

Model Indonesian Islamic Banking Consumer Behaviour from the View of Religiosity, Knowledge and Advertising

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**Abstract:** The research aims to identify the sharia bank customer behavior viewed from the perspective of religiosity, knowledge, and advertising. The subjects in this study were people in DKI Jakarta. The sample used in this study was 160 respondents. The sampling technique using a convenience sampling. By using quantitative descriptive approach. Therefore, the analysis of the data used is the statistical analysis in the form of SEM-PLS. The results of this study showed Religiosity has a significant positive effect on the intention to becoming a customer. Knowledge haven't been a significant effect on the intention to a becoming customer and Advertising has a significant positive effect on the intention to becoming a customer.

**Keywords:** Religiosity, Knowledge, Advertising, Islamic Bank

### 1. Background of Study

Shariah Banks have started their operations starting from the 21st century. There is increasing competition between Islamic banks and conventional banks to capture new customers as well as to retain existing customers. Banks have realized the importance of service quality for successful survival in today's global and highly competitive environment (Ahmad et al. 2010). Islamic banking and finance is experiencing rapid growth worldwide. The International Monetary Fund (IMF) released a report stating that Islamic banking is one of the fastest growing segments in the financial industry with tracking growth of 10-15 percent over the last decade, and globally, Islamic banking assets are estimated to grow at around 15 percent a year 1 trillion dollars in 2016 (Abduh and Omar, 2012; Junaidi, Wicaksono and Hamka, 2022).

In Indonesia, the Islamic banking industry started 17 years ago, in 1992 with the establishment of the first Islamic bank in Jakarta, namely Bank Muamalat Indonesia. It remained the only Islamic commercial banking (BUS) until the 1997 financial crisis, which caused a massive collapse of the Indonesian financial system (Abduh and Omar, 2012, Kamiyama & Kashiwagi, 2019). The high growth of Islamic banking proves that Islamic banking can compete with conventional banking that has existed before in Indonesia. The most fundamental difference between Islamic banking and conventional banking is the operational system, profit sharing and fund management which is governed by sharia or spiritual values. In practice, Islamic banking does not use interest in its service system. Islamic banking uses a profit sharing system and benefits from its service system. This advantage is used by the bank in carrying out its operations. Even in terms of the financial system, Islamic banking is considered safer, this was followed by the subprime credit tragedy in 2007 which barely disrupted the Islamic banking system. The economic crisis that occurred actually proved that the Islamic banking system is safer than the conventional banking system.

Based on data from the Pew Research Center Religion & Public Life (2010), the total Muslim population in Indonesia in 2010 reached 205 million. This figure shows that almost 88% of Indonesia's population is Muslim. Indonesia also represents 13% of the Muslim population worldwide. With a population that is predominantly Muslim, the Indonesian population should be able to apply more religious values in terms of using banking.

Based on data from the 2016 Financial Services Authority stated that the total assets of Islamic banking in Indonesia in 2016 reached IDR 365 trillion. Conventional banking also has total assets reaching IDR 6,487 trillion of the total national banking assets of IDR 6,852 trillion. Indonesia has very few Islamic banking total assets when compared to

conventional banks, this shows that there are still many Indonesians with a Muslim majority who do not use products or become customers of Islamic banks.

According to Rama (2020) states that there are several factors that influence a person's knowledge, namely education, mass media, social culture and economy, environment, experience and age. Marketing communication has various types of media as a tool for marketing and promoting products or services, one of which is for Islamic bank products. One part of marketing communication is advertising. Advertising is a persuasion tool so that consumers buy or use goods, services, ideas (Darma, 2012, Muhammad, Basha & AlHafidh, 2019) Advertising has a very strong influence in forming one's knowledge or cognition. Advertisements provide information and knowledge that can ultimately shape perceptions. In the end perception influences a person's behavior in determining interest.

Increasing competition in the banking world, Islamic banks are encouraged to be customer oriented. To support it, it is necessary to seek knowledge about consumers, especially in terms of their behavior. Buying interest arises because there is a positive stimulus that creates motivation. Motivation is a condition of someone who encourages them to seek satisfaction or achieve goals.

Aqidah provides a basis for a person regarding the nature of what must be done in his life. So that what a person does in his life will always stick to his faith. Religiosity is manifested in various aspects of life including economic aspects. In this modern era, economic activity will not be perfect without banking institutions. These banking institutions are included in the sharia aspects related to muamalah activities. In muamalah activities, it should be noted that all transactions are permissible except for those prohibited by the Shari'a. (Lestari, 2015; Suhartanto, 2019). This study examines the relationship between religiosity, knowledge and advertising in order to predict the intention of consumer to be the customer of Islamic Bank.

