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DETERMINANTS OF FINANCING PREFERENCES IN ISLAMIC BANKING: DEVELOPMENT OF A THEORY OF PLANNED BEHAVIOR (CASE STUDY OF BANK SYARIAH YOGYAKARTA CUSTOMERS)

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The purpose of this study is to analyze the determinants of financing preference behavior in Islamic banks by developing the theory of planned behavior. This study used a sample of 250 respondents from the Yogyakarta community. The methodology used is quantitative, based on the philosophy of positivism, used to generalize samples from a specific population. Data collection used a questionnaire with a Likert scale as the instrument. Quantitative analysis was used to test the established hypotheses. The analytical method used in this study was Structural Equation Modeling (SEM), a data analysis that describes structural relationships expressed by a set of equations using SmartPLS 3.0 software.
The results of the analysis indicate that attitude variables have no effect on behavioral intentions to prefer financing in Islamic banks. Meanwhile, subjective norms and perceived behavioral control variables have a significant positive effect on behavioral intentions to prefer financing in Islamic banks. The results also indicate that religiosity can moderate intentions to prefer financing in Islamic banks. This means that religiosity can increase customer intentions to finance in Islamic banks. This finding suggests that some customers tend to be dissatisfied with financing products in Islamic banks. Therefore, Islamic banking must continue to strive to improve services and truly implement sharia principles in its operational activities.

Keywords: TPB, Preferences, Behavior, Financing, Islamic Banks

INTRODUCTION

The Theory of Planned Behavior (TPB), proposed by Ajzen, has been used for approximately two decades to study behavior and intentions (Ajzen, 1991). However, TPB still contains numerous factors, leaving room for further development of variables that influence intention toward behavior. The core of TPB remains the intention variable. However, the determinants of intention are not limited to attitudes, subjective norms, and behavioral control aspects. The relationship between intention and behavior is also influenced by other factors that can strengthen or weaken the behavior it self.

This study aims to empirically test the application of TPB and expand it by adding moderating variables to predict customer intention and financing preference behavior in Islamic banks. Several factors contribute to low customer interest in financing products in Islamic banking, for example, the limited number of Islamic bank branches. The lack of socialization and promotion of Islamic banks' products has resulted in a lack of public awareness of Islamic banking products. Another factor is that Islamic banking prohibits the sole pursuit of profit. Consequently, customer profits are relatively small, resulting in low public interest (Idris, 2011).

The slowdown in financing product growth was evident in consumer financing, which accounted for 44.38% of total Islamic bank financing, and grew by 13.07% compared to the previous year's 17.13%. Meanwhile, productive financing for working capital and investment grew by 9.28%, an increase compared to the previous year's 8.47%. Compared to conventional banks, productive loans dominated the credit market at 72.79%, consisting of working capital loans (KMK) at 46.30% and investment loans (KI) at 26.48%. The remaining 27.21% was consumer loans (KK). Productive loans recorded a slowdown of 6.07% compared to the previous year's 12.70% growth (OJK, 2020). The fluctuating development of financing preference behavior in Islamic banks is influenced by several causal factors, which will be analyzed in this study. Based on the background description above, this study will analyze "Determinants of Islamic Bank Financing Preferences: Development of the Theory of Planned Behavior."

Research on the application of the Theory of Planned Behavior (TPB), developed from the Theory of Reasoned Action (TRA) by Icek Ajzen (1985), remains a highly challenging and trending topic. This development is especially relevant when applied to Islamic banking financing, which consists of several types: Musyarakah, Mudharabah, and Wadiah. Numerous studies have been conducted on the application of TPB and TRA, but very few have been implemented in Islamic banking financing. Research conducted by Song-Lin Wong et al. (2018) shows that neither perceived behavioral control nor subjective norms predict intention and have a significant effect. These findings provide important insights that are key to potential business opportunities. A similar opinion was also expressed by (Yusnidah Ibrahim & Imran Arshad, 2017), who showed that perceived behavioral control appeared insignificant in influencing intention. However, the results of research (Muhammad Akib & Bedjo Santoso, 2019), which showed that subjective norms had a positive and significant effect on intention. The structural equation modeling approach revealed that intentions based on moral obligations and self-identity were influenced by subjective norms (Beldad & S. Hegner, 2018). However, this differs from the results of research conducted by (Jamshed Khattak, 2017) which showed that subjective norms failed to predict

intention in the Islamic banking market. In addition, most research also still ignores the variable of religiosity in examining the intention to use Islamic Bank Financing.

