

# **The Relationship of Indonesian Sharia Bank with the Interest in Saving of the Muhammad iyah Community (The Implementation of Religiosity Concept: Study at Indonesian Sharia Bank in Medan City)**

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## **Abstract**

The purpose of this study was to look at the relationship between the interest in saving in the Muhammad iyah community at Indonesian Sharia Banks in Medan City, Indonesia. The research method used is descriptive quantitative. The results showed that there is a relationship between Indonesian Islamic banks and the saving interest of the Muhammad iyah community in Medan City, it is proven that 49% of Muhammad iyah citizens save at Bank Syariah Indonesia for more than 5 years. However, the need for hal that will help Muhammad iyah citizens no longer get caught up in un-Islamic financial transactions or services and the Muhammad iyah people fully believe in sharia products and transactions leaving the conventional.

**Keywords:** Bank, Sharia, Saving, Muhammad iyah.

## **Introduction**

A positive social environment towards Islamic banking will certainly support the interest of the citizens of Muhammad iyah Medan City to save in Islamic banks, on the other hand, if their social environment is negative for the products and services of Islamic banks, it will reduce their interest in saving in Islamic banks (Muda et al., 2018). Social groups that support the interest in saving the residents of Muhammad iyah Medan City consist of reference groups, namely people who are in the social environment, their families and the role of their status in their environment. In Islam, if a believer wants to provide goods or services, he should provide something of good quality, not give bad or low quality to others as well as services. As explained in Q.S Al-Baqaaah: 267. In Islam, the four principles of rational choice have not enough because there are still principles that must be corrected and there are several additions (Madnasir and Khoirudin, 2012). namely: The object of the goods and services must be halal and thoyib. The benefits or uses of the goods and services consumed, meaning that they are more beneficial and far from harming both themselves and others and the quantity of goods and services consumed is not excessive and not too little or stingy, but moderate.

## Methods

This research is a quantitative descriptive study. In this study, an analysis will be carried out on consumer behavior factors that play a role in influencing the interest of residents of Muhammad iyah Medan City to save in Sharia banks by prioritizing the role of religiosity as an important factor in building interest in saving and influencing customer behavior, especially Muslims. This model can later become a strategy to increase the number of Islamic bank customers, becoming an input for Islamic banking risk management policies to support the development of Islamic banking in Medan City.

This study also conducts a survey approach to determine the status, symptoms, determine the similarity of status by comparing with standards that have been selected and or determined (Arikonto, 2010). Quantitative descriptive research is research that aims to describe or describe the properties (characteristics) of a state or object of research that has been mentioned. The results are then presented in the form of a research report (Arikonto, 2010). The nature of this research is explanatory research, which is research that intends to explain the position of the variables studied and the relationship between one variable and another. The explanation of the position of these variables is carried out through hypothesis testing (Sugiyono, 2008).

## Discussion

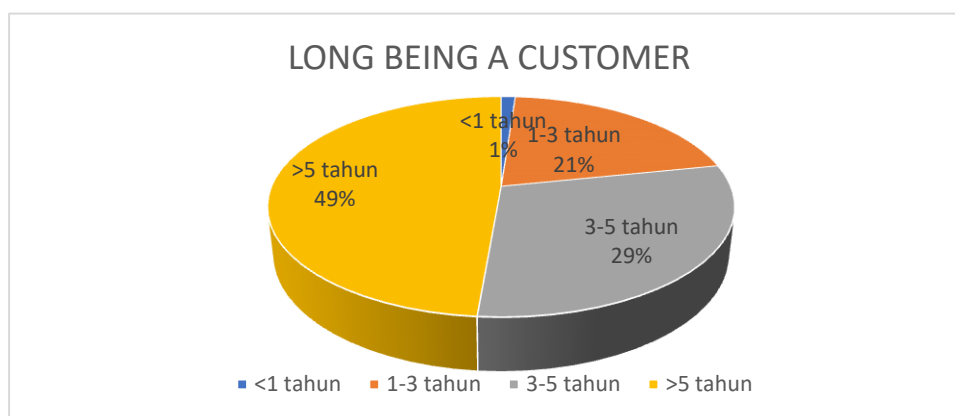
### *Time Interval for Muhammad iyah Residents to Become BSI Customers*

