

## Islamicity Cultural Performance Index (ICPI) in increasing customer trust in KSP syariah BMT NU East of Java Indonesia

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### Abstract

The development of Islamic financial institutions in Indonesia, notably in East Java, has seen significant growth, particularly with the rise of Islamic Commercial Banks (BUS) and Islamic Business Units (UUS) within conventional financial institutions. The study focuses on assessing the performance of East Java BMT NU Sharia KSP using the Islamic Cultural Performance Index (ICPI) to enhance customer trust. Employing qualitative methods with descriptive analysis, the research evaluates financial performance from 2017 to 2021.

It utilizes the Islamic Performance Index (IPI) approach, examining Profit Sharing Ratio, Equitable Distribution Ratio, and Director-Employee Welfare Ratio. Results demonstrate favorable ratios contributing to customer trust, influenced by aspects like benevolence, integrity, and religious values. While the IPI evaluates financial aspects, the Islamic Cultural Performance Index (ICPI) considers religious values' impact on trust. This study enriches understanding of customer trust dynamics, serving as a resource for enhancing quality learning and analytical frameworks in Islamic finance.

**Keywords:** Islamic financial institutions; East Java; Performance assessment; Islamic Performance Index (IPI); Customer trust

### 1. Introduction

Islamic financial institutions (IFIs) have experienced significant growth, not only due to the weak global economy but also due to practical and religious considerations in developing the economy of the community. The importance of IFIs to remain within the principles of Sharia emphasizes aspects of compliance and Islamic business ethics values, as applied by the Sharia Supervisory Board (SSB) in overseeing its operations and products. This differs from the conventional financial system, where Islamic principles demand transactions free from forbidden elements such as *riba* (usury) and *gharar* (uncertainty). The implementation of Sharia principles in IFIs relies on principles of justice, honesty, and cooperation as integral parts of Islamic business (Rianti, 2021).

Compliance with Sharia principles distinguishes Islamic banking from conventional banking, with Islam emphasizing ethical values in business, such as prohibiting fraud and monopolies. However, challenges in implementing these values amidst the dualism of the banking system remain a serious issue, as many Islamic banks follow conventional models.

This creates a perception that Islamic and conventional banking is similar, especially with the majority of IFIs operating under conventional institutions without specific regulations for IFIs (Pertiwi, 2019). Guidelines based on Western frameworks can also limit the development of IFIs, resulting in a negative view of Islamic banking. These conditions create an impression that Islamic banking tends to have similarities with conventional banking, thus requiring more specific regulations to develop IFIs optimally and address the perception gap between the two.

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The Sharia Supervisory Board (SSB) plays a crucial role in managing Islamic Financial Institutions (IFIs), responsible for ensuring compliance with Sharia values. The main responsibility of the SSB includes ensuring Sharia compliance in financial institutions, acting as a mediator between the National Sharia Board (NSB) and management regarding product fatwas, and ensuring the implementation of fatwas by IFIs. SSB members must have extensive knowledge, including in the fields of Islamic economics and modern finance, to effectively carry out their duties.

Lilies Handayani (2018) stated that non-compliance with Sharia principles can jeopardize the reputation of IFIs and the image of Islam, so the SSB must be proactive in enforcing Sharia compliance and imposing sanctions on violations. Although competition among Islamic banks is fierce, product innovation must still adhere to Sharia principles to maintain public trust. Islamic cooperatives (BMT) are an important part of Islamic financial institutions, born as a response to the community's need for financial services in line with Islamic values, especially in rural areas.

Initiatives such as the Small and Medium Enterprises Incubation Center (PINBUK) encourage the development of BMTs, which play a role in providing access to Islamic finance for the community, reducing reliance on non-Islamic financial institutions, and supporting small and medium-sized entrepreneurs. Thus, Sharia compliance is not only an operational issue but also serves as a foundation for building public trust and enhancing Islamic financial inclusion.