A study (Zaimy Johana Johan, 2016) contributes to a new strategy for promoting and marketing Islamic financial products. Sharia banking will remain strong and competitive in expanding market share, demonstrating three constructs: attitude, perceived behavioral control, and intention toward Sharia-compliant financing. However, subjective norms and religiosity were not significantly related to intention toward Sharia-compliant credit cards. Meanwhile, research (Evie Octarina et al., 2019) shows that attitude, behavior, and subjective norms have a positive and significant effect on customer financing intentions. Perceived behavioral control was insignificant, and religiosity is a factor influencing customer interest in using Sharia-compliant financing. Based on the aforementioned studies, it can be concluded that there is an inconsistency in the results of studies using religiosity as an independent variable influencing the dependent variable.

Methods

The target population in this study was all customers financing at Islamic banks in Yogyakarta (more than 1,000 customers). The sampling technique used purposive sampling using a Google Form questionnaire distributed to 300 respondents. The sample selection was based on the following considerations: Islamic bank customers who had used Islamic bank financing for more than one year, were 18 years of age or older, and were willing to participate. Of the 300 questionnaires distributed, 250 respondents returned data, which will be used in further analysis. Research variables are anything, in any form, determined by the researcher to be studied and to obtain information from the results, and then draw conclusions (Imam Ghozali and Hengky Latan, 2015).

The variables used in this study include: independent variables: attitudes, subjective norms, behavioral control, and intentions; dependent variables: financing preferences; and moderating variables: religiosity and financial literacy. The questionnaire used in this test used a Likert scale. The Likert scale is used to measure the perspectives, feelings, and impressions of individuals or groups of individuals regarding friendly wonders (Imam Ghozali and Hengky Latan, 2015). The analysis in this test uses Structural Equation Modeling (SEM) testing with the help of SmartPLS 3.0 software. SEM is a combination of two procedures: multivariate factor analysis and multiple regression analysis (Sugiyono, 2012).

Research variables	Dimensions	Indicator	Question	Total
Attitude (X_1)	**Cognitive (*Cognitive*)**	**1. Choosing halal banking services**	**1**	**94**

	Affective (*Affective*)	1. Marketing assessment of Islamic banking products and services	1	
	Action Tendency (*The Inclination of Action*)	1. Predictions on the use of Islamic banking services in the future	2	
		2. Advise others to use Islamic banking		
Subjective Norm (X_2)	Normative beliefs (*normative belief*)	1. Personal beliefs 2. Friends/colleagues ' beliefs	2	5
	The desire to follow (*motivation to comply*)	1. Recommendation from colleagues 2. Family recommendations 3. Recommendations from people you know	3	
Perception of social control (X_3)	*Self efficacy*(Self-Efficacy)	1. Future planning 2. Planning for unexpected expenses 3. Ability to manage finances	3	6
	Facilitating conditions(Conditions that facilitate)	1. The influence of others 2. Family support 3. Support from friends/colleagues	3	
Niat/intention (M1)	Personal	1. Personal will 2. Use in the future 3. Using Islamic banking someday	3	5
	Social	1. Recommend to family 2. Recommend to friends and colleagues	2	
Religiosity (Z1)	*Religious belief*	Belief in life after death	1	5
	Religious practice	Always worship	1	
	Religious feeling	The feeling of God is near	1	

	Religious knowledge	**General knowledge about Islam**	**1**	
	Religious effect	**Eating halal food**	**1**	
Financing Preference Behavior in Islamic Banks (Y1)	**Mental activities of Islamic bank customers**	**1. Suitability of brand types of financing in Islamic banks 2. Evaluation of product advertisement Financing Financing in Sharia Bank 3. Evaluation of Financing Products in Islamic Banks**	**3**	**6**
	Physical activities of Islamic banks	**4. Visiting and using services at Sharia Bank 5. Reading the Financing product catalog at Sharia Bank 6. Using various types of financing services at Islamic Banks**	**3**	

DISCUSSION

The research results can be seen in the following description:

