

Analysis of Community Preferences of Sharia Banks

Akmal Zainurahman, Dede Aji Mardani

STAI Tasikmalaya
dedeaji@gmail.com

Abstract

In Indonesia, the development of Islamic Banks has not moved significantly. In fact, the total number of customers is only 8.26% of the total population of Indonesia. The purpose of this study is to measure the extent of the preferences of the Cikalang community towards Islamic Banks, and also what preference factors have the most widespread impact on the Islamic Banks. With quantitative methods. The results of this study indicate that the preference of Cikalang community towards Islamic Banks is that it can be influenced by 5 characteristics, including personal, social, economic, psychological, and cultural characteristics. and, the most dominant preference factor is based on psychological characteristics, in the form of public perception that Islamic banks are Islamic banks.

INTRODUCTION

The existence of Islamic banking cannot be separated from the history of Muslims in undergoing economic behavior since the time of the Prophet until now (Anshori, 2008). The establishment of a Sharia Bank can be seen from two religious aspects, namely a) concerning the prohibition of bank interest which has an excess against the prohibition of usury (Khotibul Umam, 2017). This prohibition was dominated by conventional banking, as an initiation from ICMI (Tajuddin, Yeyeng, Abubakar, & Kurniati, 2019) in the Reformation era which changed the order in democracy and transactions so in the form of Islamic Banks (Bank Muamalat). b) Normatively the condition of Islamic Banks is an answer to an unfair economy (Syaifullah & Hakim, 2017), which is only distributed by people who have assets (Mubarok, 2018). Then

for certain transactions carried out by Conventional Banks are certain, whereas in the business world there are many uncertainties. Islamic banks exist because of the nature of the transaction based on agreement and profit and loss sharing, profit sharing and loss sharing (Ratnawati, 2002)

Initially the establishment of the Islamic Bank was based on the Islamic social movement at that time where the aim was modernization and ethical behavior, Islamic norms in accordance with the Quran and Sunnah. As happened in Malaysia and Pakistan. The desire to divide the portion between the funds deposited with the funds that are managed in the Hajj funds that occur at Rulal Bank in Egypt (Hasan, 2014).

The beginning of the birth of a Sharia Bank in Indonesia can be condemned, because the wishes of most Indonesian people who have views about interest that have legal aspects of prohibition (Anshori, 2018). Despite the fact that the system with the term revenue sharing has often been used in Indonesian society with different terms, including the application of it has been widely done abroad (Riyadi & Yulianto, 2014). Islamic banks do not only revolve around the distribution of halal and haram law, usury and non-usury, but more than that is about the principle of equitable distribution of wealth (Mardani, 2018); (Srisusilawati & Eprianti, 2017).

Thus the designation of Islamic Banks is not only by Muslims or also by non-Islamic circles as happened in European and American countries. Seeing this reality, the potential of Islamic banks to develop in Indonesia is very rational, considering that the majority of Indonesia's population is Muslim, this has become a quite passionate market for the Syariah Bank market (Saputra, 2014).

The very rapid development of Islamic Banks in Indonesia is a tangible manifestation of public demand that requires an alternative banking system that provides banking / financial services that are sound, reliable, and meets the principles of Sharia which prioritizes the principle of justice (Khaerul Umam, 2019).

The development of the Sharia banking system is expected to create operational efficiency and uniqueness in winning the market while still adhering to the principles of Islamic ethics and with the principle of justice for the welfare of society. The development of Sharia Banks in Indonesia has not yet been followed by the condition of the number of customers which has not been significant, where the number of Sharia Bank customers in aggregate in Indonesia until the end of May 2017 in the range of 19,628,486 people (Financial Services Authority, 2018).

This number is too far when compared with the total population of Indonesia which amounted to 237,641,326 people (source: BPS, 2010). Based on these data, it means that Islamic banks can only absorb 8.26% of Indonesia's population. This is a problem for Islamic banks that are still unable to absorb the Indonesian population to become customers, even though around 87.18% of the population of the State of Indonesia is Muslim (Muslim).

