



Determinants of Customers Decision to Choose an Islamic Bank

Indah Sari

Fakultas Ekonomi dan Bisnis Islam, UIN Syahada Padangsidimpuan, Indonesia

Corresponding Author: indah_5@yahoo.com

Abstract

The formulation of the research problem is whether there is an influence of location, service, and promotion on customer decisions in choosing a sharia bank. The discussion in this study is a theory related to location, service, promotion, and customer decisions. This research is a quantitative study, the data source is primary data, data collection using questionnaires and interviews. The research sample consisted of 30 samples with saturated sampling technique, the research analysis used statistics, namely SPSS 20. The results of the study it was found that the variable location had an effect on customer decisions in choosing Islamic banks while the service and promotion has no effect on customer decisions. Then based on the results of the F test, it is known that the variables of location, service, and promotion affect customer decisions in choosing Islamic banks in the Nagasaribu village, Kec. Padang Bolak Tenggara.

Keywords:

Location; Service; Promotion; Customer decision

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1. Introduction

According to Law no. 21 of 2008 concerning Islamic banking laws in Indonesia that Islamic financial institutions are bodies or institutions whose activities collect funds from the public and distribute them to the community also based on sharia principles and regulate the type of business, provisions for implementing sharia, business feasibility (Ahmad Rodoni, 2015 : 102).

Islamic bank is a financial institution that has the function of collecting public funds and then channeling them to the public and providing bank services. Islamic banks whose entire activities are based on sharia law and do not charge interest but are profit sharing between the two parties concerned (Ismail, 2011 : 32). There are several factors that influence customer decisions in choosing

Islamic banks, namely education, products, locations, services, and promotions (Sudaryono, 2016 : 100).

The researcher took the object of research in the Nagasaribu village, Kec. Padang Bolak Tenggara, from Nagasaribu village to Islamic banks, has a distance of about 1 hour. The Nagasaribu village community predominantly uses cooperatives rather than Islamic banks, even though the community is disadvantaged by the return of loan money. Apart from the location that influences the customer's decision to choose an Islamic bank, services also influence the customer's decision to choose an Islamic bank. The duty of an employee is to provide the best service and satisfaction to customers without discriminating to attract people to become customers in Islamic banks. Good service will also provide good feedback, of course services without promotional assistance will be reduced in collecting and distributing funds to prospective customers. Introducing an Islamic bank product for the public to know and providing price clarity, product advantages, how to use the product through promotion (Budi Gautama Siregar, 2016 : 13).

The population of the Nagasaribu village is 2,797, people with 11 hamlets and the entire population is Muslim, but in fact, the community prefers cooperatives to Islamic banks where people should prefer Islamic banks to cooperatives. And in the village of Nagasaribu they conduct recitations once a week and once a month a grand recitation which automatically means that the community understands usury, which is strictly prohibited in Islam.

2. Literature Review

Customer Decision

A decision is the behavior or action of two or more alternatives, in other words, a person must decide between two or more choices, for example, if a person is faced with two choices between becoming a customer or not, and he chooses to become a customer, he has already made a decision (Sudaryono, 2016 : 154). Decision making is determining an opinion or the course of an action that is carried out, it is a psychological and creative event in thoughts, feelings and knowledge together to make an action or action (Nana Herdiana Abdurrahman, 2017 : 17). A customer is a person or group who uses an item or service that is used in their lives to meet their needs, which can be short term or long term so that it requires serious attention and care for the customer to survive (Nofinawati, 2019 : 10).

So it can be concluded that the customer's decision is the decision of a person or group of people to choose something for the benefit of meeting their needs in the field of goods or services.

1. Stage of decision making

- a. Introduction of needs
- b. Search for information
- c. Evaluation of alternatives
- d. Buyer's decision
- e. Consumption after purchase and evaluation.

