



FACTOR OF PUBLIC INTEREST TO ISLAMIC BANKING SERVICES

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ABSTRACT

This study aims to analyze and determine the factors that affect the interest of the public in using Islamic banking services, there are various factors that influence the decision of the public in using Islamic banking services. This research was conducted in urban village of Bengkalis, Riau Indonesia, by using quantitative method, research data collected through research questionnaire. This study found that the public has an interest in Islamic banking services, High and medium relationships on trust, trustworthiness, reputation, service products, location, promotion and quality of services to the use of Islamic banking services. Factor trust, service quality, promotion, and the location becomes the dominant factor affecting the public interest in using Islamic banking services.

INTRODUCTION

The existence of Islamic banking, is one of the good news that has long been desired by Muslims in Indonesia. This is because Islamic banking conducts Islamic-based economy banking activities, Islamic banking conducts all banking activities based on Islamic ethics and principles, so that the implementation of banking activities is free from the elements of usury (bank interest). In Islam no bank interest is permitted, bank interest is against Islamic religion. In the implementation of its activities Islamic banks provide and use the benefits based on Islamic principles of sale and purchase so that the bank is often also equated with the bank without interest (Pertwi and Ritonga, 2012). Islamic banking is one form of banking that is very interested by the public's, it is seen from the many people who use Islamic banking services, as well as the increasing sum of banks conducting banking operations using the principles of Islamic. The activities of Bank Islamic are based on worldly and relating to the afterlife consequences because all Islamic banking activities are conducted based on Islamic law (Siamat, 2004). Islamic banking is not only applied by sharia-based banks, but almost all conventional banks in Indonesia also open sharia banking business. Islamic banking business is very profitable for both parties for both the banking itself and the consumers.

The characteristics of Islamic banks, services and trust in banks, knowledge and physical objects of the bank have a positive effect on customers to save at Islamic banks (Maski, 2010). The used of Islamic banking services by consumers can be caused by the products in the marketing mix have a dominant influence on consumer saving decision process (Detha, Zainul and Wilopo, 2013). The marketing mix consists of 4p (product, price, place, and promotion). This marketing mix is often designed to influence consumers in decision making (Kotler, 2000). The banking industry business is engaged in services and is heavily influenced by public trust, not in the form of sales of goods as other business ventures, so the concept of marketing is more tends to follow the concept for service products (Dendawijaya, 2009). A customer will use banking services beginning with the trust of the banking system itself, without high trust impossible customer will use banking service. Therefore in this study researchers want to find and analyze the factors that affect the interest of the public in using Islamic banking services.

Methods used in the research

This study would like to study about the interest of the public towards the use of Islamic banking service, so in this study the researcher uses quantitative method, the most suitable

quantitative method is used to see the relation between variables (Kerlinger, 2010). Data were analyzed using descriptive analysis, correlation and regression. Interpretation of descriptive analysis as expressed by Nunnally (1978) is mean score 1.01-2.00 (very low); 2.01- 3.00 (low); 3.01-4.00 (medium); 4.01-5.00 (high). According Sugiyono (2007) interpretation of correlation coefficient is 0.00-0.199 (very low), 0.20-0.399 (low), 0.40-0.599 (medium), 0.60-0.799 (strong), 0.80-1000 (very strong). The population of this research is the public in village of Bengkalis, Riau Indonesia, as much as 2.260 head of the family. The sampling technique in this research is non probability sampling with convenience sampling. Convenience Sampling is a free sampling method without specifying the status. The sample used as much as 10% of the population. Large subjects can be taken between 10-15% or can be taken by 20-25% (Arikunto, 2008; Gay & Airasian, 2000). The sample set in this research is 10% that is 226 people (226 head of the family). The data in the study was collected by using questionnaire instrument, this questionnaire to get answers about public interest in sharia banking services, questionnaire instrument using measurement scale with Likert scale. Likert scale is used to measure the attitudes, opinions, and perceptions of a person about social phenomena (Suliyanto, 2005). The instruments of interest of the public used in the study consist of religious, trust, reputation, service products, location, promotion and service quality. The instruments of Islamic banking services use dimensions of tangibles, reliability, responsiveness, assurance, and empathy (Parasuraman *et al.*, 1988).

