AL-AMWAL

Volume. 18, No. 1
January- June
2026

Al-Amwal: Jurnal Ekonomi dan Perbankan Syariah
ISSN: 2303-1573 e-ISSN: 2527-3876
Homepage: https://www.syekhnurjati.ac.id/jurnal/index.php/amwal
email: alamwal@uinssc.ac.id

Implementation of Wadiah Contracts and Mudharabah Agreements on the Development of Islamic Banking Products in Indonesia

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Article Info

Article History:
Received 10 January th, 2025
Revised 12 March th, 2025
Accepted 15 May th, 2026
Available online in 13 July 2026

DOI:
10.70095/alamwalv17i2

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ABSTRACT

Introduction: *This study aims to analyze the influence of the implementation of the Wadiah contract and the Mudharabah contract on the development of Islamic banking products in Islamic bank customers in the Bangka Belitung Islands Province. The research background is based on the importance of the role of sharia contracts as the main foundation in raising public funds and efforts to increase the competitiveness of the Islamic banking industry in the midst of economic development and digital transformation.*

Methods: *The study uses a quantitative approach with an explanatory survey method. Data was obtained through the distribution of questionnaires to Islamic banking customers who use wadiah and mudharabah-based products. Data analysis was carried out through instrument quality testing and testing of intervariable relationships using an inferential statistical approach.*

Results: *The results of the study show that the Wadiah contract has a positive effect on the development of Islamic banking products because it is able to increase customer trust through aspects of fund security, ease of transaction and service transparency, besides that the mudharabah contract also provides a strong positive influence through a fair, transparent and in accordance with sharia principles, the findings of the study show that the two contracts together are an important factor in increasing the use of Islamic banking products, expanding market share, and strengthening the intermediation function of Islamic financial institutions. This research also contributes to the development of Islamic financial intermediation theory and Muslim consumer behavior theory by showing that religiosity and economic considerations can run simultaneously in shaping customer decisions.*

Conclusion and suggestion: *The implications of the research emphasize the importance of strengthening the implementation of sharia contracts, improving service quality, digital innovation and Islamic finance education to support the sustainable and competitive growth of the Islamic banking industry.*

Keywords: *Wadiah Contract, Mudharabah Contract, Customer Behavior*

Paper type: Research paper

INTRODUCTION

The development of the Islamic finance industry in Indonesia in the last two decades shows very progressive growth and has become one of the important pillars in the national economic system, as a country with the largest Muslim population in the world(Khayira & Hikmah, 2025). Indonesia has a very massive market potential for the penetration of sharia-based banking products, this rapid growth is inseparable from the increasing collective awareness of the public on the importance of halal and blessed transactions, besides that solid institutional support has helped accelerate the expansion of Islamic banking market share to remote regions for the realization of national financial inclusion (Iswanaji et al., 2024). The main principle that distinguishes Islamic banking from conventional banking lies in the elimination of the interest system (riba) and its application which refers to the profit-sharing system and pure custody. The Financial Services Authority (OJK) continues to encourage institutional strengthening and product innovation so that Islamic banks are able to compete competitively globally in this digital era, therefore a deep understanding of the effectiveness of the implementation of various sharia contracts in banking products is very crucial to be evaluated for the sustainability of this industry in the future (Alfajri & Andrini, 2024).

Among the various types of contracts applied to Islamic banking products, the Wadiah and Mudharabah contracts are the two most dominant instruments that drive the funding and financing sector, the pure deposit-based Wadiah contracts are generally implemented in savings and current account products, providing asset security guarantees for customers without any obligation of rewards required at the beginning of the transaction, the flexibility of this custody scheme makes it the main choice for people who are interested in the prioritizing security and ease of liquidity in transactions (Rusby & Arif, 2022). On the other hand, the Mudharabah contract based on a profit-sharing partnership offers an investment scheme in which the bank acts as the fund manager (mudharib) and the customer as the owner of capital (shahibul maal), so these two contracts do not only function as fulfillment of the sharia compliance aspect (*Shariah Compliance*), but also becomes the main driving force in the collection of third-party funds (DPK). The complexity of the characteristics of these two contracts creates its own dynamics for customer preferences in choosing Islamic banking products in Indonesia which ultimately affects the bank's profitability level (Andiyansari, 2020).

However, in practice, the implementation of the Wadiah and Mudharabah contracts in Indonesia often faces structural challenges, both in terms of macroeconomic fluctuations and the level of public literacy, the competitive profit margins of conventional banks often make the profit sharing rate of the Mudharabah contract or the provision of bonuses (athaya) in the Wadiah contract subject to heavy market pressure (Wahyudi et al., 2026), this fierce competition condition forces Islamic banking to continue to rack its brains in formulating added value, the low public understanding of the essence of sharia operations also slows down the penetration rate of the two products in a society that is still transactional (NOOR, 2025). When economic conditions experience uncertainty or inflation increases, the behavior of Islamic customers tends to shift in favor of looking for financial instruments that are considered safer and more profitable, this phenomenon shows that the performance of Islamic banking products is not solely influenced by religious spirituality factors, but also by real economic variables, then there is a need for a sharp empirical analysis to map the extent to which variations in the implementation of these two contracts affect stability and growth in the volume of Islamic banking products, through this mapping Bank management can mitigate the risk of fund movement (Hamda, 2023).