The Sharia Supervisory Board (SSB) plays a crucial role in ensuring the compliance of Islamic Financial Institutions (IFIs) with Sharia principles. The lack of performance by the SSB in carrying out its duties can result in violations of Sharia compliance, which can damage the public's trust in the IFIs (Sepky, 2015). On the other hand, the performance of Islamic banks such as KSPP Syariah BMT NU East Java is considered important by various parties, including investors and the public, as it serves as a crucial indicator in assessing the trust and reputation of Islamic financial institutions. Analyzing financial reports using the Islamicity Disclosure Index and Islamicity Performance Index becomes an important tool in measuring the performance and level of trust of customers in Islamic financial institutions.

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## 2. Literature Review

In conceptual clarification, customer trust is an important factor influencing consumer decisions, closely related to attitudes and behaviors. Trust, attitude, and behavior mutually influence each other, where trust can be influenced by one's attitude and behavior will be shaped by that attitude. The Islamicity Performance Index (IPI) is a method for assessing the performance of Islamic financial institutions, measuring various indicators such as zakat performance, profit sharing, equitable distribution, Islamic investment, Islamic income, as well as directors-employee welfare. Bait al-Maal wa al-Tamwil (BMT) serves as a monetary foundation and financial inclusion operating based on Sharia standards, aiding small and medium financial activities.

Operationally, this conceptual clarification aims to explore the level of customer trust using the Islamicity Performance Index (IPI) method in Islamic Financial Institutions, especially in KSPP Syariah BMT NU East Java. This signifies efforts to understand how Islamic financial institutions are measured and evaluated in the context of customer trust, utilizing established frameworks.

To clarify the position of this research and provide differentiation from previous studies, several prior research works have been examined. Jahja (2012) explored the monetary presentation of Islamic savings compared to conventional banking using different monetary proportion methods, finding that while Islamic financial proportions (such as ROA, ROE, and LDR) tend to be better, there are still some aspects that need attention. Research by Sjam and Canggih (2022) highlighted the financial performance of Islamic commercial banks, finding that despite efforts to avoid *riba*, financial performance has not achieved positive development over certain periods. Juliansyah (2021) and Solatiah Nasution with their respective teams (2023) applied the Islamicity Performance Index (IPI) to Islamic financial institutions, finding diverse results but generally showing good performance in several aspects.

Research by Nella Wahyuni, Nurul Wahida Hidayat, and Sinta (2023) compared the financial performance of Islamic commercial banks in Southeast Asia using the IPI, finding that Bank Muamalat Indonesia showed the best performance. Harahap, Harmain, & Siahaan (2022), as well as Ramadhanayanti, Purwaningrum, & Natalina (2022), also analyzed the performance of Islamic banks using the IPI, finding satisfactory results in several aspects but still encountering some challenges that need to be addressed.

Amala, Malihatn, & Hastuti (2022) studied the impact of the Islamicity Performance Index and Islamic Social Reporting on the performance of Islamic banking in Indonesia post-COVID-19 pandemic, finding that both factors have a fundamental influence on the performance of Islamic banking. Research by Marwal (2023) also showed satisfactory

results in evaluating the performance of Islamic banks using the Islamicity Performance Index and Sharia Maqashid Index.

Lastly, research by Nurtiasih et al. (2022) evaluated the performance of BCA Syariah using the IPI over a specific period, finding varied results but overall indicating satisfactory compliance with Sharia principles. Thus, this series of previous research provides broad insights into the performance of Islamic financial institutions and the importance of using appropriate evaluation methods to measure Sharia compliance and financial performance.

### 3. Research Method

This research employs a qualitative approach with descriptive analysis, providing detailed elaboration on the role of the Islamicity Performance Index (IPI) in enhancing customer trust, conducted at KSPP Syariah BMT NU East Java to understand the results of this study thoroughly. The research object retrieves documents from the annual financial reports of KSPP Syariah BMT NU East Java for the period from 2017 to 2021, which have been audited and published.

The research utilizes data or materials from the annual financial reports of BMT NU East Java, which have been audited and published for the years 2017 to 2021. Data sources are directly obtained from the headquarters of BMT NU East Java, located at Jalan Raya Gapura, Gapura Tengah Village, District of Gapura, Sumenep Regency. Furthermore, the research involves information gathered through meetings and perceptions over six months, with a total of approximately 150 witnesses scattered across various areas in East Java. Informants' professions vary, ranging from traders to fishermen, with differing income levels.

