Analysis of Customer's Decision to Choose Sharia Banking in Surakarta

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ABSTRACT

This study aims at determining the influence of the profit-sharing system, security of funds, facilities and services toward Customer's decision to choose sharia banking in Surakarta. The research employs a method survey; it analyzes the Customer's decision to choose sharia banking. The researcher collects the data from the respondents through a questionnaire. The sample is taken by purposive random sampling. 100 customers come from 10 sharia banking in Surakarta. To test the hypothesis, the researcher uses multiple regression analysis, t-test, F test, and determinant coefficient by using SPSS. The finding of the research is that there is significant influence among variable profit-sharing system (X1), the security of funds (X2), facilities (X3), and service (X4) toward Customer's decision to choose sharia banking (Y). However, there is one significant influence. It is a profit-sharing system toward Customer's decision to choose sharia banking. The four variables; profit-sharing system, the security of funds, facilities, and services toward Customer's decision to choose sharia banking is 46.50%. At the same time, the rest is about 53.50 %, derived from another variable which is out of research.

Keywords: Customer's Decision, Sharia banking

INTRODUCTION

Islamic financing became one of the fastest-growing industries whose worldwide financial assets exceeded $2 trillion worldwide in 2014 (Ireland, 2018). Sharia banking is a bank which operates

based on the principles of Islamic Sharia (Awan & Bukhari, 2011). It refers to the provision in the Qur'an and Hadith. Since it refers to Quran and Hadith, it is expected that Sharia banking can avoid some practices that contain riba elements and conduct the investigation business activities based on profit-sharing system and trade finance (Kuncoro & Suhardjono, 2002).

Nowadays, Sharia Banking is one of the banking systems, getting serious attention from the government. There is the possibility that it will become an alternative banking system in Indonesia in the future since there is a significant development of sharia banking recently. People find it easy to prove many sharia banking and financial institutions based on Islamic sharia. The more sharia banking, the more healthy competition. It hopefully increases the community's service of product/service and sharia banking.

Besides the avoidance of bank interest (*riba*), one of the challenges faced by the Islamic world today after the Indonesian Council of Ulama (MUI's) fatwa that riba is illegitimate. Thus, the role of sharia banking begins to get attention from economist sharia who tries to find a way to replace the riba system in conventional banking to a system which is appropriate to Islamic ethic.

In firming the position of sharia banking as a bank which based on Islamic jurisprudence, sharia banking in its operation has to compete with conventional banking. Therefore, sharia banking has to give more offer to the community. The advantages of sharia banking are profit-sharing system, safety, facilities, and services to the customers. Understanding customer characteristics are crucial to the banking management since they relate to these critical factors which determine bank selection (Plasinek, 1994).

From the above introduction's turning point, this study tries to research the Customer's decision to choose sharia banking in Surakarta. Based on the previous introduction, This research conducted research dealing with the profit-sharing system, security of funds, facilities and services in sharia banking to know the factors that influence the Customer's decision to choose Sharia banking in Surakarta. Besides, this study also analyses the

factors that influence the Customer's decision to choose Sharia banking in Surakarta. Hopefully, it will increase the number of Customers in Sharia banking in Surakarta.

This study is expected to determine the influence of the profit-sharing system, the security of funds, facilities and services toward the Customer's decision to choose Sharia banking in Surakarta. This research also aims to determine the importance of the profit-sharing system, the security of funds, facilities and services of Sharia banking, which finally increase the number of customers in Sharia banking in Surakarta.

LITERATURE REVIEW
Sharia Banking

The word Bank derives from the Italian word *banco*, which means the bench. Bankers use the bench to serve customers and useful for operation a well. The term *banco* becomes popular and formally becomes the bank (Malayu, 2002). There are several definitions of sharia banking. To Mohammed, "sharia banking is a financial institution which operation is based on Quran and Hadith of Prophet Muhammad SAW (Muhammad, 2002).

Indonesia is one largest country with Muslim community domination. With majority Muslim country Indonesia becomes a potential market for the Islamic banking industry. Amin & Isa (2008) showed that the proportion of Malaysian Muslims' awareness of Islamic banking products and services were high compared to non-Muslim customers. This finding is strengthened by Mariyono (2013), who stated that age, gender and religion led to customers more likely to invest their money in Sharia scheme.

