

**THE IMPACT OF SHARIA COMPLIANCE, CUSTOMER
SATISFACTION, AND PROFIT SHARING ON CHOOSING AN
SHARIA BANK FOR ENTREPRENEURS IN SURAKARTA**



Submitted in Partial Fulfillment of the Requirements
for Getting Bachelor Degree of Economics
in Economic and Business Faculty

By:

DIMAS KUNCORO

B10A143025

**MANAGEMENT DOUBLE DEGREE PROGRAM
FACULTY OF ECONOMICS AND BUSINESS
UNIVERSITAS MUHAMMADIYAH SURAKARTA**

2021

APPROVAL

**THE IMPACT OF SHARIA COMPLIANCE, CUSTOMER
SATISFACTION, AND PROFIT SHARING ON CHOOSING AN SHARIA
BANK FOR ENTREPRENEURS IN SURAKARTA**

PUBLICATION ARTICLE

By:

DIMAS KUNCORO

B10A143025

**Approved To Be Examined By Consultant
Faculty Of Economics And Business
Universitas Muhammadiyah Surakarta**

Consultant,

()

Muhammad Sholahuddin, SE, Msi

ACCEPTANCE

THE IMPACT OF SHARIA COMPLIANCE, CUSTOMER
SATISFACTION, AND PROFIT SHARING ON CHOOSING AN SHARIA
BANK FOR ENTREPRENEURS IN SURAKARTA

By:



DIMAS KUNCORO

B10A143025

Accepted By The Board Examiners
Management Double Degree Program
Faculty Of Economics And Business
Universitas Muhammadiyah Surakarta

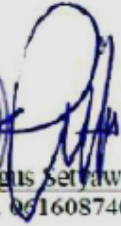
On August 2, 2019

Team of Examiner

1. M. Sholahudin, Ph.D.
(Head of examiners) ()
2. Dr. Jati Waskito, SE, MSi
(Member I of Examiner) ()
3. Kussudyarsana, Ph.D.
Member II of Examiner) ()

Dean Faculty of Economics and Business,




Prof. Dr. Anton Agus Setiawan, S.E., M.Si
NIDN. 0016087401

PRONOUNCEMENT

Herewith, I testify that in this article publication, there is no plagiarism of the previous literary work which has been raised in order to gain bachelor degree of university, nor there are masterpieces that have been written or published by other, except those in which writing are referred in the manuscript and mentioned in literature review and bibliography. If the result of this research is proven as plagiarisms, I will be fully responsible and get the sanction with applicable regulation.

Surakarta, August 2, 2019

The Writer,



DIMAS KUNCORO

B10A143025

FACTORS THAT INFLUENCE STUDENTS IN SURAKARTA IN CHOOSING ISLAMIC BANKS

Abstrak

Tujuan dari penelitian ini adalah untuk menganalisis pengaruh kepatuhan syariah, Kepuasan Nasabah, dan bagi hasil terhadap keputusan nasabah membuka rekening di bank. Kepatuhan syariah tidak berpengaruh signifikan dan positif terhadap keputusan konsumen dalam membuka rekening di bank syariah. Kepuasan Nasabah dan bagi hasil berpengaruh signifikan dan positif terhadap keputusan konsumen dalam membuka rekening pada bank syariah.

Kata Kunci: kepuasan nasabah kepatuhan syariah, dan bagi hasil.

Abstract

The purpose of this research is to analyze the influence of sharia compliance, Customer Satisfaction, and profit sharing on customers' decision to open account at the bank. Sharia compliance does not have a significant and positive influence on consumers' decision in opening an account at the Islamic banks. Customer Satisfaction and profit sharing have a significant and positive influence on consumers' decision in opening an account at the Islamic banks.

Keywords: sharia compliance customer satisfaction, and profit sharing.

