

INVESTIGATING THE INTERPLAY OF COMMUNITY KNOWLEDGE, PRODUCT QUALITY, AND ISLAMIC VALUE ADOPTION IN SHARIA BANKING SAVINGS DECISIONS

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Abstract

This study aims to determine the effect of public knowledge, product quality, and interest in applying Islamic values to the decision to use Islamic banking savings. The variables used in this study are decision variables to use Islamic banking savings as the dependent variable and public knowledge, product quality, and interest in applying Islamic values as independent variables. This quantitative research uses primary data, namely data taken directly from the respondents' answers. The number of samples in this study was 100 respondents. The data analysis method used in this study is a multiple linear regression analysis technique. The results of this study indicate that public knowledge and interest in applying Islamic values do not influence the decision to use Islamic banking savings. Moreover, product quality influences the decision to use Islamic banking savings.

Keywords: Knowledge, Quality, Interest, Savings

1. Introduction

The rapid growth of banking is making countries develop various types of businesses in the banking world. This matter is based on the ability to collect funds from the public starting to scale small to large scale. This financial institution is in great demand by society because it can provide significant benefits. Starting from the conventional bank system that adheres to the usury system, then developing into an Islamic bank as a solution to the unfairness of the conventional banking system. The development of Islamic banking in Indonesia is inseparable from the entire banking system. There are several main reasons for establishing Islamic banks in Indonesia: interest in conventional banks is considered illegal, and from an economic point of view, the transfer of risk is borne by one party, which is considered contrary to normative justice (Hasibuan & Wahyuni, 2020).

The primary function of Islamic banking is to collect funds from the public and then channel the funds back into the community. Islamic Bank purifies Sharia banking to increase trust and awareness among Muslims to expand the market and Sharia banking (Awal Habibah & Nur Hasanah, 2021).

In general, the community's thoughts on Sharia banking are that the banking system whose application system is dominated by a profit-sharing system. Bank Page Sharia is a bank that carries out its activities by raising funds, distributing funds, and providing services. Religious consideration is an essential motivation for people to use Sharia banking services and non-customers who are explained on Sharia banking products or services, which makes customers interested in saving in Islamic banks (Bau & Mustari, 2022).

Islamic banks collect funds through demand deposits, savings, and time deposits. Principle sharia work applied in raising public funds has the principles of wadiah and mudharabah (Idham, 2022). Among the savings community is the most popular fundraising instrument. With an initial balance that is not too big the requirements are relatively more straightforward, making it easier for everyone to open a savings account. Product Islamic savings banks are very different from conventional banks. Islamic Banks have no interest rate, but there is still a ratio or profit sharing on mudharabah savings products and bonuses on wadiah savings (Hasibuan & Wahyuni, 2020).

With a high yield ratio or share, the community will be more interested in depositing funds with the bank to profit from both parties, the customer and the bank. However, based on the number of Muslim communities in Indonesia, many Pages still do not know about Islamic banking due to the lack of socialization given by the bank to the community regarding Sharia banking and the products offered, especially savings products. So, the rate of becoming a customer in Islamic banking is minimal (Taufiq & Austin, 2019).

By holding socialization, the community will know better how the system in Islamic banking is very different from Conventional Banks, where the Islamic Banking system uses Sharia principles that do not adhere to usury (Nurika et al., 2021). Based on the word Allah SWT QS Al-Baqarah: 278

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَذَرُوا مَا بَقِيَ مِنَ الرِّبَا إِن كُنْتُمْ مُؤْمِنِينَ

Meaning: "O you who believe, fear Allah and leave the rest of usury (that has not been collected) if you are believers. "(Kemenag, n.d.)

Based on OJK data in 2021, Islamic financial literacy only reached 8.93%, much different from the national financial literacy of 38.03% (Liputan 6, 2021). This is one of the drawbacks of Islamic banking for now. The lack of interest in the Muslim community is becoming customers in Islamic banking also occurs in DI Yogyakarta, which is based on data from the Regional Development Agency (BAPEDA) DI Yogyakarta from 2022, the population is 4,021,816 people (DIY, 2023). where the majority are Muslim communities which all activities or activities, especially in the field The economy must follow Islamic principles, but in terms of knowledge or understanding of the Muslim community in Yogyakarta City is still lacking as in the decision to choose an Islamic bank as a place to store their funds.