2. Factors influencing the decision

- a. Environmental factors such as the level of demand from customers, economic conditions, political developments.
- b. Organizational factors such as organizational structure, marketing systems, these things to know someone's decision making.
- c. Inter-individual factors, such as authority, status, usually involve several people who have interests and skills in persuading their customers.

- d. Individual factors, such as age, salary, personality which a person considers according to his personal needs.ya.

Location

Location is one of the factors that attracts the community and brings together customers and banks in conducting transactions as well as a place for activities to collect public funds, distribute public funds and provide services to the community (Herry sutanto and khaerul umam, 2013 : 311). So it can be concluded that the location is the place that becomes the marketing center where customers and the bank meet and make transactions, and the location of the bank must be strategic so that it makes it easier to collect funds and distribute funds to the public.

1. Location Determination Considerations

- a. Close to factory area or industrial areas
- b. Close to school
- c. Close to the market
- d. Close to the office area
- e. Close to people's homes
- f. Consider competitor locations

2. Location Strategy objective

- a. Facilitate the public to carry out financing and business activities related to banks.
- b. Facilitate the bank to use technology in providing fast service to customers
- c. Facilitate customers in the queue when making transactions so that customers are served well.
- d. Providing convenience to customers, because a convenient location makes people more interested in joining the bank.

Service

Service can also be interpreted as any act of helping, assisting, facilitating, pleasing and beneficial to others. Customer service is a series of activities, attitudes and behavior of bank officers in accepting the presence of customers or consumers. While excellent service is a term for excellent service which literally means very good service or the best service, excellent service is said to be able to satisfy the customer or consumer (Erni Trisnawati and Muhammad Hasanuddin, 2016: 131). The conclusion of explanation regarding service is that a person must provide services to the needs of customers or consumers and be able to provide excellent service so that customers or consumers feel happy about our services.

1. Service in Islamic Perspective

Procedures for serving customers or consumers must use good and gentle hospitality in accordance with Q.S Al-Imran verse 159. The paragraph above explains that a person who buys and sells has to be gentle in serving a buyer or customer so that those who receive the service feel comfortable.

2. Types of services

The services are divided into, namely:

- a. Service services
- b. Services related to providing goods
- c. Service is related to both.

Promotion

Promotion is an activity of conveying information to the public, either directly or indirectly, without promotion, it will affect product sales because the public does not know and know the bank, let alone its products (Nur Rianto Al Arif, 2012 : 131). Based on the explanation above, promotion is a means used to convey information about products offered by banks or sellers so that prospective buyers or customers know about these products. The public will know more about a product that we offer with easy-to-see promotions such as brochures, advertisements, and so on.

1. Promotion type

- a. Advertising, namely introducing the product's taste in a long term and efficient way because it can be known by many people and comprehensively to all places
- b. Sales selling (face to face sales), which is an effective way to visit the community directly so that consumers can ask directly about the product
- c. Sales promotion (sales promotion), which means more intensive and communicative
- d. Publicity, namely having a high value of trust can reach many parties.

2. Promotion purposes

- a. Introducing and selling services or products
- b. So that banks can compete with an increasingly competitive market
- c. Selling with goodwill and a good idea about the bank in question.

3. Method

The research location studied in the Nagasaribu village community, Kec. Padang Bolak Tenggara, when the research starts from 3 December 2020 to 30 August 2021. This type of research uses quantitative research because this research uses numbers and is tangible, the quantitative paradigm emphasizes testing theory through measuring research variables with numbers and conducting data analysis with statistic procedure. Retrieval of primary research data using a questionnaire instrument with snowball sampling technique or snowballs.

Data analysis used statistics, namely SPSS version 20. By conducting validity, reliability, t-test, F-test and multiple linear regression analysis. The multiple linear regression equation for research is:

$$KN = \alpha + b_1LK + b_2PL + b_3PM + e$$

4. Result and Discussion

Validity test

The results of the validity test can be seen in the table below.