The research object is KSPP Syariah BMT NU East Java from 2017 to 2021, headquartered in Sumenep Regency. The total number of branch offices currently stands at 100, located in the East Java Province, covering various districts including Sumenep, Pamekasan, Sampang, Jember, Situbondo, Probolinggo, Bondowoso, Bangkalan, Banyuwangi, and Lumajang. KSPP Syariah BMT NU East Java, established from 2017 to 2021, and with annual reports for 2017, 2018, 2019, 2020, and 2021 available on its official website, meets the sampling criteria.

Information obtained includes both essential and optional data. Vital information, particularly from interviews conducted through meetings and perceptions within a specific timeframe, is considered primary data. Secondary data comprise supplementary materials obtained from various sources such as books, articles, and others. The primary data taken are the annual financial reports of BMT NU East Java for the period from 2017 to 2021, which have been audited and published.

Documentation refers to records of past events. Documents used in this research include various data sources, such as photos of activities, annual financial reports, documentation books, official websites of related institutions, and relevant important records obtained directly from KSPP Syariah BMT NU East Java during the specified period from 2017 to 2021.

Various data are collected from the same sources by researchers, particularly those collected from BMT NU East Java. Additionally, the method of triangulating information is employed to test the accuracy of information obtained by specialists. This is done to test the overall accuracy of information to obtain accurate and precise examination results.

The discussion concludes deductively by concluding general questions to specific statements after data from the annual financial reports are collected and analyzed using qualitative descriptive methods (providing an overview of the observed subjects). Information testing in this research uses a subjective strategy, clarifying words or sentences to interpret quantitative information desired to be achieved. The information verification process in this research.

Using the three financial ratios measured with the Islamicity Performance Index data analysis to calculate:

*Profit Sharing Ratio*

$$\text{PSR} = \frac{\text{Mudharabah} + \text{Musyarakah}}{\text{Total Financing}}$$

$$\text{Equitable Distribution Ratio (EDR)} = \frac{\text{Average Distributor for Each Stakeholders}}{\text{Income} - (\text{Zakat} + \text{Taxes})}$$

*Directors-Employee Welfare Ratio*

$$\text{DEWR} = \frac{\text{Remuneration of Directors}}{\text{Employee welfare}}$$

The subsequent section is a review containing explanations of trust, customer trust, etc. Performance ratio of zakat, profit sharing ratio, distribution ratio, Sharia income ratio, Sharia investment ratio, director-employee welfare ratio, and explanations regarding Sharia compliance are some other indicators discussed in this chapter.

The definition and scope of Bait al-Mal wa al-Tamwil (BMT), as well as its position, functions, and objectives, will be discussed in the third chapter. Furthermore, the empowerment strategies of BMT in Indonesia will be discussed. In the final part of this section, various aspects related to KSPP Syariah BMT NU East Java will be interpreted, such as the historical background underlying its development to the matters conveyed by its establishment.

The results of the research and discussions are covered in the fourth chapter. This section will examine the proportion of profit-sharing work in enhancing client trust in KSPP Syariah BMT NU East Java. Then, in the fifth section, the role of impartial profit-sharing proportions in enhancing client trust in KSPP Syariah BMT NU East Java will also be discussed. Furthermore, the sixth chapter discusses how the director-employee welfare ratio contributes to increasing customer trust in KSPP Syariah BMT NU East Java.

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## 4. Result and Discussion

### 4.1. Customer Trust and Islamicity Performance Index (IPI)

Customer trust is an important aspect that influences consumer decisions in conducting business transactions. This trust is closely related to consumer attitudes and behaviors and plays a key role in shaping the strong relationship between companies and their customers. Knowledge, image, service quality, and company reputation are factors that influence the formation of customer trust (Mowen & Minor, 2001).

From a psychological perspective, trust can be understood as one's willingness to entrust their affairs to others with strong conviction (Marcelino, et al., 2023). This involves confidence in others and the belief that their words and actions can be trusted. This trust plays a vital role in shaping the bonded relationship between companies and their customers.

