

Determinants of Student's Saving Interest at Islamic Bank

Sukarmin Hidayat¹

¹Department of Management - Faculty of Economics and Business - University of Al-Azhar Indonesia

Syahfitri Suryaningsi Welkom²

²Department of Management - Faculty of Economics and Business - University of Al-Azhar Indonesia

Anggun Pratiwi³

³Department of Management - Faculty of Economics and Business - University of Al-Azhar Indonesia

Correspondence: syahfitri.suryaningsi@uai.ac.id



JSM
Volume 5
Number 2
July 2023

Received on 2 Jun 2023

Revised on 20 Jun 2023

Accepted on 26 Jun 2023

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DOI: 10.37479

ABSTRACT

Purpose: This study aimed to determine the effect of knowledge, products, and promotions on the students' saving interest at Islamic banks.

Design/Methodology/Approach: This research used quantitative analysis. The population was Hybrid Learning Students of the undergraduate Management Program in the Faculty of Economics and Business, University of Al-Azhar Indonesia, totaling 1.314. The survey method with the sampling technique used is accidental sampling. The number of samples was 100 students who saved in Islamic banks. The research method used multiple linear regression analysis.

Findings: Based on the results of statistical tests, the knowledge has a significant positive effect on students' saving interest at Islamic banks, the product has a significant positive effect on students' saving interest at Islamic banks, and also, the promotion has a significant positive effect on students' saving interest at Islamic banks.

Keywords: *Islamic Bank; Knowledge; Product; Promotion; Saving Interest*

INTRODUCTION

Kasmir (2018) explained that banks are financial institutions whose primary function is to collect money from the public, transmit it back to the public, and provide additional banking services. Because of providing a wider banking services alternative to the Indonesian economy, the development of Islamic banking in Indonesia is implemented under a dual banking system in compliance with the Indonesian Banking Architecture (API). Islamic banking and conventional banking systems jointly and synergically support a wider public fund mobilization to foster the financing capability of national economic sectors. The characteristic of Islamic banking operation is based on the partnership and mutual benefits principle provides an alternative banking system with mutual benefits both for the public and the bank. This system will prioritize fairness in

transactions and ethical investment by underlining the values of togetherness and partnership in production and avoiding any speculative activity in financial transactions. By providing various products and banking services supported by variative financial schemes, Islamic banking will be a credible alternative that can benefit all Indonesian people without exception (OJK, 2017).

Pambuko (2019) explained that a huge effort is required to raise public awareness about the presence of Islamic banks to strengthen their existence. Knowing the breadth of public knowledge can help you achieve this level of awareness. Furthermore, Islamic banks must ensure that the products they offer are consistent with the ideals they wish to promote, that they may represent "sharia" in operational activities, and that they are known by the target market so that the products created can improve public awareness.

Based on the SNLIK (National Survey on Financial Literacy and Inclusion) in 2022, Indonesian society's Sharia financial literacy index increased from 8,93% in 2019 to 9,14% in 2022. Meanwhile, Islamic financial inclusion increased to 12,12% in 2022 from 9,10% in 2019. In 2023, OJK will focus on increasing the financial literacy of the Indonesian people. One of the priority targets for financial literacy and financial inclusion in 2023 is students (OJK, 2022).

The University of Al-Azhar Indonesia (UAI) is an Islamic higher education institution that should be capable of transmitting a wide range of Islamic knowledge to students. The Undergraduate Program of Management at the Faculty of Economics and Business (FEB) UAI has several courses that provide various information related to financial literacy, especially Islamic financial literacy. So, based on research that with good literacy, students that have good knowledge about Islamic banking should be more interested in saving in Islamic banks (Fauzi & Murniawaty, 2020; Nurrohmah & Purbayati, 2020; Ruwaidah, 2020; Utamy & Widhiastuti, 2020; Adiyanto & Purnomo, 2021; Ningsi & Manurung, 2021). Besides knowledge, product, and promotion are important factors that impact the student's saving decisions in Islamic banks (Fadli, 2018; Utamy & Widhiastuti, 2020; Aswad & Patimbangi, 2021; Husna, 2021).

Based on those things, this study aims to examine the effect of knowledge, products, and promotions on students' saving interest in Islamic banks, with a focus on Hybrid Learning Students of the undergraduate Program of Management in the Faculty of Economics and Business, the University of Al-Azhar Indonesia (FEB-UAI).