1. INTRODUCTION

As one of the world's major religions (Abou-Youssef, Kortam, Abou-Aish, & El-Bassiouny, 2015), Islam is growing rapidly, with about 1.57 billion adherents worldwide (El-Bassiouny, 2014). The Islamic banking (IB) industry is also growing at a similar pace (Al-Salem, 2008; Abou-Youssef, Kortam, Abou-Aish, & El-Bassiouny, 2015). There are approximately 420 Sharia financial institutions in 75 Muslim and non-Muslims countries across the world (Souiden & Rani, 2015). Indonesian Islamic banking is also expanding rapidly again after entering the 3rd decade. Up until April 2016, the number of Islamic banks in Indonesia totaled 199 consisting of 12 Islamic Commercial Banks (BUS), 22 Islamic Business Unit (UUS), and 165 Islamic Rural Banks.

In the world of banking, Islamic banking is a relatively new service industry, where Islamic banks apply Islamic laws or regulations that exist in any banking activity and avoid restrictions that are in Islamic law, which is transaction of usury. Seeing competition in the world of business and services increasingly

tight, so Islamic banks should really know the right strategy to win the competition.

Therefore, to improve its operational performance, Islamic banking seeks to serve the needs of the community widely and thoroughly. Islamic banks must pay attention to their consumer behavior which reflects why customers make a purchase of services and how customers choose and purchase the products both savings or loans so as to increase the effectiveness of bank performance.

In general, the potential consumers will save money by choosing a bank that can provide profits and ease. Each customer will notice and consider the specific factors that contribute to decide in saving. Islamic banking is a Bank whose system is developed based on Islamic law or rules. In Islamic banking system based on the prohibitions in Islam, namely the prohibition of lending or saving money with interest or often called usury. Factors that affect consumers in choosing among Islamic banks, Islamic principles of suitability in Islamic banks or often referred sharia compliance.

Especially in the countries with dominant Muslim populations (such as Indonesia), there are clear indications that bank compliance with Islamic principles or are in accordance with Sharia as a strong motivator that supports the adoption of 3 consumer products that are in accordance with Sharia. Various studies found that the customer behavior in choosing Islamic banking is one of the factors that is the suitability of sharia compliance (Anamitra, Jabeen, & Rajaguru, 2018) found that consumer expectations regarding the suitability of the Bank's operations with Islamic principles had an influence on consumer's decision in opening an account at Islamic banks. (Gampito & Afridawati, 2017) also stated that sharia compliance has a positive influence on consumers' decision in opening an account at Islamic banks.

Various studies found that the customer behavior in choosing Islamic banking is one of the factors that is the suitability of sharia compliance (Anamitra, Jabeen, & Rajaguru, 2018) found that consumer expectations regarding the suitability of the Bank's operations with Islamic principles had an influence on consumer's decision in opening an account at Islamic banks. (Gampito & Afridawati, 2017) also stated that sharia compliance has a positive influence on consumers' decision in opening an account at Islamic banks.

In addition to the suitability of the application of the sharia principles or compliance with Islamic Banks, Customer Satisfaction is also one of the factors that influence consumers' decision in selecting and opening an account at the Islamic Banks. In Indonesia, it consists of 34 provinces, 98 cities, 415 districts, and in each district there are several villages. Not all people live in the city, there

are some people who live in the village. Therefore, Customer Satisfaction greatly affects consumers' decision in selecting and opening an account at the Bank. A lot of banking in Indonesia

Customer Satisfaction in the village, especially Islamic banks. (Kaufman, 1967) states that a factor in selecting of banks, consumers pay attention to the distance between the location of the home or place of business and the bank. (Arora, Cavusgil, & Nevin, 1985) also argued that the selection of banking services determined by accessibility reliability, ease of transaction.

Customer Satisfaction is also one of the factors that influence consumers' decision in selecting and opening an account at the Islamic Banks. In Indonesia, it consists of 34 provinces, 98 cities, 415 districts, and in each district there are several villages. Not all people live in the city, there are some people who live in the village. Therefore, Customer Satisfaction greatly affects consumers' decision in selecting and opening an account at the Bank. .

A lot of banking in Indonesia Customer Satisfaction in the village areas, especially Islamic banks. (Kaufman, 1967) states that a factor in selecting of banks, consumers pay attention to the distance between the location of the home or place of business and the bank. (Arora, Cavusgil, & Nevin, 1985) also argued that the selection of banking services determined by accessibility reliability, ease of transaction.

