

# Study of Society Interest in Saving: Case of Sharia Bank in Bogor

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**Abstract:** Since 2010 to 2017, market share growth of Sharia Bank in Indonesia are less than 1%. In 2017, Sharia Bank market share are less than 6%. This indicates that Indonesian people still not have good interest to switch from conventional bank to sharia bank in term of saving activities. To increase societies' saving interest in sharia bank, study of customer's interest behavior background are necessary. This research use Theory of Planned Behavior as core philosophy. Total of 223 respondent were gathered and divided into two categories, first are 112 respondents from conventional bank and the rest are categorized by respondents who are customer to conventional and sharia bank. On conventional bank customer, SEM analysis shows that direct variable significantly affecting sharia bank interest in saving are attitude toward behavior and subjective norm. Meanwhile, insignificant behavior affecting customer interest in saving are perceived behavioral control. In conventional-sharia respondents, SEM analysis shows that direct variable significantly affecting interest in saving to sharia bank are subjective norm, meanwhile insignificant variable affecting interest in saving are attitude toward behavior and perceived control behavior.

**Keywords:** Sharia Bank, Customer Behavior, Theory of Planned Behavior, SEM, Indonesia

## 1. Introduction

Majority of Islam society in Indonesia perceived conventional bank activities are against sharia law, therefore encouraging sharia banks to be established. Along the year, sharia banks slowly gain popularity, however it's market share are still below conventional bank. Ability of sharia bank in funding could be benchmark to evaluate growth of sharia bank in Indonesia.

The most popular funding activities done by Indonesian people are saving. Saving could be defined as allocating some of their income to be saved and used in the futures to fulfill primary, secondary and tertiary needs (Mutiarani 2014). Saving fund itself are forming component of third party funding. Fisher (2006) stated that saving behavior are following hierarchy of needs. People with higher income tend to save more to compensate possible less income in the future. Meanwhile, people with lower income tend to save less to anticipate possible higher income in the future. (Dyananet *al*, 2004).

According to Rivai and Arifin (2010), problem of sharia banks third party funding are affected by many factors, internally and externally. External factors such as economic condition, governmental reign, money market and stock market situation, government policy and central bank regulation could affect third party funding. Internally, sharia bank products, *nisbah* (sharia equivalent to interest), service quality, office ambience, location and reputation could affect third party funding.

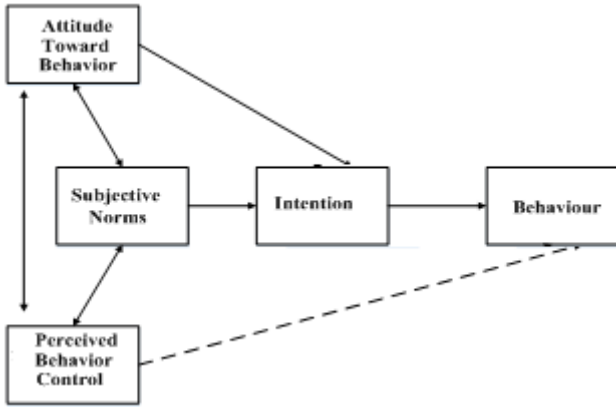
Compared against conventional bank, sharia bank third party funding growth are still way behind. In 2010, third party funding growth of sharia bank are less than 1%. According

to Deposit Insurance Corporation (2017), number of accounts in conventional banks reached over 199 millions accounts. Accounts in sharia banks however, only about 22 millions accounts or only 8.97% of conventional bank accounts. Considering sharia banks established well over 20 years ago, this huge gap in market share shows that sharia banks are still very slow in gaining market although Indonesia has over 87% of it's populace are Islam believer (BPS 2010). Therefore, understanding public behavior to interest are necessary.

To understand public interest are equal to understanding what people like and don't like (Engel *et. al* 1992). Behavior can be defined as consumer expressed feeling toward an object and benefit from said object. Formed behavior will affect behavior intention. One theory that could help explaining factors affecting consumer behavior are Theory of Planned Behavior, where behavior intention are based on three components, which are attitude, subjective norm, and perceived behavioral control (Ajzen 1991).

## 2. Literature Review

This research are focused to study consumer behavior and adapting model from Theory of Planned Behavior proposed by Ajzen (1991).

