CHAPTER 5

FINDINGS

5.1 Introduction

According to Sekaran and Bougie (2016), qualitative data are in the form of words. In this study, the data were interview notes that answered the research questions. The collected data were analysed to make valid inferences. The steps of data analysis, according to Miles and Huberman (1994), as cited in Sekaran and Bougie (2016), are data reduction, data display, and drawing conclusions. Merriam and Tisdell (2016) explained that according to Flick (2014), the process of data analysis is classifying and interpreting the linguistic materials.

As stated in Chapter 3, this study collected data using the interview method. Interviews were carried out with three groups of respondents: Islamic banks, infrastructure contractors, and Islamic financial authority. The method to define the respondents has been described in Chapter 4. The sampling technique was judgement sampling.

In previous chapters, the researcher has described Islamic banks in Indonesia and selected 11 informants from Islamic banks. The previous chapter has also described the contractors and the method to identify respondents from infrastructure contractors. It also presented how the informant from the Islamic financial institution (KNEKS) was selected. The respondents for the semi-structured interview are summarised in Table 5.1.

Table 5-1: Semi-structured Interview Respondents

Institutions	Population	Respondent	Time Period
Islamic Banks	Population: 12 Excluded: 4 (no office in Jakarta (2); no response (2))	8	September 2021
Contractors	Population: 27 Excluded: 10 (5 wrong address; 5 no available informant)	17	October 2021
Authorities	Population: 3	1	November 2021

After the interviews were conducted, they were transcribed. Sekaran and Bougie (2016) suggested that the interviews should be immediately transcribed so that the researcher can still recall important data. In this study, the use of different media, such as phone call, voice recorder, video call, zoom meeting records, and handwritten notes helped the researcher to transcribe, as the researcher would not be able to memorize the contents of the interviews. Throughout the transcription process, the researcher repeatedly reviewed the recordings and notes of the interviews. After transcribing the interview data, the researcher identified the themes and their relationships by identifying the patterns, processes, commonalities, and differences. Thematic analysis was performed by identifying codes using a computer-assisted qualitative data analysis software. According to Guest et al. (2012), as cited in Creswell (2014), thematic analysis is “a coherent way of organizing or reading some interview material in relation to specific research questions. These readings are organized under thematic headings in ways that attempt to do justice both to the elements of the research questions and to the preoccupations of the interviewees”. This is a vital part of the reflections undertaken by the researcher. This process is repeated several times to refine the explanation and interpretation of the data (Creswell, 2014). Table 5.2 shows the six phases of thematic analysis proposed by Braun and Clarke (2006), as cited in Sekaran and Bougie (2016) and their application in this study.

Table 5-2: Six Phases of Thematic Analysis

No	Phase	Description of the process	Application in this study
1	Familiarising yourself with your data	Transcribing data, reading and rereading the data, noting down initial ideas.	The researcher transcribed all the recorded interviews. The interview data and transcription were first listened to and read to get an overview of the respondents' answers. The data were then listened to and read again to confirm the overview.
2	Generating initial codes	Coding interesting features of the data in a systematic mode across the entire data set, collating data relevant to each code.	The researcher conducted line-by-line coding by assigning a code to each relevant sentence. Relevant sentences were highlighted. The initial codes were done inductively and deductively based on the researcher's review of the literature and the researcher's feedback.
3	Searching for themes	Collating codes into potential themes, gathering all data relevant to each potential theme.	The initial codes were merged into larger codes by putting together codes with similar meaning or content. The researcher merged the codes until only a few codes remained.
4	Reviewing themes	Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), generating a thematic map of the analysis.	The researcher incorporated the codes into relevant themes.
5	Defining and naming themes	Ongoing analysis to refine the specifics of each theme and the overall story the analysis tells; generating clear definitions and names for each theme.	At this stage, the themes surrounding the objectives and aims of the research were formulated. Three themes and several sub-themes were formed.
6	Producing the report	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back of the analysis to the research question and literature, producing a scholarly report of the analysis.	The data analysis was completed at this stage. Upon completion, the researcher connected between the themes and reported the research findings.

5.2 Reliability and Validity of the Research

Sekaran and Bougie (2016) defined category reliability as the extent to which judges are able to use category definitions to classify qualitative data. Merriam and Tisdell (2016) explained that reliability is the extent to which the findings are consistent with the assumptions and theory underlying the study.

To ensure the reliability of the study, the researcher defined informants as the individuals who are able to answer the interview questions and who hold relevant positions in the Islamic banks, contractor firms, or Islamic financial authority. Prior to the data collection, the researcher conducted a pilot study to ensure that the informants were able to understand and answer the interview protocols. For instance, it was ensured that the question did not concern anything confidential, such as the informant's private matters.