According to Damiami et al. (2017), customer decisions are a process problem-solving approach consisting of seeking information, introducing problems and some evaluations, and making buying decisions

that go through consumers who explain that the notion of decision is the process of choosing or determining the various possibilities among uncertain situations. Decisions are essential to consumer behavior and customer activities in assessing, obtaining, and using services and economic goods. An all-encompassing troubleshooting overview of behavior meets needs and several factors influencing and motivating consumer decisions, like the influence of public knowledge, product quality, and interest in applying Islamic values.

Public knowledge is known and information the public understands about a product or service being marketed, providing benefits and influencing people's behavior to use the product. There is public knowledge about Banking is the main factor for people to choose Islamic banks. Public awareness of Islamic banking will affect society's perceptions of Sharia banking itself. In short, society's perception of Islamic banking depends on what they know. If the awareness of Islamic banking is low, then the public's perception of Islamic banking is also low. With the lack of understanding of Islamic society, banking issues, or even the broader economy, banking sharia must continue to develop and improve its performance. Knowledge Society influences the decision to use bank savings sharia. Because high knowledge is one factor that affects the intention to save, if Islamic banking knowledge is adequately understood, it will increase the interest in saving in Islamic banks (Novianti & Hakim, 2021). based on research conducted (Winarti, 2021). Knowledge has a significant positive effect on decisions using Sharia banking savings. Product quality is another factor in the decision to save in Islamic banks.

Product quality is an item or service's characteristics and properties that affect its ability to satisfy that need, stated or implied. To achieve the desired product quality, standardization is required. This approach aims to ensure that the final product meets predetermined standards so that consumers do not lose confidence in the product in question. Quality product influences the decision to save in Islamic banks. Because product quality is the most important thing for the bank, the resulting product must meet the needs and wants of customers. With fulfillment needs, the customer will be satisfied to save at the bank. The more and the higher quality of the product, the more customers are interested in saving money at Islamic Bank (Hasanah, 2019). based on research conducted (Hardana et al., 2022). Product quality has a positive effect on decisions using Sharia banking savings. Another factor influencing the decision to use Sharia banking savings is interest in applying Islamic values.

Interest in implementing Islamic values is the desire or approval of individuals to practice (apply) religious principles or values in financial transactions. Interest in promoting Islamic values in banking financial transactions also influences people's decision to use Islamic banking savings products. With the application of good and true Islamic values, people will believe that Islamic values are indeed implemented in Islamic banking. Implementing Islamic values needs to be an essential focus of every Islamic bank, and applying Islamic values will increase public confidence in using Islamic banks to save. Because the better Islam is applied, the interest in saving in Islamic banks also increases. Based on research conducted (Hasibuan & Wahyuni, 2020). interest, applying Islamic values positively affects the decision to use Sharia banking savings. Based on the background that has been described above, the research. This study entitled "**Investigating The Interplay Of Community Knowledge, Product Quality, And Islamic Value Adoption In Sharia Banking Savings Decisions**".

2. Research Methods

Researchers take this type of research to examine this using quantitative research through an associative approach with a *Likert* measurement scale or a questionnaire from the respondent's answers. The sample in this study is the people of Yogyakarta. The sample used in this research was 100 respondents. The research results obtained from 30 questions will be processed using IBM SPSS 22 by distributing questionnaires to respondents. This study uses two types of variables in the form of dependent variables and independent ones. The dependent variable in this study is the decision to use Islamic banking savings, while the independent variables are community knowledge, product quality, and interest in applying Islamic values.

3. Results And Discussion

3.1. Research result

3.1.1. Multiple Linear Regression Analysis

This study uses multiple linear regression analysis models, where This model is used to prove the hypothesis of whether there is an influence independent variable (independent), the influence of public knowledge (X1), quality product (X2), and interest in applying Islamic values (X3) to the dependent variable decision to use Islamic banking savings (Y). The results can see in the table below.

Table 3.1 Multiple Linear Test Results

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.400	.998		3.407	.001
	Knowledge Public	.049	.069	.071	.704	.483
	Product Quality	.277	.042	.639	6.563	.000
	Interest Aplication of values Islam	.144	.108	.107	1.327	.187

a. Dependent Variable: Decision to Use Islamic Banking Savings

Source: Primary data, processed SPSS 22.0 data, 2023

Based on the results of the multiple linear regression data test, the line equation regression in the equation as

follows:

$$Y = a + b_1.X_1 + b_2.X_2 + b_3.X_3$$

$$Y = 3.400 + 0,049 X_1 + 0,277 X_2 + 0,144 X_3$$

Where:

Y: the decision to use Islamic banking savings

a: *constant*

b: regression coefficient

X1: community knowledge

X2: product quality

X3: interest in applying Islamic values

The value of a is 3.400, which is a *constant* or current state decision variable using Islamic banking savings (Y) not yet influenced by other variables, namely in the form of knowledge variables community (X1), product quality variable (X2), and application interest variable Islamic values (X3). The equation is interpreted as follows:

- Constant (a): 3.400 indicates that if the average variable
The average decision level variable using Islamic banking savings (Y) for constant independence will increase by 3,400 units.