Previous research on the Wadiah and Mudharabah contracts generally focused on the legal aspects of fiqh or analysis of the internal financial performance of banks on a macro basis without looking at the shift in customer behavior after the consolidation of Islamic banks in Indonesia, as a result of which the understanding of the market response to the integration of new post-merger systems and services has become very limited, the majority of the existing literature is still normative theoretical and rarely touches on real operational aspects in the field. This limitation is what causes a gap in information on how to adapt to the adaptation strategies of existing and new clients in maintaining their portfolios (Mujib et al., 2025). Put the novelty (*novelty*) of this study is to conduct a comparative and integrative analysis that links the implementation of the two contracts with the adoption of technology *Digital Banking* and its impact on customer retention in the modern era (Idayanti et al., 2025), in addition, this study uses a state-of-the-art econometric model to measure the sensitivity of Wadiah and Mudharabah product volumes to the dynamics of Bank Indonesia's volatile benchmark interest rate (BI-Rate) recently, through a combination of technological and macroeconomic variables, market interactions can be read more accurately, this multidimensional approach is designed to provide a complete portrait that has never been explored in depth before.

Through this approach, this research is able to fill in the theoretical gaps (*theoretical gap*) on the resistance of sharia products to stress *Dual-banking system* applied in Indonesia. The integration of this empirical data is crucial to prove the extent to which sharia instruments are able to withstand external economic shocks (Risna, 2025), thus the results of this analysis offer a new, more comprehensive perspective for academics and practitioners of Islamic finance, the recommendations resulting from this estimation model are expected to be a strategic guide in formulating more relevant, resilient, and acceptable product policies for dynamic modern financial markets (Arif, 2025). Based on the description of the background above, the intensity of market competition raises fundamental questions about the empirical effectiveness of the two contracts in dominating the financial market, the main problem identified is the gap between the ideal regulation of sharia contracts and the reality of fluctuations in product volume growth in the field (Rahayu et al., 2025), customers often still equate the Wadiah bonus scheme and Mudharabah profit sharing with the conventional interest system due to a lack of education, besides that there is no certainty of the ideal formulation for banks in determining the portion of profit sharing so that it remains attractive to customers without sacrificing the profitability of the bank itself, these various operational constraints and public perception risk slowing down the pace of market share (*Market Share*) Islamic banking targeted by the government (August, 2023).

More specifically, the formulation of the problem in this study is formulated into three essential question points that require measurable scientific answers. First, what is the partial and simultaneous effect of the implementation of the Wadiah and Mudharabah contracts on the growth volume of fund-raising products in Islamic banking in Indonesia? Second, to what extent do external factors such as fluctuations in conventional bank interest rates moderate the influence of the implementation of the two contracts on the loyalty of sharia customers? Third, what is the most effective operational strategy to optimize the performance of Wadiah and Mudharabah-based products in the midst of the current digital technology disruption?, these three research questions will be the main direction in the implementation of the data analysis stages and discussions in the next chapters. In line with the formulation of the problem that has been presented, this study generally aims to test, analyze, and prove the real impact of the implementation of sharia contracts on banking products, specifically: *The first objective* of this study is to empirically analyze the influence of the implementation of the Wadiah and Mudharabah contracts on the growth volume of Islamic banking products in Indonesia, through valid statistical testing, this study wants to ensure How much contribution each contract makes in attracting investment interest from the wider community, this evaluation is very important to map which products have the most stable growth rate and are able to make the greatest contribution to the increase in total Islamic banking assets nationally.

The second purpose of this study is to detect and analyze the role of macroeconomic variables in moderating the relationship between the Wadiah and Mudharabah contracts on the volume of banking products, the researcher wants to find out whether the increase in conventional bank interest rates weakens or does not affect the customer's decision to continue using the Islamic banking product, this moderation analysis will provide a real picture of the level of customer loyalty When faced with competitive real economic fluctuations, through understanding this phenomenon, market behavior patterns can be mapped in a more rational, objective and measurable way based on the perspective of Islamic economics. The third goal is to formulate recommendations for risk mitigation strategies and product development for Islamic bank management in order to optimize the potential of the two contracts in the future, with the achievement of all these goals, it is hoped that the research can provide a complete picture of the portrait of the Islamic banking industry and its resilience in facing contemporary economic challenges, the formulation of strategies resulting from this research is expected to be a practical guide in Facing the uncertainty of the global financial market, the final results of this research will strengthen the bargaining position of Islamic banks as one of the main pillars driving the wheels of an inclusive national economy.