The researcher further ensured the reliability of the study by comparing the answers among the informants, examining whether their answers corresponded with each other. For example, when interviewing the contractors, the researcher referred to the projects that were used as the criteria for the selection of the sample firms. The informants should know the referred projects well. Similar answers must also be obtained from other informants. As another example, informants from Islamic banks must be individuals who have dealt with construction financing, not random informants who were willing to join the research process.

Sekaran and Bougie (2016) defined validity as the extent to which an instrument measures what it purports to measure. It may refer to the accurate representation of the collected data internally and their generalisability to other settings externally. Merriam and Tisdell (2016) explained that validity can be increased through the use of triangulation, such as collecting data from multiple sources and analysing, comparing, and interpreting the information gathered from the interviews.

The researcher used triangulation by reconciling the interview data to descriptive information from other sources, such as the annual reports of the Islamic banks and online news articles about the projects and contractors. For example, when conducting the pilot study, the informant explained some suspended projects, which motivated the researcher to further explore nonperforming financing. As another example, after visiting a contractor, the informant stated that the road project that the researcher referred to was not the only project that they were working on during the period. After corroborating with other sources, the researcher found this information to be correct.

5.3 Grouping Interview Transcripts

The interviews were originally conducted in Indonesian. It was then transcribed in English. The transcripts were then connected to the research objectives. Parts of the transcripts that were relevant to the research objectives were noted and highlighted. This process is known as coding (Merriam & Tisdell, 2016). The researcher used the computer-assisted qualitative data analysis software (CAQDAS) Atlas.ti. The researcher initially planned to use NVivo, but the software cannot be accessed outside of the university’s network due to the nature of the license. On the other hand, Atlas.ti, which was downloaded from the university’s software repository (vdi.usim.edu.my), can be accessed offline and outside the university’s network. The interview protocols from each group of respondents were combined and linked to the research objectives (Figure 5.1).