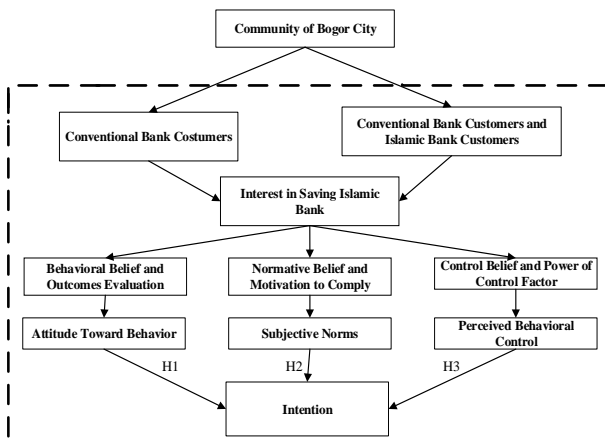


**Figure 1:** Model Theory of Planned Behavior

Theory of Planned Behavior (TPB) are behavioral model which predicts consumer intention to do a behavior. TPB Model explain that main factor affecting someone's behavior are their intention or tendency to do said action. Ajzen (1991) formulated that customer behavior are firstly initiated by behavior intention, in which the intention were affected by attitude toward behavior, subjective norm, and perceived behavioral control. TPB are based on assumption that human are rational being and used information systematically. Research by Raharsoet *al* (2008), Mutiarani (2014), Echchabi and Azazi (2015) Lestari (2016), Firmandhani (2016), and Annilda (2017) shows that TPB could indeed be used to predict someone's interest.

### 3. Methodology

This research are conducted in May 2017 in Bogor, Indonesia. Sampling location were chosen at two shopping center using descriptive method by conducting survey via structured questionnaire to respondents visiting Lippo Plaza and Botani Square. Samples are studied overtime by using cross sectional survey research design. First respondents are customers of conventional banks and second respondents are customers of both conventional and sharia banks. Sampling technique used are non-probability sampling combined with convenience sampling. Sampling criteria for respondents are (1) Bogor citizen with minimum age of 17 years old, (2) have saving accounts on conventional banks, (3) have saving accounts on both conventional and sharia banks. Gathered data were analyzed by descriptive analysis and Structural Equation Modelling.



**Figure 2:** Operational Framework

### 4. Result and Discussion

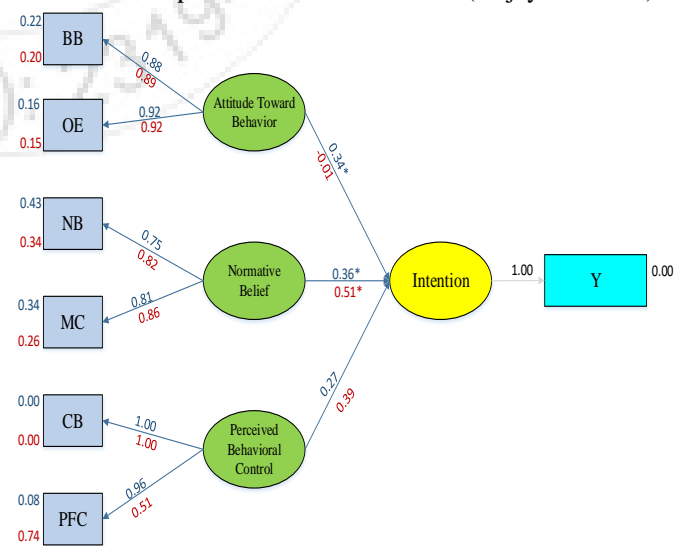
Data analysis in this research are divided into descriptive analysis to describe respondents profile and model analysis by using Structural Equation Modelling using Lisrel software to see correlation between latent construct and manifest variable or in-between correlation.

#### 4.1 Descriptive Analysis

Gathered data from questionnaire were divided to two categories. First categories are 112 respondents having accounts in conventional banks, and second categories are 111 respondents having account in both conventional and sharia banks. By genders, conventional respondents, 54.5% are male and 45.5% are female. Conventional-sharia respondents are 53.2% male and 46.8% female. By age, conventional respondents are dominated by age group of 21-30 (58.9%), while conventional-sharia respondents were also dominated by the same age categories of 21-30 (54.1%). Education level on conventional respondents and conventional-sharia respondents both are dominated by bachelor degree, amounting 49.1% and 67.7% respectively. Both religion on these two categories are also dominated by Islam by 94.6% and 100% respectively. By occupation, conventional respondents were dominated by employees (25.9%) and conventional-sharia respondents are also dominated by employees (27.9%). Monthly income for conventional respondents dominated by income range of Rp.3.000.000- Rp.5.000.000,- (40.2%), while conventional-sharia respondents dominated by income range of Rp.5.000.000-Rp.10.000.000,- (32.4%)

#### 4.2 Structural Equation Modeling (SEM) Analysis

On evaluating level, we analyze fitness level. Hair (1998) stated that fitness level were done in several step, which are (1) overall model fit, (2) measurement model fit, (3) structural model fit. If hypothesized model are yet to be fit, then model re-specification must be done. (Wijayanto 2008).



Note: \*significant (t-value > 1.96)  
 Blue indicates loading factor of conventional respondents  
 Red indicates loading factor of conventional-sharia respondents

**Figure 3:** Structural Model (SEM).

T-value results shows that all manifest variable both exogenous and endogenous are significant (t-value exceed 1.96) at level of confidence 5%. It is concluded that all indicators have significant correlation to latent variables.

