Analysis of Factors Influencing Decisions to Make Transactions in Islamic Financial Institutions

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Abstract: This study discusses what factors influence transaction decisions in Islamic financial institutions. In this study, the researchers raised a case study of several factors that might influence the decision to transact in Islamic financial institutions including customer financial institution knowledge, profit sharing ratio, promotion, and service level at the financial institution. The aim is to determine the effect of these variables on transaction decisions at BMT Gama Syariah Klaten. The population of this study was customers who transacted at BMT Gama Syariah Klaten. Sampling using purposive sampling and accidental sampling techniques and obtained 150 samples. The dependent variable in this study is the decision to transact at BMT Gama Syariah Klaten, while the independent variable in this study is knowledge of financial institutions, profit-sharing ratio, promotion, and service level. The method used in this research is the quantitative method. The analysis technique used is the classical assumption test which includes the normality test, multicollinearity test, and heteroscedasticity test, multiple regression analysis which includes simultaneous test (F), coefficient of determination test (R^2), and hypothesis testing (t).

Keywords: Financial institutions, profit sharing ratio, service level, promotion, transaction decisions

1. Introduction

The financial system is an important tool in the civilization of modern society. Its main task is to collect funds from the community and channel these funds to borrowers to then be used to invest in the production or investment sector, in addition to being used for activities to buy goods and services so that economic activity can grow and develop and improve living standards. Therefore, the financial system has a very fundamental role in the economy and people's lives.

The financial system can determine the interest rate of credit and how much credit will be available to finance various types of production of goods and services in economic activity. This system will have an impact on the smooth running of the economy. If the credit interest rate becomes higher and the available funds are limited, then the total expenditure on goods and services will decrease, this will result in a decrease in production activity and in the production, the sector will reduce labor activity, so that companies will reduce their employees and eventually lead to a lot of unemployment.

Unemployment will increase and economic growth will decline as business units reduce their products and lay off workers. Conversely, if the interest rate is low, the amount of funds in the bank is sufficient, total spending in the economy will increase, producers increase their production capacity, there is employment and the economy can be accelerated properly. Thus, the financial system is an integral part of a country's economic system.

The banking system in Indonesia has two types of banking operational systems, namely conventional banks and Islamic banks. In accordance with Law No. 21 of 2008 concerning Islamic Banking, Islamic Banks are banks that carry out business activities based on sharia principles, or Islamic legal principles regulated in the fatwa of the Indonesian Ulema Council such as the principles of justice and balance (adlwatawazun), benefit (maslahah), universalism (alamiyah), and do not contain gharar, maysir, usury, zalim and haram objects. According to Sudarsono, Sharia Bank is a state financial institution that provides financing and other services in payment traffic and also money circulation that operates using sharia or Islamic principles.

Research on factors that influence transaction decisions in financial institutions is quite an interesting discussion considering that we are currently in a situation after the COVID-19 Pandemic. The community is in the stage of trying to build an economy that was down. Various ways are done to make the economy recovery. One way is by transacting in financial institutions to obtain additional capital for business, etc. The motivation for researchers to conduct this research is to find out the community's perspective in making decisions to transact at Islamic financial institutions. The same research has been done before using various variables. The research shows that there are many kinds of factors that influence transaction decisions. However, previous research was conducted before the COVID-19 pandemic took place. This research is motivated by the gap in the

previous one that this research was conducted to see the relevance of previous research in the midst of the economic recovery period after the COVID-19 Pandemic. This research will focus on the impact of the COVID-19 pandemic on people's perspectives on transaction decisions including: knowledge of financial institutions, profit sharing ratio, service level, and promotion.

2. Literature and Hypothesis

Transaction Theory

The definition of transactions according to Skousesn (2007: 71) is the exchange of goods and services between (both individuals, companies, and other organizations) other events that have economic influence on business. Meanwhile, according to Bastian (2007: 27) the definition of a transaction is a meeting between two parties (seller and buyer) that is mutually beneficial in the presence of supporting data/evidence/documents that are entered into the journal after recording.