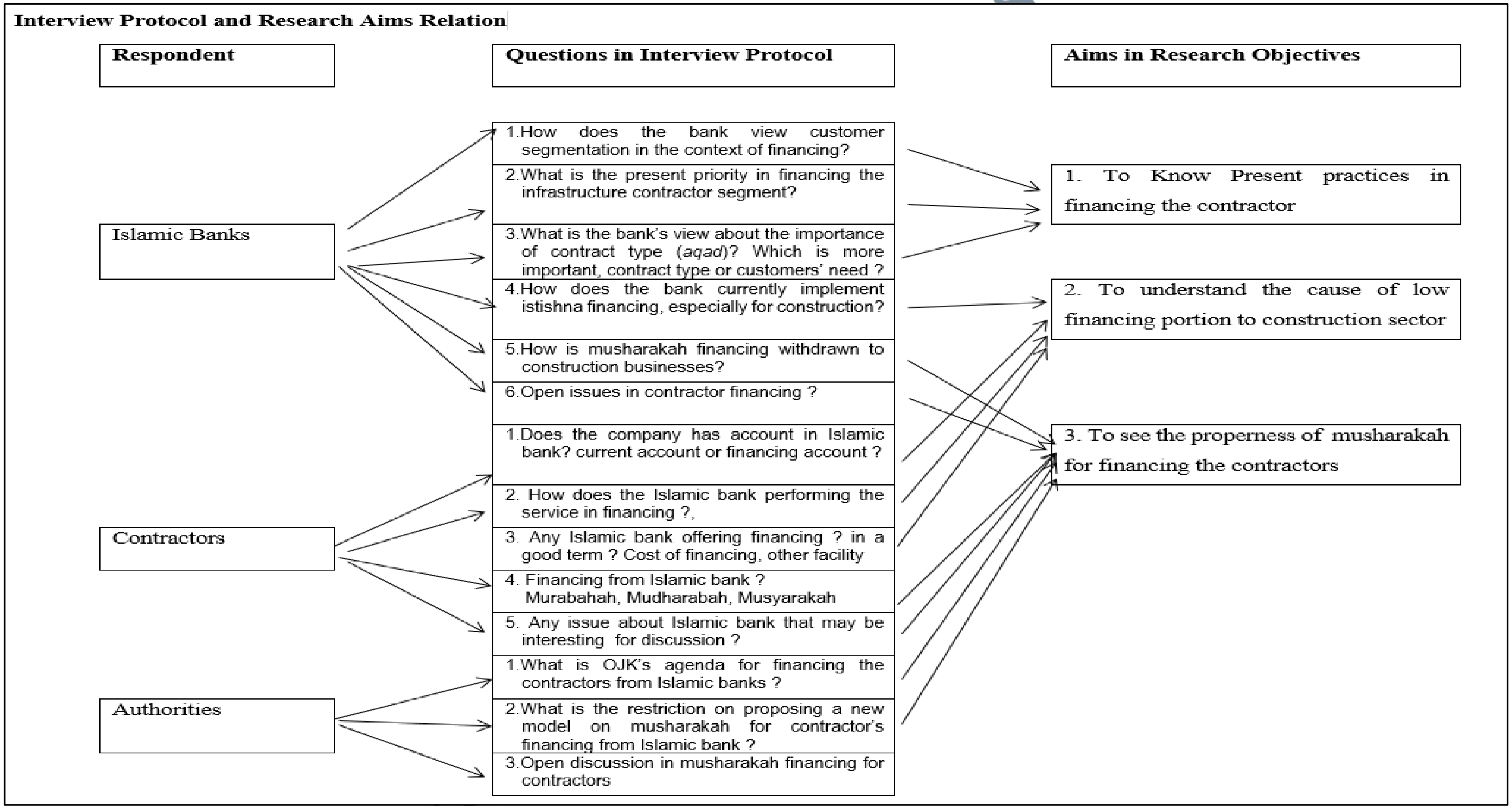

Figure 5.1: Linking the Interview Protocols with the Research Objectives

5.3.1 Narrative Inquiry and Content Analysis

Merriam and Tisdell (2016) stated that at the heart of narrative inquiry is the ways humans experience the world. Narrative inquiry is a research technique that studies experience through stories. Sekaran and Bougie (2016) defined narrative analysis as an approach that aims to elicit and study the stories narrated by people about themselves and their implication on their lives that are collected through interviews. The approach has been used by Rook (1987), Mick and Buhl (1992), Stern, Thomson, and Arnould (1998), and Denzin (2000), as cited in Creswell (2014). The researcher used the content analysis approach to analyse the content of the text. The text was coded into categories and then analysed using conceptual analysis or relational analysis (Sekaran & Bougie, 2016). Merriam and Tisdell (2016) explained that coding text into categories is the most common technique to uncover themes and patterns and find answers to the research questions.

5.4 Themes and Sub-themes

Based on the information gathered from the interviews with the three groups of respondents, i.e., Islamic bankers, contractors, and Islamic financial authority, the researcher revealed some themes relating to the research objectives. The themes were key in analysing the large volume of qualitative data. These key themes subsumed several sub-themes. Conclusions were then inferred from these themes and sub-themes. The next phase of the study was to present the findings. To reveal the themes, the researcher used Atlas.ti, as specified above.

5.4.1 Theme 1: Connection Between Islamic Banks and Contractors

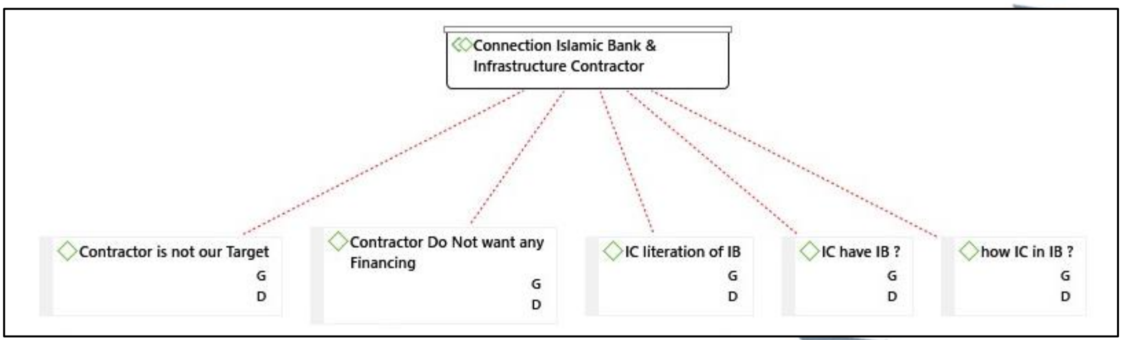

Figure 5.2: Connection between Islamic Banks and Infrastructure Contractors

The theme emerged from the questions to Islamic banks and contractors. The first question to the contractors was whether they own an Islamic bank account. The Islamic banks, on the other hand, were asked on how they have been financing contractors. These questions were then linked to each other to establish whether the contractor had access to the Islamic banks, and in contrast whether the Islamic banks had considered the contractors as their customers. The theme expressed the link between the two parties: one as the service provider (Islamic bank) and the other as the service user (contractor). The service provided is fund management, in the sense that the Islamic bank be either a fund manager or owner. In its capacity as a fund manager, the Islamic bank manages the funds of the contractor on its behalf. In its function as fund owner, the Islamic bank provides financing to the contractor.