## 2. Literature Review and Hypotheses Development

### A. Religiosity

According to Maryam, Mehmood & Khaliq (2019), religiosity as a meaningful variety includes various aspects or dimensions that do not occur only when a person performs worship but performs other activities driven by spiritual strength.

Religiosity is the quality of internalization, attitudes and tendencies of religious behavior under adhered to religious values. Mcdaniel and Burnett (1990) state that religios-oriented religiosity shows cognitive or behavioral commitment to religion. Einstein (2007) states that in commercial products, religion can be a character included in the product.

Religiosity Indicator

According to Glock & Stark (1968) there are 4 indicators in religiosity, namely:

1. Belief or Ideology
2. Religious or ritualistic practices
3. Experience or experiential
4. Religious or intellectual knowledge
5. Consequences

### B. Knowledge

Consumer knowledge is all information that consumers have about various kinds of products and services, as well as other knowledge related to these products and services and information related to their functions as consumers (Engel et al, 1994).

Knowledge Indicator

Engel et al (1994) divided consumer knowledge into three types of knowledge, namely:

1. Product knowledge

Product knowledge is a combination of many different types of information.

2. Purchase knowledge

Purchasing knowledge includes various pieces of information held by consumers that are closely related to product acquisition.

3. Knowledge of usage

Usage knowledge includes information available in memory about how a product can be used and what is required to use the product.

C. Advertising

According to Hoque, Hashim & Hafizi (2018), advertising is a process of mass communication involving certain sponsors, namely the advertiser (advertiser), who pays for the services of a mass media for broadcasting advertisements, for example, through television broadcast programs. Meanwhile Zouri & Abdelhedi (2021), stated that advertising is a form of presentation and promotion that is not done by people (non-personal) from ideas, goods/products, or services carried out by predetermined sponsors.

Advertising Indicator

According to Djatnika (2007), advertising indicators can be divided into the following:

1. Attention

Includes the message conveyed, the frequency of ad serving, ad visualization.

2. Interests

Includes the effectiveness of the media used, the perception of the product after seeing the advertisement, the clarity of the message.

3. Desire

Includes obtaining information from advertising, consumer interest in advertising, consumer confidence in products.

4. Action

Includes confidence to buy the product, the tendency to make a purchase, the suitability of the product based on the advertisement.

D. Research Framework

Based on the theoretical study and the results of previous research, the researcher can describe the framework of thought logically. In determining the subject matter, the author took the initiative to create a framework based on the variables studied, namely:

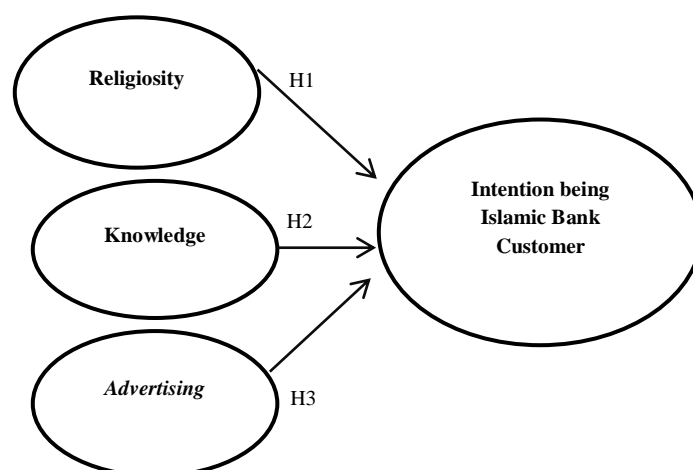


Figure 1. Research Framework

H1 : Religiosity has positive and significant impact on intention be Islamic Bank customer

H2 : Knowledge has positive and significant impact on intention be Islamic Bank customer

H3 : Advertising has positive and significant impact on intention be Islamic Bank customer

### 3. Methodology

The research process begins with searching activities, collecting data, identifying problems in the research area, and collecting theories to strengthen the basis of each variable, determining methods for collecting data, testing instruments, and determining the statistical testing techniques used. The research population is consumers who know Sharia Banks in the DKI Jakarta area. Sampling method is done by convenience sampling method. In this study, the determination of the number of samples was calculated from the number of research indicators of 16 so that the minimum sample size was 5 times the number of indicators or  $5 \times 16 = 80$  respondents, while the maximum sample was 10 times the number of indicators or  $10 \times 16 = 160$  respondents. The data analysis technique uses PLS (Partial Least Square) analysis, which consists of validity tests, reliability tests and classical assumptions. Hypothesis testing is done by F test, t test, test the coefficient of determination and correlation between dimensions. Data was processed using Partial Least Square (Smart-PLS) version 3.0

### 4. Result and Discussion

#### A. Characteristics of Respondents

The results of the study with a sample of 160 respondents have several characteristics. The characteristics of respondents based on gender were mostly women with a total of 99 respondents. Based on age, the highest number of respondents was in the age range of 21-30 years with a total of 97 respondents. Based on the type of work, the most respondents are working as students with a total of 100 respondents. Characteristics with the type of total monthly expenditure at most amounting to < 3 million per month with a total of 111 respondents.