Based on the results of the questionnaire, the characteristics of respondents based on the length of time they became customers of Bank Syariah Indonesia were sampled in this study. The characteristics of respondents based on the length of time they have been customers can be described in the table and figure below:

**Table 1.** *Long time as a BSI customer*

Long Time As A BSI Customer	Total	%
<1 year	3	1
1-3 years	53	21
3-5 years	76	30
>5 years	125	49
<b>Total</b>	<b>257</b>	<b>100</b>

**Source:** *Data Processed (2021)*



**Figure 1.** *Long Time as A BSI Customer*

The data in Table 1 shows data that makes assumptions almost in line and supports respondents' statements of preference for BSI or conventional. It is known that the majority of respondents who are Muhammad iyah residents who become BSI customers, they become BSI customers according to their length of time working or running their business units that implement a payment and payroll system using BSI banking services. Conventional banks themselves also use to accompany BSI services and some even directly transfer all their income from BSI to conventional banks, meaning that BSI accounts are only used as a place to deposit temporary funds that they use.

***Cultural, Social, Personal, Psychological Factors Have a Significant Positive Effect on the Interest of Muhammad iyah Residents in Medan City to Save at Sharia Banks***

a) Cultural Factors have a significant positive effect on the interest in saving in Islamic banks.

The results of the study provide evidence that cultural factors have a significant positive influence on the interest of residents of Muhammad iyah Medan City to save in Islamic banks. The culture of Muhammad iyah residents, which has been the background of daily behavior as Muhammad iyah citizens, has proven to have a strong and real impact on their interest in saving in Islamic banks. The better and more positive the values that are believed to be good Muhammad iyah citizens, the more interest in saving in Islamic banks.

This result is also supported by respondents' statements of cultural variables that fall into the good category. All respondents gave positive responses that they were accustomed to using sharia products because 125 people agreed with this statement. In addition, there were as many as 48 people who expressed disapproval and even neutral as many as 93 people who said they believed that this Sharia product was far from illegitimate values that were not liked by Allah SWT. There are also those who disagree with as many as 100 people that this sharia product brings blessings, and 110 people who state that the environment of Muhammad iyah residents is accustomed to using sharia products. But they strongly agree that Islam is very strict because it prioritizes the values taught in the Quran and Hadith.

As we all know that the majority of Indonesia's population is Muslim. It has become imperative for Muslims to use Islamic principled financial services. Moreover, currently the development of Islamic banking in Indonesia from year to year is quite significant (Sadalia et al., 2018).. There is no longer any reason for the Muslim community not to use the services of financial institutions that are in accordance with sharia principles. The reality shows that the number of Islamic bank customers has increased significantly. Culture as a whole of beliefs, values, and habits learned that help direct the consumer behavior of certain members of society. A similar opinion was put forward by Atmanegara et al (2021) which defines Culture is the complex of beliefs of human societies, their roles, their behavior, their values, traditions, customs and traditions.

It is undeniable that a client is a social being, that is, a being who lives together with other individuals or groups, and interacts with others (Masyithah et al., 2022). The individuals around him are what is called the social environment of the client. Customers interact with each other, influencing each other in shaping behaviors, habits, attitudes, beliefs and values that are considered important. One of the elements of the social environment that exists in a client is the cultural environment. Where culture refers to values, ideas, artifacts and other meaningful symbols that help clients in communicating with others, interpreting and evaluating as members of society. In addition, culture is not only something abstract such

as values, thoughts and beliefs, culture can take the form of material objects and services consumed by certain societies.

Cultural factors are factors that influence Muhammad iyah residents to be interested in saving in Islamic banks because their work environment and social environment are used to Islamic bank products or islamic bank financial services. There are several professions that have a payroll or payroll system with Islamic banks because the company or institution of the Muhammad iyah business unit cooperates with Islamic banks for the entire financial process carried out for operations.