In addition, the definition of a transaction according to Wiyono (2005: 12) is an economic or financial event involving at least two parties (someone with someone or several other people) who exchange each other, involve themselves in business associations lending and borrowing and others on a consensual basis or on the basis of a legal / sharia provision that applies. The definition of a transaction according to the Big Indonesian Dictionary (KBBI) is a sale and purchase agreement in trade between the buyer and seller.

From several definitions of transactions quoted from several sources above, it can be seen that the definition is only related to the technical occurrence of a transaction interpreted from the aspect of economic/business events alone, there is no explicit content of values and morals.

The definition of transactions according to Zulkifli (2003: 10) in general, transactions can be interpreted as economic / financial events involving at least 2 parties (someone with someone or several other people) who exchange, involve themselves in business partnerships, borrow and lend on a mutually agreeable basis or on the basis of a legal or sharia provision that applies. In the Islamic economic system, transactions must be based on the rules of Islamic law (sharia) because transactions are a manifestation of human charity that is worth worship before Allah.

Financial Institution Knowledge

In the Big Indonesian Dictionary (KBBI) quoted by Jalaludhin in his book entitled philosophy of science, knowledge is defined as "everything that is known/knowledge, or everything that is known regarding things (subjects) at school". According to Kottler, knowledge is a change in the behavior of an individual that comes from experience. Knowledge is everything that is obtained from the learning process whether it is from school, one's experience, the surrounding environment or the five senses. Knowledge can be obtained from curiosity. The stronger the curiosity, the more knowledge is gained.

According to the Big Indonesian Dictionary quoted by siti Fatimah hidayat "society is a number of people in the broadest sense and is bound by a culture that they consider the same." According to Abdul Majid, society is a number of people who are a group unit that is in permanent contact and has the same interests. Based on some of the above definitions, it can be concluded that society is a number of humans who have a group unit that is permanently connected and has a culture that they consider the same.

Based on the two definitions above, public knowledge is all the information possessed by the public regarding various products and services, as well as other knowledge related to Islamic financial institutions.
H1: The level of knowledge of financial institutions affects the interest in transacting in financial institutions.

Profit Sharing Ratio

According to Antonio (2001: 90), profit sharing is a system of processing funds in the Islamic economy, namely the sharing of business results between the owner of capital (shahibulmaal) and the manager (Mudharib). Muhammad (2004: 121) explains that the prohibition of usury in Islam is a rejection of the emergence of additional financial risks set in money or capital transactions or buying and selling that are charged to one party only while the other party is guaranteed the benefits. This indicates that Islamic banking adheres to the profit- sharing system in the process of its activities and forbids interest because it contains elements of usury.

The payment of Islamic bank rewards to fund owners in the form of profit sharing is highly dependent on the income earned as mudharib for the management of the mudharabah funds (Wiroso, 2005: 88). If the Islamic bank obtains large operating results, the distribution of operating results is based on a large amount, otherwise if the Islamic bank obtains small operating results. This is different from conventional banks, where the payment of rewards in the form of interest is paid a fixed amount, not affected by the income received by conventional banks.
H2: The level of profit sharing affects the interest in transactions in financial institutions.

Promotion

According to Saladin as quoted in Cashmere, promotion is one of the elements in the company's marketing mix that is used to inform, remind and persuade consumers about the company's products. So, promotion can be interpreted as a way for companies to introduce their products to increase customer interest or increase the number of existing customers.

Promotion is a communication between sellers and buyers that comes from the right information that aims to change the attitudes and behavior of buyers, who previously did not know to know so that they became buyers and kept remembering the product (Fajar Laksana, 2008: 133). According to Indriyo (2000: 237) promotion is an activity aimed at influencing consumers so that they can become familiar with the products offered and become happy and then buy these products. In the promotion section, the role of communication is important because communication is an exchange of information between buyers and sellers, the exchange of information is very important for improving marketing relationships, this is because the information will provide awareness and understanding between buyers and sellers, money will ultimately provide satisfaction and mutually beneficial relationships (Selnes, 1996: 310).

