Analysis of Factors Affecting Consumer’s Behavior on Syariah Banking Products

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Abstract: This research is aimed to describe the behavior of consumers against the products of Islamic banking in Pekanbaru, and based on the data gathered, it was not in an optimal achievement. The products of Syariah banking are, among others but in this research only Mudharabah, Musyarakah, Murabaha, Ijarah, Istisna, Salam and others. The method used in order to collect data was by conducting survey. The questionnaire used in data collection with the sample of 100 respondents from two banks in Pekanbaru, i.e. Muamalat Bank and Syariah Mandiri Bank using proportional random sampling techniques. Data was analyzed by multiple linear regression technique. The research shows that out of the four factors it was found that only three variables were turned out to be significant, namely the characteristics of the bank, the system of sharing and the quality of service, whilst the other was not, because the product offered has not been widespread, and thus people were not familiar with.

Keywords: Consumer Behavior, Islamic banking and Islamic banking products

1. Introduction

The growth of Islamic economy in Pekanbaru was initialized by Bank Muamalat Indonesia in 1999 along with the promulgation of laws No. 7, 1992 on Islamic banking. Generally, the development of Islamic banking in Pekanbaru is in regard with Indonesia's banking system. Sharia banking system as set forth in Act No. 10, 1998 stating that commercial banks are banks that carry out the business activities conventionally or based on Syariah Principles serving payment transaction.

The growth of Riau population is above the rate of national standard figure, 1.3 %. The number of population in Riau Province increased significantly. In 2010, Population growth reached 4.46 % with 5,543,031 inhabitants. The increase was high enough, above the national rate (1.3 %). However, the high population growth in Riau Province was due to a factor other than the number of birth and mortality rate, i.e. the number of migration. Assistant II to Regional Secretary of Riau, Emrizal Pakis said at Riau Post Wednesday (1/6). The high population growth in Riau as caused by migration factor indicated the great potential of Riau in various sectors, such as investment, enterprise development, trade as well as other economics sectors.

Mudharabah, Musyarakah financing and Murabaha Ijarah and other financings are of favourite financing kinds in Islamic banking. Annual data issued by Bank of Indonesia in 2012 displayed the domination of credit of Murabahah financing amounting to Rp 52.06 trillion, followed by Musyarakah amounting to Rp 17.73 trillion. In optimizing its achievement, Islamic banking is committed to moving the real sector continuously. In moving real sector, financing as finance-base efforts of Islamic banking has been given high attention up to 78.72 %. From the data gained, it can be said that the development of Islamic banking shows its increase each year. This development sets up an interesting atmosphere for both Moslem and non Moslem entrepreneurs in using financing service in Islamic Bank. It is generally known that the operational cost of Islamic...
Bank does not rely on interest as a basis for making profit, and thus becomes its own characteristic in inviting prospective customer in planning Islamic bank financing in retrieval (Qodriasari, 2014).

The American Marketing Association in Setiadi (2003) stated that consumer behavior is a dynamic interaction between affection & cognition, behavior, and the environment in which men do exchanging activities in their lives. Kotler (2000) states in Wahyuni (2008) that, factors that influence consumer behavior were cultural, social, personal and psychological factors (Rabiatul Adawiyah Wiwiek, 2010). Consumer’s knowledge of Islamic banks is still limited, most respondents only know about usury and sya riah. Whereas, the terms in Islamic banking as Mudharabah, Musyarakah, Ijarah, Murabaha, and etc are still not familiar. The main reason why consumers save in Islamic banks is due to a combination of religious reason and profit reason. From the viewpoint of the products owned by Islamic banks in Pekanbaru, whether it is Muamalat Bank, BRI- Syariah, Bank Riau-Syaria, BNI-Syariah, BTN-Syariah or Syariah Mandiri Bank as well as other Islamic banks, the growth of Islamic banking in Pekanbaru is very fast and rapid. It is appropriate that communities in Pekanbaru, the so-called ‘Bumi Lancang Kuning’, choose this product of which the concept is Islam because Malay is identical with Islam. Based on the above description, the researcher was interested in conducting a research entitled, "Analysis of Factors Affecting Consumer’s Behavior on Syariah Banking Products".