The results of this study different from countries that are affiliated with *Mena and Non Mena* (16 countries) which show that the increase in the market share of Islamic banks is influenced by macro variables such as the sale and purchase (export and import) of oil which is very consistently influential. The same thing also happened to the variable of direct investment, oil production and inflation having an extraordinary impact on the growth of Islamic banking in a country with normal conditions (Mensi, Hammoudeh, Tiwari, & Al-Yahyaee, 2019a). Whereas HCL, education and law enforcement have insignificant influence (Mensi, Hammoudeh, Tiwari, & Al-Yahyaee, 2019b).

LITERATURE RIVIEW

Research conducted by Hum and Nawaz in Pakistan has identified that the number of customer growth in Islamic banks has increased significantly due to return or the rate of profit sharing, time, level of income of the community, and population. However, the rate of return is what significantly affects (Nawaz, 2019). The same thing was stated by Solarin Sakiru Adebola (Adebola, Solarin Sakiru, Wan Sulaiman Wan Yusoff, 2011) that the interest rate affects the level of customer growth in miro while while macro effects are influenced by the growth rate of conventional banks, it is necessary to make adjustments made by the central bank

Whereas according to Kontot (Kontot, Hamali, & Abdullah, 2016) that what affects customers' preferences to carry out their transactions in Islamic banks are the rate of return, trustworthiness, security, transparency, smoothness in withdrawals are some of the determinants that influence customer. At the same time Aisan (Aysan, Disli, Duygun, & Ozturk, 2018) said that the rate of return between Islamic banks and conventional banks holds a very important role in building customer relationships and Islamic banks.

Riaz's research (Riaz, Burton, & Monk, 2017) points out that the British government has been seriously seeking and accommodating every Muslim citizen to carry out their transactions with the sharia ban. Islamic banks are also expected to adapt themselves to the advancement of time and internetization of the banking system to facilitate their customers

Alan R. Andreasen (Andreasen, 2002) tries to present a general model of customer preferences that departs from a psychological conception. Changes in a person's attitude are influenced by various information obtained from their surroundings, both intentionally or unintentionally. In this model, it is explained chronologically about the whole process of a person's behavior caused by the touch of information that he gets. Information processing that affects a person's attitude is described in four stages, namely the origin of input in the form of stimuli (stimuli), the process of filtering and forming perceptions, forming attitudes and the results of attitudes and actions that may occur.

Finna Putri Barna (Barna, 2010) about factors influencing customers' perspectives in saving at a Sharia Bank: Sharia factors, location factors, attitudes towards fatwas, social factors, product and facility factors, and brand factors are factors that influence customer preferences to use Islamic bank products and services. Considering the HR factor is the dominant factor chosen by respondents, it means that the HR factor plays an important role in influencing customer preferences to use bank products and services. Aprillia Wahyu Dini (Dini, 2007) he found that the factors initiating customers in the city of Surakarta were because they saw favorable opportunities in terms of the ratio of Islamic banks and conventional banks, the next factor was the number of ATMs available, fast transaction processes, and the availability of transactions which reaches out to Islamic banks. Research by Dede Aji (Mardani, 2018) shows that the religious factor holds the role in withdrawing the number of customers to Islamic Banks and the socialization and literacy factors of Indonesian society are still minimal.

METHOD

The method used is quantitative with descriptive nature by explaining the problems. The object of this study is the non-customer community of Islamic Banks aged over 17 years, who already have a Citizenship Identity Card (KTP), and are

located in the Cikalang Subdistrict, Kec. Tawang Kota Tasikmalaya. The data analysis method used in this study is the Willingness To Connect analysis, which is the most important part of this research. Analysis of willingness to connect is an analysis to determine the level of desire to be a customer. The study of Analysis of Community Preferences on Sharia Banks was carried out in the Cikalang District Kec. Tawang Kota Tasikmalaya. The method of determining the location of this study is intentional (purposive (Dini, 2007). Cikalang Village, Tawang City, Tasikmalaya District is used as a research location with the consideration of ease of access because the researcher is domiciled in the region, so that it can efficiently budget and can also streamline the research time when jumping directly into the field Data Collection Process with Questionnaire (questionnaire), Observation, Data analysis method used in this study is the analysis of Willingness To Connect, which is the most important part of this research. to find out the level of desire to be a customer

