

Factors Affecting Sharia Banking Literacy

Joni Hendra, Mutimmah Rustianawati, Dwi Rahayu

Faculty of Economics, Universitas Pancamarga, Jl. Yos Sudarso, Probolinggo, Indonesia

Email: jonihendra@upm.ac.id

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ABSTRACT

Islamic financial literacy is expected to be able to increase knowledge and change people's behavior in making decisions to manage finances well in order to achieve their welfare. Therefore, the factors that influence the community's level of Sharia banking literacy are individual characteristics, promotions and government factors. This study aims to determine the effect of individual characteristics, promotions and government factors on Islamic banking literacy. This research uses a quantitative method with an associative approach. The population of this research is all members of fundraisers at BMT UGT Sidogiri Paiton Probolinggo as many as 437 customers, While the customers who were selected as respondents were based on customers who happened to visit during January-March 2020, as many as 98 respondents. The results of the F test show that the independent variables (individual characteristics, promotions and government factors) simultaneously have a significant effect on Islamic banking literacy, While the t test results show that partially individual characteristics have an effect of 20.2% on Islamic banking literacy, promotion has an effect of 36.4% on Islamic banking literacy and government factors have an effect of 34.6% on Islamic banking literacy. So that the results of hypothesis testing both simultaneously and partially prove that individual characteristics, promotions and government policies have a significant effect on Islamic banking literacy.

Keywords: Government, Individual Characteristics, Promotion, Literacy



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INTRODUCTION

In the current era of globalization, all business entities, especially Islamic banking, have nuances of harmony, full of dynamics and challenges in the development of Islamic banking which was only established in 1990. Various severe challenges are faced by the Islamic banking industry, particularly related to macroeconomic conditions marked by Indonesia's economy which has lagged behind other ASEAN countries. While neighboring countries such as Singapore, Malaysia and Thailand already have credit/GDP ratios above 100%, the potential for bank financing to finance various economic sectors is still wide open, however, the increase in financing requires a more varied funding source that allows banks not only to rely on According to the 2017 OJK

Financial Literacy National Survey, only 22% of the Indonesian population understands banking services and 57% of the population has used banking services. As an effort to encourage the growth of Islamic banks are carried out by considering that several Indonesian Muslim communities are currently waiting for a healthy and reliable Sharia banking system to accommodate their needs for banking services that are in accordance with Sharia principles. The development of Sharia banking is also intended to increase the mobilization of public funds that have not been served by the conventional banking system, (Sunyoto, Danang: 2015).

The results of the 2016 national financial literacy and inclusion survey show that the Islamic financial literacy index of the Indonesian people is in the position of 8.1%, which means that which means that out of every 100 people in Indonesia, only 8 people know about the Islamic financial services. This figure is much lower than the conventional financial literacy index which stands at 29.5%. In review in 2019, the results of the third National Financial Literacy survey conducted by financial services authority, show that the financial inclusion index has increased public financial understanding (literacy) by 8.33% and increased access to financial products and services (financial inclusion) by 8.39%, (Otoritas Jasa Keuangan: 2017).

From the results of a survey in 2019 conducted by financial services authority, the low level of Islamic financial literacy makes this potential less than optimal. Therefore, further demands are made to increase public awareness and interest in Islamic banking, education and socialization regarding the Islamic banking system with the principles of fairness are needed. is a characteristic of the Islamic banking system. In addition, it is also necessary to implement Islamic finance development programs, especially optimization of Islamic finance promotions in order to increase public literacy and preferences, (Otoritas Jasa Keuangan: 2017).

Islamic financial literacy is expected to be able to increase knowledge and change people's behavior in making decisions to manage finances well in order to achieve their welfare. Therefore, the factors that influence the community's level of Sharia banking literacy are individual characteristics, promotions and government factors. According to (Soetiono and Setiawan. 2018), literacy is an individual's ability to use all the potential and skills possessed in his life so that the notion of literacy includes a person's ability to process and understand information while doing the reading and writing process".

According to (OJK. 2017), there are 3 (three) dimensions of financial literacy in an effort to improve the quality of financial management which aims to gain prosperity, namely: (1) calculating skills, (2) understanding of basic finance, and (3) attitudes towards financial decisions. Someone who already has an understanding of finance will have the skills to apply the knowledge he has and apply it in everyday life. With financial skills, a person can make decisions that are more effective and rational.

This aspect of attitude and behavior is important because it is financial attitudes and behaviors that encourage a person to set financial goals, have financial planning, make financial decisions and manage finances better. Financial literacy and education programs have the aim of increasing one's understanding, skills, and beliefs that influence attitudes and behavior to improve the quality of decision-making in using financial products and services. According to (Isnurhadi. 2013), Islamic financial literacy can be interpreted as awareness, knowledge, attitudes and behavior in making decisions related to a person's various banking activities, which in this case are specific to Islamic banking.