This study is expected to provide a better understanding of the elements that influence students' interest in saving at Islamic banks and guide Islamic banks in developing more effective marketing methods. The findings of this study are also expected to serve as a resource for future research on this subject.

METHODS

This research uses quantitative analysis. The population is Hybrid Learning Students of the undergraduate Management Program in FEB-UAI, totaling 1.314. They are already working students, so they have their own income. The samples are 100 students, which run from 2018 to 2022. The survey method was the one employed for this study. This technique is used to gather data by distributing questionnaires to respondents. The data collected were subjected to multiple linear regression analysis to ascertain the impact of knowledge, products, and promotions on students' interest in saving at Islamic banks.

Responses were gathered from respondents using a 5-point Likert scale, where 1 stand for strongly disagree, 2 for disagree, 3 for neutral, 4 for agree, and 5 for strongly agree. Each of the four variables—knowledge, product, promotion, and saving interest at Islamic banks—has four statements.

Indicators of knowledge variables are the contracts in islamic banking, the difference between islamic banking and conventional banking, and the commodities supplied are all discussed in the definition of islamic banking. Indicators of product variables are Sharia principles in financial and savings products, justification for selecting Sharia bank products, and product variants. Indicators of promotion are promotions from banks, and brokers, requests for information, highly attractive ads, and promotions. The indicators that reflect the decision to save include general knowledge, information seeking, determination, cooperation with the bank concerned, and references from others.

Students' saving interest at Islamic banks is influenced by knowledge, products, and promotion using descriptive, correlational, and multiple regression analyses. The effect of the independent variable on the dependent variable has been evaluated using the F test. Researchers used the SPSS Statistics 24 for Windows software program to analyze the data in this study to acquire their desired outcomes.

The study's conceptual structure had shown in Figure 1.

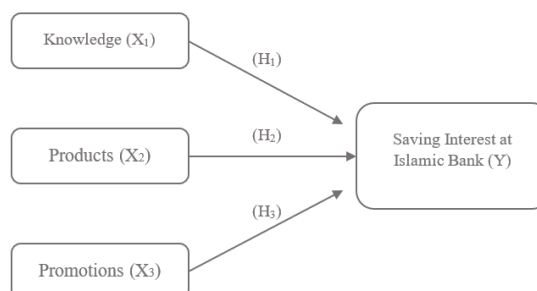


Figure 1. Conceptual Structure

Validity and Reliability Test

The validity test results are shown in Table 1, and the reliability test results are shown in Table 2.

Table 1. Validity Test

Variables	Items	r-count	r-table	Results
X ₁	1	0,714	0,197	VALID
	2	0,742	0,197	VALID
	3	0,714	0,197	VALID
	4	0,693	0,197	VALID
X ₂	1	0,828	0,197	VALID
	2	0,827	0,197	VALID
	3	0,825	0,197	VALID
	4	0,822	0,197	VALID
X ₃	1	0,725	0,197	VALID
	2	0,756	0,197	VALID
	3	0,799	0,197	VALID
	4	0,779	0,197	VALID
Y	1	0,781	0,197	VALID
	2	0,765	0,197	VALID
	3	0,709	0,197	VALID
	4	0,713	0,197	VALID

Source: Primary data processed 2023

Table 2. Reliability Test

Variables	<i>Value of Cronbach's Alpha</i>	Level of agreement	Results
X ₁	0,682	0,6	reliable
X ₂	0,843	0,6	reliable
X ₃	0,760	0,6	reliable
Y	0,724	0,6	reliable

Source: Primary data processed 2023

The validity test shows that the value of the r-table is 0,197 ($\alpha = 0.05$), and the r-count value of all questions of the variables is above the r-table value. It means the validity test for all items is valid. The reliability test shows all of the values of Cronbach's Alpha of all variables are above 0,6. It means that the items are sufficiently consistent to indicate the measure is reliable.

RESULTS

Characteristics of Respondent

The gender composition of the respondents is 68% female and 32% male. The age of the respondents varied from 19-39 years old. Most of them are 21-24 years old (67%). All respondents already have their income by working or being entrepreneurs. It means they should be able to save and be more independent in decisions.

Multicollinearity Test

It is considered good if there is no correlation between the independent variables in a regression model. The tolerance value > 0.10 and the Variance Inflation Factor (VIF) value of 10 are indicators of multicollinearity. The data presented in Table 3 indicate no signs of multicollinearity, according to the research findings.