RESULTS AND DISCUSSION

1. Factors Influencing Community Preference on Islamic Banks Factors that can affect community preferences in determining a product purchase, in this case the relationship with Islamic bank products is influenced by 5 characteristics, including:

- a) Personal Characteristics

Personal characteristics are the abilities and existence shown by each individual based on the characteristics they have in determining the choice of a product they like. Jhingan (Jhingan, 1994) explains the existence of a loop that greatly influences the personality characteristics of a person to develop his behavior in making a decision. According to Gunawan (Gunawan, 2012) explains personal characteristics are determined by a person's age, sex, occupation, education level, and lifestyle in determining a purchase decision. Based on the above theory, if it is related to the results of this study, it is known that age in the form of age can make a difference between a young, adult, and old age and is also influenced by the sex between men or women that can influence someone in determining the choice of an Islamic bank product. . In addition, the level of education and employment, as well as lifestyle also affect one's personal implementation in determining the choice of Islamic bank products.

In accordance with the results of research conducted on the community in the neighborhood of Cikalang, a person with an adult age in the range of 26-40 years, with male sex, and the last level of high school education, and the work he has as a private employee with an adequate lifestyle is the majority of people's answers based on a person's personal characteristics in determining his choice to become an Islamic bank customer.

b) Social Characteristics

Social characteristics are a condition / interaction of someone who can determine a decision in the choice of a preferred product. According to (Smith & Fingar, 2003) states these social characteristics are determined by interactions and various changes that occur based on the presence of family, social status and social class that shows differences in interactions and changes. Based on the results of the study, this social characteristic refers more to the state of the family and also the state of society in the social environment. Someone with a status as head of the family is more dominant to take decision to make a purchase / become a customer of an Islamic bank. This can be understood because indeed a family head becomes a leader in his family who has the authority to take action. However, the role of a housewife (wife) also has a strategic role in providing input / complementary contributions in determining a purchasing action process.

c) Economic Characteristics

Economic characteristics play an important role in determining a person for decision making towards a purchase goal to be achieved. According Hardjono stated that a person's economic conditions vary depending on the type of business he has in carrying out various work activities to increase the level of business income. According to (Smith & Fingar, 2003) states these economic characteristics are determined by the income, expenditure, and savings of an individual. An individual with the level of income according to the receipt of salary, wages and incentives received, which is then synergized with the level of expenditure in spending that income, thus allowing a difference in their income and expenses, which can influence a person to make savings.

d) Psychological Characteristics

Psychological characteristics are basically an internal condition of each

individual that tends to provide encouragement or stimulation to the behavior shown in making a decision in accordance with the desired goals. According to (Smith & Fingar, 2003) states psychological characteristics can be determined by a person's knowledge, perception, satisfaction, and motivation of an individual towards a product that is desired. Someone with good knowledge and perception of Islamic banks, who are then encouraged by the satisfaction and motivation they will receive, will be more likely for someone to decide to become a customer of Islamic banks.

e) Cultural Characteristics

Cultural characteristics are basically an understanding that is the implementation of an understanding of one's preferences in decision making in accordance with the criteria that lead a person to see the shape and model of the product to be purchased. He stated that these cultural characteristics can be determined by values, attitudes, principles and information that must be understood in determining a product that he wants to buy. A person can tend to become a customer of an Islamic bank when they assess how the level of profit they receive when using a product from an Islamic bank. Likewise with their understanding of the attitudes and principles towards Islamic banks, the ease of the information they receive, will tend to make them choose Islamic banks as their chosen financial institutions.