Table 1. Location Validity Test Results (X_1)

No. Items	rcount value	rtable value	Information
1	0,658		Valid
2	0,748	Valid value if rcount \geq rtable with n=30, and rtable=0.361	Valid
3	0,560		Valid
4	0,774		Valid
5	0,819		Valid
6	0,571		Valid

Source: output of SPSS 20

Table 2. Service Validity Test Results (X₂)

No. Items	rcount value	rtable value	Information
1	0,805	Valid value if rcount ≥ rtable with n=30, and rtable=0.361	valid
2	0,618		valid
3	0,623		valid
4	0,698		valid
5	0,486		valid
6	0,602		valid

Source: output of SPSS 20

Table 3. Promotion Validity Test Results (X₃)

No. Items	rcount value	rtable value	Information
1	0,520	Valid value if rcount ≥ rtable with n=30, and rtable=0.361	valid
2	0,730		valid
3	0,598		valid
4	0,629		valid
5	0,556		valid
6	0,605		valid

Source: output of SPSS 20

Table 4. Test Results for the Validity of Customer Decisions (Y)

No. Items	rcount value	rtable value	Information
1	0,617	Valid value if rcount ≥ rtable with n=30, and rtable=0.361	Valid
2	0,608		Valid
3	0,567a		Valid
4	0,660		valid
5	0,711		valid
6	0,583		valid

Source: output of SPSS 20

Based on the statistical test results, namely SPSS 20, it can be seen that the location, service promotion and customer decision variables are declared valid for all statements.

Reliability test

The reliability test is used to determine the level of constraints or it can be said that the trust in the data generated by the instrument details. A variable is declared reliability if the Conbach Alpha value is > 0.6

Table 5. Reliability Test Results at Locations
Reliability Statistics

Cronbach's Alpha	N of Items
.764	6

Source: output of SPSS 20

Table 6. Reliability Test Results on Services

Reliability Statistics	
Cronbach's Alpha	N of Items
.679	6

Source: output of SPSS 20

Table 7. Reliability Test Results on Promotions

Reliability Statistics	
Cronbach's Alpha	N of Items
.655	6

Source: output of SPSS 20

Table 8 Reliability Test Results on Customer Decisions (Y)

Reliability Statistics	
Cronbach's Alpha	N of Items
.677	6

Source: output of SPSS 20

From the results of data processing through SPSS 20 statistics, it can be seen that for the three variables namely location the Conbach Alpha value is 0.764, the service variable the Conbach Alpha value is 0.679, promotion the Conbach Alpha value is 0.655 and for the customer decision variable the value of Conbach Alpha is 0.677. This indicates that all the Conbach Alpha variables are above 0.6, meaning that all variables are declared reliable.

Classic assumption test

1. Multikolinearitas

To detect the presence of multicollinearity can be seen from the Variance Inflation Factor (VIF). If the VIF value > 10, multicollinearity occurs and vice versa if the VIF value < 10, multicollinearity does not occur..

Table 9. Multicollinearity Test Results

Model	Collinearity Statistics	
	Tolerance	VIF
(Constant)		
Location	.723	1.384
Service	.362	1.451
Promotion	.916	1.092

Based on the results of the multicollinearity test, it is known that the location VIF value is 1.381, the service VIF value is 1.451 and the promotion VIF value is $1.092 \leq 10$. It can be stated that there is no multicollinearity problem.

2. Heteroskedastisitas

Table 10. Heteroscedasticity Test Results

Model	N	Sig.
Location	30	.265
Service	30	.880
Promotion	30	.497

** . Correlation is significant at the 0.01 level (2-tailed).

Based on the heteroscedasticity test above, it was obtained that the significant grade of the location variable was $0.265 \geq 0.05$ then the significant grade of the service variable was $0.880 \geq 0.05$ and the significant value of the promotion variable was $0.497 \geq 0.05$, it was stated that the three variables did not have heteroscedasticity symptoms.