The values that are believed to be Muslims and good citizens of Muhammad iyah also contain the understanding that this Islamic bank product contains values that do not conflict with Islamic values or syar'I values which are clearly halal and far from haram values. Although there are also some respondents who believe that Islamic bank products are not completely halal because there is still an element of usury because it is an adoption of conventional bank products.

In the banking world, there are many factors that cause customers to choose a product/service at the bank according to their choice. Starting from the proximity of the location, satisfactory service, level of security, ease of transaction facilities, public trust, security of funds, technology to interest rates to several other factors (Pranindina' 2022).

Imam Al-Syatibi (d.790 H), in the book of Al-Muwafaqat, said that studying the science of ushul fiqh is something very important and absolutely necessary, because through this science it can be known the content and intention of each postulate of syara" (Quran and hadith) as well as how to apply the sharia postulates in the field. The scholars of ushul fiqh agree that knowledge of maqashid sharia is the main requirement in berijtihad to answer various problems of economic and financial life that continue to develop. Maqāšid Syarī"ah is not only necessary to formulate macroeconomic policies in both monetary, fiscal, and public finance policies, but also to create islamic banking and financial products and other microeconomic theories. In addition, Maqāšid Syarī"ah is also indispensable in regulating Islamic banks and financial institutions.

The basic principle of Islamic sharia according to Ibn al-Qayyim is the wisdom and benefit of mankind in the world and in the Hereafter. This benefit lies in equitable justice, grace (compassion and care), well-being and wisdom. All the problems that change, from justice to wisdom, mercy to violence, welfare to misery, and wisdom to wisdom, then it is all contrary to Islamic sharia. Ibn al-Qayyim added that sharia is the justice of Allah among His servants, mercy for all his citpta, the protection of all that is on the face of the earth, and His wisdom is shown for the truth taught by the Messenger of Allah Saw. Islamic Sharia is also a light for one who is able to see with the eyes of his heart, making instructions for the one who gets hidayah, as a panacea for all liver diseases, and show the straight path for one who is always on the right path. Therefore, Islamic sharia is a source of happiness, comfort of the heart, and tranquilizer of the soul.

Preferences in Islam are studied where a person in using wealth must be careful, the most important thing in this case is the way of use that should be directed to choices (preferences) that contain maslahah (good and benefits). So that the wealth or property can provide benefits for the welfare of the individual (Syawalia, 2015) Preference means the choice or tendency of the individual in choosing products and services, which means the freedom of the individual in choosing. Islam considers freedom as the foundation of human

values and human glory. It is freedom that distinguishes man from other beings. The Quran explains Allah's knowledge and dominion over what He has ordained for man. In addition, the Quran also gives great emphasis to the freedom of choice given to humans. As found in the Quran in Sura An-Najm verse 39 - :42

But in the context of being a Muhammad iyah citizen who is thick with culture or understanding of KeMuhammad iyahan in line with the data that there are 98 people who are lecturers in Muhammad iyah educational institutions have a more dominant income utilized with Islamic financial products and services being the basis that needs must be met. There were even 83 respondents as entrepreneurs who were also more dominant in using financial service products from Islamic banks because fellow business partners who are Muhammdiyah and non-Muhammad iyah residents also use Islamic financial products and services because they believe that Islamic banks apply sharia principles that do not conflict with Islam.

Although there are differences of opinion about this interest, Firstly, the opinion of jumhur ulama argues that bank interest should not be (haram) while, secondly, some scholars including Abdullah Yusuf Ali and Muhammad Asad argue that the forbidden interest is usury that doubles (unnatural), while interest that does not double may, fall into this category of bank interest practiced at this time. This dissent was motivated by mufassirin's differing interpretation of the verses on usury. The expectation of usury (usurios) in Islam is based on moral and humanitarian considerations because the essence of the prohibition of usury is the elimination of all forms of economic practices that give rise to tyranny and injustice. And the impact of interest on commerce will lead to a slowdown in economic growth (Kalsum. 2014).