RESULTS

Descriptive Analysis

Descriptive analysis used in the study to determine the stages or levels of interest factors of the public on the use of Islamic banking services, stages or levels of interest factors can be shown in table 1.

Table 1. Descriptive Analysis Factors of Public Interest

| Factors | N | Mean | Std. Deviation | Interpretation |
|------------------|-----|------|----------------|----------------|
| Religious | 226 | 3.82 | 4.307 | Medium |
| Trust | 226 | 3.83 | 4.047 | Medium |
| Reputation | 226 | 3.82 | 4.206 | Medium |
| Service products | 226 | 3.81 | 3.984 | Medium |
| Location | 226 | 3.88 | 3.744 | medium |
| Promotion | 226 | 3.83 | 4.024 | Medium |
| Service quality | 226 | 3.80 | 4.484 | Medium |
| Public Interest | 226 | 3.24 | 3.358 | Medium |
| Tangible | 226 | 3.75 | 3.698 | Medium |
| Reliability | 226 | 3.79 | 4.050 | Medium |
| Responsiveness | 226 | 3.81 | 4.003 | Medium |
| Assurance | 226 | 3.78 | 4.199 | Medium |
| Empathy | 226 | 3.79 | 4.242 | medium |
| Banking Services | 226 | 3.78 | 3.47 | Medium |

From table 1 it can be seen that the factor of public interest, as a whole has medium stages, as well as banking service factor which has medium stages, public interest factor is between mean of 3.80 - 3.88, for factor of banking services is between mean value 3.75 - 3.81. From this data shows that the public has a good interest in the services provided by the banking system, this can be caused by the good service provided by banks to the public as users of banking services. Thus it can be said that there is a positive response from the public in responding to various efforts performed by banks on various

financial services activities provided to the public, the public is currently feeling quite well in using the services of Islamic banking services, there is a good interest from the public in using Islamic banking services shows the existence of Islamic banking in the development and improvement of the quality of financial services, so it will give positive impact to the public as a user of Islamic banking services.

Correlation Analysis

Correlation analysis is used to see the high or low correlation between the public interest toward the use of Islamic banking service, the result of correlation analysis of public interest toward the use of Islamic banking service can be seen in table 2. From table 2 it can be seen that overall public interest has a high correlation value to banking services, different when viewed from the dimension of public interest that has high correlation value and medium to the dimension of banking services. Public interest has a high correlation value of banking services that is equal to ($r = 0.757$). If related to dimension, public interest has a high correlation value to tangible ($r = 0.643$), to reliability of ($r = 0.654$), to the responsiveness dimension ($r = 0.683$), to assurance dimension ($r = 0.634$), and to the empathy dimension of ($r = 0.644$). Thus, it can be said that the public interest has a high relation to the use of Islamic banking services, the high interest of the public towards the use of Islamic banking services, the public as users of Islamic banking services has a high correlation on the responsiveness given by the banking, Islamic banking can be seen from the quality of responsiveness of Islamic banking to the public, Islamic banking has a good responsiveness, and followed by reliability, empathy, tangible and assurance.

Religious dimension has a high correlation value to banking services ($r = 0.618$), it shows religious value greatly affect to the use of Islamic banking service by public, public have interest to Islamic banking can be caused by high religious. Trust dimension has a high correlation value to banking services ($r = 0.648$), reputation dimension has medium correlation value to banking services ($r = 0.585$), service product dimension has correlation value ($r = 0.609$), location dimension has Value of correlation to banking services ($r = 0.644$), promotion dimension has correlation value of banking services ($r = 0.598$) and service quality dimension has correlation value of banking services ($r = 0.624$). From the overall dimension of public interest, trust dimension has a high correlation to the use of Islamic banking services the public strongly believes in Islamic banking, this high trust can increase public interest towards the use of Islamic banking services. In addition, the location becomes one of the considerations of the public in using Islamic banking services, the location of Islamic banking close to the public domicile will facilitate the public to use Islamic banking services, in addition people have a high interest in using Islamic banking services due to the quality of banking services which is high to the public, Islamic banking has a good quality of service. The public has an interest in the use of Islamic banking services due to religious values, Islamic banking is a bank that operational all banking activities based on Islamic so that public who are Islamic prefer the Islamic banking compared with conventional banking, besides like that the existence of service products provided by Islamic banking public-based using sharia (Islamic) economy to public give positive value to used Islamic banking service.