Research has shown that high levels of trust can have positive effects on business relationships. Companies known to have high levels of trust tend to have better relationships with their customers and business partners. This brings positive energy into every interaction. In Islam, the concept of trust is known as "*amanah*," emphasizing the importance of maintaining trust and integrity in all matters. Verses in the Qur'an emphasize the importance of fulfilling trust and upholding justice in relationships with others.

Customer trust in a company can be seen from the professionalism, credibility, and consistency of the company in conducting business relationships. Factors such as steadfastness, honesty, fairness, competence, discipline, and trustworthiness are the main determinants in building consumer trust.

In a business context, a company's efforts to build and maintain customer trust involve communication strategies, consistency in service, and transparency in company actions. Customer trust is not something easily obtained but is the result of a company's dedication to building mutually beneficial relationships with its customers. In building consumer trust, companies need to pay attention to several important aspects.

First, is benevolence, which is the belief that the company will behave well and prioritize the interests of consumers. The company needs to demonstrate its willingness to provide and serve consumer needs.

Second, is integrity, which is the belief that the company will maintain honesty and fulfill agreements made with consumers. The company must exhibit a consistent disposition or behavior in conducting business.

Third, is competence, which is the company's ability to meet consumer needs. The company should assist consumers in obtaining what they want effectively.

Fourth is the willingness to depend, which is the readiness of consumers to rely on the company in facing potential risks or negative outcomes. Consumers should feel safe and trust that the company can handle issues effectively.

Fifth, subjective likelihood of dependence, which is the level of consumer trust in providing personal information to the company, following agreements, and complying with the company's recommendations and requests.

By considering and building these aspects, the company can establish a strong trust with consumers. High trust will result in loyal consumers and deep commitment to the company. In the future, all businesses with a reputation will remain connected to the business world. The products produced by a company will continue to be associated with their image in the lives of their consumers. Kotler's explanation of his opinion on corporate image is that it is the overall response of consumers to the various products offered by a company, which is then assumed to be a perception of trust, ideas, and society's response to a particular organization.

In the book "Public Relations" by Frank Jefkins, the concept of image is defined in the realm of public relations as "the appropriate impression (in terms of truth) of the strategies or administrations of different individuals within an association or organization". Image can also be referred to as society's perception of the company, which includes the experiences, feelings, knowledge, and experiences of society towards the company itself. This means that the company's facilities, assets, as well as the services provided by its employees to consumers, can influence society's perception of the company's image.

Understanding of an image is abstract, intangible, and cannot be illustrated based on physical evidence or reached mathematically, as it grows and develops in the mind. However, its existence can be seen through positive or negative feedback from the public. An image can be perceived, estimated, and changed. Research on a company's image has shown that the image can be fully measured and changed, although the developments experienced often tend to revert. It also examines how the influence of mental attributes in correspondence significantly determines a person's image arrangement.

#### 4.2. Profit Sharing Ratio in Increasing Customer Confidence in KSPB Syariah BMT NU East Java

The performance of Islamic financial institutions can be improved by considering non-financial factors such as compliance with Sharia principles, transparency, and good corporate governance. These factors are essential to maintain trust and protect the reputation of the institutions. The Islamicity Performance Index includes various indicators like liquidity ratios, profitability ratios, efficiency ratios, and growth ratios to provide a comprehensive assessment of the institutions' performance. This Index helps customers and investors choose institutions that align with Sharia principles and offer optimal benefits.

To ensure accuracy and reliability, collaboration between institutions, financial authorities, and Sharia experts is necessary to develop and update measurement methods based on industry developments. Islamic financial institutions should also focus on developing innovative products, enhancing human resource competence, and implementing advanced technology to improve their performance. The Islamicity Performance Index plays a vital role in evaluating the performance of Islamic financial institutions and ensuring their sustainability based on Sharia principles. It is expected that this Index will contribute to the growth of Sharia-based economies and provide value to both Muslim and non-Muslim communities.