To confirm whether the Islamic banks had access to contractors, they were asked whether they offered their financing solutions to contractors. Similarly, to establish whether the contractors had access to Islamic banks, they were asked whether they own an account in one or more Islamic banks. From the first question, the researcher would gather information on how the bank has offered or provided financing to contractors. The purpose of the question was to know whether the Islamic banks and contractors have been in a financier-client relationship. As for the second question, the contractors' responses would either be ‘yes’ or ‘no’. If the contractors answered ‘yes’, the researcher would further ask the type of the account (savings or financing). The purpose of the second question was to verify the first question and to find out whether the contractors own a financing account in the Islamic banks.

5.4.1.3 Sub-theme 1.1: Contractors Do Not Have an Islamic Bank Account

For the first question, the contractors were asked whether they had an account in any Islamic bank. If they answered ‘yes’, the researcher would ask the type of account (savings or financing). If they answered ‘no’, the researcher would continue to the second question, which was related to the awareness of the contractors about the financing activities of Islamic banks. But if the answer to the second question was also negative, the researcher would immediately engage in an open discussion about Islamic bank with the respondents. This would typically happen if the informants were non-Muslims, such that they had no accounts in any Islamic bank and unaware of its financing services, procedures, and terminologies.

The purpose of this question was to confirm whether the contractors were in a relation with any Islamic bank. An affirmative response would indicate that they in fact had an established relationship with any Islamic bank, which means that they understand the operations, procedures, and terminologies used in Islamic banks. On the contrary, answering ‘no’ would either indicate that the contractors were unaware that Islamic banks provide financing to contractors, or they did not prefer the financing products of Islamic banks.

The interviews revealed that only two out of 17 contractors answered own an account in an Islamic bank. When further inquired about the type of the accounts, both replied that they were current accounts. Of course, it was not possible to ask further questions about the bank accounts of the 15 contractors without an account in any Islamic bank. This means that only 11 percent of the contractors kept their operational funds in Islamic banks. The two contractors were expected to be familiar with the services of the Islamic banks, at the very least in terms of their savings account services. This finding supports the statistical reports of the Indonesian financial authorities, that Islamic banks only have a small share of corporate customers. Likewise, ADB (2015) stated that Islamic banks in Asia are facing various challenges, and there is much opportunity to gain clients. The government and financial authorities also play active roles in promoting the development of Islamic banks.

5.4.1.4 Sub-theme 1.2: Contractors are Unaware of Islamic Banking Products

The next question was to know whether any bank has approached the contractor to promote their services. The purpose of this question was to confirm whether Islamic banks have actively promoted their services to prospective customers. If so, the contractors would likely be aware of the products of Islamic banks, especially having obtained such information from the banks themselves. This would also mean that Islamic banks have been promoting their services well.

The second question was, “Has an Islamic bank promoted its services to your company?” It is a continuation of the first. Even if the contractors had no account in Islamic banks, it is still likely that they were aware of the services and products offered by the Islamic banks. By asking this question, it is possible to confirm that they did not choose Islamic banking products for one or more specific reasons, not because they were completely unaware of Islamic banks and their products.

The findings revealed that two Islamic banks have promoted their services to two contractors. One Islamic bank promoted their savings services while the other personal vehicle financing. No Islamic bank has promoted *musharakah* financing to the respondent contractors. These answers were obtained from two contractors without an Islamic bank account. Therefore, the contractors appeared to have little awareness of Islamic banks and their products. Consequently, it was not possible to ask further questions about the financing or proposed *musharakah* model because the contractors had no knowledge of the subject under discussion, which disallowed the researcher's plan to promote the services of the banks. Including the responses to the first question, only four contractors were aware of the services of Islamic banks: two by the fact that they had savings accounts in the Islamic banks, and another two from the direct promotion of Islamic banks. As stated above, for respondents who answered no to this question, the interview continued with an open discussion about Islamic banks.

5.4.1.5 Sub-theme 1.3: Contractors Do Not Want Financing from Any Bank

Contractors need funding when they win a contract to cover labour costs, down payment of materials, and advance payments for equipment rentals. These costs are typically covered by the down payment of the project owners. This disbursement and reimbursement process will continue as the project progresses until its completion.