Table 3. Descriptive Data

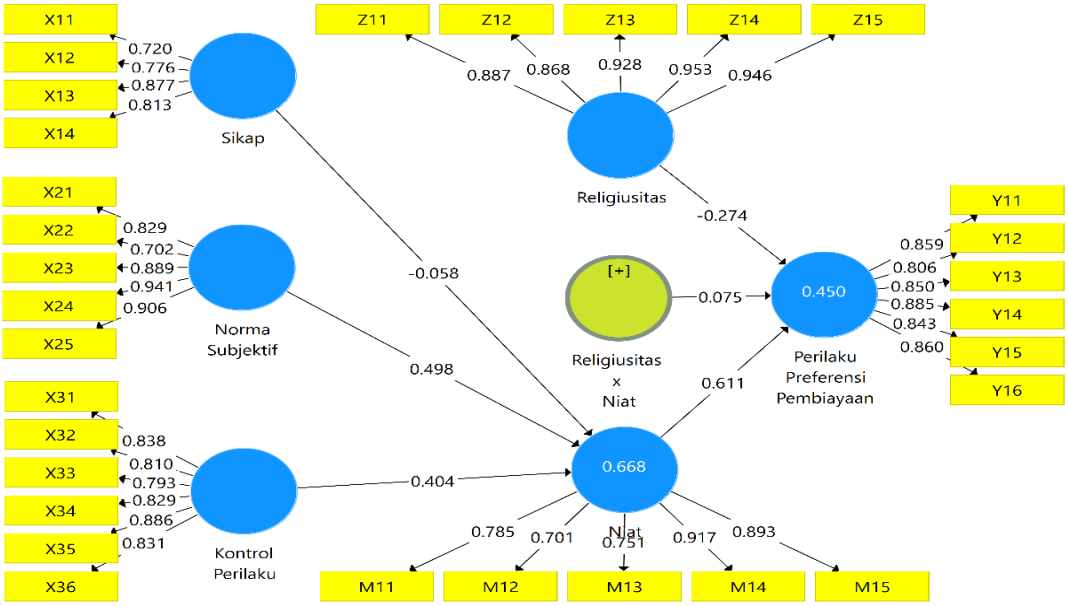
Characteristics	Information	Frequency	Percentage (%)
Gender	**Man**	**105**	**42**
	Woman	**145**	**58**
Level of education	**SMA**	**35**	**14**
	Diploma	**10**	**4**
	S1	**170**	**68**
	S2	**25**	**10**
	S3	**10**	**4**

Marital status	**Marry**	**175**	**70**
	Not/Not Married	**75**	**30**
Age	**18 – 25 Years**	**45**	**18**
	25 – 35 Years	**85**	**34**
	35 – 45 Years	**50**	**20**
	45 – 55 Years	**25**	**10**
	55 – 65 Years	**40**	**16**
	Over 65 Years	**5**	**2**
Duration of Financing in Sharia Bank	**13 years old**	**120**	**48**
	3 - 6 Years	**50**	**20**
	6 – 9 Years	**45**	**18**
	Over 10 Years	**35**	**14**
Religion	**Islam**	**250**	**100**
Domicile	**Sleman Regency**	**45**	**18**
	Bantul Regency	**50**	**20**
	Gunung Kidul Regency	**45**	**18**
	Yogyakarta City	**60**	**24**
	Kulon Progo Regency	**50**	**20**
Work	**Civil Servants/TNI/POLRI**	**35**	**14**
	Self-employed	**50**	**20**
	Private Officer/Labor	**65**	**26**
	Teacher/Lecturer	**55**	**22**
	Students	**40**	**16**
	Not yet working	**5**	**2**

Validity and Reliability Test

The following is a schematic of the model proposed in this study:

Picture 1
Outer Weights



The final outer model in this study produced a model that the attitude variable is reflected by 4 indicators, the subjective norm variable is reflected by 5 indicators, the behavioral control variable is reflected by 6 indicators, the intention variable is reflected by 5 indicators, the religiosity variable is reflected by 5 indicators, and the financing preference behavior variable is reflected by 6 indicators. Based on Figure 1, it can be seen that each of the research variables has an outer loading value > 0.70. so that all indicators are declared feasible or valid for use in further analysis. The way to test discriminant validity with reflective indicators is by looking at the cross loading value for each variable greater than 0.70. Another way that can be used to test discriminant validity is by analyzing and comparing the square root of the AVE for each construct with the value of the relationship between constructs in the model.