From that definition, financial institutions that run the business by providing finance and other services in the circulation of money are based on Islamic Sharia. According to Law No. 7 the year 1992, revised with Banking Law No. 10 the year 1998, Sharia banking is a financial institution that operates based on the profit-sharing system. Sharif Arbi defines Sharia banking is a bank established to fulfil human need based on Islamic jurisprudence (Syarif, 2002). From these definitions, it can be said that Sharia banking is an institution which fulfils human need based on Islamic

jurisprudence. There are many other similar definitions of sharia banking which central point is based on Islamic jurisprudence in its operational. The differences are only in its business.

Customer

In the traditional concept, Customer is everyone who buys and uses that company's products or services. In a modern concept, Customer falls into two categories; internal or external Customer. External Customer is everyone who buys/uses the product/service of the company. In contrast, internal customers are all parties in the organization that use a part /particular department (it includes a step-by-step process in production stages).

According to Tjiptono (1996), the Customer is the person or party with their need served. Thus everyone can become a customer. Customers or consumers are also dynamic subjects and strongly influenced by internal factors and external factors as well. Customers' response and action emerge from the stimulus's perception and expectation. Both customer behaviour from within him/her and outside him/her fulfils the needs and demands.

The term customer in Law No. 10 the year 1998 Article 1, number 16 is: "those who use the bank's services". Based on that law, Customer falls into two categories. First, the depositor is Customer who places their funds in banks in bank deposits based on the pact between Bank and Customer. Second, a debtor is a Customer who gets credit facilities or financing based on Islamic principles or its equivalent based on the pact between Customer and the bank.

The dynamism of Customer is seen from diverse factors. It can be simple or complex. It depends on the particular circumstances. Several factors affect dynamism of Customer; age, adolescent customer/student, adult customer, and elderly Customer. Each of those factors has a different characteristic.

Customer is the person or legal entity who holds an agreement to save money in a bank in the form of giro, savings and deposit. These savings are based on the pact between Customer and bank.

Therefore, banks or customers are not restricted to a particular group, although they only have a little money.

Customer's Decision

Several factors affect consumer to make a decision; cultural, social, personal and psychological. All of these factors influence the consumer in decision-making. Before consumer's behaviour occurs, a marketing man first has to find the consumers' needs and demands. The research conducts to know and understand the Customer's behaviour and how the Customer chooses sharia banking.

Yulianto & Solikhah (2016) illustrated that the customers' motivation to save their money in the bank is to invest in Islamic financial instruments following Islamic principles. Amin & Isa (2008) found that customers of Islamic banking In the Islamic banking industry have put the criteria of customer satisfaction towards service quality provided by their banks. Meanwhile, Kontot et al. (2016) revealed that sharia compliance, returns, confidence and trust, security, transparency, the flexibility of withdrawal scheme were among the determining factors that influence customers' preferences in making decisions for Customer of Islamic banks.

Islamic religious belief and social responsibility are the two most important factors determining bank selection (Al-Ajmi et al., 2009). However, some recent researches revealed that religion is not only determining factor. One of them, such as Selvanathan et al. (2018), proves that religion shows a negative relationship with Islamic banking. Furthermore, it shows that religion is not the main factor, but the risk of selecting a bank is essential. Mansour et al. (2010) stated that the criterion "low services charges" is the top customers' criteria among Customer of Islamic banks in the UK.

METHODS

Figure 1 below depicted research method in the schematic framework. This research is described as follows:
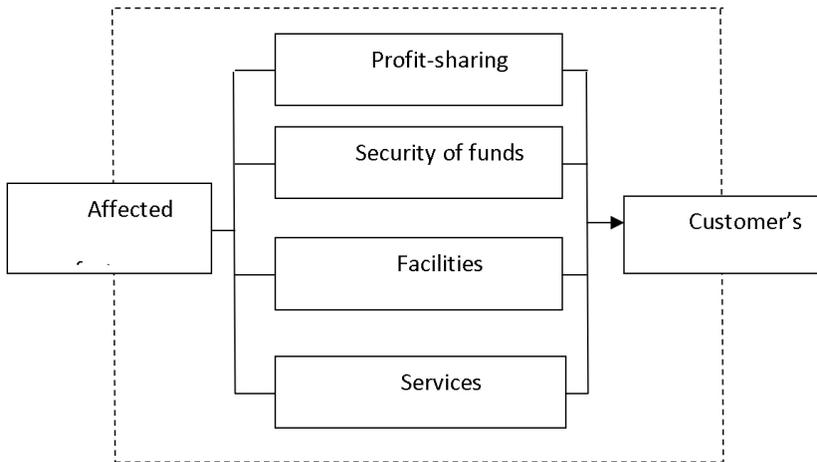
Figure 1 Research Framework