The purpose of Islamic financial literacy is that people are expected to be able to choose their own products and services for Islamic finance based on their wishes and interests, know the benefits and risks, rights and obligations and improve public behavior in managing their finances and believe that what has been chosen can improve their welfare based on the principles of financial literacy is Sharia. So that the program to increase public financial literacy can run well, every

financial literacy program must have the following principles; (1) the activities carried out have concepts that are in accordance with the objectives, strategies, policies of the authorities and policies of financial services business actors and have indicators for obtaining information on improving financial literacy. (2) Oriented to achievement (outcome), meaning that the financial literacy activities carried out are able to achieve the goal of increasing financial literacy by optimizing existing resources. (3) Sustainable, meaning that financial literacy activities must be carried out continuously to achieve the planned goals and have long-term aspects, (4) Collaboration, meaning that financial literacy programs must involve all stakeholders together in planning and implementation because financial literacy is a program long term that requires the cooperation of all stakeholders, (Soetiono dan Setiawan: 2018). Every human being must have different attitudes, traits and habits so that it is these individual characteristics that distinguish one from another, besides that it can easily describe the condition of the individual (Moses et al. 2014).

According to (Robbins. 2014), at the individual level includes biographical characteristics, personality abilities and learning. Meanwhile, according to (Laoh. 2019), individual characteristics are a psychological process that affects individuals in obtaining, consuming and receiving goods and services as well as experiences. It can be concluded, individual characteristics are the criteria of an individual or someone's characteristics that indicate the individual's condition about the actual attitudes, interests and abilities so that there are differences from other individuals in making decisions and behaving. So that individual characteristics can be classified into two groups, namely consumer behavior and organizational behavior. Individual behavior is the actions taken by individuals, groups or organizations related to the decision-making process in obtaining, using economic goods or services that can be influenced by the environment. (Sunyoto. 2015). Meanwhile, according to (Sumarwan. 2015), individual behavior is an activity, action, and psychological process that drives these actions from before buying, using, to spending products and services including evaluating activities.

The benefits of Islamic financial literacy have a major impact on the financial services sector, both specifically and in general, considering that the public is a user of financial products and services. The community and Islamic financial service institutions need each other so that the higher the level of public financial literacy, the more people use Islamic financial products and services. Thus, Islamic financial services institutions have greater financial potential. The direct role of the government is limited to the legal field, such as issuing the sharia banking law, the State Sharia Securities Law and endorsing global and retail sukuk. Meanwhile, indirectly, the government has allowed several state-owned banks to establish Sharia Business Units or Sharia Commercial Banks as subsidiaries of these BUMN banks. These factors are expected to increase knowledge, interest and public awareness of Islamic banks in using sharia banking services.

Developments in the banking world are getting bigger, such as the increasing context of the business they are engaged in, for example development in the context of sharia. This development is in line with the increase in industries whose sources of funding can be obtained through borrowing funds from creditors, namely banks. However, this development is not in line with the awareness and understanding of the public as parties who have the potential to supply funds to banking entities. So it is necessary to do research on the understanding of Islamic banking so that it can improve public literacy in Islamic banking by considering the three factors that can affect the literacy of Islamic banking itself. So the purpose of this research is to find out and prove whether there is an influence of individual characteristics, promotions and government policy on Sharia banking literacy in Probolinggo.

METHOD

This research uses a quantitative method with an associative approach. Quantitative research is a research method based on the philosophy of positivism, used to examine certain populations or samples, data collection using research instruments, data analysis is quantitative/statistical, with the aim of testing established hypotheses, (Sugiyono. 2014). According to (Sujarweni. (2015), quantitative research is a type of research that produces findings that can be achieved using statistical procedures or other means of quantification. While the type of associative research is a research formulation that is asking the relationship between two or more variables. A causal relationship is a causal relationship, (Sugiyono, 2014). The population of this study is all members of fundraisers at BMT UGT Sidogiri Paiton Probolinggo as many as 437 customers, While the customers who were selected as respondents were based on customers who happened to visit BMT UGT Sidogiri Paiton Probolinggo during January-March 2020, as many as 98 respondents. The data analysis method used as a tool for hypothesis testing is multiple linear regression analysis, which is an analysis to test the effect of two or more independent variables on the dependent variable. This method uses testing tools to determine the implications of the independent variable on the dependent variable, which is shown in the equation; $Y = + b_1X_1 + b_2X_2 + b_3X_3$

RESULTS AND DISCUSSION

Based on the results of multiple linear regression analysis as shown in table 1 below;

