



**PRODUCT EXCELLENCE IN ISLAMIC FINANCING AT BANK
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Abstract

The growth of Islamic banking in Indonesia has encouraged the emergence of various financing products with competitive advantages compared to conventional banking. One such example is the Bank Pembiayaan Rakyat Syariah (BPRS) Al-Washliyah Medan, which offers a wide range of products based on Islamic contractual principles (akad syariah). This research stems from the need to understand the distinctive advantages of Islamic financing products offered by the bank and to assess the factors influencing customers' preferences for specific products. The study employs a qualitative method with a field research approach. Primary data were obtained through interviews with BPRS Al-Washliyah Medan employees, while secondary data were collected from supporting documents and relevant literature. The aim of this study is to analyze the strengths of Islamic financing products at BPRS Al-Washliyah Medan—particularly those based on contracts such as murabahah, mudharabah, musyarakah, ijarah, qardh, salam, and istisna—and to explore the factors shaping customer preferences for these products. The findings reveal that murabahah is the most preferred product due to its installment certainty and simple procedures, while other products such as mudharabah and musyarakah are perceived as more complex. Flexibility, transparency, and spiritual value grounded in Islamic principles have been proven to enhance customer trust. The contribution of this research lies in providing insights for Islamic banking



practitioners in developing product strategies and serving as an academic reference to strengthen the literature on customer preferences for Islamic financing products at the local level.

Keywords: Customer Preference, Islamic Banking, Islamic Financing, Product Excellence, Sharia Contract



INTRODUCTION

Banks play a very important role in a country, which cannot be denied because all businesses or economic activities in every country require banking services both in the financing process and in the formation of the bank itself (Anggraini & Hasibuan, 2023). The development of the banking world today has become complex, marked by the emergence of various products and business systems with various competitive advantages. This complexity has created a new system and new competitors in the banking world, not only competition between banks but also between banks and other financial institutions. In addition to the conventional banking system that is commonly known, there is also a banking system that is currently developing, namely the sharia system (Fattah & Muchlis, 2024).

Sharia banks and conventional banks have the same function, namely as intermediaries between those with surplus funds and those with deficit funds. To date, many parties have said that Sharia banks are no different from conventional banks, but many references say that the concept of Sharia banks is very different from conventional banks. The similarities are only at the implementation level, not at the conceptual level (Irawan et al., 2021).

The concept of Islamic banking itself is a bank based on the principles of partnership, justice, transparency, and universality, and conducts banking activities based on sharia. Its implementation is a collaboration between capital owners and entrepreneurs to carry out business activities with the hope of achieving a desired profit. The profit referred to is that the bank, as the capital provider, will receive income by channeling its capital to entrepreneurs, while the entrepreneurs will receive business capital, thereby increasing their income (Atika, 2020). The bank will continue to operate if all expenses can be covered by the income earned. Most of the bank's income comes from a profit-sharing system from the financing provided. If the distribution system in the form of financing is problematic, the bank's income will also experience problems, and conversely, if the distribution of funds in the form of financing is smooth, the profits from the sharia system will be obtained in accordance with the initial planning targets, thus the bank must recruit skilled and professional personnel to manage the available funds (Alam et al., 2023).

The establishment of Islamic banking as part of the banking institution is expected to contribute to the fulfillment of banking services for the community. In addition, with the existence of Islamic banks, businesses related to the collection and distribution of funds are expected to function more effectively and



efficiently. Therefore, to increase income for the community, especially small entrepreneurs, Islamic banks strive to provide various banking facilities. The facilities referred to here are products and services. In the banking world, products are mostly in the form of services rather than goods (Anggraeni et al., 2023).

The Islamic Rural Bank (BPRS) is a bank that conducts business activities based on Islamic principles. Islamic banking does not use the *riba* system, as this is contrary to Islamic principles. Financing based on sharia principles is the provision of money or bills equivalent to it based on an agreement or agreement between the bank and another party that requires the financed party to return the money or bills after a certain period of time with compensation or profit sharing (Firman Syarif & Saparuddin Siregar, 2021). The amount of financing available in Islamic banking has not been fully realized. Currently, the financing provided by banks is in the form of *mudharabah*, *musyarakah*, *murabahah*, and *al-qard* contracts. The payment system in banks is generally carried out in installments or payments within an agreed period of time, and in making installment payments, customers may face a situation where they are unable to pay their obligations to the bank as agreed. The optimal use of working capital is very important to maintain the continuity of company operations (Widyaningsih et al., 2025).

Al-Washliyah Medan Sharia Rural Bank (BPRS) is one of the sharia financial institutions operating under the auspices of the Al-Washliyah Islamic Social Welfare Organization (), with a primary focus on providing banking services in accordance with Islamic sharia principles. As a bank that does not use an interest-based system (*riba*), BPRS Al-Washliyah implements financing contracts such as *murabahah*, *mudharabah*, *musyarakah*, *ijarah*, and *qardh* in accordance with sharia provisions. The main objective of BPRS is to assist the community, especially micro, small, and medium enterprises (MSMEs), in obtaining halal and affordable business capital and financing. In carrying out its operations, BPRS Al-Washliyah Medan is committed to upholding the principles of fairness, partnership, and sustainability for its customers' businesses (Armanto & Yahya, 2022; Celia & Parsaulian, 2023). One indicator of the bank's performance development can be seen from the distribution of financing to customers. The financing data disbursed during the 2023–2024 period can be seen in Table 1 below.



Table 1.
Financing data at Bank Pembiayaan Rakyat Syariah
Al-Washliyah Medan 2023-2024

Type of Financing	Year 2023	Year 2024
Murabahah	6.572.405.300	10.226.181.600
Mudharabah	350.648.837	265.654.544
Musarakah	-	-
Salam	-	-
Isthisna	-	-
Ijarah	654.865.9876	750.634.854
Qardh	-	-

Source: PT Bank Pembiayaan Rakyat Syariah Al-Washliyah Medan, processed

Based on Table 1, it can be seen that the types of financing disbursed by BPRS Al- Washliyah Medan during the 2023–2024 period were dominated by murabahah contracts (). In 2023, murabahah financing was recorded at IDR 6,572,405,300 and experienced a significant increase in 2024 to IDR 10,226,181,600. Conversely, financing with mudharabah contracts decreased from IDR 350,648,837 in 2023 to IDR 265,654,544 in 2024. Musarakah, salam, and qardh financing types were not realized in both years, while ijarah financing increased from Rp654,865,987 in 2023 to Rp750,634,854 in 2024. This data shows that the financing distribution strategy of BPRS Al-Washliyah Medan is still focused on contracts with lower risks, particularly murabahah (Amalia et al., 2022).

To complete the picture of financing development, it is also necessary to look at the number of customers who utilize these financing facilities. Table 2 below presents data on the number of customers for each type of financing contract at BPRS Al-Washliyah Medan during 2023–2024. This data can help analyze the relationship between the value of financing disbursed and the number of customers served during that period.

