

# The Effect of Religiosity and Social Influence on the Intention to Use Sharia Banks in Aceh Singkil Regency

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## ABSTRACT

Sharia banks in Indonesia had experienced significant developments in recent years both in terms of quantity and assets. One of the ways undertaken by the Indonesian government in improving the development of Sharia Banks was by converting conventional banks into Sharia Commercial Banks. It has done by the government of the Province of Nanggroe Aceh Darussalam (NAD). This conversion is expected to foster public interest in using Sharia Bank products. The intention to use sharia products from several studies is affected by religiosity and social influence (social support). Therefore, this research is important in order to determine the extent of the effect of religiosity and social influence on people's intentions to use sharia bank products. The method is quantitative research. The number of samples was 100 samples taken randomly in Aceh Singkil District. Data was collected by conducting surveys online and manually. The data analysis is SEM-PLS. The results studies show that religiosity and social influence have a significant effect on the intention to use Sharia banks. In addition, religiosity and social influence has 30.3 percent predictive value (Q<sup>2</sup>).

**Keywords:** *Sharia banks, intention, religiosity, social influence*

## 1. INTRODUCTION

Data published by The Pew Forum on Religion & Public Life, shows that the number of Muslims in Indonesia reached 87.2 or 13.1 percent of the number of Muslims worldwide [1]. The large number of Muslims can become a potential market for the development of sharia-based industries including the financial industry of the sharia banking sector. One of the strategies to maximize this potential is to convert commercial banks into Sharia commercial banks.

This strategy was carried out by the government of Nanggroe Aceh Darussalam (NAD) in 2016. Based on the Decision of the OJK Board of Commissioners Number. KEP-44 / D.03 / 2016 concerning the granting of a License for Changing Business Activities of Conventional Commercial Banks to Sharia Commercial Banks as of September 1, 2016, the Aceh bank has been fully transformed into a sharia commercial bank.

For Sharia banking industry, the conversion of Aceh banks into Aceh Syariah banks had a significant impact on the market share of sharia banks on the sharia banking industry in Indonesia [2]. In addition to having an impact on increasing market share, the conversion carried out by Bank Aceh also impacts naming Aceh Banks. In accordance with the provisions of the Law of the Republic of Indonesia Number 21 Year 2008 concerning Sharia Banking article 15 (4) it is stated that, sharia banks that have obtained business licenses must clearly state the word "sharia" in writing the name of their bank. This means that after making a conversion, the name PT. Bank Aceh must change its brand

to PT. Bank Aceh Syariah [2]. Thus, giving the name of PT. Bank Aceh Syariah can create attraction for prospective customers who are Muslim, while for Bank Aceh Syariah this brand change can be one way to show the public that they offer products in accordance with Islamic sharia [2].

Theoretically, a brand is one of the factors that can influence a person to use a product or service. The results of research conducted by Tajudin and Mulazid also prove that brand awareness can determine a person's decision to use Sharia banking products [3]. Other studies also prove that there is a positive influence between brand awareness and consumers' decision to buy halal products [4].

A person's decision to buy a product always starts from the intention. Intention is assumed to be a motivating factor influencing behavior, the stronger the intention to engage in behavior, the more likely it is to behave [5]. Many studies prove that the decision to make a purchase is largely determined by the intention first, [6] [7] [8]. Intention is the desire to adopt, use or accept behavioral actions [8]. In this context the intention to use sharia bank products is the desire of someone to take advantage of financing or saving in sharia banks. Many researchers proved that the intention is a variable which can predict from actual behavior. Therefore, the intention to use sharia banks is a community plan to use Aceh Syariah bank products within a certain period of time and ultimately to use Aceh Sharia bank products significantly [9].

Intention in reality is not only influenced by the brand, but also influenced by religiosity and social influence. Religiosity is as an integrated system of beliefs, lifestyles, ritual activities and institutions that give meaning to human life and direct people to sacred values [10]. Religiosity has

a large role in influencing individual choices and one's behavior in the social environment. Islam is a religion that regulates human life where the creed determines the rules of a Muslim's beliefs, while Sharia regulates their practices and behavior. Thus, the existence of financial institutions that comply with Sharia standards can affect the intention of a Muslim to use his product [11].