Profit sharing is also one of the factors affecting consumers in opening an account at the bank. The principles of implementing Islamic financial institutions have resulted in the fundamental between Islamic banks and conventional banks, namely the prohibition of interest in Islamic banks (usury), as a bank interest system adopted by conventional banks, so that the operational activities of Islamic banks adhere to the system for the results. Understanding the profit sharing system is a system of agreements or mutual bonds in doing business. In this business, it is agreed that the profit sharing will be obtained between the two parties or more. Profit sharing in Islamic banking system is a distinctive feature that is offered to the public and within the rules of the Islamic banking relating to sharing of business results must be specified in advance at the beginning of the contract. Determination of the magnitude of the portion for results between the two parties is determined according to agreement with, and must occur with the availability (An-Tarodhin) on each party without any element of coercion. Various studies found that the behavior of customers in choosing Islamic banking is one of the factors which is the suitability of profit sharing. According to (Maski, 2010), the profit-sharing system has a positive influence on consumer decisions in opening account and research from (Wahab, 2016) also state that profit sharing has a significant effect on consumers' decision to open account at Islamic banks.

Therefore, the researcher wants to investigate the influences of the sharia compliance, customer satisfaction, and profit sharing in opening bank account at Islamic banks.

2. METHOD

This study included in quantitative study. The type of this study is causal research, where the researcher will test a specific hypothesis and assess certain correlation. This study took place in Surakarta areas.

The population of this study was all students students that using Islamic Bank services in Surakarta The sample of this research were 255 respondents, and the sample consisting of 68 male (26.7%) and 187 female (73.3%). The sampling method that used in this research is probability sampling, where it is proportional stratified random sampling.

3. FINDINGS AND DISCUSSION

The sharia compliance variable is known from a significant value smaller than 0.05 ($0.060 > 0.050$). Therefore, is accepted and is rejected, which means that the sharia compliance variable does not have a positive and significant effect on consumer's decision in opening an account at Islamic banks.

Based on these results, sharia compliance variable does not have a positive and significant influence on consumer's decision in opening bank account at Islamic banks. This contradicts to the research of (Ullah & Lee, 2012) which found that consumers' views on the suitability of the principles of Islamic banks have a positive influence on consumer's decision in opening bank account at Islamic banks, and according to the research of (Anamitra, Jabeen, & Rajaguru, 2018), consumer expectations regarding the suitability of the bank's operations with sharia principles have an influence on consumer's decision in opening an account at Islamic bank. Gampito and Afridawati (2017) also state that sharia compliance has a positive influence on consumer's decision in opening bank account at Islamic banks. Sharia compliance variable does not have an influence on consumer decisions in opening bank account at Islamic banks, because there are many people who do not know or understand about sharia compliance in Islamic banks. Based on data from the Otoritas Jasa Keuangan (OJK), we can see that people are more interested in opening accounts at conventional banks for now with evidence that the number of deposits in conventional banks always increases every year, in 2015 the number of deposits in conventional banks is 598,324 million and in 2019 in January the number of deposits in conventional banks was

853,038 million. While the number of deposits in Islamic banks also increases every year, but in December 2018 to January 2019 the number of deposits in Islamic banks has decreased, with the amount of deposits in December 2018 being 85,898 million and the number of deposits in January 2019 was 84.821 million.

The variable availability of customer satisfaction is known from a significant value smaller than 0.05 ($0.020 < 0.050$). Therefore, is rejected and is accepted, which means that the variable availability of Customer Satisfaction has a positive and significant influence on consumer's decision in opening bank account at Islamic banks.