Table 2.
Data on the Number of Financing Customers at Bank Pembiayaan
Rakyat Syariah Al-Washliyah Medan in 2023-2024

Type of Financing	Number of Customers (2023)	Number of Customers (2024)
Murabahah	6,572,405,300	10,226,181,600
Mudharabah	350,648,837	265,654,544
Musarakah	-	-
Salam	-	-



Isthisna	-	-
Ijarah	654,865,9876	750,634,854
Qardh	-	-

Source: PT Bank Pembiayaan Rakyat Syariah Al-Washliyah Medan, processed

Table 1 and Table 2 show that there was an increase in customer interest in Murabahah and Ijarah financing in 2023-2024, while Mudharabah financing experienced a decline in 2024 at Bank Pembiayaan Rakyat Syariah AL- Washliyah Medan.

From the preliminary research conducted by researchers at the AL-Washliyah Medan Sharia People's Financing Bank, murabahah financing is in high demand among customers because it has a clear and easy-to-understand scheme . In murabahah, the bank purchases the goods needed by the customer, then resells them at an agreed price, including a profit margin for the bank. One of the main attractions of this scheme is the certainty of the installment amount, because the selling price is determined at the outset without any fluctuations in costs. This provides a sense of security for customers, especially in their financial planning. In addition, murabahah also often has simpler procedures compared to profit-sharing-based financing such as mudharabah or musyarakah, so that funds can be disbursed more quickly. On the other hand, banks are also more likely to offer murabahah because the risk is lower than other financing schemes, such as mudharabah, where banks have to bear the risk of customer business losses. With the clarity of the contract, ease of process, and certainty of installments, it is no wonder that murabahah financing has become the primary choice for many customers, both for consumptive and productive purposes (Pramudita & Ansori, 2024).

Meanwhile, ijarah financing is in high demand among customers because it offers flexibility in utilizing assets without having to purchase them outright. In the ijarah scheme, the bank, as the owner of the asset, leases goods or services to customers with agreed-upon payments over a certain period of time. The main advantage of this financing is the ease for customers in obtaining the goods or services they need without having to spend a large amount of money up front. This is very beneficial for individuals and companies that need vehicles, heavy equipment, or property for business purposes without having to purchase them in cash. In addition, the payment scheme in ijarah is lighter than full ownership financing, because customers only pay rental fees during the period of use. The clarity of the contract and certainty in rental payments also provide a sense of security for customers, without the risk of interest or changes in the ratio as in



profit-sharing schemes. With these benefits, ijarah financing is an attractive option for customers who want to use assets efficiently without the burden of full ownership (Handayani, 2018).

Although BPRS Al-Washliyah Medan has provided various types of sharia-based financing contracts such as mudharabah, musyarakah, ijarah, salam, and istishna, data shows that the majority of customers prefer murabahah contracts. This raises an important question: is the lack of interest in other products due to minimal socialization from the bank, or because the characteristics of these products are not suitable for the needs of the majority of customers? Based on information from the bank, these products have actually been actively offered, both through direct promotions and education during the financing consultation process. However, most customers still tend to choose murabahah contracts because of their simple scheme, fixed margins, and faster and less complicated disbursement process. On the other hand, contracts such as mudharabah and musyarakah are considered more complex and risky because they involve a profit-sharing system, periodic business reports, and uncertainty of profits. Customer disinterest may also be influenced by low Islamic financial literacy or uncertainty in running a business (Haris Al Amin et al., 2022).

From the preliminary research conducted by researchers at the AL-Washliyah Medan Sharia People's Financing Bank, mudharabah financing is not fully attractive to customers because has more complex characteristics than other financing schemes such as murabahah or ijarah. In a mudharabah agreement, the bank as the investor (shahibul maal) provides funds to customers (mudharib) to be managed in a business, with a profit-sharing system determined at the outset. Although this scheme provides opportunities for entrepreneurs who do not have their own capital, there are several obstacles that make it less attractive. One of them is the strict requirements imposed by banks in selecting potential recipients of financing, as banks must ensure that the financed business has good prospects and can generate profits. In addition, profit sharing that is not fixed and depends on business performance is often considered less attractive by customers, especially when compared to the murabahah scheme, which has fixed installments. From the bank's perspective, the risk in mudharabah financing is also higher because if the business suffers losses that are not due to customer negligence, the bank must bear the losses without receiving any profits. The strict monitoring process by the bank can also be burdensome for customers, because they must provide regular and transparent financial reports. With these various factors, many customers prefer financing with simpler and more certain schemes,



such as murabahah or ijarah, compared to mudharabah, which has uncertainty in terms of profits and business management (Hutagalung, 2022).

In a previous study conducted by (Putra et al., 2023). The results of the study show that with financing provided by Bank Syariah Indonesia KCP Tanjung Balai as the capital structure for MSMEs, business actors can develop the size of their businesses, which has an impact on increasing the turnover of MSME actors. Then research conducted by (Nurlaila et al., 2022). The results of the study show that . Researchers found that product superiority and the application of Islamic values have a very significant impact . The application of Islamic values has a higher significance on customer satisfaction. This study shows that the independent variables, product superiority and the application of Islamic values, can explain the dependent variable, namely customer satisfaction , by 76.5%, indicating that product superiority and the application of Islamic values are able to influence the satisfaction of Bank Syariah Indonesia customers. Furthermore, Suwarno et al. (2022), research conducted by shows that there is intense competition between competitors in the banking industry particularly between Islamic banks and conventional banks as well as other Islamic banks, so that a strategy is needed to gain a competitive advantage in order to remain relevant in providing Islamic-based banking services .

Previous studies have generally focused on the impact of Islamic financing on the development of MSME businesses, customer satisfaction levels, and the competitive strategies of Islamic banks vis-à-vis other financial institutions (Nurlaila et al., 2022; Putra et al., 2023; Suwarno et al., 2022). The state of the art of these studies shows that product excellence and the application of Islamic values have a significant influence on customer satisfaction and loyalty, but the analysis is still general in nature and has not highlighted customer preferences for certain types of contracts.

The research gap lies in the lack of studies that specifically analyze the reasons why customers prefer certain products, particularly murabahah contracts, over other sharia products at the BPRS level. This is important because differences in product characteristics (such as the certainty of installments in murabahah or the profit-sharing principle in mudharabah) should offer a variety of choices, but in reality, most customers remain focused on only one contract.

Based on this gap, the novelty of this research is to conduct an in-depth analysis of the advantages of Islamic financing products at BPRS Al-Washliyah Medan by emphasizing customer preference factors, both from psychological, procedural, and structural aspects. This approach differs from previous studies



that placed more emphasis on satisfaction or the impact of financing on business growth. Thus, this study not only describes the advantages of the product from the bank's perspective but also adds the dimension of customer preferences as a determining factor in the success of Islamic financing products at the local level.

Previous studies have generally focused on the impact of financing on business development, customer satisfaction levels, or risk analysis and prudential principles in financing. However, there has been no study that specifically analyzes the advantages of Islamic financing products based on customer preferences for certain contracts, particularly at the Al-Washliyah Medan Islamic Rural Bank (BPRS). This research is different because it not only assesses the technical aspects of the product from the bank's perspective, but also explores the factors that influence customer preferences for murabahah contracts compared to other products, including psychological, procedural, and structural reasons that make other contracts less attractive. Thus, this research fills a gap in the literature regarding comparative analysis of contract preferences in Islamic financing on a local scale.

