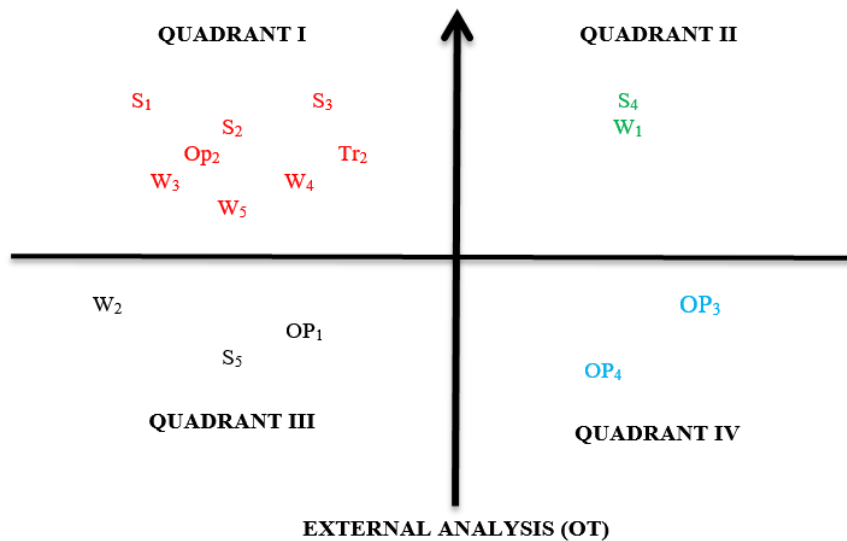


Figure 2. Four Quadrant Cartesian Diagram

From Figure 2 above, it can be seen that the SWOT dimension in quadrant 1 shows weak implementation, so it must be prioritized for implementation. The percentage value of the results generated in quadrant I is between 76% and 79.60%. In the second quadrant, there is the SWOT dimension that must be combined to be optimized for the progress of the Bank Nagari sharia unit. The percentage value of achievement level obtained is between 80% and 82.40%, supporting indicators of the dimension must be increased to be more maximal. So, that it can encourage progress for the company. In the third dimension, there is a SWOT indicator that has been implemented well in creating excellence, opportunities or minimizing threats and weaknesses. The achievement level for quadrant three is 82.41% up to 84% while in four quadrant is the SWOT indicator which has an achievement score between above 84%. The SWOT instrument must be managed and maintained for its achievement.

## 5. Results and Discussion

### 5.1. Constraints faced by Bank Nagari Sharia Unit to Increase Sales of Rahn Products

In accordance with the weakness analysis, which has been described as part of the SWOT Analysis, it is known that there are a number of obstacles faced by the Bank Nagari sharia unit in marketing of its rahn products. The main constraints they face relate to the lack of public understanding of the concept of sharia and rahn products, specifically, offered by the Nagari sharia unit. Other constraints faced by banks are related to the relatively smaller operational area of Bank Nagari sharia unit.

Another obstacle faced by Bank Nagari sharia unit in marketing of rahn products is related to the implementation of sharia concepts that are not entirely pure, thus affecting public trust. Other weaknesses faced by Bank Nagari sharia unit of Padang branch are still incomplete facilities to support Bank Nagari Sharia Unit service activities are still relatively limited, such as the availability of ATMs in strategic locations or relatively little shared ATM facilities. In addition, administrative fees for transfer activities using Bank Nagari sharia unit accounts are subject to relatively high administrative costs compared to other sharia banks. Other factors, that also affect the sale of rahn products, are related to quality of services provided by officers are still not consistent, resulting in several customers complaining of the services they receive.

### 5.2. Efforts for Rahn Products Development in Bank Nagari Sharia Unit of Padang Branch

Padang Branch's Nagari Bank Syariah Unit has conducted a number of ways and processes to develop and market Gadai iB Emas Syariah products, namely by carrying out STP analysis (segmentation, targeting and positioning). In implementing this strategy, it is known that the segmentation of Sharia Bank Syariah

Syariah Unit Syariah Branch in Padang Branch, if observed from demographic segmentation, is open to all circles, both male and female, having a relatively mature age, not limited to a certain level of education or even certain fields of work. In addition, Pawn iB Gold Syariah products are not limited to Muslim customers.

In order to encourage increased sales of rahn products, Bank Nagari sharia unit also explores the potential associated with psychographic and behavioral segmentation, whereby Bank Nagari sharia unit seeks to position itself as a genuine sharia-based bank that has a positive image. Increasing the institutional image among customers encourages the formation of positive attitudes and behaviors from the community towards a number of products offered by Bank Nagari sharia unit.

In addition to increasing sales of rahn products, Bank Nagari sharia unit also conducted mapping market area. By trying to socialize the concept of sharia and sharia products to the public, which begins with Islamic-based educational institutions and several government institutions located in Padang city and outside Padang city. In addition, Bank Nagari sharia unit in Padang branch also conducts promotional activities, although it is still in small numbers such as distributing brochures, advertisements, and billboards.