Table 2. Correlation Analysis of Public Interest on Islamic Banking Services

| Public Interest | Banking Services | Tangible | Reliability | Responsiveness | Assurance | Empathy | Banking Services |
|------------------|------------------|----------|-------------|----------------|-----------|---------|------------------|
| Religious | Correlation | .508** | .524** | .572** | .507** | .546** | .618** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | .000 |
| Trust | Correlation | .540** | .551** | .622** | .553** | .526** | .648** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | .000 |
| Reputation | Correlation | .518** | .515** | .496** | .505** | .488** | .585** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | .000 |
| Service products | Correlation | .483** | .547** | .591** | .501** | .497** | .609** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | .000 |
| Location | Correlation | .611** | .536** | .557** | .541** | .531** | .644** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | .000 |
| Promotion | Correlation | .463** | .515** | .535** | .517** | .539** | .598** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | .000 |
| Service quality | Correlation | .556** | .548** | .531** | .501** | .552** | .624** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | .000 |
| Public Interest | Correlation | .643** | .654** | .683** | .634** | .644** | .757** |
| | Sig. (2-tailed) | .000 | .000 | .000 | .000 | .000 | .000 |

Table 3. Correlation of factor of public interest with banking service

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|-------|-------------------|----------|-------------------|----------------------------|
| 1 | .648 ^a | .420 | .418 | 13.261 |
| 2 | .721 ^b | .520 | .515 | 12.100 |
| 3 | .755 ^c | .570 | .564 | 11.480 |
| 4 | .772 ^d | .596 | .588 | 11.151 |

a. Predictors: (Constant), Trust
b. Predictors: (Constant), Trust, Service quality
c. Predictors: (Constant), Trust, Service quality, Promotion
d. Predictors: (Constant), Trust, Service quality, Promotion, Location

Table 4. Method stepwise multivariate regression

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|-------|-----------------|-----------------------------|------------|---------------------------|--------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 49.533 | 5.095 | | 9.723 | .000 |
| | Trust | 2.785 | .218 | .648 | 12.749 | .000 |
| 2 | (Constant) | 36.920 | 5.007 | | 7.374 | .000 |
| | Trust | 1.869 | .241 | .435 | 7.766 | .000 |
| | Service quality | 1.474 | .217 | .380 | 6.784 | .000 |
| 3 | (Constant) | 26.603 | 5.167 | | 5.149 | .000 |
| | Trust | 1.411 | .246 | .329 | 5.747 | .000 |
| | Service quality | 1.197 | .213 | .309 | 5.612 | .000 |
| | Promotion | 1.183 | .233 | .274 | 5.075 | .000 |
| 4 | (Constant) | 20.159 | 5.301 | | 3.803 | .000 |
| | Trust | .863 | .279 | .201 | 3.092 | .002 |
| | Service quality | 1.030 | .212 | .266 | 4.863 | .000 |
| | Promotion | 1.061 | .229 | .246 | 4.640 | .000 |
| | Location | 1.101 | .291 | .237 | 3.779 | .000 |

a. Dependent Variable: Banking Service

Table 5. Linearity of Regression analysis variant

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 28582.290 | 1 | 28582.290 | 162.539 | .000 ^b |
| | Residual | 39390.205 | 224 | 175.849 | | |
| | Total | 67972.496 | 225 | | | |
| 2 | Regression | 35321.647 | 2 | 17660.824 | 120.621 | .000 ^c |
| | Residual | 32650.848 | 223 | 146.416 | | |
| | Total | 67972.496 | 225 | | | |
| 3 | Regression | 38716.044 | 3 | 12905.348 | 97.927 | .000 ^d |
| | Residual | 29256.452 | 222 | 131.786 | | |
| | Total | 67972.496 | 225 | | | |
| 4 | Regression | 40491.554 | 4 | 10122.889 | 81.408 | .000 ^e |
| | Residual | 27480.942 | 221 | 124.348 | | |
| | Total | 67972.496 | 225 | | | |

a. Dependent Variable: Banking Service
b. Predictors: (Constant), Trust
c. Predictors: (Constant), Trust, Service quality
d. Predictors: (Constant), Trust, Service quality, Promotion
e. Predictors: (Constant), Trust, Service quality, Promotion, Location