Based on the above explanation, the purpose of this study is to analyze the advantages of products in Islamic financing at Bank Pembiayaan Rakyat Syariah Al- washliyah Medan.

LITERATURE REVIEW

Product Advantage Theory

Product excellence is one of the main factors in a marketing strategy that determines a product's competitiveness in the market. According to (Kotler & Keller, 2012), product excellence includes elements of utility, quality, design, uniqueness, ease of access, and benefits perceived by consumers. This excellence creates positive perceptions and customer loyalty. In the context of Islamic financial institutions, product excellence is not only measured from a functional perspective, but also from the product's compliance with Islamic principles, ease of procedures, and the spiritual and social values contained within it.

According to (Lovelock & Wirtz, 2011), service or product excellence also depends on the differentiation perceived by customers, including the clarity of information, ease of transactions, and certainty guarantees. Therefore, an excellent Islamic financing product will have characteristics such as a transparent process, an easy-to-understand contract, and provide added value in accordance with Islamic principles and customer needs.



Theory of Sharia Financing

Sharia financing is the provision of funds by sharia financial institutions to customers based on Islamic principles. According to (Antonio, 2001), sharia financing must be based on valid muamalah contracts, such as sale and purchase contracts (murabahah, salam, istishna), lease contracts (ijarah), and profit-sharing contracts (mudharabah and musyarakah).

In practice, the murabahah contract is most widely used because it is considered to provide certainty in terms of price and fixed installments. Meanwhile, mudharabah and musyarakah contracts are often less popular because they involve uncertainty in terms of results and require periodic financial reports. According to (Ismail, 2011), Islamic financing must also adhere to the principles of being free from *riba*, *gharar*, and *maysir*, and must be carried out based on the principles of justice, cooperation, and responsibility. Therefore, the superiority of a sharia financing product is largely determined by its ability to simplify processes, provide value trust, and remain compliant with sharia law (Syahbudi et al., 2023).

Based on product superiority theory and Islamic financing theory, it can be concluded that an excellent Islamic financing product not only offers financial benefits but also clarity of contract, certainty of installment amounts, and ease of procedure. This forms the basis for analyzing why customers are more interested in certain products, such as murabahah, compared to other products that, although Islamic, are considered more complex or risky. This study uses this theoretical approach to explore the advantages of products from the perspective of customers and institutions.

Indicators of Financing Product Advantages

The superiority of financing products is one of the important factors that determine the competitiveness and success of Islamic financial institutions in attracting customers. According to various literature and previous research results, financing products are said to be superior if they meet several main criteria that reflect customer needs and expectations as well as bank operational principles (Napitupulu & Hasanah, 2023).

1. Product suitability to customer needs (fit-to-need) is a fundamental aspect. Products that can be tailored to specific customer needs, whether for business capital or consumption, are more easily accepted and widely used.
2. The ease of procedures and administrative requirements is a factor that greatly determines customer convenience in accessing financing. Simple



- procedures and administrative requirements that are not burdensome enable customers to obtain financing quickly and efficiently.
3. Certainty and clarity of contracts are non-negotiable, especially in the context of Islamic banking. Transparency in financing contracts, including explanations of the principal amount, profit margin, and payment mechanism, will increase customer trust and satisfaction.
 4. Minimal risk for customers and banks must be a primary concern. Proper risk analysis and good management can reduce the potential for default, thereby maintaining the continuity of the customer's business and the financial stability of the bank.
 5. The spiritual added value or blessings generated from transactions that comply with sharia principles differentiate sharia financing products from conventional products. This provides added value for customers who prioritize religious aspects in their transactions.
 6. The relatively quick disbursement of funds is an operational advantage that is highly appreciated by customers, as the prompt availability of funds accelerates the fulfillment of needs and supports business continuity.
 7. Flexibility in repayment or installment arrangements makes it easier for customers to adjust payments according to their financial capabilities, thereby increasing compliance and reducing financial burdens.
 8. High demand or usage volume by customers is an indicator of the product's success in meeting market needs and shows the level of public trust in the product.

Thus, financing products that are able to meet most or all of the above indicators can be categorized as superior products that have a competitive advantage in the eyes of customers and banks. This advantage plays an important role in maintaining customer loyalty and supporting the growth and sustainability of Islamic financial institutions.

RESEARCH METHOD

This research uses field research with a qualitative approach. This approach was chosen because it allows researchers to explore in depth the phenomenon related to the advantages of Islamic financing products through experiences, perceptions, and direct information from sources at the research location.

The research was conducted at Bank Pembiayaan Rakyat Syariah (BPRS) Al-Washliyah Medan, located at Jalan Gunung Krakatau No. 28, Medan Timur,



North Sumatra. This location was chosen because BPRS Al-Washliyah Medan is one of the Islamic financial institutions that actively offers various financing products with Islamic contracts and has a diverse customer base.

The research subjects include employees working as marketing staff and financing managers at BPRS Al-Washliyah Medan, as they are directly involved in the management, promotion, and offering of financing products. Primary data sources were obtained from direct interviews with bank officials, while secondary data were obtained from supporting documents, bank archives, financial reports, and relevant academic literature.

The research instrument used was a semi-structured interview guide developed by the researcher to explore information about product financing advantages, offering strategies, and customer preferences. This instrument was equipped with a list of open-ended questions that allowed respondents to provide comprehensive answers. In addition, the researcher also used field notes to record the research context and supporting documents from the bank.

In addition to analyzing the data, researchers must also test the validity of the data. The techniques used in data validity are as follows: Triangulation is a technique for examining data validity by utilizing something other than the data itself for the purpose of checking or comparing the data. There are various methods of triangulation, but the author only uses two types of triangulation, namely:

1. Theoretical triangulation, which utilizes two or more theories to be compared or combined.
2. Method triangulation, which is an effort to check the validity of data or check the validity of research findings. Method triangulation can be done by using more than one data collection technique. It can also be done by checking and double-checking (Halim, 2022).

RESULTS AND DISCUSSION

Al-Washliyah Medan Sharia People's Financing Bank

PT. BPRS Al-Washliyah Medan. This company was established based on the decision of the Al-Washliyah North Sumatra Regional Conference and on October 18, 2013, BPRS AL-Washliyah Medan had its own building on Jalan Gunung Krakatau No. 28, East Medan, which was inaugurated by the Governor of North Sumatra, Gatot Pujo Nugroho.