2. The Most Dominant Preference Factors Towards Islamic Banks

The approach taken to annul this factor is by willingness to connect analysis (Tanojohardjo, 2014), which is an analysis to find out the level of desire to become a customer, in this case becoming an Islamic bank customer. By using this approach, researchers can find out the main reasons for the community to become customers of Islamic banks, and can also find out the main reasons people do not want / hesitate to become customers of Islamic banks.

Based on the findings of the willingness to connect analysis approach, the most dominant preference factor influencing the community to become customers of Islamic banks is based on psychological characteristics, in the form of public perception that Islamic banks are Islamic banks. Islamic banks are said to be Islamic banks, in accordance with the understanding of the Islamic banks themselves, namely a financial

institution whose activities are raising funds and channeling them in the form of financing with various principles such as bai, rent, and profit sharing. But certainly the source of law in carrying out its activities is that it must be in accordance with the Quran and the Sunnah of the Prophet. One of the basic principles of operations carried out by Islamic banks is the principle of deposit (wadiyah), which means deposit from customers that the bank accepts that they should take care of and should return fully when the lender asks for it. In this case the shariah bank acts as a party to whom a person is deposited, which must be safeguarded.

The principle of deposit (wadiyah) on this sharia bank has a legal basis in accordance with the Quran and the As-Hadith, which reads. That is: Allah has sent you to deliver the mandate, to those who are entitled to it. (QS Number: 58). And in accordance with Al-Hadith, Abu Hurairah recounted that the Messenger of Allah (SAW) said, “deliver (fulfill) the mandate to those who are entitled to it and do not repay the treacherous to the betrayer.” relying on the principle of revenue sharing. This is in line with the Mudharabah product, a joint-venture agreement with the bank where the customer guarantees the funds to be managed / leased by the leasing company and if the proceeds are profitable or disadvantaged then they will be given a position in the first place. The law of the Qur’an and Al-Hadith which corresponds to the product of Mudharabah (Revenue) is: That is: O people who believe in the fulfillment of the promise (Al Maidah verse 10) Hadith from Shalih bin bin Shuhaib Rasul says: three things The benefits of this include 1) buying and selling time 2) selling the produce (Muqorodah) and mixing wheat and flour for the purpose of destroying stairs instead of for sale. (HR. Ibn Majah no. 2280, Book of Tijarah).

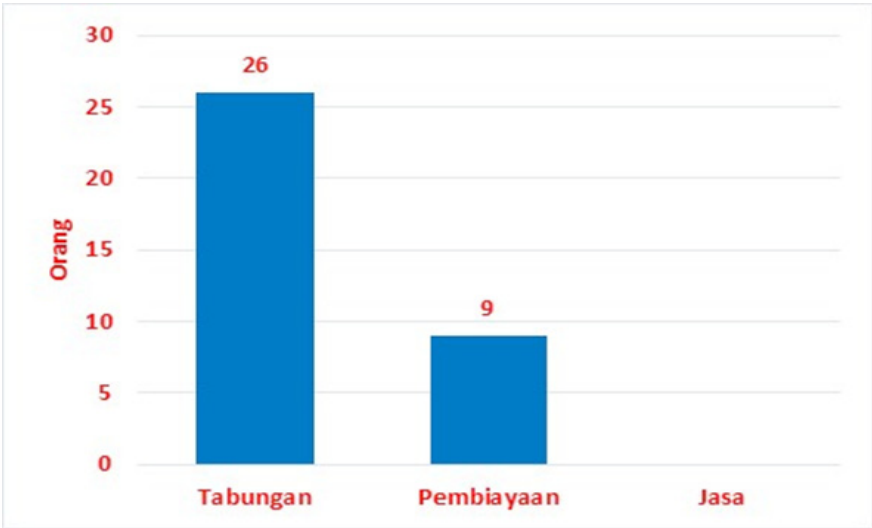


Figure 1

In accordance with figure 1 above, the majority of 48 people have the attitude that Islamic banks are the same as conventional banks, while 45 people do not really know about the profit sharing system is the same as the interest system. This can be understood because indeed most people think that the term used on Islamic bank products is confusing. While in terms of performance / performance of Islamic banks, the majority of 42 people do not know that Islamic banks are better than conventional banks. Likewise, the majority of 53 people do not know about opening a fund / savings product in an Islamic bank,