#### B. Measurement Model

##### 1. Convergent Validity

Convergent Validity Testing of each construct indicator. According to Chin in Ghazali (2014), an indicator is said to be valid if the value is greater than 0.70, while a loading factor of 0.50 to 0.60 can be considered sufficient.

Table1. Convergent Validity

VARIABLE	INDICATOR	OUTER LOADINGS	RESULT
RELIGIOSITY	RG1	0,638	Valid
	RG2	0,734	Valid
	RG3	0,791	Valid
	RG4	0,744	Valid
	RG5	0,729	Valid
KNOWLEDGE	P1	0,796	Valid
	P2	0,731	Valid
	P3	0,831	Valid
	P4	0,704	Valid
	P5	0,840	Valid
ADVERTISING	AD1	0,807	Valid
	AD2	0,777	Valid
	AD3	0,857	Valid
	AD4	0,873	Valid
	AD5	0,773	Valid
	AD6	0,773	Valid
	AD7	0,833	Valid
INTENTION	M1	0,858	Valid
	M2	0,869	Valid

M3	0,866	Valid
M4	0,850	Valid
M5	0,844	Valid

**Discriminant Validity**

Discriminant validity is the level of differentiation of an indicator in measuring the constructs of the instrument and is carried out to ensure that each concept of each latent variable is different from other variable

**Table 2. Discriminant Validity (cross loadings)**

	INTENTION	Advertising	Pengetahuan	Religiusitas
M1	0,858	0,662	0,504	0,574
M2	0,869	0,666	0,526	0,621
M3	0,866	0,597	0,476	0,497
M4	0,850	0,669	0,526	0,620
M5	0,844	0,584	0,542	0,470
AD1	0,526	0,807	0,562	0,461
AD2	0,444	0,777	0,567	0,436
AD3	0,566	0,857	0,545	0,534
AD4	0,630	0,873	0,576	0,553
AD5	0,506	0,773	0,490	0,396
AD6	0,734	0,773	0,608	0,596
AD7	0,718	0,833	0,559	0,517
P1	0,578	0,455	0,796	0,497
P2	0,454	0,562	0,731	0,482
P3	0,561	0,416	0,831	0,456
P4	0,497	0,407	0,704	0,368
P5	0,607	0,466	0,840	0,423
RG1	0,225	0,383	0,322	0,638
RG2	0,424	0,410	0,248	0,734
RG3	0,513	0,414	0,456	0,791
RG4	0,397	0,391	0,326	0,744
RG5	0,602	0,660	0,613	0,729

Fornell Larcker criterium displays in Table 3:

**Table 3. Discriminant Validity (Fornell Larcker)**

Variable	Advertising	Intention	Knowledge	Religiosity
Advertising	0,814			

Minat Menjadi Nasabah	0,744	0,858		
Pengetahuan	0,688	0,600	0,782	
Religiusitas	0,623	0,654	0,575	0,729

**Composite Reliability dan Cronbach’s Alpha**

Composite reliability and Cronbach alpha testing aims to test the reliability of instruments in a research model.

**Table 4. Composite Reliability and Cronbach’s Alpha**

Variable	Composite Reliability	Cronbach’s Alpha
Advertising	<b>0,926</b>	<b>0,916</b>
Intention	<b>0,913</b>	<b>0,910</b>
Knowledge	<b>0,846</b>	<b>0,841</b>
Religiosity	<b>0,807</b>	<b>0,784</b>

Based on these data, all instruments have composite reliability values and Cronbach's alpha above 0.7, the instrument is declared reliable...

**Inner Model**

Testing the inner model is the development of a concept- and theory-based model in order to analyze the relationship between exogenous and endogenous variables that have been described in a conceptual framework.

**Nilai R-square**

R-square value is displayed in Table 5

**Table 5. R<sup>2</sup>**

Endogen Variable	R Square
Intention	0,616

Based on the data above, it can be concluded that the R-Square value is 0.616, which means the variability of Intention to be an Islamic Bank Customer which can be explained by the three variables in the model, namely Religiosity, Knowledge, and Advertising, is 61.6%, while 38.4% is explained by other variables. not examined in this model.