Table 3. Multicollinearity Test

Variable	VIF Value	Description
X ₁	1,824	No Multicollinearity
X ₂	2,186	No Multicollinearity
X ₃	1,670	No Multicollinearity

Source: Primary data processed 2023

Regression Analysis

The results of the regression analysis had shown in Table 4. Based on hypothesis testing for H1, it is known that the significance value of X1 (0,018) is below $\alpha = 5\%$. It means X1 (knowledge) significantly affects Y (saving interest at an Islamic bank). Based on hypothesis testing for H2, the significance value of X2 (0,004) is below $\alpha = 1\%$. It means X2 (products) significantly affects Y (saving interest at Islamic banks). Based on hypothesis testing for H3, the significance value of X3 (0,000) is below $\alpha = 1\%$. It means X3 (promotions) significantly affects Y (saving interest at Islamic banks). Then the results of the regression equation are:

$$Y = 2,704 + 0,252X_1 + 0,275X_2 + 0,307X_3 + e$$

Table 4. The Results of Regression Analysis

Coefficients ^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1 (Constant)	2.704	1.414		1.912	0.059
X ₁	0.252**	0.105	0.226	2.412	0.018

X ₂	0.275*	0.094	0.302	2.944	0.004
X ₃	0.307*	0.084	0.326	3.632	0.000
a. Dependent Variable: Y					

Description: * = significant at $\alpha = 1\%$, ** = significant at $\alpha = 5\%$

Source: Primary data processed 2023

DISCUSSION

The Effect of Knowledge on Students' Saving Interest at Islamic Banks

The knowledge positively affects students' saving interest at Islamic banks. As students learn more about Islamic banks, their interest in saving at these institutions increases. In other words, as students' understanding of Islamic banks grows, so will their interest in using Islamic banking to support all of their activities, particularly saving.

This result is in line with the theory that knowledge significantly impacts a person's behavior because information can change the person's opinions, attitudes, and beliefs about many things. Someone can make the right decisions and assess their situations and problems based on their knowledge. In addition, education impacts how a person reacts to the circumstances and the environment around him (Sunyoto, 2014). The results of this study are supported by research from Fadli (2018); Saadah & Wisyananto (2018); Hasibuan & Wahyuni (2020); Nastiti, Hartono, & Ulfah (2020); Utamy & Widhiastuti (2020); Husna (2021); Ningsi & Manurung (2021); Trimulato, Putri, & Ismawati (2022); and Velayati (2022).

The Effect of Products on Students' Saving Interest at Islamic Banks

The product positively affects students' saving interest at Islamic banks. As the variety of products offered by Islamic banks expands, so does student interest in saving money there. In other words, if Islamic banks' product offerings improve, students will be more inclined to save money there. It is consistent with the theory that product knowledge influences consumer perception, evaluation, and buying behavior. Product knowledge also plays an important role in deciding whether to buy a product or not and how to use it. Consumers knowledgeable about a product can better compare it with other alternatives, evaluate how the product meets their financial needs and goals, and understand the dangers (Sitanggang, 2021). This study's results follow the research of Saadah & Wisyananto (2018) and Nastiti, Hartono, & Ulfah (2020).

The Effect of Promotion on Students' Saving Interest at Islamic Banks

The promotion positively affects students' saving interest at Islamic banks. Students are more inclined to save in Islamic banks when campaigns are more successful. In other words, if Islamic banks'

marketing campaigns are more successful, students will also be more inclined to save their money there. These results align with the theory that promotion is any activity that aims to persuade clients by presenting goods or services to lure potential customers into buying and using them. Therefore, promotion is basically an effort made by a business to promote its goods to the public and persuade and entice customers to buy them (Kotler & Keller, 2016). This research is supported by research conducted by Utamy & Widhiastuti (2020), Trimulato, Putri, & Ismawati (2022), and Velayati (2022).

CONCLUSION

It may be inferred from the findings of experiments carried out by researchers utilizing the distribution of questionnaires and data processing that knowledge, products, and promotions affect the saving interest of Hybrid Learning Students of undergraduate Programs of Management at Islamic banks. The knowledge, product, and promotions significantly affect the students' saving interest at Islamic banks.

The three favorably and considerably impact students' desire to save money in Islamic banks. Students' saving interest at Islamic banks will be strong if student knowledge of Islamic banks is high, the products offered are good, and the promotions run are successful. So, related institutions play an important role in increasing knowledge about Islamic banking and financial literacy. Islamic banking parties must also improve their products and promotions to attract students and society.

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