Two contractors did not prefer bank financing. These contractors understood their limit well. Both belong to the same grade (M2), whose limit is below Rp50 billion. One contractor said, "*We maintain that we will not go for bank financing until future years. We will manage the fund efficiently, such as negotiating with material supplier or equipment owners. It's only labour that we can't bargain*". The other contractor firm, which had previously received an offer for personal vehicle financing from an Islamic bank, explained, "*I was approached by an Islamic bank officer for personal vehicle* *financing. However, I decided against any financing from any banks, whether Islamic banks or conventional banks. I don't want any financing or loan*".

The finding suggests that some contractors were averse against external financing. Instead, they managed their funds well. They also negotiated with materials suppliers and equipment rental firms so that they could make their payments after receiving payments from the project owners, instead of paying in advance.

5.4.1.6 Sub-theme 1.4: Contractors are Not the Priority of Islamic Banks

The above sub-themes were from the contractors' perspective, but this sub-theme was from the viewpoint of the Islamic banks. The representatives of the Islamic banks were asked whether financing contractors was a priority. The purpose of the question was to determine whether the Islamic banks currently have contractors as customers or are considering them as potential customers. The purpose of this question was similar to the first question asked to contractors. However, the wording was changed because a similarly worded question (e.g., "Do you have any infrastructure contractors as customers?") could already be answered from reading the reports of financial authorities and the annual reports of the Islamic banks themselves. Those reports already provided some limited information about the contractor clients. Therefore, the question was rephrased to allow the researcher to gather specific information about the clients: What is their specific construction sub-segment? Are they state-owned or private contractors? What are their grades? What is their specialisation (e.g., infrastructure or building)?

The informants from the banks responded with a negative answer, either directly or indirectly, such as saying, "*Our focus is on digital banking*," "*Our financing priority so far is to finance the micro enterprise segment*", or "*Yes, we have financed the* *construction segment, but it is currently limited to housing, shophouses, either for new construction or total renovation*".

Only one Islamic bank answered that it has financed infrastructure contractors. The informant described clearly the type of infrastructure contractors, the method of selecting the contractors, and the method of controlling the cash movement of said project. The informant further described that, "*So far, we have only financed infrastructure contractors that are currently working in the project that we are financing. For the payments, we control them in one account in which we have authorisation; however, the value is not large*".

Therefore, it can be concluded that most of the answers from the Islamic banks and the contractors corresponded with each other. The contractors did not have any account in the Islamic banks, and the banks provided no specific answers on whether they have financed contractor A or B or a general or infrastructure contractor.

5.4.1.7 Sub-theme 1.5: Lack of Promotion from Islamic Banks to Contractors as Potential Customers

This theme was also generated from the second question to the contractors, "Has an Islamic bank promoted its services to your company?" The question was intended to reveal whether Islamic banks have approached contractors to promote their services. As discussed in sub-theme 1.2, only two Islamic banks have promoted their savings and personal vehicle financing services to two different contractors. While sub-theme 1.2 highlighted the low awareness of the contractors of Islamic banking products or services, this sub-theme highlighted the poor promotion of Islamic banks of their products and services to contractors. As revealed previously, the banks only promoted savings and personal financing services to the contractors, the latter of which is typically carried out using the *murabahah* contract. Consequently, *musharakah* financing has remained unfamiliar among contractors. Table 5.3 summarises the first theme and its sub-themes.

Table 5-3: Theme 1 and Its Sub-themes

Theme	Sub-theme
Connection between Islamic banks and contractors	Contractors do not have an Islamic bank account
	Contractors are unaware of Islamic banking products
	Contractors do not want any financing from any banks
	Contractors are not the priority customers of Islamic banks
	Lack of promotion from Islamic banks to contractors as potential customers