### Hypothesis Testing

Result shows that there are several insignificant variables affecting interest in saving at sharia banks. Hypothesis test summary can be seen at table 1 and 2.

**Table 1:** Hypothesis test results on conventional respondents

Conventional Respondents				
	Hypothesis	Coefficient	T-val.	Remarks
H <sub>1</sub>	ATB	0.34	2.13	Significant
H <sub>2</sub>	SN	0.36	2.38	Significant
H <sub>3</sub>	PBC	0.27	1.47	Insignificant

Note : Significant when t-value exceed 1.96

**Table 2:** Hypothesis test results on conventional-sharia respondents

Conventional-Sharia Respondents				
	Hypothesis	Coefficient	T-val.	Remarks
H <sub>1</sub>	ATB	-0.01	-0.05	Insignificant
H <sub>2</sub>	SN	0.51	3.9	Significant
H <sub>3</sub>	PBC	0.39	1.84	Insignificant

Note : Significant when t-value exceed 1.96

#### 1) Attitude towards Behavior (ATB)

On conventional respondents, t-value on ATB variable are 2.13. T-value exceeded 1.96, which shows that ATB variable are directly and significantly affecting interest in saving at sharia banks. This interest in saving at sharia banks are based on respondents trust to sharia banks. The results are in accordance to previous research by Lestari (2016); Raharsoet al (2008) and Mutiarani (2014) which all shows that ATB variables are significantly affecting interest.

On conventional-sharia respondents, t-value on ATB are -0.05, less than 1.96. This shows that ATB variables are insignificantly affecting interest in saving at sharia banks. This insignificance shows that interest in saving at sharia banks are no based on respondents trust to sharia bank.

#### 2) Subjective Norm (SN)

On conventional respondents, t-value for SN variable are 2.38, exceeding 1.96. This shows that SN are directly and significantly affecting interest in saving at sharia banks. This shows that interest in saving at sharia banks are affected by encouragement by people around customers such as family, friends and social environment. The results are in accordance to previous research by Firmandhani (2016); Hatmawan and Sarungu (2016), Echabi and Azouzi (2015) and Reni and Ahmad (20016) that SN variables are affecting interest.

On conventional-sharia respondents, t-value of SN variable are 3.90, exceeding 1.96. This shows that SN variable are directly and significantly affecting interest in saving at sharia banks. This shows that interest in saving at sharia banks are also affected by encouragement by people around customers and social environment. The results are in accordance to previous research by Hatmawan and Widiasmara (2016).

#### 3) Perceived Behavioral Control (PBC)

On conventional respondents, t-value of PBC variables are 1.47, less than 1.96. This shows that for conventional respondents, PBC variables are not significantly affecting interest in saving at sharia banks. This shows that conventional respondents are not affected by respondents ability to save in sharia banks.

On conventional-sharia respondents, t-value for PBC are 1.84, less than 1.96. This shows that PBC variables are insignificantly affecting interest in saving at sharia banks. This shows that conventional-sharia respondents are also not affected by their ability to save at sharia banks.

### 5. Managerial Recommendations

The results shows that there are still a lot of respondents whom still unfamiliar with sharia terms. This became an attention for sharia banks to further educate the public regarding products and sharia principles. Sharia banks, for example, could initiate seminars to educate the publics. Sharia banks could also extend it's promotional activities to increase knowledge which could lead to increase in market share.

Improvement on physical facilities are also necessary to fulfill needs of banking activities. This is due to the fact that customers are still reluctant to switch to sharia banks because of lacks in physical facilities, such as ATM and branch offices. More ATM could be placed in strategic location such as shopping centers, mini markets, and many more.

*Nisbah*, or interest equivalent in sharia law, could also be designed to compete with conventional. This is due to the fact that respondent from conventional and even sharia banks customer felt that saving interest in conventional banks are way better than one provided by sharia banks. Aside from religious reason, financial benefit are also reason for customers to save in sharia banks.

### 6. Conclusion

This research could be concluded as below:

- 1) Conventional respondents have fairly high interest in saving at sharia banks. This is reflected in 54.50% of respondents. On conventional-sharia respondents, interest to increase saving are very high. This is reflected by 78.38% of respondents are willing to increase their saving balance at sharia banks.
- 2) On conventional respondent, correlation between Attitude toward behavior variable to interest in saving are significant. This shows that there are attitude reflecting their intention to start saving at sharia banks. Subjective norms are significantly affecting interest in saving at sharia banks for both of conventional and conventional-sharia banks. This shows that there are perceptive and motivation encouragement from social environment which increase interest in saving at sharia banks.
- 3) Recommended managerial implication to increase interest in saving at sharia banks are as follow: (1) Increase education and promotion regarding products and sharia principles, (2) increase physical facilities such as ATM

machines and branch offices, (3) increase saving interest (*nisbah*) to a competitive level.

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