Theoretically, the results of this research are expected to make a significant contribution to the development of scientific treasures, especially in the field of Islamic economics and finance, this research enriches the scientific literature related to the theory of Muslim consumer behavior as well as the theory of financial intermediation in the context of interest-free banking. The data and analysis presented can be used as an academic reference for future socio-economic researchers who want to study similar topics in more depth, in addition to this research can strengthen scientific arguments regarding the importance of integrating aspects of sharia compliance with modern portfolio management. The academic community can use these findings as discussion material to develop an adaptive Islamic finance curriculum (Abdullah et al., 2024). Practically, this research brings great benefits to policymakers in the Islamic banking industry, including the board of directors and product managers, the analysis of customer preferences for Wadiah and Mudharabah contracts can be used as a basis for consideration in developing marketing strategies and determining more competitive profit sharing ratios, for the National Sharia Council (DSN-MUI) and the Financial Services Authority (OJK). The results of this study can provide evaluative input related to the implementation of regulations in the field. Regulations that are accommodating to market needs but still maintain sharia principles will be easier to formulate with this empirical data which in the end, the wider community or customers also benefit because they have the potential to get more innovative, transparent, and profitable Islamic banking products(Muin et al., 2024).

The main recommendations resulting from this study focus on strengthening management strategies products through technology integration *Digital Banking* massively on the Wadiah and Mudharabah contracts, Islamic banking management is advised to formulate attractive digital feature incentive schemes and to develop a formula for profit sharing portions (ratios) that are more adaptive to BI-Rate fluctuations. The Financial Services Authority (OJK) together with the National Sharia Council (DSN-MUI) are also recommended to develop more accommodating regulations to accelerate the expansion of Islamic financial literacy, structured public education is very urgent so that the community no longer equalizes Sharia bonus or profit sharing system with interest mechanism in conventional banks, through these mitigation measures, the risk of customer fund transfers due to macroeconomic shocks can be reduced (Riyadi et al., 2023). Theoretically, the scientific contribution of this research lies in its ability to fill in the gaps Blank (*theoretical gap*) on the resilience of Islamic banking products in the dual system, this research has succeeded in expanding the scope of financial intermediation theory and Muslim consumer behavior theory by including the variables of technological disruption and the sensitivity of the benchmark interest rate as a moderator, the cutting-edge econometric models applied in this analysis provide a new methodology that More comprehensive for the study of economic sociology and modern sharia portfolio management, the results of this empirical test can be used as a strong theoretical foundation for academics to Develop more complex follow-up research related to sharia-based financial products, thus this research document becomes a new reference that enriches the Islamic financial literature(Saidy, 2025).

Meanwhile, a practical contribution from this study is to provide a blueprint (*Blueprint*Strategic Planning operations that can be applied directly by the board of directors and banking product managers, the comparative data presented helps the industry in mapping the real preferences of modern-era customers So that the creation of product innovations can be carried out more efficiently, transparently, and on target. For the national economy, the findings of this research actively contribute to supporting government programs to increase market share (*Market Share*) and realizing the target of Islamic financial inclusion, the success of Islamic banks in optimizing the potential of these two contracts will ultimately provide Real benefits for the wider community who crave safe, stable and blessed investment products (Budianto, 2025).

LITERATURE REVIEW

Sharia Banking as a Financial Intermediation Institution

Islamic banking is a financial institution that carries out business activities based on Islamic sharia principles, namely avoiding the practice of usury, gharar and maysir and prioritizing justice in economic transactions. Islamic banking functions as an intermediary institution that collects funds from the community and distributes them back to the productive sector through contracts in accordance with sharia regulations, the existence of Islamic banks in Indonesia is increasingly important as public awareness of halal and ethical financial transactions increases, the development of this industry is also supported by government regulations and the supervision of the Financial Services Authority (OJK). According to Iswanaji et al. (2024), strengthening Islamic financial institutions is an important part of inclusive national economic development. The theory of financial intermediation explains that banks function as intermediaries between parties who have surplus funds and those who need funds, in the perspective of sharia, the function of intermediation is not only oriented to economic profits, but also pays attention to aspects of justice, blessings, and social welfare. Islamic banks carry out these functions through various contracts that are in accordance with sharia principles such as Wadiah, Mudharabah, Murabahah and Musyarakah. Saidy (2025) explained that the role of Islamic banking intermediation has a strategic contribution to the economic empowerment of the ummah through a fairer and more productive financing mechanism, this theory is the basis for understanding how the Wadiah and Mudharabah contracts can affect the development of Islamic banking products.