5.4.2 Theme 2: Construction-Contractor Meaning

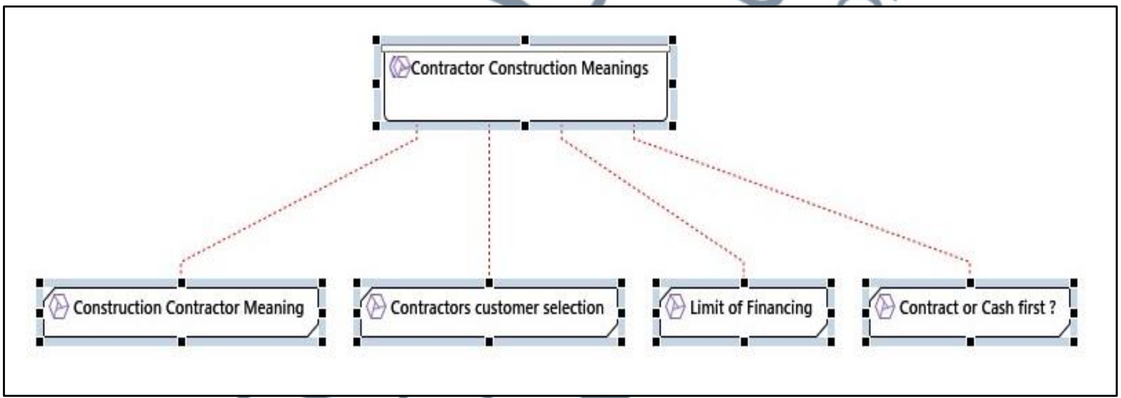

Figure 5.3: Analysis of Theme 2 Using Atlas.ti

This theme concerns the varied understanding of 'contractor' of the interviewees. The theme was generated from several questions and answers addressed to the Islamic banks and Islamic financial authority. Besides the direct answers, the theme also emerged from indirect answers and open questions to the Islamic banks, where they used various definitions, examples, and models to describe the meaning of contractor, construction, developer, project, and other related terms.

5.4.2.1 Sub-theme 2.1: Construction, not Contractor

This theme confirmed the literature review in Chapter 2, that most studies on construction defined 'construction' as the building, property, or outcome of the works of the contractors. On the other hand, the contractor, builder, developer, executer, body, or company responsible for the construction rarely became the subject of research, as there is little research on the financing needs of construction firms or contractors.

The pilot interviewee referred to the bank's previous construction project whose financing had stalled without mentioning any issue from the contractor's side, only the construction side. The informant referred to the construction as a whole, not the contractor. The discussion was about financing the entire construction project, not to a specific contractor. Two informants from the same Islamic bank also stated that, "*We also provided the financing for the construction of the toll road in Banten province*," and, "*Our (Islamic) bank also secured the issuance of sukuk with the construction works as the underlying asset*". A similar statement was also made by an informant from a provincial Islamic bank with an office in Jakarta. After answering the interview question briefly, he mentioned, "*Our bank also provided syndicated financing with another Islamic bank to finance the toll road in Central Java*". Another informant referred to 'infrastructure contractor' as developers of public buildings owned by the government. He mentioned providing financing to contractors for the construction of public schools and public hospitals.

Lastly, the Islamic financial authority defined the contractor as part of construction, not as a specific object of focus. In discussing halal products, the informant expressed that infrastructure construction, such as logistics infrastructure, is the backbone for the success of the halal product markets in Indonesia. Here, he did not distinguish between contractor and construction.

In summary, the meaning of contractor was understood differently by the respondents. This could affect the quantity or quality of information gathered about infrastructure contractors. Moreover, the infrastructure contractors themselves did not make their information easily available to the public. From a sample of 27 contractors, only two had a company website. As a result, the researcher was unable to conduct initial analysis prior to the interviews, save for the two firms.

5.4.2.2 Sub-theme 2.2: Contractor Should be Involved in Projects Financed by the Islamic Bank

This sub-theme is a continuation of the previous sub-theme. Interview with the contractors must begin with a common definition of terms to obtain clear information. Specifically, the term ‘infrastructure contractor’ refers to one that deals with a national road project.

As discussed in sub-theme 1.4, only one Islamic bank answered the interview question properly. An informant from a state-owned Islamic bank explained that financing is provided to some contractors, with priority given to contractors who are working on a project financed by the bank in the form of sukuk. He further explained, continuing from the discussion in sub-theme 2.1, that his bank had provided financing for a toll project, “*The contractor currently working on the project that we are financing is being considered for financing by the bank*”.

Therefore, not all contractors have the opportunity to obtain financing from this Islamic bank. So far, only this Islamic bank referred to ‘infrastructure contractor’ with its proper definition. As a result, it was able to provide useful information to the researcher.

5.4.2.3 Sub-theme 2.3: Limit in Financing Value

Another aspect gathered from the Islamic banks was financing value. This was an extension to the data described in Section 4.1.4 regarding the financing value to the infrastructure construction segment. Each major Islamic banks provided more than Rp1 billion in financing to contractors, whereas five smaller Islamic banks collectively provided less than Rp1 billion in financing. This theme was generated from the answers to the question, "What is the priority of your bank in financing contractors?"

An informant from a state-owned Islamic bank said, "*At the moment, our financing value to contractors is medium to low. Hopefully in the near future, our bank will be able to finance contractors with a wholesale financing value*". Another informant from an Islamic bank owned by a provincial government stated, "*Values below Rp1 billion ($71,428 or RM285,714) are still under the authority of the branch. Contractor financing is only authorised in our head office (in Bandung), but the value is still below Rp1 billion*". These small financing values, even when accumulated, remained small.