Period I began operations on November 8, 1994, initially located at Jalan



Perintis Kemerdekaan No. 151-A Tanjung Morawa. It was inaugurated by the Governor of North Sumatra, H. Raja Inal Siregar, with H. Suprpto as the managing director and Ir. H. M. Arifin Kamdi, M.Si, H. Maslin Batu Bara, Khalifah Sihotang, Hidayatullah, SE, and H. Murat Hasyim as commissioners of . In the second period, a new organizational structure was formed, namely: President Director of H.T.Kholisbah and as Commissioners Ir.H.M.Arifin Kamdi.Msi, H.Maslin Batu Bara, Khalifah Sihotang, Hidayatullah, SE, and Drs.H.Miftahuddin,MBA.35 Alhamdulillah, in the third period on , April 2, 2003, the office of PT. BPRS AL-Washliyah Medan moved to Jalan SM.Raja No. 51 D Simpang Limun Medan, was officially inaugurated by the Governor of North Sumatra, , namely H.T.Rizal Nurdin as the Chief Executive Officer Hidayatullah, SE, and Commissioners Ir.H.M.Arifin Kamdi, M.Si, and Drs.H.Miftahuddin, MBA.

Al-Washliyah BPRS Medan Financing Products

As a sharia financial institution, BPRS Al-Washliyah Medan offers a variety of financing products designed to meet the working capital, investment, and consumption needs of the community in accordance with Islamic sharia principles. All of these products are implemented with contracts that are regulated in muamalah fiqh, so they are free from elements of riba, gharar, and maisir. Each type of financing has its own characteristics and mechanisms , tailored to the needs and risk profiles of customers. Based on the financing data recorded at BPRS Al-Washliyah Medan, there are seven main types of financing contracts used, namely murabahah, mudharabah, musyarakah, salam, istishna, ijarah, and qardh. The explanation of each product is as follows:

1. Murabahah

Murabahah is a sale and purchase agreement where the bank purchases goods needed by the customer, then resells them to the customer at the cost price plus a profit margin agreed upon at the beginning of the agreement. In this agreement, the bank is required to explain the cost price and margin amount to the customer transparently. Payments are made in installments according to the agreed-upon timeframe. This agreement is popular because its mechanism is simple, the risk is relatively low, and it is suitable for financing both consumer goods and business capital.

2. Mudharabah

Mudharabah is a form of business cooperation between the capital owner (shahibul maal), namely the bank, and the business manager (mudharib), namely the customer. The bank provides the full capital, while the customer



is responsible for managing the business according to the agreement. Profits are divided according to a predetermined ratio, while losses are the responsibility of the capital owner, provided they are not caused by the negligence of the manager. This contract is widely used for financing productive businesses that require working capital.

3. Musyarakah

Musyarakah is a collaboration between two or more parties to run a specific business, where each party contributes capital. Profits are divided based on agreement, while losses are shared according to the proportion of capital contributed. This agreement is typically used for financing projects or businesses involving capital participation from both parties, whether banks or customers.

4. Salam

Salam is a purchase and sale agreement with an order system, where payment is made in full upfront at the time of the agreement, while the goods will be delivered by the seller at a later date according to the agreed specifications. The Salam agreement is generally used for financing the agricultural sector, such as ordering harvests from farmers with upfront payment as working capital.

5. Istishna

Istishna is a sales contract in the form of ordering the production of specific goods based on specifications agreed upon between the seller and buyer. Unlike salam, payment in istishna can be made upfront, in installments, or after the goods are completed. This contract is widely used for financing in the manufacturing, construction, or custom-made goods sectors.

6. Ijarah

Ijarah is a contract for the leasing of goods or services between a bank and a customer, whereby the bank, as the owner of the goods, grants the customer the right to use them in exchange for a fee (ujrah) that is paid periodically or in a lump sum. The goods that are leased remain the property of the bank, while the customer benefits from their use for a certain period of time. Ijarah is widely used for financing vehicles, machinery, or property.

7. Qardh

Qardh is an interest-free loan provided by the bank to customers. In this contract, customers are only obliged to repay the principal within an agreed period. Qardh contracts are usually used for urgent needs or social assistance,



and are often short-term. BPRS can also provide qardh as part of a social responsibility program or charity fund.

The results of the research show that murabahah products are the main choice of customers because they provide price certainty, fixed installments, and simple and fast procedures. Conversely, mudharabah and musyarakah are less popular because they are considered more complicated and risky, while the use of salam, istishna, and qardh products is still limited to certain segments. Based on interviews with financing managers and marketing staff at BPRS, the majority of customers feel more comfortable with murabahah because the disbursement process is fast and does not require additional requirements such as business reports (Nafisah & Husada, 2024; Nainggolan & Abdullah, 2019).

When compared to previous studies, these findings are in line with Nurlaila et al. (2022), who stated that the advantages of sharia products have a significant effect on customer satisfaction, especially if the products are easily accessible and the procedures are simple. However, this study differs from Putra et al. (2023), which emphasizes the contribution of sharia financing to the development of MSME businesses. The results of this study also reinforce the view of Reynaldi & Dwi Cahyono (2022) that competition among Islamic banks is determined by their ability to offer superior products that meet the needs of the majority of customers.

The theoretical implications of this study expand on the theory of product superiority (Kotler & Keller, 2012) by adding the customer's perspective on sharia financing agreements. Product superiority in the context of BPRS is not only determined by service quality or compliance with sharia principles, but also by factors such as agreement certainty, simplicity of procedures, and speed of fund disbursement. These findings also support the theory of Islamic financing (Antonio, 2001) that products that comply with Islamic principles must be accompanied by fairness, transparency, and spiritual values, but practice in the field shows that the aspect of procedural ease is more decisive in customer preferences. Thus, this study provides a theoretical contribution that the preference for murabahah can be understood as the embodiment of the concepts of "fit-to-need" and "ease of access" in product superiority theory (A. F. Nasution et al., 2022; N. Y. F. Nasution & Murtani, 2022).

Table 3.
Financing Procedures at BPRS Al-Washliyah Medan



Procedure Stages	General Procedure for All Contracts at BPRS Al-Washliyah	Specific Differences in the Procedure for All Contracts at BPRS Al-Washliyah
Application Submission	The customer fills out the form and submits the general requirements (ID card, family card, pay slip/business report, collateral, etc.)	-
Financing Feasibility Analysis	Field survey, data verification, and analysis based on the 5C and 7P principles	-
Financing Decision	The financing committee decides on the application: approve, postpone, or reject.	-
Signing of the Agreement	The customer and the bank sign the financing agreement according to the type of financing.	The agreement is tailored to the type of financing (murabahah, mudharabah, ijarah, etc.)
Fund Disbursement / Delivery of Goods	Funds are disbursed or goods are delivered in accordance with the agreement	➤ Murabahah: The bank purchases the goods and then sells them to the customer
		➤ Salam and Istishna: Goods are delivered later, and the progress of production is monitored
		➤ Mudharabah and Musyarakah: Working capital is disbursed directly to the customer



		➤ Ijarah: The right to use goods is leased, not ownership
		➤ Qardh: Fast disbursement with simpler requirements
Monitoring and Installment Payments	The bank monitors the use of financing and customers make payments according to schedule	➤ Mudharabah and Musyarakah: Periodic business progress reports

In general, the financing procedure at BPRS Al-Washliyah Medan consists of several stages that apply to all types of financing agreements. First, customers submit a financing application by filling out a form and completing the general requirements such as a photocopy of their ID card, family card, salary slip or business report, as well as collateral in accordance with bank regulations. After that, the bank conducts a financing feasibility analysis through field surveys, data verification, and the application of the 5C (*Character, Capacity, Capital, Collateral, Condition*) and 7P (*Personality, Party, Purpose, Prospect, Payment, Profitability, Protection*) principles (Rarawahyuni & Gunawan, 2024).