H3: Promotion Affects Interest in Transactions in Financial Institutions.

Service Level

In the complete dictionary of the Indonesian language, service is defined as the act of providing everything that other people need. Furthermore, Kotler Philip, and Keller define activities or benefits that can be offered by one party to another party with intangible, not stored, does not produce ownership, and varies and can be changed.

According to Dr. Hessel Nogi S, service is the process of meeting needs through the activities of other people directly. There are basically two types of services needed by humans, namely physical services that are personal in nature as humans and administrative services provided by other people as members of organizations, be it mass organizations or the State.

For customers who prioritize the benefits or benefits obtained, service quality is also a factor that influences them to choose a product. If the service they receive is bad, they will definitely switch to another product. Conversely, if the service is good, they will not hesitate to be loyal to that product.

According to Lovelock (1988: 229) that quality is the level of quality expected and the control of diversity in achieving that quality to meet consumer needs. Quality shows something that is in accordance with the standards as stated in ISO 8420 (Vincent Gaspersz, 1997: 5) that quality is the totality of a service characteristic in accordance with standards or requirements. Quality is closely related to customer satisfaction (FandyTjiptono, 2005: 115). Quality provides special encouragement for customers to establish long-term mutually beneficial relationships with the company.

Service according to Kotler (1996: 578) is an action or activity that can be offered by one party to another which is basically intangible and does not result in any ownership. Services are not only present as the main product, but also in the form of complementary services in the purchase of physical products now each consumer is no longer just a physical product, but also all aspects of the service or service attached to the product, starting from the pre-purchase to the after-sales stage (Fandy Tjiptono, 2005: 2).

From this it can be said that service quality is the level of quality of something offered to other parties, namely consumers. Service quality must start from customer needs and end at customer perceptions, this means that a good quality image is not a bad thing.

Based on the point of view or perception of the service provider but based on the point of view or perception of the customer (Fandy Tjiptono, 2005: 121).

H4: Service Level Affects Interest in Transactions in Financial Institutions.

3. Research Methodology

Population is a generalization area consisting of objects / subjects that have certain qualities and characteristics set by researchers to study and then draw conclusions (Sugiyono, 2015: 80). The population used in this study are customers who want to make contract transactions at BMT Gama Syariah Klaten.

The method used by researchers in sampling is probability sampling technique (random sampling of the selected population). This study uses accidental sampling technique which is a sampling technique based on chance, where respondents who directly come to BMT Gama Syariah Klaten with the criteria, namely customers who want to make contract transactions at BMT Gama Syariah Klaten.

Variable Indicator

Primary data is a data source obtained directly from respondents. The data collection technique used by the author is a questionnaire. According to (Sugiyono, 2015) a questionnaire is a data collection technique that is done by giving a set of written statements to respondents to answer. The data was obtained by distributing questionnaires to customers of BMT Gama Syariah Klaten customers.

The questionnaire used is a closed questionnaire, which is a questionnaire for which the answer has been provided, so that the respondent just has to choose and answer directly (Sugiyono, 2015: 142). This questionnaire contains statements related to the variables to be studied and is measured using a Likert scale with the respondent's answer choices:

SA   = Strongly Agree
A   = Agree
N   = Neutral
D   = Disagree
SD   = Strongly Disagree

Then the score used in this study is:

SA   = 5
A   = 4
N   = 3
D   = 2
SD   = 1

Data Analysis

In this study, hypothesis testing used multiple linear regression analysis. This analysis is a regression model that involves more than one independent variable. Multiple linear regression analysis is used because it intends to determine the direction and how much influence the independent variable has on the dependent variable. The feasibility of the regression model is determined from the results of the model feasibility test (F test coefficient of determination) and the coefficient of determination used by the coefficient of determination test (R^2). The regression equation in this study is as follows:

$$KB = 2.996 + 0.531PLK + 0.336NBH + 0.052PL + 0.158PR + \varepsilon$$

4. Result and Discussion

Descriptive Statistical Analysis

Variables	N	Minimum	Maximum	Mean	Std. Deviation
Financial Institution Knowledge	150	15	20	16,78	1,284
Profit Sharing Ratio	150	30	40	33,43	2,087
Service Level	150	42	54	46,14	3,483
Promotion	150	20	30	24,02	1,971
Valid N	150				

