

Enhancing Student Engagement with Indonesian Sharia Banking: The Role of Sharia Financial Literacy

Amrin

Universitas Islam Negeri Syarif Hidayatullah Jakarta, Indonesia

Article History

Received : 07/12/2022

Revised : 14/04/2023

Accepted : 20/05/2023

Published: 30/05/2023

Keywords:

Literacy, PTKIN, Sharia,
Bank Products

DOI :

10.54045/jeksyah.v3i01

Corresponding author:

amrinamar96@gmail.com

Author's email:

amrinamar96@gmail.com

Paper type:

Research paper

Abstract :

The purpose of this study was to find out and analyze the influence of the level of Islamic financial literacy on the interest in using Bank Syariah Indonesia products. This study uses quantitative research with associative types. The data collection technique uses a questionnaire with a population of all Islamic banking students class of 2021, Faculty of Economics and Islamic Business, UIN Syarif Hidayatullah Jakarta. The sampling technique used purposive sampling with the criteria of students who did not have accounts at Islamic banks, namely as many as 67 people. The analysis technique used is simple regression analysis with the help of SPSS version 20 software. The results showed that first, Islamic financial literacy level has a positive and significant effect on students' interest in using Islamic bank products with a t count of 7.964 (> 1.99714) and a significance value of 0.000 (< 0.05). The coefficient of determination (R^2) is 0.494 which means that the ability of Islamic financial literacy to explain students' interest in using Islamic bank products is 49.4%. Second, the better the Islamic financial literacy level of a student, the higher the interest in using products at Islamic banks. Thus, Islamic financial literacy is needed with high intensity so that it provides benefits for students and the wider community.

Introduction

Islamic banks are financial institutions engaged in services that collect and distribute funds based on sharia principles (Ana & Wan Ahmad, 2020). The development of Islamic banks from year to year has increased quite well, seen from the formation of BSI (Bank Syariah Indonesia) in 2021 which is a merger between 3 banks namely Bank Rakyat Indonesia Syariah (BRI Syariah), Bank Syariah Mandiri (BSM) and Bank Negara Indonesia Syariah (BNI Syariah) (Salim et al., 2022).

This development was not accompanied by an increase in the market share of sharia banking. The market share of Islamic banking is still in the range of 5.99%, while the market share of conventional banking is in the range of 93.89% (Effendi et al., 2020). This shows that the market share of Islamic banking is far behind compared to conventional banking. Even though we know that most Indonesian people are dominated by Muslim communities, this shows that the potential for developing Islamic banking, especially Islamic banks, is quite large (Muslichah & Sanusi, 2019).

Based on the latest survey by the Financial Services Authority, financial literacy in Indonesia has increased and is now in the range of 40% in 2020 (Agustin & Hakim, 2022). With the increasing level of public financial knowledge, it is hoped that more people will decide to use Islamic banking products. As it is known that the level of use of technology in society has increased (Amrin, Priyono, et al., 2022). A special strategy is also needed to increase financial literacy, especially through the internet. So that people know a lot about Islamic finance (Saifurrahman & Kassim, 2021).

Financial literacy is closely related to the welfare of an individual. Financial knowledge and skills in managing personal finances are very important in everyday life, financial literacy helps individuals avoid financial problems (Fauzi, 2020). Financial difficulties do not only occur due to low income (Muthoifin et al., 2022). Financial difficulties can also arise if there is an error in managing finances (miss management), such as misuse of credit, and the absence of financial planning. Financial limitations can cause stress and low self-confidence (Muslichah & Sanusi, 2019).

The existence of financial knowledge and financial literacy will assist individuals in managing personal financial planning so that these individuals can maximize the value of their time and profits will be greater and improve their standard of living (Agustin & Hakim, 2022). A student who still does not understand enough about financial management carried out by sharia principles can be caused by a lack of good financial education in formal education and informal education (Salim et al., 2022).

Formal education is obtained from schools and universities, while informal education is determined by parents in providing examples of family financial management (Amrin, Yono, et al., 2022). The growing knowledge about finance should also be balanced with a more effective attitude in financial management for the sake of realizing social welfare and minimizing the occurrence of negative cash flow problems (Falevy et al., 2022). Therefore, knowledge and understanding of Islamic financial literacy is the most effective thing and must be owned by each individual (Amrin & Amirullah, 2022).

Currently, there are more and more public and private universities in Jakarta, one of which is the State Islamic University of Syarif Hidayatullah Jakarta. This Islamic university has to learn financial literacy supported by the Faculty of Economics and Business in the Islamic banking study program which will facilitate access to education (Al-Qosimi et al., 2022). Islamic banking students study financial institutions, financial products, and specific ways of managing finances every day to better understand how to manage finance based on sharia or Islam. This study program plays a very important role in increasing student finance understanding rates and providing education to the general public (Wijanarko & Rachmawati, 2020).