3.1.3. Coefficient (X1): equal to 0.049 indicates that it is variable

community knowledge (X1) positively influences a decision to use Islamic banking savings (Y), then the increase in the variable unit of public knowledge influences customer loyalty of 0.049.

- Coefficient (X2): equal to 0.277 indicates that the quality variable
product (X2) has a positive influence on the decision to use Islamic banking savings (Y), then every increase in variable unit's product quality affects customer loyalty by 0.277
- Coefficient (X3): 0.144 indicates that the variable is interest
application of Islamic values (X3) has a positive influence on decisions using Islamic banking savings (Y), then every increase variable unit interest in the application of Islamic values affects loyalty customers of 0.144

3.2. Hypothesis testing

3.2.1. Determination Coefficient Test (R^2)

The coefficient of determination is used to measure how far the ability of a model to explain the variation of variables is dependent (bound). The value of the coefficient of determination is found in vulnerable 0-1. If the value of R^2 is getting closer to 1, the effect of the regression model on the dependent variable. The result of the test, the coefficient of determination, is as follows:

Table 3.2 Determination Coefficient Test Results

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.750 ^a	.562	.548	2.187

a. Predictors: (Constant) Interest in Implementing Islamic Values, Product Quality, Community Knowledge

Source: Primary data, processed SPSS 22.0 data, 2022

Based on the determination of coefficient test data results above, the affected coefficient value R Square (R^2) is 0.562 or 56.2%. So it was concluded that the magnitude of the influence of community knowledge variables, quality products, and the interest in applying Islamic values is 56.2%, while the rest is other variables outside the research influence at 43.8%.

3.2.2. F test (simultaneous)

The F test determines the effect of the independent variable (X) on the dependent variable (Y) together. F-test can be simultaneous if the significance value is less than 0.05 and the value F-count > F-table. The results of the F test can be seen in the table below.

Table 3.3 F test results

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	589.321	3	196.440	41.069	.000 ^b
	Residual	459.189	96	4.783		
	Total	1048.510	99			

a. Dependent Variable: Decision to Use Islamic Banking Savings

b. Predictors: (Constant), Interest in Implementing Islamic Values, Product Quality, Community Knowledge

Source: Primary data, processed SPSS 22.0 data, 2023

Based on the results of the data from the F test above, it can be seen that the Sig. as big 0,00 is smaller than 0.05 (0.000 < 0.05); it can be concluded that independent variables, namely community knowledge, product quality, and interest the application of Islamic values have a significant effect simultaneously (together) to the dependent variable in the form of customer loyalty.

3.2.3. T Test (Partial)

The T-test partially determines how far the effect is from the independent variable (X) to the dependent variable (Y). Testing this hypothesis will be done using levels significant by 0.05 ($\bar{y} = 5\%$).

Table 3.4 T-test results

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.400	.998		3.407	.001
	Knowledge Public	.049	.069	.071	.704	.483
	Product Quality Application	.277	.042	.639	6.563	.000
	Interest Islamic Values	.144	.108	.107	1.327	.187

a. Dependent Variable: Decision to Use Islamic Banking Savings

Source: Primary data, processed SPSS 22.0 data, 2023

Based on the results of the t-test data above, to determine the magnitude of the effect of each independent variable on the dependent variable is as follows:

- Community Knowledge
 Sig. Value Public knowledge variable (X1) is $0.483 > 0.05$. It can be concluded that the variable of public knowledge (X1) has no significant effect on the decision variable using Islamic banking savings (Y).
- Product Quality
 Sig. Value Product quality variable (X2) is $0.000 < 0.05$, and then it can be concluded that the product quality variable (X2) affects the decision variable using savings sharia banking (Y).
- Interest in the Application of Islamic Values
 Sig. Value the variable of interest in applying Islamic values (X3) is $0.187 > 0.05$, it can be concluded that the variable of interest in applying value Islam (X3) has no significant effect on the decision variable using Islamic banking savings (Y).