3. Analysis of Willingness to Connect (Desire to Become a Sharia Bank Customer
 Desire / Interest of the Community Becoming Sharia Bank Customers

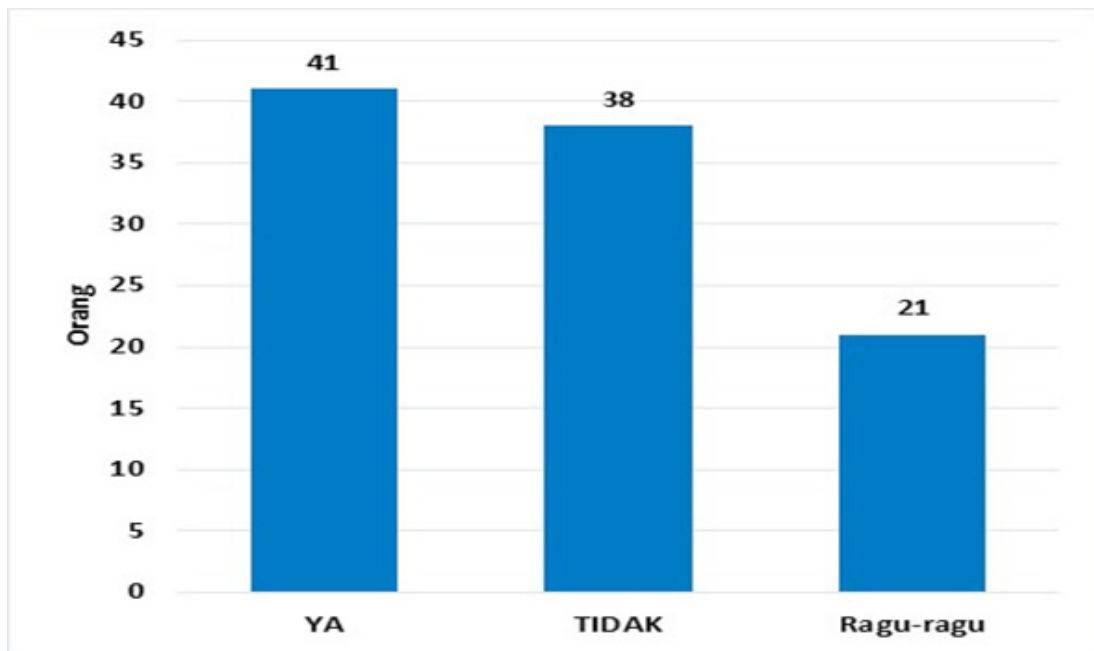


Figure 2

Source: Data Processed by Self

Level of Community Interest in Becoming a Sharia Bank Customer

Willingness to Connect analysis is the most important part of this research. By using this analysis, the researcher can see the level of desire / interest of the community to become customers of Islamic banks. Based on Figure 4.21 above, 41 people expressed their desire to become customers of Islamic banks, while the remaining 38 people did not want to and 21 people were still hesitant to become customers of Islamic banks.