The calculation of the profit-sharing ratio value for BMT NU East Java for 2017 – 2021 (in %) can be seen in the following table:

**Table 1** Percentage of profit sharing in KSPB Syariah BMT NU East Java for the 2017 – 2021 period

No.	Year	PSR
1	2017	53.07%
2	2018	36.73%
3	2019	94.18%
4	2020	38.82%
5	2021	31.52%
	Rata-Rata	50.86%

Over the last two years, the achievements obtained from financing distributed by BMT NU East Java amounted to 38.82% (2020) and 31.52% (2021), respectively. Even though there has been a decrease in profits obtained by BMT NU East Java, this tariff figure shows its consistency in helping the community, especially micro, small, and medium businesses in helping with capital or supporting their organizations with an average of 50.86%. The profit-sharing

mechanism implemented by KSPP Syariah BMT NU East Java, which is based on the level of customer satisfaction, has reached quite significant figures. This gives the impression that BMT NU East Java places great importance on principles that are carried out institutionally based on sharia rules (sharia compliance) and fulfills the wishes of its customers.

The income data of BMT NU East Java for the past five years has been supported by the institution's commitment to implementing a Sharia-based financial system and involving universities, Islamic boarding schools, and religious organizations in the socialization of the program. The community's interest in learning about Islamic economics has increased, giving high confidence in the institution and resulting in significant customer growth. This trust serves as capital to improve the quality of services proportionally and professionally. BMT NU East Java provides financial assistance to people who have difficulty obtaining capital through a profit-sharing system, which is considered beneficial, and not all institutions can implement it well. Customers feel helped by this system, especially in facing losses in their businesses.

#### **4.3. Equitable Distribution Ratio in Increasing Customer Trust in KSPP Syariah BMT NU East Java**

The equitable distribution ratio is one way to assess the performance of Sharia-based financial institutions. This ratio is closely related to the organization's performance in distributing salaries or benefits to its partners, which includes the salaries of employees, *qard* (interest-free loans), donations, and other expenses.

By using this approach, all these expenses are added to the distribution value related to employees, the company, investors, workers, and the community, and then divided by the total salaries received after deducting the company's obligations such as taxes and zakat. The calculation of the equitable distribution ratio for BMT NU East Java from 2017 to 2021 is shown in the table.

The equitable distribution ratio, which indicates fair and equal distribution from various aspects, shows that BMT NU East Java has achieved its best distribution performance in 2021, with a distribution exceeding 100%. This includes 37% for social activities, 57% for employee welfare, and a 22% profit for the company, totaling 116%.

In the past four years, BMT NU East Java has not fully allocated its income to social activities, employee welfare, investors, and the organization itself. The percentages for the years 2017 to 2020 were 65%, 71%, 90.3%, and 95% respectively. Based on the above description, it can be concluded that BMT NU East Java has performed well in distributing income to its employees (employees' expense) with an average of 49.6%, followed by social activities (*qard* and donation) with an average of 21.8%, and company profit (net profit) with an average of 16.06%. Dividends to shareholders are not given because BMT NU East Java does not involve shareholders in investing their capital in the institution and relies more on the strength of their customers to maintain their existence in the community.

The social activities carried out by BMT NU East Java have become their flagship program to connect with the community. The institution has provided financial support to religious organizations, assistance to the less fortunate, and various other activities that directly impact society. This is seen as the institution's social responsibility. In 2021 alone, BMT NU had allocated 3.1 billion in funds for social purposes and has contributed a total of 10.2 billion in social funds since its establishment.

Being a microfinance institution, BMT NU East Java faces various challenges that its customers encounter. The institution not only serves as a business partner but also acts as a friend who assists during difficult times with a family approach. This positive attitude of BMT NU East Java has helped them engage with the community and improve their economic development.

As part of its vision, BMT NU East Java aims to restore the economic independence of NU communities, leading to institutional economic self-sufficiency. Therefore, the institution continues to expand its business in the field of community economic empowerment. BMT NU East Java has significantly increased its presence and now has 100 branch offices in various districts in East Java.