Another topic found during the interviews was nonperforming financing. The issues gathered from the informants was the stalling or suspension of projects by their owners. Project suspension can cause problems to all parties involved in the project, including contractors, material suppliers, equipment suppliers, and financiers. Therefore, some informants considered the risks of construction projects whose contractors will be financed by the Islamic banks.

The informants seemed to still be wary of financing the construction segment, especially due to the high level of nonperforming financing in 2014–2016. As reported by OJK, nonperforming financing was at its peak in 2017 with 9 percent. However, it should be noted that such a high-level of non-performance was experienced by only two banks. Even then, they were able to significantly reduce the figure in subsequent periods.

5.4.2.4 Sub-theme 2.4: *Aqad* or Fund?

The theme emerged from the Islamic bankers' answers to the question, "Which is preferred, financing to contractor using any contract or using *musharakah*?" The question was initially asked to the informant during the pilot study. The informant explained, "*To the bank,* aqad *is decided upon understanding the needs of the contractor*". The other informants were also asked the question during the actual study, but not all of them answered the question correctly. This was because most of them answered 'no' to the previous question on whether the banks provided financing to the infrastructure segment.

The first question was raised to the Islamic bank during the pilot study. The informant explained that so far, financing to contractors were withdrawn after considering the risks. The Islamic bank preferred financing with a contract (*aqad*) that brings monthly repayments. He then explained that *musharakah* does not generate any revenue immediately. He also explained that there were some contractors from a conglomerate that secured financing with a tailor-made contract. Another informant provided the most proper answer, "*Musharakah or other contracts will be fine as long as the contract complies with Shariah. The main duty of our bank is the ability to provide solution to customers*".

Apart from these valuable answers, referring to the annual reports of each Islamic banks, the contracts used for the construction segment were murabaha, *musharakah*, and *qardh*. However, the reports did not indicate the specialisation of the contractors.

Table 5-4: Theme 2 and Its Sub-themes

Theme	Sub-theme
Construction-constructor meaning	Construction, not contractor
	Contractor must be involved in projects financed by the Islamic bank
	Limit in financing value
	Akad or fund?

5.4.3 Theme 3: Readiness for *Musharakah*

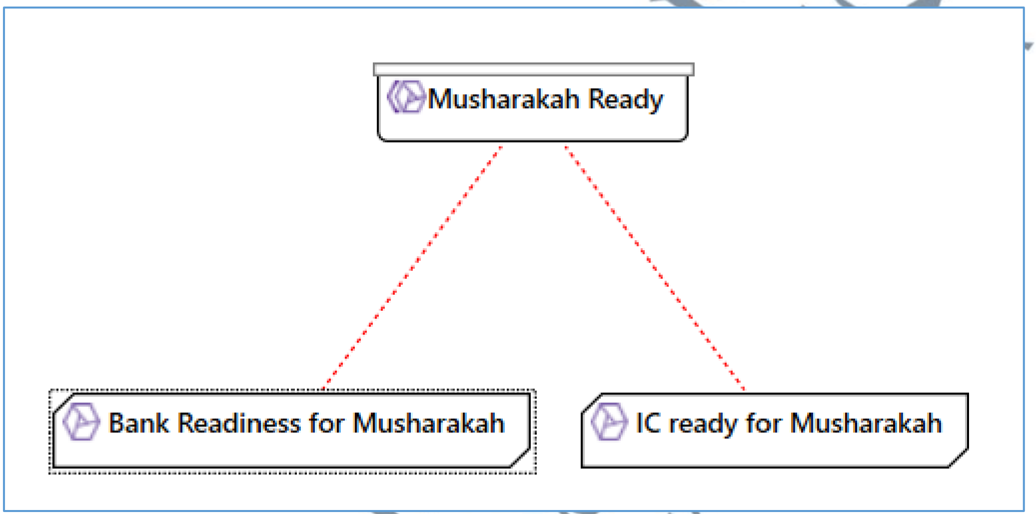

Figure 5.4: Analysis of Theme 3 Using Atlas.ti

The third theme relates to the readiness to use *musharakah* contract to finance contractors. This theme is consistent with the research objective of determining whether *musharakah* is appropriate to solve the financial needs of infrastructure contractors. This theme will be discussed from two perspectives, the Islamic banks and the infrastructure contractors.

5.4.3.1 Sub-theme 3.1: Islamic Banks are Ready to Use *Musharakah* to Finance Infrastructure Contractors

While the procedures of *musharakah* financing in Indonesia satisfy the customs of the country, such as securing the contract with guarantees or collaterals in the form of land ownership certificate or other assets, most Islamic bankers did not immediately declare their readiness to use *musharakah* financing for infrastructure contractors. They also did not state that infrastructure contractors are fine with *musharakah* contract.