### **5.3. Bank Nagari Sharia Unit Strategy to Increase Sales of Rahn Products**

Strength and weakness is a strategy that is a combination of strengths and weaknesses owned by Bank Nagari sharia unit. In this case Bank Nagari sharia unit is a bank managed by the government, so that the bank is believed to have a strong funding structure. Therefore, to strengthen the strength of the Bank Nagari sharia unit, the government must improve bank management, especially in managing the financial performance they have. Banks must strive to maintain the minimum funding ratio they have, and be more selective in providing financing activities to customers, so the risk of uncollectible loans is smaller.

In addition, Bank Nagari sharia unit must apply sharia principles genuinely. Considering that sharia principles by Bank Nagari sharia unit have not applied been applied thus far. The genuine implementation of sharia principles that are free from usury and interest will encourage an increase in the market share of Bank Nagari sharia unit. Thus, Bank Nagari sharia unit is expected to continue to maintain partnerships with a number of agencies, both government-run and managed by the private sector. The maintenance of cooperation ties in the form of partnerships between agencies or service ties managed by the government and the private sector can improve the bank's capital structure that will improve the existence of Bank Nagari sharia unit.

Bank Nagari sharia unit must try to socialize the implementation of sharia principles in the community. Considering there are still many among community members who have the potential to become customers who do not know the understanding and work methods of sharia banks, in general. Furthermore, the people in West Sumatra in general and Padang branch in particular have a majority Muslim population so that it is very potential for the development of sharia-based banks in the city of Padang.

Bank Nagari sharia unit is expected to be able to utilize the MUI Declaration regarding the disbursement of interest as part of the element of usury in the view of Islam making a bright prospect for the development of Bank Nagari sharia unit. Bank Nagari sharia unit must strive to improve service quality to customers, the higher the perceived value of service will encourage comfort and satisfaction in the customer, thereby encouraging the commitment of customers to continue to use the Bank Nagari sharia unit services to become stronger, so that the survival of the bank can be maintained in the long run. Bank Nagari sharia unit must complete all facilities and infrastructure of banking services such as increasing ATM facilities, increasing the effectiveness of the use of technology, especially SMS Banking, as well as expanding branches especially in a number of second-tier areas in a number of provinces in general and the Padang branch in particular.

Bank Nagari sharia unit must also carry out an opportunity and treat strategy is a combination of opportunities with threats posed by the Nagari Bank sharia unit in Padang. Opportunities to develop these strategies are supported because the people in West Sumatra in general and the Padang Branch in particular are dominated by Muslims who are the main target of the Bank Nagari sharia unit, so it is very likely for banks to increase the market share of their customers in the future. To gain a larger market share, banks must strive to increase their competitive advantage such as increasing promotion, disseminating information on understanding related to sharia banks and striving to improve the quality of services for customers.

The population growth of West Sumatra continues to increase so it has the potential to become a potential market for sharia-based product development. A more aggressive strategy is needed to encourage an increase in the market share of sharia products, especially those offered by Bank Nagari sharia unit. Thus, the population growth of West Sumatra continues to increase so that it has the potential to become a potential

market for the development of sharia banks in the Padang branch. Therefore, a precise promotional strategy is needed to gain a broader customer market share.

The combination of internal and external analysis that has been explained, in this paper, is one of the ways that can be developed by Bank Nagari sharia unit to improve continuously its operational performance. As well as being a way to maintain the existence of the bank in the long run. In addition, SWOT analysis can be used by management as a strategic tool related to the development of Bank Nagari sharia unit.

## 6. Conclusion

Based on the analysis and discussion that has been carried out, some conclusions can be put forward as follows:

1. The main obstacle faced by Bank Nagari sharia unit in the marketing of rahn products is related to the weak socialization of the concept of sharia in the banking world to community members. Bank Nagari sharia unit also lacks promotional activities to the public. Furthermore, the techniques faced by banks in marketing rahn products are the lack of facilities and infrastructure, especially offices or counters, therefore the activity of selling rahn products becomes more limited.

2. Efforts to develop rahn products in Padang branch are to disseminate information to the public about the concept of sharia, as well as to simplify the regulation or e purchase and use of sharia products. In addition, Bank Nagari sharia unit can also improve the quality of service for customers, besides that Bank Nagari sharia unit must also increase the promotion of sharia products that they offer to encourage the increase of sharia product sales, especially in Bank Nagari sharia branch unit.

3. The strategy that must be developed by Bank Nagari sharia branch unit in Padang is related to a combination of strengths and weaknesses. In this case the Bank Nagari sharia unit must emphasize strengths to minimize weaknesses. In addition, another strategy that can be developed by Bank Nagari sharia branch unit is related to a combination of opportunities and threats. In this case Bank Nagari sharia branch unit must be more aggressive to take advantage of opportunities to cover threats from banks and competing products.

### 6.1. Research Limitations

Some limitations in this study are as follows:

1. The analysis is used only descriptive and does not use quantitative analysis, thus affecting the accuracy and accuracy of the results obtained.

2. The results obtained have not been able to represent Bank Nagari sharia branch unit as a whole considering there is only one branch, namely the Padang branch.

### 6.2. Suggestions

Based on the limitations of the paper, there are a number of suggestions that can provide benefits for:

1. Future research are advised to try to use quantitative analysis to complement to descriptive analysis. After conducting a SWOT analysis, these suggestions are important to encourage accuracy of the research.

2. Research in the future are advised to use several branches, so that accuracy of the results obtained are better.

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