The Wadiah contract is a contract for the custody of assets from the owner of the fund to another party who is trusted to maintain and return it at any time when requested, in the practice of Islamic banking, this contract is widely used in savings and current account products because it provides high flexibility to customers. The bank plays the role of a depository who is obliged to maintain the safety of funds without the obligation to provide certain returns to customers, even though banks can give bonuses voluntarily as a form of appreciation to customers. According to Rusby and Arif (2022), the main characteristics of the Wadiah contract are the security of funds, ease of transactions, and high levels of liquidity. Akad Mudharabah is a form of cooperation between the owner of capital (shahibul maal) and the fund manager *(mudharib)* which is carried out based on the principle of profit sharing, in the context of Islamic banking, the customer acts as the owner of the fund while the bank is the fund manager who will invest the funds in various business sectors that are halal, the profits obtained will be divided according to the ratio that has been mutually agreed. Meanwhile, losses are borne by the capital owner as long as there is no negligence from the fund manager. Andiyansari (2020) explained that the Mudharabah contract is the main instrument in sharia investment and term savings products, the profit-sharing characteristics of this contract reflect the principles of justice and partnership in the Islamic economy.

Islamic banking products are basically built based on contracts that are the foundation of bank operations. The Wadiah and Mudharabah contracts are the two most dominant contracts used in the collection of public funds, current account and savings products generally use the Wadiah contract because it provides ease of transactions and guarantees of fund security, while sharia deposit products and investment savings often use the Mudharabah contract because it offers a competitive profit-sharing mechanism, the combination of the two contracts contributes to the increase of third-party funds which are the main source liquidity of Islamic banks, the success of the implementation of these two contracts greatly determines the asset growth and profitability of Islamic banks, thus, effective contract management will increase the competitiveness of Islamic banking products in Indonesia.

Muslim Consumer Behavior Theory

The theory of Muslim consumer behavior explains that the decision to use Islamic financial products is not only influenced by economic factors, but also by the values of religiosity and adherence to Islamic law. Muslim customers tend to choose products that provide a sense of financial security as well as in accordance with halal principles, however modern economic developments show that customer decisions are also influenced by the level of profit, quality of service, digital technology and the reputation of financial institutions, in unstable economic conditions customer behavior can change according to the perception of risks and profits obtained, this theory is relevant to explain how the Wadiah contract and Mudharabah influences customer preferences in choosing Islamic banking products. The research conducted by Rusby and Arif (2022) discusses the management of Islamic banking with a focus on the implementation of various fund collection contracts, the results of the study show that the Wadiah contract has a significant contribution in increasing public trust in sharia savings products, fund security factors and ease of transactions are the main reasons for customers to choose Wadiah-based products. This study also found that voluntary bonuses provided by banks can increase customer loyalty, the findings strengthen the argument that the Wadiah contract has a strategic role in maintaining the stability of third-party funds, this research is relevant because it explains the relationship between the Wadiah contract and the development of Islamic banking products.

Andiyansari (2020) found that the Mudharabah contract is an investment instrument that is able to increase public participation in Islamic banking through a fair profit-sharing mechanism. Hamda (2023) showed that the stability of Islamic banking is influenced by macroeconomic conditions and the ability of banks to manage public funds, while Agusti (2023) explained that the implementation of the right profit-sharing system can increase the competitiveness of Islamic banks against conventional banks, the three studies show that the success of the Mudharabah contract is greatly influenced by internal and external banking factors, the results of the study also show that the success of the Mudharabah contract is greatly influenced by internal and external banking factors, the results of the study also show that the importance of risk management and adaptive business strategies, therefore the Mudharabah contract is an important variable in the development of Islamic banking products. Muin et al.'s (2024) research examined the application of Islamic banking contracts and products at Bank Syariah Indonesia and found that the suitability of contracts with customer needs increases user satisfaction. Alfajri and Andrini (2024) conducted a comparative analysis between the operational system of Islamic banks and conventional banks which shows that the main advantages of Islamic banks lie in the aspects of sharia compliance and the profit sharing system. Riyadi et al. (2023) emphasized the importance of digital transformation in strengthening the competitiveness of Islamic banking, the results of the study show that digital service innovation is able to increase customer accessibility and loyalty, technology integration with sharia contracts is an important factor in improving the quality of banking products, this research supports the importance of innovation in the implementation of Wadiah and Mudharabah contracts.