Based on these results, the Customer Satisfaction variables that are positive and significant indicate that Islamic banks have good and adequate Customer Satisfaction's, branch offices because Customer Satisfaction in Islamic banks always increases. Based on data in the Financial Services Authority (OJK), we can see that Customer Satisfaction in Islamic Bank in 2016 , 2,567 is satisfied and in January 2019 there were 2,801 Customer Satisfaction in Islamic Bank is satisfied. This research is in accordance with research of (Kaufman, 1967), factors in the selection of banks, consumers pay attention to the distance of the location of the home or place of business with the bank. This research is in accordance with research of (Yani, Lestari, Amalia, & Puspita, 2018) which states that the consumer's perception. The results of this research are different from the research conducted by (Wahyudi, 2013) which states that Customer Satisfaction does not have a positive influence on consumer's decision in opening bank account at Islamic banks

The variable profit sharing is known from a significant value greater than 0.05 ($0.000 < 0.050$). Therefore, is rejected and is accepted, which means that the profit sharing variable has a positive and significant influence on consumer decisions in opening bank account at Islamic banks.

Based on these results, the profit sharing variable has a positive and significant influence on consumer decisions in opening bank account at Islamic banks. This research is in accordance with the research of (Maski, 2010) who found that the profit sharing system has a positive influence on consumer decisions in opening accounts. (Wahab, 2016) also states that profit sharing has a significant effect on consumer's decision to open bank account at Islamic banks.

The Sharia Compliance variable does not have a positive and significant influence on consumer's decision to open bank account at Islamic banks. The variable Customer Satisfaction has a positive and significant influence on consumer's decision to open bank account at Islamic banks. The Profit Sharing variable has a positive and significant influence on consumer's decision to open

bank account at Islamic banks. The F-test analysis results obtained that was rejected, which means that the variables of sharia compliance Customer Satisfaction, and profit sharing jointly affected the consumer's decision to open bank account at Islamic banks. The results of calculation is obtained in multiple regression analysis, this means that 22.9% of the consumer's decision variables can be explained by the variables 8 of sharia compliance, Customer Satisfaction and profit sharing. While the remaining 77.1% is explained by other factors.

4. CLOSING

Based on the results of the data analysis, the author can conclude some conclusions as follows.

The Sharia Compliance variable does not have a positive and significant influence on consumer's decision to open bank account at Islamic banks. The variable Customer Satisfaction has a positive and significant influence on consumer's decision to open bank account at Islamic banks. The Profit Sharing variable has a positive and significant influence on consumer's decision to open bank account at Islamic banks. The F-test analysis results obtained that was rejected, which means that the variables of sharia compliance Customer Satisfaction, and profit sharing jointly affected the consumer's decision to open bank account at Islamic banks. The results of calculation is obtained in multiple regression analysis, this means that 22.9% of the consumer's decision variables can be explained by the variables 8 of sharia compliance Customer Satisfaction, and profit sharing. While the remaining 77.1% is explained by other factors.

Research limitations, after all analysis done in this research This study is limited by three factors are sharia compliance Customer Satisfaction, and profit sharing on consumer's decisions to open bank accounts in Islamic banks. If a variable is added, then the expected results of the research can be obtained better. This research is limited to the sample used are Entrepreneurship in Surakarta who use or open bank account at Islamic banks.

Suggestion, based on the result of the study, there are some recommendations explained as follows for next researcher is Islamic bank companies should provide socialization or education about sharia compliance in Islamic banks to the public so that people are more aware of Islamic bank, and make people more interested in opening bank account at Islamic banks. For future research, it is better to add variables that are used not only sharia compliance, Customer Satisfaction, and profit sharing in influencing consumer decisions in opening bank account at Islamic Banks and the samples not only focused on

Entrepreneurship in Surakarta, but all people in Surakarta or in Indonesia that use or open bank account at Islamic Banks.

REFERENCES

- Abou-Youssef, M., Kortam, W., Abou-Aish, E., & El-Bassiouny, N. (2015). Effects of religiosity on consumer attitudes toward Islamic Banking in Egypt. *International Journal of Bank Marketing*, 36 (6), 786-807.
- Al-Salem, F. (2008). The size and scope of the Islamic finance industry: an analysis. *International Journal of Marketing*, 25(1), 124-130.
- Anamitra, S., Jabeen, F., & Rajaguru, R. (2018). What drives consumer choice of Islamic banking services in the United Arab Emirates? *International Journal of Islamic and Middle Eastern Finance and Management*.
- Antonio, M. S. (2001). *Bank Syariah dari Teori ke Praktek*. Jakarta: Gema Insani