Islam and syariah banking, in usul fiqh, with the rule stating "maa laa yatimm al -wajib illa bihi fa huwa wajib" meaning to make an existing being functioned to perfect the obligatory, it must, then, be realized. Making a living, i.e doing economic activities is mandatory. In modern era, economic activity will not be perfect without the presence of financial institution. Such this institution must also be provided. Thus, the link between Islam and banking becomes clear.

Mudharabah is derived from the word dharb which means hit or walk. The notion of hitting or running is better understood as the lash to encourage someone to run his business. Technically, mudharabah is cooperation or business contract between two parties in which the first party as the owner of funds (shohibul Mall) provides all the capital (100 %), while the other party acts as manager (mudharib). Musyarakah is the contract of cooperation between two or more parties to a certain business where each party contributes capital (or charity/expertise) with the agreement that the benefits and risks will be borne along in accordance with the agreement. Unlike mudharabah, in musyarakah funding employers/clients (mudhorib) adds a part of its own capital in capital provided by shahibul Mall, therefore, mudhoribl client bears the risk of loss.

Salam was a purchase of goods in which the delivery is carried out the day after, while the payment is in advance, in cash. This financing is usually applied on the short-term financing for agribusiness or agricultural production or other industries. Istishna is a sales contract between the buyer and the manufacturer in which the payment is in advance, in cash, installment or suspended. The contract is made in manufacturer’s office. The principle of istishna is like salam, however, payment in istishna can be carried out in advance, by installment, or suspended, while at salam, the payment is in cash. Ijarah Muntahiya Bittamlik is contract or agreement with a combination between the sale and lease of an item between bank and customer where the customer is given the right to buy lease object at the end of the contract (pratami, 2011).

The theory of consumer behaviour is rational action based on a broader perspective that consumers made reference in conducting economic activities. In the sense that other consumer behaviour can also be interpreted as a limited devotion of resources which has been devoted by a consumer, such as money, time, or energy to get the desired goods or services. Study of consumer’s behavior becomes so important that it can be taken into account by manufacturers in offering product output.

Factors that Affect consumer’s behavior (Kotler, 2000) as stated in Wahyuni (2008) included cultural factors, social factors, personal factors and psychological factors. The cultural factors are of
cultural forms, sub-culture and social classes. In social factors consumer’s behavior is influenced by social groups, reference groups, as well as the family. Personal factors are the factors influenced by a) age and stage of life cycle, b) State of the economy, c) profession, and d) lifestyle. Psychological factors are influenced by motivation, perceptions, learning habit and attitudes. According to Mariimin (2004:10) in Wachid (2014), taking decision is often exposed to various conditions, such as, uniqueness, uncertainty, long-term and complexity. First, the notion of uniqueness is the absence of precedent, and probably won't be repeated again in future. Second, the concept of uncertainty is less influencing factor. Third, the notion of long term is by implication has a range far enough ahead and involves important resources. Gap in this research between theory and facts in field about not optimized the product syariah to consume in syariah banking. Whether there is a relationship with his behavior.

2. Method

This research is a descriptive quantitative by means of classifying data within its distribution, and analyzing the data based on the theories that support. After classifying grouping and analyzing, the conclusion was then drawn (Basuki, 2016). Data were collected by using questionnaire taken using simple random sampling technique. The test of the instrument consisted of validity testing, and reliability and Normality. Multiple Linear regression analysis consists of f-test and t-test, and also Coefficients of Determination test (R2).

3. Results and Discussion

Based on the results of the discussion, out of 100 respondents, customers are distributed in two groups: 44 for Bank Muamalat, and 56 for Bank Syariah Mandiri, therefore, the entire variables according to the items are described below.

Consumptions of syariah bank products are, among others, Mudharabah, Murabaha, Musyaraka, Ijarah, Istisna and Salam and other. From data 4.1 above it can be explained that the consumer’s behavior of Islamic banking in Pekanbaru is in good category (3.88). Viewed from all items, item no. 4 seems to be the trend. “I am surely confirmed by legal certainty every time I do transaction on Islamic bank product, scored (4.28)”. And the lowest was item no. 2, “I have been the customer, together with my family, scored (3.16)”.