Discriminant validity is said to be good if it is indicated by the square root value of AVE for each construct must be greater than the relationship between constructs in the model. If all indicators are standardized, the measure is equal to the average communalities value in the block. According to Imam Ghozali and Hengky Latan (2015), this measurement can be used to measure the reliability of the component scores of latent variables, and the results can be more conservative than composite reliability values. The recommended AVE value should be greater than > 0.50, which means that 50% or more of the indicator's variance can be declared valid. The following table shows the Average Variant Extracted (AVE) processed with the SmartPLS 3.0 program:

Variables	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
Behavior Control	0,911	0,915	0,931	0,692
Intention	0,872	0,912	0,906	0,662
Subjective Norms	0,908	0,924	0,932	0,735
Financing Preference Behavior	0,924	0,936	0,940	0,724
Religiosity	0,954	0,987	0,964	0,841

Religiosity	1,000	1,000	1,000	1,000
_x _ Intention				
Attitude	0,809	0,819	0,875	0,637

Based on Table 4, it can be seen that the AVE values for all variable indicators are above 0.5, indicating that each variable construct has good discriminant validity. Composite reliability is used to test the reliability of variable indicators. A variable is considered to meet composite reliability if the composite reliability value for each variable is greater than 0.70. The following is the analysis of the composite reliability values for each variable:

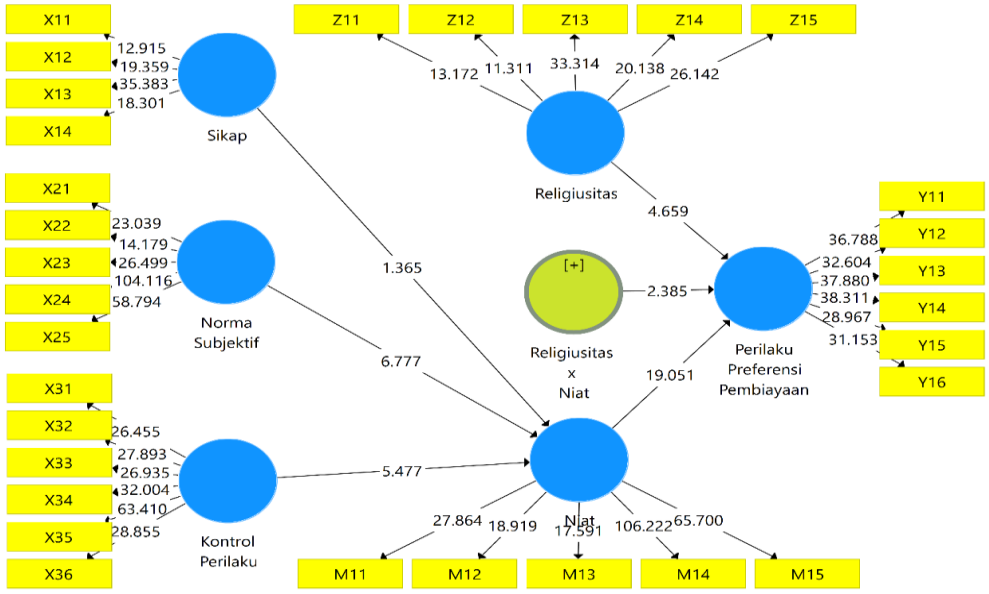
Based on the data in Table 4 above, the composite reliability value for each variable is greater than 0.70, thus declaring all variables reliable. The reliability test using composite reliability can be further strengthened by using Cronbach's Alpha. A variable is considered reliable if its Cronbach's Alpha value is greater than 0.70. Table 4 shows that the Cronbach's Alpha value for each variable is greater than 0.70. Therefore, it can be concluded that each of the study's variables meets the Cronbach's alpha value requirement, indicating that all variables have a high level of reliability. The next step is a multicollinearity test, which aims to determine whether multicollinearity exists between variables by examining the correlation values between the independent variables. The results of the multicollinearity test are presented in Table 5:

Table 5
***Collinearity Statistic* (VIF)**

Variables	Intention	Financing Behavior	Preference
Behavior Control	3,276		
Intention		1,005	
Subjective Norms	2,371		
Financing Preference Behavior			
Religiosity		1,101	
Religiosity _x _ Intention		1,103	
Attitude	1,657		

Based on Table 5 above, the results of the collinearity statistics (VIF) to see the results of the multicollinearity test with the inner value of each research variable shows a VIF value <5, so it can be concluded that the multicollinearity assumption test does not violate. This study will describe the results of the path coefficient test, goodness of fit test, and hypothesis test.