Culture as a factor that plays an important role in consumer behavior. Culture becomes the most fundamental cause for satisfying one's wants and needs. Culture is a collection of basic values, perceptions, desires and behaviors learned by a member of society from the family and other important institutions. Culture is a consideration to determine the influence of customer preferences in making decisions on the choice of service that suits the needs by looking at cultural characteristics (Wahono, 2002)

Islamic banks must involve cultural elements in influencing Muhammad iyah citizens who actually understand that islamic bank savings products are part of the behavior as Muslims who believe that Islamic banks apply sharia principles in all banking products and services as well as the principles believed so far by the residents of Muhammad iyah Medan City. According to RivaiVeithzal, and Idroes (2007) the existence of banks in the modern economy is a necessity that is difficult to avoid because banks have touched on all the needs of society. People believe in keeping their money in the bank because in addition to being safe, the money can generate interest, as well as people who need funds will find it easier to come to the bank than to find people (ijon, loan sharks and the like) who provide funds to those who need them (Betavia et al., 2022). It is further explained that the bank as a trust institution is not only needed or beneficial to individuals and society as a whole, but also plays a role in the growth and development of a country's economy. In addition, banks can also help facilitate transaction, production, and consumption activities through their function as an institution that carries out payment traffic. Similarly, banks also play a role in implementing monetary policy, and the effectiveness of monetary policy can be well influenced by the health and stability of the banking business.

In line with the research carried out by Howard and Sheth that the most fundamental characteristics influencing customer preferences in decision making are explicitly determined

by four characteristics namely cultural, social, personal, and psychological (Howard, 1998). In detail it is stated that the characteristics of culture are determined by the basic values, attitudes, principles and norms that must be understood in staging an ingrained culture of behavior. Social characteristics are determined by the interaction and the various changes that occur based on the existence of the family, social status and social class that show differences in their interactions and changes. Personal characteristics are determined by the influence of age in the form of age which provides personal differences between young and old ages, including work affects the personal implementation of customers between those who have jobs and those who do not have jobs, so that there are differences in the lifestyle of each customer. Psychological characteristics, customer preferences are determined by the motivation and perception to perform a behavior. The five things mentioned above are characteristics that influence customer preferences towards making the decision to choose a good or service.

Likewise, The research supports this research that preferences for goods and services are influenced by four factors, namely Culture, Social, Personality and Psychology (Nugroho, 2013). In fact, this study uses the concepts and models of multi-attribute attitudes and consumer behavior as a whole from Kotler and Armstrong. This concept identifies a person's behavior towards a particular object thoroughly which includes (1) one's belief in the attributes that stand out from the object (2) the strength of one's belief that attributes have distinctive features (3) evaluation of the belief in prominent attributes. The determinants of interest are measured in whole without being separated as part of consumer behavior that gets marketing stimulus factors from the marketing, social, cultural, personal and psychological mix, so they must all be interrelated in influencing customer interest in saving.

***Social Factors have a significant positive effect on the interest in saving for residents of Muhammad iyah Medan City in Islamic banks***

The findings in this study show the fact that social factors have a real and strong positive impact on the interest of residents of Muhammad iyah Medan City to save in Islamic banks. It is known that overall this social factor has received a poor response as a factor that has a significant impact on the interest of residents of Muhammad iyah Medan City to save in Islamic banks. However, looking at each indicator, it turns out that all received a positive response which was considered to be able to influence respondents to save in Islamic banks. The recommendations of the reference group are even the biggest indicator of their role as part of social factors that can increase the interest of Muhammad iyah residents of Medan City to save in Islamic banks.