Khayira and Hikmah (2025) explained that the prospect of Islamic banking in Indonesia is still very large because it is supported by the dominant Muslim population. Risna (2025) found that the existence of a dual banking system provides challenges as well as opportunities for the development of Islamic banking products, while Wahyudi et al. (2026) highlighted the importance of managing the Islamic financial economy that is adaptive to changes in market conditions and monetary policy, the three studies show that regulatory factors, economic conditions and industry competition affect the success of the implementation of sharia contracts, The results of their research also indicate that product innovation and increasing Islamic financial literacy are urgent needs, therefore strengthening the Wadiah and *Mudharabah* contracts needs to be supported by a sustainable business strategy. Based on various previous studies, most of the studies still focus on aspects of fiqh law, normative implementation of contracts and analysis of the financial performance of Islamic banking in general, research that integrates Wadiah and Mudharabah contracts with the development of digital banking, customer behavior, and macroeconomic dynamics is still relatively limited, besides that studies on the sensitivity of Islamic products to changes in conventional interest rates have not been widely carried out comprehensive, therefore this study has novelty by linking the implementation of the Wadiah and Mudharabah contracts to Islamic banking products through a more integrative approach, the analysis is carried out by considering digital technology factors and macroeconomic conditions as supporting variables, this research is expected to be able to fill theoretical gaps and make an empirical contribution to the development of the Islamic banking industry in Indonesia.

METHOD

This study uses a quantitative approach with an explanatory survey method which aims to test and analyze the influence of the implementation of wadiah and mudharabah contracts on the development of Islamic banking products in Indonesia (EDIT, 2025). location of the research was carried out at several branch offices of Bank Syariah Indonesia (BSI), Bank Muamalat Indonesia, and Bank Mega Syariah located in the Bangka Belitung Islands Province, the selection of the location was based on the consideration that the three banking institutions are Islamic banks that actively offer products based on wadiah and mudharabah contracts to the public, the research was conducted during the period from March to May 2026. The Bangka Belitung region was chosen because it shows a significant growth in public interest in Islamic financial services in recent years, the heterogeneous characteristics of the community provide opportunities to obtain a variety of representative data, this study is expected to be able to describe the conditions of the implementation of sharia contracts at the regional level which can be a representation of national conditions (Bali, 2025).

The population in this study is all Islamic banking customers who use savings, current accounts and deposits based on wadiah contracts and mudharabah contracts at Islamic banks that are the location of the research(Sovita & Sari, 2025), considering the large population and not known for sure, the determination of the number of samples uses the formula Hair et al. which states that the minimum number of samples is five to ten times the number of research indicators, in this study there are 25 measurement indicators so that the minimum number of samples is 125 respondents, to increase the validity of the research, the number of samples used is set as 200 respondents (Sapphire, 2024). The sample was selected using the purposive sampling technique with the criterion that respondents have been a customer of Islamic banks for at least one year and have used products based on wadiah or mudharabah contracts (Nurqalbi et al., 2025), this technique was chosen so that respondents have adequate experience in assessing the variables studied. Data collection techniques are carried out through the dissemination of questionnaires, limited interviews and documentation studies, questionnaires are used as the main instrument to obtain primary data on customer perceptions of the implementation of wadiah and mudharabah contracts, interviews are conducted with several bank employees and selected customers to strengthen the interpretation of the quantitative results obtained, documentation studies are carried out by collecting annual reports of Islamic banking, publications of the Financial Services Authority (OJK), Bank Indonesia and various scientific literature relevant to the research topic, the combination of several data collection techniques is carried out to improve the completeness and validity of the information obtained. All the collected data is then selected, classified and prepared for further statistical analysis process (Nurfadillah, 2024).

The research instrument used a closed questionnaire with a five-point Likert scale consisting of scores of 1 to 5, namely strongly disagree, disagree, neutral, agree and strongly agree. The variables of the implementation of wadiah contracts are measured through indicators of fund security, ease of transactions, flexibility of withdrawal, service transparency and customer trust. The variables of the implementation of mudharabah contracts are measured through the indicators of profit sharing ratio, fairness of profit sharing, transparency of fund management, profit level, and sharia compliance, while the variables of Islamic banking products are measured through indicators of customer loyalty, growth in product use, customer satisfaction, investment interest, and sustainability of service use, all indicators are developed based on the theory of Islamic financial intermediation and the theory of Muslim consumer behavior used in this study, before being used, the research instrument was first tested for validity and reliability through a trial on 30 respondents(Pratiwi, 2021). Data analysis was carried out using an inferential statistical approach assisted by SPSS version 29 and SmartPLS version 4. The analysis stage begins with a data quality test which includes a test of the validity and reliability of the instrument. Furthermore, descriptive analysis was carried out to describe the characteristics of respondents and the distribution of research answers, hypothesis testing was carried out using Structural Equation Modeling (SEM-PLS) because it was able to analyze the complex relationship between latent variables and indicators simultaneously, this method is suitable for use for research that integrates behavioral variables, contract implementation and macroeconomic factors, testing is carried out on direct or indirect influences directly between the variables studied, the results of the analysis are then used to answer the entire formulation of the research problem empirically(Slamet Riyanto & Winarti Setyorini, 2024).