The existence of BMT NU East Java is greatly appreciated and seen as a savior by its customers. The institution has helped revive their businesses with additional capital. Moreover, during times of hardship, BMT NU East Java has always been there as a partner who not only strengthens their hearts but also strengthens their relationships. For the customers and their families, BMT NU East Java is considered a hero.

Customers like Nurhatib appreciate the professionalism and ethical approach of BMT NU East Java. The institution prioritizes providing quality services without exerting unnecessary pressure. This approach creates a comfortable

environment for customers to engage with the institution. The equitable distribution ratio has had a significant impact on customer trust in BMT NU East Java, with an average trust level nearing 100%. This positively affects the institution's performance through Islamic governance practices with ethical, communicative, and friendly approaches.

The customers' trust in the fair distribution of income to all stakeholders is evident in the data, with 65.8% strongly agreeing and 31.6% agreeing that BMT NU East Java has distributed income fairly. Only 2.6% expressed disagreement in this regard. Furthermore, the distribution is carried out based on mutual agreement with all stakeholders. A significant percentage of customers (63.2%) strongly agree that the distribution is following the agreement and is fair to all stakeholders, while 34.2% agree and only 2.6% disagree.

The equitable distribution ratio positively influences the aspects of benevolence, integrity, competence, willingness to depend, and subjective probability of depending among customers. Customers strongly agree that BMT NU East Java prioritizes their interests, provides accurate information and advice, and demonstrates professionalism in managing funds and sharing profits.

In conclusion, the equitable distribution ratio plays a crucial role in building customer trust and satisfaction. BMT NU East Java has successfully distributed income fairly to all stakeholders, adhering to Islamic ethics and cultural values. The institution's commitment to Islamic principles and its dedication to serving customers have contributed to its growth and positive impact on the community over the past 18 years.

#### **4.4. Directors-Employee Welfare Ratio in Increasing Customer Trust in KSPP Syariah BMT NU East Java**

Regarding the measurement of the social performance of Islamic financial institutions, it can be done through indicators such as the level of community participation in Islamic financial programs, meeting the needs of less fortunate communities, and contributions to economic and social development in society. In this regard, KSPP Syariah BMT NU East Java has made efforts to improve its social performance by implementing various CSR programs such as scholarships, community economic empowerment, and active participation in social activities.

In terms of business performance, Islamic financial institutions can also measure their performance through indicators such as profitability, asset growth, and operational efficiency. It is important to determine whether the financial institution can generate profits and operate efficiently. In this aspect, KSPP Syariah BMT NU East Java has also measured its business performance through variables such as net income, asset growth, and efficiency ratios.

Furthermore, the measurement of Islamic financial institution's performance also needs to be done through the perspectives and evaluations of stakeholders. Stakeholders such as customers, regulators, government, and society have specific expectations and interests in the performance of Islamic financial institutions. Therefore, Islamic financial institutions need to engage in dialogues and communication with stakeholders to obtain inputs and feedback on their performance. KSPP Syariah BMT NU East Java has also involved stakeholders in the evaluation and improvement of its performance through discussion forums and meetings with customers, regulators, and the government.

Overall, to ensure the quality of Islamic financial institution's performance, it is necessary to measure both business and social performance in an integrated manner. Business performance can be measured through indicators such as profitability and operational efficiency, while social performance can be measured through indicators such as community participation and contribution to economic and social development. Furthermore, it is important to involve stakeholders in the evaluation and improvement process of Islamic financial institutions so that their expectations and interests can be met.

Customer trust in Islamic financial institutions is crucial for maintaining long-term relationships. One element that can influence customer trust is the level of welfare of the directors and employees within the institution. In the case of the KSPP Syariah BMT NU in East Java, the welfare of directors and employees is measured through the Directors-Employee Welfare Ratio.

Research results indicate that most customers agree that directors' welfare should be higher than that of employees, in line with the performance they deliver. The goal is to enable directors to provide the best business development and services to customers. However, some customers have doubts or disagree with this.

Despite the difference in opinions, the KSPP Syariah BMT NU in East Java needs to maintain the integrity and competence of directors and employees. This will enhance customer trust in the institution in terms of fast, professional,

and unbiased service. The success of Islamic financial institutions is also reflected in their ability to provide professional and competent services to customers.