Interest in saving is an important part of consumer behavior in assessing, obtaining, and using goods and services. economy. According to Rambat Lupiyoadi, the factor that influences interest is the marketing mix is something very influential on companies in marketing products and services. Apart from that, another factor is needed. Needs are something that humans need to survive and to obtain comfort, welfare, and survival (Amrin, Supriyanto, 2022).

Financial education in the tertiary environment, especially among FEBI students, has applied sharia principles, but only theory is obtained, while practice is still not a priority. If we look at the FEBI environment, UIN Syarif Hidayatullah Jakarta already has facilities such as Conventional and Sharia Bank Units which should be able to improve individual student finances. Effective and efficient learning about finance will help students understand, evaluate, and take action in their financial interests (Ruwaitdah, 2020).

The FEBI environment of UIN Syarif Hidayatullah Jakarta with the existence of a Sharia Bank Unit, of course, makes it a facility that students can choose to invest in savings or other forms. Within the Islamic Faculty of Economics and Business, there is an Islamic banking study program that studies financial institutions, financial products, and how to manage finances in a specific way every day to better understand how to manage finances. This study program plays a very important role in seeking to increase Islamic financial literacy in students, especially Islamic banking students as the front door in conducting or providing financial education to other students within the UIN Syarif Hidayatullah Jakarta environment.

Research Methods

This study uses quantitative associative research to know the relationship between two or more variables (Sugiyono, 2018). In this case, what we want to know is whether Islamic financial literacy affects student interest. The population used in this research is Islamic banking students of the Faculty of Islamic Economics and Business (FEBI) State Islamic University (UIN) Jakarta class of 2021 with a total of 205 people.

The sampling technique used is the purposive sampling method, where this technique is sampling technique by providing several characteristics or criteria that must be possessed by prospective respondents (Sugiyono, 2018). The criteria for respondents in this study were FEBI students class of 2021 who did not yet have an account at an Islamic bank because respondents in this batch were considered to have fairly good knowledge of Islamic finance. The sample size in this study was determined by the solving formula as follows: $n = \frac{N}{1 + Ne^2}$ Description: n = Number of Samples N = Total Population E^2 = Error level (error rate) So the number of samples in this study are: $n = \frac{205}{1 + 205(0.1)^2} = 67.21$ Because the number of samples is 67.21, it is rounded up to 67 respondents (students of Islamic banking). The data collection technique in this study was the distribution of online questionnaires to respondents. The analysis technique used is simple regression analysis with the help of SPSS version 20 software.

Results and Discussion

Characteristics of respondents in this section the researcher will discuss the characteristics of respondents based on gender and age. This research was conducted on all students of the Islamic Banking Department class of 2021, Faculty of Islamic Economics and Business, UIN Syarif Hidayatullah Jakarta, with a total of 67 respondents.

Table 1. Characteristics of Respondents by Gender

No	Gender	Frequency
1	Man	18
2	Woman	48
Amount		67

Table 2. Characteristics of Respondents by Age

No	Age	Frequency
1	21	10
2	22	46
3	23	10

4	24	1
Amount		67

Normality Exam

The normality test was carried out with the One Sample Kolmogrov-Smirnov statistical test. The following are the results of the normality test.

Table 3. Normality Test Results One-Sample Kolmogorov-SmirnovTest

		Unstandardized Residual
N		67
	Means	OE-7
Normal Parameters, b	std	3.15233374
	Deviation	3
Most Extreme Differences	absolute	,069
	Positive	,069
	Negative	,069
Kolmogorov-Smirnov		,563
Asymp. Sig.(2-tailed)		,909

a. Test Distributions Normal

b. Calculated From Data

Based on Table 3 the normality test was carried out using the Kolmogorov-Smirnov statistical test, the Kolmogorov-Smirnov value was 0.563 and a significant value was 0.909 or greater than 0.05, so it was concluded that the data was normally distributed.

Heteroscedasticity Test

Table 4. Heteroscedasticity Test Glejser

Model	Coefficients			Q	Sig.
	Unstandardized Coefficients		Standard sized Coefficients		
	B	std. Error	Betas		
(Constant)	5,272	2,082		2,533	,014
Sharia financial literacy	-.079	.058	-,168	1,370	,175

a. DependentVariable:Abs_RES

The output results of the heteroscedasticity test using the Glejser test, namely the Islamic financial literacy variable has a significant value of 0.314 > 0.05. Where the value of

the independent variable with absolute residual is greater than 0.05, there is no heteroscedasticity problem.