Next, the results of the analysis are submitted to the financing committee to make a decision on whether the application is approved, postponed, or rejected. If approved, the customer and the bank sign a financing agreement in accordance with the type of agreement selected. The stages of fund disbursement or goods delivery are then carried out based on the type of contract concerned. For example, in a murabahah contract, the bank first purchases the goods to be financed and then resells them to the customer. For salam and istishna contracts, the goods are delivered according to schedule, so that the progress of the goods' manufacture is closely monitored. In mudharabah and musyarakah contracts, working capital is directly channeled to customers for joint ventures. Meanwhile, ijarah contracts are for the rental of goods or services, and qardh contracts are loans without compensation with simpler requirements and faster disbursement (Ritongga, 2024).

During the financing period, the bank monitors the use of funds or goods that have been provided, and customers make installment payments or return capital according to the established schedule. Specifically for mudharabah and



musyarakah contracts, customers are required to provide periodic business progress reports to the bank as part of risk management and financing performance evaluation. With structured procedures and adjustments according to the type of contract, BPRS Al-Washliyah Medan can carry out its financing functions effectively while maintaining compliance with sharia principles and fund security. This difference indicates that although there are core requirements that are the same, BPRS Al-Washliyah Medan still adjusts the documents and provisions to the type of contract submitted. The financing realization data for each contract in 2024 can be seen in Table 4 below.

Table 4.
Financing Disbursement in 2024

No	Type of Financing	Year 2024
1	Murabahah	Rp 10,534,028,800
2	Mudharabah	IDR 426,450,000
3	Musyarakah	-
4	Greetings	-
5	Isthisna	-
6	Ijarah	IDR 806,155,300
7	Qardh	-

Source: PT Bank Pembiayaan Rakyat Syariah Al-Washliyah Medan, processed

Based on Table 4, the realization of financing by BPRS Al-Washliyah Medan in 2024 is still dominated by murabahah contracts with a total distribution of Rp10,534,028,800. This figure shows the significant role of murabahah as the bank's flagship product, considering the nature of this contract, which is relatively safe for the bank due to the certainty of price and collateral of goods. Mudharabah financing ranks second with a value of IDR 426,450,000, although its value is significantly smaller compared to murabahah. The ijarah contract was also realized with a value of Rp806,155,300, indicating a demand for financing for the rental of goods or services from customers. Meanwhile, the musyarakah, salam, istishna, and qardh contracts were not realized in 2024. This condition indicates that the focus of bank financing distribution is still centered on contracts that have lower risks and simpler mechanisms compared to profit-sharing or special order-based contracts (Salsabila et al., 2024; Salsabilah & Rahma, 2022).

After the *monitoring* and installment payment process is underway, it is possible that some customers may experience difficulties in fulfilling their obligations on time. Therefore, BPRS Al-Washliyah Medan also has a special



mechanism to handle credit risks or *non-performing financing* (NPF), to ensure that financing settlements are carried out in accordance with sharia principles and mutual interests.

The resolution of non-performing loans involves various steps, ranging from persuasive approaches, restructuring, to the seizure of collateral if necessary, with always prioritizing the principles of fairness and benefit for all parties involved. In the implementation of sharia financing, the risk of non-performing financing (NPF) is one of the challenges that must be faced by BPRS Al-Washliyah Medan. Non-performing loans occur when customers are unable to meet their installment payment obligations or repay financing according to the schedule agreed upon in the contract. To overcome this, the bank implements several resolution steps in accordance with sharia principles and sharia banking regulations.

First, the bank takes a persuasive approach to customers who experience late payments, such as offering rescheduling or financing restructuring. In restructuring, the bank and the customer can make adjustments to the term, installment amount, or payment mechanism so that the customer can fulfill their obligations more easily and affordably.

If restructuring efforts are unsuccessful and the customer continues to default on their obligations, the bank may take further action in accordance with sharia provisions, such as collecting debts or seizing collateral in accordance with the agreed contract. It is important to note that under Sharia principles, banks do not impose late payment interest (*riba*) as a penalty, but may impose *ta'widh* (compensation) in an amount agreed upon in the contract and only as compensation for administrative losses or reasonable costs (Siregar et al., 2023; Soemitra, 2016).

In addition, BPRS Al-Washliyah Medan also implements a routine *monitoring* and evaluation process to ensure the quality of financing so that the potential for bad debt can be minimized. Education and guidance are also provided to customers to increase their awareness and ability to fulfill their financing obligations.

Through this mechanism for resolving non-performing loans based on the principles of justice and public welfare, BPRS Al-Washliyah Medan strives to maintain the sustainability of the bank's operations while supporting the welfare of customers and the wider community.

Product Financing Offering Strategy at PT. BPRS Al-Washliyah Medan



PT. BPRS Al-Washliyah Medan offers a variety of financing products that are tailored to the diverse needs and characteristics of its customers. Each product has its own advantages and mechanisms designed to provide optimal financing solutions in accordance with sharia principles (Sjahdeini, 2014; Soemitra et al., 2022). To that end, the bank implements specific offering strategies for each product so that the public can understand the benefits and how the products work effectively. The following is an explanation of how BPRS Al-Washliyah Medan offers its main financing products to the public:

1. Murabahah

The Murabahah product is one of the bank's flagship products due to its fixed installments and simple procedures. BPRS Al-Washliyah Medan actively promotes the ease and transparency of this agreement through various media, including seminars and direct consultations with prospective customers. The advantages of this fast and clear process are the main selling points in attracting public interest.

Based on an interview with Mr. Samsul, the Financing Manager of PT. BPRS Al-Washliyah Medan, he stated that the Murabahah product is the most sought-after product by customers.

"We offer the Murabahah product by emphasizing the certainty of fixed installments and a simple process, making it easier for customers to apply for financing. To introduce this product, we actively conduct outreach through seminars, social media, and direct consultations with potential customers. Transparency in the agreement, particularly regarding the principal amount and profit margin, is always explained in detail to ensure customers feel comfortable and confident in their transactions." (Samsul, 2025).

He added,

"The advantages of a fast and clear process are the main selling points that helps us attract widespread public interest in using this product." (Samsul, 2025).

Based on an interview with the Financing Manager, the Murabahah product at PT. BPRS Al-Washliyah Medan has the main advantages of fixed installment certainty and a simple application procedure. This installment certainty is very important for customers because it provides clarity regarding payment obligations for each period, thereby reducing concerns about changes in costs during the financing period .



Additionally, the easy and fast application process for Murabahah is an attractive added value, especially for micro and small businesses that need capital without being burdened by complicated procedures. Transparency in the agreement, including explanations of the cost price and profit margin, also increases customer trust in this product and the bank as a whole.