Regression Analysis

Regression analysis used to determine the dominant factor of public interest toward the use of Islamic banking services by using stepwise regression. To analyze by using stepwise regression analysis, firstly done correlation analysis such as table 3. From table 3 it can be seen that the correlation value of trust dimension ($r = 0.648$), with the determination correlation value of ($r^2 = 0.420$), means that about 42.0% factor banking service can be explained by trust dimension, after added by service quality dimension correlation value The value of correlation determination of ($r^2 = 0.520$), shows the percentage to 52.0% factor banking service is influenced by the dimension of trust and service quality, from the third model it can be seen that the addition of promotion dimension can increase the correlation value of ($r = 0.755$), with the correlation value of determination ($r^2 = 0.570$), shows the percentage to 57.0% factor banking service influenced by the dimension of trust, service quality and promotion, after added with the location dimension indicates an increase of correlation value ($r = 0.772$) The determination correlation of ($r^2 = 0.596$), it shows the percentage to 59.6% factor banking service is influenced by the dimensions of trust, service quality, promotion, and location, which means that 40.4% of the factors affecting banking services can be explained by other factors. The calculation of multiple regression analysis used stepwise method can be seen in table 7. From table 4 above shows that multivariate regression calculation used stepwise method in first model regression direction a1 is 2.785 for trust dimension with constant value is 49.533. In the second model the regression direction a1 is 1.869 for the trust dimension, regression direction a2 is 1.474 for service quality dimension, with constant value is 36.920. From the table can be seen also form the third model with the direction of regression a1 is 1.411 for the dimension of trust, regression direction a2 of 1.197 for service quality dimension, regression direction a3 of 1.183 for promotion dimension, with constant value is 26,603. In the form of the fourth model with regression direction a1 is 0.863 for the trust dimension, the regression direction a2 is 1.030 for service quality dimension, the regression a3 of 1.061 for promotion dimension, the regression direction a4 of 1.101 for the location dimension with constant value 20.159. The final form of multivariate regression of public interest on the use of Islamic banking services can be illustrated by the regression equation $\hat{Y} = 20.159 + 0.863X_1 + 1.030X_2 + 1.061X_3 + 1.101X_4$.

From the results of this study can be seen that the determinants of public interest in the use of Islamic banking services influenced by the factor trust, service quality, promotion and location factors. The public has an interest in used Islamic banking services due to the high trust of the public towards Islamic banking, and getting quality service so that people get what they want, and good promotion from Islamic banking in introducing various products of Islamic banking that attract interest The public to use the services of Islamic banking itself, and the location of Islamic banking that can be easily reached by the public gives its own value for the public to use Islamic banking services. The public will choose to use banking services adjacent to their residence, this provides benefits to public both in terms of material (cost) and non-material (time). To know the significance of multiple regression analysis with stepwise method is done by regression interest test, F test is performed and the results are presented in table 5. Based on the analysis of multiple regression variables in table 5 above is

known in the first model with the dimension of trust value F count of 162.539 with the value of sig = 0.000, in the second model with dimensions with the dimensions of trust and service quality value F count is 120.621 with the value of sig = 0.000, the factor trust and service quality of value F count is 120.621 with value of sig = 0.000, in third model with trust dimension, service quality and promotion value F count is 97.927 with sig = 0.000 value, in fourth model with trust dimension, service quality, promotion and location value of F count amounted to 81.408 with a value of sig = 0.000, it can be concluded that multiple regression $\hat{Y} = 20.159 + 0.863X_1 + 1.030X_2 + 1.061X_3 + 1.101X_4$ is significant. This finding proves that there is a significant relationship between trust factor, service quality, promotion and location in increasing the interest of the public towards the use of Islamic banking services. Thus in an effort to increase public interest on the use of Islamic banking services can be done with the development and improvement of trust factors, service quality, promotion and the location of a strategic.