The object of the research is 100 respondents derived from the customers of Sharia banking in Surakarta. Those 100 respondents come from Bank Mandiri Syariah, Bank BRI Syariah, Bank BTN Syariah, Bank CIMB Syariah, Bank Muamalat Syariah, Bank Bukopin Syariah, Bank BNI Syariah, Bank BCA Syariah, Bank Danamon Syariah and Bank Panin Syariah. Locations of the research are described below :

Table 1. Research Locations

No	Sharia Banks	Address
1	Bank Mandiri Syariah	Jl. Slamet Riyadi No. 388 Purwosar,Solo
2	Bank BRI Syariah	Jl. Slamet Riyadi No.236 Solo
3	Bank BTN Syariah	Jl. Slamet Riyadi No.322 Sriwedari Solo
4	Bank CIMB Syariah	Jl. Slamet Riyadi No.371 Sondakan, Solo
5	Bank Muamalat Syariah	Jl. Slamet Riyadi N0.314 Solo

6	Bank Bukopin Syariah	Jl. Slamet Riyadi No. 271 Solo
7	Bank BNI Syariah	Jl. Slamet Riyadi No. 318 Sriwedari Solo
8	Bank BCA Syariah	Jl. Slamet Riyadi No. 488 Purwosari Solo
9	Bank Danamon Syariah	Jl. Piere Tendean No.199 Nusukan Solo
10	Bank Panin Syariah	Jl. Piere Tendean Nusukan Banjarsari Solo

The researcher employs purposive sampling by giving a questionnaire to 100 respondents of sharia banking's Customer and doing direct observation in research places. This study also notes some sharia banking data, which covers the history and development of sharia banking, facilities, types, and services.

Data collecting technique of this research is by conducting observation in Sharia banking in Surakarta. It does direct observation to know the facility and services which is given to the customers. The research data collection method is by spreading a questionnaire consisting of a list of questions related to the research questions.

Library research deals with collecting data from the scientific journal, books, recording and other reading or literature related to the research issues. Documentation is collecting method by finding variables of the research. The purpose of this method is to get the precise data of the research.

Data processing operation in this study conducted several steps :
1. Variables of the research:
   Y = customer's decision as to the dependent variable.
   X1 = independent variable value of profit-sharing system.
   X2 = independent variable value of the security of funds
   X3 = independent variable value of facilities
   X4 = independent variable value of services

2. Validity test

    This test is useful to determine the validity of the question-naire. The calculation of this test is by using the correlation test from each statement with the total score. The formula is as follows:

    $$r_{xy} = \frac{N\Sigma XY - (\Sigma X)(\Sigma Y)}{\sqrt{\left\{N\Sigma X^2 - (\Sigma X)^2\right\}\left\{N\Sigma Y^2 - (\Sigma Y)^2\right\}}}$$

    Note:

    r_{xy} : The correlation coefficient between X and Y
    N : The number of respondents who tested
    X : Total score items
    Y : The total of individual scores

    The test result compared to the number of criticism. This research used 5% of significant level. If the number of r is greater than the table of r value, it means the list of the statement as a means of measuring is valid and vice versa.

3. Reliability Test

    Reliability test is used to determine an instrument's reliability level (Umar & Husein, 2000). To test the reliability of an instrument by using *Alpha Cronbach* formula, as follows:

    $$r_{11} = \left(\frac{k}{k-1}\right)\left(1 - \frac{\Sigma \alpha_b^2}{\alpha_t^2}\right)$$

    Note:

    r_{11} : reliability instrumen
    k : list of questions
    $\Sigma \alpha_b^2$: number of variant item
    α_1^2 : total variant

4. Classical Assumption Test

    Here are some ways to test:

    a. Normality test
    b. Multicollinearity test
    c. Autocorrelation test

    d.   Heteroskidastity test
5. Multiple Linear Regression Analysis

Multiple regression analysis is useful to determine the significant influence of independent variables (profit-sharing system, security funds, facilities, services) overall toward dependent variable (Customer's decision) (Ghozali & Imam, 2003).