Most Islamic banks did not have a consistent definition of infrastructure contractors, and they did not prioritize the construction segment. Almost all Islamic banks understood contractors as housing and building developers or state-owned contractors.

An interviewee concluded that *musharakah* is a good contract to finance infrastructure contractors, but his definition of infrastructure contractor was public school and public hospital contractors. He did not include contractors of national road projects. This informant was not from one of the major Islamic banks.

An informant from the best-performing Islamic bank stated that the Islamic bank was ready. He referred to the operations of his previous Islamic bank, which has since merged into a large state-owned Islamic bank. He stated, "*We are currently giving a chance to contractors that are working on a project which our bank is currently financing*". He added, "*We are applying systematic controls on the cash flow. We manage the financial claims received from the project owner and place this fund in the joint current savings accounts on which we have authorisation*". Before 2021, this Islamic bank was the best performer. In 2021, it merged with two high-performing Islamic banks to become the largest Islamic bank in Indonesia. The merger caused its value to increase three-fold.

The other Islamic banks were unable to affirm whether *musharakah* would be appropriate for infrastructure contractors. This is because some do not have plans to finance infrastructure contractors, while others do not have any experience in dealing with infrastructure contractors.

Although only one Islamic bank answered the question correctly, it is the market leader. Thus, it may be concluded that Islamic banks are ready to finance infrastructure contractors using *musharakah*. This readiness was inferred from the commitment of the best-performing Islamic bank, with the assumption that other Islamic banks would progressively follow suit.

5.4.3.2 Sub-theme 3.2: Infrastructure Contractor's Acceptance of *Musharakah*

This sub-theme relates to the research question concerning the readiness of the contractors to secure *musharakah* financing. In sub-theme 1.1, it was shown that the contractors had no account in any Islamic bank. In sub-theme 1.2, the contractors were mostly unaware of the products and services of Islamic banks. In sub-theme 1.5, it was revealed that the Islamic banks did not promote their services to infrastructure contractors. It is possible to infer from these three sub-themes why infrastructure contractors did not prefer Islamic banks. However, it is likely that there are other reasons for their lack of preference. To elicit this information, the contractors were asked, "Is there any issue about Islamic banking that you want to discuss?"

A non-Muslim informant stated cost as the main determinant, "*I believe that conventional bank and Islamic bank are the same. For me, the function of both is to provide funds which I have to pay. The cost might be different, but the rest is the same*". Another contractor explained its disinterest in seeking funding from Islamic banks due to its established relationship with a conventional bank, "*Our bank has already provided us the loan well for some years in arrears, which so far so good. Also, the term of the loan, such as collateral, and also our relationship with the manager is also so far so good. So, logically, we do not need to try something new, so we can focus with the project*". The director of this contractor firm was a non-Muslim.

Another respondent stated that there was no contractual obligation to secure financing from an Islamic bank, "*There is no obligation from the project owner to use Islamic bank. The typical regulation set by the provincial authority is to use their provincial bank when working on provincial projects*".

One contractor explained that Islamic banks were not ready to provide financing to infrastructure contractors because of their limited facilities, "*Generally, the branches of Islamic banks are not available in most smaller cities, unlike Jakarta. In Jakarta itself, their services are limited. For example, the number of ATMs is not as many as their conventional unit (the Islamic bank's owner). In addition, most of our road projects are located in the suburbs*".

Some of the statements above revealed the limitations of Islamic banks. However, some contractors stated their interest to consider Islamic banks as financing partners. The informant who had been offered personal vehicle financing by an Islamic bank stated, "*I do not know if the Islamic bank provides financing. I am also not sure about the terminology, which I have just known (from the researcher), and also the condition of financing (profit sharing basis). If the cost is cheaper, I think okay*". The contractor that refused external financing or loan said, "*Yes, maybe next time when we need the financing, we may consider Islamic bank. But please ensure that the terms and conditions are better than conventional banks, the administration is easier, the cost of* *financing is cheaper, and so on. Do not give something worse, as the brand is already Islamic, religious*".

In conclusion, Islamic banks are still in a poor position to finance infrastructure contractors. This is likely due to the outcome of poor promotional and marketing efforts from Islamic banks. Prospective customers are unaware of the products offered by Islamic banks. They are also unaware that Islamic banks differ from conventional banks.

Table 5-5: Theme 3 and Its Sub-themes

Theme	Sub-theme
Readiness for *musharakah* contract	Islamic banks are ready to employ *musharakah* to finance infrastructure contractors
	Infrastructure contractor's acceptance of *musharakah*