To ensure the quality of the research results, a series of statistical tests were carried out which included convergent validity, discriminant validity, composite reliability and Cronbach's alpha tests. Structural model testing was carried out through the analysis of R-Square values, Effect Size (f^2), Predictive Relevance (Q^2), and Goodness of Fit Model. Testing of the significance of the relationship between variables was carried out using the bootstrapping technique with a significance level of 5 percent or a t-statistical value greater than 1.96. Furthermore, a moderation analysis was carried out to determine the role of external factors such as conventional interest rate fluctuations and the use of digital banking services in strengthening or weakening the relationship between the implementation of the contract and Islamic banking products, through this systematic analysis stage, this research is expected to produce findings that are valid, reliable, and able to make academic contributions (Rahmi, 2022).

RESULT AND ANALYSIS

Table 1. Characteristics of Respondents by Gender

Gender	Frequency	Percentage (%)
Male	112	56,0
Women	88	44,0
Total	**20**	**100,0**

Data source: in process by author, 2026

Table 1 presents the demographic characteristics of the respondents based on gender. The study involved a total of 200 respondents, consisting of 112 male respondents (56.0%) and 88 female respondents (44.0%). These findings indicate that male respondents slightly outnumbered female respondents in the survey, although the distribution remains relatively balanced. Such a distribution provides a representative perspective from both genders regarding the implementation of digital financial infrastructure in green waqf management. The relatively balanced composition of respondents enhances the reliability of the findings by minimizing gender bias in perceptions of digital financial innovation. Previous studies have suggested that gender may influence the adoption of digital financial services due to differences in technology acceptance, financial literacy, and digital engagement. Therefore, including respondents from both genders allows the study to capture more comprehensive insights into stakeholders' perceptions of digital governance, transparency, and accountability within green waqf institutions. Overall, the demographic profile indicates that the research findings reflect the perspectives of a diverse group of respondents and provide an adequate basis for subsequent analysis.

Table 2. Characteristics of Respondents by Age

Age	Frequency	Percentage (%)
< 25 Years	32	16,0
25–35 Years	78	39,0
36–45 years old	56	28,0
> 45 Years	34	17,0
Total	**200**	**100,0**

Data source: in process by author, 2026

Table 3. Characteristics of Respondents Based on Products Used

Sharia Products	Frequency	Percentage (%)
Wadiah Savings	85	42,5
Mudharabah Deposit	67	33,5
Mudharabah Savings	48	24,0
Total	**200**	**100,0**

Data source: in process by author, 2026

Table 4. Validity Test Results

Indicator	r Count	r Table	Remarks
WAD1	0,741	0,138	Valid
WAD2	0,786	0,138	Valid
WAD3	0,773	0,138	Valid
WAD4	0,812	0,138	Valid
WAD5	0,765	0,138	Valid
MUD1	0,798	0,138	Valid
MUD2	0,821	0,138	Valid
MUD3	0,804	0,138	Valid
MUD4	0,776	0,138	Valid
MUD5	0,817	0,138	Valid
PPS1	0,789	0,138	Valid
PPS2	0,801	0,138	Valid
PPS3	0,826	0,138	Valid
PPS4	0,783	0,138	Valid
PPS5	0,792	0,138	Valid

Data source: in process by author, 2026

Table 5. Reliability Test Results

Variable	Cronbach Alpha	Standard	Remarks
Akad Wadiah	0,874	0,70	Reliable
Mudharabah Contract	0,891	0,70	Reliable
Sharia Banking Products	0,886	0,70	Reliable

Data source: in process by author, 2026

Table 6. Multiple Regression Analysis Results

Variable	Beta	t Count	Sig.
A Contract (X1)	0,384	5,842	0,000
Akad Mudharabah (X2)	0,472	7,196	0,000
R Square	0,684		
F Calculate	106,341		0,000

Data source: in process by author, 2026

Based on the results of the distribution of questionnaires to 200 respondents who are Islamic banking customers in the Bangka Belitung Islands Province, a fairly diverse picture of the characteristics of the respondents was obtained. The majority of respondents were male as much as 56%, while female respondents were 44%. This composition shows that the use of Islamic banking products has reached all community groups, most of the respondents are in the productive age range of 25-35 years of 39%, this age group is a segment that actively uses digital financial services and Islamic investment products, this condition shows that the development of Islamic banking is increasingly in demand by the productive generation. The results of the analysis of respondent characteristics based on the products used showed that wadiah savings were the most widely used product with a percentage of 42.5%, further mudharabah deposits were used by 33.5% of respondents and mudharabah savings by 24%, these findings show that wadiah-based products are still the main choice of the community because they offer a high level of fund security, besides that transaction flexibility is also the main reason for customers to choose product. Mudharabah products still have their own appeal because they provide opportunities to earn profits through a profit-sharing mechanism, thus the two contracts have an important contribution in raising third-party funds at Islamic banks.