From the data above (4.2), it can be inferred that the service quality of Islamic banking in Pekanbaru is categorized good, leveled (3.88). Viewed from all of the items, the highest trend was item no. 4, “I have legal certainty which can be accounted for from every transaction I make up on Islamic banking, scored (4.27)”, and the lowest was item (1), “I feel secured of my collateral, scored (3.82)”.

Data 4.3 shows that sharing system in Islamic Banking in Pekanbaru is categorized good, leveled (4.15). If viewed from the items provide, the tallest level is no. (1), “In every transaction I get a lucrative agreement upon both parties and no party is supposed to aggrieve, scored (4.27)”. The lowest is item (2), “I clearly get the clarity of the sanctions for the delay/ breach of the transactions I did in Islamic banks, scored (3.97)”. From the data (4.4) above, it can be described that the culture in Islamic banking in the city of Pekanbaru is in the category of good, (4.17). Viewed from the items, (1) gets highest position, “I have an understanding of the usury is against the doctrine of religion, scored (4.58)”, and the lowest is item (2), “I am well informed that many kinds of Islamic banking products are familiar already, scored (3.89)”.

Data 4.5 displays that the characteristic of Islamic banking in Pekanbaru is categorized good, leveled (3.79). Viewed from the whole items, the trend is no. (2), “I believe Islamic
banks is controlled by Islamic financial institutions, scored (4.2)”, and the lowest is in item (1), “I believe that Islamic banks are adopting Islamic principles, scored (+ 3.43)”.

Based on the statistical analysis above, partial influence of service quality against the behaviour of consumers can be measured as t value, of 2.326, with significance of 0.022 which means less than 0.05. This is to indicate that characteristic of Islamic banks, in this context Islamic Mandiri Bank and Muamalat Bank share positive influence to consumer’s behavior. Furthermore, the sharing system has also significant effect. It can be seen from the t- value of 2.193 0.031 smaller than 0.05. Other variable i.e. bank characteristics also give significant effects against consumer’s behavior of syariah bank with t-value of 4.715, p of 0.00. It means that the characteristic of the bank has significant influence towards customer’s behavior. Unlike the other factors, cultural variables do not affect significantly to consumer’s behavior. It is showed from the t-value of 0693 and significance of 0.490, greater than alpha of 0490 0.05.”

From the four variables it can be seen the first regression coefficient values of service quality was of 0426, then sharing system of 0550, culture of 0144 and characteristics of the bank amounted to 0993. It shows that out of the four variables i.e. service quality, sharing system, culture, characteristic of the bank was proved to be significant influence followed by sharing system, services and the last was culture base setting.

Observing the contribution of the four variables, namely characteristics, sharing, services and cultural setting, there seems to be influence reaching 46.3 %, this means consumer behavior was supported by the variables. The other 53.7 % was influenced by other factors, such as promotion, trut, and so on, which in this context, was not examined.

A similar case was also described from hypothesis testing simultaneously by f-value of 20,496 and p-value 0.00 indicating that the four variables were prove to have been significant.

Out of the four factors, three turned out to be significant variables i.e. bank characteristics, sharing and services, whereas the syariah products that were offered, that is, the fundings like salam istisna, mudharabah, musyarakah, murabahah and ijarah which did not entrench in public turned out to be insignificant. In addition, the management was reluctant to offer certain products like istisna and salam due to profit reason.

4. Conclusion

From the four variables it can be seen the first regression coefficient value of service quality was of 0426, then sharing system of 0550, culture of 0144 and characteristics of the bank amounted to 0993. It shows that out of the four variables i.e. service quality, sharing system, culture, characteristic of the bank was proved to be significant influence followed by sharing system, services and the last was culture base setting. A similar case was also described from hypothesis testing simultaneously by f-value of 20,496 and p-value 0.00 indicating that the four variables were proved to have been significant. Out of the four factors, three turned out to be significant variables i.e. bank characteristics, sharing and services, whereas the syariah products that were offered, that is, the fundings like salam istisna, mudharabah, musyarakah, murabahah and ijarah which did not entrench in public turned out to be insignificant.

Solution that can be offered in order to change the behavior of the customer against the Islamic banks is to set the precedent for public and openly offer syariah products accordingly so that the products become familiar, and in turn, public will consume products of Syariah Banking in the future.

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