The formula is as follows:

$$Y = a + b1\ x1 + x2 + b2\ b3\ b4\ x3 + x4 + e$$

Note:

Y = customer's decision as to the dependent variable.

X1 = independent variable value of profit-sharing system.

X2 = independent variable value of security funds.

X3 = independent variable value of facilities.

X4 = independent variable value of services.

5. Multiple Linear Regression Significance Test.

    a.   test F

It is useful to determine whether or not the relationship between variable X and Y are significance.

$$F_{table} = F\ (\alpha\ /\ 2 : n - 2)$$

$$F_{count} = r\sqrt{\frac{n - 2}{1 - r^2}}$$

Note:

r: correlation coefficient between independent variables and the dependent variable

n: number of samples

    b.   t-test

To determine whether or not each independent variable is partially significance in influencing dependent variable. In this research, the present researcher uses significant level 0.05.

$$_{table} = t\ (\alpha\ /\ 2 : n - 2)$$

$$t_{count} = \frac{b}{sb}$$

Note :
b   : regression coefficient of each variable
Sb : Standard error of coefficient regression

6. The coefficient of determination (R2)
    It is used to determine the contribution of a given indepen-
    dent variable (X) dependent variable (Y). The following is
    the formula of Correlation of determination:

$$R^2 = \frac{b_1 \sum x_1 y + b_2 \sum x_2 y}{y^2}$$

Note:
R^2: multiple correlation coefficient
X: independent variable
Y: dependent variable
N: number of samples

RESULTS AND DISCUSSION

Table 1. Multiple Regression Analysis Result

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	7.375	1.910		3.862	.000		
	Profit-sharing -X1	.465	.122	.386	3.817	.000	.529	1.889
	Security_X2	.153	.114	.138	1.340	.183	.511	1.957
	facilities_X3	.209	.118	.177	1.778	.079	.546	1.833
	Service_X4	.172	.136	.130	1.272	.206	.518	1.929

a. Dependent Variable: Y's' decision

Sources: Primary data are processed, 2016

Based on the results of regression from primary data which
are processed using SPSS 15 for windows, it shows the following
result:

a. Multiple Linear Regression Analysis

Here is the equation of linear regression analysis:

$Y = 7.375 + 0.465 + 0.153\ X1 + 0.172\ X2 + 0,209X3, X4 + e$

Note:

a = 7.375 positive Constanta. It means that in the profit-sharing system (X1), Security funds (X2), Facilities (X3), and Services (X4) = 0 (none), then the Customer's decision is 7.375.

b1 = 0.465 coefficient regression system is positive. It means that if the profit-sharing system (X1) has been increasing, the level of Customer's decision will be increasing, and the assumption that the other variables remain stable.

b2 = 0,153 coefficient regression of security funds is positive. It means that if security funds (X2) have been increasing, the level of Customer's decision will be increasing, assuming that the other variables remain stable.

b3 = 0.209 coefficient regression facility is positive. It means that if the Facility (X3) has been increasing, the level of Customer's decision will be increasing, assuming that the other variables remain stable.

b4 = 0.172 coefficient regression of service is positive. It means that if services (X4) have been increasing, the Customer's decision will be increasing, assuming that the other variables remain stable.

b. F test

F test is a calculation to determine whether the independent variables consist of variables profit-sharing system (X1), security (X2), facilities (X3), services (X4), simultaneously have a significant influence on the dependent variable. It is the Customer's decision (Y) in this case. From the analysis, the result is the following table.

Test Result of F test is as follows:

Table 2. F Test Result

ANOVA[b]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	344.344	4	86.086	22.502	.000[a]
	Residual	363.446	95	3.826		
	Total	707.790	99			

a. Predictors: (Constant), Service_X4,Security_X2, Facility_X3,Profit-sharing_X1

b. Dependent Variable: Y's decision

Sources: Primary data are processed, 2016

From the above table, the value of F_{count} in the first hypothesis is 22.502. While the value of F_{table} at trust level is 95% (α = 0.05) which is 2.24 thus the value of $F_{count} > F_{table}$, i.e. 22.502> 2.24. It makes sense that independent variables; profit-sharing system (X1), security funds (X2), facilities (X3), services (X4), simultaneously give significant influence to the Customer's decision (Y).