To improve customer trust, the KSPB Syariah BMT NU in East Java must also consider other factors such as the customer's willingness to rely on the institution and their subjectivity in conducting transactions. Although not directly related to the Directors-Employee Welfare Ratio, these factors can also influence customer trust.

By paying attention to and improving the Directors-Employee Welfare Ratio, the KSPB Syariah BMT NU in East Java can strengthen customer trust and build mutually beneficial long-term relationships. It is important for Islamic financial institutions to continuously monitor and improve their performance in terms of the welfare and integrity of stakeholders.

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## 5. Conclusion

The profit-sharing ratio in increasing customer trust in the KSPB Syariah BMT NU in East Java has been excellent in terms of income during the period 2017-2021. This is demonstrated by the results obtained in the calculation of the profit-sharing ratio with a total average percentage of 50.86%. This is due to the trust of members covering several aspects, including benevolence with a total of 71.1%, integrity with a total of 63.2%, competence with a total of 65.8%, willingness to depend on a total of 57.9%, and subjective probability of depending on a total of 78.9%, all of which with a certain scale (strongly agree).

The equitable distribution ratio in increasing customer trust in the KSPB Syariah BMT NU in East Java has been excellent in terms of income during the period 2017-2021. The fair and equal distribution ratio from various aspects shows the results in income distribution for employees (employee expense) with an average total of 49.6%, followed by social activities (*qardh* & donation) with an average of 21.8%, and profits for the company itself (net profit) with an average total of 16.06%. This is due to the trust of members covering several aspects, including benevolence with a total of 73.7%, integrity with a total of 65.8%, competence with a total of 59.2%, willingness to depend on a total of 60.5%, and subjective probability of depending on a total of 63.2%, all of which with a certain scale (strongly agree).

The Directors-Employee Welfare Ratio in increasing customer trust in the KSPB Syariah BMT NU in East Java has been excellent in terms of income during the period 2017-2021. The index is the Directors-Employee Welfare Ratio, with an average gap between directors and employees of 14 times over the past five years (2017-2021).

The level of customer trust in the KSPB Syariah BMT NU in East Java, as measured by the Islamicity Performance Index (IPI), shows good results. This is evidenced by the increasing number of people joining as customers year by year, especially in the last five years. From 2017 to 2021, the total number of customers who joined was 146,226, with the number of savers reaching two hundred thousand, specifically 211,261 people. Referring to the income (profit sharing) obtained by the KSPB Syariah BMT NU in East Java, it continues to increase in each period, with a total net profit of Rp. 16,619,155,520.78 at the end of 2021.

In addition to the role of the Islamicity Performance Index (IPI) in increasing customer trust in the KSPB Syariah BMT NU in East Java through the Profit-Sharing Ratio (PSR), Equitable Distribution Ratio (EDR), and Directors-Employee Welfare Ratio (DEWR), there is also the factor of religious and customary approaches in attracting the interest of the community to become customers. This approach is known as the Islamicity Cultural Performance Index (ICPI). Thus, the use of the IPI to increase customer trust in the institution is not limited to the three ratios used, but also through the Islamicity Cultural Performance Index (ICPI).

## Suggestions

Based on the conclusions stated above, the researcher provides the following suggestions:

- For future researchers, it is recommended to add several indicators in the Islamicity Performance Index (IPI) as this research only focused on profit sharing ratio (PSR), equitable distribution ratio (EDR), and directors-employees welfare ratio (DEWR).
- For future researchers, it is suggested to further develop and enhance this research, as studies with this model are rarely conducted. Therefore, the next research should aim to support and build upon the findings of previous studies.
- For the Sharia KSPB BMT NU East Java institution, it is hoped that they can develop services for the community through massive digitalization processes. By utilizing information technology, all information to be conveyed



can reach various layers of society, not only for micro, small, and medium-sized businesses but also for larger enterprises, with the hope of fostering customer trust.

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## Compliance with ethical standards

### *Disclosure of conflict of interest*

No conflict of interest to be disclosed.

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