3. Autokorelasi

Table 11. Autocorrelation Test Results

Model Summary ^b					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.913 ^a	.834	.815	1.253	1.958

a. Predictors: (Constant), PM, LK, PL
 b. Dependent Variable: KN

Based on the results of the autocorrelation table for the DW value = 1.958 compared to the significant table value of 0.05 with a total sample of 30 and the independent variable 3 ($k = 3$) = 3.30 so that the two results obtained from the table sign $0.05 = 1.650$ while the DW is higher greater than the limit du and less than $(4-dw) = 4-1.650 = 2.350$ or it can be concluded that $DU < DW < (4-DW)$ is $1.650 < 1.958 < 2.350$ so there is no autocorrelation.

T-test (Partial)

The t statistical test basically shows how far the influence of one independent variable individually explains the variation of the dependent variable. The provisions in the t test are: if $t_{count} < t_{table}$ then H_0 is accepted and H_a is rejected while if $t_{count} > t_{table}$ then H_0 is rejected and H_1 is accepted. The results can be seen in the table below

Table 12. Results of Partial Significance Test (t test) Coefficients^a

Model	T	Sig.
1 (Constant)	2.713	.012
Location	9.369	.019
Service	.928	.362
Promotion	1.458	.157

Based on the table above it can be seen that:

- the results of the t test on the location variable tcount value $9.369 \geq$ ttable value 2.042 and sig value $0.000 \leq 0.05$, then HO1 is rejected and Ha1 is accepted. Southeastern Field.
- the results of the t test on the service variable tcount $0.928 \leq$ ttable 2.042 and sig value $0.316 \geq 0.05$ then HO2 is accepted and Ha2 is rejected so that there is no effect of service variables on customer decisions in choosing Islamic banks in Nagasaribu village, Kec. Southeastern Field.
- t test results on the promotion variable tcount $1.458 \leq$ ttable 2.042 and sig value $0.111 \geq 0.05$ then HO3 is accepted and Ha3 is rejected so there is no influence of the promotion variable on customer decisions in choosing Islamic banks in Nagasaribu village, Kec. Southeastern Field.

F-test

The F statistical test basically shows whether all the independent variables included in the model have a joint effect on the dependent variable. The provisions in the F test are if $F_{count} < F_{table}$ then H0 is accepted and Ha is rejected while if $F_{count} > F_{table}$ then H01 is rejected and Ha1 is accepted and $Sig. < 0.1$ then H01 is accepted and Ha1 is rejected.

Table 13. Results of the f test (Simultaneous)ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	205.029	3	68.343	43.512	.000 ^b
	Residual	40.838	26	1.571		
Total		245.867	29			

a. Dependent Variable: KN
 b. Predictors: (Constant), PM, LK, PL
 Sumber: data diolah dari hasil output SPSS 20

Based on the results of the f test (simultaneous) there is an Fcount value of 43.512 and the Ftable value is seen from the formula with degrees of freedom $df = n - k - 1$, $df = 30 - 3 - 1 = 26$ the value obtained is 2.89. So it was concluded that $F_{count} 44.628 \geq F_{table} 2.89$ and a sig value of $0.000 \leq 0.5$ it can be stated that the HO4 hypothesis is rejected and Ha4 is accepted so that location, service, and promotion have a relationship with customer decisions in choosing Islamic banks in the Nagasaribu village, Kec. Southeastern Field.

Multiple Linear Regression Analysis

Multiple linear regression analysis was used in this study to determine the effect of location, service, promotion on customer decisions in choosing a sharia bank in Nagasaribu village, Kec. Southeastern Field. Can be seen in the following table.