The results of research conducted by Syed Shah Alam, Hawati Janor, Zanariah, Che Aniza Che Wel and Mst. Nilufar Ahsan [12] proves that religiosity has a positive and significant influence on the intention to use sharia bank products. Likewise, research conducted by Mohd Azizi Ibrahim, Wan Nazjmi Mohamed Fisol and Yusuf Haji-Othman [13] which proved the results that religiosity has a significant influence on intention to use sharia bank products. Similar research results are also evidenced by research conducted by Hassan Obeid and Souheila Kaabachi [14]. However, research conducted by Nizar Souiden and Marzouki Rani [15] religiosity does not have a direct influence on the intention to use sharia bank products. From the results of research on the effect of religiosity on intentions there has not been a uniform result, where religiosity does not always affect the intention to use sharia bank products.

In addition to the variable religiosity that can affect the intention to use sharia bank products is also influenced by social influence. Social influence is a decision taken by someone based on the actions of those around him [16]. Social influence is a process in which people determine the successful experiences of their social groups in regarding something, before deciding to adopt it. Information from social groups only serves as an additional function, because someone can or does not follow what is suggested. Likewise, positive social influences will influence someone's intention to use the Aceh Sharia Bank. Information from external sources can increase the confidence, confidence to use or utilize Aceh Sharia bank products [17].

The results of research conducted by Nelson Lajuni, Winnie Wong Poh Ming, Yusman Yacob, Hiram Ting and Alfera Jausin prove that social influence has a positive influence on one's intention to use sharia bank products [18]. However, research conducted by Wahyuni Salamah [19] Hassan Obeid and Souheila Kaabachi [14] proved the opposite results, where social influence does not have a significant influence on the intention to use sharia banks. Similar to religiosity, social influence is also not consistent in influencing the intention to use sharia banks.

## 2. METHOD

This research is a field research with a quantitative approach. The population in this study were all residents in Aceh Singkil Regency. As for the sample in this study are residents of Aceh Singkil district who have worked or residents who are included in the category of the workforce totaling 100 people.

Research data is collected online via google form. The statements in the questionnaire were prepared by adopting a questionnaire that had been used by researchers before. The intention and social influence variables use statement

items that have been used by Amin, Rahim Abdul Rahman, Laison Sondoh, & Magdalene Chooi Hwa [20]. As for the variable religiosity using a questionnaire compiled by M. Abou-Youssef, Kortam, Abou-Aish and El-Bassiouny [21]. All research variables will use the Likert Scale in the process of collecting data. Likert Scale in this study will use a score of 1 to 6 as in table 1 below.

**Table 1** Table of Categories and Scoring

Statement	Symbol	Score
Strongly Disagree	STS	1
Disagree	TS	2
Somewhat Disagree	ATS	3
Somewhat Agree	AS	4
Agree	S	5
Strongly Agree	SS	6

Data analysis in this study will use Structural Equation Modeling (SEM) analysis using SmartPLS as an analysis tool. PLS is one method for implementing SEM. This PLS model is used when the basic theory of designing a weak model and measurement indicators do not meet the ideal measurement model. PLS can be used with a number of samples that are not large and can be applied at all data scales [22]. The criteria for evaluating the PLS model as proposed by Chin [22] are as in the following Table 2:

**Table 2** PLS Scoring Criterion

Criterion	Explanation
Measuring Model Evaluation	a. Loading factor score more than 0.6
	b. <i>Composite reliability</i> > 0.60.
	c. <i>AVE</i> > 0.50
	d. <i>Cronbachs Alpha</i> > 0.70
Structural Model Evaluation	a. $P_{value} < 0.05$ .
	b. $f^2$ dan $q^2$
	1) 0.02 small Effect
	2) 0.15 medium Effect
	3) 0.35 large Effect

## 3. RESULTS AND DISCUSSION

### 3.1. Profile of Respondents

This research involved 100 respondents who live in Aceh Singkil Regency. Of the 100 respondents the majority of respondents were women with a percentage of 66%, while female respondents accounted for 34%. Judging from the age of respondents, the majority of respondents aged 20 to 30 years with a percentage of 60%, then followed by respondents aged less than 20 years by 20%. In terms of education the majority of respondents have a high school education equivalent with a percentage of 88% and only 6% of respondents have a college education.