The results of descriptive statistical analysis of the financial institution knowledge variable with four question items have a minimum value of 15 and a maximum value of 20 with a standard deviation value of 1.284 and an average value (mean) of 16.78. The average value of knowledge of financial institutions means that all respondents have good knowledge of financial institutions.

The results of descriptive statistical analysis of the profit-sharing ratio variable with 8 question items have a minimum value of 30 and a maximum value of 40 with a standard deviation value of 2.087 and an average value (mean) of 33.43. The average value of the profit-sharing rate means that all consider that the profit sharing rate offered is quite attractive.

The results of descriptive statistical analysis of the service level variable with 11 question items have a minimum value of 42 and a maximum value of 54 with a standard deviation value of 3.483 and an average value (mean) of 46.14. The average value of the service level means that all consider that the level of service performed is quite interesting.

The results of descriptive statistical analysis of the promotion variable with 7 question items have a minimum value of 20 and a maximum value of 30 with a standard deviation value of 1.971 and an average value (mean) of 24.02. The average value of promotion means that all consider that the promotion carried out is quite good.

Hypothesis Test

Variables	t_{count}	t_{table}	Sig	Description
Constant	1,654		0,100	
Financial Institution Knowledge	4,608	1,976	0,000	H_1 Accepted
Profit Sharing Ratio	3,853	1,976	0,000	H_2 Accepted
Service Level	1,297	1,976	0,197	H_3 Rejected
Promotion	2,238	1,976	0,027	H_4 Accepted

Based on the calculations in table IV.13, it shows that the financial institution knowledge variable has a tcount value of 4.608 with a significance of 0.000 with a sig value of 0.000 smaller than 0.10, so H1 is accepted. Thus, the first hypothesis can be concluded that the knowledge of financial institutions partially affects the decision of customers to transact at BMT Gama Syariah Klaten. The profit sharing ratio variable has a tcount value of 3.853 with a significance of 0.000 and a ttable of 1.983 is obtained. Because the tcount value of 3.853 is smaller than the t table 1.983 and the sig level of 0.000 is smaller than 0.10, H2 is accepted. Thus, the second hypothesis can be concluded that the profit-sharing ratio partially affects the customer's decision to transact at BMT Gama Syariah Klaten. The service level variable has a tcount value of 1.297 with a significance of 0.197 and a ttable of 1.983 is obtained. Because the tcount value of 1.297 is smaller than the t table 1.983 and the sig level of 0.197 is greater than 0.05, H3 is rejected. Thus, the third hypothesis can be concluded that the level of service partially has no effect on customer decisions to transact at BMT Gama Syariah Klaten. The promotion variable has a tcount value of 2.238 with a significance of 0.027 and a ttable of 1.983 is obtained. Because the tcount value of 2.238 is smaller than the t table 1.983 and the sig level of 0.027 is greater than 0.05, H4 is accepted. Thus, the fourth hypothesis can be concluded that promotion partially affects the decision of customers to transact at BMT Gama Syariah Klaten.

5. Conclusion

From the results of the t-test, it shows that the knowledge of financial institutions partially affects the customer's decision to transact. This shows that the higher the knowledge of financial institutions, the more it affects the customer's transaction decision to transact. Profit sharing ratio affects transaction decisions. This means that the higher profit-sharing ratio is considered more profitable and affects transaction decisions. The level of service has no effect on transaction decisions. Normally the level of service affects transaction decisions, but in this study, it has no effect because customers make transactions in Islamic financial institutions on the basis of need. Promotion affects transaction decisions. This means that optimal promotion will affect transaction decisions.

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