Simple Regression Analysis

Table 5. Simple Regression Analysis Results

Model	Coefficients				Sig.
	Unstandardized Coefficients		Standard sized Coefficients	T	
	B	std. Error	Betas		
(Constant)	10.141	3,372		3,007	,004
Sharia financial literacy	-,747	,094	-,703	7,964	,000

a. Dependent Variable: Student Interests

Based on Table 5, a simple regression equation can be formulated as follows: $Y = 10.141 + 0.747 X + e$ (Where: Y: variable of student interest in using Islamic bank products. X: Islamic financial literacy variable e: error).

Based on the model formula above, the explanation regarding the relationship between the dependent variable and the independent variable is as follows: a. The constant (a) obtained is 10.141 b. The coefficient value of the Islamic financial literacy variable (X) is 0.747, which means that if Islamic financial literacy increases by one unit, it will cause students' interest in using Islamic bank products to increase by 0.747 (74.7%) assuming other variables are considered constant. It also states that the Islamic financial literacy variable has a positive effect on students' interest in using Islamic bank products.

T Test (Partial)

Statistical tests are used to test whether there is foreign influence on each independent variable (Islamic financial literacy to the dependent variable (student interest)).

$$T \text{ table} = t (\alpha/2 : nk-1) = t (0.05/2 ; 65) = t (0.025 ; 65) = 1.99714$$

Based on the "t" distribution table, $t_{0.025,65} = 1.99714$ is obtained. Besides that, it can use research significance < 0.05 .

Table 6. T Test Results (Partial)

Model	Coefficients				Sig.
	Unstandardized Coefficients		Standard sized Coefficients	t	
	B	std. Error	Betas		
(Constant)	10.141	3,372		3,007	,004
Sharia financial literacy	,747	,094	,703	7,964	,000

a. Dependent Variable: Student Interests

It is concluded that the t-test (partial test) can be seen that the Islamic financial literacy variable (X) obtains a t_{value} of 7.964 and a t_{table} of 1.99714 so that $t_{\text{count}} > t_{\text{table}}$, with a significant value of 0.000. The significant value is less than 0.05 ($0.000 < 0.05$). Then H_a accepted, meaning that the Islamic financial literacy variable (X) influences students' interest in using Islamic bank products (Y).

Determination Test (R2)

Table 7. Determination Test Results (R2)

Summary model b				
Model	R	R	AdjustedR Square	std. The error in the Estimate
1	,703a	,494	,486	3,176

a. Predictors:(Constant),Sharia financial literacy

b. Dependent Variable: Student Interests

Based on the results of the calculation of the R^2 test, it can be seen that the magnitude of the contribution of Islamic financial literacy (X) to students' interest in using Islamic bank products (Y) is 0.494. That is, the magnitude of the ability of the Islamic financial literacy level variable in explaining student interest in using Islamic bank products is 49.4%, while 50.6% is influenced by other variables outside the research.

Discussion

Based on the results of the regression analysis carried out in this study, the following can be explained:

1. The coefficient of determination test obtained an R square value of 0.494. That is, the magnitude of the ability of the Islamic financial literacy level variable in explaining the test variable for the coefficient of determination obtained an R square value of 0.494. That is the magnitude of the ability of the Islamic financial literacy level variable in explaining variables.
2. From the results of the t statistical test, hypothesis testing is carried out by comparing t_{count} and t_{table} , the Islamic financial literacy variable (X) can be seen to obtain a t_{count} of 7.964 and a t_{table} of 1.99714 so that t_{count} is greater than t_{table} ($7.964 > 1.99714$) with this a significance value of 0.000, the significant value is less than 0.05. Then H_0 is rejected, meaning that the Islamic financial literacy variable (X) has a positive and significant effect on students' interest in using Islamic bank products (Y). This means that the higher the level of Islamic financial literacy of a student, the better the student's interest in using Islamic bank products, or in other words the respondents already know about basic knowledge of Islamic finance, legal basis, and products in Islamic banks.
3. It is also concluded that universities that have special courses related to Islamic financial literacy such as Islamic banking have a large contribution to the development of Islamic financial institutions, one of which is Islamic banking. Where students who are under

the auspices of this study program have quite good knowledge of Islamic finance which can later become a bridge to educate the public about Islamic financial literacy.

Conclusion

Based on the results that have been obtained through the results of the analysis that has been carried out both descriptively and statistically, it can be concluded that: Islamic financial literacy has a positive and significant effect on students' interest in using Islamic bank products, specifically Islamic banking students of the Faculty of Islamic Economics and Business, UIN Syarif Hidayatullah Jakarta, Based on the results of the t statistical test show that the better the level of Islamic financial literacy of a student, the higher the interest in using products in Islamic banks. Islamic financial literacy also provides good benefits for Islamic financial services, considering that social and financial institutions need each other.

Acknowledgements

Thanks to Allah SWT for the author's permission to complete this article. The author also expresses his gratitude to the Islamic banking students of the Faculty of Islamic Economics and Business (FEBI) State Islamic University Jakarta, who has for information for writing the article. Hopefully, this will be useful for work worthy of world reading.

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