4. Discussion

The discussion in this study is explained through the research hypothesis according to data analysis that has

been done before. Discussion as follows:

4.1. The influence of community knowledge on the decision to use Islamic banking savings

Based on the test results from Table 3.4, the value of t count Sig. Community knowledge variable (X1) of $0.483 > 0.05$ so that it can be concluded that **Ho is accepted and Ha is rejected**. This means that variable community knowledge (X1) has no significant effect on the variable's decision to use Islamic banking savings (Y).

The results of this study are not in line with previous research carried out by Ayif Faturrahman et al. (2018), who stated that there is an increasingly high knowledge of students about Islamic banks, so the level of preference for students in Islamic banking is also increasing. In research (Hilma, 2020). Entitled "The Influence of Knowledge and Facilities on Decisions Saving in Islamic Banks" concludes that the influence of knowledge has a significant effect on the decision to save in Islamic banks. Nevertheless, the results of his study support previous research conducted by (Mujaddid Nugroho, 2019). entitled "The Influence of Knowledge, Reputation, Environment, and Religiosity Against the Interests of Vocational High School Students in the Banking Study Program Sharia in Saving in Islamic Banks" concludes that variable knowledge does not affect the interest in saving SMK students with the Islamic banking study program.

These results conclude that the influence of community knowledge does not affect the interest in saving at the Sharia bank because other factors significantly influence the intention to save. Because sometimes, customers still think that Islamic banks are not much different from conventional banks in terms of operational service systems and transactions. Another factor that influences the lack of interest in saving customers at the bank is the lack of direct outreach to the public regarding savings in Sharia banks.

4.2. The Effect of Product Quality (X2) on the Decision to Use Sharia Banking Savings (Y)

Based on the test results from Table 3.4, the value of t count Sig. Product quality variable (X2) of $0.000 < 0.05$, so it can be concluded that **Ho is rejected and Ha is accepted**. This means that the product quality variable (X2) significantly affects the decision variable to use savings sharia banking (Y).

This study's results align with previous research (Hashanah, 2019). entitled "The Influence of the Level of Religiosity, Knowledge, Product Quality and Service Quality for Student Savings References Palembang Muhammadiyah University on Sharia Banks" concludes that product quality is the most essential thing in a bank. The products produced must be following the needs and desires of customers. By fulfilling the needs, the customer will be satisfied and save in the bank—the more the product quality increases, the more customer interest in saving in Islamic banks. In addition, this research is also in line with previous research (Hardana et al., 2022). entitled "Analysis of the Influence of Product Quality and Service Quality on Interest Customers Save At PT. BSI Padang Sidempuan" found that product quality variable significantly affects customer attention interest saving on PT. BSI Padang Sidempuan.

The results of this study indicate that product quality can improve customer interest in saving in Islamic banks. The better the product quality given by Sharia banks, the customers' interest in using Sharia banking savings.

4.3. The Effect of Interest in the Application of Islamic Values on the Decision to Use Sharia

Banking Savings

Based on the test results from Table 3.4 Sig. Transformation variable digital (X3) of $0.187 > 0.05$ So it can be concluded that **Ho is accepted and Ha rejected**. This means that the interest variable in applying Islamic values (X3) does not significantly influence the decision variable using savings sharia banking (Y).

The results of this study are not in line with previous research carried out by Faisal and Rahma (2020), who stated that the interest in applying Islamic values is the individual's desire or approval to practice religious principles or values in financial transactions. In bank financial transactions, the interest in implementing Sharia values also influences their decision to use savings products in Islamic Banks. Thus, his research found that interest in applying Islamic values influences the decision to use savings Syariah banking. In a study (Laily, 2022). entitled "Influence Media Promotion, Public Knowledge, and Interest in the Application of Islamic Values Against the Decision to Use Islamic Bank Products" concludes that interest in applying Islamic values significantly positively affects the decision to use Islamic banking savings.

The results of this study conclude that there is an interest in applying Islamic values that are not necessarily able to direct customers to be interested in using Sharia banking savings because customers still think that Islamic banks only apply the theory but not to the practice. In addition, customers also still think that Islamic banks are not very different from other conventional banks.

5. Conclusion

Research indicates that community knowledge does not significantly influence the decision to use Islamic banking savings. Despite some studies suggesting a positive correlation, there's a perception that Islamic banks are not distinct from conventional banks, which might diminish the role of knowledge. However, product quality is a pivotal determinant, with a direct correlation to increased customer interest in Islamic banks. On the other hand, the application of Islamic values, while essential, doesn't necessarily sway individuals' decisions to save with Sharia banks. For Islamic banking to thrive, enhancing product quality and bridging the perceived gap between theory and practice appears crucial.

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