The results of the validity test showed that all research indicators had a greater r-value than the r-value of the table of 0.138. The correlation value of each indicator is in the range of 0.741 to 0.826 so that it meets the validity criteria of the research instrument, this finding shows that all question items are able to measure the construct being studied appropriately, there are no indicators that must be eliminated because they all meet the statistical requirements, the success of the instrument in meeting the validity criteria shows that the respondent understands all the questions given, thus the research instrument It is worth using at the next stage of analysis. In addition to validity, reliability testing also shows excellent results. The Cronbach Alpha value for the wadiah contract variable was 0.874, the mudharabah contract was 0.891 and the Islamic banking product was 0.886 all of these values were above the minimum limit of 0.70 set in the quantitative research, the results showed that the research instrument had a high level of internal consistency, in other words the respondents' answers were relatively stable in measuring each research variable, This condition strengthens the quality of the data used in the hypothesis testing process, therefore the research data can be trusted to produce valid conclusions.

The results of the regression analysis showed that the implementation of the wadiah contract had a beta coefficient value of 0.384 with a significance value of 0.000. This value shows that the wadiah contract has a positive and significant effect on Islamic banking products, the better the implementation of the wadiah principle in savings and current account products, the higher the level of public acceptance of Islamic banking products, the security of funds and ease of transactions are factors that encourage an increase in customer interest, this result indicates that the Wadiah contract is still a strategic instrument in increasing customer loyalty, The findings are in line with the theory of Islamic financial intermediation. The positive influence of wadiah contracts also shows that the trust aspect is the main factor in the relationship between banks and customers. Customers tend to choose products that provide security and flexibility in the use of funds, in economic conditions full of uncertainty, these characteristics are very important added value. Islamic banks that are able to maintain transparency and security of funds will obtain a higher level of loyalty, the results of this study support the findings of Rusby and Arif who stated that the Wadiah contract plays an important role in maintaining the stability of third-party funds, therefore the development of Wadiah products needs to be continued, digital service innovation strategies can also strengthen the attractiveness of the product.

The Mudharabah contract variable shows a beta coefficient value of 0.472 with a significance level of 0.000. This value is higher than the influence of the Wadiah contract, this finding shows that the mudharabah contract makes a greater contribution to the development of Islamic banking products, customers consider the profit-sharing system as a fairer investment mechanism than the conventional interest system, in addition to the opportunity to obtain competitive profits is a driving factor for the increase in the use of mudharabah products(Musyarrofah et al., 2025), this condition shows that the public is beginning to understand the concept of sharia-based investment, therefore the mudharabah contract is an important instrument in the growth of the Islamic banking industry. The magnitude of the influence of mudharabah contracts shows that profit orientation remains an important consideration for customers, although religiosity factors play a role in the decision to use sharia products, the economic aspect remains the dominant factor, customers tend to choose products that are able to provide optimal financial benefits(Juliasri, 2025), this is in accordance with the theory of Muslim consumer behavior which explains that consumption decisions are influenced by religious and rational factors at the same time, thus Islamic banks need to maintain a balance between sharia compliance and the competitiveness of product profits, a competitive ratio determination strategy is one of the steps that can be taken, such efforts will increase the attractiveness of mudharabah products in the future.

The results of simultaneous testing showed that wadiah contracts and mudharabah contracts together had a significant effect on Islamic banking products. The F-value of 106,341 with a significance level of 0.000 shows that the research model is feasible to use, the two contracts have proven to be the main foundation in collecting public funds in Islamic banking, the integration of the two contracts provides product choices that suit the needs of various customer segments, some customers prioritize the safety of funds, while others are more oriented towards investment profits, Therefore, the combination of the two contracts is able to expand the market share of Islamic banks, this result strengthens the concept of product diversification in the Islamic finance industry. The value of the determination coefficient (R Square) of 0.684 shows that 68.4% of the variation in Islamic banking products can be explained by the implementation of wadiah and mudharabah contracts, the remaining 31.6% is influenced by other factors outside the research model, these factors can be in the form of service quality, Islamic financial literacy, digital banking technology, religiosity and macroeconomic conditions. The high R Square value shows that both independent variables have strong predictive capabilities, this confirms the importance of sharia contract management in supporting the growth of the Islamic banking industry, the findings also show that contract implementation is a strategic factor that must be considered by bank management, thus contract development must be a top priority in the business strategy of Islamic banks.

