

FACTORS THAT INFLUENCE A PERSON'S INTENTION TO USE ISLAMIC BANKING

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Abstrak

Indonesia is a densely populated country with a Muslim population. The performance of Islamic finance compared to conventional is still very low. In this case, Islamic banking needs to know what factors can influence people to use Islamic banking products and services. The purpose of this study is to determine the effect of these factors on the intention to use Islamic banking using Islamic financial literacy variables, awareness, and religious obligations. This research is a quantitative research using judgmental sampling technique. The questionnaire was distributed online via google form, the target was 230 conventional bank customers and then the data was processed or analyzed using smartPLS 3.0 software. The results of this study indicate that the variables of Islamic financial literacy, reputation, and religious obligations have a significant effect on the intention to use Islamic banking and only the awareness variable has no significant effect on the intention to use Islamic banking

Keyword: Islamic financial literacy, reputation, awareness, and religious obligations

INTRODUCTION

Based on a report from the Islamic Development Report 2018, Indonesia's financial performance is classified as not optimal, which ranks 10th with total Islamic financial assets of \$ 82 billion (Thomson Reuters, 2018) Indonesia is the country with the most dense population with a total of 237,641,326 people and 87.18% of the population is Muslim or Muslim (Central Statistics Agency, 2010)

Based on these data, it can be said that sharia financial performance in Indonesia has not been maximized. Sharia financial performance when compared to conventional financial performance is still very low, which is 5.96 of Indonesia's total financial assets (OJK, 2019). Evidently in 2019 the level of financial literacy in Indonesia is still very low at 30.03% (Bisnis.com).

In this case, there are challenges for the Islamic banking industry to improve the performance of Islamic finance. Islamic banking must improve the company's performance and also need to know what factors can affect the community to use products and services in Islamic banking.

There are several previous studies such as research conducted by (Albaity & Rahman, 2019) and (Lajuni et al., 2017) on the intention to use Islamic banking.

In this study, the authors combined variables from (Albaity & Rahman, 2019) namely the variables of Islamic financial literacy, awareness, reputation, and plus religious obligation variables from research that has been conducted by (Lajuni et al., 2017). The combination of variables aims to update previous research in order to increase knowledge of the factors that influence the intention to use Islamic banking.

The hypothesis is formulated as follows:

- H1: Islamic Financial Literacy has a positive effect on the intention to use Islamic banking.
- H2: Awareness of a positive effect on the intention to use Islamic banking
- H3: Reputation has a positive effect on the intention to use Islamic banking
- H4: Religious Obligation has a positive effect on the intention to use Islamic banking

RESEARCH METHODS

This research is a quantitative study, using a sample of conventional bank customers because they want to know Islamic financial literacy among conventional bank users, and conventional customers have purchasing power potential and are also able to make decisions in the use of Islamic banking products.

This study used primary data obtained directly through the spread of questionnaires online through google form consisting of 49 questions containing 7 variables, namely Islamic financial literacy, awareness, costs and benefits, reputation, attitude, religious obligation. In the spread of questionnaires his measurements were adopted from previous studies using a likert scale with 5 answer options (Hayduk & Littvay, 2012)

FINDING AND DISCUSSION

	Original sample (O)	Sample average (M)	Standar Deviasi (STDEV)	T Statistik (O/STDEV)	P Values
ATIB INT ->	0.368	0.369	0.068	5.444	0.000
AW INT ->	-0.017	-0.016	0.055	0.306	0.760
IFL INT ->	0.173	0.179	0.054	3.233	0.001
REP INT ->	0.175	0.175	0.058	3.003	0.003
RO INT ->	0.161	0.156	0.071	2.259	0.024

From the data above, there is a direct relationship between attitudes towards the intention to use Islamic banking found a significant positive relationship, this is also supported by previous research (Taib et al., 2008) customer attitudes have a significant and positive effect on intentions and preferences in using financing products and services. sharia. (Eisingerich & Bell, 2007; Mohd Kassim & Souiden, 2007; Souiden & Jabeur, 2015) Intention to purchase a product or service depends on the attitude towards the product or service. Attitude towards Islamic banks is an important demand factor related to intention. Islamic banks were chosen because they are useful, instill positive values that are different from conventional banks.

In addition, awareness does not have a significant effect on the intention to use Islamic banking. Lack of awareness among

potential customers precludes the possibility of expanding the business systems of Islamic banking to a greater extent than its conventional counterparts (Sun et al., 2012).

Islamic financial literacy in the data above has a significant effect on the intention to use products and services in Islamic banking. Financial literacy is a very important concept understood by Muslims in order to keep the faith clean (Antara et al., 2016). According to (Santhakumar, 2015) if the level of financial literacy is high enough it will encourage an individual to take riskier investments. The higher the Islamic financial literacy, the higher the intention to use Islamic banking products and services.

From the data above, reputation has a significant effect on the intention to use

Islamic banking products and services. According to (Abdul-Kadir, 2012) bank reputation is also considered an important factor in bank selection. Therefore, reputation is one of the important variables in explaining the intention to use Islamic banking. The managers of Islamic banks must emphasize that Islamic banks are not only entities that only maximize profits but also contribute to the social welfare of the community because that is one of the goals of Islamic banking.

Furthermore, religious obligation or religious obligation from the data above shows that the results have a significant effect on the intention to use products and services in Islamic banking. (Alam et al., 2012; Amin et al., 2011) said that religiosity is one of the important elements of an individual that affects individuals cognitively and behaviorally.

HEADING AND SUB HEADINGS FOR CONCEPTUALLY-BASED

In general, consumer intentions to use Islamic banking products and services are influenced by various factors. There are several previous studies such as research conducted by (Amin et al., 2011), (Obeid & Kaabachi, 2016), (Reni & Ahmad, 2016), (Oladapo et al., 2019), (Abduh & Idrisov, 2014) with Theory Of Planned Behavior (Ajzen, 1991) and to analyze consumer intentions to use Islamic banking products (M. A. Abdullah et al., 2017), (Albaity & Rahman, 2019).

CONCLUSION

The purpose of this study is to determine the direct and indirect relationship between attitudes, awareness, Islamic financial literacy, reputation and religious obligation to the intention to use Islamic banking.

In this study, smartPLS 3.0 software was used to examine the effect of direct and indirect relationships of each variable on the intention to use Islamic banking.

In this study, it provides additional insight into the intention to use Islamic banking among conventional bank customers. Although most of Indonesia's countries adhere to Islam, but from the conclusion of the data above that the level of awareness of the intention to use Islamic banking is still very low or has no significant effect.

Even though the majority of the population is Muslim, if there is a lack of awareness of the intention to use Islamic banking, it can be categorized that the intention to use Islamic banking is still very low.

From the variables of attitude, awareness, Islamic financial literacy, reputation and religious obligation, only awareness has no significant effect on the intention to use Islamic banking.

This research is not without limitations, namely about variables that are out of control or not in accordance with expectations. In future research, it may be possible to add variables related to the intention to use Islamic banking and expand the range of the data obtained, such as not only for conventional bank customers but also Islamic bank customers.

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