Colleagues in a profession who have used savings products or become deposit customers have turned out to be more capable of becoming marketers or promoting other Muhammad iyah residents to use savings or save in Islamic banks. It is known that the respondents to this study were dominated by lecturers who worked in several Muhammad iyah educational institutions. They use Islamic bank payrolls that automatically save in Islamic banks. This condition also causes professional colleagues who use conventional banks to inevitably use Islamic bank financial products, saving in Islamic banks because more often sesame colleagues transact using Islamic banks. In fact, not only that, there is a stigma or view that arises influencing Muhammad iyah citizens to save in Islamic banks as a social factor, namely as Muhammad iyah citizens who are good at obeying Islamic teachings and values in accordance with the Quran and Hadith must use Islamic financial products, one of which is saving in Islamic banks.

The large role of social factors that can influence the interest of Muhammad iyah residents to save in Islamic banks indicates that the current condition is the low market share of Islamic banks, namely the lack of socialization about Islamic banking which causes the public to understand less about Islamic banking so that people are more familiar with conventional banks than Islamic banks. In addition, the Head of the Sharia Banking Department of the Financial Services Authority (OJK) Ahmad Buchori revealed that the low number of Islamic bank customers occurred because many people thought that Islamic banks were not as complete, modern, and good as conventional banks. Whether it's in the service or the product. Even the scholars in this country still mostly keep money in conventional banks. This means that public awareness to transact using Islamic banking services is still lacking (FSA, 2019)

Even the survey results show that these respondents are Muhammad iyah residents in Medan masi City have a high preference for conventional banks. There are 62% stating that they still use conventional banks as a medium for providing their daily financial products and services. Islamic banks are only as a medium for monthly payroll of those who work in Muhammad iyah business unit institutions. There are also respondents who state that they continue to use conventional banks for financial transactions because the financial products offered and promotions received by Muhammad iyah citizens are more attractive and considered more profitable so they do not fully assume that bank interest is illegitimate because they consider transactions to be mutually acceptable between the customer and the bank.

This is related to the condition of Muslims as Islamic economic people (*homo Islamicus*), Muslim economists do not replace the fundamental assumptions inherent in conventional economic humans (*homo economicus*) such as self-interest, utility maximization and rationality. Instead, they are more comfortable with modifying those assumptions. Islamic economic humans are considered the same as self-interested but enlightened human beings (Furqani, 2018). Therefore, Islamic banking needs a strategy to provide enlightenment for Muslims to support the development of Islamic banking in Indonesia.

Sharia education is needed where educational content must contain strength that is able to touch and move the hearts of prospective customers. Not just offering products but more persuasively providing motivation that raises awareness that Sharia is important to be implemented in all aspects of life, including using banking services. This research is supported by Lamb, Hair and McDaniel (Lamb et al., 2011). the family is the most important social institution for some consumers, as it strongly influences values, attitudes, personal concepts, and purchasing behavior. It's the same according to Kotler and Armstrong (2010). Are all groups that have a direct (face-to-face) or indirect influence on a person's attitude or behavior. People are strongly influenced by their reference group through at least three paths: The reference group exposes a person to new behaviors and lifestyles. The reference group also influences a person's personal behavior and concepts. And groups create pressure to follow group habits that might influence a person's actual product and brand choice.

## **Conclusion**

The social environment is a factor that plays a major role in supporting the interest of Muhammad iyah residents of Medan City to save at Islamic banks, but it turns out that it does

not maximize the number of Islamic bank deposit customers. The low literacy of Muhammad iyah members regarding Islamic banking financial products even thinks that Islamic bank savings products are the same as conventional bank savings products, banking remains the same with regard to the understanding of usury on bank interest. Not only that, it is known that the few or limited Islamic bank service offices are the reason for the low interest in saving in Islamic banks apart from only receiving salaries because Muhammad iyah members are still difficult to find bank offices which unlike conventional banks are easy to find or can be found in several locations within close proximity to the home environment of Muhammad iyah residents in Medan City. Therefore, effective socialization and promotion of Islamic banks is needed, not just relying on the payroll system in Islamic banks, collaborating with Muhammad iyah business units and taking a special approach to Muhammad iyah members to educate more varied and interesting and even different savings products that are in accordance with an understanding of sharia values. which is believed by Muhammad iyah residents of Medan City.

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