Meanwhile, in terms of the work of the majority of respondents working as entrepreneurs with a percentage of 29%, then respondents who work as private employees with a number of respondents by 20%. Judging from the total monthly income of 59% receptors who earn less than Rp 2,500,000 and respondents who earn between Rp 2,500,001 to Rp 5,000,000 with a percentage of 36%.

### 3.2. Estimation and Structural Model

Estimated data in this study uses SmartPLS 3.0. Reliability testing uses Cronbach  $\alpha$ . If Cronbach  $\alpha$  has a value of 0.7 then the data shows a good level of reliability [23]. Meanwhile, the measurement model is assessed by calculating convergent and discriminant validity values. As for convergent validity purposes, composite reliability (CR) values must be at least 0.7 and the average variance extracted (AVE) must be greater than 0.5 [17]. Meanwhile, the discriminant validity test is fulfilled if the square root of AVE for each construct is greater than the correlation coefficient with other constructs [24]. From the results of the analysis in Table III, both CR and AVE for each construct each variable is greater than 0.7 and 0.5.

**Table 3** Convergent and Discriminant Validity

Var	Cronbach' $\alpha$	Reliability	AVE	NI	RG	SI
NI	0.928	0.944	0.773	0.879		
RG	0.930	0.942	0.648	0.548	0.805	
SI	0.925	0.943	0.768	0.637	0.551	0.876

Note: NI (Intention), RG (Religiosity), SI (social influence);  
The diagonal value is the square root of AVE;

**Table 4** Measurement Model Cross Loadings

	NI	RG	SI
NI1	0.873	0.378	0.449
NI2	0.879	0.398	0.440
NI3	0.845	0.611	0.603
NI4	0.919	0.428	0.534
NI5	0.879	0.522	0.689
RG1	0.371	0.858	0.440
RG2	0.384	0.800	0.380
RG3	0.435	0.874	0.429
RG4	0.409	0.680	0.221
RG5	0.478	0.838	0.583
RG6	0.295	0.836	0.416
RG7	0.370	0.842	0.487
RG8	0.458	0.906	0.490
RG9	0.569	0.550	0.429
SI1	0.624	0.460	0.861
SI2	0.599	0.461	0.897
SI3	0.444	0.491	0.858
SI4	0.526	0.511	0.878
SI5	0.563	0.500	0.887

**Table 5** Summary of Structural Model Results

Relationship	Original sample (O)	Sample mean (M)	t-statistics ((O/STDEV))	p-values	Note
RG --> NI	0.213	0.299	2.183	0.030	Accepted
SI --> NI	0.529	0.537	5.607	0.000	Accepted

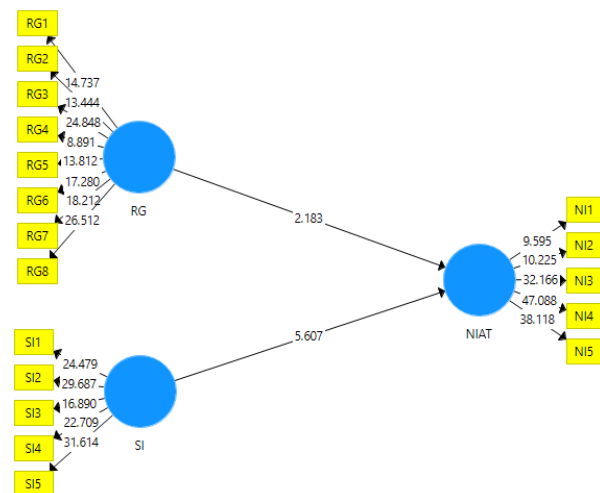
From the test results as contained in table VI, it can be seen that the variables of religiosity and social influence have R2 0.441 or 44.1%. These results indicate that the variables of religiosity and social influence have a strong enough correlation to the intention to use sharia Aceh bank products.