These advantages make Murabahah a leading product that suits the needs of the majority of customers at BPRS Al-Washliyah Medan. This is in line with the indicators of financing product excellence, particularly in terms of ease of procedure, contract certainty, and suitability to customer needs (*fit- to-need*). Therefore, this product has significant potential for further development and promotion to expand the bank's market share.

2. Mudharabah

For Mudharabah products based on profit sharing, the bank emphasizes the principle of fair cooperation between the bank and customers. This product is usually offered through an approach to micro-entrepreneurs and start-ups that need business capital without having to provide collateral. The bank also provides education on the risks and benefits of profit sharing so that customers understand this scheme well.

Based on an interview with Mr. Samsul, Financing Manager of PT. BPRS Al-Washliyah Medan, he explained that the Mudharabah product is financing based on the principle of fair profit-sharing between the bank and customers.

“We emphasize the importance of fairness in the distribution of profits in accordance with the agreed ratio. This product is highly suitable for micro-entrepreneurs and start-up businesses that require working capital without having to provide collateral.” (Samsul, 2025).

He further stated,

“When offering Mudharabah, we take a direct approach to small and medium-sized businesses, while also providing education on risks and profit-sharing mechanisms to ensure customers fully understand this financing scheme. This is crucial to ensure customers not only receive capital but are also prepared to tackle business challenges together with the bank.” (Samsul, 2025).

Mudharabah products at BPRS Al-Washliyah Medan emphasize the principle of fair cooperation through a profit-sharing mechanism between the bank and its customers. The bank's special approach to micro-



entrepreneurs and start-ups allows these products to reach segments that need capital without collateral. The education provided by the bank regarding risks and profit-sharing mechanisms is crucial for enhancing customer understanding and readiness in running their businesses. Although the procedures are more complex compared to other products, Mudharabah remains a strategic financing option for specific segments that prioritize principles of fairness and collaboration.

3. Musyarakah

Musyarakah is offered to customers who wish to partner directly with the bank in a joint venture. The bank explains the proportional distribution of profits and risks, and this product is typically more geared toward larger business development. A personalized approach and intensive consultation are used to ensure customers feel comfortable collaborating.

Based on an interview with Mr. Samsul, Financing Manager of PT. BPRS Al-Washliyah Medan, he stated that the Musyarakah product is a form of capital cooperation between the bank and customers that prioritizes the principle of proportional profit and risk sharing.

"We typically offer this product to customers who wish to develop their business in collaboration with the bank, particularly for projects or businesses on a larger scale." (Samsul, 2025).

He also added,

"In offering Musyarakah, we use a personalized approach and conduct intensive consultations with prospective customers so that they fully understand the mechanism of this cooperation and feel comfortable partnering with the bank. This approach is important for building trust and ensuring the success of the joint venture." (Samsul, 2025).

The Musyarakah product offers a business partnership between the bank and the customer with a fair distribution of profits and risks. The personal approach and intensive consultations conducted by the bank help customers understand this scheme and enhance their comfort in collaborating. This product is highly suitable for developing larger-scale businesses, although it requires a deeper understanding and readiness from the customer.

4. Ijarah



The Ijarah product, which is a lease agreement, is offered as a financing solution for customers who need assets without having to purchase them directly. The bank explains the ease of light installments and the lack of need for large initial capital, making this product attractive to business owners who want to expand their production capacity at an affordable cost. Socialization is conducted through local media and business partners.

Based on an interview with Mr. Samsul, Financing Manager of PT. BPRS Al-Washliyah Medan, he explained that the Ijarah product is a lease agreement offered as a financing solution for customers who need assets without having to purchase them directly.

“We emphasize the ease of light installments and the lack of need for large initial capital, so this product is highly sought after by business owners who want to expand their production capacity at an affordable cost.” (Samsul, 2025).

He added,

“To introduce Ijarah products, we actively promote through local media and collaborate with business partners so that the community can better understand the benefits and mechanisms of these products.” (Samsul, 2025).

The Ijarah product offers flexible financing solutions through a lease-to-own mechanism, allowing customers to acquire assets without the need for direct purchase. The ease of light installments and minimal initial capital are the main attractions for business owners, especially those looking to expand their production capacity. The outreach conducted through local media and business partners has been effective in increasing public understanding and interest in this product.

5. Qardh

Qardh is a margin-free loan designed to assist customers in emergency situations or urgent needs. The bank offers this product by emphasizing its social value and benefits, as well as a quick application process. This approach is typically promoted through community networks and social assistance programs.

Based on an interview with Mr. Samsul, Financing Manager of PT. BPRS Al-Washliyah Medan, he stated that the Qardh product is a loan without margin that is focused on helping customers in emergency situations or urgent needs.



“We emphasize the social value and benefits of this product, , which greatly assists those in need of quick funds without the burden of interest.” (Samsul, 2025).

He also added,

“We have made the Qardh application process as fast and easy as possible, and this product is more widely known through community networks and social assistance programs that we run in collaboration with relevant partners.” (Samsul, 2025).

The Qardh product focuses on margin-free loans that greatly assist customers in emergency situations or urgent needs. The social value and benefits of this product are its main attractions, while the fast application process makes it easier for the public to access funds. The approach through community networks and social programs is effective in reaching segments that need financial assistance .

6. Salam

The Salam product is targeted at the agricultural sector and farmers who need funds to purchase agricultural products before harvest. The bank offers Salam through collaboration with farmer groups and agricultural departments, as well as intensive education to ensure farmers understand the benefits of this product as a guarantee for the sale of their harvest.

Based on an interview with Mr. Samsul, Financing Manager of PT. BPRS Al-Washliyah Medan, he explained that the Salam product is specifically targeted at the agricultural sector, particularly farmers who need funds to purchase agricultural products before the harvest period.

“We offer this Salam product through close collaboration with farmer groups and local agricultural departments to ensure it is utilized to its fullest potential by .” (Samsul, 2025).

He added,

“In addition, we also provide intensive education to farmers so that they understand the benefits and mechanisms of Salam products, so that they can use these products as collateral for the sale of their harvest, which can help their agricultural businesses run smoothly.” (Samsul, 2025).

The Salam product is focused on the agricultural sector as a financing solution for farmers who need funds before harvest. Collaboration with farmer groups and agricultural departments, as well as intensive education conducted by the bank, plays a crucial role in



enhancing understanding and utilization of this product. Thus, Salam helps guarantee the sale of harvest results and supports the sustainability of agricultural businesses in the bank's service area.

7. Istisna

Istisna is specifically offered for construction projects or custom-made goods production. The bank provides explanations regarding the structured and clear contract terms, suitable for manufacturing and construction businesses. Socialization is conducted through partnerships with contractors, developers, and related business associations.

Based on an interview with Mr. Samsul, Financing Manager of PT. BPRS Al-Washliyah Medan, he explained that the Istisna product is specifically designed for construction projects or custom-made goods production.

"We provide clear and detailed explanations regarding the Istisna contract structure, making this product highly suitable for businesses in the manufacturing and construction sectors." (Samsul, 2025).