Picture 3
Inner Model



Evaluation of the path coefficient is used to show how strong the effect or influence of the independent variable on the dependent variable. Based on the results of the inner model scheme in Figure 3, it can be seen that the path coefficient can be seen from the t-statistic test value in the following table:

Table 6. Hypothesis Testing

Variables	Original Sample (O)	*R Square*	R Square Adjusted	T Statistics (|O/STDEV|)	P Values
Behavioral Control -> Intention	0,404			5,477	0,000
Intention -> Financing Preference Behavior	0,611			19,051	0,000
Subjective Norm -> Intention	0,498			6,777	0,000
Religiosity -> Financing Preference Behavior	-0,274			4,659	0,000
Religiosity _x _ Intention -> Financing Preference Behavior	0,075			2,385	0,017
Attitude -> Intention	-0,058			1,365	0,173
Intention		0,668	0,664		
Financing Preference Behavior		0,487	0,477		

Discussion

Based on Table 6, the variable with the greatest influence is intention on financing preference behavior, with a value of 19.051. The smallest influence is attitude on intention on financing preference behavior, with a value of 1.365. These results indicate that all variables in this

study have positive path coefficients. This means that the higher the path coefficient value for an independent variable on the dependent variable, the stronger the influence between the independent variables on the dependent variable.

Next, the model fit test, or goodness of fit, is conducted to determine whether the model is fit and whether the manifest variables (indicator variables) can explain the latent variables. Fit means that the empirical data is deemed to be appropriate for the model (there is no difference between the model and the data, thus the model is considered fit). Based on the results of data processing using SmartPLS 3.0, the R-Square value was obtained as follows: The contribution of the variables of attitude, norms, and behavioral control to intention was 0.668 (or 66.8%). The contribution of the variables intention, religiosity, and literacy to financing was 0.487 (or 48.7%). Goodness of fit can also be assessed from the Q-square value. The Q-square value has the same meaning as the coefficient of determination (R-square) in regression analysis. The higher the Q-square, the better the model fits the data. The calculation yielded a Q-square value of 0.830. This indicates that 83% of the variability in the research data can be explained by the model, while the remaining 17% is explained by factors outside the model. Therefore, based on these results, the research model can be declared to have good goodness of fit.

After the overall structural model is deemed fit, the next step is to analyze whether there is a significant influence between the independent variables and the dependent variable. Based on the data processing results, it can be used to answer the research hypothesis. Hypothesis testing analysis in this study uses P-values. The research hypothesis is accepted if the P-value is less than 0.05 (Sofyan Yamin and Heri Kurniawan, 2011).

This study proposes five hypotheses. These hypotheses were tested using bootstrapping analysis. Based on the obtained t-statistics, it can be seen that there is a significant influence between the independent variables and the dependent variable. That is, if the t-statistic value is greater than 1.967 (=TINV(0.05;250-7) (t-table significance 5%) then there is a significant influence. Then the basis for decision making is: If the P Values (Probability) are greater than 0.05 then H0 is accepted. If the P Values (Probability) are less <0.05 then H0 is rejected and the positive or negative influence can be seen through the table of results of the original sample value.

Attitude towards intention has a value smaller than the t table (1.967) which is 1.365 with a large value of influence of -0.058 and P Values> 0.05 of 0.196. So it can be concluded that the influence of attitude towards intention is negative and not significant. Subjective norms towards intention have a value greater than the t table (1.967) which is 6.777 with a large value of influence of 0.498 and P Values <0.05 of 0.000. So It can be stated that the influence of subjective norms on intention is significantly positive. Furthermore, behavioral control on intention is greater than t table (1.967) which is 5.477 with an effect size of 0.404 and P Values <0.05 of 0.000. So it can be concluded that the influence of behavioral control on intention is significantly positive. Intention towards financing preference behavior is greater than t table (1.967) which is 19.051 with an effect size of 0.611 and P Values <0.05 of 0.000. So it can be concluded that the influence of intention towards financing preference behavior is significantly positive. Religiosity on intention towards financing preference behavior is greater than t table (1.967) which is 2.385 with an effect size of 0.075 and P Values <0.05 of 0.017. So it can be concluded that the moderating influence of religiosity on intention towards financing preference behavior is significantly positive.

Conclusion

This study concludes that religiosity has a significant positive effect on financing preference behavior in Islamic banks. This means that religiosity can increase customer intention to finance with Islamic banks. This finding indicates that most customers with high levels of religiosity tend to be satisfied with Islamic banking financing products. Therefore, Islamic banks must continuously improve the application of Islamic principles in their operations.

Islamic banks should intensify outreach on Islamic finance to the Muslim community in the hope that they will prefer financing with Islamic banks over conventional banks. The public should

also actively seek information and knowledge about Islamic banking products amidst the growing development and growth of Islamic banks within the community. Recommendations are directed to the government to formulate economic policies by simplifying regulations on the market share of Islamic banking financing. The government should intensify outreach on Islamic banking financing, as well as improve education and religious understanding regarding Islamic finance.

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