**Goodness of Fit Model**

Testing the goodness of fit structural model on the inner model uses predictive relevance (Q<sup>2</sup>). A Q-square value greater than 0 (zero) indicates that the model has a predictive relevance value. Based on the calculation results, the predictive relevance value is 0.616 > 0. This means that 61.6% of the variation in the Interest in Becoming a Customer variable (the dependent variable) is explained by the variables used, thus the model is said to be feasible to have a relevant predictive value.

**Structural Model**

The result of hypotheses testing shows in table 6 below.

**Table 6. Hypotheses Result**

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T ( O/STDEV )	Statistics	P Values
<b>AD-&gt; M</b>	0,503	0,501	0,075	6,710		0,000
<b>P -&gt; M</b>	0,087	0,096	0,066	1,332		0,183
<b>RG -&gt; M</b>	0,290	0,287	0,066	4,390		0,000

Based on table 6 it can be seen that the Advertising variable has a significant positive effect on the Buying Interest variable. This is indicated by the original sample value of 0.503 and the t-statistic value of 6.710 which is greater than the t-table of 1.96, which means that the more information a person gets from advertising (advertising) of Islamic banks, the higher a person's interest in become a customer of an Islamic bank. Knowledge variable has no significant effect on interest in becoming a customer. This is indicated by the original sample value of 0.087 and the t-statistic value of 1.332 which is smaller than the t-table of 1.96. The religiosity variable has a positive and significant effect on the Interest in Becoming a Customer variable. This is indicated by the original sample value of 0.290 and the t-statistic value of 4.390 which is greater than the t table of 1.96 which means that the better the level of religiosity towards Islam, the higher the intention of an individual to become a customer of an Islamic bank.

## 5. Conclusion and Recommendation

### A. Conclusion

This study is intended to determine the intentional behavior of Islamic bank customers from the perspective of religiosity, knowledge and advertising. Based on the data analysis and discussion presented earlier, it can be concluded as follows:

1. The Religiosity variable has a significant positive effect on the intention to become a customer of an Islamic Bank. This shows that the religiosity that an individual has towards an Islamic bank has an impact on the intention to become a customer. So that it can be concluded that the better the level of religiosity in consumers, the higher one's interest in becoming a customer of an Islamic bank.
2. The Knowledge variable has no significant effect on the intention to become a customer of an Islamic Bank. This shows that the knowledge possessed by an individual towards Islamic banks does not have an impact on the interest in becoming a customer. This shows that an individual's lack of knowledge about products and Islamic banks will have a negative impact on interest in becoming a customer. So it can be concluded that the Indonesian people do not fully know about Islamic banking
3. Advertising variable has a significant positive effect on interest in becoming a customer of an Islamic Bank. This shows that advertising or advertisements conveyed by Islamic banks has an impact on public interest in becoming customers. So it can be concluded that the better the Advertising and the better the advertising content provided, the higher the interest in becoming a customer of an Islamic Bank.

### B. Recommendation

From the results of the discussion analysis and conclusions that have been described previously, the suggestions that can be given include the following:

- a. In the Religiosity variable the smallest value of the respondent's answer is the first indicator, namely "I often read books about Islamic law". This means that some respondents do not like to read books on Islamic law. Therefore, suggestions that can be used as material for consideration are that Islamic banks provide information about Islamic



law relating to Islamic banks and consumers should be familiar with Islamic law in order to know about Islamic banks which are halal banks.

b. In the Knowledge variable the smallest value of the respondent's answer is the first indicator, namely "I know products from Islamic banks". This means that some respondents feel they do not know the products of Islamic banks. Therefore, suggestions that can be taken into consideration are that Islamic banks should be able to make the public aware of their products by introducing their products to the public through advertisements, holding events that introduce their products and educating these products to new customers.

c. In the Advertising variable, the smallest value of the respondent's answer is the second indicator, namely "I pay attention to Islamic bank advertisements because of the frequency of their broadcast". This means that some respondents feel that the advertisements shown by Islamic banks are few. Therefore the suggestion that can be taken into consideration is that Islamic banks should increase the frequency of broadcasting more than conventional banks with media that is often used by the public such as television and social media. So that people know that Islamic banks also have products with the same quality as conventional banks.

d. Recommendation for further researchers

For future researchers, it can be seen from the results of the R-Square test that only 61.6% of the influence of Religiosity, Knowledge, and Advertising on Interests to Become Customers of Islamic Banks, suggestions that can be considered for further researchers who want to research can add the number of indicators and samples so that the research is more accurate, conduct research in other areas with different characteristics of respondents and can be used as a reference to develop other variables such as bank location, product variants, and perceptions of Islamic banks.

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