Table 1. Multiple Linear Regression Result

Model	Unstandardized Coefficients		Standardize d Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	6.669	3.596			
Individual Characteristic	0.202	0.073	0.243	2.745	0.007
Promotion	0.364	0.087	0.390	4.166	0.000
Government Factors	0.346	0.114	0.251	3.053	0.003

Source: Data processed by researchers, 2021

As seen in table 1 above, it will form a multiple linear regression equation, as follows: $Y = 6.669 + 0.202 X_1 + 0.364 X_2 + 0.346 X_3$. The equation can be explained that the constant value of 6.669 means that if the individual characteristics (X_1), promotion (X_2) and government factors (X_3) the value is 0, then Sharia banking literacy (Y) is 6.669. While the regression coefficient of the individual characteristic variable (X_1) is 0.202, In this case it can be interpreted that if the other independent variables remain and individual characteristics increase by 1%, sharia banking literacy will increase by 0.202.

The positive coefficient indicates a positive relationship between individual characteristics and Sharia banking literacy, the higher the individual characteristics, the higher the sharia banking literacy. The regression coefficient of the promotion variable (X_2) is 0.364, meaning that if the other independent variables remain and the promotion has increased by 1%, Sharia banking literacy will increase by 0.364. The positive coefficient in this case can be interpreted as a positive relationship between promotion and Sharia banking literacy, the higher the promotion, the higher the Sharia banking literacy.

The regression coefficient of the government factor variable (X_3) is 0.346, meaning that if the other independent variables remain and the government factor increases by 1%, Sharia banking

literacy will increase by 0.346. The positive coefficient means that there is a positive relationship between government policy and Sharia banking literacy. The higher the government factor, the higher the Sharia banking literacy.

To determine the effect simultaneously, the results of the F test have been carried out as shown in table 2 below:

Table 2. F Test Results

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	405.221	3	135.074	35.478	0.000 ^b
Residual	357.881	94	3.807		
Total	763.102	97			

Source: Data processed by researchers, 2021

From table 2 above shows that the $F_{count} > F_{table}$ ($35.478 > 2.701$) (sig. $0.000 < 0.05$) indicates that simultaneously there is a significant influence between individual characteristics, promotions and government policy on Sharia banking literacy, this is an increase in literacy. customers in sharia banking, therefore it is necessary to improve the literacy of sharia banking in order to increase customer knowledge and change the mindset and behavior in managing their finances. The results of this study are in line with research conducted by Titisari and Susanto (2020).

Meanwhile, to determine the partial effect, partial test (t test) results have been carried out as shown in table 3 below:

Table 3. t test Results

Variable	t	Sig.
Individual Characteristic	2.745	0.007
Promotion	4.166	0.000
Government Faktors	3.053	0.003

Source: Data processed by researchers, 2021

From table 3 above, it shows that the individual characteristic variable (X₁) on the Sharia banking literacy variable (Y), because it can be seen from the value of tcount ttable (2.745 1.986) (sig. 0.007 0.025), meaning that the individual characteristic variable (X₁) is proven to have an effect significant to the Sharia banking literacy variable (Y). This explains that to understand sharia, it is necessary to have the characteristics of each individual who has higher knowledge so that they choose to become customers in sharia banking. These results are in line with research conducted by Akmal et al (2016), Titisari and Susanto (2020) which state that individual characteristics partially influence Sharia banking literacy.

The promotion variable (X₂) has a significant effect on the Sharia banking literacy variable (Y) because the value of tcount ttable (4.166 1.986) (sig. 0.000 0.025), meaning that the promotion variable (X₂) is proven to have a significant effect on Sharia banking literacy (Y). This shows that the promotion carried out by sharia banking provides understanding to customers so that they can increase customer literacy in sharia banking. This research was supported by previous researchers conducted by Kesa (2016), which states that promotion has a partial effect on Sharia banking literacy.

Meanwhile, the government policy variable (X₃) also has a significant effect on the sharia banking literacy variable (Y), because the value of t count t table (3.053 1.986) (sig. 0.003 0.025), means that the government policy variable (X₃) is proven to have a partial effect on sharia banking literacy variable (Y). This shows that the government has optimized literacy to increase sharia banking. This study supports the research conducted by Itang (2014), but does not support the

research conducted by Isnurhadi (2013), which explains that government factors do not partially affect Sharia banking literacy.

CONCLUSION

Based on the results of research that has been carried out by researchers, it can be concluded: (1) individual characteristics have a significant effect on sharia banking literacy, promotions have a significant effect on Sharia banking literacy, and government policies have a significant effect on sharia banking literacy, (2) simultaneously individual characteristics, promotions and government policies have a significant effect on sharia banking literacy.

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