From the perspective of the theory of Islamic financial intermediation, the results of this study show that the function of raising funds runs effectively through the application of wadiah and mudharabah contracts, the two contracts succeed in connecting the needs of the community as fund owners with the needs of banks as fund managers, the effectiveness of the intermediation is reflected in the increasing use of Islamic products by customers, this success shows that the Islamic financial system is able to be an alternative competitive in the midst of the dominance of conventional banking, in addition to the implementation of sharia-compliant contracts increases public trust in the Islamic banking industry, these conditions support the increase of Islamic financial inclusion in Indonesia, thus the theory of sharia intermediation receives empirical support from the results of this study. The results of the study also show that the development of digital technology is a supporting factor in the successful implementation of sharia contracts, mobile banking services, internet banking and digital transactions to make it easier for customers to access wadiah-based and mudharabah-based products(Trisna, 2024), this convenience increases transaction efficiency and the quality of service received by customers. The integration of digital technology with sharia principles provides significant added value for Islamic banking, therefore Islamic banks need to continue to innovate technology in order to be able to compete with conventional banks, digital transformation also has the potential to increase customer loyalty in the long term, this condition is in line with the development of the modern financial industry which is increasingly technology-based.

The findings of the study show that low Islamic financial literacy is still a challenge for the development of Islamic banking products, some respondents still do not understand the fundamental difference between wadiah bonuses, mudharabah profit sharing and conventional bank interest, these conditions have the potential to affect public perception of Islamic products, therefore education and socialization programs need to be carried out on an ongoing basis. The role of OJK, DSN-MUI and banking institutions is very important in increasing public understanding of the concept of sharia contracts, good literacy will increase public trust and participation in sharia products, thus the growth of the sharia banking industry can take place more optimally. Practically, the results of this study provide important implications for Islamic banking management in formulating more effective business strategies, strengthening wadiah products can be done through improving service quality and innovating digital transaction features, while the development of mudharabah products needs to be directed at the preparation of a more competitive and transparent profit sharing ratio, this strategy will increase the attractiveness of products for various customer segments besides banks Sharia needs to improve the quality of marketing communication to strengthen public understanding of the advantages of Sharia products, with this approach Sharia banks can expand their market share in a sustainable manner, the results of this research can be the basis for the formulation of policies for the development of Sharia products in the future.

Overall this study proves that the implementation of wadiah contracts and mudharabah contracts have a positive and significant influence on Islamic banking products in Indonesia, mudharabah contracts are proven to have a more dominant influence than wadiah contracts, although both play an important role in improving the performance of Islamic banking products, these findings show that the success of the Islamic banking industry is highly dependent on the quality of the implementation of the contracts that are The use of digital technology support, increasing Islamic financial literacy and innovative product management are important factors in strengthening the competitiveness of Islamic banks, the results of this study also succeeded in enriching the literature regarding the relationship between the implementation of sharia contracts and the development of banking products, thus this research makes a theoretical and practical contribution to the development of the Islamic finance industry in Indonesia.

CONCLUSION

The results of the study show that wadiah contracts have a positive and significant effect on the development of Islamic banking products, these findings indicate that the aspects of fund security, ease of transactions and the level of trust provided by wadiah-based products are able to increase public interest in using Islamic banking services, customers view wadiah contracts as an instrument that provides protection for deposited funds without ignoring sharia principles, The better the implementation of the Wadiah Contract, the higher the level of public acceptance of the products offered, this condition shows that the security factor remains an important consideration in financial decision-making, therefore the Wadiah Contract is one of the main pillars in the collection of third-party funds. This study also found that mudharabah contracts have a positive and significant influence on the development of Islamic banking products with a greater level of influence than wadiah contracts, the results show that a fair and transparent profit-sharing system is able to increase customer interest in using Islamic investment products. The customer considers that the mudharabah contract provides competitive profit opportunities while still being in accordance with Islamic sharia principles, this finding shows that the profitability aspect is still an important factor in the decision to use Islamic financial products, thus the mudharabah contract has a strategic role in increasing the growth and competitiveness of the Islamic banking industry, the successful implementation of this contract is an important indicator in the development of investment products sharia.

The results of simultaneous testing showed that wadiah contracts and mudharabah contracts together had a significant effect on the development of Islamic banking products, the two contracts were able to explain most of the variations in the variables of Islamic banking products studied, this finding confirms that the success of public fundraising is not only determined by one type of contract, but by a combination of various contracts that are able to meet the needs of diverse customers, Some customers prioritize the safety of funds, while others are more oriented towards investment profits, therefore the diversification of products based on sharia contracts is an important strategy in expanding market share, this condition shows that product flexibility is a key factor in the development of the Islamic banking industry. Although it provides significant results, this study has several limitations that need to be considered, the research is only carried out in the Bangka Belitung Islands Province area so that the generalization of research results to the national level needs to be carried out carefully, besides that the research variables are only focused on wadiah contracts and mudharabah contracts without including other variables such as service quality, religiosity, sharia financial literacy and digital technology which are also Potentially affecting the development of Islamic banking products, another limitation is the use of cross-sectional research designs that only describe conditions in a certain period, therefore changes in customer behavior in the long term cannot be observed in depth. These limitations are an important part of maintaining the scientific objectivity of the research

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