From table 6 it can also be seen that the Q2 value is 0.608 which means the Q2 value is greater than zero. These results indicate that accuracy in the category is satisfactory [26].

The next criterion in discriminant validity is cross-loading, where this criterion can be met if the construct of each variable is higher than the cross burden on other constructs [25]. This result can be seen in IV thickness. In Table IV it is found that there are indicators that do not meet the requirements of the RG9 indicator, thus this indicator must be excluded from the research model.

### 3.3. Evaluation of the structural model

The structural model is tested by applying the bootstrapping technique, which is a resampling technique that draws a large number of samples, from the original data. This yield estimates of path coefficients and their two-sided significance. This model is depicted in Figure 1.



**Figure 1** Path coefficients and their significance

The path coefficient and its significance can be seen in Table V. From the results of the test it can be seen that of the two hypotheses proposed all are accepted. The test results prove that there is a significant positive effect between religiosity on the intention to use sharia bank products. Likewise, with social influence, the test results show that the variable positively and significantly influences intention.

While seen from f2 the variable of religiosity has a temporary weak effect, the social influence variable has a strong effect on intention. The q2 value of the variable religiosity and social influence has a weak predictive value, because it has a value below 0.02.

**Table 6**  $f^2$  and  $q^2$  Values for The Endogenous variable Intention

	Path	R <sup>2</sup>	f <sup>2</sup>	Q <sup>2</sup>	q <sup>2</sup>
All constructs included		0.441		0.608	
RG excluded	RG --> NI		0.059	0.579	-0.074
SI excluded	SI --> NI		0.368	0.604	0.010

### 3.4. Summary of Findings

The test results prove that the independent variable significantly influences intention with R<sup>2</sup> 0.441%, meaning that the variable religiosity and social influence can influence the intention to use Aceh Syariah bank products by 44.1% while the remaining 55.9% is influenced by other variables outside the research model.

Religiosity variable is statistically proven to have a significant positive effect on intention to use the Aceh Syariah bank. The results of this study support the results of research conducted by Syed Shah Alam, Hawati Janor, Zanariah, Che Aniza Che Wel and Mst. Nilufar Ahsan [12]; Mohd Azizi Ibrahim, Wan Nazjmi Mohamed Fisol and Yusuf Haji-Othman [13]; Hassan Obeid and Souheila Kaabachi [14] who prove that religiosity has a positive and significant influence on the intention to use sharia bank products. Thus, this study contradicts research conducted by Nizar Souiden and Marzouki Rani [15] where religiosity does not have a direct influence on the intention to use sharia bank products. However, from the  $f^2$  test results the religiosity variable has a weak effect, because it only has an  $f^2$  value of 0.059. Besides that, the religiosity variable also has a low predictive value, because it only has a  $q^2$  -0,074 value.

Furthermore, the test results prove that the social influence variable has a significant and positive influence on the intention to use the Aceh Syariah bank product. The results of this study support the results of research conducted by Nelson Lajuni, Winnie Wong Poh Ming, Yusman Yacob, Hiram Ting and Alfera Jausin which prove that social influence has a positive influence on one's intention to use the sharia banks product [18]. The results of this study oppose the results of research conducted by Wahyuni Salamah [19]; Hassan Obeid and Souheila Kaabachi [14] who prove the opposite results, where social influence does not have a significant influence on the intention to use sharia banks. Meanwhile, from the  $f^2$  test results the social influence variable has a strong effect, because it only has an  $f^2$  value of 0.368, however the social influence variable also has a low predictive value, because it only has a  $q^2$  value of 0.010.

## 4. CONCLUSION

The results of the analysis prove that the variables of religiosity and social influence have a positive and significant influence on the intention to use sharia aceh banks. The higher the level of religiosity and social influence, the higher the intention to use Aceh Syariah bank products. This study has limitations such as research

samples that are not spread proportionally. Future research is expected to apply Theory of Planned Behavior in full in examining public responses to changes in the Aceh Syariah bank

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