He added,

"To promote this product, we have established partnerships with contractors, developers, and related business associations to ensure that outreach is conducted effectively and targets the right audience." (Samsul, 2025).

Istisna products focus on financing construction projects and the production of custom-made goods with a clear and well-planned contract structure. Partnerships with contractors, developers, and business associations help expand the reach of product awareness. This product is ideal for manufacturing and construction businesses that require structured and transparent financing.

Product Advantages at PT. BPRS AL-Washliyah Medan

In an interview with Mr. Samsul, the Financing Manager at BPRS Al-Washliyah Medan, he stated that this bank's financing product has advantages that can optimally meet customer needs.

"The financing products we offer are designed with careful consideration of the characteristics and needs of customers as a whole. Whether for customers who need capital to develop their businesses or those who need funds for daily consumption, our products are made to be flexible and adaptable to various types of requests. We strive to ensure that each product addresses the real needs of customers so that



they receive maximum benefits and feel financially supported in carrying out their activities.” (Samsul, 2025).

He added that the bank always strives to make the financing application process easier and faster with non-burdensome requirements. Based on the interview with Mr. Samsul, the Financing Manager of BPRS Al-Washliyah Medan, regarding the financing agreement, he stated that:

We are always committed to providing certainty and clarity in every financing agreement made. Every detail related to the cost of goods, profit margins, and payment mechanisms is explained transparently to customers from the beginning of the application process. We do this so that customers truly understand their rights and obligations without any doubt or ambiguity. As a result, customers feel safe and comfortable in conducting transactions, while maintaining trust and ensuring full compliance with the principles of Sharia law, which is the foundation of our operations.” (Samsul, 2025).

In terms of risk, the bank implements strict analysis and conducts regular monitoring to minimize the risk of default. In addition to business aspects, spiritual values are also a major focus. Based on the results of an interview with Mr. Samsul, Manager of Financing at BPRS Al-Washliyah Medan, he stated that:

“Our customers highly appreciate and value the fact that all our financing processes are always based on sharia principles . This makes them feel at ease and confident that every transaction is not only legal but also religiously permissible. Thus, this financing not only provides financial benefits but also brings blessings in running their businesses and daily lives. We believe that the religious values embedded in this financing product are an important factor in strengthening customer trust and loyalty toward our bank.” (Samsul, 2025).

In terms of service, the bank is committed to expediting the disbursement of funds so that customers can immediately utilize the financing. Based on an interview with Mr. Samsul, the Financing Manager of BPRS Al-Washliyah Medan, he stated that:

“We continue to make various improvements in the financing administration process with the primary goal of making fund disbursement faster and more efficient. Through the optimization of internal systems, staff training, and simplification of procedures, we are committed to eliminating bureaucratic obstacles that have been a challenge for customers. Thus, customers do not have to wait long and can immediately use the financing funds for their business or personal needs, thereby helping to increase productivity and welfare.” (Samsul, 2025).



Lastly, the bank also offers flexibility in installment arrangements, Based on an interview with Mr. Samsul, the Financing Manager of BPRS Al- Washliyah Medan, he stated that:

“Customers are given the flexibility to arrange repayment schedules or financing installments according to their current financial capabilities and conditions. This flexible approach allows customers to adjust their payments so they are not burdensome, enabling them to fulfill their obligations more comfortably without excessive financial pressure. With this flexible arrangement , it is hoped that customer compliance in repaying financing will improve while maintaining a good relationship between the bank and customers on an ongoing basis.” (Samsul, 2025).

Based on an interview with Mr. Samsul, Financing Manager of BPRS Al-Washliyah Medan, it can be analyzed that the financing products offered by this Islamic bank have strong advantages and are relevant to customer needs. First, in terms of suitability to customer needs (fit-to-need), the financing products are designed to be flexible in order to meet the needs of business and consumer capital, so that customers can obtain maximum benefits according to their characteristics and conditions.

Furthermore, the bank focuses on simplifying administrative procedures and requirements to provide fast and hassle-free services to customers. This is important because it can speed up the application and disbursement process, so that customers do not experience obstacles that could disrupt their business or needs.

Another advantage is the certainty and clarity of the agreement, where the bank transparently explains the cost price, profit margin, and payment mechanism from the outset. This transparency not only builds a sense of security and comfort for customers, but also ensures compliance with the sharia principles that form the basis of the bank's operations.

In terms of risk, BPRS Al-Washliyah Medan conducts rigorous analysis and routine monitoring to minimize the risk of default, so that financing products can run smoothly and profitably for both parties. In addition, the bank also emphasizes spiritual added value as a distinguishing feature of their products from conventional financial institutions . Based on sharia principles, customers feel that the financing they receive is not only legally halal, but also brings blessings that strengthen their loyalty to the bank.

In terms of service, the bank's efforts to accelerate fund disbursement through improvements in administrative processes and simplified procedures are a significant added value. This speed of disbursement is very influential in



helping customers utilize funds in a timely manner for business or other urgent needs.

Finally, flexibility in repayment or installment arrangements provides convenience for customers to adjust their payment schedules according to their financial capabilities . This approach not only reduces the burden of payments but also increases customer compliance in fulfilling their obligations and maintains good relations between the bank and customers in the long term.

Overall, the advantages of financing products at BPRS Al-Washliyah Medan analyzed based on this interview are in line with the main indicators that determine product competitiveness, namely suitability to needs, ease of procedure, certainty of contracts, risk management, spiritual value, speed of disbursement, and payment flexibility. This makes the bank's financing products not only competitive but also capable of providing significant added value to customers and ensuring the sustainability of the bank's operations.

Based on an analysis of the advantages of financing products at PT. BPRS Al-Washliyah Medan, the following is a detailed presentation of financing products, including the characteristics, advantages, and disadvantages of each type of contract. This presentation aims to provide a more comprehensive overview of the products offered and how they are received by customers. The following table presents this data in detail to facilitate understanding and evaluation of the advantages and challenges faced by each financing product at this bank.

Table 5.
Details of BPRS Al-Washliyah Medan Financing Products
(Including Characteristics, Advantages, and Disadvantages)

Type of Agreement	Characteristics	Advantages	Disadvantages / Less Popular Because
Murabahah	Sale and purchase with profit margin. Price and installments are agreed upon at the outset.	Fixed installment certainty - Easy and fast process - Transparent	Not flexible during market fluctuations - Not suitable for results-based businesses
Mudharabah	Profit sharing. The bank acts as the fund provider (shahibul maal), while the	No collateral required - Suitable for start-ups	Uncertain returns - Complex procedures - Business reports required



	customer acts as the manager.		
Musyarakah	Capital cooperation between the bank and the customer. Profits and losses are shared.	Fair profit sharing Suitable for joint business development	Requires initial capital from customers - High risk of loss
Ijarah	A lease agreement for goods or services. Customers pay rent, not purchase assets.	No large initial funds required - Low installments - Suitable for business assets	No ownership rights - Total costs may be more expensive in the long term
Qardh	A loan without compensation (grant), which must be repaid.	Very helpful for customers in emergencies - No margin	Generally small amounts Does not generate profit for the bank
Salam	Payment upfront, goods delivered later () (pre-order of agricultural products).	Suitable for farmers in the agricultural sector - Can guarantee future product sales through	Risk of crop failure - Unfamiliar to the general public
Istishna	Production/goods financing—the bank purchases goods first before selling them to customers.	Suitable for construction or production projects - Structured and clear	Requires a long time - Customers must understand the contract and technical agreements

Source: BPRS Al-Washliyah Medan

Based on Table 5, which presents details of various financing products offered by PT. BPRS Al-Washliyah Medan along with their characteristics, advantages, and several things that need to be considered for each product. From the table, it can be seen that the Murabahah product is one of the most popular products among customers. The advantages of this product lie in the certainty of fixed installments, an easy and fast process, as well as transparency in the



implementation of the agreement, making it highly suitable for the needs of the majority of customers.