Besides, based on the analysis using SPSS 15.0, it shows that F_{count} is 22.502 with significance (p) is 0.000< α (0.05), it means that Ho is refused and H1 is accepted, thus the resulting state that simultaneously there is a very significant influence among these variables namely profit-sharing system (X1), security funds (X2), facilities (X3), and service (X4).

c. T-test

Based on data analysis using SPSS 15.0, t_{count} derived from each variable of the table as follows:

Table 3. T-test Result

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	7.375	1.910		3.862	.000		
	Profit-sharing_X1	.465	.122	.386	3.817	.000	.529	1.889
	Security_X2	.153	.114	.138	1.340	.183	.511	1.957
	Facility_X3	.209	.118	.177	1.778	.079	.546	1.833
	Service_X4	.172	.136	.130	1.272	.206	.518	1.929

a. Dependent Variable: Y's decisioin

Sources: Primary data are processed, 2016

1. Significance influence of profit-sharing system (X1) toward the Customer's decision (Y)

   T_{count} is 3,817, which has p-value or significance 0.000. Based on this analysis, it shows the value of $p <(0.05)$ which means that Ho is refused, therefore this result express that partially, there is significant influence between profit-sharing system (X1) to Customer's decision (Y).

2. Significance influence of security fund (X2) towards Customer's decision (Y)

   t_{count} is 1,340, which has p-value or significance 0.183. Based on this result, it shows that the value of $p> (0.05)$ which means that Ho is accepted, thus this result indicates that partially, there is no significant influence between the security of funds (X2) to Customer's decision (Y).

3. Significance influence of facility (X3) toward satisfaction (Y)

   t_{count} is 1.778, which has p-value or significance 0.079. This result shows that $p> (0.05)$ value, which means that Ho is accepted. Thus this result expresses that partially, there is no significant influence between facility (X3) to Customer's decision (Y).

4. Significance influence of services (X4) toward Customer's decision (Y)

   t_{count} is 1,272, which has p-value or significance 0.206. Based on this result, it shows that the value of $p> (0.05)$ which means that Ho is accepted, thus this resulting state that partially, there is no significant influence between services (X4) to Customer's decision (Y).

d. R² Test (coefficient of determination)

   Coefficient of determination is useful to determine the contribution of independent variables (profit-sharing system, the security of funds, facilities and services) toward the dependent variable (the Customer's decision) shown by the R^2. The result of the coefficient of determination calculation can be seen in the following table.

Table 4. The Coefficient of Determination (R2)

Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.697^a	.487	.465	1.956	1.816

a. Predictors: (Constant), Service_X4, Security_X2, Facility_X3, Profit-sharing_X1

b. Dependent Variable: Y's decision

The above table analysis shows that the coefficient of determination (Adjusted R Square) is 0.465 or 46.50%. It means that variable of the profit-sharing system (X1), the security of funds (X2), facilities (X3), and service (X4) give its contribution about 46.50% toward Customer's decision to choose sharia banking. While the rest shows about 53.50%, the influenced factors are out of the research variables. They are religious factors, personal factors, external factors, social factors, and psychological factors.

CONCLUSION

This study concluded first that there is a very significant influence among these variables; profit-sharing system (X1), security funds (X2), facilities (X3), and service (X4). Second, there is a significant influence between the profit-sharing system (X1) to the Customer's decision (Y). Third, there is no significant influence between the security of funds (X2) to Customer's decision (Y). Fourth, there is no significant influence between facility (X3) to Customer's decision (Y). Fifth, there is no significant influence between services (X4) to Customer's decision (Y). Coefficient of determination (Adjusted R Square) is 0.465 or 46.50%. It means that variable of the profit-sharing system (X1), the security of funds (X2), facilities (X3), and service (X4) give its contribution about 46.50% toward Customer's decision to choose sharia banking. While the rest shows about 53.50%, the influenced factors are out of the research variables. They are a religious factor, personal factor, an external factor, social factor, psychological factor, and others.

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