DISCUSSION

From the research results can be seen that the interest factor of public and banking service have medium stages, this indicates that the public has an interest in the use of Islamic banking services, the public know and understand the activities of services Implemented in Islamic banking. The public interest in Islamic banking can be caused by the system and mechanism of its business activities based on Islamic law as regulated in Al-Qur'an and Al-Hadist (Usman, 2002). Public interest has a high correlation value on the use of Islamic banking services, this applies also to some dimensions of public interest that has a high correlation value and there is a dimension of public interest that has a correlation value medium. The dominant factors that influence the interest of the public towards the use of Islamic banking services are trust factor, service quality, promotion and location. The results of this study differ from Sinungan (1990), which says factors affecting people's interest in using banking services are consumption, income, product, or type of savings, location, service, public awareness and promotion. The decision of customers in choosing Islamic banks in saving is influenced by Islamic bank characteristic variable, service and trust, knowledge and physical object of bank (Maski, 2010). The existence of trust in Islamic banking is caused by banking activities based on Islamic economy. The public saves money in Islamic banks because they Implemented Islamic economic so as to obtain a more profitable share than conventional banks (Basri, 2003), the share in Islamic does not recognize the absolute advantage to investors Didin and Hamidi (2003). Other than that in Islam is not allowed the interest of the bank because the interest of banks included in the category of usury. Wiroso (2005) stated in Islamic bank, the reward given to depositors (collect funds) depends on the income earned on the management or distribution of funds made by Islamic banks.

Related to the quality of service, people give more attention to Islamic banking services, in the research seen Islamic banking have good service quality, society give positive response to service given, society have interest in using banking service services can be caused by the quality of service Good, so that the customer satisfaction (public) in using banking services. The level of customer satisfaction is influenced by the quality of service provided, the gap between the expectation and quality of service provided can affect the level of public

satisfaction in using Islamic banking services (Febriana, 2016). In addition, the promotion of good into one factor that has an influence on the interest of the public towards the use of Islamic banking services, the socialization of products by highlighting the benefits of a Islamic bank products, as well as good communication on the public give a positive impact on society. The existence of Promotion activities on banking products that are diverse, interesting, and innovative, and equipped with various supporting features that can provide benefits to service users to attract public interest in using Islamic banking services. Location factors become one of the factors that influence the interest of the public in using Islamic banking services, the location is very strategic, in a safe area, comfortable, and fun, Islamic banks have various branches in various regions, and has facilities of Islamic Bank ATM network Which is integrated in one ATM together with other banks, makes it easier for the public to use Islamic banking services. Important attributes consumers consider in choosing a bank by consumers are easily accessible ATM locations, availability of ATMs in several locations, bank reputation, 24-hour ATM service, and availability of adequate parking spaces (Almossawi, 2001).

Conclusion

Islamic banking is one of the public favorite banks, various factors that support the interest of the public in using Islamic banking services, such as religious, trust, reputation, service products, location, promotion and quality of service, from factors such factors trust, quality, promotion and location become the dominant factor influencing public interest to use Islamic banking service, public will have interest to Islamic banking service if the service can give various benefit and easy for public itself. In increasing the people's interest in the use of Islamic banking services, various efforts are needed by Islamic banks, one of which is by increasing public trust on Islamic banking, security and comfort become the main priority, it is very helpful in influencing people's decision in using islamic banking services , In addition to the quality of good service and promotion of Islamic banking products that prioritize the functioning of products and benefits of banking products to the public, with the use of operational approach based on Islamic economy will provide a positive value to the public in choosing banking services that will be used. To improve the quality of Islamic banking services, opening a sub branch of banking becomes one of the priorities to provide convenience to the public in using Islamic banking services, the readiness of infrastructure and resources owned by Islamic banks and choosing the right location will have a positive impact on increasing public interest in the use Islamic banking, the public will choose to use banking services if they are in an affordable location by the public. Thus it takes a sharp strategy from the Islamic banking in managing factors that can increase public interest in using Islamic banking services.

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