Table 14 Test Results of Multiple Linear Regression Analysis

Model		Unstandardized Coefficients	
		B	Std. Error
3.	(Constant)	6.702	2.471
	Location	.760	.081
	Service	.088	.095
	Promotion	-.113-	.078

Source: data processed from the output of SPSS 20

The results of the multiple linear regression analysis test seen in the table above, it can be concluded that the regression equation is interpreted as follows.

$$Y = \alpha + b_1X_1 + b_2X_2 - b_3X_3$$

$$KN = 6,702 + 0,760 LK + 0,088PL - 0,113PM$$

- a. The constant, or conditional value of the unstandardized coefficients of 6.702 means that the location, service and promotion variables are assumed to be units, meaning that the customer's decision in choosing an Islamic bank in Nagasaribu village, Kec. Padang Bolak Southeast of 6,702.
- b. The regression coefficient value of the location variable is 760, meaning that if the location is assumed to be a unit, it can increase customer decisions by 760, then the regression coefficient is positive and there is a significant relationship between location and customer decisions in choosing Islamic banks in Nagasaribu village, Kec. Southeastern Field.

Discussion

This study entitled determinants of customer decisions in choosing Islamic banks in the village of Nagasaribu, Kec. Padang Bolak Tenggara was then processed using the SPSS version 20 program. Based on the results of the t test and f test in the research, the following results were obtained.

The influence of location on customer decisions in choosing an Islamic bank in Nagasaribu village, Kec. Southeastern Field. Based on the formula for the t test results on the location variable the tcount is $9.369 \geq$ the ttable is 2.042 and the sig value is $0.000 \leq 0.05$, then Ho1 is rejected and Ha1 is accepted indicating the influence of the location variable on customer decisions in choosing an Islamic bank in Nagasaribu village, Kec. Southeastern Field.

The results of the study are supported by Nurcahaya's research entitled The Effect of Marketing Mix on Customer Decisions to Choose Wadiah Savings at Mandiri Syariah Bank KC Padangsidempuan which states that location has a significant effect on customer decisions in choosing wadiah savings at Mandiri Syariah Bank KC Padangsidempuan.

The influence of location, service and promotion on customer decisions in choosing an Islamic bank in Nagasaribu village, Kec. Southeastern Field. Based on the results of the F test with a Fcount value of $44.628 \geq$ Ftable 2.89 and a sig value of $0.000 \leq 0.5$ it can be stated that the HO4 hypothesis is rejected and Ha4 is accepted so that location, service and promotion have a simultaneous influence on customer decisions in choosing Islamic banks in villages Nagasaribu Kec. Southeastern Field.

The results of this study are supported by Ainin Azizah's research entitled Determinants of Customer Decisions Choosing IB Hijrah savings which states that location, service and promotions have an effect on choosing BI Hijrah savings..

5. Conclusion

Based on the results of the research and discussion above regarding the Determinants of Customer Decisions in Choosing an Islamic Bank in the Nagasaribu Village, Kec. Padang Alternating Southeast, the conclusions obtained are:

Location influences customer decisions in choosing Islamic banks in the village of Nagasaribu, Kec. Padang Alternating Southeast because the value of $t_{count} \geq t_{table}$ then H_01 is rejected and H_1 is accepted so that the location has an influence on the customer's decision in choosing an Islamic bank in the Nagasaribu village, Kec. Southeastern Field

Service has no effect on customer decisions in choosing Islamic banks in the village of Nagasaribu, Kec. Padang Alternating Southeast because the value of $t_{count} \leq t_{table}$ then H_02 is accepted and H_2 is rejected so that the service has no influence on customer decisions in choosing Islamic banks in the Nagasaribu village, Kec. Southeastern Field

Promotion has no effect on customer decisions in choosing Islamic banks in Nagasaribu village, Kec. Padang Alternating Southeast because the value of $t_{count} \leq t_{table}$ then H_03 is accepted and H_3 is rejected so that the promotion has no influence on customer decisions in choosing Islamic banks in the village of Nagasaribu, Kec. Southeastern Field

There is a simultaneous influence between location, service, and promotion variables on customer decisions in choosing Islamic banks in Nagasaribu village, Kec. Padang Alternating Southeast because the value of $F_{count} \geq F_{table}$ so it can be stated that the H_04 hypothesis is rejected and H_4 is accepted.

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