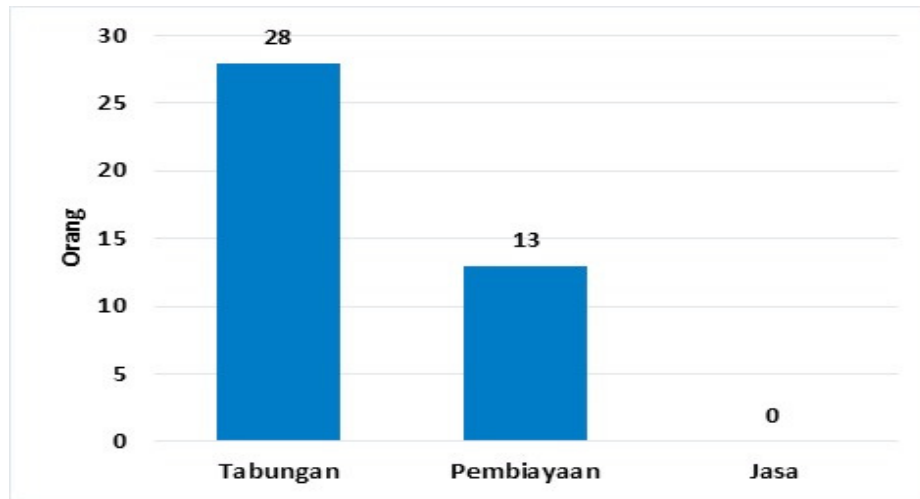


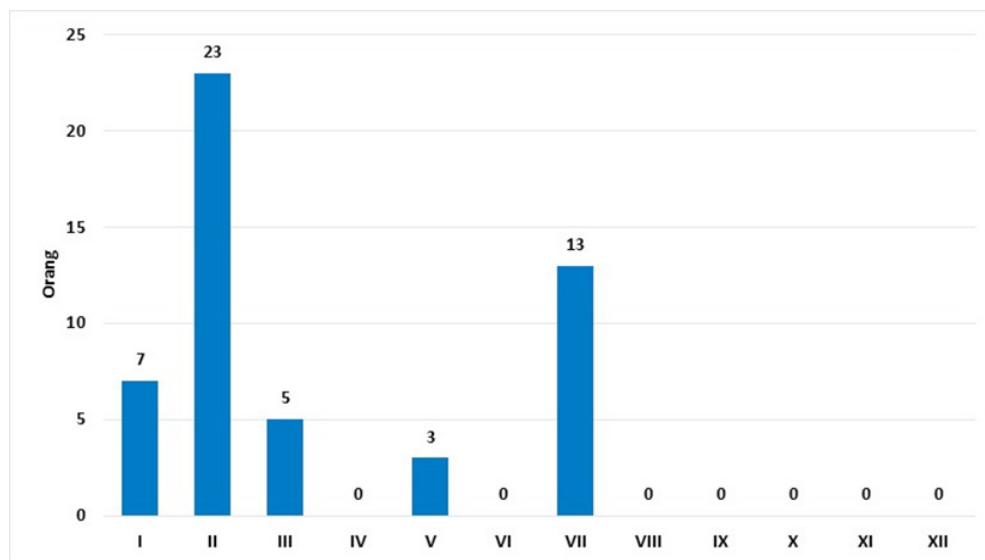
Figure 3

Source: Self-processed Data

Types of Sharia Bank Products that Customers Interested

In accordance with Figure 3 which states 41 people want to become customers of Islamic banks, this can also be seen in Figure 4.22, where the majority of 28 respondents are more interested in using this type of savings product if they are customers of Islamic banks, and the remaining 13 respondents are more interested in using financing products .

4. Main Reasons For People Not wanting / Not Interested In Becoming Sharia Bank Customers



Data Processed Self

Figure 3
Main Reasons of People Not Wanting / Hesitating to Become a Sharia Bank
Customer

Note :

- I : Personal income level
- II : Same as Conventional Banks
- III: More expensive
- IV: Difficult location access
- V: The product is unknown
- VI: Difficult to information
- VII:Lack of knowledge about Islamic banks
- VIII: Principles and systems are not sharia compliant
- IX: Poor prospects
- XI: The benefits / margin are small
- X: Services and facilities bad
- XII: Other Source

In total 59 people stated they did not want / hesitate to become customers of Islamic banks. This can be seen also in Figure 4.24, where the majority of 23 respondents gave the main reason that is because Islamic banks are the same as conventional banks. This is also in accordance with the attitude of the wider community which considers that Islamic banks and conventional banks are no different, because both institutions are the same financial institutions have savings products or financing / credit products, and the same instrument uses money.

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