Meanwhile, other financing products also have their own unique features and advantages that suit the characteristics and needs of specific market segments. With a variety of product options, BPRS Al-Washliyah Medan is able to provide flexible and diverse financing solutions to meet the different needs of customers. This explanation illustrates that although Murabahah is the flagship product, other products also play an important role in meeting the needs of a more specific and diverse market.

Based on the author's analysis of the advantages of financing products at BPRS Al-Washliyah Medan and BPRS indicators, the suitability of each contract can be explained as follows.

1. Murabahah has the advantages of fixed installment certainty, easy and fast processes, and transparency. These advantages are in line with indicator 1 (fit-to-need), indicator 2 (ease of procedure), indicator 3 (certainty and clarity of contract), and indicator 7 (installment flexibility). Based on Table 4, Murabahah also has the highest financing amount (Rp 10,534,028,800), so indicator 8 (high demand/usage volume) is clearly reflected in this contract.
2. Mudharabah stands out for its advantage of not requiring collateral and being suitable for start-up businesses, in line with indicator 1 (fit-to-need) and indicator 4 (minimal risk), but its procedures are complicated, so indicator 2 is not fully achieved. From Table 4, the nominal amount of Mudharabah financing is relatively small (Rp 426,450,000), so that indicator 8 is only partially achieved.
3. Musyarakah, Salam, Istishna, and Qardh have advantages in accordance with sharia principles, spiritual added value, and certainty of returns (indicators 1, 3, 4, and 5), but Table 4 shows that financing for these contracts has not been provided, so indicators 6 (fund disbursement) and 8 are not reflected.
4. Ijarah emphasizes ease of initial capital, light installments, and suitability for business assets, in accordance with indicators 1, 2, 6, and 7. Based on Table 4, Ijarah has a nominal financing amount of IDR 806,155,300, so that indicator 8 is reflected at a medium level compared to Murabahah.
5. Qardh assists customers in emergencies and without margin, in accordance with indicators 1 and 5, but there is no financing disbursement in 2024, so indicators 6 and 8 are not achieved.

Overall, most of the product's advantages are in line with BPRS indicators, especially indicators 1 (fit-to-need), 2 (ease of procedure), 3 (certainty of contract),



4 (minimal risk), 5 (spiritual added value), 6 (fast disbursement of funds), and 7 (flexibility of installments). Indicator 8 (high demand/usage volume) is only reflected in Murabahah and Ijarah, while other contracts have not yet reached significant usage volumes in 2024. This indicates that product excellence alone does not always reflect the level of usage by customers, making actual data from banks crucial for assessing this indicator.



Discussion

Interview results and analysis show that PT. BPRS Al-Washliyah Medan has successfully offered various sharia financing products tailored to the diverse needs of customers. The Murabahah product is a leading product due to its fixed installment certainty and simple procedures, making it easy to understand and accessible to the wider community. This is in line with the theory that product suitability to customer needs (fit-to-need) and ease of administrative procedures are the main factors in determining the superiority of financing products.

Mudharabah and Musyarakah products emphasize the principles of cooperation and fair profit sharing, which reflect the values of justice and collaboration in the Islamic economy. The intensive education and consultation approach taken by banks for these products helps increase customer understanding of the risks and financing mechanisms, in accordance with the importance of certainty and clarity of contracts in Islamic products. Ijarah, Qardh, Salam, and Istisna products also provide flexible financing solutions tailored to specific market segments. Ijarah provides convenience for businesses that need assets without large capital, while Qardh emphasizes the social aspect as a loan without margin for customers in emergency situations. The Salam and Istisna products specifically target the agricultural and manufacturing sectors, where collaboration with farmer groups, agricultural departments, contractors, and business associations strengthens the promotion and utilization of these products.

Overall, BPRS Al-Washliyah Medan implements a strategic offering that is appropriate by prioritizing transparency, flexibility, and spiritual values in accordance with Sharia principles. This strengthens customer trust and loyalty, while supporting the sustainability of the bank's business in the Sharia financing market.

Based on the theory of superiority of sharia financing products, superior products are products that meet the following criteria: suitability to customer needs, ease of procedure, certainty of contract, minimal risk, spiritual added value, fast disbursement time, flexibility of repayment, and high volume of use. BPRS Al-Washliyah Medan has demonstrated fulfillment of nearly all these indicators through its superior products such as Murabahah, which provides certainty of installments, Mudharabah and Musyarakah, which emphasize fairness in returns, and other flexible products tailored to market segments. Intensive education and outreach efforts have strengthened customer understanding and acceptance of products, contributing to high usage volumes and customer loyalty.



Previous studies provide strong support for the findings in this research. (Suwarno et al., 2022) emphasizes that the suitability of financing products to customer needs and the ease of administrative procedures are crucial factors that can increase the attractiveness of Islamic banking products. This is in line with the findings that Al-Washliyah Medan BPRS products are designed to be easily accessible and tailored to the diverse needs of customers.

Furthermore, a study by (Fattah & Muchlis, 2024), emphasizes that transparency in contracts and certainty in profit sharing are key factors in building customer trust in Islamic financing. Interview findings show the bank's commitment to clearly explaining contract mechanisms and profit sharing, reinforcing the importance of this aspect in Islamic banking practices.

Additionally, research by (Sari, 2021) shows that customer education plays an important role in increasing understanding of risk and profit-sharing financing mechanisms. This increased understanding has a positive impact on customer loyalty, which supports the educational and socialization approach undertaken by BPRS Al-Washliyah Medan.

Thus, the results of this study are supported by strong theoretical and empirical evidence from previous studies, which reinforce the validity of the findings regarding the superiority of financing products at BPRS Al-Washliyah Medan.

CONCLUSION

This study found that BPRS Al-Washliyah Medan has a variety of sharia-based financing products, but murabahah is the most dominant contract chosen by customers because of its price certainty and simple process. Other products such as mudharabah, musyarakah, ijarah, salam, istishna, and qardh are still offered, but their acceptance is more limited due to their complex characteristics or narrow market segments.

These findings confirm that the superiority of sharia financing products is not only determined by their compliance with sharia principles, but also by factors such as contract transparency, ease of procedure, and speed of service. This has implications for product development strategies at BPRS, namely the need for other contract innovations in order to compete and attract customers as well as murabahah.

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